

**Town of Woodfin, North Carolina**

**Financial Statements**

**June 30, 2022**

**TOWN OF WOODFIN**  
**Woodfin, North Carolina**

**Financial Statements**

**June 30, 2022**

**Mayor**

M. Jerry Vehaun

**Board of Aldermen**

Jim McAllister

Judy Butler

Eric Edgerton

Elisabeth Ervin

Ronnie Lunsford

Hazel Thornton

**Town Manager**

Shannon Tuch

**Finance Officer**

Sheri Powers



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## **FINANCIAL SECTION**

## **Independent Auditors' Report**

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

### **Report on the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Woodfin, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, based upon our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Woodfin, North Carolina, as of June 30, 2022, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund, Greenway and Blueway Capital Projects Fund, Streets Capital Project Fund, and American Rescue Plan Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Town of Woodfin ABC Board, which represent 100 percent, 100 percent and 100 percent of the assets, net position, and revenues, respectively, of the discretely presented component unit as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town of Woodfin's ABC Board, is based solely on the report of another auditor.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Woodfin, North Carolina and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Town of Woodfin's ABC Board were not audited in accordance with *Governmental Auditing Standards*.

#### ***Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Woodfin, North Carolina's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercised professional judgment and maintained professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Woodfin, North Carolina's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Woodfin, North Carolina's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 13, and the Other Post Employment Benefit and Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions on pages 49 through 51, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions, on pages 47 through 48, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Woodfin, North Carolina's basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules, as well as the accompanying schedule of expenditures of federal and state awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2022, on our consideration of the Town of Woodfin, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Woodfin, North Carolina's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Woodfin, North Carolina's internal control over financial reporting and compliance.

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

Waynesville, North Carolina  
August 31, 2022

## 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, 2022. 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

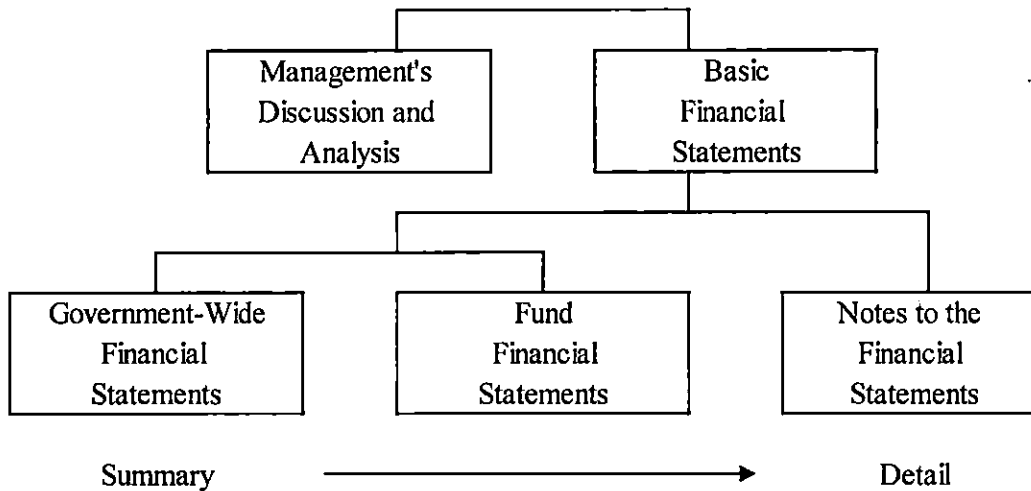
- The assets of the Town of Woodfin exceeded its liabilities at the close of the fiscal year by \$6,229,159 (*net position*). Of this amount, \$803,756 may be used to meet the government's ongoing obligations to citizens and creditors (*unrestricted net position*).
- The government's total net position increased by \$3,268,442 primarily due to the receipt of federal American Rescue Plan Act grant funds totaling \$2,140,691 plus ad valorem revenues and sales and utilities franchise tax revenues exceeding spending.
- As of the close of the current fiscal year, the Town of Woodfin's governmental funds reported combined ending fund balances of \$5,980,770 with a net change of \$501,831 in fund balance. Approximately 30.17% of this total amount, or \$1,804,248 is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,176,522 or 102.23% of total general fund expenditures for the fiscal year.
- The Town of Woodfin's total debt decreased by \$1,107,078. The key factors in this decrease were a decrease in the net pension liability of \$552,508, a decrease in the total pension liability of \$130,788, a decrease in the OPEB liability of \$599,405, and principal payments on installment loans and general obligations bonds of \$320,183 and amortization of lease liabilities. These decreases were offset to a lesser degree by the issuance of an installment purchase agreement for \$111,553 plus the recording of lease liabilities for \$442,463.
- Fund balance continues to increase due to a healthy tax base and increases in sales and use tax revenue. The growth of the tax base was due to residential and commercial new construction during the year and a continued increases in sales and use tax revenue.

### 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 sales and use tax 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 52 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	
	2022	2021
Current and other assets	\$ 6,184,733	\$ 6,003,065
Capital and other non-current assets	6,993,516	4,110,186
Deferred outflows of resources	1,257,834	1,072,036
Total assets and deferred outflows of resources	14,436,083	11,185,287
Long-term liabilities outstanding	5,995,999	7,103,077
Other liabilities	189,507	510,949
Deferred inflows of resources	2,021,418	610,544
Total liabilities and deferred inflows of resources	8,206,924	8,224,570
Net position:		
Net investment in capital assets	3,621,155	904,742
Restricted	1,804,248	2,169,886
Unrestricted	803,756	(113,911)
Total net position	\$ 6,229,159	\$ 2,960,717

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 and deferred inflows by \$6,229,159 as of June 30, 2022. The Town's net position increased by \$3,268,442 for the fiscal year ended June 30, 2022. 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 \$3,621,155. 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 \$1,804,248 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$803,756 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 99.78%.
- Better than anticipated returns on various revenue streams such as sales and use tax and utilities franchise taxes due to economic growth in the Town.
- Receipt of American Rescue Plan Act grant monies of \$2,140,691 used to supplant salaries in the current year.

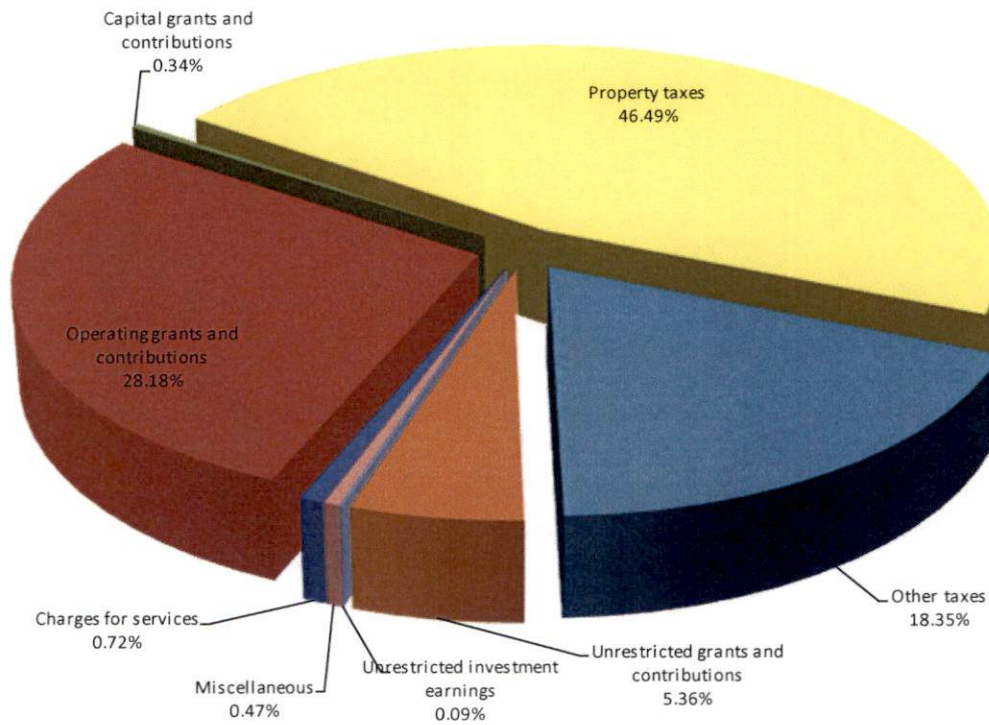
**Town of Woodfin's Changes in Net Position**  
*Figure 3*

	<b>Total Governmental Activities</b>	
	<b>2022</b>	<b>2021</b>
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for services	\$ 61,220	\$ 55,760
Operating grants and contributions	2,381,533	175,059
Capital grants and contributions	28,948	35,914
<b>General revenues:</b>		
Property taxes	3,928,504	3,159,268
Other taxes	1,550,986	1,324,907
Unrestricted grants and contributions	453,246	461,220
Unrestricted investment earnings	7,202	570
Miscellaneous	39,476	128,482
<b>Total revenues</b>	<b>8,451,115</b>	<b>5,341,180</b>
<b>Expenses:</b>		
General Government	754,706	697,835
Economic and Physical Development	677,010	615,754
Public safety	2,106,570	1,935,295
Transportation and Sanitation	1,400,694	1,208,142
Recreational	185,923	51,124
Interest on Long-term debt	57,770	28,546
<b>Total expenses</b>	<b>5,182,673</b>	<b>4,536,696</b>
<b>Increase in net position</b>	<b>3,268,442</b>	<b>804,484</b>
<b>Net position, beginning of year</b>	<b>2,960,717</b>	<b>2,156,233</b>
<b>Net position, ending</b>	<b>\$ 6,229,159</b>	<b>\$ 2,960,717</b>

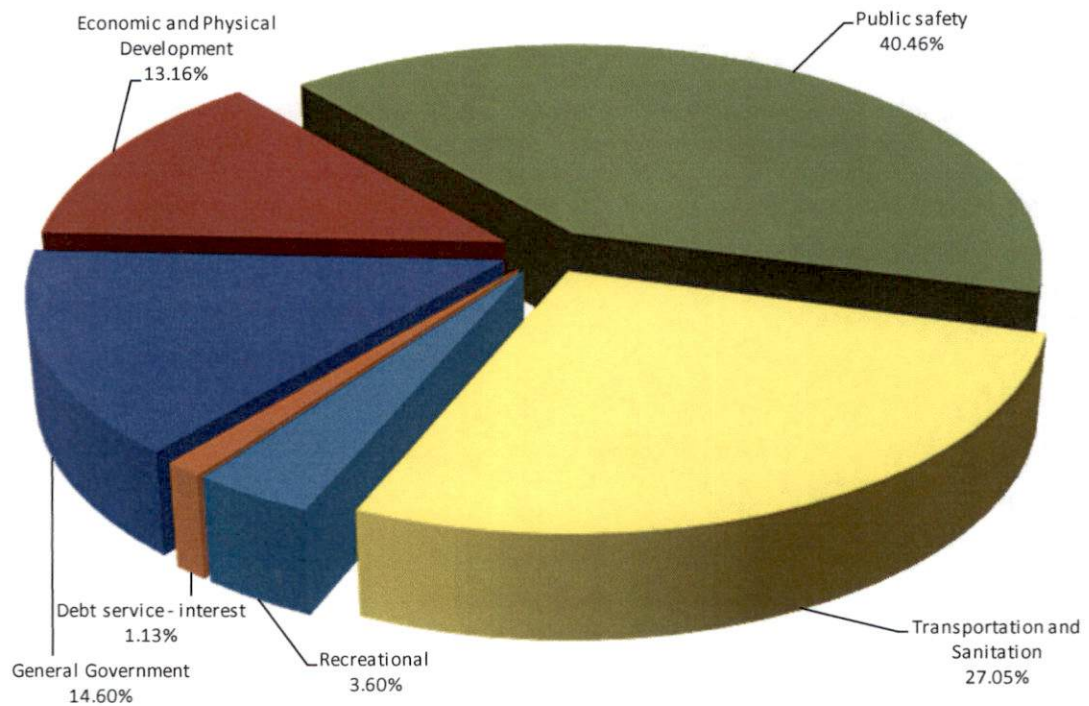
**Governmental activities.** Governmental activities increased the Town's net position by \$3,268,442, thereby accounting for 100% of the total increase in the net position of the Town of Woodfin. Key elements of this increase are as follows:

- Increases in property tax and 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.
- American Rescue Plan Act grant funds received totaling \$2,140,691.

### 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 \$4,176,522 while total fund balance reached \$6,448,754. The governing body of the Town of Woodfin has determined that the Town should maintain a minimum available fund balance of 30% of general fund expenditures. The Town currently has an available fund balance of 102.23% of total General Fund expenditures, while total fund balance represents 157.85% of the same amount.

On June 30, 2022, governmental funds of the Town of Woodfin reported a combined fund balance of \$5,980,770 with a net increase in fund balance of \$501,831. Included in this change in fund balance is a decrease in fund balance in the Greenway and Blueway Capital Projects Fund of \$1,746,415 and a decrease in fund balance in the Streets Capital Projects Fund of \$218,994.

**General Fund Budgetary Highlights:** During the fiscal year, the Town revised the budget on ten 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 and Right to Use Leased Assets and Debt Administration**

**Capital assets.** The Town of Woodfin's investment in capital and right to use leased assets for its governmental activities as of June 30, 2022, totals \$6,993,516 (net of accumulated depreciation and amortization). These assets include land, construction in process, buildings, roads, other improvements, vehicles and motorized equipment, equipment and furniture, and right to use leased assets.

Major capital and right to use leased asset transactions during the year include the following:

- Purchase of vehicles and equipment totaling \$607,337 for the Street and Sanitation Departments.
- Construction in process of \$1,983,857 in the Greenway and Blueway Capital Project and the Streets Capital Project.
- Construction of a culvert for stormwater totaling \$58,208 in the Sanitation Department.
- Purchase of a new sign and new computer server for \$42,659 in the Administration Department.
- Purchase of fencing around the Public Works building totaling \$17,350 in the Streets Department.
- Capitalization of leased police vehicles totaling \$241,378 in the Police Department.
- Capitalization of leased land totaling \$201,085 in the Recreation Department.

**Town of Woodfin's Capital and Right to Use Leased Assets  
(net of depreciation and amortization)**

*Figure 4*

	Total Governmental Activities	
	2022	2020
Right to use leased assets	\$ 375,547	\$ -
Land and other non depreciating assets	5,078,916	1,472,475
Building	226,600	253,400
Infrastructure - roads	367,941	359,313
Other improvements	128,343	119,008
Vehicles and motorized equipment	802,330	394,562
Equipment and furniture	13,839	26,228
	<u>\$ 6,993,516</u>	<u>\$ 2,624,986</u>

Additional information on the Town's capital and right to use leased assets can be found in Note 3.A.4 and Note 3 A.5 of the Basic Financial Statements.

**Long-term Debt.** As of June 30, 2022, the Town of Woodfin had \$2,800,000 bonded debt outstanding backed by the full faith and credit of the Town. The remainder of the Town's debt represents direct placement installment purchase obligations for the purchase of a public works maintenance building and trucks for the street department. Additionally, the Town has recorded lease liabilities of \$376,984 at year-end.

**Outstanding Debt**

*Figure 5*

Town of Woodfin's Outstanding Debt

	Governmental Activities	
	2022	2021
Installment debt	\$ 196,814	\$ 205,444
General Obligation Bond	2,800,000	3,000,000
Leases	376,984	-
OPEB	1,604,123	2,203,528
Pension related debt (LGERS)	400,882	953,390
Pension related debt (LEO)	521,003	651,791
Compensated absences	96,193	88,924
Total	<u>\$ 5,995,999</u>	<u>\$ 7,103,077</u>

**Town of Woodfin's Outstanding Debt**

The Town of Woodfin's total debt decreased by \$1,107,078. The key factors in this decrease were a decrease in the net pension liability of \$552,508, a decrease in the total pension liability of \$130,788, a decrease in the OPEB liability of \$599,405, and principal payments on installment loans and general

obligation bonds of \$320,183 and amortization of lease liabilities. These decreases were offset to a lesser degree by the issuance of an installment purchase agreement for \$111,553 plus the recording of lease liabilities for \$442,463.

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 \$92,099,064.

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 Town of Woodfin continues to grow as evidenced by the most recent US Census in July of 2021 projecting population of the town at 8010 residents.

After a brief disruption, construction activity in the Town continues to flourish as demonstrated by a steady flow of zoning applications and rebounding employment in the construction industry. Much of this construction activity centers on residential development throughout the jurisdiction. Due to the ongoing pressures of development, the Town has updated its Planning and Zoning ordinances and added additional controls for steep slope development. The Planning Department also launched online access to apply and view zoning permits and access to related information. These initiatives have proven critical in our continuing effort to improve systems and processes related to land use, development, and long-range visioning for Woodfin.

Town operations continued to be impacted by public health concerns and the State of Emergency in effect throughout the fiscal year. Town Hall operated by appointment only with restricted public access for the first half of the year. Public park facilities have reopened, law enforcement continues to ensure a safe community, street maintenance workers stay ahead of needed road improvements, and sanitation crews keep our Town tidy. The new normal has dictated increased spending on sanitation collection methods including brush collection, stormwater regulatory requirements, a backlog of deferred streets maintenance, and community engagement. Access to funding through the ARPA (American Rescue Plan Act of 2021) with the Town receiving an allotment of \$2,140,690.73 over two years has helped mitigate some of the anticipated budget impacts into fiscal year 2024 due to the economic consequences of the pandemic.

Reynolds Village, envisioned as an economic engine along the primary commercial corridor, continues to attract residential and commercial investment in the form of retail storefronts, restaurants and a storage facility. Although the ad valorem tax revenue continues to lag projections for this synthetic tax increment financing district, growth of that tax base is a positive note.

Ongoing significant residential subdivision and commercial development across the Town also signifies future tax base increases.

### ***Budget Highlights for the Fiscal Year Ending June 30, 2023***

#### **Governmental Activities:**

The Town's fiscal year 2023 ad valorem tax rate, 33 cents per \$100 valuation, remains unchanged from the prior year. A portion of that revenue is set aside to service debt for major capital investment.

The fiscal year 2022 revenue collections exceeded budget for sales & use tax signaling economic strength greater than anticipated due to the pandemic and that trend is expected to continue into fiscal year 2023. The

Town's other major revenue, property tax, also increased. Tax revenue as a result of ordinary growth and County revaluation is projected to increase by \$235,425 in fiscal year 2023.

The fiscal year 2022 annual operating expenditure budget increases were primarily due to additional staff costs for the addition of a Finance Director, Planning Director and two Police Sergeant positions in mid-2021 and for a new Project and Facilities Director position as well as increased spending requirements for street maintenance, brush and trash collection and stormwater regulatory requirements. In fiscal year 2023 the budget included the addition of a Stormwater Administrator and a Patrol Officer. The positions added to Town staff over the last several years better equip the Town to provide core services and more efficient management as the Town continues to grow.

Construction began in September 2020 on the first phase of an \$18 million multi-park system, the Woodfin Greenway and Blueway. This project is possible through a combination of funding streams including:

- \$6 million Federal Highway Administration (FHWA) award administered through the NC Department of Transportation Surface Transportation Direct Attributable fund
- \$4.5 million Woodfin General Obligation Bond proceeds
- \$2.25 million Tourism Development Authority - Project Development Fund award
- An anticipated \$1.5 million contribution from Buncombe County as the 20% match to the FHWA grant
- Several smaller and generous private donations and grant awards
- Actual and anticipated Woodfin general fund contributions
- Actual and anticipated local fundraising and contributions through a partnership with Riverlink

Once complete the Woodfin Greenway Blueway will feature two parks along the banks of the French Broad River connected by a segment of hard surface greenway. Greenways will extend beyond the boundaries of the two parks to provide connections to Asheville's greenway River Arts District to the south, and to The Mills at Riverside to the north. A final crucial linking segment of the 5-mile greenway network will follow Beaverdam Creek to the base of Reynolds Mountain, eventually connecting into north Asheville. The Whitewater Wave, built into the French Broad River adjacent to Riverside Park, is expected to attract paddlers from across the nation. A companion amenity is the Craggy Mountain Line, which is operated independent of the Town and currently runs restored trolley and rail cars along the entire length of the park system.

The transformation of Woodfin's riverfront once used by industry and junk/salvage yards is anticipated to take three to four years to completion. Investment in, and redevelopment of, adjacent properties are underway as the community looks to realize its grand vision.

Funding for a town hall needs assessment and feasibility study and a new comprehensive plan were also included in the fiscal year 2023 budget to address an overall vision for the Town as well as physical facilities needs of the towns aged town hall and the need for additional office space.

### **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 Finance Director, Town of Woodfin, 90 Elk Mountain Road, Woodfin, NC 28804. You can also call (828)-253-4887, visit our website [www.woodfin-nc.gov](http://www.woodfin-nc.gov) or send an email to [spowers@woodfin-nc.gov](mailto:spowers@woodfin-nc.gov) for more information.

## **BASIC FINANCIAL STATEMENTS**

## TOWN OF WOODFIN, NORTH CAROLINA

Exhibit 1

## STATEMENT OF NET POSITION

June 30, 2022

	Primary Government	Component Unit
	Governmental Activities	Town of Woodfin ABC Board
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,898,046	\$ 618,757
Cash and cash equivalents, restricted	717,357	-
Taxes receivable, net	14,456	-
Accounts receivable, net	1,138,857	-
Due from other governments	412,017	-
Prepaid items	4,000	11,839
Inventories	-	241,859
Total current assets	6,184,733	872,455
Non-current assets:		
Right to use leased assets, net of amortization	375,547	-
Capital assets:		
Land and other non-depreciating assets	5,078,916	-
Other capital assets, net	1,539,053	41,836
Total capital assets	6,617,969	41,836
Total non-current assets	6,993,516	41,836
Total assets	13,178,249	914,291
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension deferrals	795,749	54,023
OPEB deferrals	462,085	-
Total deferred outflows of resources	1,257,834	54,023
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued liabilities	189,507	192,027
Current portion of long-term liabilities	415,150	-
Total current liabilities	604,657	192,027
Long-term liabilities:		
Net pension liability	400,882	62,535
Total pension liability	521,003	-
Total OPEB liability	1,604,123	-
Due in more than one year	3,054,841	-
Total liabilities	6,185,506	254,562
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension deferrals	795,067	-
OPEB deferrals	1,226,351	-
Total deferred inflows of resources	2,021,418	-
<b>NET POSITION</b>		
Net investment in capital assets	3,621,155	41,836
Restricted for:		
Stabilization by State statute	1,554,875	-
Streets	162,126	-
Public safety	11,180	-
Parks	76,067	-
Capital leasehold improvements	-	123,874
Minimum working capital	-	83,802
Unrestricted	803,756	464,240
Total net position	\$ 6,229,159	\$ 713,752

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, 2022

**Exhibit 2**

					Net (Expense) Revenue and Changes in Net Position	
					Primary Government	Component Unit
					Governmental Activities	Town of Woodfin ABC Board
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
<b>Primary government:</b>						
Governmental Activities:						
General government	\$ 754,706	\$ 36,358	\$ 351,328	\$ -	\$ (367,020)	\$ -
Economic & Physical Development	\$ 677,010	\$ -	\$ 142,482	\$ -	\$ (534,528)	\$ -
Public safety	2,106,570	-	1,105,671	-	(1,000,899)	-
Transportation	582,422	-	\$ 386,546	-	(195,876)	-
Sanitation	818,272	-	326,069	-	(492,203)	-
Recreational	185,923	24,862	69,437	28,948	(62,676)	-
Interest on long-term debt	57,770	-	-	-	(57,770)	-
Total governmental activities	5,182,673	61,220	2,381,533	28,948	(2,710,972)	-
Total primary government	5,182,673	61,220	2,381,533	28,948	(2,710,972)	-
<b>Component unit:</b>						
Town of Woodfin ABC Board	\$ 2,684,608	\$ 2,810,790	\$ -	\$ -	-	126,182
Total component unit	2,684,608	2,810,790	-	-	-	126,182
<b>General revenues:</b>						
Taxes:						
Property taxes, levied for general purpose					3,928,504	-
Other taxes					1,550,986	-
Grants and contributions not restricted to specific programs					453,246	-
Unrestricted investment earnings					7,202	67
Miscellaneous					39,476	-
Total general revenues and special items					5,979,414	67
Changes in net position					3,268,442	126,249
Net position, beginning					2,960,717	587,503
Net position, end of year					\$ 6,229,159	\$ 713,752

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

## TOWN OF WOODFIN, NORTH CAROLINA

Exhibit 3

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2022

	Major Funds			
	General Fund	Greenway Capital Projects Fund	Streets Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,898,046	\$ -	\$ -	\$ 3,898,046
Cash and cash equivalents, restricted	717,357	-	-	717,357
Taxes receivable, net	14,456	-	-	14,456
Accounts receivable, net	1,138,857	-	-	1,138,857
Prepaid items	-	4,000	-	4,000
Due (to) from other funds	471,984	(252,990)	(218,994)	-
Due from other governments	412,017	-	-	412,017
Total assets	<u>\$ 6,652,717</u>	<u>\$ (248,990)</u>	<u>\$ (218,994)</u>	<u>\$ 6,184,733</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 189,507	\$ -	\$ -	\$ 189,507
Total liabilities	<u>189,507</u>	<u>-</u>	<u>-</u>	<u>189,507</u>
<b>Deferred inflows of resources:</b>				
Property taxes receivable	14,456	-	-	14,456
Total deferred inflows of resources	<u>14,456</u>	<u>-</u>	<u>-</u>	<u>14,456</u>
<b>Fund balances:</b>				
Restricted for:				
Stabilization by State statute	1,554,875	-	-	1,554,875
Streets	381,120	-	(218,994)	162,126
Public safety	11,180	-	-	11,180
Parks	325,057	(248,990)	-	76,067
Unassigned	4,176,522	-	-	4,176,522
Total fund balances	<u>6,448,754</u>	<u>(248,990)</u>	<u>(218,994)</u>	<u>\$ 5,980,770</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,652,717</u>	<u>\$ (248,990)</u>	<u>\$ (218,994)</u>	
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:				
Total Fund Balance, Governmental Fund				\$ 5,980,770
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds				6,617,969
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds				375,547
Net pension liability				(400,882)
Total pension liability				(521,003)
Total OPEB liability				(1,604,123)
Deferred outflows of resources related to pensions are not reported in the funds				795,749
Liabilities for earned revenues considered deferred inflows of resources in fund statements				14,456
Deferred outflows of resources related to OPEB are not reported in the funds				462,085
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				(3,469,991)
Deferred inflows of resources related to pensions are not reported in the funds				(795,067)
Deferred inflows of resources related to OPEB are not reported in the funds				(1,226,351)
Net position of governmental activities				<u>\$ 6,229,159</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, 2022

	Major Funds				
	General Fund	Greenway Capital Projects Fund	Streets Capital Projects Fund	American Rescue Plan Fund	Total Governmental Funds
<b>REVENUES</b>					
Ad valorem taxes	\$ 3,927,225	\$ -	\$ -	\$ -	\$ 3,927,225
Other taxes and licenses	1,550,986	-	-	-	1,550,986
Unrestricted intergovernmental	453,246	-	-	-	453,246
Restricted intergovernmental	240,842	28,948	-	2,140,691	2,410,481
Permits and fees	36,358	-	-	-	36,358
Sales and services	1,084	-	-	-	1,084
Rental income	23,778	-	-	-	23,778
Investment earnings	7,202	-	-	-	7,202
Miscellaneous	38,944	-	-	-	38,944
Total revenues	<u>6,279,665</u>	<u>28,948</u>	<u>-</u>	<u>2,140,691</u>	<u>8,449,304</u>
<b>EXPENDITURES</b>					
Current:					
General government	435,774	-	-	351,328	787,102
Public safety	1,170,165	-	-	1,098,786	2,268,951
Transportation	444,528	-	-	152,589	597,117
Sanitation	932,181	-	-	326,069	1,258,250
Recreational	99,301	201,085	-	69,437	369,823
Economic and physical development	570,532	-	-	142,482	713,014
Capital outlay	-	1,764,863	218,994	-	1,983,857
Debt service:					
Principal	376,013	9,649	-	-	385,662
Interest and other charges	56,919	851	-	-	57,770
Total expenditures	<u>4,085,413</u>	<u>1,976,448</u>	<u>218,994</u>	<u>2,140,691</u>	<u>8,421,546</u>
Excess (deficiency) of revenues over expenditures	2,194,252	(1,947,500)	(218,994)	-	27,758
<b>OTHER FINANCING SOURCES</b>					
Sale of capital assets	31,610	-	-	-	31,610
Lease liabilities issues	241,378	201,085	-	-	442,463
Total other financing sources	<u>272,988</u>	<u>201,085</u>	<u>-</u>	<u>-</u>	<u>474,073</u>
Net change in fund balances	2,467,240	(1,746,415)	(218,994)	-	501,831
Fund balances, beginning of year	<u>3,981,514</u>	<u>1,497,425</u>	<u>-</u>	<u>-</u>	<u>5,478,939</u>
Fund balances, end of year	<u>\$ 6,448,754</u>	<u>\$ (248,990)</u>	<u>\$ (218,994)</u>	<u>\$ -</u>	<u>\$ 5,980,770</u>

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

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, 2022

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

Net changes in fund balances - total governmental funds		\$ 501,831
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.		(170,550)
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of net position		2,709,411
Right to use leased asset capital outlay expenditures, which were capitalized (net of amortization of \$66,916)		375,547
Contributions to the pension plan and LEOSSA in the current fiscal year are not included on the Statement of Activities		246,157
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities		50,443
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in unavailable revenue for tax revenues		1,279
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	(554,016)	
Principal payments on long-term debt	<u>385,662</u>	(168,354)
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		(158,521)
Pension expense - LEOSSA		(43,773)
Compensated absences		(7,269)
OPEB plan expense		<u>(67,759)</u>
Total changes in net position of governmental activities		<u>\$ 3,268,442</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, 2022

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Ad valorem taxes	\$ 3,741,950	3,741,950	\$ 3,927,225	\$ 185,275
Other taxes and licenses	1,241,750	1,291,007	1,550,986	259,979
Unrestricted intergovernmental	428,810	428,810	453,246	24,436
Restricted intergovernmental	429,970	295,171	240,842	(54,329)
Permits and fees	50,230	50,230	36,358	(13,872)
Sales and services	-	-	1,084	1,084
Rental income	35,680	15,680	23,778	8,098
Investment earnings	730	730	7,202	6,472
Miscellaneous	41,940	41,940	38,944	(2,996)
Total revenues	<u>5,971,060</u>	<u>5,865,518</u>	<u>6,279,665</u>	<u>414,147</u>
<b>Expenditures:</b>				
Current:				
General government	872,160	868,820	435,774	433,046
Economic and physical development	725,180	799,542	570,532	229,010
Public safety	1,846,750	1,901,238	1,170,165	731,073
Transportation	933,330	906,971	444,528	462,443
Sanitation	1,334,180	1,546,913	932,181	614,732
Recreational	37,160	163,117	99,301	63,816
Debt service:				
Principal retirement	398,380	421,570	376,013	45,557
Interest and other charges	55,000	57,000	56,919	81
Total expenditures	<u>6,202,140</u>	<u>6,665,171</u>	<u>4,085,413</u>	<u>2,579,758</u>
Revenues over (under) expenditures	<u>(231,080)</u>	<u>(799,653)</u>	<u>2,194,252</u>	<u>2,993,905</u>
<b>Other financing sources (uses):</b>				
Sale of capital asset	6,070	18,070	31,610	13,540
Proceeds from Installment Loans	-	418,930	-	(418,930)
Lease liabilities issued	-	241,378	241,378	-
Transfers to other funds	-	(420,580)	-	420,580
Appropriations from fund balance	225,010	541,855	-	(541,855)
Total other financing sources	<u>231,080</u>	<u>799,653</u>	<u>272,988</u>	<u>(526,665)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>2,467,240</u>	<u>\$ 2,467,240</u>
Fund balance, beginning of year, as originally reported			<u>3,981,514</u>	
Fund balance, end of year			<u>\$ 6,448,754</u>	

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

## **NOTES TO THE FINANCIAL STATEMENTS**

## TOWN OF WOODFIN, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

#### 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 Town has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The Town reports the following major governmental funds:

*General Fund* – The General Fund is the general operating fund of the Town. The General Fund

accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety and public works (street maintenance and sanitation services).

*American Rescue Plan Special Revenue Fund* – This fund is used to account for American Rescue Plan Act (ARPA) revenues received from the Governor's Office to supplement salaries.

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities or projects (other than those financed by proprietary funds and trust funds). The Town has two Capital Projects Funds, the Greenway and Blueway Capital Projects Fund and the Streets Capital Project Fund, within its governmental fund types.

*Greenway and Blueway Capital Projects Fund* – This fund is used to account for the construction of the combined phases of the Town's Parks and Recreation projects including Greenways, Silver-Line Park, Whitewater Wave and Riverside Park.

*Streets Capital Project Fund* – This fund is used to account for the construction of paving projects throughout the Town.

### C. Measurement Focus and Basis of Accounting

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

*Government-wide 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. Issuance of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of 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, ten amendments to the original budget were 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 generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

## 2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. 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

The unexpended bond proceeds of the Woodfin Greenway and Blueway Project General Obligation bonds issued by the Town are classified as restricted assets in the general fund and are represented in the amount due to the Greenway and Blueway Capital Project Fund for pooled cash. Their use is completely restricted to the purpose for which they were issued. 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.

### Town of Woodfin Restricted Cash

#### Governmental Activities

#### General Fund:

Public Safety	\$ 11,180
Streets	381,120
Unexpended bond proceeds	<u>325,057</u>
Total Restricted Cash	<u>717,357</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 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2021.

## 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. Right to Use Assets

The Town has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the released lease.

#### 9. 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 three items that meet this criterion, contributions made to the pension plan, pension deferrals and OPEB deferrals for the 2022 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 three items that meet the criterion for this category – property taxes receivable, pension deferrals and OPEB deferrals.

### 10. 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.

### 11. 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, 2022 amounts to \$96,193. 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.

### 12. 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 restriction 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 unexpended balance of the Powell Bill funds received from the State, net of the fund balance in the Streets Capital Project Fund.

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 unexpended balance of the unauthorized substance tax received from the State.

Restricted for Parks – portion of fund balance restricted for parks and recreation. This amount represents the unexpended bond proceeds, net of the fund balance in the Greenway Capital Projects Fund.

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 adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 30% of budgeted expenditures. Any portion of the general fund balance in excess of 70% may be appropriated for transfer to the Town's Capital Project Fund or to reduce the Town's outstanding debt.

## 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

The Town had no violations of non-compliance with State Statutes for the year ended June 30, 2022.

## 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, 2022, the Town's deposits had a carrying amount of \$950,912 and a bank balance of \$1,045,131. Of the bank balance, \$250,000 was covered by federal depository insurance and \$795,131 was covered by collateral held under the pooling method. Petty cash on hand at the Town totaled \$521. The carrying amount of deposits for the ABC Board was \$616,607 and the bank balance was \$664,135. Federal depository insurance covers the Board up to \$250,000, while \$164,135 is covered by collateral held under the pooling method. At June 30, 2022, the ABC Board's cash on hand totaled \$2,150.

**2. Investments**

At June 30, 2022, the Town of Woodfin had \$3,663,970 invested with the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAm by Standard and Poor's and AAAm-mf by Moody's Investor Service. 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, 2022 is net of the following allowance for doubtful accounts:

General Fund:

Allowance for uncollectible ad valorem taxes receivable	<u>\$ 0</u>
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**4. Capital Assets****Primary Government**

Capital asset activity for the primary government for the year ended June 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,785,347		\$ -	\$ 1,785,347
Construction in process	1,309,712	1,983,857	-	3,293,569
Total capital assets not being depreciated	3,095,059	1,983,857	-	5,078,916
Capital assets being depreciated:				
Buildings	490,000	-	-	490,000
Infrastructure - roads	577,750	58,208	-	635,958
Other improvements	280,039	43,828	30,960	292,907
Vehicles and motorized equipment	1,725,068	607,337	378,366	1,954,039
Equipment and furniture	282,107	16,181	62,322	235,966
Total capital assets being depreciated	3,354,964	725,554	471,648	3,608,870
Less accumulated depreciation for:				
Buildings	250,000	13,400	-	263,400
Infrastructure - roads	242,839	25,178	-	268,017
Other improvements	171,190	11,021	17,647	164,564
Vehicles and motorized equipment	1,410,102	115,306	373,699	1,151,709
Equipment and furniture	265,706	5,645	49,224	222,127
Total accumulated depreciation	2,339,837	170,550	440,570	2,069,817
Total capital assets being depreciated, net	1,015,127			1,539,053
Governmental activity capital assets, net	\$ 4,110,186			\$ 6,617,969

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

General government	\$ 16,579
Public safety	42,541
Transportation	104,297
Recreational	7,133
Total depreciation expense	<u>\$ 170,550</u>

The Town has active construction projects as of June 30, 2022. At year-end, the Town's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Greenway and Blueway Project	\$ 2,577,980	\$ 675,180
Streets Paving Project	315,539	2,520,296
Total	<u>\$ 2,893,519</u>	<u>\$ 3,195,476</u>

**Discretely presented component unit**

Activity for the Town of Woodfin ABC Board for the year ended June 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 13,737	\$ -	\$ 13,737
Capital assets being depreciated:				
Equipment & furniture	\$ 55,589	\$ -	\$ -	\$ 55,589
Leasehold improvements	19,382	-	-	19,382
Store fixtures and equipment	45,853	2,318	-	48,171
Total capital assets being depreciated	120,824	2,318	-	123,142
Less accumulated depreciation for:				
Equipment & furniture	55,589	-	-	55,589
Leasehold improvements	1,883	1,896	-	3,779
Store fixtures and equipment	29,938	5,737	-	35,675
Total accumulated depreciation	87,410	7,633	-	95,043
ABC capital assets, net	\$ 33,414			\$ 41,836

**5. Right to Use Leased Assets**

The Town has recorded three right to use leased assets. The assets are right to use assets for leased land and leased police vehicles. The related leases are discussed in the Leases subsection of the Liabilities section of this note. The right to use leased assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the primary government for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Right to use assets:				
Leased Vehicles	\$ -	\$ 241,378	\$ -	\$ 241,378
Leased Land	-	201,085	-	201,085
Total right to use assets	-	442,463	-	442,463
Less accumulated amortization for:				
Leased Vehicles	-	56,691	-	56,691
Leased Land	-	10,225	-	10,225
Total accumulated amortization	-	66,916	-	66,916
Right to use assets, net	\$ -	\$ 375,547	\$ -	\$ 375,547

**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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (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, 2022, was 12.040% of compensation for law enforcement officers and 11.35% 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 \$230,807 for the year ended June 30, 2022.

*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, 2022, the Town reported a liability of \$400,882 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2021 (measurement date), the Town's proportion was 0.02614%, which was a decrease of 0.00054% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of \$158,521. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 127,535	-
Changes of assumptions	251,856	-
Net difference between projected and actual earnings on pension plan investments	-	572,740
Changes in proportion and differences between Town contributions and proportionate share of contributions	10,475	34,910
Contribution to pension plan in current fiscal year	230,807	-
Total	<u>\$ 620,673</u>	<u>\$ 607,650</u>

\$230,807 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, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2023	\$ 32,342
2024	(23,163)
2025	(51,701)
2026	(175,262)
2027	-
Thereafter	-
	<u>\$ (217,784)</u>

**Actuarial Assumptions.** The total pension liability in the December 31, 2020 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	6.50 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, 2020 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, 2021 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 2020 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 6.50%. 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 6.50 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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	<b>1% Decrease (5.50%)</b>	<b>Discount rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 1,556,191	\$ 400,882	\$ (549,870)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report 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 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2020, the valuation date, the Separation Allowance's membership consisted of:

Active plan members	14
Inactive members currently receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	-
Total	<u>16</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, 2020 valuation. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Projected salary increases	3.25 to 7.75 percent
Discount rate	2.50 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 paid \$15,350 as benefits came due for the reporting period.

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

At June 30, 2022, the Town reported a total pension liability of \$521,003. The total pension liability was measured as of December 31, 2021, based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the Town recognized pension expense of \$43,773.

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences between expected and actual experience	\$ 12,874	\$ 164,550
Changes of assumptions	146,852	22,867
Town benefit payments and plan administrative expense made subsequent to the measurement date	15,350	-
Total	<u>\$ 175,076</u>	<u>\$ 187,417</u>

\$15,350 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2023	\$	(6,072)
2024		(3,121)
2025		1,638
2026		542
2027		(1,653)
Thereafter		(19,025)

*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 2.25 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 (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease (1.25%)	Discount rate (2.25%)	1% Increase (3.25%)
Total pension liability	\$ 576,460	\$ 521,003	\$ 470,515

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

	2022
Beginning balance	\$ 651,791
Service cost at end of year	37,072
Interest on the total pension liability	12,431
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(147,746)
Changes of assumptions or other inputs	(17,195)
Benefit payments	(15,350)
Other changes	-
Net changes	(130,788)
Ending balance of the total pension liability	\$ 521,003

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, 2020 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	\$ 158,521	\$ 43,773	\$ 202,294
Pension Liability	400,882	521,003	921,885
Proportionate share of the net pension liability	0.02614%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	127,535	12,874	140,409
Changes of assumptions	251,856	146,852	398,708
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	10,475	-	10,475
Benefit payments and administrative costs paid subsequent to the measurement date	230,807	15,350	246,157
Deferred of Inflows of Resources			
Differences between expected and actual experience	-	164,550	164,550
Changes of assumptions	-	22,867	22,867
Net difference between projected and actual earnings on plan investments	572,740	-	572,740
Changes in proportion and differences between contributions and proportionate share of contributions	34,910	-	34,910

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

The Town made contributions of \$68,137 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 eight percent each month 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 \$66,347 for the fiscal year ended June 30, 2022.

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 Commissioners 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 75.

*Benefits Provided.* Retirees hired prior to July 1, 2008 and eligible for monthly retirement benefits in accordance with the provisions of the N.C. Local Governmental Employees’ Retirement System and have 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, 2021, the date of the latest actuarial valuation:

	<u>Number of Employees</u>
Retirees and dependents receiving benefits	6
Inactive members entitled to but not yet receiving benefits	-
Active Employees	<u>34</u>
Total Membership	<u><u>40</u></u>

**Total OPEB Liability**

The Town’s total OPEB liability of \$1,604,123 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2021 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	3.25-8.41 percent, average, including inflation
Discount rate	2.16 percent
Healthcare cost trend rates	7.0 percent for 2021 decreasing to an ultimate rate of 4.5 percent by 2031

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**

	<b>Total OPEB Liability</b>
<b>Balance at July 1, 2021</b>	<b>\$ 2,203,528</b>
<b>Changes for the year</b>	
Service cost	100,153
Interest	50,352
Changes of benefit terms	-
Differences between expected and actual experience	(885,771)
Changes in assumptions or other inputs	186,730
Benefit payments	(50,869)
<b>Net changes</b>	<b>(599,405)</b>
<b>Balance at June 30, 2022</b>	<b>\$ 1,604,123</b>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.21% to 2.16%.

Mortality rates were based on the Pub-2010 Mortality Tables, with adjustments for LGERS experience and generalization mortality improvements using scale MP-2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal and salary increases used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 2015 through December 2019, adopted by the LGERS Board.

*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 (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

	<b>1% Decrease (1.16%)</b>	<b>Discount Rate (2.16%)</b>	<b>1% Increase (3.16%)</b>
Total OPEB liability	\$ 1,799,121	\$ 1,604,123	\$ 1,433,061

*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:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
Total OPEB liability	\$ 1,399,601	\$ 1,604,123	\$ 1,851,031

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

For the year ended June 30, 2022, the Town recognized OPEB expense of \$67,759. At June 30, 2022, 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	\$ -	\$ 1,134,734
Changes of assumptions	411,642	91,617
Benefit payments and administrative costs made subsequent to the measurement date	50,443	-
Total	<u>\$ 462,085</u>	<u>\$ 1,226,351</u>

\$50,433 reported as deferred outflows of resources related to OPEB resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year ended June 30:**

2023	\$ (124,061)
2024	(124,061)
2025	(124,061)
2026	(109,969)
2027	(99,235)
Thereafter	(233,322)

**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	\$ 140,409
Changes of assumptions	810,350
Net difference between projected and actual earnings on pension plan investments	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	10,475
Benefit payments for LEOSA subsequent to measurement date	15,350
Benefit payments for OPEB subsequent to measurement date	50,443
Contribution to pension plan in current fiscal year	230,807
Total	<u>\$ 1,257,834</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)	\$ -	\$ 14,456
Differences between expected and actual experience	1,299,284	-
Changes of assumptions	114,484	-
Net difference between projected and actual earnings on pension plan investments	572,740	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	34,910	-
Total	<u>\$ 2,021,418</u>	<u>\$ 14,456</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 one self-funded risk-financing pool administered by the North Carolina League of Municipalities (League) for its workers' compensation coverage. The pool is audited annually by certified public accounts, and the audited financial statements are available to the Town upon request.

Through both the League and private insurance, 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 Town carries commercial coverage for all property, liability and auto claims. 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 finance director is individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond.

funds are bonded under a blanket bond.

## 5. Claims, Judgments and Contingent Liabilities

At June 30, 2022, there were no pending lawsuits.

## 6. Long-Term Obligations

### a. Leases

The Town has entered into agreements to lease certain police vehicles and land. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The first agreement was executed on April 30, 2020, to lease three police vehicles and requires 60 monthly payments of \$2,370. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 1%, which is the incremental borrowing rate approximated by the applicable federal rate, as there is not a stated rate in the lease agreement. As a result of the lease, the Town has recorded a right to use asset with a net book value of \$76,730 at June 30, 2022. The right to use asset is discussed in more detail in Note 3 A.5 of this note.

The second agreement was executed on April 30, 2021, to lease three police vehicles and requires 60 monthly payments of \$2,451. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 0.89%, which is the incremental borrowing rate approximated by the applicable federal rate, as there is not a stated rate in the lease agreement. As a result of the lease, the Town has recorded a right to use asset with a net book value of \$107,957 at June 30, 2022. The right to use asset is discussed in more detail in Note 3 A.5 of this note.

The third agreement was executed on March 31, 2022, to lease land located at Silver Line Park and requires 60 monthly payments of \$3,500. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 1.72%, which is the incremental borrowing rate approximated by the applicable federal rate, as there is not a stated rate in the lease agreement. As a result of the lease, the Town has recorded a right to use asset with a net book value of \$190,860 at June 30, 2022. The right to use asset is discussed in more detail Note 3 A.5 of this note.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 95,373	\$ 4,479	\$ 99,852
2024	96,584	3,268	\$ 99,852
2025	90,695	2,047	\$ 92,742
2026	63,055	1,004	\$ 64,059
2027	31,277	225	\$ 31,502
	<u>\$ 376,984</u>	<u>\$ 11,023</u>	<u>\$388,007</u>

b. 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, 2022 was \$85,262.

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 Town paid this note off during the year and the balance was zero at June 30, 2022.

In October 2021, the Town entered into a direct placement installment purchase contract in the amount of \$111,553 for the purchase of a two street department trucks. The contract requires annual payments of \$23,311 beginning in October 2022, with interest at 1.48%. The balance on this installment purchase contract at June 30, 2022 was \$111,553.

Annual future debt service payments of the installment purchases as of June 30, 2022, including \$10,492 of interest, are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2023	46,777	4,448
2024	48,065	3,158
2025	49,397	1,827
2026	29,605	719
2027	22,971	340
Total	<u>\$ 196,815</u>	<u>\$ 10,492</u>

c. General Obligation Indebtedness

The Town's general obligation bonds serviced by the governmental funds were issued to fund the Town's Silver-Line Park project and other projects related to parks and greenways. The Bond is a general obligation of the Town and the full faith and credit will be pledged to the payment of the principal and the interest on the Bond; the Town is authorized to levy on all real and personal property taxable by the Town such ad valorem taxes as may be necessary to pay the Bond and the interest thereon without limitation as to rate or amount. Principal and interest requirements are appropriated when due.

Bond payable at June 30, 2022 is comprised of the following individual issue:

## General Obligation Bond

Serviced by the General Fund: \$3,000,000, Parks serial bond due on May 1 and November 1 in installments of \$200,000 plus interest through November 1, 2035; interest at 1.75 percent.

Annual debt service requirements to maturity for long-term obligations are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2023	\$ 200,000	\$ 47,250
2024	200,000	43,750
2025	200,000	40,250
2026	200,000	36,750
2027	200,000	33,250
2028-2033	1,000,000	113,750
2033-2035	800,000	28,000
	<u>\$ 2,800,000</u>	<u>\$ 343,000</u>

d. Project Development Limited Obligation 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 \$11,285,000 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 and the Town of Woodfin 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 \$14,942,800 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 \$280,000 and interest payments of \$493,450 on the 2014A limited obligation bonds. Accumulated tax revenue for the same period of time was \$714,119. For the year ended June 30, 2022, the Town has recorded and paid incremental taxes of \$288,092 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
2023	330,000	479,450
2024	370,000	462,950
2025	415,000	444,450
2026	460,000	423,700
2027	500,000	400,700
2028-2032	2,465,000	1,586,500
2033-2037	5,825,000	780,050
Total	<u>\$10,365,000</u>	<u>\$ 4,577,800</u>

e. Changes in Long-Term Liabilities

During the year ended June 30, 2022, the following changes occurred in long-term liabilities:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Current Portion of Balances
<b>Governmental activities:</b>					
By type of debt:					
Installment purchase	\$ 205,444	\$ 111,553	\$ 120,183	\$ 196,814	\$ 46,777
Compensated absences	88,924	83,613	76,344	96,193	73,000
General Obligation Bond	3,000,000	-	200,000	2,800,000	200,000
Lease liabilities	-	442,463	65,479	376,984	95,373
Net pension liability (LGERS)	953,390	-	552,508	400,882	-
Total pension liability (LEO)	651,791	-	130,788	521,003	-
Total OPEB liability	2,203,528	-	599,405	1,604,123	-
Total	<u>\$ 7,103,077</u>	<u>\$ 637,629</u>	<u>\$1,744,707</u>	<u>\$ 5,995,999</u>	<u>\$ 415,150</u>

At June 30, 2022, the Town of Woodfin had a legal debt margin of approximately \$92,099,064.

A. 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>\$6,448,754</u>
Less:	
Stabilization by State Statute	1,554,875
Streets - Powell Bill	381,120
Public safety	11,180
Parks	325,057
Remaining Fund Balance	<u>\$4,176,522</u>

The Town has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 30% of budgeted expenditures.

The Town had no outstanding encumbrances at June 30, 2022.

#### **Note 4 – Summary Disclosure of Significant Contingencies**

##### **A. Federal and State Assisted Programs**

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

#### **Note 5 – Significant Effects of Subsequent Events**

In April, 2022, the Town secured financing for \$418,930 from a local bank for the purchase of two garbage trucks. At June 30, 2022, proceeds from the financing had not been received as the Town awaited delivery of one of the trucks. The Town anticipates delivery of the garbage truck and receipt of the loan proceeds during the fiscal year ending June 30, 2023. The loan requires five annual payments of \$89,370, beginning April 2023, with an interest rate of 2.19%

Subsequent to year end, the Town received \$2,354,000 from a bank to finance the Streets Capital project Fund. The loan requires semi-annual payments of interest and principal due August 1 and February 1 through 2038, with an interest rate of 3.19%.

Subsequent events have been evaluated through August 31, 2022, which is the date the audit report was available to be issued.

#### **Note 6 – Restatements**

##### **Prior Period Adjustment**

There were no prior period adjustments this year.

##### **Change in Accounting Principle**

The Town implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, effective for reporting periods beginning subsequent to June 15, 2021. Under GASB 87, a single model approach exists, meaning a distinction between operating and capital leases no longer exists. GASB 87 requires all agreements meeting the definition of a lease to be classified as finance leases. Accordingly, lease obligations for the Town will now be reflected as liabilities and assets on the statement of financial position. Lease payments will have a portion that reduces the lease liability and a portion that is classified as interest expense. A corresponding lease asset will also be recorded in the statement of financial position, which will be amortized over the lease term or the useful life of the underlying asset, whichever is shorter.

**REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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

**Local Government Employees' Retirement System**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<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) (%)	0.02614%	0.02668%	0.02682%	0.02379%	0.01950%	0.02559%	0.02524%	(0.02632%)	0.02720%
Woodfin's proportion of the net pension liability (asset) (\$)	\$ 400,882	\$ 953,390	\$ 732,433	\$ 564,380	\$ 297,906	\$ 543,104	\$ 113,277	\$ (155,221)	\$ 327,864
Woodfin's covered-employee payroll as of the prior fiscal year*	\$1,762,303	\$1,490,126	\$1,600,045	\$1,389,915	\$1,233,106	\$1,234,150	\$1,256,268	\$1,247,992	\$ 1,247,992
Woodfin's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	22.75%	63.98%	45.78%	40.61%	24.16%	44.04%	9.18%	(12.36%)	26.27%
Plan fiduciary net position as a percentage of the total pension liability**	92.00%	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45%

\* 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 Nine Fiscal Years**

**Local Government Employees' Retirement System**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 230,807	\$ 175,200	\$ 149,655	\$ 121,655	\$ 110,042	\$ 95,110	\$ 94,288	\$ 91,281	\$ 89,790
Contributions in relation to the contractually required contribution	<u>230,807</u>	<u>175,200</u>	<u>149,655</u>	<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>
Woodfin's covered-employee payroll	\$1,971,835	\$1,762,303	\$1,490,126	\$1,600,045	\$1,389,915	\$1,233,106	\$1,234,150	\$1,256,268	\$1,247,992
Contributions as a percentage of covered-employee payroll	11.71%	9.94%	10.04%	9.35%	7.92%	7.71%	6.96%	7.27%	7.19%

**Town of Woodfin**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 651,791	\$ 466,526	\$ 397,987	\$ 414,678	\$ 397,260	\$ 374,224
Service Cost at end of year	37,072	23,612	21,971	21,533	15,664	21,214
Interest on the Total Pension Liability	12,431	15,022	14,348	13,014	15,334	13,360
Change in benefit terms	-	-	-	-	-	-
Difference between expected and actuarial experience	(147,746)	(26,935)	24,403	(27,744)	(39,887)	-
Changes of assumptions and other inputs	(17,195)	185,047	15,430	(17,784)	26,307	(11,538)
Benefit payments	(15,350)	(11,481)	(7,613)	(5,710)	-	-
Other changes	-	-	-	-	-	-
Ending balance	<u>\$ 521,003</u>	<u>\$ 651,791</u>	<u>\$ 466,526</u>	<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, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability	\$ 521,003	\$651,791	\$466,526	\$397,987	\$414,678	\$397,260
Covered payroll	\$ 842,125	\$872,537	\$851,056	\$757,089	\$642,601	\$793,689
Total pension liability as a percentage of covered payroll	61.87%	74.70%	54.82%	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, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>					
Service cost at end of year	\$100,153	\$73,457	\$73,559	\$76,028	\$82,148
Interest	50,352	66,199	85,153	77,394	66,432
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(885,771)	(4,122)	(512,894)	(1,715)	-
Changes of assumptions or other inputs	186,730	279,700	42,010	(77,381)	(135,101)
Benefit payments	(50,869)	(58,832)	(58,906)	(59,689)	(33,651)
<b>Net change in total OPEB liability</b>	<u>(599,405)</u>	<u>356,402</u>	<u>(371,078)</u>	<u>14,637</u>	<u>(\$20,172)</u>
<b>Total OPEB liability - beginning</b>	<u>2,203,528</u>	<u>1,847,126</u>	<u>2,218,204</u>	<u>2,203,567</u>	<u>2,223,739</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 1,604,123</u></u>	<u><u>\$2,203,528</u></u>	<u><u>\$ 1,847,126</u></u>	<u><u>\$ 2,218,204</u></u>	<u><u>\$ 2,203,567</u></u>
 <b>Covered payroll</b>	 \$ 1,590,029	 \$ 1,384,997	 \$ 1,384,997	 \$ 1,057,305	 \$ 1,057,305
<b>Total OPEB liability as a percentage of covered payroll</b>	100.89%	159.10%	133.37%	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>
2021	2.16%
2021	2.21%
2020	3.50%
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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Ad valorem taxes			
Ad valorem taxes - current year	\$	\$ 3,701,937	\$
Ad valorem taxes - DMV		\$ 225,288	
	<u>3,741,950</u>	<u>3,927,225</u>	<u>185,275</u>
 Other taxes and licenses:			
Privilege licenses		-	
Local option sales tax		1,544,838	
Solid waste disposal tax		6,148	
	<u>1,291,007</u>	<u>1,550,986</u>	<u>259,979</u>
 Unrestricted:			
Utilities franchise tax		361,666	
Beer and wine tax		31,580	
ABC profit distribution		60,000	
	<u>428,810</u>	<u>453,246</u>	<u>24,436</u>
 Restricted:			
ABC profit distribution - Law Enforcement		6,885	
Powell Bill		233,957	
	<u>295,171</u>	<u>240,842</u>	<u>(54,329)</u>
 Permits and fees:			
Zoning permits		31,207	
Court costs and fees		592	
Impound fees		4,559	
	<u>50,230</u>	<u>36,358</u>	<u>(13,872)</u>
 Sales and services:			
Sales of recyclables		1,084	
	<u>-</u>	<u>1,084</u>	<u>1,084</u>
 Rental income:			
Community center and picnic shelter		23,778	
	<u>15,680</u>	<u>23,778</u>	<u>8,098</u>
 Investment income:			
Interest on investments		7,202	
	<u>730</u>	<u>7,202</u>	<u>6,472</u>
 Miscellaneous income:			
Miscellaneous		23,314	
Unauthorized substance		7,720	
Donations for community outreach program		7,910	
	<u>41,940</u>	<u>38,944</u>	<u>(2,996)</u>
 Total revenues	<u>5,865,518</u>	<u>6,279,665</u>	<u>414,147</u>

**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, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Expenditures:</b>			
General government:			
Governing board:			
Aldermen compensation		17,000	
Total governing board	18,000	17,000	1,000
Administration:			
Salaries and wages		-	
FICA matching		-	
Group insurance		43,504	
Retirement		36,626	
Professional services		65,283	
Workers compensation		7,977	
Unemployment insurance		1,799	
401(k) contributions		21,009	
Telephone		7,639	
Postage		3,944	
Printing		5,203	
Website and computer		8,788	
Utilities		11,538	
Travel		3,077	
Janitorial service		11,348	
Maintenance and repairs		19,371	
Advertising		7,589	
Supplies		31,320	
Dues and subscriptions		20,834	
Insurance and bonds		10,306	
Election expense		30,968	
Miscellaneous		2,885	
Capital outlay		42,659	
Community Program		25,107	
Total administration	850,820	418,774	432,046
Total general government	868,820	435,774	433,046
Economic and physical development:			
Tax collections/TIF:			
Tax collection fees		74,063	
Tax Increment Payment (TIF)		313,278	
Total tax collections/TIF	387,828	387,341	487

**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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Planning and zoning:			
Salaries and wages		-	
Payroll taxes		-	
Group insurance		15,991	
Retirement		15,005	
Professional services		99,916	
401(k) contributions		8,442	
Telephone		1,354	
Advertising		2,175	
Automotive supplies		1,041	
Supplies		3,782	
Website and computer		2,400	
Travel and training		2,789	
Dues and subscriptions		1,273	
Insurance and bonds		2,601	
Capital Outlay		26,422	
Total planning and zoning	<u>411,714</u>	<u>183,191</u>	<u>228,523</u>
Total economic and physical development	<u>799,542</u>	<u>570,532</u>	<u>229,010</u>
Public Safety:			
Police:			
Salaries and wages		15,350	
Payroll taxes		-	
Group insurance		219,500	
Retirement		121,832	
Professional services		159,872	
Workers compensation		23,217	
401(k) contributions		69,070	
Telephone		25,559	
Printing		645	
Travel		3,947	
Miscellaneous		209	
Maintenance and repairs		29,326	
K-9 Unit		3,800	
Automotive supplies		66,730	
Supplies		47,640	
Uniforms		11,236	
Website and computer		20,501	
Dues and subscriptions		76,111	
Insurance and bonds		30,357	
Personnel testing		3,885	
Non-capital outlay		-	
Capital outlay-leased vehicles		241,378	
Total police	<u>1,901,238</u>	<u>1,170,165</u>	<u>731,073</u>
Total public safety	<u>1,901,238</u>	<u>1,170,165</u>	<u>731,073</u>

**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, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Public Works:			
Streets:			
Salaries and wages		-	
Payroll taxes		-	
Group insurance		20,308	
Retirement		15,851	
Professional services		10,366	
Workers compensation		2,261	
401(k) contributions		11,143	
Utilities		1,055	
Maintenance and repairs		29,541	
Automotive supplies		15,760	
Supplies		11,933	
Uniforms		1,707	
Travel and training		2,588	
Street lighting		58,881	
Building maintenance		36,396	
Insurance and bonds		4,821	
Capital outlay		117,236	
Total streets	<u>511,371</u>	<u>339,847</u>	<u>171,524</u>
Sanitation and Stormwater Management:			
Salaries and wages		-	
Payroll taxes		-	
Group insurance		73,525	
Retirement		34,290	
Workers compensation		9,975	
401(k) contributions		23,127	
Telephone		2,922	
Utilities		6,507	
Maintenance and repairs		42,981	
Automotive supplies		27,908	
Supplies		5,409	
Uniforms		1,917	
Travel and training		2,293	
Building maintenance		4,147	
Insurance and bonds		13,744	
Miscellaneous expense		432	
Landfill expense		92,763	
Recycling grant materials		108,137	
Capital outlay-Sanitation		369,475	
Professional services - Stormwater Management		33,391	
Maintenance and repairs - storm drains		21,030	
Capital outlay - Stormwater Management		58,208	
Total sanitation	<u>1,546,913</u>	<u>932,181</u>	<u>614,732</u>

**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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Powell Bill:			
Professional services		-	
Snow removal		-	
Patching and resurfacing streets		104,681	
Capital outlay		-	
Total Powell Bill	<u>395,600</u>	<u>104,681</u>	<u>290,919</u>
 Total public works	 <u>2,453,884</u>	 <u>1,376,709</u>	 <u>1,077,175</u>
Recreational:			
Recreation Facilities:			
Salaries and wages		-	
Payroll taxes		-	
Group insurance		8,215	
Retirement		7,203	
Workers compensation		2,015	
401(k) contributions		1,692	
Professional services		320	
Utilities		10,230	
Departmental supplies		11,115	
Golden Age Club		6,000	
Maintenance and repairs		25,034	
Dues and subscriptions		335	
Travel and training		142	
Woodfin Elementary allocation		27,000	
Capital outlay		-	
Total recreation facilities	<u>163,117</u>	<u>99,301</u>	<u>63,816</u>
Total recreational	<u>163,117</u>	<u>99,301</u>	<u>63,816</u>

**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, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Debt service:			
Principal retirement		376,013	
Interest		56,919	
Total debt service	<u>478,570</u>	<u>432,932</u>	<u>45,638</u>
 Total expenditures	 <u>6,665,171</u>	 <u>4,085,413</u>	 <u>2,351,235</u>
 Revenues over (under) expenditures	 <u>(799,653)</u>	 <u>2,194,252</u>	 <u>2,993,905</u>
 <b>Other Financing Sources (uses):</b>			
Sales of capital assets	18,070	31,610	13,540
Proceeds from Installment Loans	418,930	-	(418,930)
Lease liabilities issued	241,378	241,378	-
Transfers to other funds	(420,580)	-	420,580
Appropriations from fund balance	541,855	-	(541,855)
Total other financing sources	<u>799,653</u>	<u>272,988</u>	<u>(526,665)</u>
 Revenues and other sources over expenditures	 <u>\$ -</u>	 <u>2,467,240</u>	 <u>\$ 2,467,240</u>
 Fund balance, beginning of year		<u>3,981,514</u>	
 Fund balance, end of year		<u>\$ 6,448,754</u>	

**TOWN OF WOODFIN, NORTH CAROLINA**  
**GREENWAY AND BLUEWAY CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**From inception and for the year ended June 30, 2022**

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Proceeds from General Obligation Bonds	4,500,000	3,000,000	-	3,000,000	1,500,000
TDS-TPDA Grant	-	-	-	-	-
Public Grants	2,055,000	-	-	-	2,055,000
Individual and Corporate Donations	35,414	35,914	28,948	64,862	(29,448)
<b>Total revenues</b>	<b>6,590,414</b>	<b>-</b>	<b>28,948</b>	<b>3,064,862</b>	<b>3,525,552</b>
<b>Expenditures:</b>					
<b>Greenways Project</b>					
Professional Services	29,874	5,423	20,101	25,524	4,350
Design	-	-	693	693	(693)
Acquisition	1,645	1,645	-	1,645	-
Construction costs	300,607	-	-	-	300,607
Contingency	-	-	-	-	-
<b>Total Greenway Project</b>	<b>332,126</b>	<b>7,068</b>	<b>20,794</b>	<b>27,862</b>	<b>299,914</b>
<b>Silver-Line Park</b>					
Professional Services	58,495	31,532	26,957	58,489	6
Design	330,311	280,389	42,225	322,614	7,697
Acquisition	-	-	-	-	-
Construction costs	2,295,941	863,127	1,243,062	2,106,189	189,752
Contingency	-	-	-	-	-
<b>Total Silver-Line Park</b>	<b>2,684,747</b>	<b>1,175,048</b>	<b>1,312,244</b>	<b>2,487,292</b>	<b>197,449</b>
<b>Whitewater Wave</b>					
Design	386,460	35,036	98,805	133,841	252,619
Construction costs	1,262,000	-	-	-	1,262,000
Contingency	307,667	-	-	-	307,667
<b>Total Whitewater Wave</b>	<b>1,956,127</b>	<b>35,036</b>	<b>98,805</b>	<b>133,841</b>	<b>1,822,286</b>
<b>Riverside Park</b>					
Professional Services	594,082	14,832	35,598	50,430	543,652
Design	585,539	70,034	297,422	367,456	218,083
Acquisition	607,694	607,694	-	607,694	-
Construction costs	2,045,660	-	-	-	2,045,660
Proceeds from Lease Liability Issued	(201,085)	-	(201,085)	(201,085)	-
Capital Outlay - Right to Use Asset	201,085	-	201,085	201,085	-
Debt Service- Lease Principal and Interest	132,000	-	10,500	10,500	121,500
Contingency	306,849	-	-	-	306,849
<b>Total Waste Pro Site and Park</b>	<b>4,271,824</b>	<b>692,560</b>	<b>343,520</b>	<b>1,036,080</b>	<b>3,235,744</b>
<b>Total Expenditures</b>	<b>9,244,824</b>	<b>1,909,712</b>	<b>1,775,363</b>	<b>3,685,075</b>	<b>5,559,749</b>
<b>Revenues over (under) expenditures</b>	<b>(2,654,410)</b>	<b>(1,909,712)</b>	<b>(1,746,415)</b>	<b>(620,213)</b>	<b>(2,034,197)</b>
<b>Other financing sources:</b>					
Transfers out to other funds	157,475	-	-	-	-
Intergovernmental Transfers	2,496,935	371,223	-	371,223	2,125,712
<b>Total other financing sources</b>	<b>2,654,410</b>	<b>371,223</b>	<b>-</b>	<b>371,223</b>	<b>2,125,712</b>
<b>Revenues and other sources over (under) expenditures</b>	<b>\$ -</b>	<b><u><u>\$ (1,538,489)</u></u></b>	<b>(1,746,415)</b>	<b><u><u>\$ (248,990)</u></u></b>	<b><u><u>\$ 91,515</u></u></b>
<b>Fund balances:</b>					
Beginning of year, July 1			1,497,425		
End of year, June 30			<u><u>\$ (248,990)</u></u>		

**TOWN OF WOODFIN, NORTH CAROLINA**  
**STREETS CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
From inception and for the year ended June 30, 2022

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Proceeds from Installment Obligation	2,354,000	-	-	-	2,354,000
Other Revenues	-	-	-	-	-
Total revenues	<u>2,354,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,354,000</u>
<b>Expenditures:</b>					
Paving Project					
Professional Services	54,000	-	1,577	1,577	52,423
Construction costs	2,720,532	-	217,417	217,417	2,503,115
Contingency	299,226	-	-	-	299,226
Total Paving Project	<u>3,073,758</u>	<u>-</u>	<u>218,994</u>	<u>218,994</u>	<u>2,802,341</u>
Total Expenditures	<u>3,073,758</u>	<u>-</u>	<u>218,994</u>	<u>218,994</u>	<u>2,854,764</u>
Revenues over (under) expenditures	<u>(719,758)</u>	<u>-</u>	<u>(218,994)</u>	<u>(218,994)</u>	<u>(500,764)</u>
<b>Other financing sources:</b>					
Transfers out to other funds	-	-	-	-	-
Transfers in from other funds	<u>719,758</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>719,758</u>
Total other financing sources	<u>719,758</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>719,758</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(218,994)</u>	<u>\$ (218,994)</u>	<u>\$ 218,994</u>
<b>Fund balances:</b>					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ (218,994)</u>		

**TOWN OF WOODFIN, NORTH CAROLINA**  
**AMERICAN RESCUE PLAN FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
From inception and for the year ended June 30, 2022

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
ARPA Funds	2,140,691	-	2,140,691	2,140,691	-
Total revenues	<u>2,140,691</u>	<u>-</u>	<u>2,140,691</u>	<u>2,140,691</u>	<u>-</u>
<b>Expenditures:</b>					
General Government					
Administration Salaries and FICA	346,482	-	351,328	351,328	(4,846)
Planning & Zoning Salaries and FICA	141,138	-	142,482	142,482	(1,344)
Police Salaries and FICA	1,109,740	-	1,098,786	1,098,786	10,954
Streets Salaries and FICA	144,138	-	152,589	152,589	(8,451)
Sanitation Salaries and FICA	329,552	-	326,069	326,069	3,483
Recreation Salaries and FICA	69,641	-	69,437	69,437	204
Total General Government	<u>2,140,691</u>	<u>-</u>	<u>2,140,691</u>	<u>2,140,691</u>	<u>-</u>
Total Expenditures	<u>2,140,691</u>	<u>-</u>	<u>2,140,691</u>	<u>2,140,691</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balances:</b>					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ -</u>		

## **ADDITIONAL FINANCIAL DATA**

# TOWN OF WOODFIN, NORTH CAROLINA

## GENERAL FUND ANALYSIS OF CURRENT TAX LEVY June 30, 2022

	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Tax Levy:</b>					
Property taxed at current	\$ 1,204,050,606	0.00330	\$ 3,973,367	\$ 3,748,079	\$ 225,288
<b>Discoveries:</b>					
Current year taxes	3,345,758	0.00330	11,041	11,041	-
Prior year taxes			-	-	-
Penalties			-	-	-
Less: Exemptions and releases	<u>(18,697,879)</u>	0.00330	<u>(61,703)</u>	<u>(61,703)</u>	<u>-</u>
Total Property Valuation	<u><u>\$ 1,188,698,485</u></u>				
Net levy			3,922,705	3,697,417	225,288
Less uncollected taxes at June 30, 2022			<u>8,058</u>	<u>8,058</u>	<u>-</u>
Current year's taxes collected			<u><u>\$ 3,914,647</u></u>	<u><u>\$ 3,689,359</u></u>	<u><u>\$ 225,288</u></u>
Current levy collection percentage			<u><u>99.79%</u></u>	<u><u>99.78%</u></u>	<u><u>100.00%</u></u>

**TOWN OF WOODFIN, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
June 30, 2022

<u>Fiscal Year</u>	<u>Uncollected Balance 6/30/2021</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance 6/30/2022</u>
2021-2022	\$ -	\$ 3,922,705	\$ 3,914,647	\$ 8,058
2020-2021	7,877	-	5,031	2,846
2019-2020	3,136	-	1,840	1,296
2018-2019	304	-	21	283
2017-2018	1,622	-	-	1,622
2016-2017	143	-	-	143
2015-2016	211	-	103	108
2014-2015	29	-	20	9
2013-2014	51	-	3	48
2012-2013	46	-	3	43
2011-2012	106	-	106	-
	<u>13,525</u>	<u>\$ 3,922,705</u>	<u>\$ 3,921,774</u>	<u>14,456</u>
Less: allowance for uncollectible accounts General Fund				<u>-</u>
Ad valorem taxes receivable, net				<u>\$ 14,456</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				\$ 3,701,937
Reconciling items:				
Ad valorem taxes from DMV				225,288
Prepaid				-
Other adjustments				1,190
Taxes written off				106
				<u>3,928,521</u>
Less interest collected				<u>(6,747)</u>
				<u>\$ 3,921,774</u>

## **COMPLIANCE SECTION**

**Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, and each major fund of the Town of Woodfin, North Carolina, as of June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Woodfin, North Carolina's basic financial statements, and have issued our report thereon dated August 31, 2022. Our report includes a reference to other auditors who audited the financial statements of the Town of Woodfin ABC Board, as described in our report on the Town of Woodfin's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Town of Woodfin ABC Board were not audited in accordance with *Government Auditing Standards*.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Woodfin, North Carolina's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Woodfin, North Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Woodfin's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be

material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Woodfin, North Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Purpose of this Report**

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

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

Waynesville, North Carolina  
August 31, 2022

**Independent Auditor's Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by the Uniform Guidance**

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Town of Woodfin, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Woodfin, North Carolina's major federal programs for the year ended June 30, 2022. The Town of Woodfin, North Carolina's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Woodfin, North Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Woodfin, North Carolina and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Woodfin, North Carolina's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the

requirements of laws, regulations, rules, and provisions of contracts or grant agreements applicable to the Town of Woodfin, North Carolina's federal programs.

#### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Woodfin, North Carolina's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Woodfin, North Carolina's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town of Woodfin, North Carolina's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Woodfin, North Carolina's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Woodfin, North Carolina's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

Waynesville, North Carolina  
August 31, 2022

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**Section I. Summary of Auditor's Results**

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**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?                      ☐ yes                      ☒ no
- Significant Deficiency(s)                                      ☐ yes                      ☒ none reported

Noncompliance material to financial statements noted?                      ☐ yes                      ☒ no

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?                      ☐ yes                      ☒ no
- Significant Deficiency(s) identified?                      ☐ yes                      ☒ none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified.

Any audit findings disclosed that are required to be reported in accordance

- with 2 CFR 200.516(a)?                      ☐ yes                      ☒ no

Identification of major federal programs:

<u>Program</u>	<u>CFDA #</u>
U.S. Department of Treasury Coronavirus State and Local Fiscal Recovery Funds	21.027

Dollar threshold used to distinguish between Type A and Type B Programs                      \$ 750,000

- Auditee qualified as low-risk auditee?                      ☐ yes                      ☒ no

**Town of Woodfin, North Carolina  
Summary of Findings and Questioned Costs  
Year Ended June 30, 2022**

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**Section II – Financial Statement Findings**

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**Financial Statement Findings**

There were no findings relative to the financial statements in the current year.

**Major Federal Award Programs Findings and Questioned Costs**

There were no findings relative to federal award programs in the current year.

**Town of Woodfin, North Carolina  
Corrective Action Plan  
Year Ended June 30, 2022**

**Financial Statement Findings**

There were no findings relative to the financial statements in the current year.

**Major Federal Award Programs Findings and Questioned Costs**

There were no findings relative to federal award programs in the current year.

**Town of Woodfin, North Carolina  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2022**

**Financial Statement Findings**

There were no findings relative to the financial statements in the prior year.

**Major Federal Award Programs Findings and Questioned Costs**

There were no findings relative to federal award programs in the prior year.

**Town of Woodfin, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2022**

<u>Grantor/Program Title</u>	<u>Federal AL No.</u>	<u>State/Pass-through Grantor's No.</u>	<u>Fed. (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>
<b>Federal Grants:</b>				
<b>Cash Programs:</b>				
<u>U.S. Department of Treasury</u>				
Passed-through the Office of State Budget and Management:				
Coronavirus State and Local Fiscal Recovery Funds (ARPA)	21.027	XXXX	\$ 2,140,691	\$ -
Passed-through the Office of State Budget and Management:				
NC Pandemic Recovery Office				
Passed-through Buncombe County:				
Coronavirus Relief Fund	21.019	XXXX	8,772	-
Total Assistance - Federal Programs			<u>2,149,463</u>	<u>-</u>
<b>State Grants:</b>				
<b>Cash Assistance:</b>				
<u>N.C Department of Transportation:</u>				
Powell Bill		38570	-	104,681
Total Assistance - State Programs			<u>-</u>	<u>104,681</u>
Total Assistance			<u>\$ 2,149,463</u>	<u>\$ 104,681</u>

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of Federal and State awards (SEFSA) includes the Federal and State grant activity of the Town of Woodfin, North Carolina under the programs of the Federal government and the State of North Carolina for the year ended June 30, 2022. The information in this SEFSA is presented in accordance with the requirements of Title 2 of the U.S. *Code of Federal Regulations*, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Woodfin, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Woodfin.

**Note 2: Summary of Significant Accounting Policies**

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

**Note 3: Indirect Cost Rate**

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