

**TOWN OF WINGATE**

**Audited Financial Statements**

**June 30, 2018**

**TOWN OF WINGATE  
NORTH CAROLINA**

**Audited**

**Financial Statements**

**At**

**June 30, 2018**

**And**

**For The Year Then Ended**

**\* \* \* \* \***

**TOWN OF WINGATE, NORTH CAROLINA**

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**POTTER & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **Town of Wingate, North Carolina**, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

**Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Town of Wingate ABC Board, which represent 100 percent of the assets, net position, and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town of Wingate ABC Board, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Town of Wingate ABC Board were not audited in accordance with *Government Auditing Standards*.

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

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

## Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **Town of Wingate, North Carolina**, as of June 30, 2018, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, the Law Enforcement Officers' Special Separation Allowance schedules of Total Pension Liability as a percentage of Covered Payroll and Changes in Total Pension Liability, and the Retiree Insurance Allowance schedules of Total Pension Liability as a percentage of Covered Payroll and Changes in Total Pension Liability be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards general accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

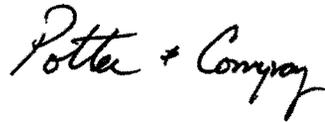
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the **Town of Wingate, North Carolina**. The combining and individual fund financial statements, budgetary schedules, and other schedules, are presented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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2019, on our consideration of the **Town of Wingate, North Carolina's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and on other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the **Town of Wingate, North Carolina's** internal control over financial reporting and compliance.

February 6, 2019  
Monroe, North Carolina

A handwritten signature in cursive script that reads "Potter & Company".

**TOWN OF WINGATE, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2018**

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, 2018. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town of Wingate's financial statements, which follow this narrative.

**Financial Highlights**

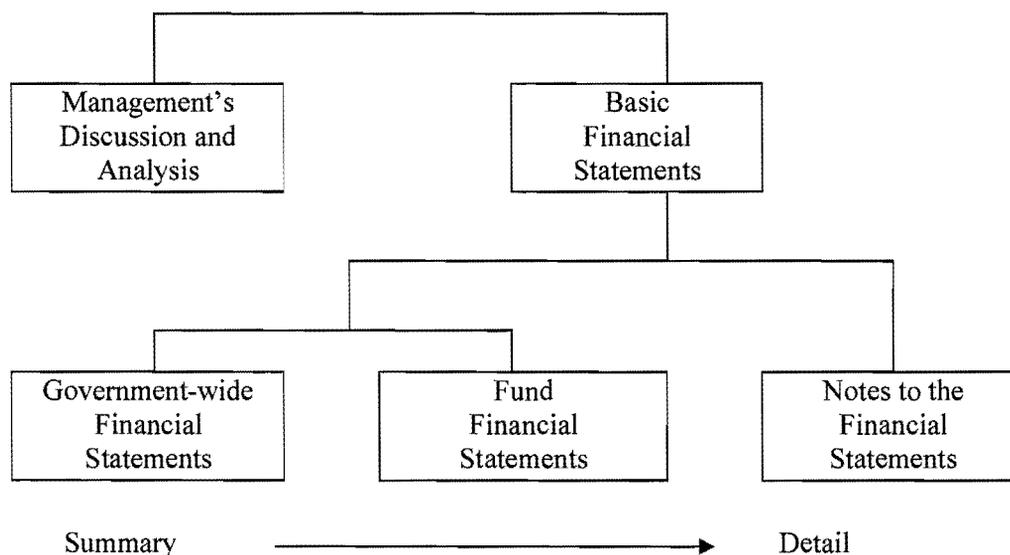
- The assets and deferred outflows of resources of the Town of Wingate exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$9,135,991
- The government's total net position decreased by \$33,370
- As of the close of the current fiscal year, the Town of Wingate's governmental funds reported combined ending fund balances of \$1,186,066, with a net change of (\$20,840) in fund balance. Approximately 21% of this total amount, or \$256,012, is restricted. The decrease in fund balance is mainly due to one-time expenditures.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$887,554, or 60% of total general fund expenditures for the fiscal year. This is an increase of \$94,407 from the previous year.

**Overview of the Financial Statements**

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

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

The first two statements (pages 15-17) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (pages 18-24) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

### Government-wide Financial Statements

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

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

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

Town charges customers to provide. These include the water and sewer services offered by the Town of Wingate. The final category is the component unit. Although legally separate from the Town, the ABC Board is important to the Town. The Town exercises control over the Board by appointing its members and the Board is required to distribute its profits to the Town.

The government-wide financial statements are on pages 15 through 17 of this report.

### **Fund Financial Statements**

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Wingate, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Wingate can be divided into two categories: governmental funds and proprietary funds.

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

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

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

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 25 through 55 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 47 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	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 1,242,706	\$ 1,275,289	\$ 990,852	\$ 774,366	\$ 2,233,558	\$ 2,049,655
Capital assets	<u>4,344,013</u>	<u>5,655,620</u>	<u>9,332,756</u>	<u>8,396,192</u>	<u>13,676,769</u>	<u>14,051,812</u>
Total assets	<u>5,586,719</u>	<u>6,930,909</u>	<u>10,323,608</u>	<u>9,170,558</u>	<u>15,910,327</u>	<u>16,101,467</u>
Total deferred outflows of resources	<u>136,261</u>	<u>218,998</u>	<u>46,216</u>	<u>62,572</u>	<u>182,477</u>	<u>281,570</u>
Long-term liabilities	2,666,195	4,008,141	3,987,333	2,919,790	6,653,528	6,927,931
Other liabilities	<u>79,220</u>	<u>46,771</u>	<u>185,274</u>	<u>169,025</u>	<u>264,494</u>	<u>215,796</u>
Total liabilities	<u>2,745,415</u>	<u>4,054,912</u>	<u>4,172,607</u>	<u>3,088,815</u>	<u>6,918,022</u>	<u>7,143,727</u>
Total deferred inflows of resources	<u>30,665</u>	<u>28,929</u>	<u>8,126</u>	<u>7,117</u>	<u>38,791</u>	<u>36,046</u>
Net position						
Net investment in capital assets	2,139,841	2,139,841	5,448,839	5,569,551	7,588,680	7,709,392
Restricted	250,165	329,233	-	-	250,165	329,233
Unrestricted	<u>556,894</u>	<u>596,992</u>	<u>740,252</u>	<u>567,647</u>	<u>1,297,146</u>	<u>1,164,639</u>
Total net position	<u>\$ 2,946,900</u>	<u>\$ 3,066,066</u>	<u>\$ 6,189,091</u>	<u>\$ 6,137,198</u>	<u>\$ 9,135,991</u>	<u>\$ 9,203,264</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Wingate exceeded liabilities and deferred inflows by \$9,135,991 as of June 30, 2018. The Town's net position decreased by \$33,370. However, the largest portion (83.06%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). 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, \$250,165, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,297,146 is unrestricted.

Several particular aspects of the Town's financial operations influenced the decrease in total unrestricted governmental net position:

- Expenses for police body cameras, planning software, and a comprehensive update on the Town's website none of which are continuing expenses.

## Town of Wingate Changes in Net Position

**Figure 3**

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 394,994	\$ 381,564	\$ 1,840,245	\$ 1,721,060	\$ 2,235,239	\$ 2,102,624
Powell Bill allocation	91,062	91,847	-	-	91,062	91,847
Federal and State grants	-	-	-	133,309	-	133,309
Operating grants and contributions	6,768	-	-	-	6,768	-
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	558,172	541,747	-	-	558,172	541,747
Other taxes	389,320	333,630	-	-	389,320	333,630
Other	6,750	59,477	3,951	1,264	10,701	60,741
Total revenues	<u>1,447,066</u>	<u>1,408,265</u>	<u>1,844,196</u>	<u>1,855,633</u>	<u>3,291,262</u>	<u>3,263,898</u>
Expenses:						
General government	281,368	278,761	-	-	231,368	278,761
Public safety	711,194	627,347	-	-	711,194	627,347
Transportation	121,682	87,716	-	-	121,682	87,716
Environmental protection	254,788	256,895	-	-	254,788	256,895
Cultural and recreation	117,126	161,423	-	-	117,126	161,423
Community outreach	39,853	-	-	-	39,853	-
Interest on long-term debt	54,813	1,691	-	83,620	54,813	85,311
Water and sewer	-	-	1,743,808	1,590,629	1,743,808	1,590,629
Total expenses	<u>1,580,824</u>	<u>1,413,833</u>	<u>1,743,808</u>	<u>1,674,249</u>	<u>3,274,632</u>	<u>3,088,082</u>
Change in net position	(133,758)	(5,568)	100,388	181,384	(33,370)	175,816
Net position, beginning, as restated	<u>3,080,658</u>	<u>3,071,634</u>	<u>6,088,703</u>	<u>5,955,814</u>	<u>9,169,361</u>	<u>9,027,448</u>
Net position, end of year	<u>\$ 2,946,900</u>	<u>\$ 3,066,066</u>	<u>\$ 6,189,091</u>	<u>\$ 6,137,198</u>	<u>\$ 9,135,991</u>	<u>\$ 9,203,264</u>

**Governmental activities.** Governmental activities decreased the Town of Wingate's net position by (\$133,758) which correlates to a 1.46% decrease in total net position of the Town of Wingate.

**Business-type activities.** Business-type activities increased the Town's net position by \$100,388 accounting for 1.09% 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 \$887,554, while total fund balance reached \$1,163,566.

At June 30, 2018, the governmental funds of the Town of Wingate reported a combined fund balance of \$1,186,066, a 1.73% decrease from the previous fiscal year. Included in this change in fund balance is a decrease in fund balance from the Capital Project Funds.

**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, 2018. The following summary details the amounts and reasons for making the budget amendments.

- General Fund \$32,111 various line item adjustments
- Water & Sewer \$32,229 various line item adjustments
- Water & Sewer \$1,500 various line item adjustments
- General Fund \$6,148 various line item adjustments
- Water & Sewer (\$13,500) various line item adjustments
- General Fund \$5,700 various line item adjustments
- General Fund \$9,250 various line item adjustments
- Water & Sewer \$1,000 line item adjustment

**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 \$740,252. The total increase in net position for the fund was \$100,388.

**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 2018 investment in capital assets for its governmental and business-type activities as of June 30, 2018, totals \$13,676,769 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, vehicles, and sewer and water infrastructure. There were no major capital asset transactions during the year.

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

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 557,368	\$ 557,368	\$ 208,937	\$ 208,937	\$ 766,305	\$ 766,305
Plant and distribution systems	-	-	7,792,905	7,998,771	7,792,905	7,998,771
Buildings and improvements	2,812,860	2,925,190	1,190,991	1,222,312	4,003,851	4,147,502
Infrastructure	813,687	808,102	26,213	26,748	839,900	834,850
Office furniture and equipment	80,377	90,470	42,427	47,468	122,804	137,938
Other equipment	1,085	1,575	52,147	67,517	53,232	69,092
Vehicles	69,035	65,131	12,364	22,620	81,399	87,751
Construction in progress	9,601	9,601	6,772	-	16,373	9,601
Total	\$ <u>4,344,013</u>	\$ <u>4,457,437</u>	\$ <u>9,332,756</u>	\$ <u>9,594,373</u>	\$ <u>13,676,769</u>	\$ <u>14,051,810</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, 2018, the Town of Wingate had no outstanding bonded debt.

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

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Installment debt	\$ <u>2,253,999</u>	\$ <u>2,297,777</u>	\$ <u>2,890,917</u>	\$ <u>3,035,641</u>	\$ <u>5,144,916</u>	\$ <u>5,333,418</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 \$5,447,699.

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, 2019

### General Fund

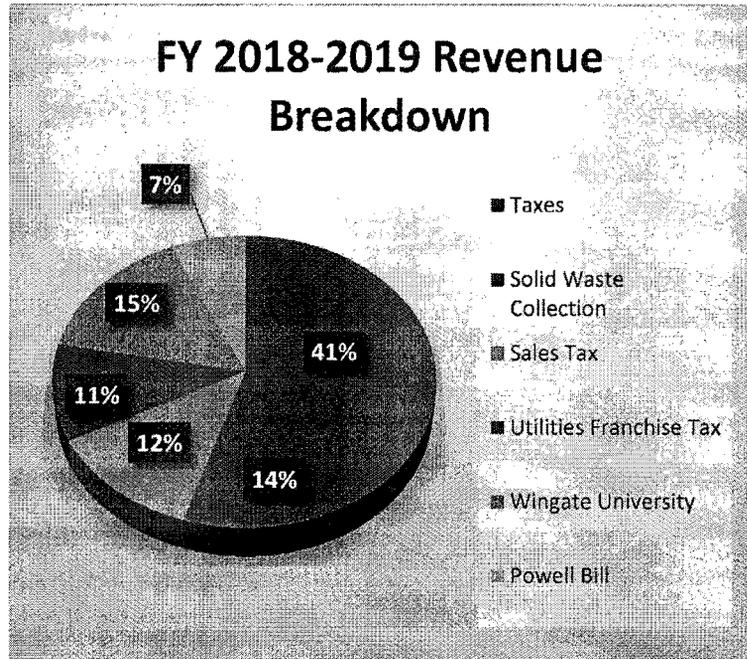
#### Revenue

The town's four largest revenue streams are Property Tax, Sales and Use Tax, Franchise Utility Tax, and an annual contribution from Wingate University. The proposed property tax rate for FY2018-2019 is \$.43 per \$100 of valuation. There is no increase in the tax rate from FY2017-2018. The Town of Wingate's projected tax revenue is \$544,260.70. This includes both real and motor vehicle property with a collection rate of 99%. The Town's total valuation is \$127,699,799.

Sales Tax, Franchise Utility Tax, Powell Bill, and other state shared revenues are all projected to be stable for the coming fiscal year.

The Town was notified that that our solid waste provider was increasing rates 2.4% starting July 1, 2018. As part of this budget the monthly fee that a citizen pays will increase from \$18.91 to \$19.36.

Wingate University has also increased their contribution from \$185,000 to \$215,000.



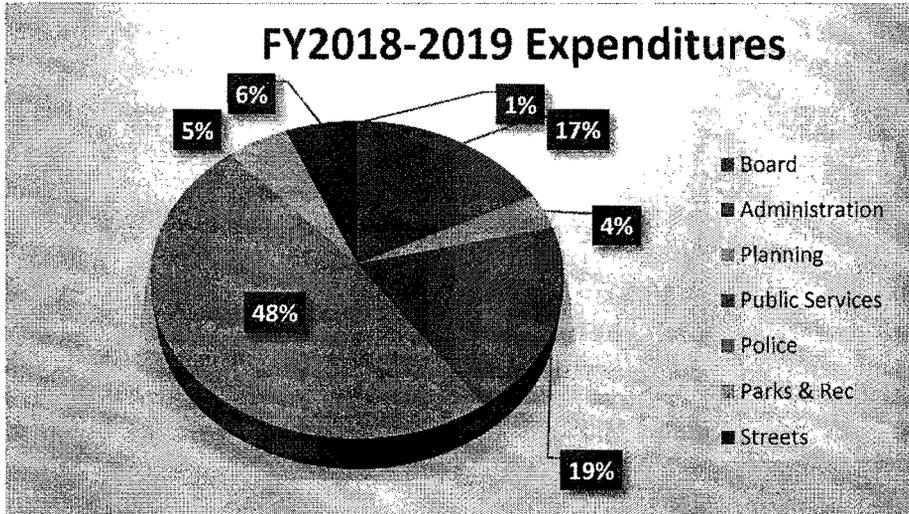
#### Expenditures

##### Fire Department/Town Hall

FY2017-2018 was the first full fiscal year the Town and the fire department shared the government center. Of the total payment for the building (\$135,777), \$88,247 will come from the general fund. Another \$15,000 in utilities is budgeted to cover the fire department's portion.

##### Police Department

FY2017-2018 was the first formal year for our part-time police department. Some of the benefits include being able to get our full-time people time off, covering off-duty shifts for the University, and has allowed us to fill full time vacancies quicker when they are open. We have budgeted \$40,000 for part time police shifts. We have also allocated \$20,000, to be included with the \$20,000 from FY17-18 to complete the architectural plans for the combination campus safety, town police building.



**Administration**

The largest increase to the administration department is the inclusion of the debt service payment for the new Town Hall/Fire Department Facility. Outside of the debt service payment, the administration department remains largely unchanged.

**Health Insurance**

Last year the town decided

to switch health care providers from Aetna to United Health. By doing so we were able to avoid a significant increase, and offer benefits not previously offered. For FY2018-2019 we have been notified that our premiums will increase 2.7%.

**Streets**

The Town is currently in the process of creating our pavement preservation program. This program will include new processes not used by the town. These include crack sealing, full depth reclamation, and sealcoat overlays. We hope to formalize this program sometime early in the fiscal year.

**Water & Sewer Fund**

The Town of Wingate continues working on three capital projects for the water system. Faculty Drive, Old Hwy 74, and Evans Street all have galvanized water lines that will be replaced with PVC. With the exception of the environmental review, these projects are being funded 100% by the county’s CDBG program. These projects were submitted to CDBG in 2015 and since then construction cost’s have increased significantly. Unfortunately, the funding that was in place in 2015 will not cover the cost of these three projects. We are currently working with the county to prioritized which project will be completed first. We do anticipate completing all projects, they may just have to be spread over a few years.

As of May 24<sup>th</sup>, we have not been notified by Union County of a rate increase for either water or sewer. We do however anticipate that an increase is coming. In order to keep up with inflation and prepare for the increase we anticipate we have moderately increased both water and sewer rates. A citizen using 5,000 gallons of water and sewer can expect to pay \$2.87 more for water, and \$1.50 more for sewer.

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Patrick K. Niland

Town Manager

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF WINGATE, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**June 30, 2018**

*Exhibit A*  
*Page 1 of 2*

	Primary Government			Town of Wingate ABC Board
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 960,078	\$ 711,611	\$ 1,671,689	\$ 282,476
Restricted cash	158,226	69,978	228,204	-
Taxes receivable, net	7,118	-	7,118	-
Accounts receivable, net	24,131	209,263	233,394	-
Due from other governments	87,306	-	87,306	-
Inventory	-	-	-	88,999
Prepaid items	5,847	-	5,847	3,355
Total current assets	1,242,706	990,852	2,233,558	374,830
Non-current assets				
Refundable deposit	-	-	-	2,000
Land, non-depreciable improvements, and construction in progress	566,969	215,709	782,678	-
Other capital assets, net of depreciation	3,777,044	9,117,047	12,894,091	57,315
Total capital assets	4,344,013	9,332,756	13,676,769	59,315
Total assets	5,586,719	10,323,608	15,910,327	434,145
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension deferrals	136,261	46,216	182,477	-
Total deferred outflows of resources	136,261	46,216	182,477	-

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

**TOWN OF WINGATE, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**June 30, 2018**

**Exhibit A**  
**Page 2 of 2**

	Primary Government			Town of Wingate ABC Board
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 36,670	\$ 121,934	\$ 158,604	\$ 20,619
Customer deposits	1,850	37,140	38,990	-
Taxes payable	-	-	-	37,257
Distributions payable	-	-	-	9,024
Unearned revenue	-	2,136	2,136	-
Accrued expenses	11,002	24,064	35,066	3,308
Accrued interest	29,698	-	29,698	-
Current portion of long-term liabilities	83,936	183,817	267,753	-
Total current liabilities	163,156	369,091	532,247	70,208
Long-term liabilities				
Net pension liability	365,157	79,388	444,545	-
Due in more than one year	2,217,102	3,724,128	5,941,230	-
Total long-term liabilities	2,582,259	3,803,516	6,385,775	-
Total liabilities	2,745,415	4,172,607	6,918,022	70,208
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension deferrals	30,665	8,126	38,791	-
Total deferred inflows of resources	30,665	8,126	38,791	-
<b>NET POSITION</b>				
Net investment in capital assets	2,139,841	5,448,839	7,588,680	57,315
Restricted for:				
Stabilization by State Statute	111,437	-	111,437	-
Streets - Powell Bill	138,728	-	138,728	-
Working Capital	-	-	-	48,532
Unrestricted	556,894	740,252	1,297,146	258,090
Total net position	\$ 2,946,900	\$ 6,189,091	\$ 9,135,991	\$ 363,937

*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, 2018

*Exhibit B*

<b>Functions/Programs</b>	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Town of Wingate ABC Board
					Governmental Activities	Business-type Activities	Total	
<b>Primary Government:</b>								
Governmental activities:								
General government	\$ 281,368	\$ 8,618	\$ -	\$ -	\$ (272,750)	\$ -	\$ (272,750)	\$ -
Public safety	711,194	185,811	4,307	-	(521,076)	-	(521,076)	-
Transportation	121,682	-	91,062	-	(30,620)	-	(30,620)	-
Environmental protection	254,788	187,275	2,461	-	(65,052)	-	(65,052)	-
Cultural and recreation	117,126	13,290	-	-	(103,836)	-	(103,836)	-
Community outreach	39,853	-	-	-	(39,853)	-	(39,853)	-
Interest on long-term debt	54,813	-	-	-	(54,813)	-	(54,813)	-
Total governmental activities	<u>1,580,824</u>	<u>394,994</u>	<u>97,830</u>	<u>-</u>	<u>(1,088,000)</u>	<u>-</u>	<u>(1,088,000)</u>	<u>-</u>
Business-type activities:								
Water and sewer	1,635,430	1,840,245	-	-	-	204,815	204,815	-
Interest on long-term debt	108,378	-	-	-	-	(108,378)	(108,378)	-
Total business-type activities	<u>1,743,808</u>	<u>1,840,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,437</u>	<u>96,437</u>	<u>-</u>
Total primary government	<u>\$ 3,324,632</u>	<u>\$ 2,235,239</u>	<u>\$ 97,830</u>	<u>\$ -</u>	<u>(1,088,000)</u>	<u>96,437</u>	<u>(991,563)</u>	<u>-</u>
<b>Component Unit:</b>								
Wingate ABC Board	\$ 1,560,132	\$ 1,628,475	\$ -	\$ -	-	-	-	68,343
Total component units	<u>\$ 1,560,132</u>	<u>\$ 1,628,475</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,343</u>
General revenues:								
Taxes:								
Property taxes levied for general purposes					558,172	-	558,172	-
Other taxes					389,320	-	389,320	-
Unrestricted investment earnings					4,668	3,951	8,619	-
Restricted investment earnings					1,160	-	1,160	-
Miscellaneous					922	-	922	-
Total general revenues					<u>954,242</u>	<u>3,951</u>	<u>958,193</u>	<u>-</u>
<b>Change in net position</b>					(133,758)	100,388	(33,370)	68,343
Net position, beginning, as previously reported					3,066,066	6,137,198	9,203,264	295,594
Restatement					14,592	(48,495)	(33,903)	-
<b>Net position, ending</b>					<u>\$ 2,946,900</u>	<u>\$ 6,189,091</u>	<u>\$ 9,135,991</u>	<u>\$ 363,937</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, 2018**

*Exhibit C*

	Major Fund		Total
	General	Non-major Funds	Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 937,578	\$ 22,500	\$ 960,078
Restricted cash	158,226	-	158,226
Receivables, net			
Taxes	7,118	-	7,118
Utilities	24,131	-	24,131
Due from other governments	87,306	-	87,306
Prepays	5,847	-	5,847
Total assets	\$ 1,220,206	\$ 22,500	\$ 1,242,706
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 36,670	\$ -	\$ 36,670
Accrued expenses	11,002	-	11,002
Customer deposits	1,850	-	1,850
Total liabilities	49,522	-	49,522
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes receivable	7,118	-	7,118
Total deferred inflows of resources	7,118	-	7,118
<b>FUND BALANCES</b>			
Non-spendable:			
Prepays	5,847	-	5,847
Restricted:			
Stabilization by State Statue	111,437	-	111,437
Streets - Powell Bill	138,728	-	138,728
Assigned			
Subsequent year's expenditures	20,000	-	20,000
Unassigned	887,554	22,500	910,054
Total fund balances	1,163,566	22,500	1,186,066
Total liabilities, deferred inflows of resources and fund balances	\$ 1,220,206	\$ 22,500	\$ 1,242,706

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

Total Fund balance, governmental funds	\$ 1,186,066
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	4,344,013
Deferred outflows of resources related to pensions not reported in the funds	136,261
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds	7,118
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	(2,253,998)
Compensated absences	(47,040)
Net pension liability	(365,157)
Accrued interest payable	(29,698)
Deferred inflows of resources related to pensions are not reported in the funds	(30,665)
Net position of governmental activities	\$ 2,946,900

*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, 2018**

	Major Fund		Non-major		Total
	General		Funds		Governmental
					Funds
<b>REVENUES</b>					
Ad valorem taxes	\$ 572,666		\$ -		\$ 572,666
Unrestricted intergovernmental	389,320		-		389,320
Restricted intergovernmental	97,830		-		97,830
Permits and fees	6,519		-		6,519
Sales and services	385,565		-		385,565
Investment earnings	5,828		-		5,828
Miscellaneous	3,832		-		3,832
	<u>1,461,560</u>		<u>-</u>		<u>1,461,560</u>
<b>EXPENDITURES</b>					
Current:					
General government	207,571		-		207,571
Public safety - police	674,890		-		674,890
Public safety - fire	14,566		-		14,566
Transportation	118,947		-		118,947
Environmental protection	254,665		-		254,665
Cultural and recreation	73,136		-		73,136
Community outreach	39,853		-		39,853
Debt service:					
Principal	43,778		-		43,778
Interest and other charges	54,994		-		54,994
	<u>1,482,400</u>		<u>-</u>		<u>1,482,400</u>
Excess (deficiency) of revenues over expenditures	<u>(20,840)</u>		<u>-</u>		<u>(20,840)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from (to) other funds:					
General fund	-		(57,318)		(57,318)
Capital project funds	57,318		-		57,318
	<u>57,318</u>		<u>(57,318)</u>		<u>-</u>
Net change in fund balance	36,478		(57,318)		(20,840)
Fund balances, beginning	1,127,088		79,818		1,206,906
Fund balances, ending	<u>\$ 1,163,566</u>		<u>\$ 22,500</u>		<u>\$ 1,186,066</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, 2018**

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

Net changes in fund balances - total governmental funds		\$ (20,840)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlay	94,716	
Depreciation	<u>(208,140)</u>	(113,424)

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

Taxes including penalties and interest		(14,494)
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Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities

36,846

Benefit payments and administrative expenses for the retiree stipend are not included in the Statement of Activities

1,380

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	43,778	
Decrease in accrued interest payable	<u>181</u>	43,959

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	(13,337)	
Pension expenses (LGERS)	(38,184)	
Pension expense (LEOSSA)	(14,527)	
Pension expense (Retiree Stipend)	<u>(1,137)</u>	<u>(67,185)</u>

Total changes in net position of governmental activities		<u>\$ (133,758)</u>
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*The notes to the financial statements are an integral part of this statement.*

**TOWN OF WINGATE, NORTH CAROLINA** *Exhibit F*  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended June 30, 2018**

	General Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
Ad valorem taxes	\$ 557,077	\$ 569,827	\$ 572,666	\$ 2,839
Unrestricted intergovernmental	372,000	386,050	389,320	3,270
Restricted intergovernmental	98,000	102,062	97,830	(4,232)
Permits and fees	4,200	6,400	6,519	119
Sales and services	400,500	400,800	385,565	(15,235)
Investment earnings	1,350	2,498	5,828	3,330
Miscellaneous	7,800	7,500	3,832	(3,668)
Total revenues	1,440,927	1,475,137	1,461,560	(13,577)
<b>Expenditures</b>				
Current:				
General government	227,841	234,438	207,571	26,867
Public safety - police	642,620	688,805	674,890	13,915
Public safety - fire	-	17,050	14,566	2,484
Transportation	92,000	143,143	118,947	24,196
Environmental protection	255,000	258,250	254,665	3,585
Cultural and recreation	94,094	83,788	73,136	10,652
Community outreach	30,600	41,600	39,853	1,747
Debt service:				
Principal retirement	43,778	43,778	43,778	-
Interest and other charges	54,994	54,994	54,994	-
Contingency	-	18,691	-	18,691
Total expenditures	1,440,927	1,584,537	1,482,400	102,137
Revenues over (under) expenditures	-	(109,400)	(20,840)	88,560
Other financing sources (uses)				
Transfers from other funds	-	79,818	79,818	-
Transfers to other funds	-	(22,500)	(22,500)	-
Total other financing sources (uses)	-	57,318	57,318	-
Appropriated fund balance	-	52,082	-	(52,082)
Net change in fund balance	\$ -	\$ -	36,478	\$ 36,478
Fund balance - beginning			1,127,088	
Fund balance - end of year			\$ 1,163,566	

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

**TOWN OF WINGATE, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
*For the Year Ended June 30, 2018*

*Exhibit G*

	Major Enterprise Fund
	Water and Sewer Fund
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 711,611
Restricted cash	69,978
Accounts receivable (net)	209,263
Total current assets	990,852
Non-current assets	
Capital Asset:	
Land and construction in progress	215,709
Other capital assets, net depreciation	9,117,047
Total capital assets	9,332,756
Total Noncurrent Assets	9,332,756
Total assets	10,323,608
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Contributions to pension plan in current fiscal year	46,216
Total deferred outflows of resources	46,216
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable and accrued liabilities	121,934
Accrued payroll	8,073
Accrued interest	15,991
Customer deposits	37,140
Unavailable revenue	2,136
Current portion of compensated absences	20,056
Current portion of long-term debt	163,761
Total current liabilities	369,091
Long-term liabilities	
Net pension liability	79,388
Compensated absences	3,972
Long-term debt	3,720,156
Total long-term liabilities	3,803,516
Total liabilities	4,172,607
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension deferrals	8,126
Total deferred inflows of resources	8,126
<b>NET POSITION</b>	
Net investment in capital assets	5,448,839
Unrestricted	740,252
Total net position	\$ 6,189,091

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

**TOWN OF WINGATE, NORTH CAROLINA** *Exhibit H*  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
*For the Year Ended June 30, 2018*

	Enterprise Fund
	Water and Sewer Fund
OPERATING REVENUES	
Water sales	\$ 776,023
Sewer charges	917,537
Water and sewer taps	70,355
Other operating revenues	76,330
Total operating revenues	1,840,245
OPERATING EXPENSES	
Water operations	667,929
Sewer operations	699,112
Depreciation	268,389
Total operating expenses	1,635,430
Operating income	204,815
NON-OPERATING REVENUES (EXPENSES)	
Investment earnings	3,951
Interest expense	(108,378)
Total nonoperating revenues (expenses)	(104,427)
Change in net position	100,388
Total net position, previously reported	6,137,198
Restatement of beginning net position	(48,495)
Net position, beginning, as restated	6,088,703
Total net position, ending	\$ 6,189,091

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

**TOWN OF WINGATE, NORTH CAROLINA**  
**STATEMENTS OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2018**  
**Business-Type Activities**

*Exhibit I*

	Enterprise Fund
	Water and Sewer Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 1,739,461
Cash paid for goods and services	(908,703)
Cash paid to or on behalf of employees for services	(446,135)
Other operating revenues	76,330
Net cash provided by operating activities	460,953
<b>CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES</b>	
Principal paid on long-term debt	(160,724)
Interest paid	(108,476)
Fixed asset additions	(6,772)
Net cash used in capital and related financing activities	(275,972)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	3,951
Net cash provided by investing activities	3,951
Net increase in cash and cash equivalents	188,932
Cash balances, beginning of year	592,657
Cash balances, end of year	\$ 781,589
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 204,815
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	268,389
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(27,553)
(Increase) decrease in deferred outflows of resources for pensions	16,357
Increase (decrease) in accounts payable	(3,692)
Increase (decrease) in accrued payroll	851
Increase (decrease) in compensated absences	6,199
Increase (decrease) in deferred revenues	1,129
Increase (decrease) in customer deposits	1,970
Increase (decrease) in net pension liability	(8,520)
Increase (decrease) in deferred inflows of resources for pensions	1,008
Total adjustments	256,138
Net cash provided (used) by operating activities	\$ 460,953

*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, 2018**

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, 2018**

NOTE 1 - **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – Continued

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

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

The Town reports the following major governmental fund:

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

The Town reports the following non-major governmental funds:

**Town Hall and Fire Department Capital Project Fund** – This fund is used to account for construction of a new Town Hall and Fire Department.

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

The Town reports the following major enterprise fund:

**Water and Sewer Fund** – This fund is used to account for the Town's water and sewer operations.

The Town reports the following non-major enterprise funds:

**Highland Park Water Rehabilitation Capital Project Fund** – This fund is used to account for water rehabilitation construction.

**Pipeline Capital Project Fund** – This fund is used to account for water and sewer pipeline construction.

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

NOTE 1 - **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - Continued

C. Measurement Focus and Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town'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.

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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.

**D. Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Water and Sewer Fund. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for the Town Hall and Fire Department Capital Project Fund, the Police Department Capital Project Fund, the Highland Park Water Rehabilitation Capital Project Fund, and the Pipeline Capital Project Fund. The Highland Park Water Rehabilitation Capital Project Fund, and the Pipeline Capital Project Fund are consolidated with the water and sewer operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. The Town Manager may transfer amounts between objects of expenditure within a department without limitation. If the transfer exceeds \$3,000, then the Town Manager shall report the transfer to the Board of Commissioners at the first regular meeting that occurs after the transfer takes place. The Town Manager may transfer amounts up to \$1,000 between departments of the same fund with a report of such transfers being given at the first regular meeting of the Board of Commissioners that occurs after the transfer takes place. During the year, several amendments to the original budget were necessary, the effects of which were not material.

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

NOTE 1 - **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's and the ABC Board's investments are reported at fair value. Non-participating interest earning investment contracts are accounted for at cost. The NCCMT – Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost which is the NCCMT's share price. The NCCMT – Term portfolio's securities are valued at fair value.

In accordance with State law, the Town has invested in securities which are callable and which provide for periodic increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

2. Cash and Cash Equivalents

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

3. Restricted Cash

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

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

NOTE 1 - **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – Continued

Town of Wingate Restricted Cash

Government Activities General Fund	
Streets	\$ 138,728
Customer deposits	1,850
Reserve for future USDA debt service	17,648
Total Governmental Activities	<u>158,226</u>
Business-type Activities	
Water and Sewer Fund	
Customer deposits	37,140
Short-lived asset reserve	12,767
Reserve for future USDA debt service	20,071
Total Business-type Activities	<u>69,978</u>
Total restricted cash	<u>\$ 228,204</u>

4. Ad Valorem Taxes Receivable

In accordance with State Law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2017.

5. Allowance for Doubtful Accounts

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

6. Inventories and Prepaid Items

The inventories of the ABC Board are valued at the lower of cost or market on the first-in, first-out method.

The inventories of the ABC Board 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 expensed as the items are used.

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2018*

NOTE 1 - **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – Continued

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$5,000; buildings, improvements, substations, lines, other plant and distribution systems, infrastructure, \$5,000; furniture and equipment, \$5,000; vehicles and motorized equipment, \$5,000; and computer software and computer equipment, \$5,000. 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:

Asset Class	Estimated Useful Lives
Buildings	40
Infrastructure	50
Equipment and furniture	10
Vehicles and motorized equipment	7
Computer equipment	5
Computer software	3
Substations, lines, and other plant & distribution systems	50

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

Asset Class	Estimated Useful Lives
Buildings and improvement	40
Store equipment	5 – 10
Office equipment	5 – 10

8. Deferred Outflows /Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then.

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

NOTE 1 - **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – Continued

The Town has one item that meets this criterion, pension deferrals for the 2018 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meet the criterion for this category – property taxes receivable and pension related deferrals.

9. Long-Term Obligations

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

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

10. Compensated Absences

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

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

11. Net Position/Fund Balances

Net Position

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

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**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.

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

    Restricted for Stabilization by State statute – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

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

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

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

    Subsequent year’s expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed.

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.

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 2- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Significant Violations of Finance-Related Legal and Contractual Provisions

Wingate ABC Board

The ABC Board was not making quarterly distributions as required by G.S. 18B-805(g) for the year ended June 30, 2018. For the year ended June 30, 2018, there were variances between the amounts approved in the budget and amounts expended on various line items. The ABC Board put procedures in place to monitor these noncompliance issues in the future.

**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, 2018, the Town's deposits had a carrying amount of \$1,095,920 and a bank balance of \$1,096,011. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$596,011 in interest bearing deposits was covered by collateral held under the pooling method. The Town had cash on hand of \$480 at June 30, 2018. The ABC Board's deposits had a carrying amount of \$278,342 and a bank balance of \$259,490. Of the bank balance, \$250,000 was covered by federal depository insurance and \$9,490 was

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

NOTE 3 - **DETAIL NOTES ON ALL FUNDS – Continued**

covered by collateral held under the pooling method. The ABC Board had an additional \$4,134 in the cash drawers and change funds to cover operating needs on a daily basis.

2. Investments

At June 30, 2018, the Town’s investment balances were as follows:

<u>Investments by Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/18</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust – Government Portfolio	Amortized Cost	\$ 450,201	N/A	AAAm
NC Capital Management Trust – Term Portfolio	Fair Value Level 1	<u>353,292</u>	0.09 years	Unrated
Total		<u>\$ 803,493</u>		

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

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

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

*Credit Risk.* The Town has no formal policy regarding credit risk but has internal management procedures that limit the Town’s investments to the provisions of G.S. 159-30 and restrict the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town’s investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor’s as of June 30, 2018. The Town’s investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

At June 30, 2018 the ABC Board had no investments. Local ABC Boards are allowed to invest idle funds in accordance with G.S. 159-30(c).

3. Receivables-Allowance for Doubtful Accounts

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

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued**

The amounts presented in the Balance Sheet and Statement of Net Position for the year ended June 30, 2018 are net of the following allowances for doubtful accounts:

General fund:	
Taxes receivable	\$ 13,000
Accounts receivable	513
Total general fund	<u>13,513</u>
Enterprise fund:	
Accounts receivable	<u>6,528</u>
Total	\$ <u>20,041</u>

4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2018, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Primary Government				
Government Activities:				
Capital assets not being depreciated:				
Land	\$ 557,368	\$ -	\$ -	\$ 557,368
Construction in progress	9,601	-	-	9,601
Total capital assets not being depreciated	<u>566,969</u>	<u>-</u>	<u>-</u>	<u>566,969</u>
Capital assets being depreciated:				
Buildings and improvements	3,714,891	-	-	3,714,891
Infrastructure	1,025,918	64,603	-	1,090,521
Office furniture and equipment	168,666	-	-	168,666
Other equipment	66,401	-	-	66,401
Vehicles	633,478	30,113	-	663,591
Total capital assets being depreciated	<u>5,609,354</u>	<u>94,716</u>	<u>-</u>	<u>5,704,070</u>
Less accumulated depreciation for:				
Building and improvements	789,701	112,330	-	902,031
Infrastructure	217,816	59,018	-	276,834
Office furniture and equipment	78,196	10,093	-	88,289
Other equipment	64,826	490	-	65,316
Vehicles	568,347	26,209	-	594,556
Total accumulated depreciation	<u>1,718,886</u>	<u>208,140</u>	<u>-</u>	<u>1,927,026</u>
Total capital assets being depreciated, net	<u>3,890,468</u>			<u>3,777,044</u>
Governmental activity capital assets, net	\$ <u>4,457,437</u>			\$ <u>4,344,013</u>

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued**

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

General government	\$	71,008
Public safety – police		26,552
Transportation		67,338
Environmental protection		124
Cultural and recreation		43,118
Total depreciation expense	\$	<u>208,140</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 208,937	\$ -	\$ -	\$ 208,937
Construction in progress	-	6,772	-	6,772
Total capital assets not being depreciated	<u>208,937</u>	<u>6,772</u>	<u>-</u>	<u>215,709</u>
Capital assets being depreciated:				
Plant and distribution systems	10,193,237	-	-	10,193,237
Buildings and improvements	1,249,236	-	-	1,249,236
Infrastructure	26,748	-	-	26,748
Maintenance equipment	524,138	-	-	524,138
Office furniture and equipment	82,070	-	-	82,070
Vehicles	76,308	-	-	76,308
Total capital assets being depreciated	<u>12,151,737</u>	<u>-</u>	<u>-</u>	<u>12,151,737</u>
Less accumulated depreciation for:				
Plant and distribution systems	2,194,467	205,865	-	2,400,332
Building and improvements	26,924	31,321	-	58,245
Infrastructure	-	535	-	535
Maintenance equipment	456,621	15,370	-	471,991
Office furniture and equipment	34,602	5,041	-	39,643
Vehicles	53,687	10,257	-	63,944
Total accumulated depreciation	<u>2,766,301</u>	<u>\$ 268,389</u>	<u>\$ -</u>	<u>3,034,690</u>
Total capital assets being depreciated, net	<u>9,385,436</u>			<u>9,117,047</u>
Business-type activity capital assets, net	<u>\$ 9,594,373</u>			<u>\$ 9,332,756</u>

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

NOTE 3 - **DETAIL NOTES ON ALL FUNDS – Continued**

Construction and other commitments

The government has active construction and other projects as of June 30, 2018. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Police department (Architectural services)	\$ -	\$ 41,250
Pipeline Project	-	88,750
Land Use Ordinance Update	-	46,240
Total	<u>\$ -</u>	<u>\$ 176,240</u>

**Discretely Presented Component Unit**

Activity for the ABC Board for the year ended June 30, 2018, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets being depreciated:				
Leasehold improvements	\$ 78,032	\$ 5,750	\$ -	\$ 83,782
Store equipment	42,689	-	-	42,689
Office equipment	42,110	-	24,250	17,860
Total capital assets being depreciated	<u>162,831</u>	<u>5,750</u>	<u>24,250</u>	<u>144,331</u>
Less accumulated depreciation for:				
Leasehold improvements	26,986	5,458	-	32,444
Store equipment	33,516	2,759	-	36,275
Office equipment	27,701	8,307	17,711	18,297
Total accumulated depreciation	<u>88,203</u>	<u>\$ 16,524</u>	<u>\$ 17,711</u>	<u>87,016</u>
ABC Board capital assets, net	<u>\$ 74,628</u>			<u>\$ 57,315</u>

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

NOTE 3 - **DETAIL NOTES ON ALL FUNDS – Continued**

B. Liabilities

1. Pension Plan Obligations

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

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

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

NOTE 3 - **DETAIL NOTES ON ALL FUNDS – Continued**

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Wingate employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Wingate's contractually required contribution rate of the year ended June 30, 2018, was 8.25% of compensation for law enforcement officers and 7.50% 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 \$60,108 for the year ended June 30, 2018.

*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.

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

At June 30, 2018, the Town reported a liability of \$231,908 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the Town's proportion was .01518%, which was an decrease of .00079% from its proportion measured as of June 30, 2016.

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued**

For the year ended June 30, 2018, the Town recognized pension expense of \$67,351. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,360	\$ 6,565
Changes of assumptions	33,120	-
Net difference between projected and actual earnings on pension plan investments	56,308	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,845	23,907
Town contributions subsequent to the measurement date	60,108	-
Total	<u>\$ 165,741</u>	<u>\$ 30,472</u>

\$60,108 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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 688
2020	63,599
2021	31,453
2022	(20,579)
2023	-
Thereafter	-

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

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

NOTE 3 - **DETAIL NOTES ON ALL FUNDS – Continued**

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, 2017 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%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2018*

**NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued**

*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 7.20 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Town's proportionate share of the net pension liability (asset)	\$ <u>696,194</u>	\$ <u>231,908</u>	\$ <u>(155,624)</u>

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

**b. Law Enforcement Officers' Special Separation Allowance**

*(1) Plan Description*

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

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

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

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>7</u>
Total	<u>7</u>

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2018*

NOTE 3 - **DETAIL NOTES ON ALL FUNDS – Continued**

*(2) Summary of Significant Accounting Policies*

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

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

*(3) Actuarial Assumptions*

The entry age normal actuarial cost method was used in the December 31, 2016 valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16 percent

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

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements. All mortality rates are projected from RP-2014 Total Data Set Mortality Tables using generational improvement with Scale MP-2015.

*(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.

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2018*

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, 2018, the Town reported a total pension liability of \$146,847. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing standard actuarial techniques incorporating the actuarial assumptions. For the year ended June 30, 2018, the Town recognized pension expense of \$14,527.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 4,922
Changes of assumptions	10,294	3,397
Town benefit payments and plan administrative expense made subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	\$ <u>10,294</u>	\$ <u>8,319</u>

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

<u>Year ended June 30:</u>	
2019	\$ 221
2020	221
2021	221
2022	221
2023	221
Thereafter	870

*Sensitivity of the Town's total pension liability to changes in the discount rate.* The following presents the Town's total pension liability calculated using the discount rate of 3.16 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.16 percent) or 1 percentage point higher (4.16 percent) than the current rate:

	<u>1% Decrease (2.16%)</u>	<u>Discount Rate (3.16%)</u>	<u>1% Increase (4.16%)</u>
Total pension liability	\$ <u>165,277</u>	\$ <u>146,847</u>	\$ <u>130,379</u>

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2018*

NOTE 3 - **DETAIL NOTES ON ALL FUNDS – Continued**

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

	2018
Beginning balance	\$ 126,327
Service cost	9,430
Interest on the total pension liability	4,876
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(5,693)
Changes of assumptions or other inputs	11,907
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	\$ 146,847

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period from January 1, 2010 through December 31, 2014.

**c. Retiree Insurance Allowance Plan**

*(1) Plan Description*

The Town of Wingate, NC administers the Retiree Insurance Allowance Plan (Retiree Insurance Allowance Plan), a single-employer defined benefit pension plan that provides retirement benefits to the Town’s employees provided they participate in the North Carolina Local Governmental Employee’s Retirement System and have at least fifteen years of creditable service with the Town. Monthly benefits range from \$110 to \$175 and are determined by years of service with the Town and include lifetime maximums ranging from \$19,800 for retirees with 15-20 of service to \$52,500 for retirees with 30 or more years of service.

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

All full-time employees of the Town are covered by the Retiree Insurance Allowance. At December 31, 2017, the Retiree Insurance Allowance’s membership consisted of:

Inactive members receiving benefits	2	
Active plan members	17	
	19	Total

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 3 -      DETAIL NOTES ON ALL FUNDS – Continued**

*(2) Summary of Significant Accounting Policies*

Basis of Accounting. The Town has chosen to fund the Retiree Insurance 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, and the Water and Sewer Fund, which is maintained on the full accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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

*(3) Actuarial Assumptions*

The entry age normal actuarial cost method was used in the December 31, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16 percent

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

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements. All mortality rates are projected from RP-2014 Total Data Set Mortality Tables using generational improvement with Scale MP-2015.

*(4) Contributions*

The Town 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 and Water and Sewer Fund operating budgets. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the Town's Board of Commissioners.

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2018*

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, 2018, the Town reported a total pension liability of \$65,790. The total pension liability was measured as of December 31, 2017 based on a December 31, 2017 actuarial valuation. For the year ended June 30, 2018, the Town recognized pension expense of \$5,397.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	5,092	-
Town benefit payments and plan administrative expense made subsequent to the measurement date	<u>1,350</u>	<u>-</u>
Total	<u>\$ 6,442</u>	<u>\$ -</u>

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

<u>Year ended June 30:</u>	
2019	\$ 824
2020	824
2021	824
2022	824
2023	824
Thereafter	972

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

NOTE 3 - **DETAIL NOTES ON ALL FUNDS – Continued**

*Sensitivity of the Town's total pension liability to changes in the discount rate.* The following presents the Town's total pension liability calculated using the discount rate of 3.16 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.16 percent) or 1 percentage point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Total pension liability	\$ <u>75,605</u>	\$ <u>65,790</u>	\$ <u>57,550</u>

**Schedule of Changes in Total Pension Liability**  
**Retiree Health Insurance Allowance**

	2018
Beginning balance	\$ <u>56,651</u>
Service cost	3,788
Interest on the total pension liability	2,135
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	5,916
Benefit payments	(2,700)
Other changes	-
Ending balance of the total pension liability	\$ <u>65,790</u>

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

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2018*

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	Retiree Insurance Allowance	Total
Pension Expense	\$ 67,351	\$ 14,527	\$ 5,397	\$ 87,275
Pension Liability	231,908	146,847	65,790	444,545
Proportionate share of the net pension liability	.01518%	N/A	N/A	
<b>Deferred of Outflows of Resources</b>				
Differences between expected and actual experience	13,360	-	-	13,360
Changes of assumptions	33,120	10,294	5,092	48,506
Net difference between projected and actual earnings on plan investments	56,308	-	-	56,308
Changes in proportion and differences between contributions and proportionate share of contributions	2,845	-	-	2,845
Contributions, benefit payments and administrative costs paid subsequent to the measurement date	60,108	-	1,350	61,458
<b>Deferred of Inflows of Resources</b>				
Differences between expected and actual experience	6,565	4,922	-	11,487
Changes of assumptions	-	3,397	-	3,397
Changes in proportion and differences between contributions and proportionate share of contributions	23,907	-	-	23,907

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

NOTE 3 - **DETAIL NOTES ON ALL FUNDS – Continued**

**d. Supplemental Retirement Income Plan for Law Enforcement Officers**

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

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

The Town made contributions of \$17,169 for the reporting year. No amounts were forfeited.

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

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

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

The Town made contributions of \$22,370 for the reporting year. No amounts were forfeited.

**f. Other Employment Benefits**

Other Post Employment Benefits

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

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2018*

NOTE 3 - **DETAIL NOTES ON ALL FUNDS – Continued**

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

2. Deferred outflows and Inflows of Resources

Deferred outflows of resources at June 30, 2018 are comprised of the following:

Contributions to pension plan in current fiscal year	\$	61,458
Differences between expected and actual experience		13,360
Changes of assumptions		48,506
Net difference between projected and actual earnings on plan investments		56,308
Changes in proportion and differences between employer contributions and proportionate share of contributions		2,845
Total	\$	<u>182,477</u>

Deferred inflows of resources at June 30, 2018 are comprised of the following:

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Taxes Receivable, less penalties (General Fund)	\$ -	\$ 7,118
Differences between expected and actual experience	11,487	-
Changes of assumptions	3,397	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	23,907	-
Total	<u>\$ 38,791</u>	<u>\$ 7,118</u>

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

NOTE 3 - **DETAIL NOTES ON ALL FUNDS – Continued**

3. Risk Management

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

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

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

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

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

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

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

NOTE 3 - **DETAIL NOTES ON ALL FUNDS – Continued**

4. Claims, Judgements and Contingent Liabilities

At June 30, 2018, the Town is aware of a pending claim. In the opinion of the Town’s management and the Town attorney, the ultimate effect of this legal matter will not have a material adverse effect on the Town’s financial position.

5. Long-Term Obligations

a. Installment Purchases

	Serviced by	
	Governmental Activities	Business-Type Activities
Note payable to a bank for the construction of a new community center; payable in monthly installments of \$778 plus interest at 4.14%; final payment due April 2021.	\$ 26,444	\$ -
Note payable to the USDA for payment of the interim construction loan for the town hall and fire department to BB&T 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.	2,227,555	1,199,340
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.	-	306,210
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.	-	527,354
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.	-	858,013
	-	858,013
Total installment purchases	\$ 2,253,999	\$ 2,890,917

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2018*

**NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued**

Annual debt service payments of the installment purchase contracts as of June 30, 2018, are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 44,671	\$ 53,820	\$ 147,761	\$ 77,703
2020	45,510	52,595	150,989	73,330
2021	44,814	51,352	154,340	68,836
2022	37,916	50,325	157,818	64,214
2023	38,817	49,424	161,428	59,459
2024-2028	208,358	232,846	797,249	221,547
2029-2033	234,304	206,900	460,116	130,355
2034-2038	263,481	177,723	141,874	95,697
2039-2043	296,291	144,913	159,541	78,030
2044-2048	333,187	108,017	179,408	58,163
2049-2053	374,677	66,523	201,749	35,822
2054-2058	331,973	19,897	178,644	10,714
<b>Totals</b>	<b>\$ 2,253,999</b>	<b>\$ 1,214,335</b>	<b>\$ 2,890,917</b>	<b>\$ 973,870</b>

At June 30, 2018 the Town had a legal debt margin of \$5,447,699.

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, 2018 are as follows:

Bond	\$	993,000
Less portion due within one year		<u>(16,000)</u>
Long-term debt	\$	<u>977,000</u>

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**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
2019	\$ 16,000	\$ 26,066
2020	17,000	25,646
2021	17,000	25,200
2022	18,000	24,754
2023	18,000	24,281
2024 – 2028	96,000	114,135
2029 – 2033	111,000	100,748
2034 – 2038	127,000	85,391
2039 – 2043	143,000	67,883
2044 – 2048	163,000	48,064
2049 – 2053	185,000	25,593
2054 – 2058	82,000	3,255
Total	\$ 993,000	\$ 571,016

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, 2018, is as follows:

Operating revenues	\$ 1,840,245
Operating expenses*	1,367,041
Operating income	473,204
Nonoperating revenues (expenses)**	(77,941)
Income available for debt service	395,263
Debt service, principal and interest paid (Revenue bond only)	\$ 42,486
Debt service coverage ratio	930%

\* Per rate covenants, this does not include the depreciation expense of \$286,389.

\*\* Per rate covenants, this does not include revenue bond interest paid of \$26,486.

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 \$1,564,016. Principal and interest paid for the current year and total net revenues were \$42,286 and \$1,840,245 respectively.

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued**

**c. Changes in Long-Term Liabilities**

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Current Portion of Balance
Governmental activities:					
Installment purchases	\$ 2,297,777	\$ -	\$ 43,778	\$ 2,253,999	\$ 44,671
Compensated absences	33,703	13,337	-	47,040	39,265
Other postemployment benefits	68,716	-	68,716	-	-
Net pension liability (LGERS)	263,618	-	93,552	170,066	-
Net pension obligation (LEOSSA)	126,327	20,520	-	146,847	-
Net pension obligation (Retiree Insurance Allowance)	44,063	4,181	-	48,244	-
Governmental activity Long-term liabilities:	<u>\$ 2,834,204</u>	<u>\$ 38,038</u>	<u>\$ 206,046</u>	<u>\$ 2,666,196</u>	<u>\$ 83,936</u>
	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Current Portion of Balance
Business-type activities:					
Installment purchases	\$ 3,035,641	\$ -	\$ 144,724	\$ 2,890,917	\$ 147,761
General bond obligations	1,009,000	-	16,000	993,000	16,000
Net pension liability (LGERS)	75,320	-	13,478	61,842	-
Net pension obligation (Retiree Insurance Allowance)	12,588	4,958	-	17,546	-
Compensated absences	17,830	6,198	-	24,028	20,056
Business-type activity Long-term debt	<u>\$ 4,150,379</u>	<u>\$ 11,156</u>	<u>\$ 174,202</u>	<u>\$ 3,987,333</u>	<u>\$ 183,817</u>

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

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2018*

**NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued**

**D. Interfund Activity**

Transfers to/from other funds at June 30, 2018, consist of the following:

From the Town Hall/Fire Department Capital Project Fund to the General Fund to close the fund	\$ <u>79,818</u>
From the General Fund to the Police Department Capital Project Fund to supplement other funding sources	\$ <u>22,500</u>

**E. 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	\$ 1,163,566
Less:	
Prepays	5,847
Stabilization by State Statute	111,437
Streets – Powell Bill	138,728
Appropriated fund balance in 2019 budget	<u>20,000</u>
Remaining Fund Balance	<u>\$ 887,554</u>

**NOTE 4 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

***Federal and State Assisted Programs***

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

**NOTE 5 - SUBSEQUENT EVENTS**

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

**TOWN OF WINGATE, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 6 - PRIOR PERIOD ADJUSTMENT**

During the fiscal year ended June 30, 2018, the Town determined that the capital assets and debt for the Town Hall and related accrued interest and depreciation should be allocated between the governmental activities and the business-type activities. Therefore, an adjustment to beginning net position has been recorded, the net effect of which decreased net position for governmental activities by \$10,060 and decreased net position for business-type activities by \$35,907. In addition, a decrease in capital assets and installment purchase obligations of governmental activities and an increase in capital assets and installment purchase obligations of business type activities was recorded in the amounts of \$1,198,181 and \$1,218,000, respectively.

During the fiscal year ended June 30, 2018, the Town determined that its Retiree Insurance Allowance Plan should be accounted for in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. As a result, an adjustment to beginning net position and pension liability has been recorded which increased net position and decreased pension liability for governmental activities by \$24,652 and decreased net position and increased pension liability for business-type activities by \$12,588.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

*Exhibit J*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Wingate's proportion of the net pension liability (asset) %	0.01518%	0.01597%	1.28600%	1.31800%
Wingate's proportion of net pension liability (asset) \$	\$ 231,908	\$ 338,937	\$ 57,715	\$ (77,729)
Wingate's covered-employee payroll	\$ 797,336	\$ 757,161	\$ 687,332	\$ 643,321
Wingate's proportionate share of net pension liability (asset) as a percentage of its covered-employee payroll	29.09%	44.76%	8.40%	(12.08%)
Plan fiduciary net position as a percentage of the total pension liability	94.18%	91.47%	98.09%	102.64%

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

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

*Exhibit K*

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

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

*Exhibit L*

	2018	2017
Beginning Balance	\$ 126,327	\$ 116,279
Service cost	9,430	10,536
Interest on the total pension liability	4,876	4,151
Changes of benefit terms	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(5,693)	-
Changes of assumptions or other inputs	11,907	(4,639)
Benefit payments	-	-
Other changes	-	-
Ending balance of the total pension liability	\$ 146,847	\$ 126,327

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*

	2018	2017
Total pension liability	\$ 146,847	\$ 126,327
Covered payroll	\$ 329,363	\$ 332,134
Total pension liability as a percentage of covered payroll	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, 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%.

**TOWN OF WINGATE, NORTH CAROLINA**  
**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY**  
**RETIREE INSURANCE ALLOWANCE**  
**REQUIRED SUPPLEMENTARY INFORMATION**

*Exhibit N*

	2018
Beginning Balance	\$ 56,652
Service cost	3,788
Interest on the total pension liability	2,135
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	5,916
Benefit payments	(2,700)
Other changes	-
Ending balance of the total pension liability	\$ 65,791

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**  
**RETIREE INSURANCE ALLOWANCE**  
**REQUIRED SUPPLEMENTARY INFORMATION**

*Exhibit O*

	<u>2018</u>
Total pension liability	\$ 65,791
Covered payroll	\$ 754,352
Total pension liability as a percentage of covered payroll	8.72%

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, 2017 Measurement Date: The Municipal Bond Index Rate decreased from 3.86% to 3.16%.

**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, 2018**

*Schedule 1*  
*Page 1 of 3*

	2018		Variance Positive (Negative)
	Budget	Actual	
Revenues			
Ad valorem taxes:			
Taxes	\$ 563,827	\$ 569,900	\$ 6,073
Penalties and interest	6,000	2,766	(3,234)
Total ad valorem taxes	569,827	572,666	2,839
Unrestricted intergovernmental:			
Local option sales tax	170,081	172,345	2,264
Utility franchise tax	147,000	146,704	(296)
Beer and wine tax	15,000	15,606	606
ABC profit distribution	53,969	54,665	696
Total unrestricted intergovernmental	386,050	389,320	3,270
Restricted intergovernmental			
Powell Bill allocation	91,062	91,062	-
Solid waste disposal tax	2,000	2,461	461
Drug tax distribution	5,000	307	(4,693)
ABC revenue for law enforcement	4,000	4,000	-
Total restricted intergovernmental	102,062	97,830	(4,232)
Permits and fees:			
Court fees	1,200	811	(389)
Zoning fees	5,200	5,708	508
Total permits and fees	6,400	6,519	119
Sales and service:			
Garbage collection	192,500	187,275	(5,225)
Security service	185,000	185,000	-
Park concessions and rents	23,300	13,290	(10,010)
Total sales and service	400,800	385,565	(15,235)
Other general revenues:			
Cemetery	3,000	2,910	(90)
Miscellaneous	4,500	922	(3,578)
Total other general revenues	7,500	3,832	(3,668)
Investment earnings	2,498	5,828	3,330
Total revenues	1,475,137	1,461,560	(13,577)

*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, 2018**

*Schedule 1*  
*Page 2 of 3*

	2018		Variance Positive (Negative)
	Budget	Actual	
Expenditures			
Elected Officials:			
Salaries and employee benefits	\$ 17,604	\$ 16,471	\$ 1,133
Operating expenditures	500	222	278
Total elected officials	<u>18,104</u>	<u>16,693</u>	<u>1,411</u>
Administration:			
Salaries and employees benefits	122,454	118,906	3,548
Operating expenditures	79,239	58,499	20,740
Capital Outlay	95	-	95
Total administration	<u>201,788</u>	<u>177,405</u>	<u>24,383</u>
Planning:			
Salaries and employees benefits	1,225	915	310
Operating expenditures	10,913	10,150	763
Total planning	<u>12,138</u>	<u>11,065</u>	<u>1,073</u>
Elections:			
Operating expenditures	2,408	2,408	-
Total elections	<u>2,408</u>	<u>2,408</u>	<u>-</u>
Total general government	<u>234,438</u>	<u>207,571</u>	<u>26,867</u>
Public safety - police			
Salaries and employee benefits	534,669	532,469	2,200
Operating expenditures	120,136	112,308	7,828
Capital outlay	34,000	30,113	3,887
Total public safety - police	<u>688,805</u>	<u>674,890</u>	<u>13,915</u>
Public safety - fire			
Operating expenditures	17,050	14,566	2,484
Total public safety - fire	<u>17,050</u>	<u>14,566</u>	<u>2,484</u>
Transportation			
Streets:			
Operating expenditures	74,581	54,344	20,237
Capital outlay	68,562	64,603	3,959
Total transportation	<u>143,143</u>	<u>118,947</u>	<u>24,196</u>

*Continued*

**TOWN OF WINGATE, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)**

*Schedule 1*  
*Page 3 of 3*

**GENERAL FUND**

*For the Year Ended June 30, 2018*

	2018		Variance Positive (Negative)
	Budget	Actual	
Expenditures (continued)			
Environmental Protection			
Public Services:			
Sanitation	\$ 188,855	\$ 185,665	\$ 3,190
Operating expenditures	69,395	69,000	395
Total environmental protection	<u>258,250</u>	<u>254,665</u>	<u>3,585</u>
Culture and recreation:			
Parks and recreation:			
Salaries and employee benefits	54,497	47,523	6,974
Operating expenditures	29,291	25,613	3,678
Total culture and recreation	<u>83,788</u>	<u>73,136</u>	<u>10,652</u>
Community Outreach:			
Community enrichment	41,600	39,853	1,747
Total community outreach	<u>41,600</u>	<u>39,853</u>	<u>1,747</u>
Debt service:			
Principal retirement	43,778	43,778	-
Interest and other charges	54,994	54,994	-
Total debt service	<u>98,772</u>	<u>98,772</u>	<u>-</u>
Contingency	<u>18,691</u>	<u>-</u>	<u>18,691</u>
Total expenditures	<u>1,584,537</u>	<u>1,482,400</u>	<u>102,137</u>
Revenues over (under) expenditures	<u>(109,400)</u>	<u>(20,840)</u>	<u>88,560</u>
Other financing sources (uses):			
Transfers from other funds:			
Transfer from capital projects	79,818	79,818	-
Transfers to other funds			
Transfer to capital projects	(22,500)	(22,500)	-
Total other financing (uses)	<u>57,318</u>	<u>57,318</u>	<u>-</u>
Fund balance appropriated	<u>52,082</u>	<u>-</u>	<u>(52,082)</u>
Net change in fund balance	<u>\$ -</u>	<u>36,478</u>	<u>\$ 36,478</u>
Fund balances, beginning		<u>1,127,088</u>	
Fund balances, ending		<u>\$ 1,163,566</u>	

**TOWN OF WINGATE, NORTH CAROLINA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
*For the Year Ended June 30, 2018*

*Schedule 2*

	Town Hall Fire Department Capital Project Fund	Police Department Capital Project Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash	\$ -	\$ 22,500	\$ 22,500
Total assets	\$ -	\$ 22,500	\$ 22,500
<b>FUND BALANCES</b>			
Fund balance	\$ -	\$ 22,500	\$ 22,500
Total liabilities and fund balances	\$ -	\$ 22,500	\$ 22,500

**TOWN OF WINGATE, NORTH CAROLINA** *Schedule 3*  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
*For the Year Ended June 30, 2018*

	<u>Town Hall Fire Department Capital Project Fund</u>	<u>Police Department Capital Project Fund</u>	<u>Total Nonmajor Governmental Funds</u>
EXPENDITURES			
Capital outlay	\$ -	\$ -	\$ -
REVENUES OVER (UNDER) EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers from (to) other funds			
General fund	<u>(79,818)</u>	<u>22,500</u>	<u>(57,318)</u>
Net change in fund balance	(79,818)	22,500	(57,318)
Fund balance - beginning	<u>79,818</u>	<u>-</u>	<u>79,818</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 22,500</u>	<u>\$ 22,500</u>

**TOWN OF WINGATE, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**TOWN HALL AND FIRE DEPARTMENT CAPITAL PROJECT FUND**  
**From Inception and For the Year Ended June 30, 2018**

*Schedule 4*

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>REVENUES:</b>					
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES:</b>					
Capital outlay:					
Construction	2,893,000	2,814,601	-	2,814,601	78,399
Legal fees	10,000	106,624	-	106,624	(96,624)
Professional services	245,000	385,817	-	385,817	(140,817)
Furnishings	210,000	144,024	-	144,024	65,976
Contingency	142,000	-	-	-	142,000
Total expenditures	<u>3,500,000</u>	<u>3,451,066</u>	<u>-</u>	<u>3,451,066</u>	<u>48,934</u>
<b>REVENUES OVER</b>					
(UNDER) EXPENDITURES	<u>(3,500,000)</u>	<u>(3,451,066)</u>	<u>-</u>	<u>(3,451,066)</u>	<u>(48,934)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Loan proceeds	3,480,000	3,480,000	-	3,480,000	-
Transfers from (to) other funds					
Water & sewer fund	-	27,457	-	27,457	27,457
General fund	20,000	23,128	(79,818)	(56,690)	(76,690)
Interest income	-	299	-	299	299
Total other financing sources (uses)	<u>3,500,000</u>	<u>3,530,884</u>	<u>(79,818)</u>	<u>3,451,066</u>	<u>(48,934)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 79,818</u>	<u>(79,818)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>79,818</u>		
Fund balance, ending			<u>\$ -</u>		

**TOWN OF WINGATE, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**POLICE DEPARTMENT CAPITAL PROJECT FUND**  
**From Inception and For the Year Ended June 30, 2018**

**Schedule 5**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>EXPENDITURES:</b>					
Capital outlay:					
Professional services	\$ 60,000	\$ -	\$ -	\$ -	\$ 60,000
Building renovations	400,000	-	-	-	400,000
Parking lot renovations	120,000	-	-	-	120,000
Streetscape improvements	80,000	-	-	-	80,000
Total expenditures	<u>660,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>660,000</u>
<b>REVENUES OVER</b>					
(UNDER) EXPENDITURES	<u>(660,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>660,000</u>
<b>OTHER FINANCING SOURCES/(USES)</b>					
Installment purchase obligations issued	535,000	-	-	-	(535,000)
Transfers from other funds					
General fund	45,000	-	22,500	22,500	(22,500)
Powell bill	80,000	-	-	-	(80,000)
Total other financing sources	<u>660,000</u>	<u>-</u>	<u>22,500</u>	<u>22,500</u>	<u>(637,500)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>22,500</u>	<u>\$ 22,500</u>	<u>\$ 22,500</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 22,500</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, 2018**

Schedule 6  
Page 1 of 2

	Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Operating revenues			
Water sales	\$ 770,229	\$ 776,023	\$ 5,794
Sewer charges	925,000	917,537	(7,463)
Water and sewer taps	69,500	70,355	855
Other operating revenues	68,510	76,330	7,820
Total operating revenues	1,833,239	1,840,245	7,006
Nonoperating revenues			
Investment earnings	2,500	3,951	1,451
Total nonoperating revenues	2,500	3,951	1,451
Total revenues	1,835,739	1,844,196	8,457
<b>Expenditures</b>			
Water operations:			
Salaries and employee benefits	230,670	223,493	7,177
Other operating expenditures	467,106	436,915	30,191
Total	697,776	660,408	37,368
Sewer operations			
Salaries and employees benefits	234,188	223,495	10,693
Other operating expenditures	627,794	468,096	159,698
Total	861,982	691,591	170,391
Debt service			
Interest fees	108,481	108,475	6
Principal retirement	160,728	160,724	4
Total	269,209	269,199	10
Total expenditures	1,828,967	1,621,198	207,769
Revenues over (under) expenditures	\$ 6,772	\$ 222,998	\$ 216,226

**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, 2018**

*Schedule 6*  
*Page 2 of 2*

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses)			
Transfer to pipeline capital project fund	\$ (6,772)	\$ (6,772)	\$ -
Transfer from highland park rehabilitation capital project fund	-	207,672	207,672
Total other financing sources (uses)	(6,772)	200,900	207,672
Revenues and other financing sources (uses) over (under) expenditures	\$ -	\$ 423,898	\$ 423,898
Reconciliation from budgetary basis (modified accrual) to full accrual basis			
Net change in fund balance		\$ 423,898	
Principal retirement		160,724	
Depreciation		(268,389)	
Decrease in accrued interest		97	
Increase in compensated absences		(6,198)	
Decrease in deferred outflows of resources - pensions		(16,355)	
Decrease in net pension liability		8,520	
Increase in deferred outflows of resources - pensions		(1,009)	
Transfer to pipeline capital project fund		6,772	
Transfer from highland park rehabilitation capital project fund		(207,672)	
Total reconciling items		(323,510)	
Change in net position		\$ 100,388	

**TOWN OF WINGATE, NORTH CAROLINA**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**HIGHLAND PARK WATER REHABILITATION CAPITAL PROJECT FUND**  
**For the Year Ended June 30, 2018**

Schedule 7

	Budget	Prior Year	Actual - Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Restricted intergovernmental:					
Federal grants	\$ 830,015	\$ 830,015	\$ -	\$ 830,015	\$ -
State Grants	-	-	-	-	-
Total revenues	830,015	830,015	-	830,015	-
Expenditures					
Debt Service:					
Principal Retirement	-	15,000	-	15,000	(15,000)
Interest	-	12,478	-	12,478	(12,478)
Total Debt Service	-	27,478	-	27,478	(27,478)
Capital Outlay:					
Legal & Professional Fees	389,015	369,862	-	369,862	19,153
Construction	1,400,000	1,493,520	-	1,493,520	(93,520)
Contingency	80,000	-	-	-	80,000
Total Capital Outlay	1,869,015	1,863,382	-	1,863,382	5,633
Total expenditures	1,869,015	1,890,860	-	1,890,860	(21,845)
Revenues (under) expenditures	(1,039,000)	(1,060,845)	-	(1,060,845)	(21,845)
Other financing sources (uses)					
USDA bond proceeds	1,039,000	1,039,000	-	1,039,000	-
Interest income	-	127	-	127	127
Transfer from water & sewer fund	-	225,180	-	225,180	225,180
Transfer from general fund	-	4,210	-	4,210	4,210
Transfer to water & sewer fund	-	-	(207,672)	(207,672)	(207,672)
Total other financing sources	1,039,000	1,268,517	(207,672)	1,060,845	21,845
Net change in fund balance	\$ -	\$ 207,672	\$ (207,672)	\$ -	\$ -

**TOWN OF WINGATE, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**PIPELINE CAPITAL PROJECT FUND**  
**From Inception and For the Year Ended June 30, 2018**

*Schedule 8*

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>REVENUES:</b>					
Restricted intergovernmental:					
CDBG Grant	\$ 258,000	\$ -	\$ -	\$ -	\$ (258,000)
<b>EXPENDITURES:</b>					
Capital outlay:					
Non-reimbursable costs	10,000	-	5,313	5,313	4,687
Professional fees	18,300	-	1,459	1,459	16,841
Construction	239,700	-	-	-	239,700
Total expenditures	268,000	-	6,772	6,772	261,228
<b>REVENUES OVER</b>					
(UNDER) EXPENDITURES	(10,000)	-	(6,772)	(6,772)	(519,228)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer from					
Water & Sewer Fund	7,500	-	6,772	6,772	(728)
General fund	2,500	-	-	-	(2,500)
Total other financing sources	10,000	-	6,772	6,772	(3,228)
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ (522,456)
Fund balance, beginning			-		
Fund balance, ending			\$ -		

**OTHER SCHEDULES**

**TOWN OF WINGATE, NORTH CAROLINA**  
**SCHEDULE OF NET POSITION**  
**WATER AND SEWER FUND BY FUNCTION**  
**For the Year Ended June 30, 2018**

*Schedule 9*

	Water	Sewer	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 302,981	\$ 408,630	\$ 711,611
Restricted cash	65,227	4,751	69,978
Accounts receivable (net) - billed	60,627	72,439	133,066
Accounts receivable (net) - unbilled	36,647	39,550	76,197
Total current assets	465,482	525,370	990,852
Non-current assets			
Capital assets:			
Land and construction in progress	116,572	99,137	215,709
Other capital assets, net depreciation	4,455,784	4,661,263	9,117,047
Total capital assets	4,572,356	4,760,400	9,332,756
Total non-current assets	4,572,356	4,760,400	9,332,756
Total assets	5,037,838	5,285,770	10,323,608
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	23,108	23,108	46,216
Total deferred outflows of resources	23,108	23,108	46,216
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	58,385	63,549	121,934
Accrued payroll	4,036	4,037	8,073
Accrued interest	7,995	7,996	15,991
Customer deposits	37,140	-	37,140
Deferred revenue	1,068	1,068	2,136
Current portion of compensated absences	10,028	10,028	20,056
Current portion of long-term debt	86,795	76,966	163,761
Total current liabilities	205,447	163,644	369,091
Long-term liabilities			
Net pension liability	39,694	39,694	79,388
Compensated absences	1,986	1,986	3,972
Long-term debt	2,186,334	1,533,822	3,720,156
Total long-term liabilities	2,228,014	1,575,502	3,803,516
Total liabilities	2,433,461	1,739,146	4,172,607
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	4,063	4,063	8,126
Total deferred inflows of resources	4,063	4,063	8,126
<b>NET POSITION</b>			
Net investment in capital assets	2,299,227	3,149,612	5,448,839
Unrestricted	324,195	416,057	740,252
Total net position	\$ 2,623,422	\$ 3,565,669	\$ 6,189,091

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

**TOWN OF WINGATE, NORTH CAROLINA** *Schedule 10*  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**WATER AND SEWER FUND BY FUNCTION**  
*For the Year Ended June 30, 2018*

	Water	Sewer	Total
<b>OPERATING REVENUES</b>			
Charges for service	\$ 776,023	\$ 917,537	\$ 1,693,560
Water and sewer taps	24,523	45,832	70,355
Other operating revenues	76,330	-	76,330
Total operating revenues	876,876	963,369	1,840,245
<b>OPERATING EXPENSES</b>			
Salaries	231,014	231,016	462,030
Operations	133,377	86,140	219,517
Water treatment and distribution	303,538	-	303,538
Waste collection and treatment	-	381,956	381,956
Depreciation	149,653	118,736	268,389
Total operating expenses	817,582	817,848	1,635,430
Operating income (loss)	59,294	145,521	204,815
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment earnings	1,975	1,976	3,951
Interest and other charges	(67,848)	(40,530)	(108,378)
Total nonoperating revenues (expenses)	(65,873)	(38,554)	(104,427)
Change in net position	(6,579)	106,967	100,388
Total net position, beginning as previously reported	2,654,250	3,482,948	6,137,198
Restatement of Beginning Net Position	(24,249)	(24,246)	(48,495)
Total net position, ending	\$ 2,623,422	\$ 3,565,669	\$ 6,189,091

*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, 2018**

*Schedule 11*  
*Page 1 of 2*

	Water	Sewer	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 781,074	\$ 958,387	\$ 1,739,461
Cash paid for goods and services	(425,633)	(483,070)	(908,703)
Cash paid to or on behalf of employees for services	(223,066)	(223,069)	(446,135)
Other operating revenues	<u>76,330</u>	<u>-</u>	<u>76,330</u>
Net cash provided by (used in) operating activities	<u>208,705</u>	<u>252,248</u>	<u>460,953</u>
<b>CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES</b>			
Principal paid on long-term debt	(84,435)	(76,289)	(160,724)
Interest paid	(67,897)	(40,579)	(108,476)
Fixed asset additions	<u>(3,386)</u>	<u>(3,386)</u>	<u>(6,772)</u>
Net cash provided by (used in) capital and related financing activities	<u>(155,718)</u>	<u>(120,254)</u>	<u>(275,972)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	<u>1,975</u>	<u>1,976</u>	<u>3,951</u>
Net cash provided by (used in) investing activities	<u>1,975</u>	<u>1,976</u>	<u>3,951</u>
Net increase in cash and cash equivalents	54,962	133,970	188,932
Cash balances, beginning of year	<u>313,246</u>	<u>279,411</u>	<u>592,657</u>
Cash balances, end of year	<u>\$ 368,208</u>	<u>\$ 413,381</u>	<u>\$ 781,589</u>

*Continued*

**TOWN OF WINGATE, NORTH CAROLINA**  
**SCHEDULE OF CASH FLOWS**  
**WATER AND SEWER FUND BY FUNCTION**  
**For the Year Ended June 30, 2018**  
**Business-Type Activities**

*Schedule 11*  
*Page 2 of 2*

	Water	Sewer	Total
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 59,294	\$ 145,521	\$ 204,815
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	149,653	118,736	268,389
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(22,006)	(5,547)	(27,553)
(Increase) decrease in deferred outflows of resources for pensions	8,179	8,178	16,357
Increase (decrease) in accounts payable	11,282	(14,974)	(3,692)
Increase (decrease) in accrued payroll	426	425	851
Increase (decrease) in compensated absences	3,099	3,100	6,199
Increase (decrease) in deferred revenues	564	565	1,129
Increase (decrease) in customer deposits	1,970	-	1,970
Increase (decrease) in net pension liability	(4,260)	(4,260)	(8,520)
Increase (decrease) in deferred inflows of resources for pensions	504	504	1,008
Total adjustments	149,411	106,727	256,138
Net cash provided (used) by operating activities	\$ 208,705	\$ 252,248	\$ 460,953

*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, 2018**

**Schedule 12**

<u>Fiscal Year</u>	Uncollected Balance July 1, 2017	Additions	Collections and Credits	Uncollected Balance June 30, 2018
2017-2018	\$ -	\$ 569,353	\$ 563,762	\$ 5,591
2016-2017	7,521	-	5,063	2,458
2015-2016	2,449	-	761	1,688
2014-2015	1,701	-	334	1,367
2013-2014	2,459	-	270	2,189
2012-2013	1,546	-	-	1,546
2011-2012	1,518	-	-	1,518
2010-2011	1,071	-	-	1,071
2009-2010	1,115	-	-	1,115
2008-2009	1,637	-	62	1,575
2007-2008	5,718	-	5,718	-
	<u>\$ 26,735</u>	<u>\$ 569,353</u>	<u>\$ 575,970</u>	20,118
Less: Allowance for uncollectible accounts Ad valorem taxes receivable				(13,000)
Ad valorem taxes receivable - net				\$ 7,118
Reconcilement with revenues				
Ad valorem taxes collected - General Fund				\$ 572,666
Taxes written off				5,718
Releases and adjustments				55
Interest collected				(2,469)
Total collections and credits				\$ 575,970

**TOWN OF WINGATE, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY**  
**CITY-WIDE LEVY**  
**For the Year Ended June 30, 2018**

*Schedule 13*

	City-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	\$ 133,006,977	0.43	\$ 571,930	\$ 502,320	\$ 69,610
Abatements:	<u>(599,295)</u>	0.43	<u>(2,577)</u>	<u>(2,577)</u>	<u>-</u>
Total valuation	<u>\$ 132,407,682</u>				
Net levy			569,353	499,743	69,610
Uncollected taxes at June 30, 2018			<u>(5,591)</u>	<u>(5,591)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 563,762</u>	<u>\$ 494,152</u>	<u>\$ 69,610</u>
Current levy collection percentage			<u>99.02%</u>	<u>98.88%</u>	<u>100.00%</u>