

**Town of Wingate
Wingate, North Carolina
For the year ended
June 30, 2021**

**Independent Auditor's Reports
Basic Financial Statements
And
Information Accompanying the
Basic Financial Statements**

TOWN OF WINGATE, NORTH CAROLINA

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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Wingate
Wingate, North Carolina

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Wingate, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Wingate, North Carolina's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. I did not audit the financial statements of the Wingate ABC Board. Those statements were audited by another auditor whose report has been furnished to me, and my opinion, insofar as it relates to the amounts included for the Wingate ABC Board, is based solely on the report of another auditor. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Wingate, North Carolina, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows 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 Management's Discussion and Analysis on pages 6-16, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions, on pages 56-57 and LEO Separation Allowance Schedule of Changes in Pension Liability and Pension Liability as a Percentage of Covered Payroll, on pages 58-59 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated December 1, 2021, on my consideration of the Town of Wingate, North Carolina's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Wingate, North Carolina's internal control over financial reporting and compliance.

Emphasis of Matter

As discussed in Note 5 to the financial statements, in January 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. My opinion is not modified with respect to this matter.

Eddie Carrick, CPA, PC

A handwritten signature in black ink, appearing to read "Eddie Carrick" with a stylized flourish at the end.

Lexington, North Carolina

December 1, 2021

TOWN OF WINGATE, NORTH CAROLINA
Management's Discussion and Analysis
For the Year Ended June 30, 2021

As management of the Town of Wingate, we offer readers of the Town of Wingate's financial statements this narrative overview and analysis of the financial activities of the Town of Wingate for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town of Wingate's financial statements, which follow this narrative.

Financial Highlights

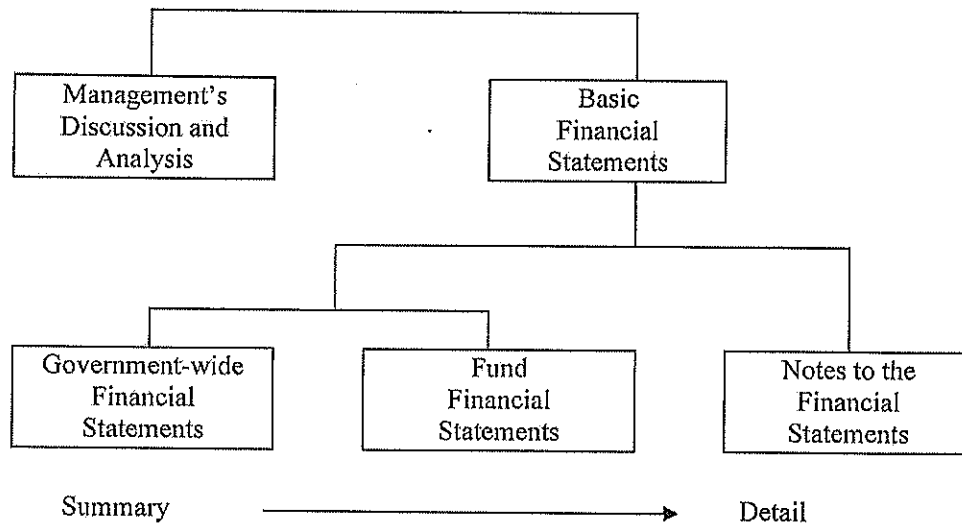
- The assets and deferred outflows of resources of the Town of Wingate exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$10,884,432
- The government's total net position increased by \$706,523
- As of the close of the current fiscal year, the Town of Wingate's governmental funds reported combined ending fund balances of \$1,743,580, with a net change of \$341,988 in fund balance. Approximately 23% of this total amount, or \$395,701, is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,334,683, or 93% of total general fund expenditures for the fiscal year. This is an increase of \$253,074 from the previous year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Town of Wingate's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Wingate.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) 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 C through I) 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 North Carolina General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer services offered by the Town of

Wingate. The final category is the component unit. Although legally separate from the Town, the ABC Board is important to the Town. The Town exercises control over the Board by appointing its members and the Board is required to distribute its profits to the Town.

The government-wide financial statements are Exhibits A and B 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 Wingate, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Wingate can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 27 through 54 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Wingate's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 55 of this report.

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

Government-Wide Financial Analysis

The Town of Wingate's Net Position

Figure 2

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 1,806,085	\$ 1,462,133	\$ 1,423,476	\$ 1,295,042	\$ 3,229,561	\$ 2,757,175
Capital assets	<u>4,432,277</u>	<u>4,662,641</u>	<u>9,494,716</u>	<u>9,214,244</u>	<u>13,926,993</u>	<u>13,876,885</u>
Total assets	<u>6,238,362</u>	<u>6,124,774</u>	<u>10,918,192</u>	<u>10,509,286</u>	<u>17,156,554</u>	<u>16,634,060</u>
Total deferred outflows of resources	<u>180,993</u>	<u>116,175</u>	<u>88,438</u>	<u>84,022</u>	<u>269,431</u>	<u>200,197</u>
Long-term liabilities	2,479,957	2,480,810	3,380,270	3,541,459	5,860,227	6,022,269
Other liabilities	<u>144,840</u>	<u>146,211</u>	<u>416,581</u>	<u>427,757</u>	<u>561,422</u>	<u>573,968</u>
Total liabilities	<u>2,624,797</u>	<u>2,627,021</u>	<u>3,796,851</u>	<u>3,969,216</u>	<u>6,421,649</u>	<u>6,596,237</u>
Total deferred inflows of resources	<u>98,815</u>	<u>45,462</u>	<u>21,087</u>	<u>14,646</u>	<u>119,902</u>	<u>60,108</u>
Net position						
Net investment in capital assets	2,314,527	2,454,511	6,114,450	5,662,624	8,428,977	8,117,135
Restricted	395,312	305,760	-	-	395,312	305,760
Unrestricted	<u>985,904</u>	<u>808,195</u>	<u>1,074,242</u>	<u>946,822</u>	<u>2,060,146</u>	<u>1,755,017</u>
Total net position	<u>\$ 3,695,743</u>	<u>\$ 3,568,466</u>	<u>\$ 7,182,692</u>	<u>\$ 6,609,446</u>	<u>\$ 10,884,435</u>	<u>\$ 10,177,912</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Wingate exceeded liabilities and deferred inflows by \$10,884,435 as of June 30, 2021. The Town's net position increased by \$706,523. However, the largest portion (77.44%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure). The Town of Wingate uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Wingate's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Wingate's net position, \$395,312, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,060,146 is unrestricted.

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

- Tax collection rate continues to be strong with a collection percentage of 99.26%.
- The Town recently acquired the Wingate US Post Office along with \$28,999 in annual rental income.
- The unexpectedly large increase in sales tax revenues was due to recent changes in legislation to ensure sales tax was collected for online purchases and several Covid-19 pandemic federal stimulus programs

Town of Wingate Changes in Net Position

Figure 3

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues:						
Program revenues:						
Charges for services	\$ 514,319	\$ 476,782	\$ 2,002,537	\$ 2,050,192	\$ 2,516,856	\$ 2,526,974
Powell Bill allocation	96,082	98,588	-	-	96,082	95,588
Operating grants and contributions	32,955	8,990	-	13,821	32,955	22,811
Capital grants and contributions	-	393,866	592,400	973	592,400	394,839
General revenues:						
Property taxes	592,515	570,462	-	-	592,515	570,462
Other taxes	473,237	406,307	-	-	473,278	406,307
Other	59,064	38,187	5,935	7,580	64,999	45,767
Total revenues	<u>1,768,172</u>	<u>1,993,182</u>	<u>2,600,872</u>	<u>2,072,566</u>	<u>4,369,044</u>	<u>4,065,748</u>
Expenses:						
General government	357,022	324,333	-	-	357,022	324,333
Public safety	679,248	653,873	-	-	679,248	658,873
Transportation	153,798	99,319	-	-	153,798	99,319
Environmental protection	266,094	235,074	-	-	266,094	235,074
Cultural and recreation	133,933	116,786	-	-	133,933	116,786
Interest on long-term debt	50,830	52,085	-	-	50,830	52,085
Water and sewer	-	-	2,021,626	1,976,763	2,021,626	1,976,763
Total expenses	<u>1,640,895</u>	<u>1,481,470</u>	<u>2,021,626</u>	<u>1,976,763</u>	<u>3,662,521</u>	<u>3,458,233</u>
Change in net position	127,277	511,712	579,246	89,039	706,523	607,515
Net position, beginning	<u>3,568,466</u>	<u>3,049,990</u>	<u>6,609,446</u>	<u>6,520,407</u>	<u>10,177,912</u>	<u>9,570,397</u>
Net position, end of year	<u>\$ 3,695,743</u>	<u>\$ 3,568,466</u>	<u>\$ 7,188,692</u>	<u>\$ 6,609,446</u>	<u>\$ 10,884,435</u>	<u>\$ 10,177,912</u>

Governmental activities. Governmental activities increased the Town of Wingate's net position by \$127,277 which correlates to a 1.25% increase in total net position of the Town of Wingate.

Business-type activities. Business-type activities increased the Town's net position by \$579,246 accounting for 5.69% of the total increase in the total net position of the Town of Wingate.

Financial Analysis of the Town of Wingate's Funds

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

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

The general fund is the chief operating fund of the Town of Wingate. At the end of the current fiscal year Town of Wingate's unassigned fund balance available in the General Fund was \$1,334,683 while total fund balance reached \$1,743,580.

At June 30, 2021, the governmental funds of the Town of Wingate reported a combined fund balance of \$1,743,580, a 24.430 increase from the previous fiscal year.

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

Several budget amendments were made during the fiscal year ending June 30, 2021. The following summary details the amounts and reasons for making the budget amendments.

- Decrease in park rental revenues due to Covid-19 pandemic related cancellations of approximately \$9,000
- Increase in zoning revenues/planning expenditures related to development interest around the new Monroe bypass in town of approximately \$10,000
- Decrease in capital outlay expenditures due to backorders/shortages of approximately \$25,000
- Increase revenues for receipt of CARES grant funding and subsequent expenditures of approximately \$24,000
- Decrease expenditures due to cancellation of special events of approximately \$16,000
- Increase expenditures for remodeling of community center while closed for Covid-19 of approximately \$6,000
- Increase expenditures for updates to exterior of the Wingate Post Office of approximately \$18,000

Proprietary Funds. The Town of Wingate's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$1,075,706. The total increase in net position for the fund was \$580,710.

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

Capital Asset and Debt Administration

Capital assets. The Town of Wingate's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$13,926,993 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, vehicles, and sewer and water infrastructure.

Major capital asset transactions during the year include the following:

- Completion of the Diane Street Sewer Extension Project recorded in the business-type activities in the amount of \$730,964.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 714,468	\$ 714,468	\$ 208,937	\$ 208,937	\$ 923,405	\$ 923,405
Plant and distribution systems	-	-	7,069,981	7,382,686	7,069,981	7,382,686
Buildings and improvements	2,766,894	2,884,634	1,097,028	1,128,349	3,863,922	4,012,983
Infrastructure	842,415	912,444	1,048,797	331,917	1,891,212	1,224,362
Office furniture and equipment	50,708	60,192	27,305	32,345	78,013	92,537
Other equipment	15,060	19,267	42,668	54,839	57,728	74,106
Vehicles	42,732	71,396	-	117	42,732	71,514
Construction in progress	-	240	-	75,054	-	75,294
Total	<u>\$ 4,432,277</u>	<u>\$ 4,662,641</u>	<u>\$ 9,494,716</u>	<u>\$ 9,214,244</u>	<u>\$ 13,926,993</u>	<u>\$ 13,856,885</u>

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

Long-term Debt: As of June 30, 2021, the Town of Wingate had no outstanding bonded debt.

**Town of Wingate's Outstanding Debt
Figure 5**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2019</u>	<u>2021</u>	<u>2020</u>
Installment debt – direct borrowings and direct placements	\$ 2,117,750	\$ 2,162,592	\$ 2,437,266	\$ 2,591,620	\$ 4,555,016	\$ 4,754,212
Revenue bonds	-	-	943,000	960,000	943,000	960,000
Total	<u>\$ 2,117,750</u>	<u>\$ 2,162,592</u>	<u>\$ 3,380,266</u>	<u>\$ 3,551,620</u>	<u>\$ 5,498,016</u>	<u>\$ 5,714,212</u>

Long-term debt

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Wingate is \$6,312,832.

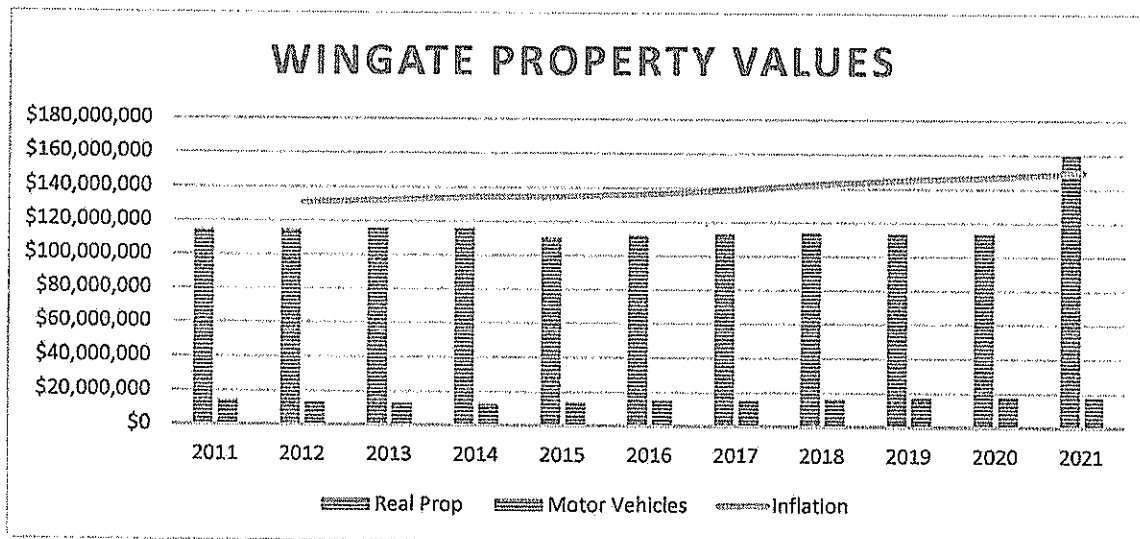
Additional information regarding the Town of Wingate's long-term debt can be found in Note 3.B.5 of the Basic Financial Statements.

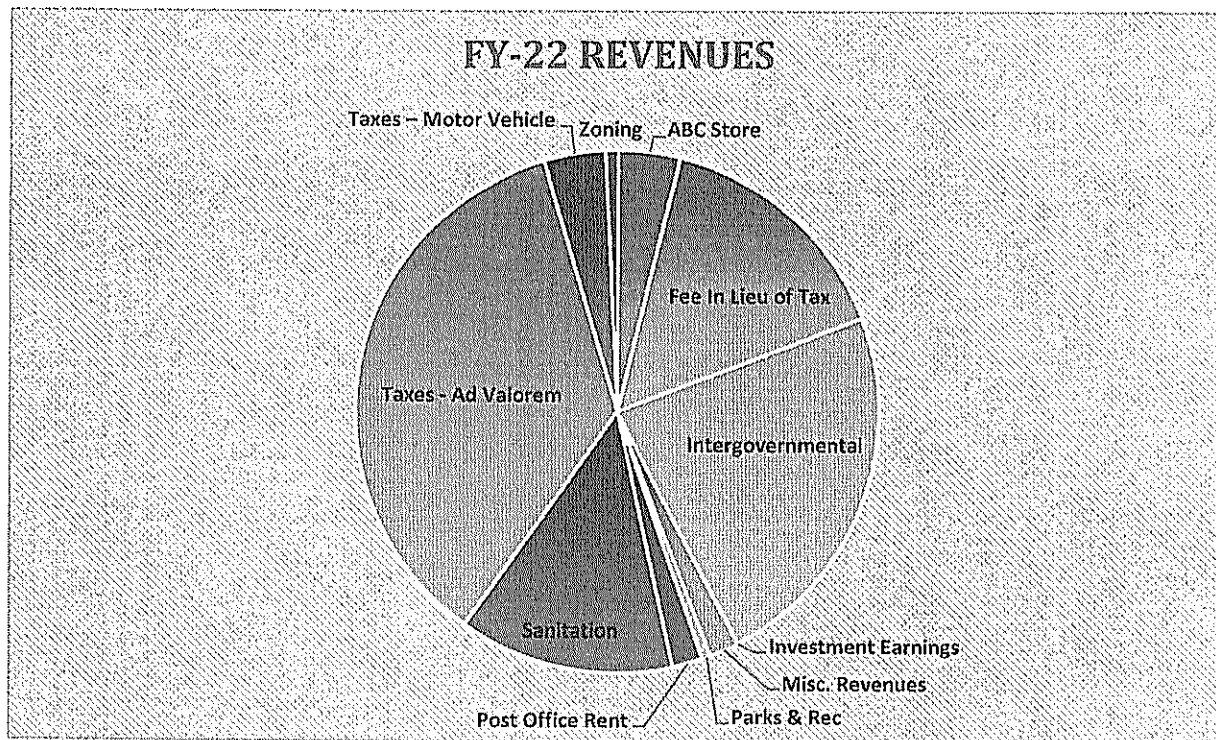
Budget Highlights for the Fiscal Year Ending June 30, 2022

GENERAL FUND

REVENUE HIGHLIGHTS

- **State Revenues:** In forecasting Sales Tax, Franchise Utility Tax, and other state shared revenues for the fiscal year 2021-2022 budget, we are relying on our current year reimbursements, as well as guidance issued by the North Carolina League of Municipalities (NCLM) and state economists' projections. The proposed budget returns us to pre-Covid-19 estimates.
- **Interest Income:** With the decline in the economy, we've seen interest rates drop from an average of 2.25% in FY-20 to 0.45%. The predictions within the banking community suggest these rates will remain low in FY-22.
- **Sanitation:** The Town contracts with Waste Connections for collection of our garbage and recyclables. Our costs will be increasing 2% for inflation. This rate increase will be passed along to our customers. The monthly price for in-town will be **\$20.25** and out of town will be **\$40.50**.
- **ABC Revenues:** ABC revenues have increased significantly. Current year projections, along with the ABC Board discussions, indicate that the Town will receive approximately a \$15,000 increase from our current year budget.
- **Fee In Lieu of Tax:** Wingate University provides a \$235,000 contribution.
- **Ad Valorem Tax:** These are the most controllable revenues in the Town's budget. They include real, personal, business property and motor vehicle taxes. This year, Union County underwent a countywide revaluation. The 2021 revaluation resulted in a total taxable base of **\$177,345,557**; with **\$159,847,953** for real property, and **\$17,497,604** for motor vehicles. This is an increase in real and personal property of 41% from the current year. To collect an equivalent amount as the previous year, we set a revenue-neutral tax rate of thirty-two (\$0.32) per \$100 valuation. This proposed budget has a tax rate of **thirty-four (\$0.34)** per \$100 of valuation. The reason for the slightly higher than revenue neutral rate is to provide funding for an additional police officer and for significant increase in development interest and the associated planning expenses. The following chart represents the flat growth of our tax base over the last ten years.

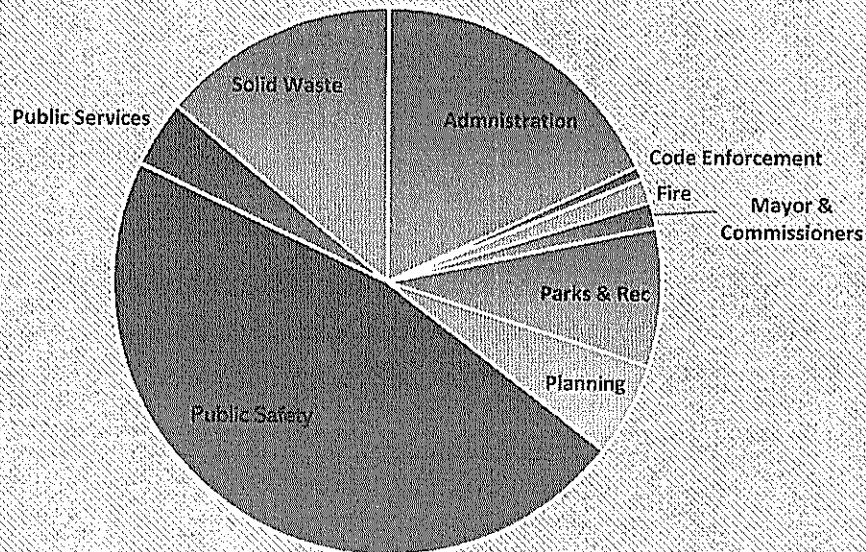




EXPENDITURE HIGHLIGHTS

- **Police Department:** The department is being increased by one full-time officer. This budget also includes the purchase of a new Dodge Charger.
- **Post Office Renovations:** In FY-2021, we refreshed the exterior of the post office/sidewalks. In FY-2022, we plan to make interior updates with the replacement of ceiling tiles, new flooring and painting. Our budget for these improvements is \$15,000.
- **Fire Department:** The Wingate Fire department (WFD) is a separate non-profit organization that provides public safety services to the residents of the Town. As per our 2017 contract, we are budgeting \$22,000 to cover the fire department's portion of the Government Center utilities.
- **Personnel:** Our ability to attract and retain a high-quality workforce is paramount to the Town's success. We have 15 full-time and 5 part-time employees. The proposed budget includes a 3-5% increase at the Town Manager's discretion and maintains insurance benefits at current levels.
- **Capital Items:** We are purchasing a new leaf collection truck; however, we are deferring the first payment until FY-2023. We are also buying a new public works service truck. Based on usage, one-third of this truck's cost will come from the park budget and the rest will be in the water-sewer enterprise fund.
- **Mayor/Board Salary Increases:** We are increasing Mayor and Commissioner salaries by \$50 per month to keep up with inflation and other municipalities.
- **Planning:** Our 2020 comprehensive master development plan needs to be updated. We are contracting with Centralina to complete this for \$38,000.

FY-22 EXPENDITURES



POWELL BILL FUND

North Carolina municipalities can receive financial assistance from the state that is restricted funds to help pay for the construction, maintenance and repair of municipal streets. North Carolina levies motor fuel taxes pursuant to a formula that increases taxes when the wholesale price of motor fuels increases. The state appropriates a certain percentage of this revenue, plus an additional percentage of the net proceeds of the North Carolina Highway Trust Fund, to eligible municipalities across the state. The Town anticipates a 10% decrease in revenues due to the coronavirus pandemic. The Powell Bill Budget for FY-2022 is **\$88,000**.

TRANSPORTATION FUND

In FY-20, we implemented a new \$25 fee per registered motor vehicle. These revenues are restricted for constructing, maintaining, repairing, widening, or improving public streets in the town that do not form a part of the State highway system. The Transportation Fund Budget total for FY-2021 is \$40,000.

WATER & SEWER FUND

The Water & Sewer Fund is an enterprise fund, which means it operates as a business. Public enterprises generate funding through user charges and should be self-supporting. Customers pay fees for water consumption and wastewater usage to cover the cost of water distribution and wastewater treatment.

The Town strives to provide a high level of service for our customers at the lowest possible cost. We are permitted by law to charge higher rates for customers outside their boundaries; this rate differential encourages growth for the Town. The Water & Sewer Fund Budget for FY-2022 is **\$2,205,610**.

SYSTEM DEVELOPMENT FEES

Per NCGS 160A, Article A, the Town contracted with Wooten Engineering to develop a SDF structure. These fees help to ensure that new connections pay for the infrastructure costs of the system capacity they will use. SDFs are in addition to other connection fees or tap fees, which compensate the utility for the cost of physically connecting the new customer or development to the centralized distribution or collection system. Although we are not anticipating any SDFs in FY 2022, any revenues collected would be placed in a Capital Project Fund.

THE AMERICAN RESCUE PLAN (ARPA)

This act became law on March 11, 2021 and allocates funding to municipalities across the country. The Town of Wingate's allocation will be **\$1.34 million** in non-recurring funds. While this is certainly a positive for the town, the US Department of the Treasury has yet to release guidance to clearly prescribe how those funds can be used. Therefore, we felt it prudent to develop this budget without utilizing those funds. When we receive Treasurer direction and finalize plans, we will amend the budget accordingly.

Respectfully submitted,

Brad Sellers, Town Manager

BASIC FINANCIAL STATEMENTS

TOWN OF WINGATE, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2021

Exhibit A
Page 1 of 2

	Primary Government			Town of Wingate ABC Board
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,347,198	\$ 1,072,629	\$ 2,419,827	\$ 525,142
Restricted cash	289,726	124,850	414,576	-
Taxes receivable, net	6,212	-	6,212	-
Accounts receivable, net	23,847	225,997	249,844	1,054
Due from other governments	125,517	-	125,517	-
Inventory	-	-	-	169,038
Prepaid items	13,585	-	13,585	1,459
Total current assets	<u>1,806,085</u>	<u>1,423,476</u>	<u>3,229,561</u>	<u>696,693</u>
Non-current assets				
Refundable deposit	-	-	-	2,000
Land	714,468	208,937	923,405	-
Other capital assets, net of depreciation	<u>3,717,809</u>	<u>9,285,779</u>	<u>13,003,588</u>	<u>40,204</u>
Total capital assets	<u>4,432,277</u>	<u>9,494,716</u>	<u>13,926,993</u>	<u>42,204</u>
Total assets	<u>6,238,362</u>	<u>10,918,192</u>	<u>17,156,554</u>	<u>738,897</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	<u>180,993</u>	<u>88,438</u>	<u>269,431</u>	<u>-</u>
Total deferred outflows of resources	<u>180,993</u>	<u>88,438</u>	<u>269,431</u>	<u>-</u>

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

TOWN OF WINGATE, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2021

Exhibit A
Page 2 of 2

	Primary Government			Town of Wingate ABC Board
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current liabilities				
Accounts payable	\$ 37,821	\$ 139,177	\$ 176,998	\$ 76,495
Customer deposits	1,550	55,575	57,125	-
Taxes payable	-	-	-	46,720
Accrued expenses	18,815	14,093	32,908	5,768
Accrued interest	28,249	15,211	43,460	-
Current portion of long-term liabilities	58,405	192,525	250,931	-
Total current liabilities	144,840	416,581	561,422	128,983
Long-term liabilities				
Due in more than one year	2,479,957	3,380,270	5,860,227	-
Total liabilities	2,624,797	3,796,851	6,421,649	128,983
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	98,815	21,087	119,902	-
Total deferred inflows of resources	98,815	21,087	119,902	-
NET POSITION				
Net investment in capital assets	2,314,527	6,114,450	8,428,977	40,204
Restricted for:				
Stabilization by State Statute	151,256	-	151,256	-
Streets - Powell Bill	159,631	-	159,631	-
Streets - Motor Vehicle Fees	84,425	-	84,425	-
Working Capital	-	-	-	59,717
Capital Improvements	-	-	-	362,114
Unrestricted	985,904	1,074,242	2,060,146	147,879
Total net position	\$ 3,695,743	\$ 7,188,692	\$ 10,884,435	\$ 609,914

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

TOWN OF WINGATE, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Town of Wingate ABC Board
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 357,022	\$ 26,784	\$ 24,018	\$ -	\$ (306,220)	\$ -	\$ (306,220)	\$ -
Public safety	679,248	235,410	5,857	-	(437,981)	-	(437,981)	-
Transportation	153,798	49,825	96,082	-	(7,891)	-	(7,891)	-
Environmental protection	266,094	197,200	3,080	-	(65,814)	-	(65,814)	-
Cultural and recreation	133,903	5,100	-	-	(128,803)	-	(128,803)	-
Interest on long-term debt	50,830	-	-	-	(50,830)	-	(50,830)	-
Total governmental activities	<u>1,640,895</u>	<u>514,319</u>	<u>129,037</u>	<u>-</u>	<u>(997,539)</u>	<u>-</u>	<u>(997,539)</u>	<u>-</u>
Business-type activities:								
Water and sewer	1,927,871	2,002,537	-	592,400	-	667,066	667,066	-
Interest on long-term debt	93,755	-	-	-	-	(93,755)	(93,755)	-
Total business-type activities	<u>2,021,626</u>	<u>2,002,537</u>	<u>-</u>	<u>592,400</u>	<u>-</u>	<u>573,311</u>	<u>573,311</u>	<u>-</u>
Total primary government	<u>\$ 3,662,521</u>	<u>\$ 2,516,856</u>	<u>\$ 129,037</u>	<u>\$ 592,400</u>	<u>(997,539)</u>	<u>573,311</u>	<u>(424,228)</u>	<u>-</u>
Component Unit:								
Wingate ABC Board	<u>\$ 1,868,676</u>	<u>\$ 2,004,106</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,430</u>
Total component unit	<u>\$ 1,868,676</u>	<u>\$ 2,004,106</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,430</u>
General revenues:								
Taxes:								
Property taxes levied for general purposes					592,515	-	592,515	-
Other taxes					473,237	-	473,237	-
Unrestricted investment earnings					180	148	328	-
Restricted investment earnings					22	-	22	-
Miscellaneous					58,862	5,787	64,649	-
Total general revenues					<u>1,124,816</u>	<u>5,935</u>	<u>1,130,751</u>	<u>-</u>
Change in net position					127,277	579,246	706,523	135,430
Net position, beginning					3,568,466	6,609,446	10,177,912	474,484
Net position, ending					<u>\$ 3,695,743</u>	<u>\$ 7,188,692</u>	<u>\$ 10,884,435</u>	<u>\$ 609,914</u>

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

*TOWN OF WINGATE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021*

Exhibit C

	<u>Major Fund</u>
	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 1,347,198
Restricted cash	289,726
Receivables, net	
Taxes	6,211
Utilities	23,847
Due from other governments	125,517
Prepays	13,585
Total assets	<u>\$ 1,806,084</u>
LIABILITIES	
Accounts payable	\$ 37,821
Accrued expenses	18,815
Customer deposits	1,550
Total liabilities	<u>58,186</u>
DEFERRED INFLOWS OF RESOURCES	
Property taxes receivable	4,319
Total deferred inflows of resources	<u>4,319</u>
FUND BALANCES	
Non-spendable:	
Prepays	13,585
Restricted:	
Stabilization by State Statute	151,256
Streets - Powell Bill	159,631
Streets - Motor Vehicle Tax	84,425
Unassigned	1,334,683
Total fund balances	<u>1,743,580</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,806,085</u>
Amounts reported for governmental activities in the statement of Net Position (Exhibit A) are different because:	
Total fund balance, governmental funds	\$ 1,743,580
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	4,432,277
Deferred outflows of resources related to pensions not reported in the funds	180,993
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds	4,319
Long-term liabilities, including accrued interest, are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Installment purchases	(2,117,750)
Compensated absences	(44,954)
Net pension liability	(375,658)
Accrued interest payable	(28,249)
Deferred inflows of resources related to pensions are not reported in the funds	(98,815)
Net position of governmental activities	<u>\$ 3,695,743</u>

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

TOWN OF WINGATE, NORTH CAROLINA *Exhibit D*
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	<u>Major Fund</u>
	<u>General</u>
REVENUES	
Ad valorem taxes	\$ 594,245
Unrestricted intergovernmental	473,237
Restricted intergovernmental	129,037
Permits and fees	71,919
Sales and services	437,300
Investment earnings	201
Miscellaneous	<u>64,288</u>
Total revenues	<u>1,770,227</u>
EXPENDITURES	
Current:	
General government	283,930
Public safety - police	592,039
Public safety - fire	24,626
Transportation	75,660
Environmental protection	265,970
Cultural and recreation	89,848
Debt service:	
Principal	44,841
Interest and other charges	<u>51,325</u>
Total expenditures	<u>1,428,239</u>
Excess of revenues over expenditures	<u>341,988</u>
Net change in fund balance	341,988
Fund balances, beginning	<u>1,401,592</u>
Fund balances, ending	<u>\$ 1,743,580</u>

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

TOWN OF WINGATE, NORTH CAROLINA *Exhibit E*
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

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

Net changes in fund balances - total governmental funds	\$ 341,988
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Depreciation	(230,039)
--------------	-----------

Cost of capital assets disposed of during the year, not recognized on modified accrual basis	(326)
--	-------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds

Change in unavailable revenue for tax revenues	(1,730)
--	---------

Contributions to the pension plan in the current fiscal year are not included in the statement of activities	43,128
--	--------

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

Principal payments on long-term debt	44,842	
Principal payments on capital lease obligation	13,529	
Decrease in accrued interest payable	<u>495</u>	58,866

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds

Compensated absences	(17,133)	
Pension expenses (LGERS)	(55,861)	
Pension expense (LEOSSA)	<u>(11,617)</u>	<u>(84,611)</u>

Total changes in net position of governmental activities	<u>\$ 127,276</u>
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The notes to the financial statements are an integral part of this statement.

TOWN OF WINGATE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2021

Exhibit F

	General Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Ad valorem taxes	\$ 536,855	\$ 544,855	\$ 594,245	\$ 49,390
Unrestricted intergovernmental	338,384	356,851	473,237	116,386
Restricted intergovernmental	92,300	116,688	129,037	12,349
Permits and fees	45,200	54,800	71,919	17,119
Sales and services	446,619	435,202	437,300	2,098
Investment earnings	6,000	700	201	(499)
Miscellaneous	34,092	43,592	64,288	20,696
Total revenues	<u>1,499,450</u>	<u>1,552,688</u>	<u>1,770,227</u>	<u>217,539</u>
Expenditures				
Current:				
General government	242,777	291,415	283,930	7,485
Public safety - police	635,430	635,430	592,039	43,391
Public safety - fire	13,000	25,000	24,626	374
Transportation	127,800	127,800	75,660	52,140
Environmental protection	273,400	280,700	265,970	14,730
Cultural and recreation	110,763	94,363	89,848	4,515
Debt service:				
Principal retirement	43,280	45,280	44,841	439
Interest and other charges	53,000	52,700	51,325	1,375
Total expenditures	<u>1,499,450</u>	<u>1,552,688</u>	<u>1,428,239</u>	<u>124,449</u>
Revenues over expenditures	<u>-</u>	<u>-</u>	<u>341,988</u>	<u>341,988</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>341,988</u>	<u>\$ 341,988</u>
Fund balance - beginning			<u>1,401,592</u>	
Fund balance - ending			<u>\$ 1,743,580</u>	

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

TOWN OF WINGATE, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

Exhibit G

	Major Enterprise Fund
	Water and Sewer Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 1,072,629
Restricted cash	124,850
Accounts receivable (net)	225,997
Total current assets	<u>1,423,476</u>
Noncurrent assets	
Capital Assets	
Land	208,937
Other capital assets, net of depreciation	9,285,779
Total capital assets	<u>9,494,716</u>
Total noncurrent assets	<u>9,494,716</u>
Total assets	<u>10,918,192</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	88,438
Total deferred outflows of resources	<u>88,438</u>
LIABILITIES	
Current liabilities	
Accounts payable	139,177
Accrued payroll	14,093
Accrued interest	15,211
Customer deposits	55,575
Current portion of compensated absences	16,693
Current portion of long-term debt	175,832
Total current liabilities	<u>416,581</u>
Long-term liabilities	
Net pension liability	155,854
Compensated absences	19,982
Long-term debt	3,204,434
Total long-term liabilities	<u>3,380,270</u>
Total liabilities	<u>3,796,851</u>
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	21,087
Total deferred inflows of resources	<u>21,087</u>
NET POSITION	
Net investment in capital assets	6,114,450
Unrestricted	1,074,242
Total net position	<u>\$ 7,188,692</u>

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

TOWN OF WINGATE, NORTH CAROLINA *Exhibit H*
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	Enterprise Fund
	Water and Sewer Fund
OPERATING REVENUES	
Water sales	\$ 919,534
Sewer charges	1,025,348
Water and sewer taps	1,350
Other operating revenues	56,305
Total operating revenues	<u>2,002,537</u>
OPERATING EXPENSES	
Water operations	782,582
Sewer operations	769,850
Depreciation	264,128
Total operating expenses	<u>1,816,560</u>
Operating income	<u>185,977</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment earnings	148
Grant revenues	592,400
Loss on disposal of capital assets	(111,311)
Other income	5,787
Interest expense	(93,755)
Total nonoperating revenues (expenses)	<u>393,269</u>
Change in net position	579,246
Total net position, beginning	<u>6,609,446</u>
Total net position, ending	<u>\$ 7,188,692</u>

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

TOWN OF WINGATE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2021

Exhibit I

	Enterprise Fund Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,926,441
Cash paid for goods and services	(1,037,128)
Cash paid to or on behalf of employees for services	(519,709)
Other operating revenues	56,305
Net cash provided by operating activities	425,909
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Due to other funds	(5,597)
Net cash used by noncapital financing activities	(5,597)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on long-term debt	(171,354)
Interest paid	(94,021)
Acquisition and construction of capital assets	(655,911)
Other nonoperating revenues	5,787
Capital contributions - Federal grant	592,400
Net cash used by capital and related financing activities	(323,099)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	148
Net cash provided by investing activities	148
Net increase in cash and cash equivalents	97,361
Cash balances, beginning	1,100,118
Cash balances, ending	\$ 1,197,479
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 185,977
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	264,128
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(25,476)
(Increase) decrease in deferred outflows of resources for pensions	(4,416)
Increase (decrease) in accounts payable	(18,506)
Increase (decrease) in accrued payroll	536
Increase (decrease) in compensated absences	3,258
Increase (decrease) in customer deposits	5,685
Increase (decrease) in net pension liability	8,282
Increase (decrease) in deferred inflows of resources for pensions	6,441
Total adjustments	239,932
Net cash provided by operating activities	\$ 425,909

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

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Town of Wingate ABC Board

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

B. Basis of Presentation

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

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

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

The Town reports the following major governmental fund:

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

The Town reports the following major enterprise fund:

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

C. Measurement Focus and Basis of Accounting

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

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.

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

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

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

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Wingate because the tax is levied by Union County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes, are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Water and Sewer Fund. All annual appropriations lapse at the fiscal year end. A project ordinance is adopted for the Diane Street Sewer Extension Capital Project Fund. The enterprise capital project fund is consolidated with the water and sewer operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. The Town Manager may transfer amounts between objects of expenditure within a department without limitation. The Town Manager may transfer amounts up to \$5,000 between departments of the same fund. During the year, several amendments to the original budget were necessary, the effects of which were not material.

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's and the ABC Board's investments are reported at fair value. Non-participating interest earning investment contracts are accounted for at cost. The NCCMT – Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

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

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3. Restricted Cash

Powell Bill funds are classified as restricted cash because these funds may only be expended for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. Motor vehicle fee funds are restricted for maintaining, repairing, constructing, reconstructing, widening or improving public streets in the Town that do not form part of the State highway system. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Funds related to the Debt Service Reserve Account and the Short-Lived Asset Replacement Account required by USDA loans are classified as restricted cash.

Town of Wingate Restricted Cash

Governmental Activities

General Fund

Streets	\$	244,056
Customer deposits		1,550
Reserve for future USDA debt service		44,120
Total Governmental Activities		<u>289,726</u>

Business-type Activities

Water and Sewer Fund

Customer deposits		55,575
Short-lived asset reserve		22,268
Reserve for future USDA debt service		47,007
Total Business-type Activities		<u>124,850</u>

Total restricted cash	\$	<u>414,576</u>
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4. Ad Valorem Taxes Receivable

In accordance with State Law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2020.

5. Allowance for Doubtful Accounts

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

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

6. Inventories and Prepaid Items

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

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

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$5,000; buildings and improvements, \$5,000; furniture and equipment, \$5,000; vehicles and motorized equipment, \$5,000; computer software and computer equipment, \$5,000; and infrastructure, \$100,000. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The Town has elected not to report major general infrastructure assets retroactively in the Statement of Net Assets as permitted for Phase Three governments under Governmental Auditing Standards Board Statement 34. Thus, any amounts expended for infrastructure prior to July 1, 2003 are not reported as capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

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

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

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

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 – pension deferrals. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meet the criterion for this category – property taxes receivable and pension deferrals.

9. Long-Term Obligations

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

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

10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements is 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.

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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:

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

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

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

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

Restricted for Streets – Powell Bill and motor vehicle fee 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 and motor vehicle fee funds.

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

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

12. Defined Benefit Cost-Sharing Plans

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

NOTE 2- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Significant Violations of Finance-Related Legal and Contractual Provisions

Excess of Expenditures over Appropriations - Wingate ABC Board

For the fiscal year ended June 30, 2021, the total operating expenditures were under budget; however, one line item in operating expenses, utilities and internet, exceeded budgeted amounts by \$19. Distributions and capital outlay also exceeded budget by \$10,807 and \$2,006, respectively. Management and the Board will implement procedures to monitor reports and balances prior to each purchase.

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All of the deposits of the Town and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and the ABC Board, these deposits are considered to be held by the Town's and the ABC Board's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town, the ABC Board, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town and the ABC Board under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2021, the Town's deposits had a carrying amount of \$1,742,657 and a bank balance of \$1,752,196. Of the bank balance, \$500,000 was covered by federal depository insurance, and the remainder was covered by collateral held under the pooling method. The Town had cash on hand of \$480 at June 30, 2021. The ABC Board's deposits had a carrying amount of \$141,839 and a bank balance of \$557,990. All of the ABC Board's bank balance was covered by federal depository insurance. The ABC Board had an additional \$5,134 in the cash drawers and change funds to cover operating needs on a daily basis.

2. Investments

At June 30, 2021, the Town had total investments of \$1,091,263 in the North Carolina Capital Management Trust's Government Portfolio, which carried a rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

At June 30, 2021, the ABC Board had total investments of \$387,169 in the North Carolina Capital Management Trust's Government Portfolio, which carried a rating of AAAM by Standard and Poor's. The ABC Board has no policy regarding credit risk. Local ABC Boards are allowed to invest idle funds in accordance with G.S. 159-30(c).

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

3. Receivables-Allowance for Doubtful Accounts

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

The amounts presented in the Balance Sheet and Statement of Net Position for the year ended June 30, 2021 are net of the following allowances for doubtful accounts:

General fund:	
Taxes receivable	\$ 4,959
Accounts receivable	513
Total general fund	<u>5,472</u>
Enterprise fund:	
Accounts receivable	<u>6,528</u>
Total	<u>\$ 12,000</u>

4. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2021, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 714,468	\$ -	\$ -	\$ 714,468
Construction in progress	240	-	240	-
Total capital assets not being depreciated	<u>714,708</u>	<u>-</u>	<u>240</u>	<u>714,468</u>
Capital assets being depreciated:				
Buildings and improvements	4,020,641	-	5,699	4,014,942
Infrastructure	1,306,729	-	-	1,306,729
Office furniture and equipment	168,666	-	40,540	128,126
Other equipment	85,720	-	6,000	79,720
Vehicles	699,537	-	45,266	654,271
Total capital assets being depreciated	<u>6,281,293</u>	<u>-</u>	<u>97,505</u>	<u>6,183,788</u>
Less accumulated depreciation for:				
Buildings and improvements	1,136,007	117,740	5,699	1,248,048
Infrastructure	394,285	70,029	-	464,314
Office furniture and equipment	108,474	9,484	40,540	77,418
Other equipment	66,453	4,207	6,000	64,660
Vehicles	628,141	28,579	45,181	611,539
Total accumulated depreciation	<u>2,333,360</u>	<u>230,039</u>	<u>97,420</u>	<u>2,465,979</u>
Total capital assets being depreciated, net	<u>3,947,933</u>			<u>3,717,809</u>
Governmental activity capital assets, net	<u>\$ 4,662,641</u>			<u>\$ 4,432,277</u>

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

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

General government	\$	79,557
Public safety – police		30,080
Transportation		78,139
Environmental protection		124
Cultural and recreation		42,139
Total depreciation expense	\$	<u>230,039</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
Water and Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 208,937	\$ -	\$ -	\$ 208,937
Construction in progress	<u>75,054</u>	<u>655,910</u>	<u>730,964</u>	<u>-</u>
Total capital assets not being depreciated	<u>283,991</u>	<u>655,910</u>	<u>730,964</u>	<u>208,937</u>
Capital assets being depreciated:				
Plant and distribution systems	10,193,238	-	185,734	10,007,504
Buildings and improvements	1,249,236	-	-	1,249,236
Infrastructure	338,722	730,964	-	1,069,686
Maintenance equipment	546,638	-	17,761	528,877
Office furniture and equipment	82,070	-	-	82,070
Vehicles	<u>76,308</u>	<u>-</u>	<u>-</u>	<u>76,308</u>
Total capital assets being depreciated	<u>12,486,212</u>	<u>730,964</u>	<u>203,495</u>	<u>- 13,013,681</u>
Less accumulated depreciation for:				
Plant and distribution systems	2,810,551	201,396	74,424	2,937,523
Buildings and improvements	120,887	31,321	-	152,208
Infrastructure	6,805	14,084	-	20,889
Maintenance equipment	491,799	12,170	17,760	486,209
Office furniture and equipment	49,725	5,040	-	54,765
Vehicles	<u>76,191</u>	<u>117</u>	<u>-</u>	<u>76,308</u>
Total accumulated depreciation	<u>3,555,958</u>	<u>264,128</u>	<u>92,184</u>	<u>3,727,902</u>
Total capital assets being depreciated, net	<u>8,930,254</u>			<u>9,285,779</u>
Business-type activity capital assets, net	\$ <u>9,214,245</u>			\$ <u>9,494,716</u>

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

Discretely Presented Component Unit

Activity for the ABC Board for the year ended June 30, 2021, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets being depreciated:				
Leasehold improvements	\$ 83,782	\$ -	\$ -	\$ 83,782
Store equipment	42,689	-	-	42,689
Office equipment	17,860	5,505	-	23,365
Total capital assets being depreciated	<u>144,331</u>	<u>5,505</u>	<u>-</u>	<u>149,836</u>
Less accumulated depreciation for:				
Leasehold improvements	43,614	5,585	-	49,199
Store equipment	42,285	231	-	42,516
Office equipment	17,140	777	-	17,917
Total accumulated depreciation	<u>103,039</u>	<u>6,593</u>	<u>-</u>	<u>109,632</u>
ABC Board capital assets, net	<u>\$ 41,292</u>			<u>\$ 40,204</u>

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

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

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age or have completed 15 years of service as a LEO and have reached age 50 or have completed five years of creditable service as 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 Wingate employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Wingate's contractually required contribution rate for the year ended June 30, 2021, was 10.90% of compensation for law enforcement officers and 10.15% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Wingate were \$78,748 for the year ended June 30, 2021.

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

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

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

At June 30, 2021, the Town reported a liability of \$348,409 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020 (measurement date), the Town's proportion was .00975%, which was a decrease of .00233% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$101,787. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to LGERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 43,998	\$ -
Changes of assumptions	25,928	-
Net difference between projected and actual earnings on pension plan investments	49,030	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	47,140
Town contributions subsequent to the measurement date	78,748	-
Total	\$ 197,704	\$ 47,140

\$78,748 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to LGERS will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ 14,264
2023	28,660
2024	14,381
2025	14,511
2026	-
Thereafter	-
	\$ 71,816

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.50% to 8.10%, including inflation and productivity factor
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

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

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset) \$	<u>706,884</u>	<u>348,409</u>	<u>50,491</u>

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

b. Law Enforcement Officers' Special Separation Allowance

(1) Plan Description

The Town of Wingate, NC administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service.

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

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

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance's membership consisted of:

Inactive members receiving benefits	-
Active plan members	5
Total	<u>5</u>

(2) Summary of Significant Accounting Policies

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

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

(3) Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.25% to 7.75%, including inflation and productivity factor
Discount rate	1.93%

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019.

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements. All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

(4) Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefit earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town has not paid any benefits for this reporting period.

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

At June 30, 2021, the Town reported a total pension liability of \$183,103. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$11,617. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to the separation allowance from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 66,305
Changes of assumptions	71,727	6,457
Town benefit payments and plan administrative expense made subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	\$ <u>71,727</u>	\$ <u>72,762</u>

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

<u>Year ended June 30:</u>	
2022	\$ (820)
2023	(820)
2024	(491)
2025	(721)
2026	425
Thereafter	1,392

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 1.93%, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (0.93%) or 1 percentage point higher (2.93%) than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$ <u>198,510</u>	\$ <u>183,103</u>	\$ <u>169,052</u>

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

	2021
Beginning balance	\$ <u>157,520</u>
Service cost	7,302
Interest on the total pension liability	5,135
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(59,556)
Changes of assumptions or other inputs	72,702
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	\$ <u>183,103</u>

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period from January 1, 2010 through December 31, 2014.

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

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

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

	LGERS	LEOSSA	TOTAL
Pension Expense	\$ 101,787	\$ 11,617	\$ 113,404
Pension Liability	348,409	183,103	531,512
Proportionate Share of the Net Pension Liability	.00975%	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	43,998	-	43,998
Changes of assumptions	25,928	71,727	97,655
Net difference between projected and actual earnings on plan investments	49,030	-	49,030
Contributions, benefit payments and administrative costs paid subsequent to the measurement date	78,748	-	78,748
Deferred Inflows of Resources			
Differences between expected and actual experience	-	66,305	66,305
Changes of assumptions	-	6,457	6,457
Changes in proportion and differences between contributions and proportionate share of contributions	47,140	-	47,140

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement

Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

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

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

The Town made contributions of \$16,354 for the reporting year. No amounts were forfeited.

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

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

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

The Town made contributions of \$22,872 for the reporting year. No amounts were forfeited.

e. Other Employment Benefits

Other Post Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits.

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

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

2. Deferred Outflows and Inflows of Resources

Deferred outflows of resources at June 30, 2021 are comprised of the following:

Contributions to pension plan in current fiscal year	\$	78,748
Differences between expected and actual experience		43,998
Changes of assumptions		97,655
Net difference between projected and actual earnings on plan investments		49,030
Total	\$	<u>269,431</u>

Deferred inflows of resources at June 30, 2021 are comprised of the following:

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable, less penalties (General Fund)	\$ -	\$ 4,319
Differences between expected and actual experience	66,305	-
Changes of assumptions	6,457	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	47,140	-
Total	\$ <u>119,902</u>	\$ <u>4,319</u>

3. Risk Management

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

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

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

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

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

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

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

4. Claims, Judgements and Contingent Liabilities

At June 30, 2021, the Town was not a party to any litigation or pending claims. However, from time to time the Town is subject to various claims and legal matters that arise in the ordinary course of its operations. In the opinion of the Town's management and the Town attorney, the ultimate effect of any resulting legal matters will not have a material adverse effect on the Town's financial position.

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

5. Long-Term Obligations

a. Installment Purchases – Direct Borrowings and Direct Placements

	Serviced by	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Note payable to the USDA for the town hall and fire department in the amount of \$3,480,000; payable in annual installments of \$135,755 including interest at 2.375%; final payment of all principal and accrued and unpaid interest due in December 2056; secured by real property.	\$ 2,117,750	\$ 1,140,328
Note payable to a bank for improvements to water and sewer lines related to the Dianne Street and Bivens Street projects; payable in monthly installments of \$2,926 including interest at 4.92%; final payment due in November 2029; secured by Deed of Trust on related property, improvements and fixtures.	-	241,558
Note payable to a bank for improvements to water lines related to the Camden Street project; payable in semi-annual installments of \$34,239 including interest at 3.39%; final payment due in May 2027; secured by Deed of Trust on related property, improvements and fixtures.	-	368,970
Note payable to NCDENR for improvements to the Town's water and sewer system; payable in annual installments of \$57,201 with semi-annual interest payments at 2.0%. Additionally, \$1,000,000 of the loan will be forgiven. The remainder of the note is due in May 2033.	-	686,410
Total installment purchases	\$ <u>2,117,750</u>	\$ <u>2,437,266</u>

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

Annual debt service payments of the installment purchase contracts as of June 30, 2021, are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 37,944	\$ 50,297	\$ 157,832	\$ 64,199
2023	38,845	49,395	161,444	59,444
2024	39,768	48,473	165,190	54,552
2025	40,712	47,528	169,083	49,516
2026	41,679	46,561	173,127	44,333
2027–2031	223,723	217,480	583,452	157,153
2032–2036	251,583	189,621	249,868	105,536
2037–2041	282,912	158,292	152,337	85,234
2042–2046	318,141	123,062	171,307	66,264
2047–2051	357,758	83,445	192,639	44,932
2052–2056	402,309	38,895	216,628	20,943
2057	82,376	1,956	44,359	1,053
Totals	\$ 2,117,750	\$ 1,055,005	\$ 2,437,266	\$ 753,159

At June 30, 2021 the Town had a legal debt margin of \$6,312,832.

b. Revenue Bond

Serviced by the Water & Sewer Fund:

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

Balances at June 30, 2021 are as follows:

Bond	\$	943,000
Less portion due within one year		(18,000)
Long-term debt	\$	<u>925,000</u>

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

The future payments of the revenue bond are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2022	\$ 18,000	\$ 24,754
2023	18,000	24,281
2024	18,000	23,809
2025	19,000	23,336
2026	19,000	22,838
2027–2031	105,000	106,339
2032–2036	120,000	91,770
2037–2041	137,000	75,154
2042–2046	155,000	56,306
2047–2051	175,000	34,913
2052–2056	159,000	10,605
Total	\$ 943,000	\$ 494,105

The Town is in compliance with the covenants as to rates, fees and charges in Article VII, of the Bond Order, authorizing the issuance of the Water and Sewer Revenue Bond, Series 2015. Section 5.01 of the Bond Order requires the debt service coverage ratio to be no less than 110%. The debt service coverage ratio calculation for the year ended June 30, 2021, is as follows:

Operating revenues	\$ 2,002,537
Operating expenses*	<u>1,552,432</u>
Operating income	450,105
Nonoperating revenues (expenses)**	<u>(368,069)</u>
Income available for debt service	\$ 82,036
Debt service, principal and interest paid (Revenue bond only)	\$ 42,200
Debt service coverage ratio	194%

* Per rate covenants, this does not include the depreciation expense of \$264,128.

** Per rate covenants, this does not include revenue bond interest paid of \$25,200.

The Town has pledged future water and sewer revenues, net of specified operating expenses, to repay the \$1,039,000 water and sewer revenue bond issued in December 2015. Proceeds from the bond provided financing for water and sewer system improvements. The bond is payable solely from water and sewer net revenues and is payable through 2055. Annual principal and interest payments on the bond are expected to require less than 9.5% of net revenues. The total principal and interest remaining to be paid on the bond is \$1,437,105. Principal and interest paid for the current year and total net revenues were \$42,200 and \$2,002,537, respectively.

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

c. Changes in Long-Term Liabilities

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion of Balance
Governmental activities:					
Installment purchases – direct borrowing and direct placements	\$ 2,162,592	\$ -	\$ 44,842	\$ 2,117,750	\$ 37,944
Capitalized lease	13,529	-	13,529	-	-
Compensated absences	27,822	17,132	-	44,954	20,461
Net pension liability (LGERS)	182,323	10,232	-	192,555	-
Total pension obligation (LEOSSA)	157,520	25,583	-	183,103	-
Governmental activity long-term liabilities	<u>\$ 2,543,786</u>	<u>\$ 52,947</u>	<u>\$ 58,371</u>	<u>\$ 2,538,362</u>	<u>\$ 58,405</u>
	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion of Balance
Business-type activities:					
Installment purchases - direct borrowings and direct placements	\$ 2,591,620	\$ -	\$ 154,354	\$ 2,437,266	\$ 157,832
Revenue bonds	960,000	-	17,000	943,000	18,000
Net pension liability (LGERS)	147,572	8,282	-	155,854	-
Compensated absences	33,418	3,257	-	36,675	16,693
Business-type activity long-term debt	<u>\$ 3,732,610</u>	<u>\$ 11,539</u>	<u>\$ 171,354</u>	<u>\$ 3,572,795</u>	<u>\$ 192,525</u>

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

D. Fund Balance

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

Total fund balance – General Fund	\$ 1,743,580
Less:	
Prepays	13,585
Stabilization by State Statute	151,256
Streets – Powell Bill	159,631
Streets – Motor Vehicle Fees	84,425
Remaining Fund Balance	<u>\$ 1,334,683</u>

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 4 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

COVID-19 Pandemic

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak"). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Town's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Government is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year ending June 30, 2022.

NOTE 5 - SUBSEQUENT EVENTS

On July 1, 2021, the Town entered into an agreement for professional services related to updating the Town's comprehensive land use plan in the amount of \$38,000.

During July 2021, the Town purchased equipment for \$160,404 and entered into a related financing agreement with ten semi-annual payments of \$18,191, including interest, beginning July 9, 2022.

During July 2021, the Town purchased five police vehicles for \$150,000 and entered into a related financing agreement with six annual payments of \$27,503, including interest, beginning October 7, 2021.

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Exhibit J

	2021	2020	2019	2018	2017	2016	2015	2014
Wingate's proportion of the net pension liability (asset) %	0.00975%	0.01208%	0.01367%	0.01518%	0.01597%	0.01286%	0.01318%	0.01580%
Wingate's proportion of net pension liability (asset) \$	\$ 348,409	\$ 329,895	\$ 324,299	\$ 231,908	\$ 338,937	\$ 57,715	\$ (77,729)	\$ 190,451
Wingate's covered payroll	\$ 737,417	\$ 794,038	\$ 767,974	\$ 797,336	\$ 757,161	\$ 687,332	\$ 643,321	\$ 688,510
Wingate's proportionate share of net pension liability (asset) as a percentage of its covered payroll	47.25%	41.55%	42.23%	29.09%	44.76%	8.40%	(12.08%)	27.66%
Plan fiduciary net position as a percentage of the total pension liability	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

Exhibit K

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 78,748	\$ 69,579	\$ 64,179	\$ 60,107	\$ 60,757	\$ 53,747	\$ 47,336	\$ 44,941
Contributions in relation to the contractually required contribution	<u>78,748</u>	<u>69,579</u>	<u>64,179</u>	<u>60,107</u>	<u>60,757</u>	<u>53,747</u>	<u>47,336</u>	<u>44,941</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Wingate's covered payroll	\$ 753,082	\$ 737,417	\$ 794,038	\$ 767,974	\$ 797,336	\$ 757,161	\$ 687,332	\$ 643,321
Contributions as a percentage of covered payroll	10.46%	9.44%	8.08%	7.83%	7.62%	7.10%	6.89%	6.99%

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

Exhibit L

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 157,520	\$ 153,977	\$ 146,847	\$ 126,327	\$ 116,279
Service cost	7,302	9,215	12,119	9,430	10,536
Interest on the total pension liability	5,135	5,605	4,640	4,876	4,151
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(59,556)	(17,468)	(1,031)	(5,693)	-
Changes of assumptions or other inputs	72,702	6,191	(8,598)	11,907	(4,639)
Benefit payments	-	-	-	-	-
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 183,103</u>	<u>\$ 157,520</u>	<u>\$ 153,977</u>	<u>\$ 146,847</u>	<u>\$ 126,327</u>

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

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

Exhibit M

	2021	2020	2019	2018	2017
Total pension liability	\$ 183,103	\$ 157,520	\$ 153,977	\$ 146,847	\$ 126,327
Covered payroll	\$ 267,929	\$ 281,480	\$ 345,742	\$ 329,363	\$ 332,134
Total pension liability as a percentage of covered payroll	68.34%	55.96%	44.59%	44.59%	38.03%

Notes to the schedules:

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

Changes of assumptions and other inputs:

December 31, 2020 Measurement Date: The Municipal Bond Index Rate decreased from 3.26% to 1.93%.

December 31, 2019 Measurement Date: The Municipal Bond Index Rate decreased from 3.64% to 3.26%.

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

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

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

SUPPLEMENTARY INFORMATION

TOWN OF WINGATE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2021

Schedule 1
Page 1 of 3

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenues			
Ad valorem taxes			
Taxes	\$ 543,355	\$ 589,132	\$ 45,777
Penalties and interest	1,500	5,113	3,613
Total ad valorem taxes	544,855	594,245	49,390
Unrestricted intergovernmental			
Local option sales tax	162,467	253,731	91,264
Utility franchise tax	137,280	144,121	6,841
Beer and wine tax	15,104	17,345	2,241
ABC profit distribution	42,000	58,040	16,040
Total unrestricted intergovernmental	356,851	473,237	116,386
Restricted intergovernmental			
Powell Bill allocation	87,300	96,082	8,782
Solid waste disposal tax	2,500	3,080	580
Drug tax distribution	-	26	26
ABC revenue for law enforcement	2,000	5,831	3,831
CARES Grant	24,888	24,018	(870)
Total restricted intergovernmental	116,688	129,037	12,349
Permits and fees			
Court fees	400	410	10
Zoning fees	14,500	21,684	7,184
Motor vehicle tag fees	39,900	49,825	9,925
Total permits and fees	54,800	71,919	17,119
Sales and service			
Garbage collection	200,202	197,200	(3,002)
Security service	235,000	235,000	-
Park concessions and rents	-	5,100	5,100
Total sales and service	435,202	437,300	2,098
Other general revenues			
Cemetery	2,000	5,100	3,100
Miscellaneous	41,592	59,188	17,596
Total other general revenues	43,592	64,288	20,696
Investment earnings	700	201	(499)
Total revenues	1,552,688	1,770,227	217,539

Continued

TOWN OF WINGATE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
For the Year Ended June 30, 2021

Schedule 1
Page 2 of 3

	2021		Variance Positive (Negative)
	Budget	Actual	
Expenditures			
Elected Officials			
Salaries and employee benefits	\$ 18,751	\$ 18,710	\$ 41
Operating expenditures	350	251	99
Total elected officials	19,101	18,961	140
Administration			
Salaries and employee benefits	102,031	101,291	740
Operating expenditures	85,950	81,251	4,699
Total administration	187,981	182,542	5,439
Planning			
Operating expenditures	59,445	57,539	1,906
Total planning	59,445	57,539	1,906
CARES grant fund			
Salaries and employee benefits	5,980	5,980	(0)
Operating expenditures	18,908	18,908	0
Total CARES grant fund	24,888	24,888	(0)
Total general government	291,415	283,930	7,485
Public safety - police			
Salaries and employee benefits	503,880	483,567	20,313
Operating expenditures	131,550	108,472	23,078
Total public safety - police	635,430	592,039	43,391
Public safety - fire			
Operating expenditures	25,000	24,626	374
Total public safety - fire	25,000	24,626	374
Transportation			
Streets			
Operating expenditures	127,800	75,660	52,140
Total transportation	127,800	75,660	52,140

Continued

TOWN OF WINGATE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
For the Year Ended June 30, 2021

Schedule 1
Page 3 of 3

	2021		Variance
	Budget	Actual	Positive (Negative)
Expenditures (continued)			
Environmental Protection			
Public Services			
Sanitation	\$ 210,700	\$ 204,962	\$ 5,738
Operating expenditures	70,000	61,008	8,992
Total environmental protection	280,700	265,970	14,730
Cultural and recreation			
Parks and recreation			
Salaries and employee benefits	43,963	42,595	1,368
Operating expenditures	50,400	47,253	3,147
Total cultural and recreation	94,363	89,848	4,515
Debt service			
Principal retirement	45,280	44,841	439
Interest and other charges	52,700	51,325	1,375
Total debt service	97,980	96,166	1,814
Total expenditures	1,552,688	1,428,239	124,449
Revenues over expenditures	-	341,988	341,988
Net change in fund balance	\$ -	341,988	\$ 341,988
Fund balances, beginning		1,401,592	
Fund balances, ending		\$ 1,743,580	

TOWN OF WINGATE, NORTH CAROLINA
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
WATER AND SEWER FUND
For the Year Ended June 30, 2021

Schedule 2
Page 1 of 2

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues			
Operating revenues			
Water sales	\$ 881,300	\$ 919,534	\$ 38,234
Sewer charges	1,000,080	1,025,348	25,268
Water and sewer taps	-	1,350	1,350
Other operating revenues	53,660	56,305	2,645
Total operating revenues	<u>1,935,040</u>	<u>2,002,537</u>	<u>67,497</u>
Nonoperating revenues			
Investment earnings	-	148	148
Other nonoperating revenues	5,000	5,787	787
Total nonoperating revenues	<u>5,000</u>	<u>5,935</u>	<u>935</u>
Total revenues	<u>1,940,040</u>	<u>2,008,472</u>	<u>68,432</u>
Expenditures			
Water operations			
Salaries and employee benefits	281,943	261,194	20,749
Other operating expenditures	559,300	514,607	44,693
Total	<u>841,243</u>	<u>775,801</u>	<u>65,442</u>
Sewer operations			
Salaries and employees benefits	278,354	259,054	19,300
Other operating expenditures	550,173	504,016	46,157
Total	<u>828,527</u>	<u>763,070</u>	<u>65,457</u>
Debt service			
Interest fees	98,650	94,021	4,629
Principal retirement	171,620	171,355	265
Total	<u>270,270</u>	<u>265,376</u>	<u>4,894</u>
Total expenditures	<u>1,940,040</u>	<u>1,804,247</u>	<u>135,793</u>
Revenues over expenditures	<u>-</u>	<u>204,225</u>	<u>204,225</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 204,225</u>	<u>\$ 204,225</u>

TOWN OF WINGATE, NORTH CAROLINA
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
WATER AND SEWER FUND
For the Year Ended June 30, 2021

Schedule 2
Page 2 of 2

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis			
Net change in fund balance		\$ 204,225	
Principal retirement		171,355	
Depreciation		(264,128)	
Loss on disposal of capital assets		(111,311)	
Capital contributions in Diane street sewer extension capital project fund		592,400	
Decrease in accrued interest		270	
Increase in compensated absences		(3,258)	
Increase in deferred outflows of resources - pensions		4,416	
Increase in net pension liability		(8,282)	
Increase in deferred inflows of resources - pensions		<u>(6,441)</u>	
Total reconciling items		<u>375,021</u>	
Change in net position		<u>\$ 579,246</u>	

TOWN OF WINGATE, NORTH CAROLINA
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
DIANE STREET SEWER EXTENSION CAPITAL PROJECT FUND
From Inception and For the Year Ended June 30, 2021

Schedule 3

	<u>Budget</u>	<u>Prior Year</u>	<u>Actual - Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
REVENUES					
Restricted intergovernmental					
Federal grant	\$ 656,566	\$ 7,600	\$ 592,400	\$ 600,000	\$ (56,566)
Total revenues	<u>656,566</u>	<u>7,600</u>	<u>592,400</u>	<u>600,000</u>	<u>(56,566)</u>
EXPENDITURES					
Capital Outlay					
Engineering	100,000	46,795	36,881	83,676	16,324
Professional services	56,566	20,659	-	20,659	35,907
Construction	<u>700,000</u>	<u>7,600</u>	<u>619,030</u>	<u>626,630</u>	<u>73,370</u>
Total Capital Outlay	<u>856,566</u>	<u>75,054</u>	<u>655,911</u>	<u>730,965</u>	<u>125,601</u>
Total expenditures	<u>856,566</u>	<u>75,054</u>	<u>655,911</u>	<u>730,965</u>	<u>125,601</u>
REVENUES UNDER EXPENDITURES	(200,000)	(67,454)	(63,511)	(130,965)	69,035
OTHER FINANCING SOURCES (USES)					
Transfer from water and sewer fund	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 132,546</u>	<u>(63,511)</u>	<u>\$ 69,035</u>	<u>\$ 69,035</u>
Fund balance, beginning			<u>132,546</u>		
Fund balance, ending			<u>\$ 69,035</u>		

OTHER SCHEDULES

TOWN OF WINGATE, NORTH CAROLINA
SCHEDULE OF NET POSITION
WATER AND SEWER FUND BY FUNCTION
June 30, 2021

Schedule 4

	Water	Sewer	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 558,216	\$ 514,413	\$ 1,072,629
Restricted cash	112,971	11,879	124,850
Accounts receivable (net) - billed	31,923	119,019	150,942
Accounts receivable (net) - unbilled	35,693	39,182	74,875
Other receivables	-	180	180
Total current assets	<u>738,803</u>	<u>684,673</u>	<u>1,423,476</u>
Non-current assets			
Capital assets			
Land	113,186	95,751	208,937
Other capital assets, net of depreciation	4,225,667	5,060,112	9,285,779
Total capital assets	<u>4,338,853</u>	<u>5,155,863</u>	<u>9,494,716</u>
Total non-current assets	<u>4,338,853</u>	<u>5,155,863</u>	<u>9,494,716</u>
Total assets	<u>5,077,656</u>	<u>5,840,536</u>	<u>10,918,192</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	44,254	44,184	88,438
Total deferred outflows of resources	<u>44,254</u>	<u>44,184</u>	<u>88,438</u>
LIABILITIES			
Current liabilities			
Accounts payable	74,864	64,313	139,177
Accrued payroll	7,047	7,046	14,093
Accrued interest	7,606	7,605	15,211
Customer deposits	55,575	-	55,575
Current portion of compensated absences	8,347	8,346	16,693
Current portion of long-term debt	96,538	79,294	175,832
Total current liabilities	<u>249,977</u>	<u>166,604</u>	<u>416,581</u>
Long-term liabilities			
Net pension liability	77,988	77,866	155,854
Compensated absences	9,991	9,991	19,982
Long-term debt	1,906,375	1,298,059	3,204,434
Total long-term liabilities	<u>1,994,354</u>	<u>1,385,916</u>	<u>3,380,270</u>
Total liabilities	<u>2,244,331</u>	<u>1,552,520</u>	<u>3,796,851</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	10,550	10,537	21,087
Total deferred inflows of resources	<u>10,550</u>	<u>10,537</u>	<u>21,087</u>
NET POSITION			
Net investment in capital assets	2,335,940	3,778,510	6,114,450
Unrestricted	531,089	543,153	1,074,242
Total net position	<u>\$ 2,867,029</u>	<u>\$ 4,321,663</u>	<u>\$ 7,188,692</u>

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

TOWN OF WINGATE, NORTH CAROLINA *Schedule 5*
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
WATER AND SEWER FUND BY FUNCTION
For the Year Ended June 30, 2021

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Charges for service	\$ 919,534	\$ 1,025,348	\$ 1,944,882
Water and sewer taps	1,350	-	1,350
Other operating revenues	<u>56,305</u>	<u>-</u>	<u>56,305</u>
Total operating revenues	<u>977,189</u>	<u>1,025,348</u>	<u>2,002,537</u>
OPERATING EXPENSES			
Salaries	267,975	265,835	533,810
Operations	131,152	119,045	250,197
Water purchases	383,455	-	383,455
Waste collection and treatment	-	384,970	384,970
Depreciation	<u>141,420</u>	<u>122,708</u>	<u>264,128</u>
Total operating expenses	<u>924,002</u>	<u>892,558</u>	<u>1,816,560</u>
Operating income	<u>53,187</u>	<u>132,790</u>	<u>185,977</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment earnings	74	74	148
Grant revenues	-	592,400	592,400
Loss on disposal of capital assets	(111,063)	(248)	(111,311)
Other income	349	5,438	5,787
Interest and other charges	<u>(51,812)</u>	<u>(41,943)</u>	<u>(93,755)</u>
Total nonoperating revenues (expenses)	<u>(162,452)</u>	<u>555,721</u>	<u>393,269</u>
Change in net position	(109,265)	688,511	579,246
Total net position, beginning	<u>2,976,294</u>	<u>3,633,152</u>	<u>6,609,446</u>
Total net position, ending	<u>\$ 2,867,029</u>	<u>\$ 4,321,663</u>	<u>\$ 7,188,692</u>

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

TOWN OF WINGATE, NORTH CAROLINA
SCHEDULE OF CASH FLOWS
WATER AND SEWER FUND BY FUNCTION
For the Year Ended June 30, 2021

Schedule 6
Page 1 of 2

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 945,679	\$ 980,762	\$ 1,926,441
Cash paid for goods and services	(488,432)	(548,696)	(1,037,128)
Cash paid to or on behalf of employees for services	(260,924)	(258,785)	(519,709)
Other operating revenues	<u>56,305</u>	<u>-</u>	<u>56,305</u>
Net cash provided by operating activities	<u>252,628</u>	<u>173,281</u>	<u>425,909</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Due to other funds	<u>(2,799)</u>	<u>(2,798)</u>	<u>(5,597)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on long-term debt	(92,866)	(78,488)	(171,354)
Interest paid	(51,945)	(42,076)	(94,021)
Acquisition and construction of capital assets	-	(655,911)	(655,911)
Other nonoperating revenues	349	5,438	5,787
Capital contributions - Federal grant	<u>-</u>	<u>592,400</u>	<u>592,400</u>
Net cash used by capital and related financing activities	<u>(144,462)</u>	<u>(178,637)</u>	<u>(323,099)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>74</u>	<u>74</u>	<u>148</u>
Net cash provided by investing activities	<u>74</u>	<u>74</u>	<u>148</u>
Net increase (decrease) in cash and cash equivalents	105,441	(8,080)	97,361
Cash balances, beginning	<u>565,746</u>	<u>534,372</u>	<u>1,100,118</u>
Cash balances, ending	<u>\$ 671,187</u>	<u>\$ 526,292</u>	<u>\$ 1,197,479</u>

Continued

TOWN OF WINGATE, NORTH CAROLINA
SCHEDULE OF CASH FLOWS
WATER AND SEWER FUND BY FUNCTION
For the Year Ended June 30, 2020

Schedule 6
Page 2 of 2

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 53,187	\$ 132,790	\$ 185,977
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	141,420	122,708	264,128
Changes in assets and liabilities			
(Increase) decrease in accounts receivable	19,110	(44,586)	(25,476)
(Increase) decrease in deferred outflows of resources for pensions	(2,208)	(2,208)	(4,416)
Increase (decrease) in accounts payable	26,175	(44,681)	(18,506)
Increase (decrease) in accrued payroll	268	268	536
Increase (decrease) in compensated absences	1,629	1,629	3,258
Increase (decrease) in customer deposits	5,685	-	5,685
Increase (decrease) in net pension liability	4,141	4,141	8,282
Increase (decrease) in deferred inflows of resources for pensions	3,221	3,220	6,441
Total adjustments	<u>199,441</u>	<u>40,491</u>	<u>239,932</u>
Net cash provided by operating activities	<u>\$ 252,628</u>	<u>\$ 173,281</u>	<u>\$ 425,909</u>

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

TOWN OF WINGATE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
GENERAL FUND
June 30, 2021

Schedule 7

<u>Fiscal Year</u>	Uncollected Balance July 1, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2021-2022	\$ -	\$ 584,147	\$ 579,828	\$ 4,319
2020-2021	5,915	-	4,245	1,670
2019-2020	1,355	-	732	623
2018-2019	1,789	-	994	795
2017-2018	1,496	-	753	743
2016-2017	952	-	753	199
2015-2016	930	-	670	260
2014-2015	1,814	-	683	1,131
2013-2014	1,282	-	627	655
2012-2013	1,402	-	627	775
2011-2012	1,006	-	1,006	-
	<u>\$ 17,941</u>	<u>\$ 584,147</u>	<u>\$ 590,918</u>	11,170
Less: Allowance for uncollectible accounts Ad valorem taxes receivable				<u>(4,959)</u>
Ad valorem taxes receivable - net				<u>\$ 6,211</u>
Reconcilement with revenues				
Ad valorem taxes collected - General Fund				\$ 594,245
Releases of prior year taxes				780
Taxes written off				1,006
Interest collected				<u>(5,113)</u>
Total collections and credits				<u>\$ 590,918</u>

TOWN OF WINGATE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
TOWN-WIDE LEVY
For the Year Ended June 30, 2021

Schedule 8

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxes at current year's rate	\$ 135,967,167	0.43	\$ 584,659	\$ 498,501	\$ 86,158
Discoveries - current and prior years	-	0.43	-	-	-
Releases	<u>(119,070)</u>	0.43	<u>(512)</u>	<u>(512)</u>	<u>-</u>
Total valuation	<u>\$ 135,848,097</u>				
Net levy			584,147	497,989	86,158
Uncollected taxes at June 30, 2021			<u>(4,319)</u>	<u>(4,319)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 579,828</u>	<u>\$ 493,670</u>	<u>\$ 86,158</u>
Current levy collection percentage			<u>99.26%</u>	<u>99.13%</u>	<u>100.00%</u>

COMPLIANCE SECTION

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

To the Honorable Mayor and Members of the Board of Commissioners

Town of Wingate, North Carolina

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wingate, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Wingate's basic financial statements, and have issued my report thereon dated December 1, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Wingate's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion.

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "Eddie Carrick" with a stylized flourish at the end.

Eddie Carrick, CPA, PC
Lexington, North Carolina

December 1, 2021