
Town of Winton

Winton, North Carolina

Audit Report

June 30, 2020

TOWN OF WINTON

WINTON, NORTH CAROLINA

TOWN OFFICIALS

Mayor

Tiffany M Lewis

Town Commissioners

Joseph Blythe

Wesley Liverman

James Manley

McCoy Pierce

Emily Winstead

Town Clerk/Finance Officer

Amanda Henderson

Town of Winton, North Carolina
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June 30, 2020

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LARRY E. CARPENTER, CPA, PA

CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

To the Honorable Mayor and
Members of the Town Council
Town of Winton, 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 of the Town of Winton, 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
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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, the business-type activities, each major fund of Town of Winton, 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 11 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions on pages 45 and 46, 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 Winton, North Carolina. The combining and 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 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 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

April 23, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Town of Winton, we offer readers of the Town of Winton's financial statements this narrative overview and analysis of the financial activities of the Town of Winton 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

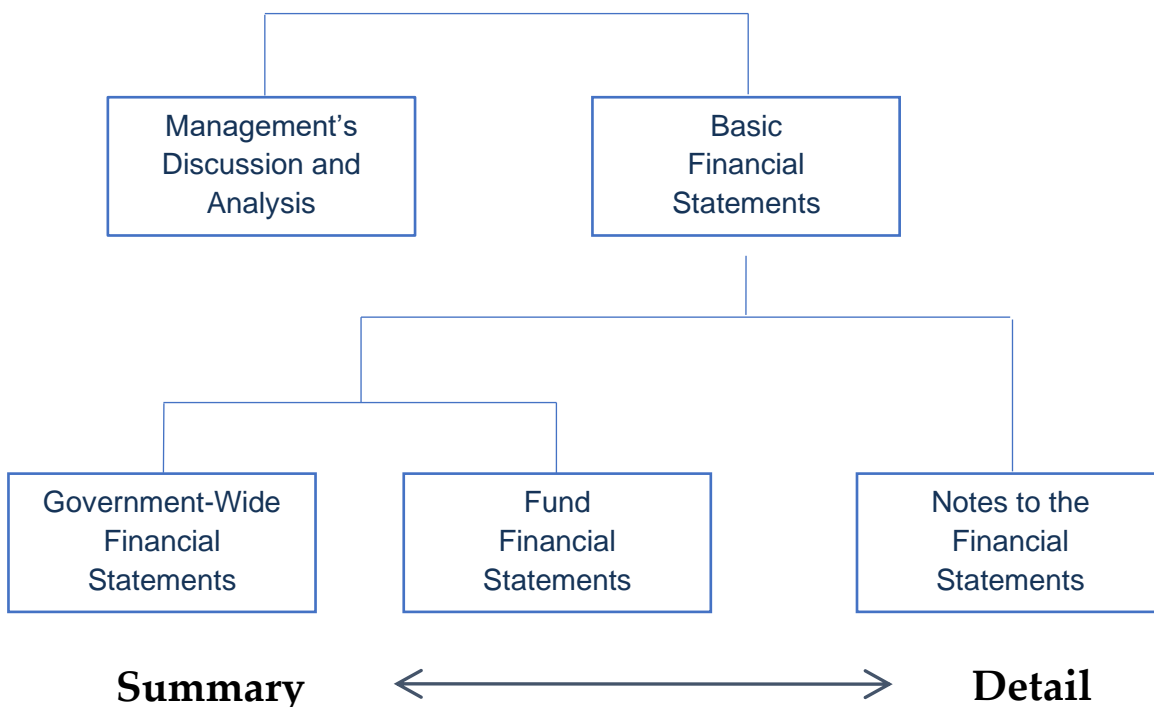
- The assets and deferred outflows of resources of the Town of Winton exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$5,642,226 (*net position*).
- The government's total net position increased by \$187,518 primarily due to an increase in both the governmental and the business-type activities net position.
- As of the close of the current fiscal year, the Town of Winton's governmental funds reported combined ending fund balances of \$1,374,253 with a net change of \$208,146 in fund balance. Approximately 79.31% percent of this total amount, or \$1,079,801 is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,079,801, or 301.11% percent of total general fund expenditures for the fiscal year.
- At end of the current fiscal year, the Town had Restricted Reserves of \$97,423.
- The Town's total debt decreased by \$75,788 during the current fiscal year.

Overview of the Financial Statements

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

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. 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 Winton.

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 Winton, 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 Winton 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 Winton 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.

Proprietary Funds: Town of Winton 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 Winton uses enterprise funds to account for its water and sewer 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 23 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 Winton's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 44 of this report.

Interdependence with Other Entities: The Town depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

**Town of Winton's Net Position
Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 1,445,750	\$ 1,219,724	\$ 1,076,224	\$ 878,102	\$ 2,521,974	\$ 2,097,826
Pension assets						
Capital assets	603,070	535,075	3,250,773	3,481,551	3,853,843	4,016,626
Deferred outflow s of resources	32,104	24,755	40,859	31,506	72,963	56,261
Total assets and deferred outflow s of resources	2,080,924	1,605,227	4,367,856	4,626,957	6,448,780	6,170,713
Current liabilities	120,315	56,641	182,038	101,845	302,353	158,486
Noncurrent liabilities	51,188	26,283	65,149	33,451	116,337	59,734
Deferred inflow s of resources	913	744	1,162	947	2,075	1,691
Total liabilities and deferred inflow of resources	172,416	506,847	248,349	245,038	420,765	219,911
Net investment in capital assets	233,720	165,916	3,160,147	3,402,301	3,393,867	3,568,217
Restricted	281,608	336,849	-	-	281,608	336,849
Unrestricted	1,083,370	859,051	883,381	775,865	1,966,751	1,634,916
Total net position	\$ 1,598,698	\$ 1,361,816	\$ 4,043,528	\$ 4,178,166	\$ 5,642,226	\$ 5,539,982

Management's Discussion and Analysis
Town of Winton

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 Winton exceeded liabilities by \$5,642,226 as of June 30, 2020. The Town's net position increased by \$187,518 for the fiscal year ended June 30, 2020. However, the largest portion, \$3,393,867 or 60.15%, reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Winton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Winton'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 Winton's net position, \$281,608 or 0.18% represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,966,751 or 55.08% is unrestricted.

Town of Winton's Changes in Net Position

Figure 3

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 56,987	\$ 65,712	\$ 538,907	\$ 579,575	\$ 595,894	\$ 645,287
Operating grants and contributions	23,013	23,274	-	-	23,013	23,274
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	288,658	197,104			288,658	197,104
Other taxes	169,883	165,605			169,883	165,605
Unrestricted intergovernmental	-	-			-	-
Investment earnings	885	1,253	289	1,110	1,174	2,363
Other	35,714	14,901	61,326	37,892	97,040	52,793
Total revenues	<u>575,140</u>	<u>467,849</u>	<u>600,522</u>	<u>618,577</u>	1,175,662	<u>1,086,426</u>
Expenses:						
General government	93,133	269,632			93,133	269,632
Public safety	36,170	42,800			36,170	42,800
Transportation	176,054	190,278			176,054	190,278
Economic and physical development	-	1,383			-	1,383
Environmental protection	22,806	28,269			22,806	28,269
Culture and recreation	2,968	2,968			2,968	2,968
Interest on long-term debt	12,705	12,134			12,705	12,134
Water and sewer			644,308	624,236	644,308	624,236
Total expenses	<u>343,836</u>	<u>547,464</u>	<u>644,308</u>	<u>624,236</u>	988,144	<u>1,171,700</u>
Increase in Net Position						
before transfers	231,304	(79,615)	(43,786)	(5,659)	187,518	(85,274)
Transfers	-	85,193	-	(85,193)	-	-
Increase (decrease) in Net Position	231,304	5,578	(43,786)	(90,852)	187,518	(85,274)
Net Position, July 1	<u>1,367,394</u>	<u>1,361,816</u>	<u>4,087,314</u>	<u>4,178,166</u>	5,454,708	<u>5,539,982</u>
Net Position, June 30	<u>\$1,598,698</u>	<u>\$1,367,394</u>	<u>\$4,043,528</u>	<u>\$4,087,314</u>	\$5,642,226	<u>\$5,454,708</u>

Governmental activities: Governmental activities increased the Town net assets by \$231,304.

Business-type activities: Business-type activities decreased the Town's net assets by \$43,786 accounting for -0.19% of the total growth in the government's net assets.

The Town of Winton's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Water and Sewer at the end of the fiscal year amounted to \$4,043,528. The total decrease in net position was \$43,786.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Winton'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 Winton's financing requirements.

The general fund is the chief operating fund of the Town of Winton. At the end of the current fiscal year, the Town 's fund balance available in the General Fund was \$1,079,801, while total fund balance reached \$1,374,253. The Town currently has an available fund balance of 301.11% of general fund expenditures, while total fund balance represents 379.64% of the same amount. At June 30, 2020, the governmental funds of the Town of Winton reported a combined fund balance of \$1,079,801 with a net increase in fund balance of \$208,146.

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.

Proprietary funds. The Town of Winton'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 \$883,381.

Capital Asset and Debt Administration

Capital assets. The Town of Winton's investment in capital assets for its governmental and business— type activities as of June 30, 2020, totaled \$3,853,843 net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Town of Winton's Capital Assets
(Net of Accumulated Depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 88,200	\$ 88,200	\$ 62,643	\$ 62,643	\$ 150,843	\$ 150,843
Buildings	791,533	791,533	21,286	21,286	812,819	812,819
Equipment	423,879	418,679	200,866	192,039	624,745	610,717
Auto and Trucks	720,923	720,923	82,362	82,362	803,285	803,285
Improvements	125,908	125,908	68,579	68,579	194,487	194,487
Plant facilities	-	-	7,246,427	7,246,427	7,246,427	7,246,427
Fence	-	-	1,575	1,575	1,575	1,575
Total	2,150,443	2,145,243	7,683,739	7,674,911	9,834,182	9,820,154
Accumulated depreciation	(1,547,373)	(1,503,122)	(4,432,966)	(4,305,315)	(5,980,339)	(5,808,437)
Capital assets, net	\$ 603,070	\$ 642,121	\$ 3,250,773	\$ 3,369,596	\$ 3,853,843	\$ 4,011,717

Long-term Debt.

As of June 30, 2020, the Town had a total debt outstanding of \$459,976, in which \$385,726 was an installment obligation. All outstanding debt is backed by full faith and credit of the Town. During the year the town entered into a new installment obligation. During the year ended June 30, 2020, the town refinanced their two existing Installment loans, at a favorable lower interest rates and terms.

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.

Town of Winton
General Obligations and Loans

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ -	\$ -	\$ 74,250	\$ 76,750	\$ 74,250	\$ 76,750
Installment Purchases	369,350	427,802	16,376	31,212	385,726	459,014
Total	\$ 369,350	\$ 427,802	\$ 90,626	\$ 107,962	\$ 459,976	\$ 535,764

Economic Factors and Next Year's Budgets and Rates

The following key economic factors related to the growth of the Town.

The Town is located in Hertford County and has a population of approximately 753. The unemployment rate for Hertford County at June 30, 2020 was 5.7 percent compared to the statewide rate of 6.5 percent.

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, 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.
- The median household income based on the 2017 Census for the Town is \$22,083 whereas Hertford County is \$34,523. The national median household income is \$59,039. Winton's median income is only 49% of the U.S. medial.

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 Winton
P. O. Box 134
Winton, North Carolina 27986**

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Town of Winton, North Carolina
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 1,127,164	\$ 1,058,235	\$ 2,185,399
Taxes receivable, net	24,134	--	24,134
Accounts receivable, net	50,432	91,663	142,095
Prepaid Insurance	12,844	9,477	22,321
Restricted cash and cash equivalents	97,423	50,602	148,025
Internal Balances	133,753	(133,753)	--
Total Current Assets	1,445,750	1,076,224	2,521,974
<i>Noncurrent Assets</i>			
Land and other nondepreciable assets	88,201	131,222	219,423
Other capital assets, net of depreciation	514,869	3,119,551	3,634,420
Total Assets	2,048,820	4,326,997	6,375,817
DEFERRED OUTFLOWS OF RESOURCES			
Aggregated deferred outflows	32,104	40,859	72,963
Total Deferred Outflows of Resources	32,104	40,859	72,963
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable and accrued liabilities	47,834	98,007	145,841
Customer deposits	--	50,602	50,602
Accrued interest payable	967	258	1,225
Compensated absences	11,974	18,524	30,498
Due in less than one year	59,540	14,647	74,187
Total Current Liabilities	120,315	182,038	302,353
<i>Noncurrent Liabilities</i>			
Due in more than one year	309,810	75,979	385,789
Net Pension Liability	51,188	65,149	116,337
Total Liabilities	481,313	323,166	804,479
DEFERRED INFLOWS OF RESOURCES			
Aggregated deferred inflows	913	1,162	2,075
Total Deferred Inflows of Resources	913	1,162	2,075
NET POSITION			
Net investment in capital assets	233,720	3,160,147	3,393,867
<i>Restricted for:</i>			
Reserved for state statue	184,185	--	184,185
Streets	97,423	--	97,423
<i>Unrestricted</i>	1,083,370	883,381	1,966,751
Total Net Position	\$ 1,598,698	\$ 4,043,528	\$ 5,642,226

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities:							
General government	\$ 93,133	\$ 150	\$ --	\$ --	\$ (92,983)	\$ --	\$ (92,983)
Environmental protection	22,806	56,553	--	--	33,747	--	33,747
Cultural and recreational	2,968	--	--	--	(2,968)	--	(2,968)
Public safety	36,170	284	--	--	(35,886)	--	(35,886)
Transportation	176,054	--	23,013	--	(153,041)	--	(153,041)
Interest and other charges	12,705	--	--	--	(12,705)	--	(12,705)
Total Governmental Activities	343,836	56,987	23,013	--	(263,836)	--	(263,836)
Business-type Activities:							
Water & Sewer	644,308	538,907	--	--	--	(105,401)	(105,401)
Total Business-type Activities	644,308	538,907	--	--	--	(105,401)	(105,401)
Total Primary Government	\$ 988,144	\$ 595,894	\$ 23,013	\$ --	\$ (263,836)	\$ (105,401)	\$ (369,237)
Component Units							
General Purpose Revenues and Transfers:							
Revenues							
					288,658	--	288,658
					169,883	--	169,883
					35,714	61,326	97,040
					885	289	1,174
Transfers							
					--	--	--
Total General Revenues and Transfers					495,140	61,615	556,755
Change in Net Position					231,304	(43,786)	187,518
<i>Net Position at Beginning of Period</i>					1,367,394	4,087,314	5,454,708
Net Position at End of Period					\$ 1,598,698	\$ 4,043,528	\$ 5,642,226

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

FUND FINANCIAL STATEMENTS

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

	Major Fund
	General Fund
ASSETS	
Cash and cash equivalents	\$ 1,127,164
Taxes receivable, net	24,134
Accounts receivable, net	50,432
Prepaid Insurance	12,844
Restricted cash and cash equivalents	97,423
Due from other funds	133,753
	1,445,750
Total Assets	1,445,750
DEFERRED OUTFLOWS OF RESOURCES	
Aggregated deferred outflows	--
	--
Total Assets and Deferred Outflows of Resources	\$ 1,445,750
LIABILITIES	
Accounts payable and accrued liabilities	\$ 47,363
	47,363
Total Liabilities	47,363
DEFERRED INFLOWS OF RESOURCES	
Aggregated deferred inflows	24,134
	24,134
Total Liabilities and Deferred Inflows of Resources	71,497
FUND BALANCE	
Nonspendable	
Prepaid	12,844
Restricted	
Reserved for state statue	184,185
Streets	97,423
Unassigned	1,079,801
	1,374,253
Total Fund Balance	1,374,253
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,445,750

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

Town of Winton, 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 different because:

Total Fund Balance - Governmental Funds	\$ 1,374,253
Some liabilities, including accrued interest payable not paid in the current period and therefore are not reported in the funds.	(967)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	603,068
Net Pension Liability	(51,188)
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.	(71,985)
Long-term liabilities used in governmental activities are not financial uses and, therefore are not reported in the funds.	(309,809)
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	1
Deferred outflows of resources related to pensions are not reported in the funds	32,104
Deferred inflows of resources related to pensions are not reported in the funds	(913)
Earned revenues considered deferred inflows of resources in fund statements.	24,134
Total Net Position-Governmental Funds	\$ <u>1,598,698</u>

Town of Winton, 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>
Revenues	
Ad valorem taxes	\$ 280,268
Other taxes and licenses	170,167
Restricted intergovernmental	23,013
Charges for Sales & Services	56,553
Investment earnings	885
Miscellaneous Income	35,863
Total Revenues	<u>566,749</u>
Expenditures	
Principal	58,452
Interest and other charges	12,970
General government	69,004
Public safety	36,170
Transportation	160,556
Environmental protection	21,451
Total Expenditures	<u>358,603</u>
Net Change in Fund Balance	208,146
<i>Fund Balance at Beginning of Period</i>	<u>1,166,107</u>
Fund Balance at End of Period	\$ <u>1,374,253</u>

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

Town of Winton, 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, 2020

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

Total Net Change in Fund Balances - Governmental Funds	\$	208,146
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		58,452
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.		(44,251)
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)		567
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		8,390
Changes in Net Position-Governmental Funds	\$	<u>231,304</u>

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

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

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Ad valorem taxes	\$ 184,500	\$ 184,500	\$ 280,268	\$ 95,768
Other taxes and licenses	150,900	150,900	170,167	19,267
Restricted intergovernmental	24,000	24,000	23,013	(987)
Charges for Sales & Services	64,000	64,000	56,553	(7,447)
Investment Earnings	70	70	885	815
Miscellaneous Income	14,800	14,800	35,863	21,063
Total Revenues	438,270	438,270	566,749	128,479
Other Financing Sources				
Total Revenues and Other Financing Sources	438,270	438,270	566,749	128,479
Expenditures				
General government	163,780	163,780	69,004	94,776
Public safety	52,860	52,860	36,170	16,690
Transportation	242,300	242,300	160,556	81,744
Environmental protection	34,000	34,000	21,451	12,549
Principal	58,530	58,530	58,452	78
Interest and other charges	12,970	12,970	12,970	--
Total Expenditures	564,440	564,440	358,603	205,837
Other Financing Uses				
Appropriations	(100,170)	(100,170)	--	(100,170)
Transfers to other funds	(26,000)	(26,000)	--	(26,000)
Total Expenditures and Other Financing Uses	438,270	438,270	358,603	79,667
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	--	--	208,146	208,146
Net Change in Fund Balance	\$ --	\$ --	208,146	\$ 208,146
<i>Fund Balance at Beginning of Period</i>			1,166,107	
Fund Balance at End of Period			\$ 1,374,253	

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

Town of Winton, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-type Activities - Enterprise Funds
	Water & Sewer Fund
ASSETS	
<i>Current Assets</i>	
Cash and cash equivalents	\$ 1,058,235
Accounts receivable, net	91,663
Prepaid Insurance	9,477
Restricted cash and cash equivalents	50,602
Total Current Assets	1,209,977
<i>Noncurrent Assets</i>	
Land and other nondepreciable assets	131,222
Other capital assets, net of depreciation	3,119,551
Total Assets	4,460,750
DEFERRED OUTFLOWS OF RESOURCES	
Aggregated deferred outflows	40,859
Total Deferred Outflows of Resources	40,859
LIABILITIES	
<i>Current Liabilities</i>	
Accounts payable and accrued liabilities	98,007
Customer deposits	50,602
Accrued interest payable	258
Compensated absences	18,524
Due to other funds	133,753
Due in less than one year	14,647
Total Current Liabilities	315,791
<i>Noncurrent Liabilities</i>	
Due in more than one year	75,979
Net Pension Liability	65,149
Total Liabilities	456,919
DEFERRED INFLOWS OF RESOURCES	
Aggregated deferred inflows	1,162
Total Deferred Inflows of Resources	1,162
NET POSITION	
Net investment in capital assets	3,160,147
<i>Unrestricted</i>	883,381
Total Net Position	\$ 4,043,528

Town of Winton, North Carolina
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds
	Water and Sewer Fund
Operating Revenues	
Charges for Sales & Services	\$ 538,907
Miscellaneous Income	61,326
<i>Total Operating Revenues</i>	600,233
Operating Expenses	
Water and sewer operations	512,119
Depreciation	127,651
<i>Total Operating Expenses</i>	639,770
<i>Operating Income (Loss)</i>	(39,537)
Non-Operating Revenues (Expenses)	
Interest and fees	289
Interest and other charges	(4,538)
<i>Net Non-Operating Revenues (Expenses)</i>	(4,249)
<i>Change In Net Position</i>	(43,786)
<i>Net Position at Beginning of Period</i>	4,087,314
<i>Net Position at End of Period</i>	\$ 4,043,528

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

Town of Winton, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Enterprise Funds
	Water & Sewer Fund
Cash Flows from Operating Activities:	
Cash received from customers	\$ 548,324
Cash paid for goods and services	(246,506)
Cash paid to/on behalf of employees	(272,792)
Other operating revenue	61,326
Net cash provided (used) by operating activities	90,352
Cash Flows from Noncapital Financing Activities:	
Transfers to other funds	-
Cash Flows From Capital and Related Financing Activities	
Capital contributions	
Acquisition and construction of capital assets	
Principal repaid on long-term debt	(17,336)
Interest paid on long-term debt	(4,538)
Net cash provided (used) by capital and related financing activities	(21,874)
Cash Flows from Investing Activities:	
Proceeds from gain on sale of capital asset	
Investment income received	289
Net increase (decrease) in cash and cash equivalents	68,767
Cash and Cash Equivalents - Beginning of Year	1,040,070
Cash and Cash Equivalents - End of Year	\$ 1,108,837
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	
Depreciation	
Change in assets and liabilities:	
(Increase) decrease in accounts receivables	(9,417)
Increase (decrease) in accounts payable and accrued liabilities	69,777
Increase (decrease) in accrued vacation	2,902
Increase (decrease) in accrued interest payable	(9)
(Increase) decrease in net pension liability	(5,632)
Increase (decrease) in deferred outflows of resources for pensions	(9,277)
(Increase) decrease in deferred inflows of resources for pensions	(854)
Net cash provided (used) by operating activities	\$ 90,352

Notes To The Financial Statements

Town of Winton, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020

NOTE I — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Winton 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 Winton is a municipal corporation that is governed by an elected mayor and a six-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 Winton, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020

The Town reports the following major governmental funds:

Governmental Funds. Governmental funds are those used to account for the Town's expendable financial resources and related liabilities (except those accounted for in proprietary or agency funds).

The following are the Town's governmental fund types:

General Fund. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is a major fund for fund financial statement reporting purposes.

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

Town of Winton, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020

as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. 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, 2015, 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, 2015 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 Winton because the tax is levied by Hertford 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

Town of Winton, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020

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 may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)], authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value 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, 2015. 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 Winton, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020

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:

Assets	Years
Buildings and systems	50
Infrastructure	30
Equipment and furniture	10
Vehicles and motorized equipment	6
Computer equipment	3
Other improvements	25

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 2015 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.

Town of Winton, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020

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 policies of the Town provide for the accumulation of up to 240 hours of earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary presentation, an expense and a liability are recorded as vacation leave is earned. The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made. The Town considers all of the accrued vacation to be due within the next fiscal year based on a first-in, first-out flow policy.

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

Town of Winton, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020

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 Winton'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 Winton 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. Inter-fund Transactions

Inter-fund services provided are accounted for as revenues or expenses in the government-wide financial statements, since they would be treated as such if they involved organizations external to the Town. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other inter-fund transactions are reported as transfers.

13. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are: allowance for doubtful accounts and depreciation lives.

**Town of Winton, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020**

14. 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 Winton employer contributions are recognized when due and the Town of Winton 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 using the Pooling Method report to the State Treasurer the adequacy of their pooled

**Town of Winton, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020**

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, 2020, the Town's deposits had a carrying amount of \$2,333,424 and a bank balance of \$2,355,859. Of the bank balance, \$907,504 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

2. Receivables — Allowance for Doubtful Accounts

General Fund:	
Taxes receivable	\$ 5,389
Accounts receivable	-
Total	5,389
Enterprise Fund:	
Customer receivables	6,510
Other receivables	-
Total	6,510
Grand Total	\$ 11,899

**Town of Winton, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020**

3. Capital Asset

General Fund Capital Assets

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 88,200	\$ -	\$ -	\$ 88,200
Total capital assets not being depreciated	<u>88,200</u>	<u>-</u>	<u>-</u>	<u>88,200</u>
Capital assets being depreciated:				
Buildings	791,533	-	-	791,533
Equipment	418,679	5,200	-	423,879
Auto and Trucks	720,923	-	-	720,923
Improvements	125,908	-	-	125,908
Total capital assets being depreciated	<u>2,057,043</u>	<u>5,200</u>	<u>-</u>	<u>2,062,243</u>
Less accumulated depreciation for:				
Buildings	407,525	15,892	-	423,417
Equipment	315,553	12,861	-	328,414
Auto and Trucks	716,724	2,907	-	719,631
Improvements	63,320	12,591	-	75,911
Total accumulated depreciation	<u>1,503,122</u>	<u>\$ 44,251</u>	<u>\$ -</u>	<u>1,547,373</u>
Total capital assets being depreciated, net	<u>553,921</u>			<u>514,870</u>
Governmental activity capital assets, net	<u>\$ 642,121</u>			<u>\$ 603,070</u>

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

Governmental Activities:	
General Government	\$ 24,430
Public Safety	-
Transportation	15,498
Economic Development	1,355
Cultural	2,968
Total	<u>\$ 44,251</u>

**Town of Winton, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020**

Enterprise Fund Capital Assets

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 62,643	\$ -	\$ -	\$ 62,643
Construction in progress	68,579	-	-	68,579
Total capital assets not being depreciated	<u>131,222</u>	<u>-</u>	<u>-</u>	<u>131,222</u>
Capital assets being depreciated:				
Buildings	21,286	-	-	21,286
Plant facilities	7,246,427	-	-	7,246,427
Equipment	192,039	8,828	-	200,866
Auto and trucks	82,362	-	-	82,362
Fence	1,575	-	-	1,575
Total capital assets being depreciated	<u>7,543,689</u>	<u>8,828</u>	<u>-</u>	<u>7,552,517</u>
Less accumulated depreciation for:				
Buildings	21,286	-	-	21,286
Plant facilities	4,047,261	121,802	-	4,169,063
Equipment	178,358	3,162	-	181,520
Auto and trucks	56,835	2,687	-	59,522
Fence	1,575	-	-	1,575
Total accumulated depreciation	<u>4,305,315</u>	<u>\$ 127,651</u>	<u>\$ -</u>	<u>4,432,966</u>
Total capital assets being depreciated, net	<u>3,238,375</u>			<u>3,119,551</u>
Business-type activity capital assets, net	<u>\$ 3,369,596.28</u>			<u>\$ 3,250,773</u>

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Winton 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

Town of Winton, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020

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.

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 Winton 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 Winton's contractually required contribution rate for the year ended June 30, 2020, was 7.77% of compensation for law enforcement officers and 7.77% 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 Winton were \$26,883 for the year ended June 30, 2020.

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

**Town of Winton, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020**

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 pension liability of \$116,337 for its proportionate share of the net pension asset. 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, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset 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 .00426% which was a decrease of .00022% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2020, the Town recognized pension expense of \$55,026. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,920	\$ -
Changes of assumptions	18,961	-
Net difference between projected and actual earnings on pension plan investments	2,837	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,362	2,075
Employer contributions subsequent to the measurement date	26,883	-
Total	<u>\$ 72,963</u>	<u>\$ 2,075</u>

\$26,883 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	22,359
2021	7,437
2022	11,504
2023	2,705
2024	-
Thereafter	-
	<u>\$ 44,005</u>

Town of Winton, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020

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

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

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

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

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement. The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income 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, 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
Total	100.00%	

**Town of Winton, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020**

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 3.19%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	266,085	116,337	(8,133)

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

b. Law Enforcement Officers Special Separation Allowance

Plan Description. The Town of Winton administers a public employee retirement system (the "Separation Allowance"), which is a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of GS Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. The Town has no full-time law enforcement officers.

Town of Winton, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020

2. Summary of Significant Account Policies.

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

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable.
- pension plan assets are dedicated to providing benefits to plan members.
- pension plan assets are legally protected from the creditors or employers, non-employer contributing entities, the plan administrator, and plan members.

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

3. Contributions

The Town is required by Article 12D of GS Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The Town has not obtained an actuarial study for the plan because its required contributions are considered immaterial. The Town funds the plan when the benefit payments are due and records these payments as General Fund expenditures.

c. Other Employment Benefits

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

**Town of Winton, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020**

eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Trust Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The Town considers these contributions to be immaterial.

3. 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>	
Contributions to pension plan in current fiscal year	26,883
Differences between expected and actual experience	19,920
Changes of assumptions	18,961
Net difference between projected and actual earnings on pension plan investments	2,837
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,362
Total	\$ 72,963

**Town of Winton, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020**

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)	-	24,134
Changes in assumptions	-	-
Differences between expected and actual experience	-	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	2,075	-
Total	\$ 2,075	\$ 24,134

4. Fund Balance

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

Total Fund Balance-General Fund	\$ 1,374,253
Less:	
Nonspendable	12,844
Stabilization by State Statute	184,185
Streets-Powell Bill	97,423
Public Safety	-
Working Capital / Fund Balance Policy	-
Remaining Fund Balance	1,079,801

5. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and medical and dental claims for employees, retirees, and dependents. 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 years.

The Town carries commercial coverage for all other risks of loss. The Town does not carry flood insurance.

Town of Winton, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020

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 town officials that have access to funds are bonded under a blanket bond for \$16,000. The finance officer is individually bonded for \$50,000.

5. Long-Term Obligations

Governmental Activities

	Beginning Balance	Additions	Retirements	Ending Balance	Current Maturities
Installment loans	\$ 427,802	\$ -	\$ 58,452	\$ 369,350	\$ 59,540
Compensated absences	19,458	-	7,484	11,974	-
Net pension liability	46,764	4,424	-	51,188	-
Total	\$ 494,024	\$ 4,424	\$ 58,452	\$ 432,512	\$ 59,540

Annual debt service requirements to maturity for the installment loans - Governmental Activities - are as follows:

Annual debt service payments of the installment purchases as of June 30, 2020, are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	59,540	10,580	70,120
2022-2027	275,132	23,834	298,966
2028-2029	34,679	782	35,460
Total	\$ 369,350	\$ 35,195	\$ 404,546

**Town of Winton, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020**

a. Installment Purchases

Serviced by the Governmental Activities:

Installment purchase notes payable at June 30, 2020, are comprised of the following notes:

Governmental Activities:

On August 15, 2013, the Town entered into an installment obligation for \$341,886 for refinancing an existing loan secured by town hall building, annual payments of \$21,886 including interest at 2.99% with final payment in 2028.	206,725
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On August 15, 2013, the Town entered into an installment obligation for \$184,294 for refinancing an existing loan secured by a fire truck, annual payments of \$13,570 including interest at 2.99% with final payment in 2025.	88,148
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On August 10, 2018, the Town entered into an installment obligation for \$106,396 for the purchase of a backhoe, annual payments of \$10,640 including interest at 4.06% with final payment in 2023.	74,477
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Total Governmental Activities	\$ 369,350
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Serviced by the Business-type Activities:

The following is a summary of changes in the Town's Business-Type Activities in long-term debt:

Business Type Activities:

Revenue Bond

Serviced by Water and Sewer Fund:

On October 20, 1999, the Town entered into a revenue bond (007179) for \$79,000 for a sewer system development at an annual interest rate of 4.375% with flexible annual payments with a final payment in 2039.	\$ 54,000
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On October 20, 1999, the Town entered into a revenue bond (007180) for \$30,000 for a sewer system development at an annual interest rate of 4.375% with flexible annual payments with a final payment in 2039.	20,250
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Total Revenue Bonds for Business-Type Activities	\$ 74,250
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**Town of Winton, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020**

Annual debt service payments of the revenue bonds as of June 30, 2020, are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	2,750	3,128	5,878
2022	2,750	3,008	5,758
2023-2039	68,750	26,688	95,438
Total	<u>\$ 74,250</u>	<u>\$ 32,823</u>	<u>\$107,073</u>

Annual debt service payments of the installment purchases as of June 30, 2020, are as follows:

Installment Purchases

Serviced by the Water and Sewer Fund:

On July 12, 2018, the Town entered into an Installment purchase for \$11,759 for a Mower at an annual interest rate of 3.87% with annual payments of 2,939.83 plus interest with a final payment in 2021. \$ 2,940

On February 22, 2019, the Town entered into an Installment purchase for \$26,871 for a Ford F-150 Truck at an annual interest rate of 4.45% with annual payments of 4,478.53 plus interest with a final payment in 2022. 13,436

Total Installment Purchases for Business-Type Activities \$ 16,376

Year Ending June 30,	Principal	Interest	Total
2021	11,897	612	12,509
2022	4,478	100	4,578
Total	<u>\$ 16,375</u>	<u>\$ 712</u>	<u>\$ 17,087</u>

**Town of Winton, North Carolina
Notes to the Financial Statements
For Fiscal Year Ended June 30, 2020**

B. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2020, consist of the following:

Due to/from other funds:

To	General Fund	\$ 133,753
From	Water and Sewer Fund	\$ 133,753

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

Interfund loan- On June 30, 2020 consisted of monies that the general fund borrowed overtime to help meet its operating budget. The general fund anticipates paying it back when the time is economically favorable.

NOTE VI —SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 23, 2021 the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

Town of Winton Proportiate 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>
Winton's proportion of the net pension liability (asset) (%)	0.00426%	0.00448%	0.00391%	0.00398%	0.00403%	0.00441%	0.00420%
Winton's proportion of the net pension liability (asset) (\$)	\$ 116,337	\$ 106,281	\$ 59,734	\$ 84,469	\$ 22,794	\$ 24,357	\$ 18,727
Winton's covered-employee payroll	\$ 291,283	\$ 298,795	\$ 310,119	\$ 298,477	\$ 289,000	\$ 245,145	\$ 255,135
Winton's proportion of the net pension liability (asset) as a percentage of its covered-employee payroll	39.94%	35.57%	19.26%	28.30%	7.90%	9.94%	7.34%
Plan fiduciary net position as a percentage of the total pension liability	94.97%	96.15%	94.18%	91.47%	98.09%	102.64%	94.35%

**Town of Winton, North Carolina
Town of Winton's Contributions
Required 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	\$ 26,883	\$ 23,303	\$ 23,216	\$ 23,352	\$ 20,384	\$ 21,146	20,288
Contributions in relation to the contractually required contributions	26,883	23,303	23,216	23,352	20,384	21,146	20,288
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Unit's covered-employee payroll	\$ 294,774	\$ 291,283	\$ 298,795	\$ 310,119	\$ 298,477	\$ 289,000	\$ 245,145
Contributions as percentage of covered-employee payroll	9.12%	8.00%	7.77%	7.53%	6.83%	7.32%	8.28%

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Town of Winton, 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>
Revenues			
Ad Valorem Taxes			
Taxes		273,861	
Interest and penalties		6,407	
Total	<u>184,500</u>	<u>280,268</u>	<u>95,768</u>
Other Taxes and Licenses			
Local option sales tax		116,877	
Utility franchise tax		45,273	
Beer & wine tax		5,811	
Other taxes		1,658	
Waste disposal tax		548	
Total	<u>150,900</u>	<u>170,167</u>	<u>19,267</u>
Restricted Intergovernmental Revenues			
Powell Bill allocation		23,013	
Total	<u>24,000</u>	<u>23,013</u>	<u>(987)</u>
Sales and Services			
Garbage services		56,553	
Total	<u>64,000</u>	<u>56,553</u>	<u>(7,447)</u>

**Town of Winton, 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>
Investment Earnings			
Interest		885	
Total	70	885	815
 Other Revenues			
Miscellaneous		35,863	
Total	14,800	35,863	21,063
Total Revenue	\$ 438,270	\$ 566,749	\$ 128,479
 Expenditures			
General Government			
Salaries and benefits		21,881	
Tax collection fee		10,237	
Professional services		6,951	
Dues & subscriptions		1,892	
Demolition Project		(38,500)	
Insurance & bonds		26,152	
Utilites		12,808	
Repairs & maintenance		7,900	
Supplies		4,668	
Other operating expenses		15,015	
Total General Government	163,780	69,004	94,776

Town of Winton, 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>
Public Safety			
Salaries and benefits		8,913	
Supplies		1,467	
Insurance		14,446	
Other operating expenses		11,344	
Total	<u>52,860</u>	<u>36,170</u>	<u>16,690</u>
Transportation			
Salaries and benefits		45,043	
Vehicle maintenance		7,855	
Street maintenance		38,745	
Utilites		23,384	
Insurance		36,780	
Other operating expenses		8,749	
Total	<u>242,300</u>	<u>160,556</u>	<u>81,744</u>
Environmental Protection			
Repairs & maintenance		1,880	
Solid waste disposal		19,571	
Total	<u>34,000</u>	<u>21,451</u>	<u>12,549</u>

Town of Winton, 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>
Debt Service			
Principal		58,452	
Interest		12,970	
Total	<u>71,500</u>	<u>71,422</u>	<u>78</u>
 Total Expenditures	<u>564,440</u>	<u>358,603</u>	<u>205,837</u>
 Revenue over (under) expenditures	<u>(126,170)</u>	<u>208,146</u>	<u>334,316</u>
 Other Financing Sources (Uses)			
Appropriations	100,170	-	100,170
Transfers to	26,000	-	26,000
Total	<u>126,170</u>	<u>-</u>	<u>332,007</u>
 Net change in fund balance	<u>\$ -</u>	<u>208,146</u>	<u>\$ 332,007</u>
 Fund balance - July 1		<u>1,166,107</u>	
Fund balance - June 30		<u>\$ 1,374,253</u>	

Town of Winton, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating Revenue			
Net sales from operations		541,257	
Interest earned on investments		289	
Other revenue		58,976	
Total revenues	<u>736,500</u>	<u>600,522</u>	<u>(135,978)</u>
Expenditures:			
Salaries and employee benefits		215,694	
Insurance		82,456	
Contract services		7,434	
Supplies		10,239	
Utilities		48,694	
Repairs & maintenance		58,702	
Insurance		10,870	
Fuel		4,644	
Lab fees		17,164	
Other operating expenditures		56,222	
Total	<u>736,500</u>	<u>512,119</u>	<u>224,381</u>

**Town of Winton, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Debt services			
Interest and other charges		4,538	
Principal retirement		17,337	
Total	<u>15,100</u>	<u>21,875</u>	<u>(6,775)</u>
Total expenditures	<u>751,600</u>	<u>533,994</u>	<u>217,606</u>
<i>Revenues and other sources over (under) expenditures and other uses</i>	<u>\$ (15,100)</u>	66,528	<u>\$ -</u>
 Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		17,337	
Depreciation		(127,651)	
Increase in net pension liability		5,632	
Decrease in deferred outflows of resources for pensions		9,276	
Increase in deferred inflows of resources for pensions		855	
Pension Expense		<u>(15,763)</u>	
Total reconciling items		<u>(110,314)</u>	
Changes in Net Position, GAAP basis		<u>\$ (43,786)</u>	

OTHER SCHEDULES

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

Fiscal Year End	Uncollected Balance July 1, 2019	Additions	Collections and Credits	Uncollected Balance June 30, 2020
2020	-	233,014	216,664	\$ 16,350
2019	10,980	-	5,928	5,051
2018	4,010	-	927	3,083
2017	1,634	-	443	1,191
2016	1,154	-	172	982
2015	977	-	96	882
2014	844	-	53	791
2013	665	-	53	612
2012	522	-	53	469
2011	163	-	50	113
	<u>20,949</u>	<u>233,014</u>	<u>224,441</u>	<u>29,523</u>

Less: Allowance for Uncollectible Accounts	5,389
Ad Valorem Taxes Receivables, Net	24,134

Reconciliation with Revenues:

Ad Valorem Tax - General Fund	280,268
Reconciling items:	
Interest collected	(6,407)
Releases and adjustments	(49,420)
Total Collections and Credits	224,441

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

	<u>Property Valuation</u>	<u>Rate per \$100</u>	<u>Total Levy</u>	<u>Total Levy Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original Levy:					
Property tax at current year's tax rate	<u>\$ 35,848,372</u>	<u>0.65</u>	<u>\$ 233,014</u>	<u>\$ 203,948</u>	<u>\$ 29,066</u>
Net Valuation	<u>\$ 35,848,372</u>				
Less uncollected taxes at June 30, 2020			<u>16,350</u>	<u>16,350</u>	<u>-</u>
Current year's taxes collected			<u>\$ 216,664</u>	<u>\$ 187,598</u>	<u>\$ 29,066</u>
Current levy collection percentage			<u>92.98%</u>	<u>91.98%</u>	<u>100.00%</u>