

Town of Woodfin, North Carolina

Financial Statements

June 30, 2019

TOWN OF WOODFIN
Woodfin, North Carolina

Financial Statements

June 30, 2019

Mayor

M. Jerry Vebaun

Board of Aldermen

Jim Angel

Debbie Giezentanner

Jackie Pope Bryson

Donald Hensley

Donald Honeycutt

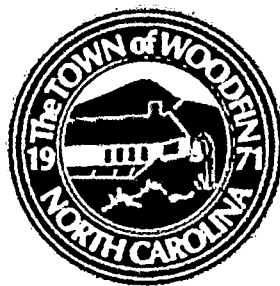
Ronnie Lunsford

Town Administrator

Jason Young

Town Clerk

Jody Jones



CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Financial Section:		
Independent Auditors' Report		1 - 2
Management's Discussion and Analysis		3 - 13
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	14
Statement of Activities	2	15
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	16
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	3	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	4	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	18
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	6	19
Notes to Financial Statements		20 – 43
Required Supplemental Financial Data:		
Schedule of the Proportionate Share of the Net Pension Liability – Local Government Employees' Retirement System		44
Schedule of Contributions – Local Government Employees' Retirement System		45
Schedule of Changes in Total Pension Liability – Law Enforcement Officers' Special Separation Allowance		46
Schedule of Total Pension Liability as a Percentage Of Covered Payroll		47
Schedule of Changes in the Total OPEB Liability and Related Ratios		48

Individual Fund Statements and Schedules:	<u>Page</u>
Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual:	
General Fund	49-53
Additional Financial Data:	
Schedule of Ad Valorem Taxes Receivable	54
Analysis of Current Tax Levy	55

Independent Auditors' Report

To the Honorable Mayor
and Members of the Board of Aldermen
Town of Woodfin, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, and each major fund of the Town of Woodfin, North Carolina, as of and for the year ended June 30, 2019, 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 Woodfin ABC Board, which represents 100 percent of the assets, net position, and revenues of the discretely presented component units. Those financial 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 Woodfin 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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 discretely presented component unit, and each major fund of the Town of Woodfin, North Carolina, as of June 30, 2019, and the respective changes in financial position thereof and the 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 3-13, the Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios on page 48, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions on pages 44 and 45, respectively, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 46 and 47 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 operational, economic, or historical context. We 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 Woodfin, North Carolina. The individual fund statements, budgetary comparison schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Ray, Bumgarner, Kingshill & Assoc., P.A.

Waynesville, North Carolina
November 26, 2019

Management's Discussion and Analysis

As management of the Town of Woodfin, we offer readers of the Town of Woodfin's financial statements this narrative overview and analysis of the financial activities of the Town of Woodfin for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

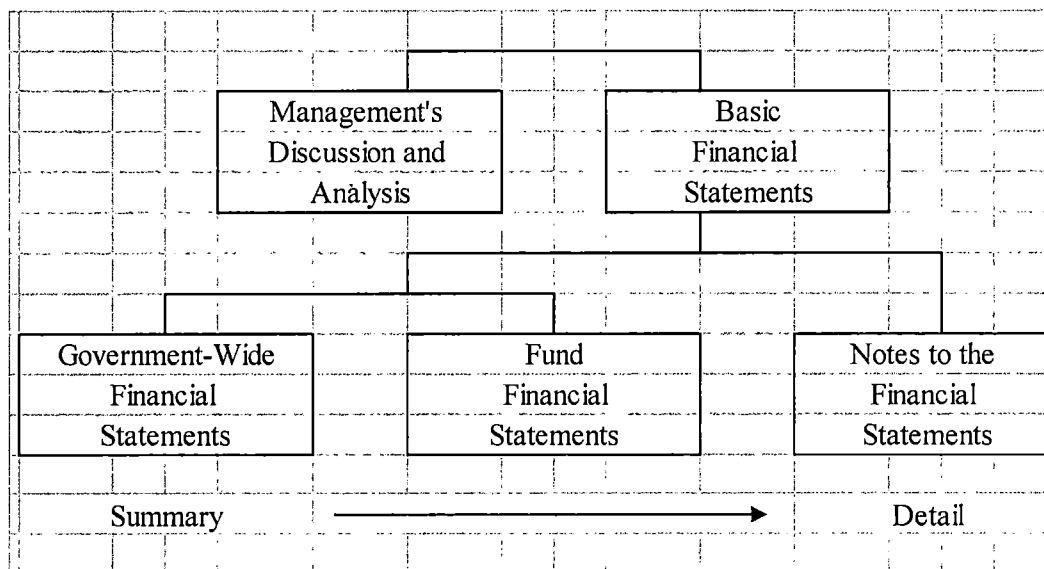
- The assets of the Town of Woodfin exceeded its liabilities at the close of the fiscal year by \$1,788,852 (*net position*). The Town is reporting a negative unrestrictive net position of \$(595,374) as a result of the implementation of GASB 75 in the fiscal year ended June 30, 2018, which required the Town to begin reporting other post-employment benefit obligation liability (OPEB).
- The government's total net position increased by \$268,791 primarily due to ad valorem revenues and sales and utilities franchise tax revenues in the current year exceeding spending.
- As of the close of the current fiscal year, the Town of Woodfin's governmental funds reported combined ending fund balances of \$2,932,949 with a net change of \$186,347 in fund balance. Approximately 18.35% of this total amount, or \$538,152 is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,394,797, or 59.83% of total general fund expenditures for the fiscal year.
- Fund balance increased due to a healthy tax base and some growth of the tax base in the form of residential and commercial new construction during the year which resulted in greater tax revenues..

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Woodfin'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 Woodfin.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits 3 through 6) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements and 2) the budgetary comparison statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town'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 position and how it has changed. Net position is the difference between the Town's total assets and total liabilities. 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, public works, recreation, and general administration. Property taxes and state grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. The Town of Woodfin does not have any business-type activities. The final category is the component unit. Although legally separate from the Town, the ABC Board is important to the Town of Woodfin because 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 Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Woodfin, 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 Woodfin can be placed into one category: governmental funds.

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

The Town of Woodfin 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.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 20 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes other supplementary information including individual fund statements and schedules and additional financial data concerning the Town of Woodfin which can be found beginning on page 49 of this report.

Interdependence with Other Entities: The Town depends on financial resources flowing from, or associated with 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 State laws and State appropriations.

Government-Wide Financial Analysis

Town of Woodfin's Net Position

Figure 2

	Total Governmental Activities	
	2019	2018
Current and other assets	\$ 3,094,795	\$ 2,862,159
Capital assets	2,448,740	2,534,728
Deferred outflows of resources	544,743	324,113
Total assets and deferred outflows of resources	<u>6,088,278</u>	<u>5,721,000</u>
Long-term liabilities outstanding	3,862,495	3,867,341
Other liabilities	153,851	106,891
Deferred inflows of resources	283,080	226,707
Total liabilities and deferred inflows of resources	<u>4,299,426</u>	<u>4,200,939</u>
Net position:		
Net investment in capital assets	1,846,074	1,671,756
Restricted	538,152	396,037
Unrestricted	(595,374)	(547,732)
Total net position	<u>\$ 1,788,852</u>	<u>\$ 1,520,061</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Woodfin exceeded liabilities by \$1,788,852 as of June 30, 2019. The Town's net position increased by \$268,791 for the fiscal year ended June 30, 2019. However, the Town's investment in capital assets (e.g. land, buildings, infrastructure, and equipment) less any related debt still outstanding that was issued to acquire those items totals \$1,846,074. The Town of Woodfin uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Woodfin'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 Woodfin's net position \$538,152 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(595,374) is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.76%.
- Better than anticipated returns on various revenue streams such as sales tax and utilities franchise tax and the addition of a business registration fee.

(Continued on next page)

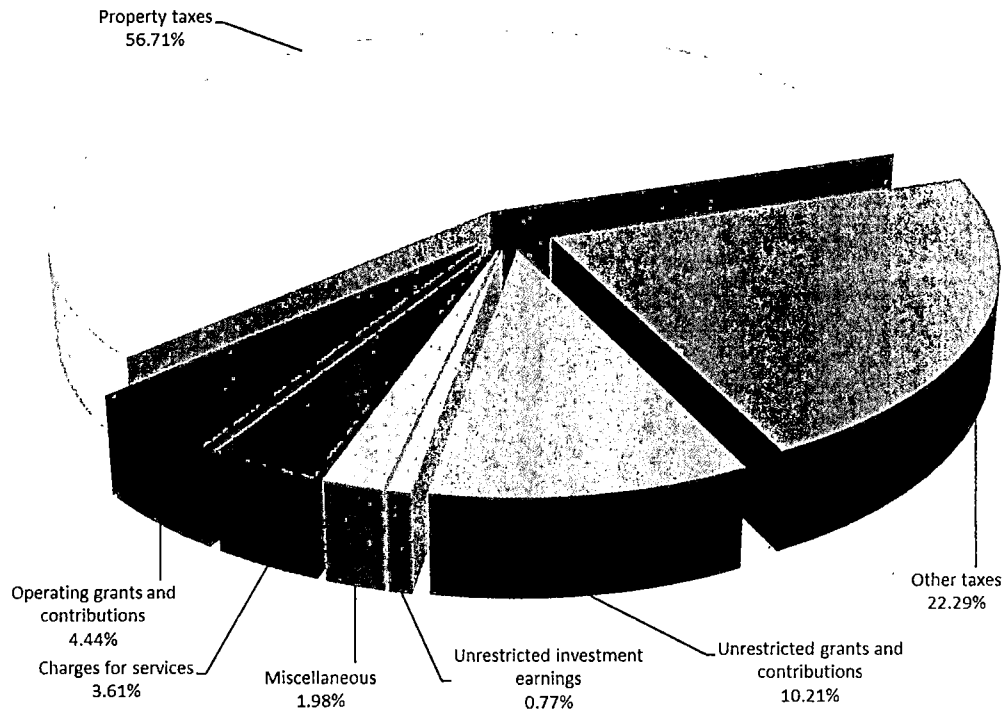
Town of Woodfin's Changes in Net Position
Figure 3

	Total Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 151,215	\$ 118,281
Operating grants and contributions	185,901	188,472
Capital grants and contributions	-	-
General revenues:		
Property taxes	2,375,067	2,007,908
Other taxes	933,435	827,297
Unrestricted grants and contributions	427,649	364,857
Unrestricted investment earnings	32,240	9,758
Miscellaneous	82,797	46,498
Total revenues	<u>4,188,304</u>	<u>3,563,071</u>
Expenses:		
General Government	1,012,776	709,189
Public safety	1,704,188	1,485,034
Transportation and Sanitation	1,090,060	1,218,436
Recreational	101,267	206,341
Debt service - interest	11,222	14,405
Total expenses	<u>3,919,513</u>	<u>3,633,405</u>
Increase in net position	<u>268,791</u>	<u>(70,334)</u>
Net position, beginning of year	<u>1,520,061</u>	<u>1,590,395</u>
Net position, ending	<u><u>\$ 1,788,852</u></u>	<u><u>\$ 1,520,061</u></u>

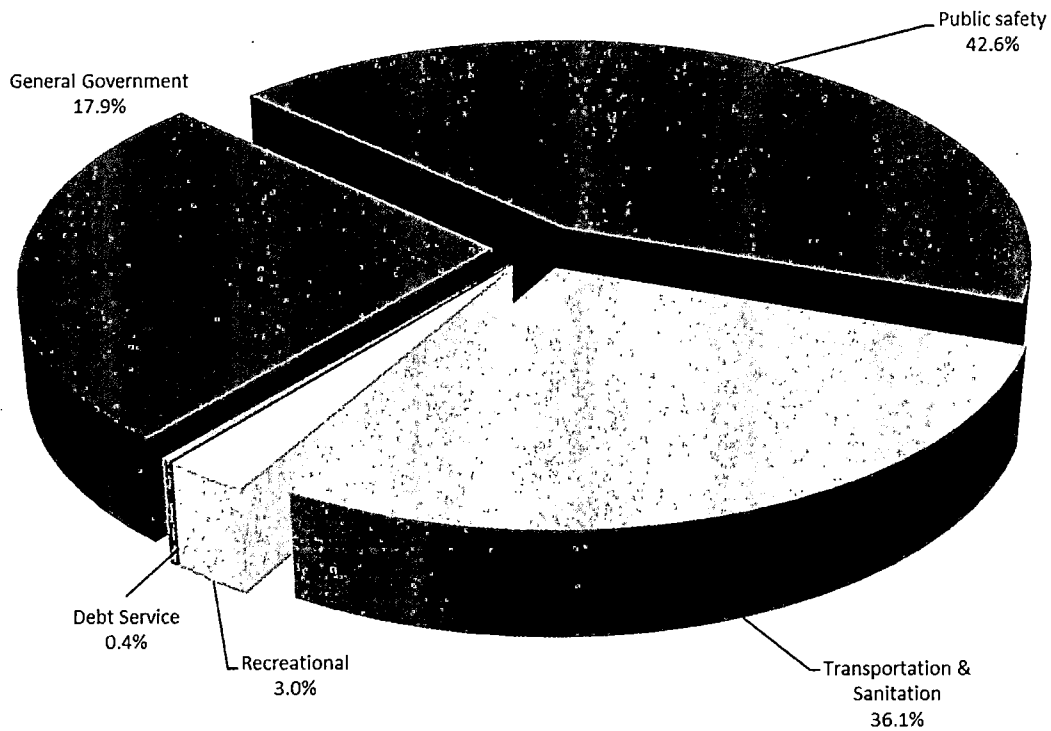
Governmental activities. Governmental activities increased the Town's net position by \$268,791, thereby accounting for 100% of the total increase in the net position of the Town of Woodfin. Key elements of this increase are as follows:

- Grant revenues in the public safety function.
- Increases in local option sales tax as the economy continues to expand.
- Tax revenues increased overall as the Town's tax base grew due to new construction.

Government-Wide Revenues



Government-Wide Expenses



Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town of Woodfin. At the end of the current fiscal year, the Town of Woodfin's unassigned fund balance in the General Fund was \$2,394,797 while total fund balance reached \$2,932,949. As a measure of the general fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. The Town currently has an available fund balance of 59.83% of total General Fund expenditures, while total fund balance represents 73.28% of the same amount.

At June 30, 2019, the governmental fund of the Town of Woodfin reported a fund balance of \$2,932,949 with a net increase in fund balance of \$186,347. This change in fund balance is an increase in the General Fund only.

General Fund Budgetary Highlights: During the fiscal year, the Town revised the budget on five 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 State grants; and 3) increases in appropriations that become necessary to maintain services.

During the year, the Town revised the budget amounts originally adopted by council to transfer budgeted expenditures to different departments and to increase budgets for unexpected increases in operating expenditures at various functional levels.

Capital Asset and Debt Administration

Capital assets. The Town of Woodfin's investment in capital assets for its governmental activities as of June 30, 2019, totals \$2,448,740 (net of accumulated depreciation). These assets include land, buildings, roads, other improvements, vehicles and motorized equipment, and equipment and furniture.

Major capital asset transactions during the year include the following:

- Purchase of vehicles and equipment totaling \$115,002 for two new police vehicles plus a Tractor/Mower.

**Town of Woodfin's Capital Assets
(net of depreciation)**

Figure 4

	Total Governmental Activities	
	2019	2018
Land and other non depreciating assets	\$ 1,185,347	\$ 1,185,347
Building	266,800	280,200
Infrastructure - roads	383,715	408,117
Other improvements	129,166	139,325
Vehicles and motorized equipment	464,656	501,355
Equipment and furniture	19,056	20,384
	<u>\$ 2,448,740</u>	<u>\$ 2,534,728</u>

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

Long-term Debt. As of June 30, 2019, the Town of Woodfin had no bonded debt outstanding. The remainder of the Town's debt represents direct placement installment purchase obligations for the purchase of a public works maintenance building, three police vehicles, a dump truck and a garbage truck and a tract of land for a greenway.

Outstanding Debt

Figure 5

Town of Woodfin's Outstanding Debt

	Governmental Activities	
	2019	2018
Installment debt	\$ 602,666	\$ 862,972
OPEB	2,218,204	2,203,567
Pension related debt (LGERS)	564,380	297,906
Pension related debt (LEO)	397,987	414,678
Compensated absences	79,258	88,217
Total	<u>\$ 3,862,495</u>	<u>\$ 3,867,340</u>

Town of Woodfin's Outstanding Debt

The Town of Woodfin's direct placement installment debt decreased by \$260,306 (30.16%) during the past fiscal year as a result of payments made during the year on the installment loans. Total debt does not include compensated absences.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Woodfin is approximately \$67,043,877.

Additional information regarding the Town of Woodfin's long-term debt can be found in Note 3.B.6 of the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The Reynolds Village Project located in the Town of Woodfin continues to act as a growth accelerator for the Town of Woodfin's Central Business District. Aside from recent high density residential districts, the Reynold Village Project continues to see significant, measurable impacts in infill commercial development on a scale and of a quality not previously experienced in the Town. . Aside from fueling growth within the TIF itself, the Reynolds Village/Mountain Project was always envisioned as an economic engine for the establishment of growth opportunities throughout the Town's Central Businesses District which is centered along the length and breadth of Weaverville Road. In the past year the Town has approved a new hotel currently under construction as well as multiple large commercial buildings and a strip mall along this growth corridor.

In addition to continued strong growth in the residential sector the Town is experiencing the development of a number of large scale commercial buildings both inside and outside the TIF District. These include medical offices, traditional office space, interior storage facilities and a Wyndham branded hotel. In addition to large scale commercial developments the Town has seen a number of existing properties purchased for the purposes of rehabilitation and rental/sale as well as demolition with plans to develop shopping opportunities and restaurant space. The Town is in active discussions with a number of restaurants about locating within the Town limits. At present these inquiries and discussions are centered around local restaurants but the expectation is that regional and national chains will be inquiring in the near future based on the area's market trends. One of the most exciting emerging trends in local tax base growth is happening along the Town's River District. Historically comprised of largely unattractive and or pollution heavy industrial uses and less than ideal housing along this major transportation corridor, the Town of Woodfin's \$18 million Greenway/Blueway Park expansion has attracted new commercial and institutional uses along the riverfront and in the process eliminated significant areas of blight expanding opportunities for further commercial investment and rehabilitation of the neighborhoods along the French Broad River.

The Town remains rooted to the concept of using infill and large-scale housing construction as a means towards growth and economic stability. This strategy continues to bear significant results as the Town has a large number of houses currently approved for development with a number of projects having moved into the construction and sale phase this fiscal year. The Town is in the process of considering a large number of new residential subdivisions and a apartments as growth pressures in the area and the lower property prices have fueled a rush to lock down available parcels and begin construction of a range of housing types.. This aspect of economic development continues to exceed historic norms and previous projections. Single and multi-family home construction are anticipated to maintain an outsized portion of the Town's growth strategy for many years yet to come. This provides an economic and political stability

to the Town that an overconcentration on commercial development cannot match. Simply put, when the economy goes bad stores often shut their doors and tax revenues from sales tax and property tax are at risk, although certainly a possibility (as recent history ably demonstrates) home foreclosures and drop in home values typically does not translate into revenue losses for municipal governments with the same speed that commercial trends usually follow.

The Town will continue to pursue voluntary annexations when and where financially prudent to do so.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities:

The Town has adopted a tax rate of 33 cents per \$100 value as the ad Valorem tax rate. This increase is primarily based upon the need to issue debt for the voter approved bond to construct the Woodfin Greenway/Blueway Project. A small portion ½ cent of the increase is dedicated towards keeping up with inflationary pressures.

The largest project in the Town's history, the construction of the Woodfin Greenway/Blueway, constitutes a major investment by the Town in developing a true intermodal transportation system for a large swath of the Town as well as creating major new recreational facilities for our residents while developing a powerful tool to lure investment into Woodfin's long neglected Riverfront District. Historically given over emphasis to industrial enterprises and garbage dumps. The Woodfin Greenway/Blueway is a dramatic re-visioning and repurposing of this neglected resource. Once completed the Greenway is expected to draw tens of thousands of visitors to the Woodfin Water Front to walk, bike, fish, read, exercise and enjoy the natural environment. In addition, the Greenway will link together Geneva Maney Park, Silverline Park, Woodfin River Park, the Woodfin Community Center and Soccer Facility as well as the Roy Pope Memorial Park. Aside from these dynamic play environments which offer entertainment opportunities for the entire range of ages and ability levels the Town is investing in a unique outdoor adventure in the form of the Woodfin White Water Wave, a permanently installed dam which will create a continuous wave that can be canoed, kayaked, tubed or even surfed. In total, the project costs are anticipated to be close to \$18 million. Most of this funding has been secured with a robust fundraising process currently underway and the pursuit of additional grants. Upon completion the Woodfin Greenway/Blueway will represent a powerful catalyst for growth. Indeed, the Town is already experiencing a purchasing and redevelopment boom including the location of second craft brewery and the construction of a private girls academy along the French Broad River among several smaller redevelopment projects, representing millions in current investments. The Woodfin Greenway/Blueway will also incorporate a local non-profits operation in the form of the short line excursion rail company, the Craggy Mountain Line. This organization runs a presently successful but ad hoc train service to groups and individuals. It is primarily focused on train enthusiasts and history buffs; the creation of the Greenway will allow for the train to provide service to two of our parks (with a depot planned for Silver-Line Park) and will improve many stretches of the line enhancing their appearance and quality. It is anticipated that these efforts, which may include the establishment of a rail interpretive center that would display various artifacts from Western North Carolina's rail history.

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 Administrator, Town of Woodfin, 90 Elk Mountain Road, Woodfin, NC 28804. You can also call (828)-253-4887, visit our website www.woodfin-nc.gov or send an email to jyoung@woodfin-nc.gov for more information.

TOWN OF WOODFIN, NORTH CAROLINA

Exhibit 1

STATEMENT OF NET POSITION

June 30, 2019

	Primary Government	Component Unit
	Governmental Activities	Town of Woodfin ABC Board
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,464,523	\$ 372,064
Cash and cash equivalents, restricted	319,260	-
Taxes receivable, net	7,995	-
Accounts receivable, net	48,009	-
Due from other governments	255,008	-
Prepaid items	-	9,815
Inventories	-	179,987
Total current assets	<u>3,094,795</u>	<u>561,866</u>
Non-current assets:		
Capital assets:		
Land and other non-depreciating assets	1,185,347	-
Other capital assets, net	<u>1,263,393</u>	<u>30,355</u>
Total capital assets	<u>2,448,740</u>	<u>30,355</u>
Total assets	<u>5,543,535</u>	<u>592,221</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	485,837	25,485
OPEB deferrals	<u>58,906</u>	<u>-</u>
Total deferred outflows of resources	<u>544,743</u>	<u>25,485</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	153,851	127,929
Current portion of long-term liabilities	<u>346,885</u>	<u>-</u>
Total current liabilities	<u>500,736</u>	<u>127,929</u>
Long-term liabilities:		
Net pension liability	564,380	16,606
Total pension liability	397,987	-
Total OPEB liability	2,218,204	-
Due in more than one year	<u>335,039</u>	<u>-</u>
Total liabilities	<u>4,016,346</u>	<u>144,535</u>
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	111,742	86
OPEB deferrals	<u>171,338</u>	<u>-</u>
Total deferred inflows of resources	<u>283,080</u>	<u>86</u>
NET POSITION		
Net investment in capital assets	1,846,074	30,355
Restricted for:		
Stabilization by State statute	303,017	-
Streets	231,489	-
Public safety	3,646	-
Minimum working capital	-	56,411
Unrestricted	<u>(595,374)</u>	<u>386,319</u>
Total net position	<u>\$ 1,788,852</u>	<u>\$ 473,085</u>

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

TOWN OF WOODFIN, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the year ended June 30, 2019

Exhibit 2

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	Component
					Government	Unit
					Governmental Activities	Town of Woodfin ABC Board
Primary government:						
Governmental Activities:						
General government	\$ 1,012,776	\$ 49,387	\$ -	\$ -	\$ (963,389)	\$ -
Public safety	1,704,188	-	-	-	(1,704,188)	-
Transportation	406,676	-	185,901	-	(220,775)	-
Sanitation	683,384	-	-	-	(683,384)	-
Recreational	101,267	101,828	-	-	561	-
Interest on long-term debt	11,222	-	-	-	(11,222)	-
Total governmental activities	<u>3,919,513</u>	<u>151,215</u>	<u>185,901</u>	<u>-</u>	<u>(3,582,397)</u>	<u>-</u>
Total primary government	<u>\$ 3,919,513</u>	<u>\$ 151,215</u>	<u>\$ 185,901</u>	<u>\$ -</u>	<u>(3,582,397)</u>	<u>-</u>
Component unit:						
Town of Woodfin ABC Board	<u>\$ 1,829,899</u>	<u>\$ 1,893,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>63,143</u>
Total component unit	<u>\$ 1,829,899</u>	<u>\$ 1,893,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>63,143</u>
General revenues:						
Taxes:						
Property taxes, levied for general purpose					2,375,067	-
Other taxes					933,435	-
Grants and contributions not restricted to specific programs					427,649	-
Unrestricted investment earnings					32,240	2,520
Miscellaneous					82,797	-
Total general revenues and special items					<u>3,851,188</u>	<u>2,520</u>
Changes in net position					268,791	65,663
Net position, beginning					<u>1,520,061</u>	<u>407,422</u>
Net position, end of year					<u>\$ 1,788,852</u>	<u>\$ 473,085</u>

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

TOWN OF WOODFIN, NORTH CAROLINA

Exhibit 3

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	<u>Major Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	
ASSETS		
Cash and cash equivalents	\$ 2,464,523	\$ 2,464,523
Cash and cash equivalents, restricted	319,260	319,260
Taxes receivable, net	7,995	7,995
Accounts receivable, net	48,009	48,009
Prepaid items	-	-
Due from other governments	255,008	255,008
Total assets	<u>\$ 3,094,795</u>	<u>\$ 3,094,795</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ 153,851	\$ 153,851
Total liabilities	<u>153,851</u>	<u>153,851</u>
Deferred inflows of resources:		
Property taxes receivable	7,995	7,995
Total deferred inflows of resources	<u>7,995</u>	<u>7,995</u>
Fund balances:		
Restricted for:		
Stabilization by State statute	303,017	303,017
Streets - Powell Bill	231,489	231,489
Public safety	3,646	3,646
Unassigned	2,394,797	2,394,797
Total fund balances	<u>2,932,949</u>	<u>\$ 2,932,949</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,094,795</u>	
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total Fund Balance, Governmental Fund		\$ 2,932,949
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		2,448,740
Net pension liability		(564,380)
Total pension liability		(397,987)
Total OPEB liability		(2,218,204)
Deferred outflows of resources related to pensions are not reported in the funds		485,837
Liabilities for earned revenues considered deferred inflows of resources in fund statements		7,995
Deferred outflows of resources related to OPEB are not reported in the funds		58,906
Some liabilities, including notes payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds		(681,924)
Deferred inflows of resources related to pensions are not reported in the funds		(111,742)
Deferred inflows of resources related to OPEB are not reported in the funds		<u>(171,338)</u>
Net position of governmental activities		<u>\$ 1,788,852</u>

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

TOWN OF WOODFIN, NORTH CAROLINA

Exhibit 4

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2019

	<u>Major Funds</u>	
	<u>General Fund</u>	<u>Total Governmental Funds</u>
REVENUES		
Ad valorem taxes	\$ 2,375,738	\$ 2,375,738
Other taxes and licenses	933,435	933,435
Unrestricted intergovernmental	427,649	427,649
Restricted intergovernmental	185,901	185,901
Permits and fees	49,387	49,387
Sales and services	906	906
Rental income	101,828	101,828
Investment earnings	32,240	32,240
Miscellaneous	47,945	47,945
Total revenues	<u>4,155,029</u>	<u>4,155,029</u>
EXPENDITURES		
Current:		
General government	979,084	979,084
Public safety	1,622,613	1,622,613
Public works	1,022,435	1,022,435
Recreational	106,967	106,967
Debt service:		
Principal	260,307	260,307
Interest and other charges	11,222	11,222
Total expenditures	<u>4,002,628</u>	<u>4,002,628</u>
Excess (deficiency) of revenues over expenditures	152,401	152,401
OTHER FINANCING SOURCES		
Sale of capital assets	33,946	33,946
Loan proceeds	-	-
Total other financing sources	<u>33,946</u>	<u>33,946</u>
Net change in fund balances	186,347	186,347
Fund balances, beginning of year	<u>2,746,602</u>	<u>2,746,602</u>
Fund balances, end of year	<u>\$ 2,932,949</u>	<u>\$ 2,932,949</u>

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

TOWN OF WOODFIN, NORTH CAROLINA

Exhibit 5

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2019**

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net changes in fund balances - total governmental funds		\$ 186,347
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.		(200,990)
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of net position		115,002
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		129,268
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities		58,906
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		(671)
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.		
New long-term debt issued	-	
Principal payments on long-term debt	<u>260,306</u>	260,306
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:		
Pension expense		(141,495)
Pension expense - LEOSA		(23,995)
Compensated absences		16,863
OPEB plan expense		<u>(130,750)</u>
Total changes in net position of governmental activities		<u>\$ 268,791</u>

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

TOWN OF WOODFIN, NORTH CAROLINA

Exhibit 6

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND

For the year ended June 30, 2019

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 2,287,496	2,287,496	\$ 2,375,738	\$ 88,242
Other taxes and licenses	841,500	841,710	933,435	91,725
Unrestricted intergovernmental	415,000	415,000	427,649	12,649
Restricted intergovernmental	251,000	189,000	185,901	(3,099)
Permits and fees	54,600	54,600	49,387	(5,213)
Sales and services	300	300	906	606
Rental income	44,000	47,500	101,828	54,328
Investment earnings	10,000	10,000	32,240	22,240
Miscellaneous	18,710	106,840	47,945	(58,895)
Total revenues	<u>3,922,606</u>	<u>3,952,446</u>	<u>4,155,029</u>	<u>202,583</u>
Expenditures:				
Current:				
General government	897,000	975,000	979,084	(4,084)
Public safety	1,421,931	1,497,331	1,622,613	(125,282)
Public works	1,125,650	1,206,950	1,022,435	184,515
Recreational	140,888	175,728	106,967	68,761
Debt service:				
Principal retirement	337,137	328,637	260,307	17,738
Interest and other charges	-	-	11,222	(14,405)
Total expenditures	<u>3,922,606</u>	<u>4,183,646</u>	<u>4,002,628</u>	<u>127,243</u>
Revenues over (under) expenditures	<u>-</u>	<u>(231,200)</u>	<u>152,401</u>	<u>383,601</u>
Other financing sources (uses):				
Sale of capital asset	-	-	33,946	33,946
Loan Proceeds	-	-	-	-
Appropriations from fund balance	-	231,200	-	(231,200)
Total other financing sources	<u>-</u>	<u>231,200</u>	<u>33,946</u>	<u>(197,254)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>186,347</u>	<u>\$ 186,347</u>
Fund balance, beginning of year, as originally reported			<u>2,746,602</u>	
Fund balance, end of year			<u>\$ 2,932,949</u>	

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

TOWN OF WOODFIN, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Town of Woodfin 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 policies:

A. Reporting Entity

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

Town of Woodfin ABC Board

The members of the Town of Woodfin 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 Woodfin ABC Board, 142 Weaverville Road, Asheville, NC 28804.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Town of Woodfin does not have any business-type activities.

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

Fund Financial Statements: The fund financial statements provide information about the Town's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The Town reports the following major governmental fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Woodfin because the tax is levied by Buncombe County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as

general revenues rather than program revenues. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the governing board. During the year, one amendment to the original budget was necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

All deposits of the Town and of the Town of Woodfin 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 investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT is a SEC registered money market mutual fund allowable by G.S. 159-30(c)(8). The NCCMT Government Portfolio is a 2a-7 fund maintaining an AAAM rating from S&P. Because the NCCMT Governmental Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

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

3. Restricted Assets

Powell Bill funds are classified as restricted cash because they can be expended only for the

purposes of maintaining, repairing, constructing, reconstructing or widening local streets per G.S. 136-41.1 through 136-41.4. Unauthorized substance tax funds are classified as restricted cash because they can be expended only for purposes related to law enforcement. Contributions and grants received in the amount of \$84,125 are restricted for the Woodfin Greenway and Blueway Project.

Town of Woodfin Restricted Cash

Governmental Activities

General Fund:

Streets	\$ 231,489
Public Safety	3,646
Greenway/Blue-	84,125
way Project	<u>\$ 319,260</u>

4. Ad Valorem Taxes Receivable

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

5. Allowances for Doubtful Accounts

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

6. Inventory and Prepaid Items

The inventories of the ABC Board are valued at cost (first-in, first-out), which approximates market. The inventories of the Town ABC Board consist of materials and supplies held for subsequent sale. The cost of these inventories is expensed when sold rather than when purchased.

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

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$10,000; building and improvements, \$5,000; infrastructure, \$20,000; furniture and equipment, \$5,000; and vehicles, \$10,000. The Town has no minimum capitalization cost for computer software and computer equipment. The Town's 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. General infrastructure assets acquired prior to July 1, 2003, consist of the road network assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement 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
Infrastructure	25
Buildings	30-50
Improvements	25
Vehicles	3-6
Furniture and equipment	3-10
Computer software	5
Computer equipment	3

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

Asset Class	Estimated Useful Lives
Computers and equipment	5-10
Store fixtures and equipment	5-10

8. Deferred Outflows/Inflows of Resources

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

9. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. In the fund financial statements governmental fund types report the face amount of debt issued as other financing sources and debt service payments as current expenditures.

10. Compensated Absences

The vacation policy of the Town provides for vacation leave as follows:

	Vacation Leave Hire Date Before	Vacation Leave Hire Date On or After
Length of Service	8/21/2007	8/21/2007
Less than 2 years	12 days	10 days
2 but less than 5 years	14 days	12 days
5 but less than 10 years	18 days	16 days
10 but less than 15 years	21 days	19 days
15 but less than 20 years	24 days	22 days
20 or more years	27 days	25 days

The vacation policy of the Town provides for the accumulation of earned vacation leave with such leave being fully vested when earned. Accumulated earned vacation at June 30, 2019

amounts to \$79,258. For the Town's government-wide funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

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.

Restricted for Public Safety - portion of the fund balance that is available for appropriation but legally segregated to enhance the ability of the police department to deter and investigate crimes, especially drug offenses. This amount represents the \$3,646 unexpended balance of the

unauthorized substance tax received from the State.

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

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

The Town of Woodfin does not have a formal revenue spending policy that provides guidance for programs with multiple revenue sources. However, it is management’s practice to use resources in the following hierarchy: federal funds, State funds, local non-town funds, town funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

The Town of Woodfin has not adopted a minimum fund balance policy for the general fund. However, the Town’s management monitors fund balance levels and strives to maintain fund balance at a level that is appropriate for its size.

12. Defined Benefit Cost Sharing Plan

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 Woodfin’s employer contributions are recognized when due and the Town of Woodfin has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

13. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 – Stewardship, Compliance and Accountability

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2019, the expenditures made in the Town’s General Fund exceeded the authorized appropriations made by the governing board for general government, public safety and public works activities by \$133,740. This over-expenditure occurred because of wages exceeding the original appropriation, loss of two police vehicles, an aging fleet, a missed order for vehicles in current period, an unbudgeted cash payment in association with the Town’s Project Development Bonds and excess expenditures for The Community Center. Staff turnover in the administration department most likely contributed to this condition. Management and the Board should assign personnel to review the budget reports to ensure compliance in future years.

Note 3 – Detail Notes on All Funds**A. Assets****1. Deposits**

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

At June 30, 2019, the Town's deposits had a carrying amount of \$398,141 and a bank balance of \$523,586. Of the bank balance, \$250,000 was covered by federal depository insurance and \$273,586 was covered by collateral held under the pooling method. Petty cash on hand at the Town totaled \$371. The carrying amount of deposits for the ABC Board was \$369,914 and the bank balance was \$395,745. Federal depository insurance covers the Board up to \$250,000, while \$145,745 is covered by collateral held under the pooling method. At June 30, 2019, the ABC Board's petty cash fund totaled \$150 and the cash in drawer totaled \$2,000.

2. Investments

At June 30, 2019, the Town of Woodfin had \$2,385,271 invested with the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Town has no formal investment policy regarding interest rate risk. The Town also has no formal policy regarding credit risk, but does have internal management procedures that limit the Town's investments to the provisions of G.S. 159-30.

3. Receivables – Allowance for Doubtful Accounts

The amount of taxes receivable presented in the Balance Sheet and the Statement of Net Position includes penalties levied and outstanding. The amount is insignificant.

The amount presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2019 is net of the following allowance for doubtful accounts:

General Fund:

Allowance for uncollectible ad valorem taxes receivable	<u>\$ 480</u>
---	---------------

4. Capital Assets**Primary Government**

Capital asset activity for the primary government for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,185,347	\$ -	\$ -	\$ 1,185,347
Construction in process	-	-	-	-
Total capital assets not being depreciated	<u>1,185,347</u>	<u>-</u>	<u>-</u>	<u>1,185,347</u>
Capital assets being depreciated:				
Buildings	490,000	-	-	490,000
Infrastructure - roads	577,750	-	-	577,750
Other improvements	280,039	-	-	280,039
Vehicles and motorized equipment	1,836,912	115,002	181,723	1,770,191
Equipment and furniture	282,107	-	-	282,107
Total capital assets being depreciated	<u>3,466,808</u>	<u>115,002</u>	<u>181,723</u>	<u>3,400,087</u>
Less accumulated depreciation for:				
Buildings	209,800	13,400	-	223,200
Infrastructure - roads	169,633	24,402	-	194,035
Other improvements	140,714	10,159	-	150,873
Vehicles and motorized equipment	1,335,557	151,701	181,723	1,305,535
Equipment and furniture	261,723	1,328	-	263,051
Total accumulated depreciation	<u>2,117,427</u>	<u>200,990</u>	<u>181,723</u>	<u>2,136,694</u>
Total capital assets being depreciated, net	<u>1,349,381</u>			<u>1,263,393</u>
Governmental activity capital assets, net	<u>\$ 2,534,728</u>			<u>\$ 2,448,740</u>

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

General government	\$ 7,676
Public safety	110,236
Transportation	74,868
Recreational	8,210
Total depreciation expense	<u>\$ 200,990</u>

There were no construction commitments as of June 30, 2019.

Discretely presented component unit

Activity for the Town of Woodfin ABC Board for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Equipment & furniture	\$ 55,589	\$ -	\$ -	\$ 55,589
Leasehold improvements	-	8,642	-	8,642
Store fixtures and equipment	24,158	21,695	-	45,853
Total capital assets not being depreciated	79,747	30,337	-	110,084
Less accumulated depreciation for:				
Equipment & furniture	55,589	-	-	55,589
Leasehold improvements	-	255	-	255
Store fixtures and equipment	15,912	7,973	-	23,885
Total accumulated depreciation	71,501	8,228	-	79,729
ABC capital assets, net	\$ 8,246			\$ 30,355

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description – The Town of Woodfin is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local 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.

Funding Policy - Plan members are required to contribute six percent of their annual covered salary. The Town is required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 7.75% and 8.50%, respectively, of annual covered payroll. The contribution requirements of members and of the Town of Woodfin are established, and may be amended, by the North Carolina General Assembly. The Town's contributions to LGERS for the years ended June 30, 2019, 2018, and 2017 were \$121,655, \$110,042, and \$95,110, respectively. The contributions made by the Town equaled the required contributions for the year.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a

member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of Woodfin 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 Woodfin's contractually required contribution rate for the year ended June 30, 2018, was 8.25% of compensation for law enforcement officers and 7.50% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Woodfin were \$121,655 for the year ended June 30, 2019.

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, 2019, the Town reported a liability of \$564,380 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2018, the Town's proportion was 0.02379%, which was an increase of 0.00429% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$141,495. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 87,070	\$ 2,922
Changes of assumptions	149,765	-
Net difference between projected and actual earnings on pension plan investments	77,473	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	24,308	36,666
Contribution to pension plan in current fiscal year	121,655	-
Total	<u>\$ 460,271</u>	<u>\$ 39,588</u>

\$121,655 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 140,843
2020	92,535
2021	14,591
2022	51,059
2023	-
Thereafter	-
	<u>\$ 299,028</u>

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

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent including inflation and productivity factor
Discount rate	7.00 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, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through

review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	<u>1% Decrease (6.00%)</u>	<u>Discount rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 1,355,690	\$ 564,380	\$ (96,851)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report

(CAFR) for the State of North Carolina.

b. Law Enforcement Officers' Special Separation Allowance

1. *Plan Description*

The Town of Woodfin administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of 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, 2017, the Separation Allowance's membership consisted of:

Active plan members	13
Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Total	<u>13</u>

2. *Summary of Significant Accounting Policies:*

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

The Separation Allowance has no assets accumulated in a trust that meets the criteria in paragraph 4 as outlined in GASB Statement 73.

3. *Actuarial Assumptions*

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

Inflation	2.5 percent
Projected salary increases	3.50 to 7.35 percent
Discount rate	3.64 percent

The discount rate used to measure the TPL is the S&P Municipal Bond 20-year high grade rate index.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

4. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town made no payments during the reporting period as there were no benefits that came due.

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

At June 30, 2019, the Town reported a total pension liability of \$397,987. The total pension liability was measured as of December 31, 2017, based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of \$23,995.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 50,648
Changes of assumptions	17,955	21,506
Town benefit payments and plan administrative expense made subsequent to the measurement date	7,613	-
Total	<u>\$ 25,568</u>	<u>\$ 72,154</u>

The Town reported no deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date that would be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ (10,928)
2021	(10,928)
2022	(10,928)
2023	(10,692)
2024	(7,741)
Thereafter	(2,982)

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

	1% Decrease (2.64%)	Discount rate (3.64%)	1% Increase (4.64%)
Total pension liability	\$ 435,899	\$ 397,987	\$ 363,310

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

	2018
Beginning balance as of December 31, 2017	\$ 414,678
Service cost at end of year	21,533
Interest on the total pension liability	13,014
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(27,744)
Changes of assumptions or other inputs	(17,784)
Benefit payments	(5,710)
Other changes	-
Net changes	(16,691)
Total pension liability as of December 31, 2018	\$ 397,987

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

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

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 141,495	\$ 23,995	\$ 165,490
Pension Liability	564,380	397,987	962,367
Proportionate share of the net pension liability	0.02379%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	87,070	-	87,070
Changes of assumptions	149,765	17,955	167,720
Net difference between projected and actual earnings on plan investments	77,473	-	77,473
Changes in proportion and differences between contributions and proportionate share of contributions	24,308	-	24,306
Benefit payments and administrative costs paid subsequent to the measurement date	121,655	7,613	129,268
Deferred of Inflows of Resources			
Differences between expected and actual experience	2,922	50,648	53,570
Changes of assumptions	-	21,506	21,506
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	36,666	-	36,666

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description – The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the 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 Officer 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. The town contributes up to 8% for all eligible employees. The law enforcement officers may make voluntary contributions to the plan.

The Town made contributions of \$58,266 for the reporting year. No amounts were forfeited.

d. NC 401(k) Plan for Other Employees

Plan Description – The Town contributes to the NC 401(k) Plan, a defined contribution pension plan. The Plan provides retirement benefits to employees other than law enforcement officers employed by the Town.

Funding Policy – The Town voluntarily contributes each month an amount up to eight percent of each employee's salary, and all amounts contributed are vested immediately. Employees may make voluntary contributions to the Plan. Contributions for other employees amounted to \$58,417 for the fiscal year ended June 30, 2019.

e. Other Postemployment Benefit

Healthcare Benefits

Plan Description. The Town of Woodfin's personnel policy provides for a single-employer group healthcare plan (the Plan). The Board of Aldermen maintain authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 78.

Benefits Provided. Retirees hired prior to July 1, 2008 and are eligible for monthly retirement benefits in accordance with the provisions of the N.C. Local Governmental Employees' Retirement System and has been covered by the Town's group medical and dental plan for the three years immediately preceding retirement, shall be eligible to remain in the Town group medical and dental plan. Regular employees hired on or after July 1, 2008 must have twenty years of service with the Town to be eligible for health and dental insurance coverage after retirement. The cost of such group medical and dental insurance shall be paid entirely by the Town for the employee only and shall be paid only until attainment of age sixty-five. The qualifying retiree may also continue family coverage for dependents by paying the full difference between the total insurance cost and the cost of the individual coverage provided by the Town.

Membership in the Plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

	Number of Employees
Retirees and dependents receiving benefits	4
Inactive members entitled to but not yet receiving benefits	-
Active Employees	23
Total Membership	27

Total OPEB Liability

The Town's total OPEB liability of \$2,218,204 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases	3.5-7.75 percent, average, including inflation
Discount rate	3.89 percent
Healthcare cost trend rates	7.5 percent for 2017 decreasing to an ultimate rate of 5.00 percent by 2023

The discount rate is based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Bond Buyer.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2017	\$ 2,203,567
Changes for the year	
Service cost	76,028
Interest	77,394
Changes of benefit terms	-
Differences between expected and actual experience	(1,715)
Changes in assumptions or other inputs	(77,381)
Benefit payments	(59,689)
Net changes	14,637
Balance at June 30, 2018	\$ 2,218,204

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56% to 3.89%.

Mortality rates were based on the RP-2014 Mortality Tables, with adjustments for LGERS experience and generalization mortality improvements using scale MP-2015.

The demographic actuarial assumptions used in the June 30, 2018 valuation were based on the

results of an actuarial experience study for the period January 2010 through December 2014.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB liability	\$ 2,456,473	\$ 2,203,567	\$ 1,981,015

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 1,952,160	\$ 2,218,204	\$2,531,509

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the Town recognized OPEB expense of \$130,750. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,505
Changes of assumptions	-	169,833
Benefit payments and administrative costs made subsequent to the measurement date	-	-
Total	\$ -	\$ 171,338

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

Year ended June 30:	
2019	\$ (26,282)
2020	(26,282)
2021	(26,282)
2022	(26,282)
2023	(26,282)
Thereafter	(39,928)

2. Other Employment Benefits

Benefit Plan for members of the Local Government Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those law enforcement officers who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

The Town has several deferred outflows of resources. Deferred outflows of resources is comprised of the following:

Source	Amount
Differences between expected and actual experience	\$ 87,070
Changes of assumptions	167,720
Net difference between projected and actual earnings on pension plan investments	77,473
Changes in proportion and differences between Town contributions and proportionate share of contributions	24,306
Contribution to pension plan in current fiscal year	188,174
Total	<u>\$ 544,743</u>

Deferred inflows of resources at year-end is comprised of the following:

	Statement of Net Position	General Fund Balance Sheet
Taxes Receivable, less penalties (General Fund)	\$ -	\$ 7,995
Differences between expected and actual experience	55,075	-
Changes of assumptions	191,339	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	-
Contribution to pension plan in current fiscal year	36,666	-
Total	<u>\$ 283,080</u>	<u>\$ 7,995</u>

4. 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 coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accounts, and the audited financial statements are available to the Town upon request.

The Town carries commercial coverage for all risks of loss. There have been no significant reductions in insurance coverage from the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. The Town has elected not to purchase a flood insurance policy.

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

5. Claims, Judgments and Contingent Liabilities

At June 30, 2019, there were no pending lawsuits.

6. Long-Term Obligations

a. Installment Purchases

In October 2010, the Town entered into a direct placement installment purchase contract in the amount of \$320,000 for the purchase of a public works maintenance building. The contract requires monthly payments of \$2,326 beginning in October 2010, with interest at 3.79%. The balance on this installment purchase contract at June 30, 2019 was \$155,102.

In August 2016, the Town entered into a direct placement installment purchase contract in the amount of \$385,000 for the purchase of three police vehicles, a leaf truck and a garbage truck. The contract required annual payments of \$133,257 beginning in August 2017, with interest at 1.89%. The balance on this installment purchase contract at June 30, 2019 was \$130,764.

In May 2017, the Town entered into a direct placement installment purchase contract in the amount of \$556,000 for the purchase of land at 1054 Riverside Dr., Woodfin NC 28804. The contract required monthly payments of \$9,200 beginning in May of 2017, with no interest. The balance on this installment purchase contract at June 30, 2019 was \$316,800.

Future minimum direct placement installment debt payments as of June 30, 2019 were as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2020	\$ 263,585	\$ 7,985
2021	133,686	4,628
2022	120,184	3,729
2023	25,117	2,797
2024	26,085	2,694
2025-2028	34,009	-
Total	<u>\$ 602,666</u>	<u>\$ 21,833</u>

b. Project Development Financing Bonds Disclosure

On August 20, 2008, Buncombe County issued \$12,960,000 of Project Development Financing (PDF) Bonds to fund the Woodfin Downtown Corridor District Project. Project development financing bonds are a financing mechanism whereby Buncombe County can promote economic development and redevelopment by capturing the incremental increase in tax revenue created by the project as a means of funding the debt service. Buncombe County entered into an agreement with the Town of Woodfin to develop the district, issue the bonds, and pledge the incremental ad valorem taxes for repayment of the bonds. Neither the credit nor the taxing powers of the State of North Carolina, Buncombe County or the Town were pledged for the repayment of the principal and interest of the bonds.

The project consisted of roadways, sidewalks, water and sewer infrastructure, and other improvements within the district which became the property of the Town. Buncombe County entered into a minimum assessment agreement with the Town and the project developer to ensure that, at a minimum, the amount of ad valorem tax revenue needed to meet the debt service requirements of the bonds would be assessed.

In February 2014, Buncombe County issued Series 2014A limited obligation bonds to refund \$11,885,000 of the Series 2008 Project Development Financing (PDF) Revenue Bonds originally used to finance the Woodfin Downtown District Project. The Town and Buncombe County have pledged a portion of their future ad valorem tax revenues to repay the \$11,285,000 of the Series 2014A bonds. In addition to the aforementioned refunding, another \$1,075,000 of Series 2008 PDF Revenue Bonds were defeased pursuant to an escrow agreement dated April 15, 2014 between Buncombe County and U.S. Bank National Association. The bond debt service is payable from the incremental ad valorem tax revenues generated by increased property values in the refurbished district to the extent that these revenues are available. In the event that the incremental tax revenues are not sufficient to meet the debt service requirements, the Buncombe County general fund will advance the funds necessary to keep the debt service current. The Buncombe County general fund will then be reimbursed as additional incremental revenues become available in the future.

Total principal and interest remaining on the serial bonds is \$17,082,400 payable through June 2037. Interest rates range from 3% to 5% depending on the serial bond's maturity date. For the current fiscal year, there were principal payments of \$140,000 and interest payments of \$517,950 on the 2014A limited obligation bonds. Accumulated tax revenue for the same period of time was \$462,156. For the year ended June 30, 2019, the Town has recorded and paid incremental taxes of \$159,955 to Buncombe County as the Town's portion. Buncombe County is responsible for overseeing the repayment of these bonds, and, therefore, they are reported in the County's comprehensive annual financial report.

The County's limited obligation bonds are serial bonds with various maturity dates and debt service requirements as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2020	\$ 115,000	\$ 510,950
2021	235,000	505,200
2022	280,000	493,450
2023	330,000	479,450
2024	370,000	462,950
2025-2029	2,490,000	1,993,250
2030-2034	3,295,000	1,323,750
2035-2038	3,880,000	318,400
Total	<u>\$10,995,000</u>	<u>\$ 6,087,400</u>

c. Changes in Long-Term Liabilities

During the year ended June 30, 2019, the following changes occurred in long-term liabilities:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion of Balances
Governmental activities:					
By type of debt:					
Direct placement installment purchases	\$ 862,972	\$ -	\$ 260,306	\$ 602,666	\$ 267,627
Compensated absences	88,217	93,448	102,407	79,258	79,258
Net pension liability (LGERS)	297,906	266,474	-	564,380	-
Total pension liability (LEO)	414,678	-	16,691	397,987	-
Total OPEB liability	2,203,567	14,637	-	2,218,204	
Total	<u>\$ 3,867,340</u>	<u>\$ 374,559</u>	<u>\$ 379,404</u>	<u>\$ 3,862,495</u>	<u>\$ 346,885</u>

At June 30, 2019, the Town of Woodfin had a legal debt margin of approximately \$67,043,877.

B. 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	<u>\$ 2,932,949</u>
Less:	
Stabilization by State Statute	303,017
Streets - Powell Bill	231,489
Public safety	3,646
Remaining Fund Balance	<u>\$ 2,394,797</u>

The Town has not adopted a minimum fund balance policy for the General Fund.

The Town does not use an encumbrance system. Therefore, the Town had no outstanding encumbrances at June 30, 2019.

Note 4 – Summary Disclosure of Significant Contingencies**A. State Assisted Programs**

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

Note 4 – Significant Effects of Subsequent Events

Subsequent events have been evaluated through November 26, 2019, which is the date the audit report was available to be issued.

Town of Woodfin
Schedule of Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Six Fiscal Years*

Local Government Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Woodfin's proportion of the net pension liability (asset) (%)	0.02379%	0.01950%	0.02559%	0.02524%	(0.02632%)	0.02720%
Woodfin's proportion of the net pension liability (asset) (\$)	\$ 564,380	\$ 297,906	\$ 543,104	\$ 113,277	\$ (155,221)	\$ 327,864
Woodfin's covered-employee payroll as of the prior fiscal year	\$ 1,389,915	\$ 1,233,106	\$ 1,355,538	\$ 1,257,915	\$ 1,247,989	\$ 1,247,989
Woodfin's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	40.61%	24.16%	40.07%	9.01%	(12.44%)	26.27%
Plan fiduciary net position as a percentage of the total pension liability**	92.00%	94.18%	91.47%	98.09%	102.64%	94.35%

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

** This will be the same percentage for all participant employers in the LGERS plan.

Town of Woodfin
Schedule of Contributions
Required Supplementary Information
Last Five Fiscal Years

Local Government Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 121,655	\$ 110,042	\$ 95,110	\$ 94,288	\$ 91,281	\$ 89,790
Contributions in relation to the contractually required contribution	<u>121,655</u>	<u>110,042</u>	<u>95,110</u>	<u>94,288</u>	<u>91,281</u>	<u>89,790</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Woodfin's covered-employee payroll	\$1,490,126	\$1,389,915	\$1,233,106	\$1,355,538	\$1,257,915	\$1,247,989
Contributions as a percentage of covered- employee payroll	8.16%	7.92%	7.71%	6.96%	7.26%	7.19%

REQUIRED SUPPLEMENTAL FINANCIAL DATA

Town of Woodfin
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 414,678	\$ 397,260	\$ 374,224
Service Cost at end of year	21,533	15,664	21,214
Interest on the Total Pension Liability	13,014	15,334	13,360
Change in benefit terms	-	-	-
Difference between expected and actuarial experience	(27,744)	(39,887)	-
Changes of assumptions and other inputs	(17,784)	26,307	(11,538)
Benefit payments	(5,710)	-	-
Other changes	<u>-</u>	<u>-</u>	<u>-</u>
Ending balance	<u>\$ 397,987</u>	<u>\$ 414,678</u>	<u>\$ 397,260</u>

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

Town of Woodfin
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability	\$ 397,987	\$ 414,678	\$ 397,260
Covered payroll	\$ 757,089	\$ 642,601	\$ 793,689
Total pension liability as a percentage of covered payroll	52.57%	64.53%	50.05%

Note to the schedule:

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

Town of Woodfin
Schedule of Changes in the Total OPEB Liability and Related Ratios
June 30, 2019

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost at end of year	\$76,028	\$82,148
Interest	77,394	66,432
Changes of benefit terms	-	-
Differences between expected and actual experience	(1,715)	-
Changes of assumptions or other inputs	(77,381)	(135,101)
Benefit payments	<u>(59,689)</u>	<u>(33,651)</u>
Net change in total OPEB liability	14,637	(20,172)
Total OPEB liability - beginning	<u>2,203,567</u>	<u>2,223,739</u>
Total OPEB liability - ending	<u><u>\$2,218,204</u></u>	<u><u>\$ 2,203,567</u></u>
 Covered payroll	 \$1,057,305	 \$ 1,057,305
Total OPEB liability as a percentage of covered payroll	209.80%	208.41%

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal year</u>	<u>Rate</u>
2019	3.89%
2018	3.56%

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

TOWN OF WOODFIN, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Ad valorem taxes			
Ad valorem taxes - current year	\$	\$ 2,202,057	\$
Ad valorem taxes - DMV		173,681	
	<u>2,287,496</u>	<u>2,375,738</u>	<u>88,242</u>
 Other taxes and licenses:			
Privilege licenses		7,685	
Local option sales tax		921,109	
Solid waste disposal tax		4,641	
	<u>841,710</u>	<u>933,435</u>	<u>91,725</u>
 Unrestricted:			
Utilities franchise tax		338,959	
Beer and wine tax		28,690	
ABC Profit Distribution		60,000	
	<u>415,000</u>	<u>427,649</u>	<u>12,649</u>
 Restricted:			
NC Department of Public Safety grant		-	
Powell Bill		185,901	
	<u>189,000</u>	<u>185,901</u>	<u>(3,099)</u>
 Permits and fees:			
Zoning permits		44,470	
Court costs and fees		886	
Impound fees		4,031	
	<u>54,600</u>	<u>49,387</u>	<u>(5,213)</u>
 Sales and services:			
Sales of recyclables		906	
	<u>300</u>	<u>906</u>	<u>606</u>
 Rental income:			
Community center rental		31,888	
Picnic shelter rental		4,940	
Greenway revenue		65,000	
	<u>47,500</u>	<u>101,828</u>	<u>54,328</u>
 Investment income:			
Interest on investments		32,240	
	<u>10,000</u>	<u>32,240</u>	<u>22,240</u>

(Continued on next page)

TOWN OF WOODFIN, NORTH CAROLINA

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL**

For the year ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Miscellaneous income:			
Miscellaneous		10,930	
Vending Machine revenue		2,349	
ABC Revenue for Law Enforcement		2,303	
Unauthorized substance		14	
Police donations for community outreach program		32,349	
	<u>106,840</u>	<u>47,945</u>	<u>(58,895)</u>
Total revenues	<u>3,952,446</u>	<u>4,155,029</u>	<u>202,583</u>
Expenditures:			
General government:			
Governing board:			
Aldermen compensation		18,000	
Total governing board	<u>18,000</u>	<u>18,000</u>	<u>-</u>
Administration:			
Salaries and wages		320,052	
FICA matching		24,253	
Group insurance		76,132	
Retirement		22,983	
Professional fees		49,090	
Workers compensation		5,434	
Unemployment insurance		307	
401(k) contributions		22,288	
Telephone		5,465	
Postage		2,363	
Printing		1,778	
Website and computer		11,680	
Utilities		10,305	
Travel		11,544	
Janitorial Service		(154)	
Maintenance and repairs		19,462	
Advertising		9,571	
Automotive supplies		604	
Supplies		34,662	
Dues and subscriptions		18,146	
Insurance and bonds		40,756	
Election expense		-	
Miscellaneous		1,638	
Capital outlay		-	
Non-Capital outlay		-	
Total administration	<u>727,000</u>	<u>688,359</u>	<u>38,641</u>
Tax collections/TIF:			
Tax collection fees		43,966	
Tax Increment Payment (TIF)		228,759	
Total tax collections/TIF	<u>230,000</u>	<u>272,725</u>	<u>(42,725)</u>
Total general government	<u>975,000</u>	<u>979,084</u>	<u>(4,084)</u>

(Continued on next page)

TOWN OF WOODFIN, NORTH CAROLINA

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL**

For the year ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Public Safety:			
Police:			
Salaries and wages		838,695	
Payroll taxes		63,013	
Group insurance		160,931	
Retirement		70,454	
Workers compensation		21,579	
401(k) contributions		58,266	
Telephone		13,110	
Printing		1,178	
Travel		3,879	
Maintenance and repairs		65,088	
Automotive supplies		45,012	
Supplies		56,604	
Uniforms		7,830	
Website and Computer		13,600	
Dues and subscriptions		59,582	
Insurance and bonds		41,099	
Personnel testing		646	
Miscellaneous		-	
Investigation and Crime		886	
Capital outlay		101,161	
Total police	<u>1,497,331</u>	<u>1,622,613</u>	<u>(125,282)</u>
Total public safety	<u>1,497,331</u>	<u>1,622,613</u>	<u>(125,282)</u>
Public Works:			
Streets:			
Salaries and wages		115,446	
Payroll taxes		8,828	
Group insurance		16,434	
Retirement		8,943	
Workers compensation		2,772	
401(k) contributions		9,232	
Utilities		19	
Maintenance and repairs		20,540	
Automotive supplies		6,711	
Supplies		9,040	
Uniforms		4,603	
Travel and Training		-	
Street lighting		62,809	
Patching and Resurfacing Streets		-	
Road Maintenance		-	
Insurance and bonds		7,311	
Capital Outlay		13,910	
Total streets	<u>286,600</u>	<u>286,598</u>	<u>2</u>

(Continued on next page)

TOWN OF WOODFIN, NORTH CAROLINA

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL**

For the year ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Sanitation:			
Salaries and wages		273,136	
Payroll taxes		19,027	
Group insurance		56,849	
Retirement		19,275	
Workers compensation		8,260	
401(k) contributions		19,897	
Telephone		1,964	
Utilities		7,450	
Maintenance and repairs		43,438	
Animal Control		-	
Automotive supplies		22,700	
Supplies		8,671	
Uniforms		3,863	
Insurance and bonds		15,731	
Miscellaneous Expense		-	
Landfill expense		83,120	
Recycling grant materials		86,348	
Capital outlay		-	
Total sanitation	<u>691,850</u>	<u>669,729</u>	<u>22,121</u>
Powell Bill:			
Professional services		-	
Snow removal		33,915	
Street repair		32,193	
Capital outlay		-	
Total Powell Bill	<u>228,500</u>	<u>66,108</u>	<u>162,392</u>
Total public works	<u>1,206,950</u>	<u>1,022,435</u>	<u>184,515</u>
Recreational:			
Recreation Facilities:			
Professional Services		(876)	
Recreation commission		2,298	
Departmental Supplies		-	
Golden age club		6,000	
Maintenance and repairs		5,634	
Bond/Construction		31,283	
Woodfin Youth League		-	
Miscellaneous Expense		-	
Labor Day picnic		-	
Capital Outlay		-	
Total recreation facilities	<u>96,888</u>	<u>44,339</u>	<u>52,549</u>
Community Center:			
Utilities		13,837	
Maintenance and repairs		16,537	
Woodfin Community Center		-	
Total community center	<u>26,000</u>	<u>30,374</u>	<u>(4,374)</u>

(Continued on next page)

TOWN OF WOODFIN, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Community Outreach Program:			
Christmas Program		1,673	
Community Program		30,581	
Total community outreach program	<u>52,840</u>	<u>32,254</u>	<u>20,586</u>
 Total recreational	 <u>175,728</u>	 <u>106,967</u>	 <u>68,761</u>
 Debt service:			
Principal retirement		260,307	
Interest		11,222	
Total debt service	<u>328,637</u>	<u>271,529</u>	<u>57,108</u>
 Total expenditures	 <u>4,183,646</u>	 <u>4,002,628</u>	 <u>181,018</u>
 Revenues over (under) expenditures	 <u>(231,200)</u>	 <u>152,401</u>	 <u>383,601</u>
 Other Financing Sources (uses):			
Sales of capital assets	-	33,946	33,946
Loan proceeds	-	-	
Appropriations from fund balance	231,200	-	(231,200)
Total other financing sources	<u>231,200</u>	<u>33,946</u>	<u>(197,254)</u>
 Revenues and other sources over expenditures	 <u>\$ -</u>	 <u>186,347</u>	 <u>\$ 186,347</u>
 Fund balance, beginning of year		<u>2,746,602</u>	
 Fund balance, end of year		<u><u>\$ 2,932,949</u></u>	

ADDITIONAL FINANCIAL DATA

TOWN OF WOODFIN, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2019

<u>Fiscal Year</u>	<u>Uncollected Balance 6/30/2018</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance 6/30/2019</u>
2018-2019	\$ -	\$ 2,367,629	\$ 2,362,062	\$ 5,567
2017-2018	7,015	(2)	5,264	1,749
2016-2017	438	-	292	147
2015-2016	450	-	239	211
2014-2015	323	-	223	100
2013-2014	1,695	-	1,473	221
2012-2013	260	(6)	192	62
2011-2012	119	-	9	110
2010-2011	116	-	-	116
2009-2010	192	-	-	192
2008-2009	290	-	290	-
	<u>\$ 10,898</u>	<u>\$ 2,367,621</u>	<u>\$ 2,370,044</u>	<u>8,475</u>
Less: allowance for uncollectible accounts General Fund				<u>(480)</u>
Ad valorem taxes receivable, net				<u>\$ 7,995</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				\$ 2,103,013
Reconciling items:				
Buncombe County fees for current year collections				43,996
Buncombe County Incremental Tax Payment (TIF)				228,759
Prepaid				-
Other adjustments				(851)
Taxes written off				<u>1,545</u>
				2,376,462
Less interest collected				<u>(6,418)</u>
				<u>\$ 2,370,044</u>

TOWN OF WOODFIN, NORTH CAROLINA

GENERAL FUND
ANALYSIS OF CURRENT TAX LEVY
June 30, 2019

	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Tax Levy:					
Property taxed at current	\$ 855,613,571	0.00280	\$ 2,395,718	\$ 2,222,037	\$ 173,681
Discoveries:					
Current year taxes	7,154,286	0.00280	20,032	20,032	-
Prior year taxes			-	-	-
Penalties			-	-	-
Less: Exemptions and releases	(17,186,071)	0.00280	(48,121)	(48,121)	-
Total Property Valuation	<u>\$ 845,581,785</u>				
Net levy			2,367,629	2,193,948	173,681
Less uncollected taxes at June 30, 2019			<u>5,567</u>	<u>5,567</u>	<u>-</u>
Current year's taxes collected			<u>\$ 2,362,062</u>	<u>\$ 2,188,381</u>	<u>\$ 173,681</u>
Current levy collection percentage			<u>99.76%</u>	<u>99.75%</u>	<u>100.00%</u>