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**Town of Washington Park**

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**Washington Park, North Carolina**

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**Audit Report**

**June 30, 2020**

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# **TOWN OF WASHINGTON PARK**

## **WASHINGTON PARK, NORTH CAROLINA**

### **TOWN OFFICIALS**

#### **Mayor**

Thomas Richter

#### **Town Commissioners**

Jeff Peacock – Mayor Pro Team

Lee Bowen

Belinda Cowell

Wade Dale

Patrick Nash

#### **Town Finance Clerk**

Dennie Dale

Town of Washington Park, North Carolina  
Table of Contents  
June 30, 2020

	<u>Exhibit/ Schedule Number</u>	<u>Page</u>
<b>Financial Section:</b>		
<b>Independent Auditor's Report</b>		1
<b>Management's Discussion and Analysis</b>		4
<b>Basic Financial Statements:</b>		
I. Government-Wide Financial Statements:		
Statement of Net Position	A-1	11
Statement of Activities	A-2	12
II. Fund Financial Statements:		
Balance Sheet - Governmental Funds	A-3	13
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	A-4	14
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	A-5	15
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance with Statement of Activities	A-6	16
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	A-7	17
III. Notes to the Financial Statements		18
<b>Required Supplemental Financial Data</b>		
Schedule of Proportionate Share Net Position Liability Assets - Local Government Employees' Retirement System	1	34
Schedule of Contributions - Local Government Employees' Retirement System	2	35
<b>Other Schedules:</b>		
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual- General Fund	3	36
Schedule of Ad Valorem Taxes Receivable	4	39
Analysis of Current Year Levy - General Fund Property Tax	5	40

# 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 Washington Park, North Carolina

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Washington Park, North Carolina, as of and for the year ended June 30, 2020, 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. 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.

*Member:*

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

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## **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, each major fund, and the aggregate remaining funds of the Town of Washington Park, North Carolina as of June 30, 2020, 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 10 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions on pages 36 and 37, 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 Washington Park, North Carolina. The individual fund statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The 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 procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, and other schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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.

*Larry E. Carpenter, CPA, PA*

Greenville, NC  
September 10, 2020

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

## Management's Discussion and Analysis

As management of the Town of Washington Park, we offer readers of the Town of Washington Park's financial statements this narrative overview and analysis of the financial activities of the Town of Washington Park for the fiscal year ended June 30, 2020. 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 Washington Park exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$568,500 (*net position*).
- The government's total net position increased by \$50,296, primarily due to an increase in the governmental activities net position.
- As of the close of the current fiscal year, the Town of Washington Park's governmental funds reported ending fund balances of \$431,705 with a net decrease of \$64,656 in fund balance. Approximately 54.02% percent of this total amount, or \$233,208, is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$233,208, or 58.69% percent of total general fund expenditures for the fiscal year.
- At end of the current fiscal year, the Town had Restricted Reserves of \$71,294.
- The Town of Washington Park has no debt.

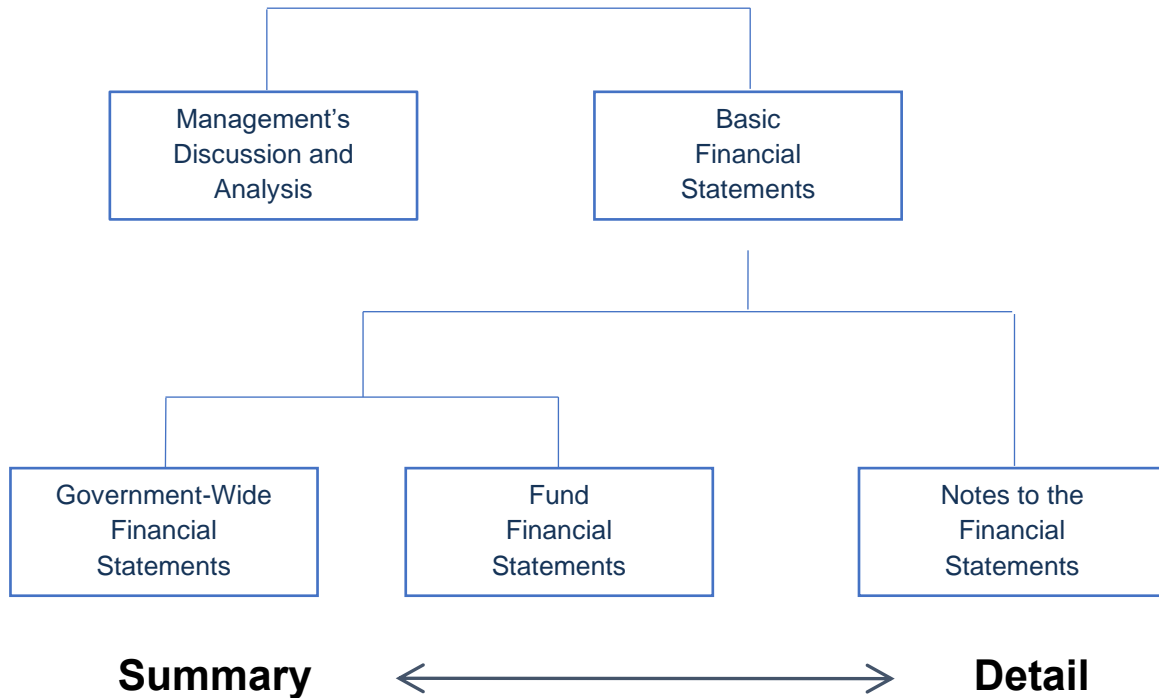
### ***Overview of the Financial Statements***

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



### 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 of Washington Park's financial status. The next statements (Exhibits A-3 through A-7) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town of Washington Park'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; and 2) the budgetary comparison 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 of Washington Park's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

#### Government-wide financial statements

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

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between 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 consist of the governmental activities. The governmental activities include most of the Town of Washington Park'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 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 Washington Park, 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 of Washington Park's budget ordinance. The Town of Washington Park only has one governmental fund.

**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 of Washington Park'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 of Washington Park'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 Washington Park 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 of Washington Park, the management of the Town of Washington Park, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town of Washington Park 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 of Washington Park complied with the budget ordinance and whether or not the Town of Washington Park 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.

**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 18 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 Washington Park's progress

in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 34 of this report.

**Interdependence with Other Entities:** The Town of Washington Park 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 of Washington Park is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

### Town of Washington Park's Net Position

Figure 2

	Governmental Activities	
	2020	2019
Current and other assets	\$ 441,703	\$ 505,378
Pension assets		
Capital assets	145,003	22,042
Deferred outflows of resources	26,790	32,778
Total assets and deferred outflows of resources	613,496	560,198
Current liabilities	5,218	6,126
Noncurrent liabilities	-	36,060
Deferred inflows of resources	1,091	342
Total liabilities and deferred inflow of resources	6,309	42,528
Net investment in capital assets	145,003	22,042
Restricted	73,035	126,372
Unrestricted	350,462	369,790
Total net position	\$ 568,500	\$ 518,204

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 Washington Park exceeded liabilities by \$568,500 as of June 30, 2020. The Town of Washington Park's net position increased by \$50,296 for the fiscal year ended June 30, 2020. However, the largest portion, \$145,003 or 25.51%, reflects the Town of Washington Park's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Washington Park uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Washington Park'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 Washington Park's

net position, \$73,035 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$350,462 is unrestricted.

**Town of Washington Park's Changes in Net Position**

**Figure 3**

	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 495	\$ 405
Operating grants and contributions	15,907	16,070
Capital grants and contributions	-	-
General revenues:		
Property taxes	152,597	150,111
Other taxes	145,051	140,684
Unrestricted intergovernmental	-	-
Investment earnings	2,744	128
Other	14,262	20,347
Total revenues	<u>331,056</u>	<u>327,745</u>
<b>Expenses:</b>		
General government	152,207	143,910
Public safety	41,522	40,708
Transportation	12,946	19,630
Environmental protection	71,297	65,390
Culture and recreation	2,788	5,598
Total expenses	<u>280,760</u>	<u>275,236</u>
Increase in Net Position before transfers	50,296	52,509
Transfers	<u>-</u>	<u>-</u>
Increase (decrease) in Net Position	50,296	52,509
Net Position, July 1	<u>518,204</u>	<u>465,695</u>
Net Position, June 30	<u>\$ 568,500</u>	<u>\$ 518,204</u>

**Governmental activities:** Governmental activities increased the Town net position by \$50,296.

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

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

**Governmental Funds.** The focus of the Town of Washington Park's governmental funds is to provide

*Management's Discussion and Analysis  
Town of Washington Park*

information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Washington Park's financing requirements.

The General Fund is the chief operating fund of the Town of Washington Park. At the end of the current fiscal year, the Town of Washington Park's fund balance available in the General Fund was \$233,208, while total fund balance reached \$431,705. The Town of Washington Park currently has an available fund balance of 58.69% of general fund expenditures, while total fund balance represents 108.64% of the same amount.

At June 30, 2020, the governmental funds of the Town of Washington Park reported a fund balance of \$431,705 with a net decrease in fund balance of \$64,656.

The North Carolina Local Government Commission strongly recommends that local governments maintain an unassigned fund balance of at least 8% of general fund expenditures. Unassigned fund balance is a sub classification of unassigned fund balance after consideration for management's policy designations.

**General Fund Budgetary Highlights**

During the fiscal year, the Town of Washington Park 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 Washington Park's investment in capital assets for its governmental and business—type activities as of June 30, 2020, totaled \$145,003 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital assets transactions during the year included the following:

**Town of Washington Park's Capital Assets**  
*(Net of Accumulated Depreciation)*

**Figure 4**

	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
Land	\$ 18,200	\$ 18,200
Buildings	25,000	25,000
Improvements	70,571	-
Equipment	55,897	55,897
Furniture	632	632
Vehicles and motorized equipment	150,506	92,306
Subtotal	320,806	192,035
Accumulated depreciation	(175,803)	(170,041)
Capital assets, net	<u>\$ 145,003</u>	<u>\$ 21,995</u>

*Management's Discussion and Analysis*  
*Town of Washington Park*

The Town of Washington Park has no long-term debt, and none is authorized. North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries.

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

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:

- As of June 30, 2020, the unemployment rate for Beaufort County, of which the Town of Washington Park is a part, is currently 3.6%, which decreased from the rate of 4.7% a year ago. This compares unfavorably to the state's average unemployment rate of 4.2% and the national rate of 4.5%.
- The Town of Washington Park's levied ad valorem property tax rate will remain at .29¢ per \$100 valuation for the upcoming year.

**Budget Highlights for the Fiscal Year Ending June 30, 2021**

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 of Washington Park'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 Washington Park**  
**P. O. Box 632**  
**Washington Park, North Carolina 27889**

## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**Town of Washington Park, North Carolina**  
**Statement of Net Position**  
**June 30, 2020**

	<b>Primary Government</b>
	<b>Governmental Activities</b>
<b>ASSETS</b>	
<i>Current Assets</i>	
Cash and cash equivalents	\$ 358,426
Taxes receivable, net	4,780
Accounts receivable, net	1,741
Prepaid Insurance	5,462
Restricted cash and cash equivalents	71,294
<b>Total Current Assets</b>	<b>441,703</b>
<i>Noncurrent Assets</i>	
Land and other nondepreciable assets	18,200
Other capital assets, net of depreciation	126,803
<b>Total Assets</b>	<b>586,706</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Aggregated deferred outflows	25,790
<b>Total Deferred Outflows of Resources</b>	<b>25,790</b>
<b>LIABILITIES</b>	
<i>Current Liabilities</i>	
Accounts payable and accrued liabilities	5,218
<b>Total Current Liabilities</b>	<b>5,218</b>
<i>Noncurrent Liabilities</i>	
Net pension liability	37,687
<b>Total Liabilities</b>	<b>42,905</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Aggregated deferred inflows	1,091
<b>Total Deferred Inflows of Resources</b>	<b>1,091</b>
<b>NET POSITION</b>	
Net investment in capital assets	145,003
<i>Restricted for:</i>	
Stabilization by State Statute	1,741
Streets	71,294
<i>Unrestricted</i>	350,462
<b>Total Net Position</b>	<b>\$ 568,500</b>

The accompanying notes are an integral part of this financial statement.

**Town of Washington Park, North Carolina  
Statement of Activities  
For the Year Ended June 30, 2020**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>
<b>Primary Government</b>					
<b>Governmental Activities:</b>					
General government	\$ 152,207	\$ --	\$ --	\$ --	\$ (152,207)
Public safety	41,522	--	--	--	(41,522)
Transportation	12,946	--	14,287	--	1,341
Environmental protection	71,297	--	--	--	(71,297)
Cultural and recreational	2,788	495	1,620	--	(673)
<b>Total Governmental Activities</b>	<b>280,760</b>	<b>495</b>	<b>15,907</b>	<b>--</b>	<b>(264,358)</b>

**General Purpose Revenues and Transfers:**

**Revenues**

Ad valorem taxes	152,597
Unrestricted intergovernmental	145,051
Investment earnings	2,744
Miscellaneous Income	14,262

**Total General Revenues and Transfers** 314,654

**Change in Net Position** **50,296**

*Net Position at Beginning of Period* 518,204

**Net Position at End of Period** **\$ 568,500**

The accompanying notes are an integral part of this financial statement.

## **FUND FINANCIAL STATEMENTS**

**Town of Washington Park, North Carolina  
Balance Sheet  
Governmental Funds  
June 30, 2020**

	<b>Major Fund</b>
	<b>General Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 358,426
Taxes receivable, net	4,780
Accounts receivable, net	1,741
Prepaid Insurance	5,462
Restricted cash and cash equivalents	71,294
<b>Total Assets</b>	<b>441,703</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Aggregated deferred outflows	--
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 441,703</b>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 5,218
<b>Total Liabilities</b>	5,218
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Aggregated deferred inflows	4,780
<b>Total Liabilities and Deferred Inflows of Resources</b>	9,998
<b>FUND BALANCE</b>	
Nonspendable	
Prepays	5,462
Restricted	
Stabilization by State Statute	1,741
Streets	71,294
Assigned	
Subsequent year's expenditures	120,000
Unassigned	233,208
<b>Total Fund Balance</b>	431,705
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 441,703</b>

The accompanying notes are an integral part of this financial statement.

**Town of Washington Park, North Carolina  
 Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position  
 June 30, 2020**

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

Total Fund Balance - Governmental Funds	\$	431,705
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		145,003
Net Pension Liability		(37,687)
Deferred outflows of resources related to pensions are not reported in the funds		25,790
Deferred inflows of resources related to pensions are not reported in the funds		(1,091)
Earned revenues considered deferred inflows of resources in fund statements		4,780
<b>Total Net Position-Governmental Funds</b>	<b>\$</b>	<b><u>568,500</u></b>

**Town of Washington Park, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2020**

	<u>Major Fund</u>
	<u>General Fund</u>
<b>Revenues</b>	
Ad valorem taxes	\$ 151,242
Unrestricted intergovernmental	145,051
Restricted intergovernmental	15,907
Miscellaneous Income	14,756
Investment earnings	2,744
<b>Total Revenues</b>	<u>329,700</u>
<b>Expenditures</b>	
General government	146,353
Public safety	41,522
Transportation	94,496
Environmental protection	109,197
Cultural and recreational	2,788
<b>Total Expenditures</b>	<u>394,356</u>
<b>Net Change in Fund Balance</b>	<b>(64,656)</b>
<i>Fund Balance at Beginning of Period</i>	<u>496,361</u>
<b>Fund Balance at End of Period</b>	<b>\$ 431,705</b>

*The accompanying notes are an integral part of this financial statement.*

**Town of Washington Park, North Carolina  
 Reconciliation of Governmental Funds Statement of Revenues, Expenditures,  
 Changes in Fund Balance with Statement of Activities  
 For the Year Ended June 30, 2020**

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

Total Net Change in Fund Balances - Governmental Funds	\$	(64,656)
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.		122,961
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		1,355
<b>Changes in Net Position-Governmental Funds</b>	<b>\$</b>	<b><u>50,296</u></b>

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

**Town of Washington Park, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Consolidated General Fund**  
**For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Ad valorem taxes	\$ 148,905	\$ 148,905	\$ 151,242	\$ 2,337
Unrestricted intergovernmental	109,100	109,100	145,051	35,951
Restricted intergovernmental	16,070	16,070	15,907	(163)
Miscellaneous income	10,725	10,725	14,756	4,031
Investment earnings	726	726	2,744	2,018
<b>Total Revenues</b>	285,526	285,526	329,700	44,174
<b>Other Financing Sources</b>				
<b>Total Revenues and Other Financing Sources</b>	285,526	285,526	329,700	44,174
<b>Expenditures</b>				
General government	113,665	147,334	146,353	981
Public safety	41,523	41,523	41,522	1
Transportation	36,176	95,176	94,496	680
Environmental protection	95,533	116,434	109,197	7,237
Cultural and recreational	10,800	10,800	2,788	8,012
<b>Total Expenditures</b>	297,697	411,267	394,356	16,911
<b>Other Financing Uses</b>				
Appropriations	(12,171)	(125,741)	--	(125,741)
<b>Total Expenditures and Other Financing Uses</b>	285,526	285,526	394,356	(108,830)
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	--	--	(64,656)	(64,656)
<b>Net Change in Fund Balance</b>	\$ --	\$ --	(64,656)	\$ (64,656)
<i>Fund Balance at Beginning of Period</i>			496,361	
<b><i>Fund Balance at End of Period</i></b>			\$ 431,705	

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



## **Notes To The Financial Statements**

Town of Washington Park  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020

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

The accounting policies of the Town of Washington Park 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 Washington Park is a municipal corporation that is governed by an elected mayor and a five-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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for the Town of Washington Park and for each function of the Town of Washington Park'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 of Washington Park's funds. 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.

The Town of Washington Park reports the following major governmental fund:

**General Fund.** The General Fund is the general operating fund of the Town of Washington Park. 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).

Town of Washington Park  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020

***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 Financial Statements.* The government-wide fund financial statements are reported using the economic resources measurement focus. The government-wide 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.

*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 of Washington Park 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 Washington Park because the tax is levied by Beaufort

Town of Washington Park  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020

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 of Washington Park'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 of Washington Park'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.

***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 of Washington Park 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 of Washington Park 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 of Washington Park'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.

Town of Washington Park  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020

**2. Cash and Cash Equivalents**

The Town of Washington Park's 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 of Washington Park 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, 2016. As allowed by State law, the Town of Washington Park has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town of Washington Park's General Fund, ad valorem tax revenues are reported net of such discounts.

**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 of Washington Park are valued at cost (first-in, first-out), which approximates market. The inventories of the Town of Washington Park'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.

Town of Washington Park  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020

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

**8. Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. Town of Washington Park has one item that meets this criterion, contributions made to the pension plan in the 2017 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 of Washington Park has two items that meet the criterion for this category.

**9. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities 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

Town of Washington Park  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020

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

**11. *Net Position/Fund Balances***

*Net Position*

Net position in government-wide 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 of Washington Park 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 Washington Park's governing body (highest level

Town of Washington Park  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020

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 Washington Park 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.

## **12. Pensions**

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



Town of Washington Park  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020

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

***A. Assets***

***1. Deposits and Investments***

All the deposits of the Town of Washington Park 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 of Washington Park'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 of Washington Park these deposits are considered to be held by the Town of Washington Park's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town of Washington Park or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town of Washington Park 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 of Washington Park 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 of Washington Park complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020, the Town's deposits had a carrying amount of \$429,720 and a bank balance of \$435,148. Of the bank balance, \$400,983 was covered by federal depository insurance and the remainder of \$34,165 was covered by collateral held under the pooling method.

Town of Washington Park  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020

**2. Capital Assets**

**Governmental Capital Assets**

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 18,200	\$ -	\$ -	\$ 18,200
Total capital assets not being depreciated	<u>18,200</u>	<u>-</u>	<u>-</u>	<u>18,200</u>
<b>Capital assets being depreciated:</b>				
Buildings	25,000	-	-	25,000
Improvements	-	70,571	-	70,571
Equipment	55,897	-	-	55,897
Furniture	632	-	-	632
Vehicles and motorized equipment	92,306	58,200	-	150,506
Total capital assets being depreciated	<u>173,835</u>	<u>128,771</u>	<u>-</u>	<u>302,606</u>
<b>Less accumulated depreciation for:</b>				
Buildings	25,000	-	-	25,000
Improvements	-	2,352	-	2,352
Equipment	52,103	500	-	52,603
Furniture	632	-	-	632
Vehicles and motorized equipment	92,306	2,910	-	95,216
Total accumulated depreciation	<u>170,041</u>	<u>\$ 5,762</u>	<u>\$ -</u>	<u>175,803</u>
Total capital assets being depreciated, net	<u>3,795</u>			<u>126,803</u>
<b>Governmental activity capital assets, net</b>	<u>\$ 21,995</u>			<u>\$ 145,003</u>

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

<b>Governmental Activities:</b>	
General government	\$ 5,762
Total	<u>\$ 5,762</u>

**B. Liabilities**

**1. Pension Plan Obligations**

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

*Plan Description.* The Town of Washington Park is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer

Town of Washington Park  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020

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).

*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 Washington Park 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 Washington Park's contractually required contribution rate for the year ended June 30, 2020, was 7.5% of compensation for law enforcement officers and 7.07% 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 Washington

Town of Washington Park  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020

Park were \$9,039 for the year ended June 30, 2020.

*Refunds of Contributions* —Town of Washington Park employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2020, the Town reported a liability of \$37,687 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020, the Town's proportion was 0.00138% which was a decrease of 0.00014% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, Town of Washington Park recognized pension expense of \$18,403. At June 30, 2020, the Town of Washington Park 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	\$ 6,453	\$ -
Changes of assumptions	6,142	-
Net difference between projected and actual earnings on pension plan investments	919	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,237	1,091
Employer contributions subsequent to the measurement date	9,039	-
Total	<u>\$ 25,790</u>	<u>\$ 1,091</u>

Town of Washington Park  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020

\$9,039 reported as deferred outflows of resources related to pensions resulting from the Town of Washington Park's contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>			
2020	\$	7,667	
2021		2,788	
2022		4,408	
2023		797	
2024		-	
Thereafter		-	
	<u>\$</u>	<u>15,660</u>	

*Actuarial Assumptions.* The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2016 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

Town of Washington Park  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020

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, 2020 are summarized in the following table:

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
<b>Total</b>	<b>100.00%</b>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 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 3.19%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 7.20%. 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 of Washington Park's proportionate share of the net pension asset calculated using the discount rate of 7.00%, as well as what the Town of Washington Park'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 (asset)	89,196	37,687	(2,635)

Town of Washington Park  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020

*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.

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

The Town has several deferred inflows/outflows of resources:

<b>Source</b>	<b>Amount</b>
<i>Deferred outflows of resources is comprised of the following:</i>	
Differences between expected and actual experience	6,453
Changes of assumptions	6,142
Net difference between projected and actual earnings on pension plan investments	919
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,237
Contributions to pension plan in current fiscal year	9,039
<b>Total</b>	<b>\$ 25,790</b>

*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)		4,780
Changes in assumptions	-	-
Differences between expected and actual experience	-	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	1,091	-
<b>Total</b>	<b>\$ 1,091</b>	<b>\$ 4,780</b>

Town of Washington Park  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020

**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>\$ 431,705</b>
Less:	
Stabilization by State Statute	1,741
Streets-Powell Bill	71,294
Prepays	5,462
Subsequent year's expenditures	120,000
Working Capital / Fund Balance Policy	-
Remaining Fund Balance	233,208

**4. Risk Management**

The Town of Washington Park 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 of Washington Park participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town of Washington Park obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage up to a \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

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 of Washington Park does not carry flood insurance as there has been no prior history of flooding on municipal property and the risk of flood related damage is minimal.

In accordance with G.S. 159-29, the Town of Washington Park'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 Town of Washington Park carries commercial insurance and has secured performance bonds for the finance officer and mayor. The mayor and the Town clerk are each bonded for \$50,000.



Town of Washington Park  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020

**5. Long-Term Obligations**

***Governmental Activities***

The Town has no long-term debt.

**6. Interfund Balances and Activity**

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

**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 September 10, 2020, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTAL FINANCIAL DATA**

**Town of Washington Park, North Carolina**  
**Proportionate Share of Net Pension Liability (Assets)**  
**Required Supplementary Information**  
**Last Seven Fiscal Years**

	<u>2020</u>	<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) (%)	0.00000%	0.00152%	0.00091%	0.00121%	0.00128%	0.00111%	0.00160%
Proportion of the net pension liability (asset) (\$)	\$ 25,790	\$ 36,060	\$ 13,902	\$ 25,680	\$ 5,745	\$ (6,546)	\$ 19,286
Covered-employee payroll	\$ 97,483	\$ 93,460	\$ 88,853	\$101,418	\$105,352	\$ 92,476	\$ 97,037
Proportion of the net pension liability (asset) as a percentage of its covered-employee payroll	26.46%	38.58%	15.65%	25.32%	5.45%	-7.08%	19.87%
Plan fiduciary net position as a percentage of the total pension liability	95.60%	92.85%	94.18%	91.47%	98.09%	102.64%	94.35%

**Town of Washington Park, North Carolina  
Town of Washington Park's Contributions  
Require Supplementary Information  
Last Seven Fiscal Years**

**Local Government Employees' Retirement System**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 9,039	\$ 7,555	\$ 7,010	\$ 6,442	\$ 6,766	\$ 7,449	\$ 6,538
Contributions in relation to the contractually required contributions	<u>9,039</u>	<u>7,555</u>	<u>7,010</u>	<u>6,442</u>	<u>6,766</u>	<u>7,449</u>	<u>6,538</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	100,990	97,483	93,460	88,853	101,418	105,352	92,476
Contributions as a percentage of covered-employee payroll	8.95%	7.75%	7.50%	7.25%	6.67%	7.07%	7.07%

## **OTHER SCHEDULES**

**Town of Washington Park, North Carolina  
General Fund  
Schedule of Revenue, Expenditures, and Changes  
In Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
<b>Ad Valorem Taxes</b>			
Taxes		151,242	
Total	<u>148,905</u>	<u>151,242</u>	<u>2,337</u>
<b>Unrestricted Intergovernmental Revenues</b>			
Local option sales tax		128,957	
Utility franchise tax		13,917	
Beer & wine tax		1,849	
Solid waste tax		328	
Total	<u>109,100</u>	<u>145,051</u>	<u>35,951</u>
<b>Restricted Intergovernmental Revenues</b>			
Powell Bill allocation		14,287	
Recreation Beaufort County		1,620	
Total	<u>16,070</u>	<u>15,907</u>	<u>(163)</u>
<b>Investment Earnings</b>			
Interest		2,744	
Total	<u>726</u>	<u>2,744</u>	<u>2,018</u>
<b>Other Revenues</b>			
Miscellaneous		14,756	
Total	<u>10,725</u>	<u>14,756</u>	<u>4,031</u>
<b>Total Revenue</b>	<u><b>\$ 285,526</b></u>	<u><b>\$ 329,700</b></u>	<u><b>\$ 44,174</b></u>
<b>Expenditures</b>			
<b>General Government</b>			
Salaries and benefits		81,263	
Equipment & Maintenance		9,026	
Professional services		5,068	
Dues & Subscriptions		1,948	
Municipal Building		2,512	
Insurance & bonds		10,744	
Supplies		1,500	
Utilities		12,993	
Other operating expenses		21,299	
<b>Total General Government</b>	<u>147,334</u>	<u>146,353</u>	<u>981</u>

**Town of Washington Park, North Carolina  
General Fund  
Schedule of Revenue, Expenditures, and Changes  
In Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Public Safety</b>			
Contracted Services		41,522	
Total	<u>41,523</u>	<u>41,522</u>	<u>1</u>
<b>Transportation</b>			
Auto		4,997	
Drainage & Storm Sewer		68,999	
Other operating expenses		20,500	
Total	<u>95,176</u>	<u>94,496</u>	<u>680</u>
<b>Environmental Protection</b>			
Salaries & Benefits		67,025	
Other operating expenses		42,172	
Total	<u>116,434</u>	<u>109,197</u>	<u>7,237</u>
<b>Cultural and Recreational</b>			
Other operating expenses		2,788	
Total	<u>10,800</u>	<u>2,788</u>	<u>8,012</u>

**Schedule 3  
Continued**

**Town of Washington Park, North Carolina  
General Fund  
Schedule of Revenue, Expenditures, and Changes  
In Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Total Expenditures	411,267	394,356	16,911
Revenue over (under) expenditures	(125,741)	(64,656)	(27,742)
Fund balance appropriated	(125,741)		(125,741)
Net change in fund balance	<u>\$ -</u>	(64,656)	<u>\$ (64,656)</u>
Fund balance - July 1		496,361	
Fund balance - June 30		<u>\$ 431,705</u>	



**Town of Washington Park, North Carolina**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**For the Fiscal Year Ended June 30, 2020**

Fiscal Year	Uncollected Balance July 1, 2019	Additions	Collections and Credits	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 154,178	152,341	\$ 1,837
2018-2019	2,274		343	1,931
2017-2018	276		76	200
2016-2017	202		0	202
2015-2016	19		(0)	19
2014-2015	200		(0)	200
2013-2014	248		(0)	248
2012-2013	36		(0)	36
2011-2012	54		(0)	54
2010-2011	38		(0)	38
2009-2010	14		(0)	14
	<u>\$ 3,361</u>	<u>\$ 154,178</u>	<u>\$ 152,759</u>	<u>\$ 4,780</u>

Ad Valorem Taxes Receivables, Net 4,780

**Reconciliation with Revenues:**

Ad Valorem Tax - General Fund	\$ 151,242
Reconciling items:	
Interest collected	(15)
Releases and adjustments	1,532
Total Collections and Credits	<u>\$ 152,759</u>

**Town of Washington Park, North Carolina  
General Fund  
Analysis of Current Tax Levy  
For the Fiscal Year Ended June 30, 2020**

	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	\$ 53,164,828	0.29	\$ 154,178	\$ 142,355	\$ 11,823
Net levy	<u>\$ 53,164,828</u>				
Less uncollected taxes at June 30, 2020			<u>1,837</u>	<u>1,837</u>	<u>-</u>
Current year's taxes collected			<u>\$ 152,341</u>	<u>\$ 140,518</u>	<u>\$ 11,823</u>
Current levy collection percentage			<u>98.81%</u>	<u>98.71%</u>	<u>100.00%</u>