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**Town of Woodland**

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**Woodland, North Carolina**

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**Audit Report**

**June 30, 2019**

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# **TOWN OF WOODLAND**

## **WOODLAND, NORTH CAROLINA**

### **TOWN OFFICIALS**

#### **Mayor**

Kenneth W. Manuel

#### **Town Commissioners**

Barbara Outland

Pat Liverman

David Cooper

Brian Christison

#### **Town Clerk**

Donielle McDermott



**Town of Woodland, North Carolina**  
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**June 30, 2019**

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# LARRY E. CARPENTER, CPA, PA

CERTIFIED PUBLIC ACCOUNTANT

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## **Independent Auditor's Report**

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

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

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

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on the audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### **Opinions**

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each

*Member:*

American Institute of Certified Public Accountants, NC Association of Certified Public Accountants  
AICPA – Governmental Audit Quality Center

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major fund, and the aggregate remaining funds of Town of Woodland, North Carolina as of June 30, 2019, and the respective changes in financial position, and, cash flows, where appropriate, thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 11 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions on pages 42 and 43, respectively, 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 general 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 Woodland, North Carolina. The introductory information, combining and individual nonmajor fund financial statements, budgetary schedules, and other schedules and statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the combining and individual nonmajor 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standard***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2019 on our consideration of the Town of Woodland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Woodland's internal control over financial reporting and compliance.

*Larry E. Carpenter, CPA, PA*

Greenville, NC  
October 23, 2019



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## Management's Discussion and Analysis

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

### ***Financial Highlights***

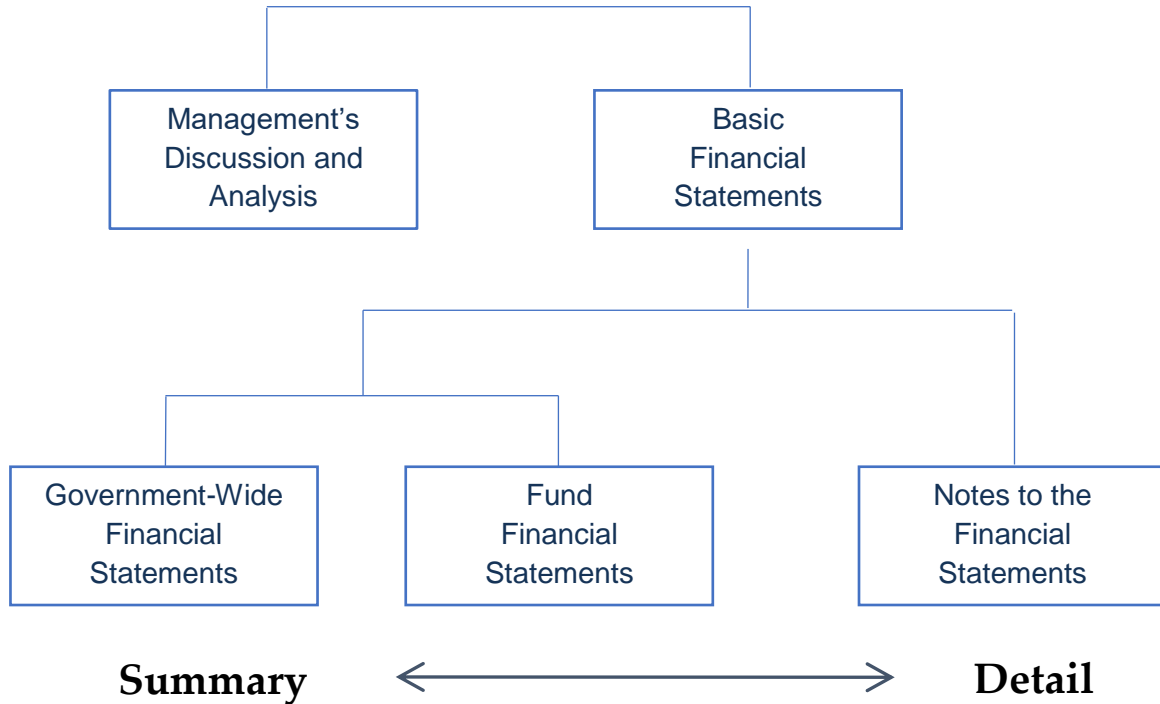
- The assets and deferred outflows of resources of the Town of Woodland exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$3,378,785 (*net position*).
- The government's total net position increased by \$301,733, primarily due to an increase in both the governmental and the business-type activities net position.
- As of the close of the current fiscal year, the Town of Woodland's governmental funds reported combined ending fund balances of \$1,168,518 with a net change of \$152,923 in fund balance. Approximately 74.59% of this total amount, or \$748,468, is unassigned
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$748,468 or 247.56% of total general fund expenditures for the fiscal year.
- At the end of the current fiscal year, the Town had Restricted Reserves of \$209,732.
- The Town of Woodland's total debt increased by \$19,198 during the current fiscal year.

### ***Overview of the Financial Statements***

This discussion and analysis are intended to serve as an introduction to Town of Woodland'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 Woodland.

**Components of the Annual Financial Report**

**Figure 1:**



**Basic Financial Statements**

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

The next statements (Exhibits A-3 through A-10) 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

## ***Management's Discussion and Analysis*** ***Town of Woodland***

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

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, cultural 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 Woodland.

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

### **Fund financial statements**

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Woodland, 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 Woodland 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 Woodland 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 Town Council; 2) the final budget as amended by the Town Council; 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.

**Management's Discussion and Analysis**  
**Town of Woodland**

**Proprietary Funds:** Town of Woodland has one kind of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Town

of Woodland uses enterprise funds to account for its water, sewer, sanitation, and storm water operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

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

**Other Information:** In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Woodland's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 42 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 too Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

**Town of Woodland's Net Position**

**Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 1,155,355	\$ 984,826	\$ 772,833	\$ 704,542	\$ 1,928,188	\$ 1,689,368
Pension assets						
Capital assets	558,715	594,579	940,557	1,534,721	1,499,272	2,129,300
Deferred outflows of resources	18,394	15,460	19,662	-	38,056	15,460
Total assets and deferred outflows of resources	1,732,464	1,442,248	1,733,052	1,412,551	3,465,516	3,834,128
Current liabilities	50,183	49,168	77,436	48,165	127,619	97,333
Noncurrent liabilities	22,021	19,204	23,528	20,517	45,549	39,721
Deferred inflows of resources	2,185	2,878	2,334	3,074	4,519	5,952
Total liabilities and deferred inflow of resources	74,389	275,239	103,298	109,985	177,687	143,006
Net investment in capital assets	401,412	418,078	1,154,052	1,058,316	1,555,464	1,476,394
Restricted	209,732	94,460	-	-	209,732	94,460
Unrestricted	905,872	842,758	707,717	663,440	1,613,589	1,506,198
Total net position	\$ 1,517,016	\$ 1,187,502	\$ 1,861,769	\$ 1,365,633	\$ 3,378,785	\$ 3,077,052

**Management's Discussion and Analysis  
Town of Woodland**

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Woodland exceeded liabilities by \$3,378,785 as of June 30, 2019. The Town's net position increased by \$301,733 for the fiscal year ended June 30, 2019. However, the largest portion, \$1,555,464 or 46.04%, reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Woodland uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Woodland's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Woodland's net position, \$168,488 or 0.11% represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,613,589 or 56.14% is unrestricted.

One particular aspect of the Town's financial operations influenced the total unrestricted governmental net position:

**Town of Woodland's Change in Net Position**

**Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 18,846	\$ 18,287	\$ 272,668	\$ 212,825	\$ 291,514	\$ 231,112
Operating grants and contributions	28,025	75,416	-	-	28,025	75,416
Capital grants and contributions	-	-	74,664	-	74,664	-
General revenues:						
Property taxes	295,234	214,110			295,234	214,110
Unrestricted intergovernmental	232,253	212,429			232,253	212,429
Investment earnings	1,595	899	775	473	2,370	1,372
Other	6,687	16,347	854	443	7,541	16,790
Total revenues	<u>582,640</u>	<u>537,488</u>	<u>348,961</u>	<u>213,741</u>	<u>931,601</u>	<u>751,229</u>
<b>Expenses:</b>						
General government	103,066	101,122	-	-	103,066	101,122
Public safety	115,447	146,576	-	-	115,447	146,576
Transportation	16,075	31,543	-	-	16,075	31,543
Economic and physical developmen	-	-	-	-	-	-
Environmental protection	112,905	110,086	-	-	112,905	110,086
Culture and recreation	12,140	7,667	-	-	12,140	7,667
Interest on long-term debt	7,011	7,891	-	-	7,011	7,891
Water and sewer			263,224	212,100	263,224	212,100
Total expenses	<u>366,644</u>	<u>404,885</u>	<u>263,224</u>	<u>212,100</u>	<u>629,868</u>	<u>616,985</u>
Increase in Net Position before transfers	215,996	132,603	85,737	1,641	301,733	134,244
Transfers	<u>(54,276)</u>	<u>(50,000)</u>	<u>54,276</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
Increase (decrease) in Net Position	161,720	82,603	140,013	51,641	301,733	134,244
Net Position, July 1	1,355,296	1,272,693	1,721,756	1,670,115	3,077,052	-
Net Position, June 30	<u>\$ 1,517,016</u>	<u>\$ 1,355,296</u>	<u>\$ 1,861,769</u>	<u>\$ 1,721,756</u>	<u>\$ 3,378,785</u>	<u>\$ 134,244</u>

## ***Management's Discussion and Analysis*** ***Town of Woodland***

### **Governmental activities:**

Governmental activities increased the Town's net position by \$161,720.

### **Business-type activities**

Business-type activities increased the Town of Woodland's net position by \$140,013, accounting for 0.87% of the total growth in the government's net assets.

**Proprietary funds.** The Town of Woodland'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 \$1,861,769. The total increase in net position was \$140,013.

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

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

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

The general fund is the chief operating fund of the Town of Woodland. At the end of the current fiscal year, the Town of Woodland's fund balance available in the General Fund was \$748,468, while total fund balance reached \$1,003,491. The Town currently has an available fund balance of 247.56% of general fund expenditures, while total fund balance represents 331.91% of the same amount.

At June 30, 2019, the governmental funds of the Town of Woodland reported a combined fund balance of \$1,068,518 with a net increase in fund balance of \$152,923.

### **General Fund Budgetary Highlights**

During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

### **Capital Asset and Debt Administration**

**Capital assets.** The Town of Woodland's investment in capital assets for its governmental and business—type activities as of June 30, 2019, totaled \$558,715 (*net of accumulated depreciation*). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

**Management's Discussion and Analysis**  
**Town of Woodland**

Major capital assets transactions during the year included the following:

Rural Center Sewer Rehabilitation Fund — Construction in progress continues.

**Town of Woodland's Capital Assets**  
*(Net of Accumulated Depreciation)*  
**Figure 4**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Land	\$ 44,353	\$ 44,353	\$ 863,902	\$ 771,054	\$ 908,255	\$ 815,407
Buildings	197,556	209,067	-	-	197,556	209,067
Water and sewer distribution system	-	-	738,540	737,693	738,540	737,693
Equipment	56,254	47,447	3,583	10,360	59,837	57,807
Vehicles	180,166	209,127	12,533	2,585	192,699	211,712
Infrastructure	80,385	93,127	-	-	80,385	93,127
Other Improvements	-	-	11,900	13,028	11,900	13,028
Capital Assets, Net	<u>\$ 558,715</u>	<u>\$603,121</u>	<u>\$ 1,630,457</u>	<u>\$1,534,720</u>	<u>\$ 2,189,172</u>	<u>\$2,137,841</u>

**Long-term Debt**

As of June 30, 2019, the Town of Woodland had total long-term debt outstanding of \$633,708. The \$633,708 outstanding represents: a capital lease for a fire truck of \$26,295; note payables for a police car and a fire truck for \$131,008; note paybles for the NC Clean Water Revolving Fund \$476,405.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The Town had no bonds authorized, issued, or un-issued at June 30, 2019.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Installment debt	\$ 131,008	\$ 141,951	\$ -	\$ -	\$ 131,008	\$ 141,951
General obligation bonds	-	-	476,405	476,405	476,405	476,405
Capital leases	26,295	34,550	-	-	26,295	34,550
Compensated absences	3,883	11,016	4,128	2,453	8,011	13,469
Pension related debt (LGRS)	22,021	19,204	23,528	20,517	45,549	39,721
Total	<u>\$ 183,207</u>	<u>\$ 206,721</u>	<u>\$ 504,061</u>	<u>\$ 499,375</u>	<u>\$ 687,268</u>	<u>\$ 706,096</u>



***Management's Discussion and Analysis***  
***Town of Woodland***

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

The following indicators reflect Woodland and the surrounding areas' economic condition.

- High unemployment
- No significant jobs have been created
- Retail sales have remained constant but stagnant

The following key economic indicators reflect the general condition of the Town. The economic crisis of prior years continues to contribute to the factors below:

- High unemployment, an aged population, no industrial development, and very little retail business help to create a situation where the Town's customer base is eroded. The resulting ratio of expense versus revenue creates a difficult situation in keeping rates and fees low while maintaining an adequate level of service. In addition, most residents are on fixed income.

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

Tax revenues along with other general fund revenues are expected to remain constant and no property tax rate increase is being considered at this time.

**Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to:

**Town Clerk**  
**Town of Woodland**  
**PO Box 297**  
**Woodland, North Carolina 27897**

## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**Town of Woodland, North Carolina**  
**Statement of Net Position**  
**June 30, 2019**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 891,158	\$ 479,348	\$ 1,370,506
Taxes receivable, net	56,780	--	56,780
Accounts receivable, net	47,090	--	47,090
Customer receivables, net	--	36,034	36,034
Other receivable and assets	--	6,105	6,105
Restricted cash and cash equivalents	160,327	21,391	181,718
Account receivables - Restricted	--	229,955	229,955
<b>Total Current Assets</b>	<b>1,155,355</b>	<b>772,833</b>	<b>1,928,188</b>
<i>Noncurrent Assets</i>			
Land and other nondepreciable assets	44,353	863,902	908,255
Other capital assets, net of depreciation	514,362	766,555	1,280,917
<b>Total Assets</b>	<b>1,714,070</b>	<b>2,403,290</b>	<b>4,117,360</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Aggregated deferred outflows	18,394	19,652	38,046
<b>Total Deferred Outflows of Resources</b>	<b>18,394</b>	<b>19,652</b>	<b>38,046</b>
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Accounts payable and accrued liabilities	30,056	33,387	63,443
Customer deposits	--	21,391	21,391
Current portion of long-term debt	20,127	22,658	42,785
<b>Total Current Liabilities</b>	<b>50,183</b>	<b>77,436</b>	<b>127,619</b>
<i>Noncurrent Liabilities</i>			
Due in more than one year	137,176	453,747	590,923
Compensated Absences	3,883	4,128	8,011
Pension Liability	22,021	23,528	45,549
<b>Total Liabilities</b>	<b>213,263</b>	<b>558,839</b>	<b>772,102</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Aggregated deferred inflows	2,185	2,334	4,519
<b>Total Deferred Inflows of Resources</b>	<b>2,185</b>	<b>2,334</b>	<b>4,519</b>
<b>NET POSITION</b>			
Net investment in capital assets	401,412	1,154,052	1,555,464
<i>Restricted for:</i>			
Stabilization by State Statue	49,405	--	49,405
Streets	119,083	--	119,083
USDA	2,240	--	2,240
Cemetery perpetual maintenance	39,004	--	39,004
<i>Unrestricted</i>	905,872	707,717	1,613,589
<b>Total Net Position</b>	<b>\$ 1,517,016</b>	<b>\$ 1,861,769</b>	<b>\$ 3,378,785</b>

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

**Town of Woodland, North Carolina  
Statement of Activities  
For the Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>Primary Government</b>							
<b>Governmental Activities:</b>							
General government	\$ 103,066	\$ 16,042	\$ 3,444	\$ --	\$ (83,580)	\$ --	\$ (83,580)
Public safety	115,447	1,804	850	--	(112,793)	--	(112,793)
Transportation	16,075	--	23,631	--	7,556	--	7,556
Environmental protection	112,905	--	--	--	(112,905)	--	(112,905)
Cultural and recreational	12,140	1,000	100	--	(11,040)	--	(11,040)
Interest and other charges	7,011	--	--	--	(7,011)	--	(7,011)
<b>Total Governmental Activities</b>	<b>366,644</b>	<b>18,846</b>	<b>28,025</b>	<b>--</b>	<b>(319,773)</b>	<b>--</b>	<b>(319,773)</b>
<b>Business-type Activities:</b>							
Water and Sewer Fund	263,224	272,668	--	74,664	--	84,108	84,108
<b>Total Business-type Activities</b>	<b>263,224</b>	<b>272,668</b>	<b>--</b>	<b>74,664</b>	<b>--</b>	<b>84,108</b>	<b>84,108</b>
<b>Total Primary Government</b>	<b>\$ 629,868</b>	<b>\$ 291,514</b>	<b>\$ 28,025</b>	<b>\$ 74,664</b>	<b>\$ (319,773)</b>	<b>\$ 84,108</b>	<b>\$ (235,665)</b>

**General Purpose Revenues and Transfers:**

**Revenues**

Ad valorem taxes	295,234	--	295,234
Unrestricted intergovernmental	232,253	--	232,253
Investment interest	1,595	775	2,370
Miscellaneous Income	6,687	854	7,541

**Transfers**

	(54,276)	54,276	--
--	----------	--------	----

**Total General Revenues and Transfers**

**Change in Net Position**

	481,493	55,905	537,398
<i>Net Position at Beginning of Period</i>	1,355,296	1,721,756	3,077,052
<b>Net Position at End of Period</b>	<b>\$ 1,517,016</b>	<b>\$ 1,861,769</b>	<b>\$ 3,378,785</b>

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

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**Town of Woodland, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	<u>Major Fund</u>	<u>Other</u>	<u>Total</u>
	<u>General Fund</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 812,220	\$ 78,937	\$ 891,157
Taxes receivable, net	56,780	--	56,780
Accounts receivable, net	42,486	4,604	47,090
Restricted cash and cash equivalents	160,327	--	160,327
<b>Total Assets</b>	<u>1,071,813</u>	<u>83,541</u>	<u>1,155,354</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Aggregated deferred outflows	--	--	--
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 1,071,813</u>	<u>\$ 83,541</u>	<u>\$ 1,155,354</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 11,543	\$ 18,514	\$ 30,057
<b>Total Liabilities</b>	11,543	18,514	30,057
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Aggregated deferred inflows	56,779	--	56,779
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>68,322</u>	<u>18,514</u>	<u>86,836</u>
<b>FUND BALANCE</b>			
Restricted			
Stabilization by State Statue	49,405	--	49,405
Streets	119,083	--	119,083
USDA	2,240	--	2,240
Cemetery perpetual maintenance	39,004	--	39,004
Assigned			
COPS	25,147	--	25,147
Rescue	20,144	--	20,144
Fire Department		65,027	65,027
Unassigned	748,468	--	748,468
<b>Total Fund Balance</b>	<u>1,003,491</u>	<u>65,027</u>	<u>1,068,518</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<u>\$ 1,071,813</u>	<u>\$ 83,541</u>	<u>\$ 1,155,354</u>

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

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

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

Total Fund Balance - Governmental Funds	\$ 1,068,518
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	558,716
Net pension assets/liabilities resulting from contributions greater than or less than the amount of annual required contributions are not financial resources and therefore are not reported in the funds.	(22,021)
Other long-term liabilities (accrued interest payable, bonds payable, earned vacation payable) are not due and payable in the current period and, therefore are not reported in the funds.	(3,883)
Long-term liabilities used in governmental activities are not financial uses and, therefore are not reported in the funds.	(157,302)
Deferred outflows of resources related to pensions are not reported in the funds	18,394
Deferred inflows of resources related to pensions are not reported in the funds	(2,185)
Earned revenues considered deferred inflows of resources in fund statements.	56,779
<b>Total Net Position-Governmental Funds</b>	<b>\$ <u>1,517,016</u></b>

*The accompanying notes are an integral part of the financial statements.*



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

	<u>Major Fund</u> <u>General Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>Revenues</b>			
Ad valorem taxes	\$ 219,045	\$ 58,670	\$ 277,715
Unrestricted intergovernmental	232,253	--	232,253
Restricted intergovernmental	23,631	--	23,631
Sales and services	17,708	--	17,708
Grants & Contributions	3,544	850	4,394
Miscellaneous Income	4,825	3,000	7,825
Investment interest	1,579	16	1,595
<b>Total Revenues</b>	<u>502,585</u>	<u>62,536</u>	<u>565,121</u>
<b>Expenditures</b>			
General government	92,440	--	92,440
Public safety	66,465	29,379	95,844
Transportation	7,338	--	7,338
Environmental protection	127,900	--	127,900
Cultural and recreational	8,191	--	8,191
Principal	--	19,198	19,198
Interest and other charges	--	7,011	7,011
<b>Total Expenditures</b>	<u>302,334</u>	<u>55,588</u>	<u>357,922</u>
<b>Excess of Revenues Over</b>			
<b>(Under) Expenditures</b>	<u>200,251</u>	<u>6,948</u>	<u>207,199</u>
<b>Other Financing Sources (Uses)</b>			
Transfers to other funds	(54,276)	--	(54,276)
<b>Net Other Financing Sources (Uses)</b>	<u>(54,276)</u>	<u>--</u>	<u>(54,276)</u>
<b>Net Change in Fund Balance</b>	<b>145,975</b>	<b>6,948</b>	<b>152,923</b>
<i>Fund Balance at Beginning of Period</i>	<u>857,516</u>	<u>58,079</u>	<u>915,595</u>
<b>Fund Balance at End of Period</b>	<u>\$ 1,003,491</u>	<u>\$ 65,027</u>	<u>\$ 1,068,518</u>

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

**Town of Woodland, North Carolina**  
**Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance with Statement of Activities**  
**For the Year Ended June 30, 2019**

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

Total Net Change in Fund Balances - Governmental Funds	\$ 152,923
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	19,198
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(50,859)
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. (change in earned vacation pay, change in accrued interest expense)	22,129
Pension expense	810
<b>Changes in Net Position-Governmental Funds</b>	<b>\$ <u>161,720</u></b>

*The accompanying notes are an integral part of the financial statements.*

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

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Ad valorem taxes	\$ 207,276	\$ 207,276	\$ 219,045	\$ 11,769
Unrestricted intergovernmental	188,500	188,500	232,253	43,753
Restricted intergovernmental	24,300	24,300	23,631	(669)
Investment Earnings	--	--	1,579	1,579
Sales and services	20,036	20,036	17,708	(2,328)
Grants & Contributions	7,206	7,206	3,544	(3,662)
Miscellaneous Income	2,900	2,900	4,825	1,925
<b>Total Revenues</b>	<b>450,218</b>	<b>450,218</b>	<b>502,585</b>	<b>52,367</b>
<b>Other Financing Sources</b>				
<b>Total Revenues and Other Financing Sources</b>	<b>450,218</b>	<b>450,218</b>	<b>502,585</b>	<b>52,367</b>
<b>Expenditures</b>				
General government	127,190	127,190	92,440	34,750
Public safety	142,994	142,994	66,465	76,529
Transportation	24,300	24,300	7,338	16,962
Environmental protection	166,419	166,419	127,900	38,519
Cultural and recreational	10,039	10,039	8,191	1,848
<b>Total Expenditures</b>	<b>470,942</b>	<b>470,942</b>	<b>302,334</b>	<b>168,608</b>
<b>Other Financing Uses</b>				
Appropriations	(75,000)	(75,000)	--	(75,000)
Transfers to other funds	54,276	54,276	54,276	--
<b>Total Expenditures and Other Financing Uses</b>	<b>450,218</b>	<b>450,218</b>	<b>356,610</b>	<b>93,608</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>				
<b>Net Change in Fund Balance</b>	<b>\$ --</b>	<b>\$ --</b>	<b>145,975</b>	<b>145,975</b>
<i>Fund Balance at Beginning of Period</i>			857,516	
<b>Fund Balance at End of Period</b>			<b>\$ 1,003,491</b>	

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

**Town of Woodland, North Carolina**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

Exhibit A-8

		<u>Business-type Activities - Enterprise Funds</u>
		<u>Water &amp; Sewer</u>
<b>ASSETS</b>		
<i>Current Assets</i>		
Cash and cash equivalents	\$	479,348
Customer receivables, net		36,034
Other receivable and assets		6,105
Restricted cash and cash equivalents		21,391
Account receivables - Restricted		229,955
<b>Total Current Assets</b>		<u>772,833</u>
<i>Noncurrent Assets</i>		
Land and other no depreciable assets		863,902
Other capital assets, net of depreciation		766,555
<b>Total Assets</b>		<u>2,403,290</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Aggregated deferred outflows		19,652
<b>Total Deferred Outflows of Resources</b>		<u>19,652</u>
<b>LIABILITIES</b>		
<i>Current Liabilities</i>		
Accounts payable and accrued liabilities		33,387
Customer deposits		21,391
Current portion of long-term debt		22,658
<b>Total Current Liabilities</b>		<u>77,436</u>
<i>Noncurrent Liabilities</i>		
Due in more than one year		453,747
Compensated Absences		4,128
Pension Liability		23,528
<b>Total Liabilities</b>		<u>558,839</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Aggregated deferred inflows		2,334
<b>Total Deferred Inflows of Resources</b>		<u>2,334</u>
<b>NET POSITION</b>		
Net investment in capital assets		1,154,052
<i>Unrestricted</i>		707,717
<b>Total Net Position</b>	<b>\$</b>	<b><u>1,861,769</u></b>

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

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

Exhibit A-9

	<u>Business-type Activities - Enterprise Funds</u>
	<u>Water &amp; Sewer</u>
<b>Operating Revenues</b>	
Water and Sewer Charges	239,870
Taps and Connection Fees	6,758
Miscellaneous Income	\$ 26,894
<b>Total Operating Revenues</b>	<u>273,522</u>
<b>Operating Expenses</b>	
Salaries and employee benefits	93,163
Contract Services	10,805
Supplies	15,505
Utilities	23,940
Postage and Delivery	1,189
Main and Repairs	10,867
Insurance	6,557
Fuel	2,755
Lab Test	8,044
Other operating expenses	22,699
Depreciation Expense	67,700
<b>Total Operating Expenses</b>	<u>263,224</u>
<b>Operating Income (Loss)</b>	<u>10,298</u>
<b>Non-Operating Revenues (Expenses)</b>	
Investment interest	775
Capital contributions	74,664
<b>Net Non-Operating Revenues (Expenses)</b>	<u>75,439</u>
<b>Income Before Contributions and Transfers</b>	85,737
Transfers from other funds	54,276
<b>Change In Net Position</b>	<u>140,013</u>
<i>Net Position at Beginning of Period</i>	<u>1,721,756</u>
<b>Net Position at End of Period</b>	<u>\$ 1,861,769</u>

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

**Town of Woodland, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

Exhibit A-10

	<b>Enterprise Funds</b>
	<b>Water &amp; Sewer Fund</b>
<b>Cash Flows from Operating Activities:</b>	
Cash received from customers	\$ 269,637
Cash paid for goods and services	( 129,279 )
Cash paid to/on behalf of employees	( 93,112 )
Customer deposits, net	400
Other operating revenue	26,894
Net cash provided (used) by operating activities	74,540
<b>Cash Flows from Noncapital Financing Activities:</b>	
Transfers from other funds	54,276
Net cash flows from noncapital financing activities	54,276
<b>Cash Flows From Capital and Related Financing Activities</b>	
Capital contributions	74,664
Acquisition and construction of capital assets	( 158,973 )
Net cash provided (used) by capital and related financing activities	( 84,309 )
<b>Cash Flows from Investing Activities:</b>	
Investment income received	775
Net cash provided (used) by investing activities	775
Net increase (decrease) in cash and cash equivalents	45,282
<b>Cash and Cash Equivalents - Beginning of Year</b>	455,457
<b>Cash and Cash Equivalents - End of Year</b>	\$ 500,739
 <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating income (loss)	\$ 10,298
Depreciation	67,700
Change in assets and liabilities:	
(Increase) decrease in accounts receivables	( 23,009 )
Increase (decrease) in accounts payable and accrued liabilities	24,361
Increase (decrease) in accrued vacation	1,675
Increase (decrease) in customer deposits	400
Increase in net pension liability	( 3,011 )
Increase in deferred outflows of resources for pensions	( 3,134 )
Decrease in deferred inflows of resources for pensions	( 740 )
Total adjustments	64,242
Net cash provided (used) by operating activities	\$ 74,540

*The accompanying notes are an integral part of the financial statements.*

## **Notes To The Financial Statements**

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

**NOTE I — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Woodland 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 Woodland is a municipal corporation that is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements present the financial information of the Town.

***B. Basis of Presentation***

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

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

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

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



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

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, State grants, and various other taxes and licenses. (The primary expenditures are for public safety and street maintenance and construction).

The Town reports the following major Enterprise Fund:

**Enterprise Funds.** Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Water and Sewer Fund is the only enterprise fund of the Town.

***C. Measurement Focus and Basis of Accounting***

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

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

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

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

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

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

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

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Woodland because the tax is levied by North Hampton County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. 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 are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

***D. Budgetary Data***

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year fund. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. The Town Manager has the authority to amend appropriations within departments. All other amendments must be approved by the governing board.

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

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

***1. Deposits and Investments***

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

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

***2. Cash and Cash Equivalents***

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

***3. Restricted Assets***

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening local streets per G.S. 136-41.1 through 136-41.4. Customer deposits are classified as restricted cash because they must be returned to the customer at the conclusion of service.

***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 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2010. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

**Town of Woodland, North Carolina  
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**5. Allowances for Doubtful Accounts**

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

**6. Inventory & Prepaid Items**

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The inventories of the Town's enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

**7. Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. 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:

<b>Assets Class</b>	<b>Estimated Useful Lives</b>
Infrastructure	20
Buildings	30
Improvements	25
Vehicles	5
Furniture and equipment	7-10
Computer equipment	3
Computer software	5

**Town of Woodland, North Carolina**  
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**8.      *Deferred outflows/inflows of resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, contributions made to the pension plan in the 2018 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meet the criterion for this category—property taxes receivable and deferrals of pension expense that result from the implementation of GASB Statement 68.

**9.      *Long-Term Obligations***

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

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

**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 (if applicable) has been designated as a current liability in the government wide financial statements.

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

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**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.

The governmental fund types classify fund balances as follows:

*Nonspendable Fund Balance* — This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The Town does not have any nonspendable fund balances for the governmental fund types.

*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* — portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

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

*Committed Fund Balance* — portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Woodland'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 otherwise revise the limitation.

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

*Subsequent years' expenditures*— portion of fund balance that is appropriated in the next years' budget that is not already classified in restricted or committed. The governing body approves the appropriation.

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

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**12. Pensions**

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

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

- 1. Noncompliance with North Carolina General Statutes**  
NONE
- 2. Contractual Violations**  
NONE
- 3. Deficit in Fund Balance or Net Position of Individual Funds**  
NONE
- 4. Excess of Expenditures over Appropriations**  
NONE

**NOTE III—DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits and Investments**

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in 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 these deposits are considered to be held by the Town'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

**Town of Woodland, North Carolina  
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using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2019, the Town's deposits had a carrying amount of \$1,551,920 and a bank balance of \$1,521,906. Of the bank balance, \$649,051 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. Petty cash was \$304.

***a. Receivables — Allowance for Doubtful Accounts***

General Fund:	
Taxes receivable	\$ 2,304
Accounts receivable	-
Total	2,304
Enterprise Fund:	
Total	-
Grand Total	\$ 2,304



**Town of Woodland, North Carolina  
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***b. Capital Assets***

**Governmental Capital Assets**

A summary of changes in the Town's capital assets used in governmental activities follows:

**General Fund Capital Assets**

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>Governmental Activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 44,353	\$ -	\$ -	\$ 44,353
Total capital assets not being depreciated	44,353	-	-	44,353
<b>Capital assets being depreciated:</b>				
Buildings	405,045	-	-	405,045
Equipment	261,807	-	687	261,120
Vehicles	603,002	14,995	-	617,997
Infrastructure	151,109	-	-	151,109
Total capital assets being depreciated	1,420,963	14,995	687	1,435,271
<b>Less accumulated depreciation for:</b>				
Buildings	195,978	11,511	-	207,489
Equipment	195,928	8,938	-	204,866
Vehicles	414,478	23,353	-	437,831
Infrastructure	64,353	6,371	-	70,724
Total accumulated depreciation	870,737	50,172	\$ -	920,909
Total capital assets being depreciated, net	550,226			514,362
<b>Governmental activity capital assets, net</b>	<b>\$ 594,579</b>			<b>\$ 558,715</b>

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

<b>Governmental Activities:</b>	
General Government	\$ 17,882
Public Safety	19,604
Transportation	8,737
Recreation	3,949
Total	<b>\$ 50,172</b>

**Town of Woodland, North Carolina**  
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**Water and Sewer Fund Capital Assets**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-Type Activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 99,533	\$ -	\$ -	\$ 99,533
Construction in progress	675,984	88,385		764,369
Total capital assets not being depreciated	<u>775,517</u>	<u>88,385</u>	<u>-</u>	<u>863,902</u>
<b>Capital assets being depreciated:</b>				
Water and sewer distribution system	2,394,317	55,593	-	2,449,910
Equipment	155,502	-	-	155,502
Vehicles	88,257	14,995	-	103,252
Other improvements	16,080	-	-	16,080
Total capital assets being depreciated	<u>2,654,156</u>	<u>70,588</u>	<u>-</u>	<u>2,724,745</u>
<b>Less accumulated depreciation for:</b>				
Water and sewer distribution system	1,656,624	54,746	-	1,711,370
Equipment	145,141	6,778	-	151,919
Vehicles	85,672	5,047	-	90,719
Other improvements	3,052	1,128	-	4,180
Total accumulated depreciation	<u>1,890,489</u>	<u>\$ 67,700</u>	<u>\$ -</u>	<u>1,958,189</u>
Total capital assets being depreciated, net	<u>763,667</u>			<u>766,556</u>
<b>Business-type activity capital assets, net</b>	<u>\$1,539,184</u>			<u>\$ 1,630,457</u>

**B. Liabilities**

**1. Pension Plan and Postemployment Obligations**

*a. Local Governmental Employees' Retirement System*

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

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

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Woodland 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 Woodland's contractually required contribution rate for the year ended June 30, 2019, was 7.07% of compensation for law enforcement officers and 7.41% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Woodland were \$11,823 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.

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***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 \$45,549 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, 2019, the Town's proportion was 0.00192% which was a decrease of 0.000068% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the Town recognized pension expense of \$10,148. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 7,027	\$ 236
Changes of assumptions	12,087	-
Net difference between projected and actual earnings on pension plan investments	6,253	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	856	4,283
Employer contributions subsequent to the measurement date	11,823	-
Total	\$ 38,046	\$ 4,519

\$11,823 was reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Town of Woodland, North Carolina  
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**Year ended June 30:**

2019	\$ 11,000
2020	6,600
2021	1,047
2022	3,057
2023	-
Thereafter	-
	<u>\$ 21,704</u>

*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:

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

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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 returns 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, 2016 are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	36.00%	2.5
Global Equity	40.50%	6.1
Real Estate	8.00%	5.7
Alternative	6.50%	10.5
Credit	4.50%	6.8
Inflation Protection	4.50%	3.7
Total	100.00%	

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 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate.* The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.00%, 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%) or one percentage point higher (8.00%) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Town's proportionate share of the net pension liability (assets)	109,413	45,549	(7,816)

*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.

**Town of Woodland, North Carolina  
Notes to the Financial Statements  
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**b. Law Enforcement Officers' Special Separation Allowance**

The Town does not provide nor has any law enforcement officers participating in LEOSSA.

**c. Post-employment Benefits**

The Town does not provide any post-employment benefits.

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

The Town has several deferred inflows/outflows of resources.

Source	Amount
<i>Deferred outflows of resources is comprised of the following:</i>	
Differences between expected and actual experience	7,027
Changes of assumptions	12,087
Net difference between projected and actual earnings on pension plan investments	6,253
Changes in proportion and differences between employer contributions and proportionate share of contributions	856
Contributions to pension plan in current fiscal year	11,823
Total	\$ 38,046

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ -	\$ -
Taxes Receivable less penalties (General Fund)	-	56,780
Changes in assumptions	-	-
Differences between expected and actual experience	236	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	4,283	-
Total	\$ 4,519	\$ 56,780

**Town of Woodland, North Carolina  
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**3. Fund Balance**

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

<b>Total fund balance - General Fund</b>	<b>\$ 1,003,491</b>
<i>Less:</i>	
<i>Restricted:</i>	
Stabilization by State Statute	\$ 49,405
Streets	119,083
USDA	2,240
Cemetery perpetual maintenance	39,004
<i>Assigned:</i>	
COPS	25,147
Rescue Squad	20,144
<b>Remaining Fund Balance</b>	<b>748,468</b>

**4. 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 and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, and worker's compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. 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 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 carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town carries flood insurance through the North Carolina League of Municipalities. Because the Town is in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency, the Town is eligible to purchase coverage of \$3,500,000 through the National Flood Insurance Plan.



**Town of Woodland, North Carolina  
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In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$50,000. The remaining employees that have access to funds are bonded under blanket bond for \$250,000.

**5. Long-Term Obligations**

**Capital Lease — Governmental Activities**

The Town entered into a capital lease on 9/19/00 for a fire truck at the cost of \$155,900. A down payment of \$40,000 was made and the balance of \$115,900 is to be repaid in 21 equal annual installments of \$10,652.50, including interest at 6.939%. In the agreements, title passes to the Town at the end of the lease term.

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

<b>Classes of Property</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
Vehicles	\$ 155,900	\$ 116,925	\$ 38,975

**Changes in Long-Term Liabilities**

**General Fund**

	<b>June 30, 2018</b>	<b>Additions</b>	<b>Decreases</b>	<b>June 30, 2019</b>	<b>Current Portion</b>
Capital lease	\$ 34,550	\$ -	\$ 8,255	\$ 26,295	\$ 8,828
Installment loan	141,951	-	10,943	131,008	11,299
Compensated absences	11,016	-	7,133	3,883	-
Net Pension Liability (LGERS)	19,204	2,817	-	22,021	-
	<u>\$ 206,721</u>	<u>\$ 2,817</u>	<u>\$ 26,331</u>	<u>\$ 183,207</u>	<u>\$ 20,127</u>

**Water & Sewer**

	<b>June 30, 2018</b>	<b>Additions</b>	<b>Decreases</b>	<b>June 30, 2019</b>	<b>Current Portion</b>
North Carolina Clean Water Loan	\$ 476,405	\$ -	\$ -	\$ 476,405	\$ 22,658
Compensated absences	2,453	1,675	-	4,128	-
Net Pension Liability (LGERS)	20,517	3,011	-	23,528	-
	<u>\$ 499,375</u>	<u>\$ 4,686</u>	<u>\$ -</u>	<u>\$ 504,061</u>	<u>\$ 22,658</u>

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

**Notes Payable – Governmental Activities**

The Town entered into an installment agreement on August 26, 2015 to refinance existing firetruck loan in the amount of \$162,801 for 13 years with monthly payments of \$15,557 and annual interest of 3.25%.

Future payments at June 30, 2019 are as follows:

<u>Year Ended June</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	11,299	4,258	15,557
2021	11,655	3,901	15,557
2022	12,045	3,512	15,557
2023-2027	66,350	11,433	77,783
2028-2029	29,658	1,455	31,113
	<u>\$ 131,008</u>	<u>\$ 24,558</u>	<u>\$ 155,566</u>

**Notes Payable – Water & Sewer**

The Town entered into a \$784,925 loan from the NC Clean Water Revolving Loan Fund for the upgrade of the Town's Wastewater Collection System Upgrade, estimated repayment will be due in annual installments of \$22,657, with no interest, and final payment due May 1, 2017. The Town received a grant in 2039 for \$331,775 to reduce the initial loan balance to \$453,150.

476,405
<u>\$ 476,405</u>

Future payments at June 30, 2019 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 22,658	-	\$ 22,658
2021	22,658	-	22,658
2022	22,658	-	22,658
2023	22,658	-	22,658
2024	22,658	-	22,658
2025-2029	113,288	-	113,288
2030-2039	249,830	-	249,830
	<u>\$ 476,405</u>	<u>\$ -</u>	<u>\$ 476,405</u>

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

**6. Interfund Balances and Activity**

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

From the General Fund to the Water and Sewer Fund to fund to provide additional funding for the Towns well water system to cover additional costs incurred	\$ 54,276
--	-----------

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

During the 2019 fiscal year, the Town made a transfer from the General Fund to the Water and Sewer fund to provide additional funding for the Town's well water system to meet additional costs that were incurred.

**NOTE IV —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 V —SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS**

Subsequent events have been evaluated through October 23, 2019, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTAL FINANCIAL DATA**

**Town of Woodland Proportionate Share of Net Pension Liability (Assets)  
Required Supplementary Information  
Last Six Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability (asset) (%)	0.00192%	0.00260%	0.00265%	0.00366%	0.00334%	0.00260%
Proportion of the net pension liability (asset) (\$)	\$ 45,549	\$ 39,721	\$ 56,242	\$ 18,434	\$ 19,698	\$ 49,421
Covered-employee payroll	\$ 172,505	\$ 202,533	\$ 143,127	\$ 138,690	\$ 203,146	\$ 549,122
Proportion of the net pension liability (asset) as a percentage of its covered-employee payroll	26.40%	19.61%	39.30%	13.29%	9.70%	9.00%
Plan fiduciary net position as a percentage of the total pension liability	96.15%	94.18%	91.47%	98.09%	102.64%	94.35%

**Town of Woodland, North Carolina  
Town of Woodland Contributions  
Require Supplementary Information'  
Last Six Fiscal Years**

**Local Government Employees' Retirement System**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 11,823	\$ 12,938	\$ 15,190	\$ 12,673	\$ 9,847	\$ 13,948
Contributions in relation to the contractually required contribuitions	<u>11,823</u>	<u>12,938</u>	<u>15,190</u>	<u>12,673</u>	<u>9,847</u>	<u>13,948</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 149,408	\$ 172,505	\$ 202,533	\$ 143,127	\$ 138,690	\$ 203,146
Contributions as a percentage of covered- employee payroll	7.91%	7.50%	7.50%	8.85%	7.10%	6.87%

## **INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

**Town of Woodland North Carolina**  
**General Fund**  
**Schedule of Revenue, Expenditures, and Changes**  
**In Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Ad valorem taxes:			
Taxes		\$ 219,045	
Interest and penalties			
<b>Total</b>	<u>207,276</u>	<u>219,045</u>	<u>11,769</u>
Unrestricted intergovernmental revenues			
Local option sales tax		181,802	
Beer and Wine tax		3,262	
Solid waste tax		529	
Utility franchise tax		46,660	
<b>Total</b>	<u>188,500</u>	<u>232,253</u>	<u>43,753</u>
Restricted intergovernmental revenue			
Powell Bill allocation		23,631	
<b>Total</b>	<u>24,300</u>	<u>23,631</u>	<u>(669)</u>
Sales and services:			
Rent		500	
Other		17,208	
<b>Total</b>	<u>20,036</u>	<u>17,708</u>	<u>(2,328)</u>
Investment Earnings		1,579	
<b>Total</b>	<u>-</u>	<u>1,579</u>	<u>1,579</u>



**Town of Woodland North Carolina  
General Fund  
Schedule of Revenue, Expenditures, and Changes  
In Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2019**

	Budget	Actual	Variance Positive (Negative)
Grants & Contributions		3,544	
<b>Total</b>	<u>7,206</u>	<u>3,544</u>	<u>(3,662)</u>
Miscellaneous income		4,825	
<b>Total</b>	<u>2,900</u>	<u>4,825</u>	<u>1,925</u>
<b>Total Revenues</b>	<u>\$ 450,218</u>	<u>\$ 502,585</u>	<u>\$ 52,367</u>
<b>Expenditures</b>			
General Government			
Administration:			
Salaries and employee benefits		32,052	
Utilities		2,044	
Supplies		6,281	
Dues and subscription		2,621	
Insurance		3,129	
County tax collection fee		10,219	
Repairs & Maintenance		320	
Professional		8,343	
Copier lease		3,356	
Headstart Building		8,603	
Other operating expenses		15,472	
<b>Total</b>	<u>127,190</u>	<u>92,440</u>	<u>34,750</u>
Public safety:			
Salaries and employee benefits		43,414	
Utilities		3,897	
Repairs and maintenance		48	
Fuel		1,069	
Supplies		3,383	
Uniforms		359	
Insurance		9,265	
Software		2,713	
Other operating expenses		2,317	
<b>Total</b>	<u>142,994</u>	<u>66,465</u>	<u>76,529</u>

**Town of Woodland, North Carolina  
General Fund  
Schedule of Revenue, Expenditures, and Changes  
In Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Transportation:			
Salaries and employee benefits		3,640	
Equipment rental		3,698	
<b>Total</b>	<u>24,300</u>	<u>7,338</u>	<u>16,962</u>
Environmental protection:			
Salaries and employee benefits		64,337	
Utilities		23,815	
Insurance		13,694	
Repairs		256	
Fuel		2,523	
Supplies		2,894	
Uniforms		518	
Capital outlay		15,926	
Other operating expenses		3,937	
<b>Total</b>	<u>166,419</u>	<u>127,900</u>	<u>38,519</u>
Cultural and recreation			
Insurance		1,098	
Utilities		552	
Repairs and maintenance		6,541	
<b>Total</b>	<u>10,039</u>	<u>8,191</u>	<u>1,848</u>
Total expenditures	<u>470,942</u>	<u>302,334</u>	<u>168,608</u>
Revenues over (under) expenditures			
Other financing source (uses)			
Transfers to other funds: Water & Sewer Funds	54,276	54,276	-
Appropriated fund balance	(75,000)	-	(75,000)
Total other financing sources (uses)	<u>450,218</u>	<u>356,610</u>	<u>93,608</u>
Revenues and other sources over expenditures and Net change in fund balance	<u>\$ -</u>	<u>145,975</u>	
Fund Balances:			
Beginning of year, July 1		<u>\$ 857,516</u>	
End of year, June 30		<u>\$ 1,003,491</u>	

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Operating Revenue			
Water and sewer charges		239,870	
Dumping Charges		26,894	
Tap and connection fees		6,758	
Total		<u>273,522</u>	
Nonoperating Revenues			
Investment earnings		775	
Total Revenues	<u>253,050</u>	<u>274,297</u>	<u>21,247</u>
<b>Expenditures</b>			
Salaries and employee benefits		93,163	
Supplies		15,505	
Utilities		23,940	
Postage and delivery		1,189	
Maintenance and repairs		10,867	
Insurance		6,557	
Fuel		2,755	
Lab test		8,044	
Contract services		10,805	
Other operating expenses		22,699	
Total Expenditures	<u>253,050</u>	<u>195,524</u>	<u>57,526</u>

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

	Budget	Actual	Variance Positive (Negative)
Revenues over (under) expenditures	-	78,773	78,773
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ 78,773	\$ 78,773

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

Revenues and other sources over (under) expenditures and other uses		\$ 78,773
Reconciling items:		
Depreciation		(67,700)
Capital contributions		74,664
(Increase) Decrease in accrued vacation		( 816 )
Increase in deferred outflows of resources - pensions		3,134
Increase in net pension liability		(3,011)
Decrease in deferred inflows of resources - pension		693
Transfer in from general fund		54,276
Total reconciling items		61,240
Changes in Net Position, GAAP basis		\$ 140,013

Schedule 5

Town of Woodland, North Carolina  
 Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2019

	<u>Special Revenue</u>
	<u>Fire Department Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 78,937
Accounts receivable, net	4,604
<b>Total Assets</b>	<b>83,541</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Aggregated deferred outflows	--
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 83,541</b>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 18,514
<b>Total Liabilities</b>	<b>18,514</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Aggregated deferred inflows	--
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>18,514</b>
<b>FUND BALANCE</b>	
Unassigned	65,027
<b>Total Fund Balance</b>	<b>65,027</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 83,541</b>

Schedule 6

Town of Woodland, North Carolina  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2019

		<u>Special Revenue</u>
		<u>Fire Department Fund</u>
<b>Revenues</b>		
Ad valorem taxes	\$	58,670
Grants & Contributions		850
Miscellaneous Income		3,000
Investment interest		16
<b>Total Revenues</b>		<u>62,536</u>
<b>Expenditures</b>		
Principal		19,198
Interest and other charges		7,011
Public safety		29,379
<b>Total Expenditures</b>		<u>55,588</u>
<b>Net Change in Fund Balance</b>		<b>6,948</b>
<i>Fund Balance at Beginning of Period</i>		<u>58,079</u>
<b>Fund Balance at End of Period</b>	<b>\$</b>	<b><u>65,027</u></b>

**Town of Woodland, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Fire Department Fund**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Favorable (Unfavorable) Final to Actual</b>
<b>Revenues</b>				
Ad valorem taxes	\$ 56,915	\$ 56,915	\$ 58,670	\$ 1,755
Investment Earnings	--	--	16	16
Grants & Contributions	1,700	1,700	850	(850)
Miscellaneous Income	3,550	3,550	3,000	(550)
<b>Total Revenues</b>	<u>62,165</u>	<u>62,165</u>	<u>62,536</u>	<u>371</u>
<b>Other Financing Sources</b>				
<b>Total Revenues and Other Financing Sources</b>	<u>62,165</u>	<u>62,165</u>	<u>62,536</u>	<u>371</u>
<b>Expenditures</b>				
Public safety	35,952	35,952	29,379	6,573
Principal	19,202	19,202	19,198	4
Interest and other charges	7,011	7,011	7,011	-
<b>Total Expenditures</b>	<u>62,165</u>	<u>62,165</u>	<u>55,588</u>	<u>6,577</u>
<b>Other Financing Uses</b>				
<b>Total Expenditures and Other Financing Uses</b>	<u>62,165</u>	<u>62,165</u>	<u>55,588</u>	<u>6,577</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>--</u>	<u>--</u>	<u>6,948</u>	<u>6,948</u>
<b>Net Change in Fund Balance</b>	<u>\$ --</u>	<u>\$ --</u>	<u>6,948</u>	<u>\$ 6,948</u>
<i>Fund Balance at Beginning of Period</i>			58,079	
<b><i>Fund Balance at End of Period</i></b>			<u>\$ 65,027</u>	

**Town of Woodland  
Capital Project Fund  
Water Supply Well  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
For the Fiscal Year Ended June 30, 2019 and From Inception**

	Actual			Total Project To Date	Variance Favorable (Unfavorable)
	Project Authorization	Prior Years	Current Year		
Revenues:					
DENR Grant (Principal Forgiveness)	\$ 331,775	\$ 331,775	\$ -	\$ 331,775	\$ -
Total revenues	331,775	331,775	-	331,775	-
Expenditures:					
Construction	414,000	243,811	88,385	332,196	81,804
Engineering	100,050	81,523	-	81,523	18,527
Administration	92,000	14,411	-	14,411	77,589
Contingency	20,500	-	-	-	20,500
Other cost	50,270	-	-	-	50,270
Total expenditures	676,820	339,745	88,385	428,130	248,690
Excess (Deficit) of revenues over (under) expenditures	(345,045)	(7,970)	(88,385)	(96,355)	(248,690)
Other financing sources (uses):					
USDA loan	331,775	246,450	-	246,450	(85,325)
Capital contributions			-		
Transfer from other funds	13,270	56,788	-	56,788	43,518
Total other financing sources (uses)	345,045	158,608	-	303,238	(41,807)
Excess (Deficit) of revenues & other financing sources over (under) expenditures & other financing uses	\$ -	\$ 150,638	\$ (88,385)	\$ 206,883	\$ 206,883



## **OTHER SCHEDULES**

**Town of Woodland, North Carolina**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**For the Fiscal Year Ended June 30, 2019**

Fiscal Year	Uncollected Balance July 1, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2018-2019	\$ -	\$ 168,279	\$ 150,601	\$ 17,678
2017-2018	14,793	-	4,546	10,247
2016-2017	10,339		2,940	7,399
2015-2016	6,787		1,077	5,710
2014-2015	7,294		1,115	6,179
2013-2014	6,133		1,160	4,973
2012-2013	4,176		540	3,636
2011-2012	4,127		643	3,484
2010-2011	1,382		533	849
2009-2010	644		94	550
2008-2009	682		(0)	682
	<u>56,357</u>	<u>168,279</u>	<u>163,248</u>	<u>61,388</u>
				Less: Allowance for Uncollectible Accounts <u>2,304</u>
				Ad Valorem Taxes Receivables, Net <u>59,084</u>
 <b>Reconciliation with Revenues:</b>				
				Ad Valorem Tax - General Fund \$ 219,045
				Reconciling items:
				Interest collected (4,304)
				Releases and adjustments <u>51,493</u>
				Total Collections and Credits <u>\$ 163,248</u>

**Town of Woodland, North Carolina  
General Fund  
Analysis of Current Tax Levy  
For the Fiscal Year Ended June 30, 2019**

	Property Valuation	Rate per \$100	Total Levy	Total Levy Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property tax at current year's tax rate					
Net Valuation	<u>\$26,089,767</u>	0.645	\$ 168,279	\$ 147,493	\$ 20,786
Net levy					
Less uncollected taxes at June 30, 2019			<u>\$ 17,678</u>	<u>17,678</u>	<u>-</u>
Current year's taxes collected			<u>\$ 150,601</u>	<u>\$ 129,815</u>	<u>\$ 20,786</u>
Current levy collection percentage			<u>89.49%</u>	<u>88.01%</u>	<u>100.00%</u>

## **COMPLIANCE SECTION**

# LARRY E. CARPENTER, CPA, PA

CERTIFIED PUBLIC ACCOUNTANT

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## Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

### **Independent Auditor's Report**

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

We have audited, 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, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Woodland, 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 Woodland's basic financial statements, and have issued our report thereon dated October 23, 2019.

### **Internal Control Over Financial Reporting**

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

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

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

*Member:*

American Institute of Certified Public Accountants, NC Association of Certified Public Accountants  
AICPA – Governmental Audit Quality Center

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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Woodland's financial statements are free of 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*.

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

*Larry E. Carpenter, CPA, PA*

Greenville, NC  
October 23, 2019

