

**Town Of Wingate
North Carolina**

**Audited Financial Statements
For the Year Ended
June 30, 2016**

Town Council

Bill G. Braswell, Mayor
Gary Hamill
John Mangum
Brent Moser
Peggy Taylor

Administrative and Financial Staff

Patrick Niland, Town Manger
Karen Wingo, CMC, Finance Officer & Town Clerk
Adrienne Rorie, Assistant Town Clerk/Land Use Administrator
Karen Swearingen, Customer Service Representative/
Police Administrative Assistant

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Independent Auditor's Report

To the Honorable Mayor and
Members of the Town Council
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, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Town of Wingate ABC Board, which represents 100 percent of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by another auditor 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 another auditor. 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 basic 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall 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, 2016, and the respective changes in financial position and cash flows, where appropriate, 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 the Management's Discussion and Analysis on pages 4 through 14, the Law Enforcement Officers' Special Separation Allowance's and the Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions, on pages 57 and 58, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension (Asset)/Liability and Contributions, on pages 59 and 60, respectively, be presented to supplement the basic financial statements. Such information, although not a required 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 operation, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to 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 statements, budgetary schedules, other schedules, and Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or 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 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 May 22, 2017 on our consideration of Town of Wingate's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and 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 Town of Wingate's internal controls over financial reporting and compliance.

Moyer, Smith + Roller, P.A.

Moyer, Smith & Roller, P.A.
Monroe, NC
May 22, 2017

FINANCIAL SECTION

TOWN OF WINGATE, NORTH CAROLINA
Management's Discussion and Analysis
For the Year Ended June 30, 2016

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, 2016. 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 \$9,093,546.
- The government's total net position increased by \$831,082.
- As of the close of the current fiscal year, the Town of Wingate's governmental funds reported combined ending fund balances of \$2,834,417, with a net change of \$2,161,661 in fund balance. Approximately 9.6% of this total amount, or \$273,029, is restricted. The increase in fund balance is mainly due to loan proceeds.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$628,882, or 49.28% of total general fund expenditures for the fiscal year. This is an increase of \$256,937 from the previous year.
- The Town of Wingate's total debt decreased by \$3,334,637 during the current fiscal year. The key factor in this increase was that the Town took out additional debt during the year to construct the Wingate Government Center.

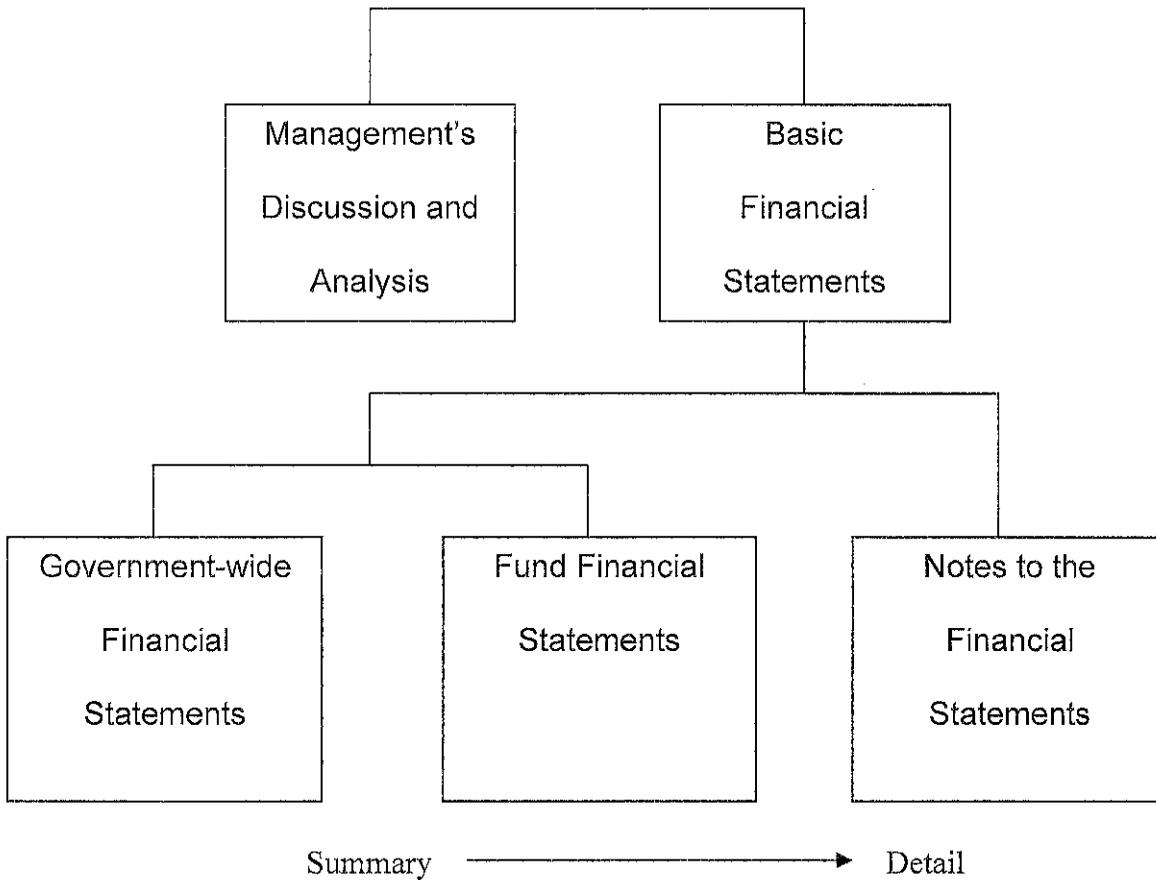
Overview of the Financial Statements

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.

TOWN OF WINGATE, NORTH CAROLINA
Management's Discussion and Analysis (Continued)
For The Year Ended June 30, 2016

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (pages 16-17) 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 18-26) 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.

TOWN OF WINGATE, NORTH CAROLINA
Management's Discussion and Analysis (Continued)
For The Year Ended June 30, 2016

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 16 and 17 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

TOWN OF WINGATE, NORTH CAROLINA
Management's Discussion and Analysis (Continued)
For The Year Ended June 30, 2016

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

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 27 through 56 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 57 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.

TOWN OF WINGATE, NORTH CAROLINA
Management's Discussion and Analysis (Continued)
For The Year Ended June 30, 2016

Government-Wide Financial Analysis

The Town of Wingate's Net Position
Figure 2

	Governmental		Business-Type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 3,125,492	\$ 906,756	\$ 648,959	\$ 1,515,969	\$ 3,774,451	\$ 2,422,725
Capital assets	3,966,398	2,512,604	8,491,967	7,411,455	12,458,365	9,924,059
Deferred outflows of Resources	32,035	27,970	21,712	19,366	53,747	47,336
Total assets	7,123,925	3,447,330	9,162,638	8,946,790	16,286,563	12,394,120
Long-term liabilities outstanding	3,686,122	170,612	3,014,604	2,085,241	6,700,726	2,255,853
Other liabilities	264,562	159,527	168,153	1,495,914	432,715	1,655,441
Deferred Inflows of Resources	35,509	130,212	24,067	90,150	59,576	220,362
Total liabilities	3,986,193	460,351	3,206,824	3,671,305	7,193,017	4,131,656
Net Position						
Net Investment in Capital						
Assets	2,384,904	2,458,161	5,652,467	5,040,347	8,037,371	7,498,508
Restricted	273,029	491,676	-	-	273,029	491,676
Unrestricted	479,799	37,142	303,347	235,138	783,146	272,280
Total Net Position	\$ 3,137,732	\$ 2,986,979	\$ 5,955,814	\$ 5,275,485	\$ 9,093,546	\$ 8,262,464

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 \$9,093,546 as of June 30, 2016. The Town's net position increased by \$831,082 for the fiscal year ended June 30, 2016. However, the largest portion 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, \$273,029, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$783,146 is unrestricted.

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

- The town completed and was reimbursed for several capital projects during FY2015-2016.
- Total expenditures were lower than total revenue in both the General Fund and the Enterprise Fund.

TOWN OF WINGATE, NORTH CAROLINA
Management's Discussion and Analysis (Continued)
For The Year Ended June 30, 2016

Town of Wingate Changes in Net Position
Figure 3

	Activities 2016	Activities 2015	Activities 2016	Activities 2015	Total 2016	Total 2015
Revenues						
Program revenues:						
Charges for services	\$ 370,271	\$ 351,077	\$ 1,662,359	\$ 1,555,878	\$ 2,032,630	\$ 1,916,955
Powell Bill allocation	92,355	95,432	-	-	92,355	95,432
Federal and State grants	26,000	7,409	666,706	8	722,706	7,417
Operating grants and Contributions	11,134	10,476			11,134	10,476
Capital grants and contributions	98,026	276,974			98,026	276,974
General revenues:						
Property taxes	546,903	519,669	-	-	546,903	519,669
Other taxes	295,818	357,253	-	-	295,818	357,253
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	117	2,073	374	780	491	2,853
Total revenues	1,440,624	1,620,363	2,369,439	1,566,656	3,800,053	3,187,029
Expenses						
General government	251,171	243,598	-	-	251,171	243,598
Public safety	544,078	517,437	-	-	544,078	517,437
Transportation	103,616	93,657	-	-	103,616	93,657
Environmental Protection	188,275	186,039	-	-	188,275	186,039
Cultural and recreation	134,488	116,234	-	-	134,488	116,234
Other	50,382	42,165	-	-	50,382	42,165
Interest on long-term debt	2,077	2,674	72,830	64,553	74,907	67,227
Water and sewer	-	-	1,617,064	1,514,966	1,617,064	1,514,966
Total expenses	1,279,037	1,204,844	1,689,894	1,579,519	2,968,981	2,784,363
Increase/(decrease) in net position before transfers	161,537	415,519	669,545	(12,863)	831,082	402,666
Transfers	(10,784)	(5,038)	10,784	5,038	-	-
Increase/(decrease) in net position	150,753	410,481	680,329	(7,765)	831,082	402,666
Net position, July 1	2,986,979	2,657,631	5,275,465	5,342,778	8,262,464	8,000,409
Prior Period Adjustment	-	4,669	-	-	-	4,669
Restatement	-	(85,982)	-	(53,528)	-	(145,510)
Net Position, Beginning Restated	2,986,979	2,576,548	5,275,465	5,283,250	8,262,464	7,859,798
Net position June 30	\$ 3,137,732	\$ 2,986,979	\$ 5,955,814	\$ 5,275,485	\$ 9,093,546	\$ 8,262,464

TOWN OF WINGATE, NORTH CAROLINA
Management's Discussion and Analysis (Continued)
For The Year Ended June 30, 2016

Governmental activities. Governmental activities increased the Town of Wingate's net position by \$150,753 which correlates to a 18.14% increase in total net position of the Town of Wingate.

Business-type activities. Business-type activities increased the Town's net position by \$680,329 accounting for 81.86% of the total increase in the government's net position. The increase can be attributed to grant proceeds for a capital project.

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 \$628,882, while total fund balance reached \$906,639.

At June 30, 2016, the governmental funds of the Town of Wingate reported a combined fund balance of \$2,834,417, a 321.31% increase from the previous fiscal year. Included in this change in fund balance is an increase in 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, 2016. The following summary details the amounts and reasons for making the budget amendments.

TOWN OF WINGATE, NORTH CAROLINA
Management's Discussion and Analysis (Continued)
For The Year Ended June 30, 2016

Amendment	Amount	Explanation
9/15/2015	General Fund \$24,500 Water & Sewer \$17,000	Recognized grant award and adjusted water and sewer maintenance lines
12/15/2015	General Fund \$13,065 Water & Sewer \$18,000	Various line item adjustments in both funds
1/19/2016	General Fund \$23,320.67 Water & Sewer \$0	Adjusted for increased Revenue
2/16/2016	Water & Sewer \$54,250	Increased fund balance appropriation to cover increases in wastewater treatment due to unseasonably high rainfall
4/19/2016	General Fund \$4,759 Water & Sewer \$12,700	Various line item adjustments in General and Enterprise Fund
6/21/16	General Fund \$21,479.18 Water & Sewer \$2,550	Year-end budgeted amendment.

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 \$303,347. The total increase in net position for the fund was \$680,329.

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 2016 investment in capital assets for its governmental and business-type activities as of June 30, 2016, totals \$12,458,365 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment,

TOWN OF WINGATE, NORTH CAROLINA
Management's Discussion and Analysis (Continued)
For The Year Ended June 30, 2016

park facilities, vehicles, and sewer and water infrastructure. The major capital asset transactions during the year were the construction of rehabilitated water lines, and the construction of Wingate Government Center.

Town of Wingate's Capital Assets
Figure 4

(net of depreciation)

	Governmental Activities 2016	Governmental Activities 2015	Business-type Activities 2016	Business-type Activities 2015	Total 2016	Total 2015
Land, CIP, & Buildings	\$ 3,033,347	\$ 2,134,216	\$ 282,667	\$ 771,639	\$ 3,316,014	\$ 2,905,855
Plant & Distribution Systems	-	-	8,090,710	6,519,020	8,090,710	6,519,020
Office Furniture & Equipment	3,046	4,887	-	-	3,046	4,887
Equipment	2,818	5,105	83,202	99,462	86,020	104,567
Vehicles	70,766	69,428	35,388	21,334	106,154	90,762
Infrastructure	856,421	298,968	-	-	856,421	298,968
Total	\$ 3,966,398	\$ 2,512,604	\$ 8,491,967	\$ 7,411,455	\$ 12,458,365	\$ 9,924,059

Additional information on the Town's capital assets can be found in Note C (pages 36 through 40) of the Basic Financial Statements.

Long-term debt. As of June 30, 2016, The Town of Wingate's total debt increased by \$3,334,637 during the past fiscal year, primarily due to the long-term debt taken out for construction of the Wingate Government Center.

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 \$10,474,710. The Town of Wingate has \$1,024,000 anticipation notes. Additionally, the town had interim financing of \$3,480,000 issued for construction of a new Town Hall and Fire Department.

Additional information regarding the Town of Wingate's long-term debt can be found in Note G beginning on page 51 of this report.

**TOWN OF WINGATE, NORTH CAROLINA
 Management's Discussion and Analysis (Continued)
 For The Year Ended June 30, 2016**

Budget Highlights for the Fiscal Year Ending June 30, 2017

Pursuant to Section 159-11 of the North Carolina General Statutes, the Town of Wingate's proposed budget for the fiscal year beginning July 1, 2016 and ending June 30, 2017 is submitted for your consideration. This budget represents a progressive and ambitious plan to not only increase the quality of life for citizens, but also improve the conditions under which economic development can thrive. In order to move forward in our goal to create a "college town" we must first improve the infrastructure as noted in the Rose Report. This report has provided a number of realistic benchmarks that the town can complete in order to increase our chances of attracting private development.

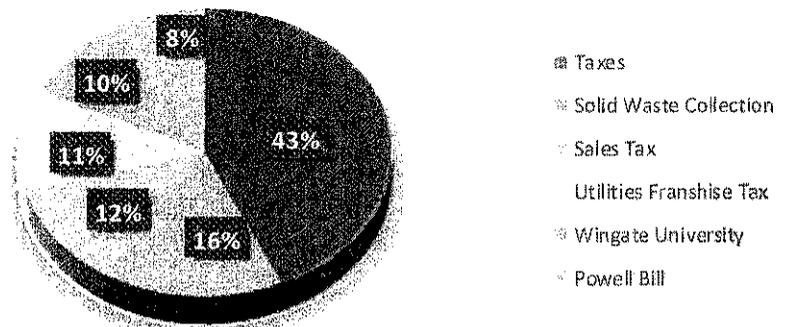
General Fund

Revenue

The town's four largest revenue streams are Property Tax, Sales and Use Tax, Franchise Utility Tax, and Wingate University's Contribution. The proposed property tax rate for FY2016-2017 is \$.42 per \$100 of valuation. The tax rate remains unchanged from the previous fiscal year. We are anticipating a slightly higher property tax projection. This is reflective of a slight increase in our total tax base.

FY 2015-2016 Revenue Breakdown

Over the past couple years, the State of North Carolina has modified its sales tax collections. They have expanded sales tax to services that were previously untaxed. They have also changed the method of distributing this tax to local municipalities. This new formula allocates a higher percentage of sales tax



proceeds to rural communities. Our revenue projection for sales tax is approximately \$20,000 higher than in the previous fiscal year.

Wingate University has also increased their contribution from \$124,000 to \$160,000.

Expenditures

Fire Department/Town Hall

The Fire Department/Town Hall is scheduled for completion sometime in late October. Current projections are that the building will be on time and on budget. There is a debt service payment of \$75,000 in the FY16-17 budget. This reflects a partial payment due to when construction will be complete. Our first full debt service payment will not occur until FY17-18.

TOWN OF WINGATE, NORTH CAROLINA
Management's Discussion and Analysis (Continued)
For The Year Ended June 30, 2016

Police Department

During FY2015-2016, three 2010 Dodge Charger patrol vehicles experienced several mechanical failures. One of those vehicles was totaled in May of 2016. This vehicle was declared a total loss and was replaced in FY15-16. For FY2016-2017 we have budgeted the replacement of another 2010 Dodge Charger. This will leave one 2010 Dodge Charger to be replaced in FY17-18. We are currently working on a fleet replacement plan scheduled to be complete in June of 2017.

The Police Department was one of the first departments in Union County to have officers outfitted with body cameras. These cameras while functional, were not very effective. We are currently looking into a more advanced technology that will give us a reliable recording device. At the current time, we do not have a budget, but we do anticipate bringing a proposal to board at some point in the next fiscal year.

Two years ago, the town began increasing patrol officer's salaries every six months to remain competitive with surrounding agencies. Our last scheduled increase will occur July 1, 2016. This increase will bring all patrol officers salaries up to at least \$41,000. This amount is the proposed base amount, should we need to hire patrol officers in the future.

Administration

The largest increase to the administration department is the inclusion of the debt service payment for the new Town Hall/Fire Department Facility. We will have a partial payment in June 2017; the total amount of this payment will not be known until the project is complete. Outside of the debt service payment the administration department remains largely unchanged.

Health Insurance

We recently received our renewal information for health insurance and we are anticipating a 12% increase in our monthly premiums. Our health insurance plan is one of the best offered, and is a major recruiting tool for attracting qualified employees. We have been able to offset the increase in health insurance with a decrease in both liability insurance, and worker's compensation insurance.

Water & Sewer Fund

The Phase II waterline replacement project was completed in FY2015-2016. The final project came in approximately \$100,000 under budget. This is grant money that USDA is allowing the town to put towards other waterline replacement projects that were uncovered as part of the Phase II project. We have also been earmarked \$100,000 in CDBG funds to complete three projects that were not associated with the Phase II project. Once all of these projects are complete we will have eliminated approximately 98% of the problematic waterlines in our system. The improvements made to our system have significantly reduced the maintenance cost associated with our water distribution system.

TOWN OF WINGATE, NORTH CAROLINA
Management's Discussion and Analysis (Continued)
For The Year Ended June 30, 2016

Almost all utility rates will remain the same as they currently are. The only exception is for 2" and up water customers who will see a 5% increase in both the base rate and the per 1,000 rate. This increase will not affect residential customers. It is advised that rates will be reviewed in January of 2017 to ensure revenue projects are accurate.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Manager, Town of Wingate, 101 West Wilson Street, Wingate, NC 28174. One can also call (704) 233-4411, visit our website www.townofwingatenc.gov or send an email to arorie@townofwingatenc.gov for more information.

Patrick K. Niland
Town Manager

BASIC FINANCIAL STATEMENTS

TOWN OF WINGATE, NORTH CAROLINA
Statement of Net Position
June 30, 2016

	Primary Government			Town of Wingate ABC Board
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 691,026	\$ 238,659	\$ 929,685	\$ 159,535
Restricted cash	2,242,858	161,293	2,404,151	-
Taxes receivable, net	26,513	-	26,513	-
Accounts receivable, net	23,790	187,902	211,692	-
Grants receivable	-	60,925	60,925	-
Other receivables	-	-	-	13,453
Due from other governments	136,577	-	136,577	-
Inventory	-	-	-	81,722
Prepaid items	4,728	180	4,908	5,588
Total current assets	<u>3,125,492</u>	<u>648,959</u>	<u>3,774,451</u>	<u>260,298</u>
Non-current assets:				
Refundable deposit	-	-	-	2,000
Land, non-depreciable improvements, and construction in progress	2,157,038	208,937	2,365,975	-
Other capital assets, net of depreciation	1,809,360	8,283,030	10,092,390	94,296
Total capital assets	<u>3,966,398</u>	<u>8,491,967</u>	<u>12,458,365</u>	<u>94,296</u>
Total assets	<u>\$ 7,091,890</u>	<u>\$ 9,140,926</u>	<u>\$ 16,232,816</u>	<u>\$ 356,594</u>
DEFERRED OUTFLOWS OF RESOURCES				
Contributions to pension plan in				
current fiscal year	32,035	21,712	53,747	-
Total deferred outflows of resources	<u>32,035</u>	<u>21,712</u>	<u>53,747</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 62,144	\$ 132,498	\$ 194,642	\$ 72,884
Customer deposits	1,225	32,440	33,665	-
Taxes Payable	-	-	-	30,908
Distributions Payable	-	-	-	3,062
Deferred Revenue	12	3,215	3,227	-
Accrued Expenses	-	-	-	2,867
Payable from Restricted Assets	201,181	-	201,181	-
Long-term liabilities:				
Net pension liability	34,400	23,315	57,715	-
Due within one year	9,332	138,497	147,829	5,104
Due in more than one year	3,642,390	2,852,792	6,495,182	-
Total liabilities	<u>3,950,684</u>	<u>3,182,757</u>	<u>7,133,441</u>	<u>114,825</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	35,509	24,067	59,576	-
Total deferred inflows of resources	<u>35,509</u>	<u>24,067</u>	<u>59,576</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	2,384,904	5,652,467	8,037,371	94,296
Restricted for:				
Stabilization by State Statue	176,205	-	176,205	-
Streets - Powell Bill	96,824	-	96,824	-
Working Capital	-	-	-	43,653
Unrestricted	479,799	303,347	783,146	88,238
Restatement for prior period adjustment	-	-	-	15,582
Total net position	<u>\$ 3,137,732</u>	<u>\$ 5,955,814</u>	<u>\$ 9,093,546</u>	<u>\$ 241,769</u>

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

TOWN OF WINGATE, NORTH CAROLINA
Statement of Activities
June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Town of Wingate ABC Board
					Governmental Activities	Business Activities	Total	
Primary Government:								
Governmental Activities:								
General government	\$ (251,171)	\$ 3,647	\$ 25,000	\$ -	\$ (222,524)	\$ -	\$ (222,524)	\$ -
Public safety	(544,078)	124,000	4,000	-	(416,078)	-	(416,078)	-
Transportation	(108,616)	-	92,355	98,026	81,765	-	81,765	-
Environmental protection	(188,275)	196,441	2,309	-	10,475	-	10,475	-
Cultural and recreation	(134,488)	13,419	5,825	-	(115,244)	-	(115,244)	-
Other	(50,382)	32,764	-	-	(17,618)	-	(17,618)	-
Interest on long-term debt	(2,077)	-	-	-	(2,077)	-	(2,077)	-
Total governmental activities	<u>(1,279,087)</u>	<u>370,271</u>	<u>129,489</u>	<u>98,026</u>	<u>(681,301)</u>	<u>-</u>	<u>(681,301)</u>	<u>-</u>
Business-type activities:								
Water and sewer	(1,617,064)	1,662,359	-	696,706	-	742,001	742,001	-
Interest on long-term debt	(72,830)	-	-	-	-	(72,830)	(72,830)	-
Total business-type activities	<u>(1,689,894)</u>	<u>1,662,359</u>	<u>-</u>	<u>696,706</u>	<u>-</u>	<u>669,171</u>	<u>669,171</u>	<u>-</u>
Total Primary Government	<u>\$ (2,968,981)</u>	<u>\$ 2,032,630</u>	<u>\$ 129,489</u>	<u>\$ 794,732</u>	<u>\$ (681,301)</u>	<u>\$ 669,171</u>	<u>\$ (12,130)</u>	<u>\$ -</u>
Component Unit:								
ABC Board	<u>(1,040,653)</u>	<u>1,133,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,333</u>
Total Component Unit	<u>\$ (1,040,653)</u>	<u>\$ 1,133,986</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,333</u>
General revenues:								
Taxes:								
Property taxes levied for general purpose					546,903	-	546,903	-
Other taxes					180	-	180	-
Grants and contributions not restricted to specific programs					295,638	-	295,638	-
Unrestricted investment earnings					581	319	900	-
Restricted investment earnings					271	55	326	-
Gain/(Loss) on sale of capital assets					(735)	-	(735)	-
Total general revenues not including transfers					<u>842,838</u>	<u>374</u>	<u>843,212</u>	<u>-</u>
Transfers					<u>(10,784)</u>	<u>10,784</u>	<u>-</u>	<u>-</u>
Total general revenues including transfers					<u>832,054</u>	<u>11,158</u>	<u>843,212</u>	<u>-</u>
Change in net position					<u>150,753</u>	<u>680,329</u>	<u>831,082</u>	<u>93,333</u>
Net position, beginning, previously reported					2,986,979	5,275,485	8,262,464	132,854
Restatement					-	-	-	15,582
Net position, ending					<u>\$ 3,137,732</u>	<u>\$ 5,955,814</u>	<u>\$ 9,093,546</u>	<u>\$ 241,769</u>

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

TOWN OF WINGATE, NORTH CAROLINA
Balance Sheet
Governmental Funds
For the Year Ended June 30, 2016

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General</u>	<u>Town Hall and Fire Department Capital Project</u>	<u>Total Non-Major Funds</u>	
ASSETS				
Cash and cash equivalents	\$ 691,026	\$ -	\$ -	\$ 691,026
Restricted cash	98,061	2,144,797	-	2,242,858
Receivables, net				
Taxes	26,513	-	-	26,513
Utilities	23,790	-	-	23,790
Grants	-	-	-	-
Due from other governments	136,577	-	-	136,577
Dues from other funds	15,838	(15,838)	-	-
Prepaid items	4,728	-	-	4,728
Total assets	<u>\$ 996,533</u>	<u>\$ 2,128,959</u>	<u>\$ -</u>	<u>\$ 3,125,492</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 62,144	\$ -	\$ -	\$ 62,144
Deposits	1,225	-	-	1,225
Deferred revenue	12	-	-	12
Accounts payable from restricted assets	-	201,181	-	201,181
Total liabilities	<u>63,381</u>	<u>201,181</u>	<u>-</u>	<u>264,562</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	<u>26,513</u>	<u>-</u>	<u>-</u>	<u>26,513</u>
Total deferred inflows of resources	<u>26,513</u>	<u>-</u>	<u>-</u>	<u>26,513</u>
FUND BALANCES				
Non-spendable:				
Prepays	4,728	-	-	4,728
Restricted:				
Stabilization by State Statute	176,205	-	-	176,205
Streets- Powell Bill	96,824	-	-	96,824
Unassigned	<u>628,882</u>	<u>1,927,778</u>	<u>-</u>	<u>2,556,660</u>
Total fund balances	<u>906,639</u>	<u>1,927,778</u>	<u>-</u>	<u>2,834,417</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 996,533</u>	<u>\$ 2,128,959</u>	<u>\$ -</u>	

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

TOWN OF WINGATE, NORTH CAROLINA
Balance Sheet
Governmental Funds
For the Year Ended June 30, 2016

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

Total fund balance, governmental funds		\$ 2,834,417
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	5,519,912	
Accumulated depreciation	<u>(1,553,514)</u>	3,966,398
Net pension liability		(34,400)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net position		32,035
Liabilities for earned revenues considered deferred inflows of resources revenues in fund statements.		26,513
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Gross long-term debt		(3,651,722)
Pension related deferrals		<u>(35,509)</u>
Net position of governmental activities		<u>\$ 3,137,732</u>

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

TOWN OF WINGATE, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2016

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General</u>	<u>Town Hall Fire Department Capital Project</u>	<u>Total Non-Major Capital Funds</u>	
REVENUES				
Ad valorem taxes	\$ 548,933	\$ -	\$ -	\$ 548,933
Other taxes and licenses	180	-	-	180
Unrestricted intergovernmental	295,638	-	-	295,638
Restricted intergovernmental	123,664	-	98,026	221,690
Permits and fees	3,647	-	-	3,647
Sales and services	333,860	-	-	333,860
Investment earnings	581	-	-	581
Miscellaneous	32,764	-	-	32,764
Total revenues	<u>1,339,267</u>	<u>-</u>	<u>98,026</u>	<u>1,437,293</u>
EXPENDITURES				
Current:				
General government	285,511	1,360,984	-	1,646,495
Public Safety	560,171	-	-	560,171
Transportation	92,751	-	115,751	208,502
Culture and recreation	88,389	-	-	88,389
Environmental protection	187,595	-	-	187,595
Other	50,382	-	-	50,382
Debt service:				
Principal	9,333	-	-	9,333
Interest and other charges	2,077	-	-	2,077
Total expenditures	<u>1,276,209</u>	<u>1,360,984</u>	<u>115,751</u>	<u>2,752,944</u>
Excess (deficiency) of revenues over expenditures	<u>63,058</u>	<u>(1,360,984)</u>	<u>(17,725)</u>	<u>(1,315,651)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	1,515	-	-	1,515
Festival donations	5,825	-	-	5,825
Loan proceeds	-	3,480,000	-	3,480,000
Interest income	-	271	-	271
Transfer from/(to):				
Water and sewer fund	(6,089)	-	-	(6,089)
Highland Park capital project fund	(4,210)	-	-	(4,210)
Capital project funds	(22,161)	-	22,161	-
Total other financing sources (uses)	<u>(25,120)</u>	<u>3,480,271</u>	<u>22,161</u>	<u>3,477,312</u>
Net change in fund balance	37,938	2,119,287	4,436	2,161,661
Fund balances, beginning as previously reported	868,701	(191,509)	(4,436)	672,756
Fund balances, ending	<u>\$ 906,639</u>	<u>\$ 1,927,778</u>	<u>\$ -</u>	<u>\$ 2,834,417</u>

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

TOWN OF WINGATE, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2016

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

Net change in fund balances – total governmental funds		\$ 2,161,661
Governmental funds report capital outlay 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 expenditures which were capitalized	\$1,593,174	
Depreciation expense for governmental assets	<u>(137,131)</u>	1,456,043
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		32,035
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in unavailable revenue for tax revenues		(2,030)
The net effect of various transactions involving capital assets (i.e., sales, trade ins, and contributions) is to decrease net assets		
Proceeds from the sale of capital assets	\$ (1,515)	
Loss on the sale of capital assets	<u>(735)</u>	(2,250)
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		9,333
Loan processing		(3,480,000)
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	(3,532)	
Pension (Expense)/Revenue	(13,111)	
Net pension obligation	(736)	
Other postemployment benefits	(6,175)	
Pension related fund transfers	<u>(485)</u>	<u>(24,039)</u>
Total changes in net position of governmental activities		<u>\$ 150,753</u>

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

TOWN OF WINGATE, NORTH CAROLINA

General Fund

**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2016**

	<u>General Fund</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Positive (Negative)</u>
Revenues				
Ad valorem taxes	\$ 527,000	\$ 539,759	\$ 548,933	\$ 9,174
Other taxes and licenses	-	-	180	180
Unrestricted intergovernmental	304,600	343,921	295,638	(48,283)
Restricted intergovernmental	114,500	124,000	123,664	(336)
Permits and fees	4,200	4,200	3,647	(553)
Sales and services	329,800	333,800	333,860	60
Investment earnings	1,350	1,350	581	(769)
Miscellaneous	15,700	27,244	32,764	5,520
Total revenues	<u>1,297,150</u>	<u>1,374,274</u>	<u>1,339,267</u>	<u>(35,007)</u>
Expenditures				
Current:				
General government	288,946	335,574	285,511	50,063
Public safety	554,701	578,301	560,171	18,130
Transportation	131,000	126,629	92,751	33,878
Cultural and recreation	110,993	96,093	88,389	7,704
Environmental protection	190,000	188,600	187,595	1,005
Other	10,100	47,667	50,382	(2,715)
Debt service:				
Principal retirement	9,333	9,333	9,333	-
Interest and other charges	2,077	2,077	2,077	-
Total expenditures	<u>1,297,150</u>	<u>1,384,274</u>	<u>1,276,209</u>	<u>108,065</u>
Revenues over (under) expenditures	<u>-</u>	<u>(10,000)</u>	<u>63,058</u>	<u>73,058</u>
Other financing sources (uses)				
Sale of capital assets	-	-	1,515	1,515
Fund balance, appropriated	-	-	-	-
Festival donations	-	10,000	5,825	(4,175)
Transfer to water and sewer fund	-	-	(6,089)	(6,089)
Transfer to capital project funds	-	-	(22,161)	(22,161)
Transfer to Highland Park capital project fund	-	-	(4,210)	(4,210)
Total other financing sources (uses)	<u>-</u>	<u>10,000</u>	<u>(25,120)</u>	<u>(35,120)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	37,938	<u>\$ 37,938</u>
Fund balances, beginning as previously reported			<u>868,701</u>	
Fund balances, ending			<u>\$ 906,639</u>	

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

TOWN OF WINGATE, NORTH CAROLINA
Statement of Net Position
Proprietary Funds
June 30, 2016

	Enterprise Funds	
	Water and Sewer Fund	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 238,659	\$ 238,659
Restricted cash	161,293	161,293
Accounts receivable (net) - billed	120,357	120,357
Accounts receivable (net) - unbilled	67,545	67,545
Grants receivable	60,925	60,925
Prepaid items	180	180
Total current assets	648,959	648,959
Non-current assets:		
Net pension asset	-	-
Capital assets:		
Land and construction in progress	208,937	208,937
Other capital assets, net of depreciation	8,283,030	8,283,030
Capital assets (net)	8,491,967	8,491,967
Total non-current assets	8,491,967	8,491,967
Total assets	\$ 9,140,926	\$ 9,140,926
DEFERRED OUTFLOWS OF RESOURCES		
Contributions to pension plan	21,712	21,712
Total deferred outflows of Resources	21,712	21,712
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	132,498	132,498
Customer deposits	32,440	32,440
Deferred revenues	3,215	3,215
Bond anticipation notes payable	-	-
Current portion of long-term debt	138,497	138,497
Total current liabilities	306,650	306,650
Non-current liabilities:		
Net pension liability	23,315	23,315
Compensated absences	26,151	26,151
Long-term debt	2,826,641	2,826,641
Total non-current liabilities	2,876,107	2,876,107
Total liabilities	3,182,757	3,182,757
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	24,067	24,067
Total deferred inflows of resources	24,067	24,067
NET POSITION		
Net investment in capital assets	5,652,467	5,652,467
Unrestricted	303,347	303,347
Total net position	\$ 5,955,814	\$ 5,955,814

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

TOWN OF WINGATE, NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Enterprise Funds	
	Water and Sewer Fund	Total
OPERATING REVENUES		
Water charges	\$ 761,709	\$ 761,709
Sewer charges	865,011	865,011
Water and sewer taps	5,013	5,013
Other operating revenues	30,626	30,626
Total operating revenues	1,662,359	1,662,359
OPERATING EXPENSES		
Water operations	612,482	612,482
Sewer operations	796,600	796,600
Depreciation	207,982	207,982
Total operating expenses	1,617,064	1,617,064
Operating income (loss)	45,295	45,295
NON-OPERATING REVENUES (EXPENSES)		
Investment earnings	374	374
Interest expense	(72,830)	(72,830)
Grants	696,706	696,706
Total non-operating revenue (expenses)	624,250	624,250
Income (loss) before contributions and transfers	669,545	669,545
Transfers from other funds	10,784	10,784
Changes in net position	680,329	680,329
Total net position, beginning as previously reported	5,275,485	5,275,485
Total net position, ending	\$ 5,955,814	\$ 5,955,814

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

TOWN OF WINGATE, NORTH CAROLINA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016
Business-Type Activities

	Enterprise Funds	
	Water and Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 1,611,720	\$ 1,611,720
Cash paid for goods and services	(963,508)	(963,508)
Cash paid to or on behalf of employees for services	(450,491)	(450,491)
Other operating revenues	30,626	30,626
Customer deposits received	7,460	7,460
Customer deposits returned	(1,726)	(1,726)
Net cash provided by (used in) operating activities	234,081	234,081
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers from other funds	10,784	10,784
Net cash provided by (used in) non-capital financing activities	10,784	10,784
CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES		
Principal paid on long-term debt	(136,030)	(136,030)
Interest paid	(72,830)	(72,830)
Proceeds from long-term debt	1,039,000	1,039,000
Payments on bond anticipation note	(1,039,000)	(1,039,000)
Fixed asset additions	(1,586,478)	(1,586,478)
Capital contributions – grants	635,781	635,781
Net cash provided by (used in) capital and related financing activities	(1,159,557)	(1,159,557)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	374	374
Net cash provided by (used in) investing activities	374	374
Net increase (decrease) in cash and cash equivalents	(914,318)	(914,318)
Balances, beginning	1,314,270	1,314,270
Balances, ending	\$ 399,952	\$ 399,952

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

TOWN OF WINGATE, NORTH CAROLINA
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2016

	<u>Enterprise Funds</u>	
	<u>Water and Sewer Fund</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 45,295	\$ 45,295
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	207,982	207,982
Pension expense/(revenue)	8,885	8,885
Bad debt	930	930
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(18,182)	(18,182)
Increase (decrease) in accounts payable	4,833	4,833
Increase (decrease) in accrued compensated absences	3,078	3,078
Increase (decrease) in deferred revenues	1,334	1,334
Increase (decrease) in customer deposits	1,638	1,638
Increase (decrease) in deferred outflows of resources for pensions	<u>(21,712)</u>	<u>(21,712)</u>
Total adjustments	<u>188,786</u>	<u>188,786</u>
Net cash provided by (used in) operating activities	<u>\$ 234,081</u>	<u>\$ 234,081</u>

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, 2016

NOTE A - 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:

Reporting Entity

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

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 (Continued)
For the Year Ended June 30, 2016

NOTE A - 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 and enterprise funds are aggregated and reported as non-major funds.

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

The Town reports the following major governmental funds:

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 governmental services.

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

The Town reports the following non-major governmental funds:

Safe Routes to School Sidewalk Capital Project Fund – This fund is used to account for grant funds restricted for construction of sidewalks.

Streetscape Sidewalk Improvements Capital Project Fund – This fund is used to account for construction of sidewalks.

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.

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

TOWN OF WINGATE, NORTH CAROLINA
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise 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. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicle are

TOWN OF WINGATE, NORTH CAROLINA
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 general revenues.

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, safe routes to school capital project fund, streetscape sidewalk capital project fund, and Highland Park water rehabilitation capital project fund. The water and sewer project funds are consolidated with their respective 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 Administrator is authorized by the budget ordinance to transfer appropriations between functional areas within a fund up to \$3,000; however, any revisions that alter the total of any fund or that change functional appropriations by more than \$3,000, must be approved by the governing board. 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 (Continued)
For the Year Ended June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deposits and Investments

All deposits of the Town and 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 contracts are accounted for at cost. The NCCMT – Cash 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 interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

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.

Restricted Cash

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes outlined in 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. Deferred revenue consists of customer payments on utility accounts for services that have not been provided. The unexpended loan proceeds for the Town Hall and Fire Department Capital Project Fund are classified as restricted because their use is completely restricted to the purpose for which the loan was issued. Cash in the Highland Park Capital Project is restricted for additional water rehabilitation to be completed.

TOWN OF WINGATE, NORTH CAROLINA
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Town of Wingate Restricted Cash

Government Activities General Fund	
Streets	\$ 96,824
Customer deposits	1,225
Deferred revenue – utilities	12
Unexpended loan proceeds	<u>2,144,797</u>
Total governmental activities	<u>\$ 2,242,858</u>
Business-type Activities	
Water and Sewer Fund	
Customer deposits	\$ 32,440
Deferred revenue – utilities	3,215
Highland Park Capital Project	<u>125,638</u>
Total Business-type Activities	<u>\$ 161,293</u>
Total Restricted Cash	<u>\$ 2,404,151</u>

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2015.

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.

Inventory

The inventories of the ABC Board are valued at the lower of cost (FIFO) or market.

The inventories of the ABC Board consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

Prepaid Items

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 (Continued)
For the Year Ended June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, and other plant and distribution systems, infrastructure, equipment and furniture, \$5,000; vehicles and motorized equipment, \$5,000; computer software and computer equipment, \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. 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 and system	40
Infrastructure	50
Equipment and furniture	10
Vehicles and motorized equipment	7
Computer equipment	5
Computer software	3
Substations, lines, and other plant and 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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, contributions made to the pension plan in the 2016 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This

TOWN OF WINGATE, NORTH CAROLINA
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meet the criterion for this category – property taxes receivable and deferrals of pension expense that result from the implementation of GASB Statement 68.

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.

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 leave is earned.

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

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 represent 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 (Continued)
For the Year Ended June 30, 2016

NOTE A - 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:

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

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

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

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

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of 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 Town of Wingate intends to use for specific purposes.

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

Pensions

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

TOWN OF WINGATE, NORTH CAROLINA
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2016

NOTE B - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Significant Violations of Finance-Related Legal and Contractual Provisions
Contractual Violations
Excess of Expenditures Over Appropriations

General Fund

For the fiscal year ended June 30, 2016, the total expenditures made in the Town's General Fund did not exceed total authorized appropriations made by the governing board. However, expenditures exceeded authorized appropriations for community enrichment, cemetery, and transfers to other funds by \$1,822, \$893 and \$32,460 respectively. These over-expenditures occurred because the Town did not appropriate adequate funds for expenditures in these functional categories. However, total general fund expenditures did not exceed total authorized expenditures. Management and the Governing Board will more closely review the budget reports to ensure compliance in future years.

Water and Sewer

For the fiscal year ended June 30, 2016 transfers to other funds in the Town's Water and Sewer Fund exceeded authorized appropriations made by the governing board by \$58,392 due the Town under appropriating funds for transfers to Capital Project Funds. Management and the Governing Board will more closely review the budget reports to ensure compliance in future years.

Highland Park Water Rehabilitation Capital Project Fund

For the fiscal year ended June 30, 2016, debt service expenditures made in the Town's Highland Park Water Rehabilitation Capital Project Fund exceeded authorized appropriations made by the governing board by \$27,478. These over-expenditures occurred due to the Town budgeting for this debt service payment in the water and sewer fund and not in this capital project fund. Management and the Governing Board will more closely review the budget reports to ensure compliance in future years.

NOTE C - ASSETS

Cash and Cash Equivalents

All 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

TOWN OF WINGATE, NORTH CAROLINA
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2016

NOTE C – ASSETS (Continued)

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. 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, 2016, the Town’s deposits had a carrying amount of \$3,179,479 and a bank balance of \$3,193,928. Of the Town’s bank balance, \$759,057 was covered by federal deposit insurance and \$2,434,871 was covered by collateral held under the pooling method. At June 30, 2016, the Town’s petty cash totaled \$480. The carrying amount of deposits for the ABC Board was \$155,531 and the bank balance was \$154,186. All of the ABC Board’s bank balance was covered by federal depository insurance.

Investments

At June 30, 2016, the town had invested \$153,877 with the North Carolina Capital Management Trust’s Cash Portfolio which carried a credit rating of AAAM by Standard and Poor’s. The Town has no formal policy regarding credit risk of its investments.

At June 30, 2016 the ABC Board had no investments. Local ABC Boards are allowed to invest idle funds in accordance with G.S. 159-30(c).

Receivables – Allowance for Doubtful Accounts

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

The amounts presented in the Balance Sheet and Statement of Net Position for the year ended June 30, 2016 are net of the following allowances for doubtful accounts:

General Fund:	
Taxes Receivable	\$ 5,000
Accounts Receivable	<u>184</u>
Total	5,184
Proprietary Fund	<u>579</u>
Total	<u>\$ 5,763</u>

TOWN OF WINGATE, NORTH CAROLINA
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2016

NOTE C – ASSETS (continued)

Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2016 was as follows:

	<u>Beginning Balances</u>	<u>Increases/ Transfers from other funds</u>	<u>Decreases/ Transfers to other funds</u>	<u>Ending Balances</u>
<i>Governmental activities</i>				
Capital assets not being depreciated:				
Land	\$ 539,368	\$ -	\$ -	\$ 539,368
Construction in progress	<u>658,116</u>	<u>1,373,584</u>	<u>(414,030)</u>	<u>1,617,670</u>
Total capital assets not being depreciated	<u>1,197,484</u>	<u>1,373,584</u>	<u>(414,030)</u>	<u>2,157,038</u>
Capital assets being depreciated:				
Building and improvements	1,575,712	-	-	1,575,712
Office furniture and equipment	75,050	-	-	75,050
Other equipment	66,401	-	-	66,401
Vehicles	622,564	30,310	(24,981)	627,893
Infrastructure	<u>414,508</u>	<u>603,310</u>	<u>-</u>	<u>1,017,818</u>
Total capital assets being depreciated	<u>2,754,235</u>	<u>633,620</u>	<u>(24,981)</u>	<u>3,362,874</u>
Less accumulated depreciation for:				
Buildings and improvements	638,980	60,423	-	699,403
Office furniture and equipment	70,163	1,841	-	72,004
Other equipment	61,296	2,287	-	63,583
Vehicles	553,136	26,723	(22,732)	557,127
Infrastructure	<u>115,540</u>	<u>45,857</u>	<u>-</u>	<u>161,397</u>
Total accumulated depreciation	<u>1,439,115</u>	<u>137,131</u>	<u>(22,732)</u>	<u>1,553,514</u>
Total capital assets being depreciated, net	<u>1,315,120</u>			<u>1,809,360</u>
Governmental activity capital assets, net	<u>\$ 2,512,604</u>			<u>\$ 3,966,398</u>

TOWN OF WINGATE, NORTH CAROLINA
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2016

NOTE C - ASSETS (continued)

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

	Depreciation Expense
General government	\$ 7,800
Public Safety	27,067
Transportation	56,153
Culture and recreation	45,431
Environmental protection	680
Total depreciation expense	<u>\$ 137,131</u>

	Beginning Balances	Increases/ Transfers from other funds	Decreases/ Transfers to other funds	Ending Balances
<i>Business-type activities:</i>				
Water and Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 208,937	\$ -	\$ -	\$ 208,937
Construction in progress	486,837	-	(486,837)	-
Total capital assets not being depreciated	<u>695,774</u>	-	<u>(486,837)</u>	<u>208,937</u>
Capital assets being depreciated:				
Plant and distribution systems	8,332,291	1,748,704	-	10,080,995
Buildings and improvements	81,645	-	-	81,645
Maintenance equipment	524,138	-	-	524,138
Infrastructure	-	-	-	-
Vehicles	49,681	26,627	-	76,308
Office furniture and equipment	31,662	-	-	31,662
Total capital assets being depreciated	<u>9,019,417</u>	<u>1,775,331</u>	-	<u>10,794,748</u>
Less accumulated depreciation for:				
Plant and distribution systems	1,813,271	177,014	-	1,990,285
Buildings and improvements	5,780	2,135	-	7,915
Maintenance equipment	424,676	16,260	-	440,936
Infrastructure	-	-	-	-
Vehicles	28,347	12,573	-	40,920
Office furniture and equipment	31,662	-	-	31,662
Total accumulated depreciation	<u>2,303,736</u>	<u>207,982</u>	-	<u>2,511,718</u>
Total capital assets Being depreciated, net	<u>6,715,681</u>			<u>8,283,030</u>
Business type activity capital assets, net	<u>\$ 7,411,455</u>			<u>\$ 8,491,967</u>

TOWN OF WINGATE, NORTH CAROLINA
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2016

NOTE C - ASSETS (continued)

Construction Commitments

The Town has active construction projects as of June 30, 2016. At year end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Town Hall and Fire Department Capital Project	<u>1,603,078</u>	<u>1,896,922</u>
Total	<u>\$ 1,603,078</u>	<u>\$ 1,896,922</u>

Discretely Presented Component Unit

Activity for the ABC Board for the year ended June 30, 2016 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	-	-	78,032
Store equipment	42,689	-	-	42,689
Office equipment	<u>24,595</u>	<u>16,448</u>	-	<u>41,043</u>
Total capital assets being depreciated	<u>145,316</u>	<u>16,448</u>	-	<u>161,765</u>
Less accumulated depreciation for:				
Leasehold improvements	16,582	5,202	-	21,784
Store equipment	16,902	8,307	-	25,209
Office equipment	<u>15,281</u>	<u>5,193</u>	-	<u>20,474</u>
Total accumulated depreciation	<u>48,765</u>	<u>18,702</u>	-	<u>67,469</u>
ABC capital assets, net	<u>\$ 96,551</u>			<u>\$ 94,296</u>

NOTE D - LIABILITIES

Pension Plan and Postemployment Obligations

Local Governmental Employees' Retirement System

Plan Description. The Town of Wingate is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is

TOWN OF WINGATE, NORTH CAROLINA
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2016

NOTE D - LIABILITIES (continued)

comprised of general employees and local law enforcement officers (LEOs) of participating local government 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, or by calling (919) 981-5454 or at www.osc.nc.gov.

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

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

TOWN OF WINGATE, NORTH CAROLINA
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2016

NOTE D - LIABILITIES (continued)

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Wingate employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Wingate's contractually required contribution rate for the year ended June 30, 2016 was 7.14% of compensation for law enforcement officers and 6.58% 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 \$53,747 for the year ended June 30, 2016.

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, 2016, the Town reported as asset of \$57,715 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 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, 2015, the Town's proportion was 0.01286%, which was a decrease of 0.00032% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Town recognized pension expense of \$21,993. At June 30, 2016 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	\$ -	\$ 13,566
Changes of assumption	-	-
Net difference between projected and actual earnings on pension plan investments	-	16,431
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	29,579
Town contributions subsequent to the measurement date	<u>53,747</u>	<u>-</u>
Total	<u>\$ 53,747</u>	<u>\$ 59,576</u>

TOWN OF WINGATE, NORTH CAROLINA
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2016

NOTE D - LIABILITIES (continued)

\$53,747 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017	\$	(28,572)
2018		(28,572)
2019		(28,474)
2020		26,042
2021		-
Thereafter		-

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

TOWN OF WINGATE, NORTH CAROLINA
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2016

NOTE D - LIABILITIES (continued)

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 and real rates of return for each major asset class as of June 30, 2015 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%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	<u>100.0%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.25 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 (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

TOWN OF WINGATE, NORTH CAROLINA
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2016

NOTE D - LIABILITIES (continued)

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 402,455	\$ 57,715	\$(232,721)

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.

Law Enforcement Officers Special Separation Allowance

1. Plan Description

The Town of Wingate 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. 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.

All full time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2015, 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>

A separate report was not issued for the plan.

2. Summary of Significant Accounting Policies:

Basis of Accounting. The Town had 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.

TOWN OF WINGATE, NORTH CAROLINA
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2016

NOTE D - LIABILITIES (continued)

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

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

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

3. Contributions

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

The annual required contribution for the current year was determined as part of the December 31, 2015 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 3.57% investment rate of return (net of administrative expenses) and (b) projected salary increases of 3.50-7.35% per year. Both (a) and (b) included an inflation component of 3.0%. The assumptions did not include post-employment benefit increases.

Annual Pension Cost and Net Pension Obligation. The Town's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contributions	\$ 6,635
Interest on net pension obligation	7,786
Adjustment to annual required contribution	<u>(13,685)</u>
Annual pension cost	736
Contributions made	<u>-</u>
Increase (decrease) in net pension obligation	736
Net pension obligation, beginning of year	<u>31,445</u>
Net pension obligation, end of year	<u>\$ 32,181</u>

TOWN OF WINGATE, NORTH CAROLINA
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2016

NOTE D - LIABILITIES (continued)

For Year Ended June 30	3 Year Trend Information		Net Pension Obligation
	Annual Pension Cost (APC)	Percentage of APC Contributed	
2014	\$ 4,537	0%	\$ 27,576
2015	3,869	0%	31,445
2016	736	0%	32,181

4. Funded Status and Funding Progress.

As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$116,279. The covered payroll (annual payroll of active employees covered by the plan) was \$322,134, and the ratio of the UAAL to the covered payroll was 35.01%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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.

Other Post Employment Benefit (OPEB)

Healthcare Benefits

Plan Description. Under the terms of a Town resolution, the Town administers a single-employer

TOWN OF WINGATE, NORTH CAROLINA
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2016

NOTE D - LIABILITIES (continued)

defined benefit healthcare benefits plan (the HCB Plan). The plan provides postemployment healthcare benefits to retirees of the Town, 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. The Town pays a maximum annual stipend to retired persons based on the number of years of service. The Council may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at June 30, 2016:

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	2	-
Terminated plan members entitled to but not yet receiving benefits	-	-
Active Plan Members	<u>10</u>	<u>7</u>
Total	<u>12</u>	<u>7</u>

Funding Policy. By Town resolution, the Town pays a maximum annual stipend to be used for the health benefits of qualified retirees. The stipend varies based on the number of years of service. The Town has chosen to fund the healthcare benefits on a pay as you go basis.

Summary of Significant Accounting Policies. Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set to aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation. The Town's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation for the healthcare benefits:

Annual required contributions	\$ 8,875
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost (expense)	8,875
Contributions made	<u>(2,700)</u>
Increase (decrease) in net OPEB obligation	6,175
Net OPEB obligation, beginning of year	<u>47,903</u>
Net OPEB obligation, end of year	<u>\$ 54,078</u>

TOWN OF WINGATE, NORTH CAROLINA
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2016

NOTE D - LIABILITIES (continued)

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2016 were as follows:

<u>For Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2016	\$ 8,875	30.4%	\$ 54,078
2015	7,678	35.2%	47,903
2014	7,722	35.0%	42,925

Funding Status and Funding Progress. As of June 30, 2016 the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$62,879. The covered payroll (annual payroll of active employees covered by the plan) was \$639,154 and the ratio of the UAAL to the covered payroll was 9.8 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the June 30, 2016 actuarial valuation, the alternative measurement method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expense), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2016 was 20 years.

TOWN OF WINGATE, NORTH CAROLINA
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2016

NOTE E - DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows of resources is comprised of the following:

Contributions to pension plan in current fiscal year	<u>\$ 53,747</u>
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Deferred inflows of resources at year-end is composed of the following:

	Unavailable Revenue
Taxes receivable (General Fund), less penalties	\$ 26,513
Pension deferrals	<u>59,576</u>
Total	<u>\$ 86,089</u>

NOTE F - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability insurance coverage of \$3 million per occurrence, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up to the statutory limits. The liability and property exposures are reinsured through commercial carriers for claims against general liability, auto liability, and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of total insurance values.

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

The Town 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 that have access to \$100 or more at any given time of Town's funds at 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.

TOWN OF WINGATE, NORTH CAROLINA
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2016

NOTE G-LONG-TERM OBLIGATIONS

Long Term Debt

Community Center

On April 18, 2006, the Town obtained financing from a bank for the construction of a new community center. Principal payments of \$778 and interest payments at 4.14% are to be made monthly with the last payment due in April 2021.

Balances at June 30, 2016 are as follows:

Note payable	\$ 45,110
Less portion due within one year	<u>(9,332)</u>
Long-term debt	<u>\$ 35,778</u>

The following summarizes the annual required payments for the community center:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 9,332	\$ 1,691	\$ 11,023
2018	9,333	1,304	10,637
2019	9,333	917	10,250
2020	9,333	532	9,865
2021	7,779	148	7,927
Thereafter	<u>-</u>	<u>-</u>	<u>-</u>
Total Debt	<u>\$ 45,110</u>	<u>\$ 4,592</u>	<u>\$ 49,702</u>

Town Hall and Fire Department

On August 11, 2015, the Town obtained interim financing from a bank for the construction of new town hall and fire department. The principal and all accrued and unpaid interest (at a rate of 1.83%) is due August 11, 2017.

Balances at June 30, 2016 are as follows:

Note payable	\$ 3,480,000
Less portion due within one year	<u>-</u>
Long-term debt	<u>\$ 3,480,000</u>

TOWN OF WINGATE, NORTH CAROLINA
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2016

NOTE G-LONG-TERM OBLIGATIONS (Continued)

The following summarizes the annual required payments for the Town Hall and Fire Department:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ -	\$ -	\$ -
2018	3,480,000	82,650	3,562,650
2019	-	-	-
2020	-	-	-
2021	-	-	-
Thereafter	-	-	-
Total Debt	<u>\$ 3,480,000</u>	<u>\$ 82,650</u>	<u>\$ 3,562,650</u>

Water and Sewer Rehabilitation Projects

On November 12, 2009 the Town obtained financing from a bank to improve water and sewer lines related to the Dianne Street and Bivens Street projects. Under this note, monthly payments of \$2,926 include interest at 4.92 percent. The note matures in November 2029.

Balances at June 30, 2016 are as follows:

Notes payable	\$ 344,313
Less portion due within one year	<u>(18,584)</u>
Long-term debt	<u>\$ 325,729</u>

The following summarizes the annual requirements to amortize the installment purchase for the sewer rehabilitation:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 18,584	\$ 16,525	\$ 35,109
2018	19,519	15,590	35,109
2019	20,502	14,607	35,109
2020	21,533	13,576	35,109
2021	22,617	12,492	35,109
Thereafter	<u>241,558</u>	<u>53,943</u>	<u>295,501</u>
Total Debt	<u>\$344,313</u>	<u>\$126,733</u>	<u>\$471,046</u>

On May 10, 2013 the Town obtained financing from a bank to improve water lines related to the Camden street project. Under this note, semi-annual payments of \$34,239 include interest at 3.39 percent. The note matures in May 2027.

TOWN OF WINGATE, NORTH CAROLINA
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2016

NOTE G-LONG-TERM OBLIGATIONS (Continued)

Balances at June 30, 2016 are as follows:

Notes payable	\$ 624,410
Less portion due within one year	<u>(47,712)</u>
Long-term debt	<u>\$ 576,698</u>

The following summarizes the annual requirements to amortize the installment purchase for the sewer rehabilitation:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 47,712	\$ 20,767	\$ 68,479
2018	49,343	19,136	68,479
2019	51,030	17,449	68,479
2020	52,775	15,704	68,479
2021	54,579	13,900	68,479
Thereafter	<u>368,971</u>	<u>41,901</u>	<u>410,872</u>
Total Debt	<u>\$624,410</u>	<u>\$128,857</u>	<u>\$753,267</u>

In July 2012 the Town obtained financing to improve the Town's water and sewer system. The note is due in annual principal payments of \$57,201 and semi-annual interest payments accrued at a rate of 2%. Additionally, \$1,000,000 of the loan will be forgiven. The remainder of the note is due in May 2033.

Balances at June 30, 2016 are as follows:

Notes payable	\$ 972,415
Less portion due within one year	<u>(57,201)</u>
Long-term debt	<u>\$ 915,214</u>

The following summarizes the annual requirements to amortize the installment purchase for the sewer rehabilitation:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 57,201	\$ 19,448	\$ 76,649
2018	57,201	18,304	75,505
2019	57,201	17,160	74,361
2020	57,201	16,016	73,217
2021	57,201	14,872	72,073
Thereafter	<u>686,410</u>	<u>89,233</u>	<u>775,643</u>
Total Debt	<u>\$ 972,415</u>	<u>\$175,033</u>	<u>\$1,147,448</u>

TOWN OF WINGATE, NORTH CAROLINA
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2016

NOTE G-LONG-TERM OBLIGATIONS (Continued)

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. Annual principal payments starting at \$15,000 and increasing periodically thereafter. Interest payable annually at a rate of 2.625%.

Balances at June 30, 2016 are as follows:

Bond	\$ 1,024,000
Less portion due within one year	<u>(15,000)</u>
Long-term debt	<u>\$ 1,009,000</u>

The future payments of the revenue bond are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2017	\$ 15,000	\$ 26,880
2018	16,000	26,486
2019	16,000	26,066
2020	17,000	25,646
2021	17,000	25,200
2022 – 2026	92,000	119,017
2027 – 2031	105,000	106,339
2032 – 2036	120,000	91,770
2037 – 2041	137,000	75,154
2042 – 2046	155,000	56,306
2047 – 2051	175,000	34,913
2052 – 2055	<u>159,000</u>	<u>10,605</u>
Total	<u>\$ 1,024,000</u>	<u>\$ 624,382</u>

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Current Portion of Balance
Governmental activities:					
Installment purchases	\$ 54,443	\$ 3,480,000	\$ (9,333)	\$ 3,525,110	\$ 9,332
Compensated absences	36,821	3,532	-	40,353	-
Other postemployment Benefits	47,903	6,175	-	54,078	-
Net pension liability (LGERS)	-	34,400	-	34,400	-
Net pension obligation	<u>31,445</u>	<u>736</u>	<u>-</u>	<u>32,181</u>	<u>-</u>
Governmental activity Long-term debt	<u>\$ 170,612</u>	<u>\$ 3,524,843</u>	<u>\$ (9,333)</u>	<u>\$ 3,686,122</u>	<u>\$ 9,332</u>

TOWN OF WINGATE, NORTH CAROLINA
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2016

NOTE G- LONG-TERM OBLIGATIONS (continued)

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Current Portion of Balance
Business-type activities:					
Installment purchases	\$ 2,062,168	\$ -	\$ (121,030)	\$ 1,941,138	\$ 123,497
Revenue bond	1,039,000		(1,039,000)	-	-
General bond obligations	-	1,039,000	(15,000)	1,024,000	15,000
Net pension liability (LGERS)	-	23,315	-	23,315	-
Compensated absences	23,073	3,078	-	26,151	-
Business-type activity					
Long-term debt	<u>\$ 3,124,241</u>	<u>\$ 1,065,393</u>	<u>\$ (1,175,030)</u>	<u>\$ 3,014,604</u>	<u>\$ 138,497</u>

NOTE H – INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at June 30, 2016, consist of the following:

Transfers to/from other funds at June 30, 2016 consist of the following:

From the General fund to the Highland Park Capital Project Fund	\$ 4,210
From the General fund to the Water and Sewer fund	6,574
From the Water and Sewer Capital Project funds to the Water and Sewer funds	58,392
From the General fund to the General Government Capital Project funds	<u>22,161</u>
 Total	 <u>\$ 91,337</u>

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

NOTE I – LEASES

The municipality leases its town hall from The Jesse Helms Center Foundation, a non-profit organization. The lease agreement commenced July, 2013 and expires June 30, 2016, with the option to automatically renew for an additional two year period and continue to do so until the lessor or the municipality give notice that the lease will not be renewed. Rent expense is \$1,500 per month. Total rent expense for the fiscal year ended June 30, 2016 was \$18,000. Future rental payments are as follows:

<u>Fiscal year ended</u>	<u>Rental Expense</u>
June 30, 2017	\$ 18,000

TOWN OF WINGATE, NORTH CAROLINA
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2016

NOTE J – NET INVESTMENT IN CAPITAL ASSETS

	<u>Governmental</u>	<u>Business Type</u>
Net Capital assets	\$ 3,966,398	\$ 8,491,967
Less:		
Long-term debt	3,525,110	1,941,138
Bond general obligations	-	1,024,000
Plus: Unexpended proceeds	<u>1,943,616</u>	<u>125,638</u>
Net investment in capital assets	<u>\$ 2,384,904</u>	<u>\$ 5,652,467</u>

NOTE K - 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	\$ 906,639
Less:	
Prepays	4,728
Stabilization by State Statute	176,205
Streets – Powell Bill	<u>96,824</u>
Remaining Fund Balance	<u>\$ 628,882</u>

NOTE L- MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

NOTE M- FEDERAL AND STATE GRANTS

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 moneys to the grantor agencies. Management believes that any required refunds would be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

NOTE N- SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 22, 2017 the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY FINANCIAL DATA

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Funding Progress for the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Schedule of Proportionate Share of Net Pension (Asset)/Liability for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System

TOWN OF WINGATE, NORTH CAROLINA
Law Enforcement Officer's Special Separation Allowance
Required Supplementary Information

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) -Projected Unit Credit</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
12/31/10	\$ -	\$ 51,200	\$ 51,200	0%	\$ 320,776	15.96%
12/31/12	-	56,872	56,872	0%	310,709	18.30%
12/31/13	-	50,477	50,477	0%	282,888	17.84%
12/31/14	-	36,370	36,370	0%	200,001	18.18%
12/31/15	-	116,279	116,279	0%	332,134	35.01%

Schedule of Employer Contributions

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2010	\$ -	0%
2011	8,416	0%
2012	8,416	0%
2013	8,416	0%
2014	9,174	0%
2015	9,104	0%
2016	6,635	0%

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

TOWN OF WINGATE, NORTH CAROLINA
Other Postemployment Benefits
Required Supplementary Information

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) -Projected Unit Credit</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
6/30/16	\$ -	\$ 62,879	\$ 62,879	0%	\$ 639,154	9.8%
6/30/15	-	53,660	53,660	0%	602,472	8.9%
6/30/14	-	54,823	54,823	0%	611,549	9.0%
6/30/13	-	52,526	52,526	0%	746,300	7.0%
6/30/12	-	58,814	58,814	0%	611,649	9.6%
6/30/11	-	87,911	87,911	0%	697,479	12.6%

Schedule of Employer Contributions

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2016	\$ 8,875	30.4%
2015	7,678	35.2%
2014	7,722	35.0%
2013	7,368	36.6%
2012	7,500	36.0%
2011	11,591	23.3%

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

**TOWN OF WINGATE, NORTH CAROLINA
TOWN OF WINGATE'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTALY INFORMATION
Last Two Fiscal Years**

Local Government Employees' Retirement System

	<u>2016</u>	<u>2015</u>
Wingate's proportion of the net pension liability (asset) (%)	0.01286%	0.01318%
Wingate's proportion of the net pension liability (asset) (\$)	\$ 57,715	\$ (77,729)
Wingate's covered-employee payroll	\$ 687,332	\$ 643,321
Wingate's proportionate share of the net pension liability (asset) as percentage of its covered-employee payroll	8.40%	(12.08%)
Plan fiduciary net position as a percentage of the total pension liability	98.09%	102.64%

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

**TOWN OF WINGATE, NORTH CAROLINA
TOWN OF WINGATE'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
Last Two Fiscal Years**

Local Government Employees' Retirement System

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

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

**INDIVIDUAL FUND STATEMENTS
AND SCHEDULES**

TOWN OF WINGATE, NORTH CAROLINA
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Revenues			
Ad valorem taxes:			
Taxes	\$ 533,759	\$ 544,144	\$ 10,385
Penalties and interest	<u>6,000</u>	<u>4,789</u>	<u>(1,211)</u>
Total ad valorem taxes	<u>539,759</u>	<u>548,933</u>	<u>9,174</u>
Other taxes and licenses:			
Privilege licenses	<u>-</u>	<u>180</u>	<u>180</u>
Total other taxes and licenses	<u>-</u>	<u>180</u>	<u>180</u>
Unrestricted intergovernmental:			
Local option sales tax	142,000	140,296	(1,704)
Utility franchise tax	151,321	149,728	(1,593)
Beer and wine taxes	15,000	15,669	669
Drug taxes	5,000	470	(4,530)
Cable TV franchise fee	2,600	-	(2,600)
ABC profit distribution	<u>28,000</u>	<u>(10,525)</u>	<u>(38,525)</u>
Total unrestricted intergovernmental	<u>343,921</u>	<u>295,638</u>	<u>(48,283)</u>
Restricted intergovernmental:			
Powell Bill allocation	92,000	92,355	355
Federal and state grants	24,500	25,000	500
Solid waste disposal tax	2,000	2,309	309
ABC revenue for law enforcement	<u>5,500</u>	<u>4,000</u>	<u>(1,500)</u>
Total restricted intergovernmental	<u>124,000</u>	<u>123,664</u>	<u>(336)</u>
Permits and fees:			
Court fees	1,200	2,077	877
Zoning fees	<u>3,000</u>	<u>1,570</u>	<u>(1,430)</u>
Total permits and fees	<u>4,200</u>	<u>3,647</u>	<u>(553)</u>
Sales and service:			
Garbage collection	192,500	196,441	3,941
Security service	128,000	124,000	(4,000)
Recreation services	-	-	-
Park concessions and rents	13,300	13,419	119
Town magazine advertisements	<u>-</u>	<u>-</u>	<u>-</u>
Total sales and service	<u>333,800</u>	<u>333,860</u>	<u>60</u>
Other general revenues:			
Cemetery	10,265	10,180	(85)
Parking ticket	1,500	300	(1,200)
Miscellaneous	<u>15,479</u>	<u>22,284</u>	<u>6,805</u>
Total other general revenues	<u>27,244</u>	<u>32,764</u>	<u>5,520</u>
Investment earnings	<u>1,350</u>	<u>581</u>	<u>(769)</u>
Total revenues	<u>\$1,374,274</u>	<u>\$1,339,267</u>	<u>\$ (35,007)</u>

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

TOWN OF WINGATE, NORTH CAROLINA
General Fund

Schedule of Revenues and Expenditures, and Changes in Fund Balances - Budget and Actual
(Continued)

For the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General government:			
Salaries and employee benefits	\$ 14,585	\$ 13,318	\$ 1,267
Operating expenditures	53,109	10,885	42,224
Professional services	50,446	50,911	(465)
Capital outlay	<u>47,491</u>	<u>41,341</u>	<u>6,150</u>
Total general government	<u>165,631</u>	<u>116,455</u>	<u>49,176</u>
Administration:			
Salaries and employee benefits	105,876	100,937	4,939
Operating expenditures	39,800	44,446	(4,646)
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total administration	<u>145,676</u>	<u>145,383</u>	<u>293</u>
Taxes:			
Collection Fees	<u>8,000</u>	<u>8,933</u>	<u>(933)</u>
Total taxes	<u>8,000</u>	<u>8,933</u>	<u>(933)</u>
Public buildings:			
Operating expenditures	16,267	14,740	1,527
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total public buildings	<u>16,267</u>	<u>14,740</u>	<u>1,527</u>
Total general government	<u>335,574</u>	<u>285,511</u>	<u>50,063</u>
Public safety			
Police:			
Salaries and employee benefits	456,400	444,537	11,863
Operating expenditures	92,900	80,824	12,076
Capital outlay	<u>29,001</u>	<u>34,810</u>	<u>(5,809)</u>
Total police	<u>578,301</u>	<u>560,171</u>	<u>18,130</u>
Fire:			
Operating expenditures	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total fire	<u>-</u>	<u>-</u>	<u>-</u>
Total public safety	<u>578,301</u>	<u>560,171</u>	<u>18,130</u>
Transportation:			
Salaries and employee benefits	-	-	-
Operating expenditures	126,629	48,663	77,966
Capital outlay	<u>-</u>	<u>44,088</u>	<u>(44,088)</u>
Total transportation	<u>126,629</u>	<u>92,751</u>	<u>33,878</u>

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

**TOWN OF WINGATE, NORTH CAROLINA
General Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Continued)
For the Year Ended June 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Environmental protection:			
Sanitation:			
Operating expenditures	188,600	187,595	1,005
Total environmental protection	<u>188,600</u>	<u>187,595</u>	<u>1,005</u>
Culture and recreation:			
Parks and recreation:			
Salaries and employee benefits	71,443	69,560	1,883
Operating expenditures	24,650	18,829	5,821
Capital outlay	-	-	-
Total culture and recreation	<u>96,093</u>	<u>88,389</u>	<u>7,704</u>
Other			
Community enrichment	41,667	43,489	(1,822)
Cemetery	6,000	6,893	(893)
Total other	<u>47,667</u>	<u>50,382</u>	<u>(2,715)</u>
Debt service:			
Principal retirement	9,333	9,333	-
Interest and other charges	2,077	2,077	-
Total debt service	<u>11,410</u>	<u>11,410</u>	<u>-</u>
Total expenditures	<u>1,384,274</u>	<u>1,276,209</u>	<u>108,065</u>
Revenues over (under) expenditures	<u>(10,000)</u>	<u>63,058</u>	<u>73,058</u>
Other financing sources (uses):			
Sale of capital assets	-	1,515	1,515
Festival donations	10,000	5,825	(4,175)
Fund balance, appropriated	-	-	-
Transfer to water and sewer fund	-	(6,089)	(6,089)
Transfer to capital projects	-	(22,161)	(22,161)
Transfer to Highland Park capital project fund	-	(4,210)	(4,210)
Net other financing (uses)	<u>10,000</u>	<u>(25,120)</u>	<u>(35,120)</u>
Net change in fund balance	<u>\$ -</u>	<u>37,938</u>	<u>\$ 37,938</u>
Fund balances, beginning as previously reported		<u>868,701</u>	
Fund balances, ending		<u>\$ 906,639</u>	

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

TOWN OF WINGATE, NORTH CAROLINA
Town Hall and Fire Department Capital Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
From Inception and For the Fiscal Year ended June 30, 2016

	Project Author- ization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental:	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Construction	2,893,000	-	1,239,778	1,239,778	1,653,222
Legal fees	10,000	638	15,196	15,834	(5,834)
Professional services	245,000	241,456	106,010	347,466	(102,466)
Furnishings	210,000	-	-	-	210,000
Contingency	142,000	-	-	-	142,000
Total expenditures	<u>3,500,000</u>	<u>242,094</u>	<u>1,360,984</u>	<u>1,603,078</u>	<u>1,896,922</u>
Revenues over expenditures	(3,500,000)	(242,094)	(1,360,984)	(1,603,078)	1,896,922
Other financing sources/(uses):					
Loan proceeds	3,480,000	-	3,480,000	3,480,000	-
Transfer from General Fund:					
Water & Sewer Fund	-	27,457	-	27,457	27,457
General fund	20,000	23,128	-	23,128	3,128
Interest Income	-	-	271	271	271
Net other financial sources/ (uses)	<u>3,500,000</u>	<u>50,585</u>	<u>3,480,271</u>	<u>3,530,856</u>	<u>30,856</u>
Net change in fund balance	\$ -	\$ (191,509)	2,119,287	\$ 1,927,778	\$ 1,927,778
Fund balance, beginning			(191,509)		
Fund balance, ending			<u>\$ 1,927,778</u>		

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

TOWN OF WINGATE, NORTH CAROLINA
Combining Balance Sheet
Non-major Governmental Funds
For the Year Ended June 30, 2016

	Safe Routes to School Capital Project Fund	Streetscape Sidewalk Improvements Capital Project Fund	Total Non-major Governmental Fund
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable, net	-	-	-
Due from other governments	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -
Due to general fund	-	-	-
Fund balances:			
Unassigned	-	-	-
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

TOWN OF WINGATE, NORTH CAROLINA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2016

	Safe Routes To School Capital Project Fund	Streetscape Sidewalk Improvements Capital Project Fund	Total Non-major Government Fund
Revenues:			
Restricted intergovernmental	\$ 98,026	\$ -	\$ 98,026
Investment earnings	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	98,026	-	98,026
Expenditures:			
Capital outlay	111,951	-	111,951
Other	<u>3,800</u>	<u>-</u>	<u>3,800</u>
Total expenditures	<u>115,751</u>	<u>-</u>	<u>115,751</u>
Revenues over expenditures	(17,725)	-	(17,725)
Other financing sources/(uses):			
Transfer from general fund:			
Powell bill funds	22,044	117	22,161
General fund	-	-	-
Transfer from Water and sewer fund	-	-	-
Loan Proceeds	<u>-</u>	<u>-</u>	<u>-</u>
Net other financing sources/(uses)	<u>22,044</u>	<u>117</u>	<u>22,161</u>
Net change in fund balance	4,319	117	4,436
Fund balance, beginning	<u>(4,319)</u>	<u>(117)</u>	<u>(4,436)</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

TOWN OF WINGATE, NORTH CAROLINA
Safe Routes to School Capital Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
From Inception and For the Fiscal Year ended June 30, 2016

	Project Author- ization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental:					
NCDOT Grant	\$ 240,000	\$ 141,974	\$ 98,026	\$ 240,000	\$ -
Expenditures:					
Capital outlay:					
Legal Fees	5,000	3,299	-	3,299	1,701
Professional services	45,000	36,598	-	36,598	8,402
Construction	250,000	141,974	111,951	253,925	(3,925)
Tree removal	-	-	3,800	3,800	(3,800)
Total expenditures	<u>300,000</u>	<u>181,871</u>	<u>115,751</u>	<u>297,622</u>	<u>2,378</u>
Revenues over expenditures	(60,000)	(39,897)	(17,725)	(57,622)	2,378
Other financing sources/(uses):					
Transfer from:					
Powell Bill	60,000	30,011	22,044	52,055	(7,945)
General fund	<u>20,000</u>	<u>5,567</u>	<u>-</u>	<u>5,567</u>	<u>5,567</u>
Net other financing sources/(uses)	<u>60,000</u>	<u>35,578</u>	<u>22,044</u>	<u>57,622</u>	<u>(2,378)</u>
Net change in fund balance	\$ -	\$ (4,319)	4,319	\$ -	\$ -
Fund balance, beginning			(4,319)		
Fund balance, ending			<u>\$ -</u>		

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

TOWN OF WINGATE, NORTH CAROLINA
Streetscape Sidewalk Improvement Capital Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
From Inception and For the Fiscal Year ended June 30, 2016

	Project Author- ization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
State Grant	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Construction	144,000	-	-	-	144,000
Legal fees	1,000	-	-	-	1,000
Professional services	<u>35,000</u>	<u>42,224</u>	-	<u>42,224</u>	<u>(7,224)</u>
Total expenditures	<u>180,000</u>	<u>42,224</u>	-	<u>42,224</u>	<u>137,776</u>
Revenues over expenditures	(180,000)	(42,224)	-	(42,224)	137,776
Other financing sources/(uses):					
Transfer from General Fund:					
Powell Bill Funds	<u>180,000</u>	<u>42,107</u>	<u>117</u>	<u>42,224</u>	<u>(137,776)</u>
Net other financing sources/(uses)	<u>180,000</u>	<u>42,107</u>	<u>117</u>	<u>42,224</u>	<u>(137,776)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (117)</u>	117	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			(117)		
Fund balance, ending			<u>\$ -</u>		

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

TOWN OF WINGATE, NORTH CAROLINA
Water and Sewer Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Operating revenues:			
Water sales	\$ 760,000	\$ 761,709	\$ 1,709
Sewer charges	855,000	865,011	10,011
Water and sewer taps	20,000	5,013	(14,987)
Other operating revenues	<u>24,000</u>	<u>30,626</u>	<u>6,626</u>
Total operating revenues	<u>1,659,000</u>	<u>1,662,359</u>	<u>3,359</u>
Non-operating revenues:			
Grants	-	-	-
Interest on investments	<u>1,000</u>	<u>319</u>	<u>(681)</u>
Total non-operating revenues	<u>1,000</u>	<u>319</u>	<u>(681)</u>
Total revenues	<u>1,660,000</u>	<u>1,662,678</u>	<u>2,678</u>
Expenditures			
Water operations:			
Salaries and employee benefits	234,874	223,794	11,080
Other operating expenditures	<u>415,317</u>	<u>393,562</u>	<u>21,755</u>
Total water operations	<u>650,191</u>	<u>617,356</u>	<u>32,835</u>
Sewer operations:			
Salaries and employee benefits	234,874	223,778	11,096
Other operating expenditures	<u>589,527</u>	<u>577,697</u>	<u>11,830</u>
Total sewer operations	<u>824,401</u>	<u>801,475</u>	<u>22,926</u>
Debt service:			
Interest fees	75,409	60,351	15,058
Principal retirement	<u>132,872</u>	<u>121,030</u>	<u>11,842</u>
Total debt service	<u>208,281</u>	<u>181,381</u>	<u>26,900</u>
Capital outlay:			
Equipment and improvements	<u>26,627</u>	<u>26,627</u>	-
Total capital outlay	<u>26,627</u>	<u>26,627</u>	-
Total expenditures	<u>1,709,500</u>	<u>1,626,839</u>	<u>82,661</u>
Revenues over/(under) expenditures	<u>\$ (49,500)</u>	<u>\$ 35,839</u>	<u>\$ 85,339</u>

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

TOWN OF WINGATE, NORTH CAROLINA
Water and Sewer Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non - GAAP) (Continued)
For the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other financing sources (uses)			
Transfer (to) from other funds:			
General fund	\$ -	\$ 6,574	\$ 6,574
Highland Park Water Rehabilitation capital project fund	-	(58,392)	(58,392)
Unappropriated fund balance	<u>49,500</u>	<u>-</u>	<u>(49,500)</u>
Total other financing sources (uses)	<u>49,500</u>	<u>(51,818)</u>	<u>(101,318)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ (15,979)</u>	<u>\$ (15,979)</u>

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

Reconciling items:	
Principal retirement	\$ 121,030
Capital outlay	26,627
Increase in Accrued Vacation	(3,078)
Pension revenue/(expense)	(8,885)
Deferred outflows of resources for contributions made to pension plan in the current fiscal year	21,711
Depreciation	(200,412)
Highland Park Water Rehabilitation Capital Project Fund:	
Grants	696,706
Depreciation	(7,570)
Interest expense	(12,478)
Transfers (to)/from other funds:	
General fund	4,210
Water and Sewer Fund	58,392
Interest Income	<u>55</u>
Total reconciling items	<u>696,308</u>
Change in net position	<u>\$ 680,329</u>

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

TOWN OF WINGATE, NORTH CAROLINA
Highland Park Water Rehabilitation Capital Project Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual - Current Year</u>	<u>Total To Date</u>	<u>Variance Positive (Negative)</u>
Revenues				
Restricted intergovernmental:				
Federal grants	\$ -	\$ 696,706	\$ 696,706	\$ 696,706
State grant	-	-	-	-
Total revenues	<u>-</u>	<u>696,706</u>	<u>696,706</u>	<u>696,706</u>
Expenditures				
Debt service:				
Principal retirement	-	15,000	15,000	(15,000)
Interest	-	12,478	12,478	(12,478)
Total debt service	<u>-</u>	<u>27,478</u>	<u>27,478</u>	<u>(27,478)</u>
Capital outlay:				
Professional Fees	380,000	109,921	317,645	62,355
Legal Fees	20,000	13,251	27,837	(7,837)
Construction	<u>1,400,000</u>	<u>1,100,701</u>	<u>1,405,658</u>	<u>(5,658)</u>
Total capital outlay	<u>1,800,000</u>	<u>1,223,873</u>	<u>1,751,140</u>	<u>48,860</u>
Total expenditures	<u>1,800,000</u>	<u>1,251,351</u>	<u>1,778,618</u>	<u>21,382</u>
Revenues over/(under) expenditures	<u>\$ (1,800,000)</u>	<u>\$ (554,645)</u>	<u>\$ (1,081,912)</u>	<u>\$ 718,088</u>

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

TOWN OF WINGATE, NORTH CAROLINA
Highland Park Water Rehabilitation Capital Project Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non - GAAP) (Continued)
For the Year Ended June 30, 2016

	<u>Project Budget</u>	<u>Actual - Current Year</u>	<u>Total To Date</u>	<u>Variance Positive (Negative)</u>
Other financing sources (uses)				
USDA bond proceeds	\$ 1,800,000	\$ 1,039,000	\$ 1,039,000	\$ (761,000)
Bond anticipation note payments	-	(1,039,000)	-	-
Interest income	-	55	85	85
Transfer from water & sewer fund	-	58,392	225,180	225,180
Transfer from general fund	-	4,210	4,210	4,210
Total other financing sources (uses)	<u>1,800,000</u>	<u>62,657</u>	<u>1,268,475</u>	<u>(531,525)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ (491,988)</u>	<u>\$ 186,563</u>	<u>\$ 186,563</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Bond anticipation note payments		\$ 1,039,000	\$ -	
USDA bond proceeds		(1,039,000)	(1,039,000)	
USDA bond payments		15,000	15,000	
Depreciation		(7,570)	(7,570)	
Capital outlay		1,223,873	1,751,140	
Total reconciling items		<u>1,231,303</u>	<u>719,570</u>	
Change in net position		<u>\$ 739,315</u>	<u>\$ 906,133</u>	

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

OTHER SCHEDULES

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy
- Water and Sewer Fund's Schedule of Net Position by Function
- Water and Sewer Fund's Schedule of Revenue, Expenses, and Changes in Fund Net Position by Function
- Water and Sewer Fund's Schedule of Cash Flows by Function

TOWN OF WINGATE, NORTH CAROLINA
Analysis of Current Tax Levy
Town Wide Levy
For The Fiscal Year Ended June 30, 2016

	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original Levy					
Property taxed at current year rate	\$ 128,747,927	.42	\$ 540,741	\$ 479,041	\$ 61,700
Motor vehicles taxed at prior year rates	<u>-</u>	.39	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>128,747,927</u>		<u>540,741</u>	<u>479,041</u>	<u>61,700</u>
Discoveries					
Current year taxes	3,764,286		15,810	13,513	2,297
Penalties and Interest	<u>-</u>		<u>1,881</u>	<u>1,846</u>	<u>35</u>
Abatements	<u>(1,578,333)</u>		<u>(6,629)</u>	<u>(6,377)</u>	<u>(252)</u>
Total Property Valuation	<u>\$ 130,933,880</u>				
Net Levy			<u>551,803</u>	<u>488,023</u>	<u>63,780</u>
Uncollected Taxes as of June 30, 2016			<u>(8,353)</u>	<u>(8,353)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 543,450</u>	<u>\$ 479,670</u>	<u>\$ 63,780</u>
Current levy collection percentage			<u>98.49%</u>	<u>98.29%</u>	<u>100.00%</u>

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

TOWN OF WINGATE, NORTH CAROLINA
Schedule of Net Position
Water and Sewer Fund by Function
For the Year Ended June 30, 2016

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 39,354	\$ 199,305	\$ 238,659
Restricted cash	159,686	1,607	161,293
Accounts receivable (net) – billed	54,065	66,292	120,357
Accounts receivable (net) – unbilled	30,624	36,921	67,545
Grants receivable	60,925	-	60,925
Prepaid items	90	90	180
Total current assets	<u>344,744</u>	<u>304,215</u>	<u>648,959</u>
Noncurrent assets:			
Net pension asset	-	-	-
Capital assets:			
Land and construction in progress	113,186	95,751	208,937
Other capital assets, net depreciation	4,000,501	4,282,529	8,283,030
Capital assets	<u>4,113,687</u>	<u>4,378,280</u>	<u>8,491,967</u>
Total noncurrent assets	<u>4,113,687</u>	<u>4,378,280</u>	<u>8,491,967</u>
Total assets	<u>\$ 4,458,431</u>	<u>\$ 4,682,495</u>	<u>\$ 9,140,926</u>

DEFERRED OUTFLOWS OF RESOURCES

Contributions to pension plan in current fiscal year	<u>10,856</u>	<u>10,856</u>	<u>21,712</u>
Total deferred outflows of resources	<u>10,856</u>	<u>10,856</u>	<u>21,712</u>

LIABILITIES

Current liabilities:			
Accounts payable and accrued liabilities	58,590	73,908	132,498
Customer deposits	32,440	-	32,440
Deferred revenues	1,608	1,607	3,215
Bond anticipation note payable	-	-	-
Current portion of long-term debt	72,004	66,493	138,497
Total current liabilities	<u>164,642</u>	<u>142,008</u>	<u>306,650</u>

Noncurrent liabilities:

Other noncurrent liabilities:			
Net pension liability	11,658	11,657	23,315
Compensated absences	13,076	13,075	26,151
Long-term debt	1,748,562	1,078,079	2,826,641
Total noncurrent liabilities	<u>1,773,296</u>	<u>1,102,811</u>	<u>2,876,107</u>
Total liabilities	<u>1,937,938</u>	<u>1,244,819</u>	<u>3,182,757</u>

DEFERRED INFLOWS OF RESOURCES

Pension deferrals	<u>12,033</u>	<u>12,034</u>	<u>24,067</u>
Total deferred inflows of resources	<u>12,033</u>	<u>12,034</u>	<u>24,067</u>

NET POSITION

Net investment in capital assets	2,418,758	3,233,709	5,652,467
Unrestricted	100,558	202,789	303,347
Total net position	<u>\$ 2,519,316</u>	<u>\$ 3,436,498</u>	<u>\$ 5,955,814</u>

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

TOWN OF WINGATE, NORTH CAROLINA
Schedule of Revenues, Expenses, and Changes in Fund Net Position
Water and Sewer Fund by Function
For the Year Ended June 30, 2016

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services	\$ 761,709	\$ 865,011	\$ 1,626,720
Water and sewer taps	1,600	3,413	5,013
Other operating revenues	30,626	-	30,626
Total operating revenues	<u>793,935</u>	<u>868,424</u>	<u>1,662,359</u>
OPERATING EXPENSES			
Salaries	218,921	218,903	437,824
Operations	129,603	97,222	226,825
Water treatment and distribution	263,958	-	263,958
Waste collection and treatment	-	480,475	480,475
Depreciation	105,284	102,698	207,982
Total operating expenses	<u>717,766</u>	<u>899,298</u>	<u>1,617,064</u>
Operating income (loss)	<u>76,169</u>	<u>(30,874)</u>	<u>45,295</u>
NONOPERATING REVENUES (EXPENSE)			
Investment earnings	214	160	374
Grants	696,706	-	696,706
Interest and other charges	(43,530)	(29,300)	(72,830)
Total non-operating revenue (expense)	<u>653,390</u>	<u>(29,140)</u>	<u>624,250</u>
Income (loss) before contributions and transfers	729,559	(60,014)	669,545
Gain on sale of capital assets	-	-	-
Transfer from other funds	<u>(40,222)</u>	<u>51,006</u>	<u>10,784</u>
Change in net position	689,337	(9,008)	680,329
Total net position, beginning as previously reported	<u>1,829,979</u>	<u>3,445,506</u>	<u>5,275,485</u>
Total net position, ending	<u>\$ 2,519,316</u>	<u>\$ 3,436,498</u>	<u>\$ 5,955,814</u>

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

TOWN OF WINGATE, NORTH CAROLINA
Schedule of Cash Flows
Water and Sewer Fund by Function
For the Year Ended June 30, 2016

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 754,499	\$ 857,221	\$ 1,611,720
Cash paid for goods and services	(388,669)	(574,839)	(963,508)
Cash paid to or on behalf of employee for service	(225,254)	(225,237)	(450,491)
Customer deposits received	7,460	-	7,460
Customer deposits returned	(1,726)	-	(1,726)
Other operating revenues	<u>30,626</u>	<u>-</u>	<u>30,626</u>
Net cash provided (used) by operating activities	<u>176,936</u>	<u>57,145</u>	<u>234,081</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	<u>7,497</u>	<u>3,287</u>	<u>10,784</u>
Total cash flows from noncapital financing activities	<u>7,497</u>	<u>3,287</u>	<u>10,784</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from long-term debt	1,039,000	-	1,039,000
Payments on bond anticipation note	(1,039,000)	-	(1,039,000)
Principal paid on long-term debt	(69,982)	(66,048)	(136,030)
Interest paid	(43,530)	(29,300)	(72,830)
Fixed asset additions	(1,573,164)	(13,314)	(1,586,478)
Capital contributions – grants	<u>635,781</u>	<u>-</u>	<u>635,781</u>
Net cash provided (used) by capital and related financing activities	<u>(1,050,895)</u>	<u>(108,662)</u>	<u>(1,159,557)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	<u>214</u>	<u>160</u>	<u>374</u>
Net increase (decrease) in cash and cash equivalents	(866,248)	(48,070)	(914,318)
Balances, beginning	<u>1,065,288</u>	<u>248,982</u>	<u>1,314,270</u>
Balances, ending	<u>\$ 199,040</u>	<u>\$ 200,912</u>	<u>\$ 399,952</u>

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

TOWN OF WINGATE, NORTH CAROLINA
Schedule of Cash Flows
Water and Sewer Fund by Function
For the Year Ended June 30, 2016

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ 76,169	\$ (30,874)	\$ 45,295
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	105,284	102,698	207,982
Pension expense/(revenue)	4,442	4,443	8,885
Bad debt	500	430	930
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(7,930)	(10,252)	(18,182)
Increase in accounts payable and accrued liabilities	3,434	1,399	4,833
Increase in customer deposits	1,638	-	1,638
Increase in accrued compensated expenses	1,539	1,539	3,078
Increase in deferred revenues	1,334	-	1,334
Increase in deferred outflows of resources for pensions	<u>(9,474)</u>	<u>(12,238)</u>	<u>(21,712)</u>
Total adjustments	<u>100,767</u>	<u>88,019</u>	<u>188,786</u>
Net cash provided by operating activities	<u>\$ 176,936</u>	<u>\$ 57,145</u>	<u>234,081</u>

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

COMPLIANCE SECTION



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Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; With OMB Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Wingate, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Wingate's major federal programs for the year ended June 30, 2016. The Town of Wingate's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Wingate's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Wingate's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Wingate's compliance.

Opinion of Each Major Federal Program

In our opinion the Town of Wingate complied, in all material respects, with the types of compliance requirements referred to above that could have direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2016-1. Our opinion on each major federal program is not modified with respect to these matters.

The Town of Wingate's response to the noncompliance findings identified in our audit is described in the accompanying corrective action plan. The Town of Wingate's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Town of Wingate is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Wingate's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency *in internal control over compliance* exists when the design or operations of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Moyer, Smith & Roller, P.A.
Monroe, NC
May 22, 2017

Moyer, Smith + Roller, P.A.

TOWN OF WINGATE, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2016

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed. (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass-through to Subrecipients</u>	<u>Local Expenditures</u>
Federal Grants:						
Cash Programs:						
<u>U.S Dept of Agriculture</u>						
Rural Utility Service (note 3)	10.760	N/A	\$1,735,706	\$ -	\$ -	\$ -
<u>U.S. Dept of Transportation</u>						
Passed-through the N.C. Department of Transportation						
Safe Routes to School	20.205	SR-5001BW	98,026	-	-	17,725
Total assistance- federal programs			1,833,732	-	-	17,725
State Grants:						
Cash Assistance:						
<u>N.C. Dept of Natural And Cultural Resources</u>						
Grassroots Arts Program		16-3510-1300	-	1,000	-	24,346
<u>N.C. Dept of Commerce</u>						
Governmental Unit Underserved And Limited Resource Communities						
		2015-089- 2486-1534	-	25,000	-	8,241
<u>N.C. Dept of Transportation</u>						
Powell Bill		32570	-	85,267	-	-
Total assistance- State programs			-	111,267	-	32,587
Total assistance			\$ 1,833,732	\$111,267	-	\$ 50,312

Notes to the Schedule of Expenditures of Federal and State Financial Awards

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Wingate under the programs of the federal government and the State of North Carolina for the year ended June 30, 2016. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost of Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule present only a selected portion of the operations of the Town of Wingate, it is not intended to and does not present the financial position, changes in net position, or cash flows for the Town of Wingate.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Town of Wingate has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

Note 3: Loans Outstanding

Town of Wingate had the following loan balances outstanding at June 30, 2016 for loans that the guarantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in SEFSA. The balance of loans outstanding at June 30, 2016 consist of:

<u>Program Name</u>	<u>CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Amount Outstanding</u>
Rural Utility Service Funds	10.760	XXXX	\$ 1,024,000



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**Report On Internal Control Over Financial Reporting And On Compliance and Other Matters
Based On An Audit Of Financial Statements Performed In Accordance With *Government
Auditing Standards***

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Wingate, North Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statement, which collectively comprises the Town of Wingate's basic financial statements, and have issued our report thereon dated May 22, 2017. Our report includes a reference to other auditors who audited the financial statements of the Town of Wingate ABC Board, as described in our report on the Town of Wingate's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Town of Wingate ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Wingate's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters⁶ that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2016-1.

Town of Wingate's Response to Findings

The Town of Wingate's responses to the findings identified in our audit are described in the accompanying corrective action plan. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Moyer, Smith & Roller, P.A.
Monroe, North Carolina
May 22, 2017

Moyer, Smith + Roller, P.A.

Town of Wingate, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section II. Financial Statement Findings (continued)

NONCOMPLIANCE VIOLATIONS

2016-1 Excess of Expenditures and Other Financing Uses Over Appropriations

Criteria: The Town is responsible for appropriating sufficient funds for expenditures and other financing uses and for monitoring and maintaining compliance with authorized appropriations.

Condition: The Town's expenditures and other financing uses exceeded authorized appropriations in the General Fund, Water and Sewer Fund, and Highland Park Water Rehabilitation Capital Project Fund.

Effect: The Town violated General Statutes 159-15 and 159-28. Per General Statutes 159-15 and 159-28 "no obligation may be incurred for a capital project or a grant project authorized by a project ordinance unless that project ordinance includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay the sums obligated by the transaction".

Cause: The Town did not have a thorough understanding of General Statutes 159-15 and 159-28.

Recommendation: Town personnel should obtain an understanding of General Statutes 159-15 and 159-28.

Views of responsible officials and planned corrective actions: The Town agrees with this finding.

Section III. Federal Award Findings and Questioned Costs

None reported.

Section IV. State Award Findings and Questioned Costs

N/A – No major state programs reported.

**Town of Wingate, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2016**

Section II. Financial Statement Findings

NONCOMPLIANCE VIOLATIONS

2016-1 Excess of Expenditures and Other Financing Uses Over Appropriations

Name of contact person: Patrick Niland, Town Manager

Corrective Action: Town personnel should obtain an understanding of General Statutes 159-15 and 159-28.

Proposed Completion Date: The Town will implement the above procedure immediately.

Section III. Federal Award Findings and Questioned Costs

None reported.

Section IV. State Award Findings and Questioned Costs

N/A – No major state programs reported.

Town of Wingate, North Carolina
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2016

Finding: 2015-1

Status: Corrected.

Finding: 2015-2

Status: Town personnel review the budget vs. actual expense report monthly; however, expenditures are still not properly budgeted for.

Corrective Action: Town personnel are more closely reviewing the budget vs. actual expenditure report and are recommending budget amendments to the governing board as deemed necessary.