

Town of Williamston

Financial Statements

FOR THE FISCAL YEAR ENDED JUNE 30, 2020



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Town of Williamston, North Carolina
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June 30, 2020

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Williamston, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Williamston, North Carolina's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Williamston, North Carolina, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2021, on our consideration of the Town of Williamston, 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 solely 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 Williamston, 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 the Town of Williamston's internal control over financial reporting and compliance.

Cary, Riggs & Ingram, L.L.C.

Goldsboro, North Carolina
January 28, 2021

Management's Discussion and Analysis

Town of Williamston, North Carolina

Management's Discussion and Analysis

June 30, 2020

As management of the Town of Williamston, North Carolina (the "Town") we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020. 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.

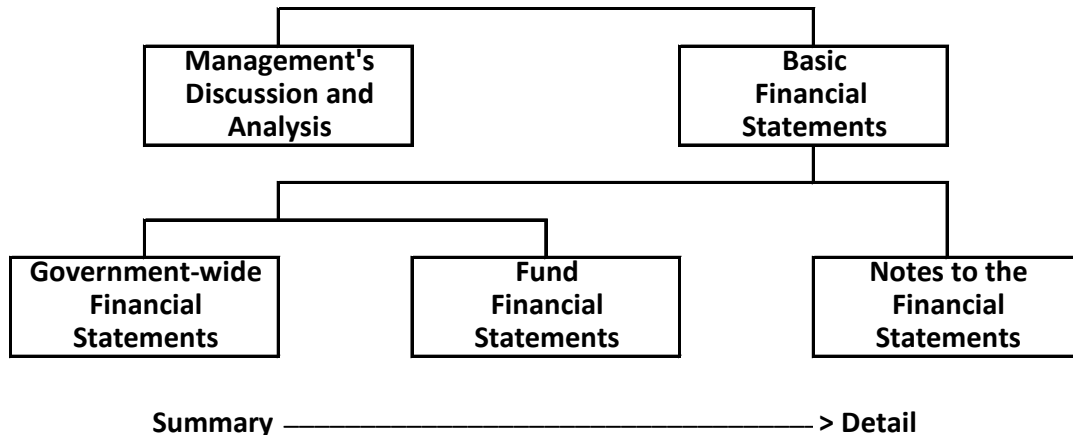
Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$23,437,245 (*net position*).
- The government's total net position decreased by \$478,475, primarily due to a decrease of \$244,459 in business-type activities net position and a decrease of \$234,016 in governmental activities net position.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$8,344,570, an increase of \$4,056,592. Approximately 57.94% of this total amount, or \$4,835,012, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,509,550, or 59.72% of total general fund expenditures for the fiscal year.
- The Town's total debt increased by \$3,416,046 (34.34%) during the current fiscal year. Governmental activity debt increased \$4,108,860 while Storm Water debt decreased \$18,383. Water and Sewer debt decreased \$674,431. The key factors in this increase were the payments of principal on existing loans of \$935,493 and \$4,351,539 in loan proceeds from BB&T Governmental Finance for the construction of a new Police Station and expansion of the Town's Fire Department.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town'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.

Figure 1
Required Components of Annual Financial Report



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 12) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **required supplemental information** provides information on the Town's proportionate share of the LGERS net pension liability, the total LEOSA pension liability and the net OPEB liability. Supplemental information is provided to show details about the Town's individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

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

Town of Williamston, North Carolina

Management's Discussion and Analysis

June 30, 2020

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

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

The government-wide financial statements are 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, 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 the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which 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.

Town of Williamston, North Carolina
Management's Discussion and Analysis
June 30, 2020

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

Proprietary Funds – *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water and sewer and storm water activities. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Town has two fiduciary funds, an Other Post-Employment Benefits Trust Fund and a Private Purpose Trust Fund related to library maintenance.

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 20.1 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found beginning on page 21 of this report.

Interdependence with Other Entities: The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

Town of Williamston, North Carolina
Management's Discussion and Analysis
June 30, 2020

Government-Wide Financial Analysis

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 10,154,637	\$ 5,794,929	\$ 8,244,303	\$ 8,230,936	\$ 18,398,940	\$ 14,025,865
Capital assets	9,145,290	9,190,199	15,892,599	16,725,824	25,037,889	25,916,023
Deferred outflows of resources	1,530,602	1,030,258	272,078	163,840	1,802,680	1,194,098
Total assets and deferred outflows of resources	<u>20,830,529</u>	<u>16,015,386</u>	<u>24,408,980</u>	<u>25,120,600</u>	<u>45,239,509</u>	<u>41,135,986</u>
Current liabilities	5,261,344	686,948	922,676	911,952	6,184,020	1,598,900
Long-term liabilities	6,221,490	5,600,403	8,527,656	8,982,283	14,749,146	14,582,686
Deferred inflows of resources	750,139	896,463	118,959	142,217	869,098	1,038,680
Total liabilities and deferred inflows of resources	<u>12,232,973</u>	<u>7,183,814</u>	<u>9,569,291</u>	<u>10,036,452</u>	<u>21,802,264</u>	<u>17,220,266</u>
Net position:						
Net investment in capital assets	7,936,133	8,179,465	7,649,110	7,789,521	15,585,243	15,968,986
Restricted	4,824,810	912,180	-	-	4,824,810	912,180
Unrestricted (deficit)	(4,163,387)	(260,073)	7,190,579	7,294,627	3,027,192	7,034,554
Total net position	<u>\$ 8,597,556</u>	<u>\$ 8,831,572</u>	<u>\$ 14,839,689</u>	<u>\$ 15,084,148</u>	<u>\$ 23,437,245</u>	<u>\$ 23,915,720</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town exceeded liabilities and deferred inflows of resources by \$23,437,245 as of June 30, 2020. The Town's net position decreased by \$478,475 for the fiscal year ended June 30, 2020. However, the largest portion \$15,585,243 (66.50%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Williamston uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in 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 Williamston's net position, \$4,824,810 (20.58%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$3,027,192 (12.92%) is unrestricted.

Several particular aspects of the Town's financial operations influenced its government-wide net position components:

- Continued diligence in the collection of property taxes by increasing aggressive collection procedures through the debt setoff program, garnishments and bank account attachments. However, the tax collection percentage decreased by 2.80% to 90.40% from 93.20% the previous year due to late payment of real estate taxes by Wal-Mart in the amount of \$103,362 in July 2020.
- Investment earnings decreased over the previous year due to decreases in short term interest rates.

Town of Williamston, North Carolina
Management's Discussion and Analysis
June 30, 2020

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
REVENUES:						
Program revenues:						
Charges for services	\$ 658,331	\$ 616,933	\$ 4,062,862	\$ 4,137,728	\$ 4,721,193	\$ 4,754,661
Operating grants & contributions	698,164	725,509	-	38,813	698,164	764,322
Capital grants & contributions	-	219,573	-	-	-	219,573
General revenues:						
Property taxes	2,988,587	2,939,212	-	-	2,988,587	2,939,212
Other taxes	120,401	123,922	-	-	120,401	123,922
Grants and contributions not restricted to specific programs	1,612,539	1,592,410	-	-	1,612,539	1,592,410
Unrestricted investment earnings	62,418	96,989	112,981	130,481	175,399	227,470
Miscellaneous	93,761	31,314	1,243	1,101	95,004	32,415
Total revenues	6,234,201	6,345,862	4,177,086	4,308,123	10,411,287	10,653,985
EXPENSES:						
Governmental activities:						
General government	519,689	562,308	-	-	519,689	562,308
Public safety	3,541,863	3,293,535	-	-	3,541,863	3,293,535
Transportation	786,910	815,313	-	-	786,910	815,313
Economic and physical development	192,914	206,327	-	-	192,914	206,327
Environmental protection	592,740	563,497	-	-	592,740	563,497
Cultural and recreational	773,388	824,460	-	-	773,388	824,460
Interest on long-term debt	60,713	14,795	-	-	60,713	14,795
Business-type activities:						
Water and sewer	-	-	4,334,193	4,113,675	4,334,193	4,113,675
Storm Water	-	-	87,352	50,422	87,352	50,422
Total expenses	6,468,217	6,280,235	4,421,545	4,164,097	10,889,762	10,444,332
Increase (decrease) in net position before transfers	(234,016)	65,627	(244,459)	144,026	(478,475)	209,653
Transfers	-	(83,225)	-	83,225	-	-
Transfers of capital assets and related debt	-	(1,029,685)	-	1,029,685	-	-
Increase (decrease) in net position	(234,016)	(1,047,283)	(244,459)	1,256,936	(478,475)	209,653
NET POSITION, BEGINNING, PREVIOUSLY REPORTED	8,831,572	9,878,855	15,084,148	14,110,306	23,915,720	23,989,161
Prior period adjustment	-	-	-	(283,094)	-	(283,094)
NET POSITION, BEGINNING, RESTATE	8,831,572	9,878,855	15,084,148	13,827,212	23,915,720	23,706,067
NET POSITION, ENDING	\$ 8,597,556	\$ 8,831,572	\$ 14,839,689	\$ 15,084,148	\$ 23,437,245	\$ 23,915,720

Governmental activities: Governmental activities decreased the Town's net position by (\$234,016). The key elements of this decrease are as follows:

- Decrease in the tax collection percentage due to late payment of property taxes by Wal-Mart.
- Increases in the liability for pensions and other post-employment benefits.

Town of Williamston, North Carolina

Management's Discussion and Analysis

June 30, 2020

Business-type activities: Business-type activities decreased the Town's net position by \$244,459. The key element of this increase is as follows:

- A slight decrease in operating revenues due to COVID-19 pandemic.
- Increase in operating expenses, depreciation expense and the liability for pensions and other post-employment benefits.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town'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 Williamston's financing requirements.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the Town's unassigned fund balance in the General Fund was \$3,509,550, while total fund balance reached \$4,511,126. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 59.72% of total General Fund expenditures, while total fund balance represents 76.77% of that same amount.

At June 30, 2020, the governmental funds of the Town reported a combined fund balance of \$8,344,570, with a net increase in fund balance of \$4,056,592. Included in this change in fund balance are loan proceeds of \$4,351,539 in the Police and Fire Department Capital Project Funds for construction of a new Police Station and expansion of the Fire Department.

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

Revenues were less than the budgeted amounts primarily because miscellaneous revenue received was less than the Town originally had expected to receive. Expenditures were held in check to allow the Town to comply with its budgetary requirements.

Proprietary Funds. The Town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$7,050,794. The total decrease in net position for the fund was \$214,109. Unrestricted net position of the Storm Water Fund at the end of the fiscal year amounted to \$139,785. The total decrease in net position for the fund was \$30,350. Factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

Town of Williamston, North Carolina
Management's Discussion and Analysis
June 30, 2020

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2020, totals \$25,037,889 (net of accumulated depreciation). These assets include buildings, infrastructure, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- Current year construction in progress of \$593,555 in governmental activities for the new Fire and Police Department Capital Project Funds.
- Purchase of a vehicles and equipment of \$67,940 in the governmental activities and \$150,231 for the business-type activities.
- Disposal and sale of old vehicles in the amount of \$87,285.

SUMMARY OF CAPITAL ASSETS
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 733,411	\$ 733,411	\$ 112,022	\$ 112,022	\$ 845,433	\$ 845,433
Buildings	814,232	876,858	80,767	88,674	894,999	965,532
Land improvements	758,246	854,772	-	-	758,246	854,772
Plant & distribution/ collection systems	-	-	13,479,027	14,334,770	13,479,027	14,334,770
Equipment & furniture	322,104	352,932	218,609	117,296	540,713	470,228
Vehicles & motorized equipment	1,199,055	1,427,248	100,058	104,399	1,299,113	1,531,647
Infrastructure	4,503,267	4,723,558	1,902,116	1,968,663	6,405,383	6,692,221
Construction in progress	814,975	221,420	-	-	814,975	221,420
TOTALS	\$ 9,145,290	\$ 9,190,199	\$ 15,892,599	\$ 16,725,824	\$ 25,037,889	\$ 25,916,023

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

Town of Williamston, North Carolina
Management's Discussion and Analysis
June 30, 2020

Long-Term Debt. As of June 30, 2020, the Town had debt outstanding of \$13,363,083. Of this, \$5,119,594 represents governmental activities installment purchase financing debt and \$8,243,489, represents business-type activities debt related to water sewer and storm water improvements.

TOWN OF WILLIAMSTON'S OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Installment purchase debt - fire truck	\$ 471,162	\$ 565,395	\$ -	\$ -	\$ 471,162	\$ 565,395
Installment purchase debt - Streets	240,000	360,000	-	-	240,000	360,000
Installment purchase debt - ambulance	56,893	85,339	-	-	56,893	85,339
Construction loan Fire Department	2,042,595	-	-	-	2,042,595	-
Construction loan Police Department	2,308,944	-	-	-	2,308,944	-
Installment purchase debt - USDA	-	-	921,723	940,106	921,723	940,106
NC Clean Water Revolving Loan	-	-	3,957,318	4,500,166	3,957,318	4,500,166
Drinking Water State Revolving Loan	-	-	875,739	938,291	875,739	938,291
Martin County District 1	-	-	558,675	578,730	558,675	578,730
Martin County District 2	-	-	1,930,034	1,979,010	1,930,034	1,979,010
TOTALS	\$ 5,119,594	\$ 1,010,734	\$ 8,243,489	\$ 8,936,303	\$ 13,363,083	\$ 9,947,037

The Town's total debt increased by \$3,416,046 (34.34%) during the current year, primarily due to loan proceeds of \$4,351,539 from BB&T Governmental Finance for construction of Fire and Police Department capital projects. The government also made principal payments on existing loans of \$935,493.

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 Town of Williamston is \$24,367,869.

Additional information regarding the Town's long-term debt can be found in Note III.B.7 of this report.

Town of Williamston, North Carolina Management's Discussion and Analysis June 30, 2020

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the Town.

- Commercial growth although slow remains steady. We have had several new businesses build in town and expect more new builds in the coming year. We have four major renovations planned in our downtown business district which could breathe new life into the downtown redevelopment effort. Our available retail space has diminished throughout all business districts. We continue to promote more investment in our downtown.
- The local unemployment rate for Martin County is 7.3% compared to the North Carolina state average rate of 7.9%. The unemployment rate remains steady from the previous year showing a stable local economy even though not growing to any great extent.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: Property taxes and revenues from unrestricted intergovernmental revenues are again expected to remain steady. Sales tax revenues are anticipated to increase slightly from last year due to the State adjusting the distribution formula. We expect to see an increase in property tax revenues due to business expansion within Town limits and a \$0.10 increase in the tax rate from \$0.79 to \$0.89 per \$100 of assessed value. The tax rate increase was approved due to cover debt service expenditures for the new police and fire stations which will begin in fiscal year 2021.

Budgeted expenditures in the General Fund are \$6,311,412. This is an increase from last year of approximately \$516,171 primarily due to increases in debt service expenditures, health insurance premiums of 15% and state retirement contributions of 1.2%. This year, our debt service liability equates to 2.61% of the budget; up slightly from 3.39% last year. Revenues as a result of vehicle license plate fees will help offset the debt associated with installment purchase debt acquired during the current year for street improvements in Annexation Area A.

Business-type Activities: Total budgeted expenditures for the Water and Sewer fund for the upcoming year are \$4,419,616. This is a slight increase from the previous year due to the increase in water and sewer costs from the Martin County Rural Water and Sewer Authority. There Town will increase water rates by \$0.25 per 1,000 gallons. There no increase in the storm water fees in the fiscal year 2021 budget ordinance. Barring no major changes water rates should be stabilizing as a result of the water purchase agreement with Martin County Regional Water and Sewer Authority. Both the water and sewer rates will continue to be reevaluated annually for adequacy and possible adjustment up or down.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Administrator, Town of Williamston, P.O. Box 506, Williamston, NC 27892. One can also call (252)792-5142, visit our website www.townofwilliamston.com or send an email to lindaharrison@townofwilliamston.com for more information.

Town Council Members

Joyce Whichard-Brown, Mayor

Ronell Rodgers, Mayor Pro Tem

Al R. Chesson

Alton Moore

Jerry Knox

William Coffield

Administrative and Financial Staff

John O'Daniel, Town Administrator

Linda Harrison, Finance Officer

Tiffany White, Tax Collector

Christina Craft, Town Clerk

Daniel A. Manning, Town Attorney

Basic Financial Statements

Town of Williamston, North Carolina
Statement of Net Position
June 30, 2020
Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 290,030	\$ 1,977,485	\$ 2,267,515
Investments	3,972,919	5,587,485	9,560,404
Taxes receivable (net)	785,954	-	785,954
Accrued interest receivable on taxes	190,250	-	190,250
Accounts receivable (net)	171,577	345,832	517,409
Due from other governments	444,844	-	444,844
Internal balances	(22,614)	22,614	-
Inventories	10,202	-	10,202
Restricted assets:			
Cash and investments	4,311,475	197,827	4,509,302
Total current assets	<u>10,154,637</u>	<u>8,131,243</u>	<u>18,285,880</u>
Non-Current assets:			
Advance to General Fund	-	113,060	113,060
Land, non-depreciable improvements, and construction in progress	1,548,386	112,022	1,660,408
Other capital assets, net of depreciation	7,596,904	15,780,577	23,377,481
Total capital assets	<u>9,145,290</u>	<u>15,892,599</u>	<u>25,037,889</u>
TOTAL ASSETS	<u>19,299,927</u>	<u>24,136,902</u>	<u>43,436,829</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	761,538	122,527	884,065
OPEB deferrals	769,064	149,551	918,615
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,530,602</u>	<u>272,078</u>	<u>1,802,680</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	536,138	51,269	587,407
Miscellaneous liabilities	12,827	-	12,827
Bank overdraft	3,145	-	3,145
Current portion of long-term liabilities	4,709,234	712,906	5,422,140
Payable from restricted assets	-	158,501	158,501
Total current liabilities	<u>5,261,344</u>	<u>922,676</u>	<u>6,184,020</u>
Long-term liabilities:			
Net pension liability	1,235,781	208,057	1,443,838
Total pension liability	389,268	-	389,268
Net OPEB liability	3,796,082	738,178	4,534,260
Advance from Water and Sewer Fund	113,060	-	113,060
Due in more than one year	687,299	7,581,421	8,268,720
TOTAL LIABILITIES	<u>11,482,834</u>	<u>9,450,332</u>	<u>20,933,166</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	15,737	-	15,737
CARES Act COVID Funds	26,856	-	26,856
Pension deferrals	96,492	135	96,627
OPEB deferrals	611,054	118,824	729,878
Total deferred inflows of resources	<u>750,139</u>	<u>118,959</u>	<u>869,098</u>
NET POSITION			
Net investment in capital assets	7,936,133	7,649,110	15,585,243
Restricted for:			
Stabilization by state statute	448,460	-	448,460
Streets	408,110	-	408,110
Public safety	3,968,240	-	3,968,240
Unrestricted	(4,163,387)	7,190,579	3,027,192
TOTAL NET POSITION	<u>\$ 8,597,556</u>	<u>\$ 14,839,689</u>	<u>\$ 23,437,245</u>

The accompanying footnotes are an integral part of these financial statements

Town of Williamston, North Carolina
Statement of Activities
For the Fiscal Year Ended June 30, 2020
Exhibit 2

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	
FUNCTIONS/PROGRAMS				
PRIMARY GOVERNMENT:				
GOVERNMENTAL ACTIVITIES:				
General government	\$ 519,689	\$ 3,530	\$ -	\$ -
Public safety	3,541,863	564,429	519,944	-
Transportation	786,910	-	164,457	-
Economic and physical development	192,914	-	-	-
Environmental protection	592,740	70,138	4,086	-
Cultural and recreational	773,388	20,234	9,677	-
Interest on long-term debt	60,713	-	-	-
Total governmental activities	6,468,217	658,331	698,164	-
BUSINESS-TYPE ACTIVITIES:				
Water and sewer	4,334,193	4,005,860	-	-
Storm water	87,352	57,002	-	-
Total business-type activities	4,421,545	4,062,862	-	-
Total primary government	\$ 10,889,762	\$ 4,721,193	\$ 698,164	\$ -

The accompanying footnotes are an integral part of these financial statements

Town of Williamston, North Carolina
Statement of Activities
For the Fiscal Year Ended June 30, 2020
Exhibit 2

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
FUNCTIONS/PROGRAMS			
PRIMARY GOVERNMENT:			
GOVERNMENTAL ACTIVITIES:			
General government	\$ (516,159)	\$ -	\$ (516,159)
Public safety	(2,457,490)	-	(2,457,490)
Transportation	(622,453)	-	(622,453)
Economic and physical development	(192,914)	-	(192,914)
Environmental protection	(518,516)	-	(518,516)
Cultural and recreational	(743,477)	-	(743,477)
Interest on long-term debt	(60,713)	-	(60,713)
Total governmental activities	<u>(5,111,722)</u>	-	<u>(5,111,722)</u>
BUSINESS-TYPE ACTIVITIES:			
Water and sewer	-	(328,333)	(328,333)
Storm water	-	(30,350)	(30,350)
Total business-type activities	<u>-</u>	<u>(358,683)</u>	<u>(358,683)</u>
Total primary government	<u>(5,111,722)</u>	<u>(358,683)</u>	<u>(5,470,405)</u>
GENERAL REVENUES:			
Taxes:			
Property taxes, levied for general purpose	2,988,587	-	2,988,587
Other taxes	120,401	-	120,401
Grants & contributions not restricted to specific programs	1,612,539	-	1,612,539
Unrestricted investment earnings	62,418	112,981	175,399
Miscellaneous	77,512	1,243	78,755
Gain on disposal of capital assets	16,249	-	16,249
Total general revenues and transfers	<u>4,877,706</u>	<u>114,224</u>	<u>4,991,930</u>
Change in net position	(234,016)	(244,459)	(478,475)
NET POSITION, BEGINNING	8,831,572	15,084,148	23,915,720
NET POSITION, ENDING	<u>\$ 8,597,556</u>	<u>\$ 14,839,689</u>	<u>\$ 23,437,245</u>

The accompanying footnotes are an integral part of these financial statements

Town of Williamston, North Carolina
Governmental Funds
Balance Sheet
June 30, 2020
Exhibit 3

	Major Funds	Non-Major Funds	Total Governmental Funds
	General	Other Governmental Funds	
ASSETS			
Cash and cash equivalents	\$ 67,269	\$ 222,761	\$ 290,030
Investments	3,970,558	2,361	3,972,919
Restricted cash	-	3,910,436	3,910,436
Restricted investments	401,039	-	401,039
Taxes receivable, net	785,954	-	785,954
Accounts receivable, net	171,577	-	171,577
Due from other governments	444,844	-	444,844
Inventories	10,202	-	10,202
TOTAL ASSETS	<u>\$ 5,851,443</u>	<u>\$ 4,135,558</u>	<u>\$ 9,987,001</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 195,308	\$ 298,969	\$ 494,277
Miscellaneous liabilities	12,827	-	12,827
Bank overdraft	-	3,145	3,145
Advance from Water and Sewer Fund	135,674	-	135,674
Total liabilities	<u>343,809</u>	<u>302,114</u>	<u>645,923</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	785,954	-	785,954
EMS receivables	167,961	-	167,961
CARES Act COVID Funds	26,856	-	26,856
Prepaid taxes	15,737	-	15,737
Total deferred inflows of resources	<u>996,508</u>	<u>-</u>	<u>996,508</u>
FUND BALANCES			
Non spendable:			
Inventories	10,202	-	10,202
Restricted:			
Stabilization by state statute	448,460	-	448,460
Streets	408,110	-	408,110
Public safety	57,804	3,910,436	3,968,240
Assigned:			
Economic and physical development	-	2,361	2,361
Subsequent year's expenditures	77,000	-	77,000
Unassigned	3,509,550	(79,353)	3,430,197
Total fund balances	<u>4,511,126</u>	<u>3,833,444</u>	<u>8,344,570</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 5,851,443</u>	<u>\$ 4,135,558</u>	<u>\$ 9,987,001</u>

The accompanying footnotes are an integral part of these financial statements

Town of Williamston, North Carolina
Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
June 30, 2020
Exhibit 4

Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position follows:

Total fund balances of governmental funds		\$ 8,344,570
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 21,275,810	
Less accumulated depreciation	<u>(12,130,520)</u>	
Net capital assets		9,145,290
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred		190,250
Deferred outflows of resources related to pensions are not reported in the funds		761,538
Deferred outflows of resources related to OPEB are not reported in the funds		769,064
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		
Property taxes receivable		785,954
EMS receivables		167,961
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and therefore are not reported in the fund statements:		
Accrued interest		(41,861)
Installment financing debt		(5,119,594)
Net other postemployment benefits liability		(3,796,082)
Compensated absences		(276,939)
Net pension liability		(1,235,781)
Total pension liability		(389,268)
Deferred inflows of resources related to OPEB are not reported in the funds		(611,054)
Deferred inflows of resources related to pensions are not reported in the funds		<u>(96,492)</u>
Net position of governmental activities		<u>\$ 8,597,556</u>

The accompanying footnotes are an integral part of these financial statements

Town of Williamston, North Carolina
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2020
Exhibit 5

	Major Funds	Non-Major Funds	Total Governmental Funds
	General	Other Governmental Funds	
REVENUES			
Ad valorem taxes	\$ 2,847,479	\$ -	\$ 2,847,479
Other taxes and licenses	120,401	-	120,401
Unrestricted intergovernmental	1,612,539	-	1,612,539
Restricted intergovernmental	716,012	-	716,012
Permits and fees	1,841	-	1,841
Sales and services	690,022	-	690,022
Investment earnings	62,290	128	62,418
Miscellaneous and project income	4,088	-	4,088
Total revenues	6,054,672	128	6,054,800
EXPENDITURES			
Current:			
General government	519,413	-	519,413
Public safety	3,208,900	549,291	3,758,191
Transportation	561,069	-	561,069
Economic and physical development	179,663	-	179,663
Environmental protection	563,024	-	563,024
Cultural and recreational	571,157	-	571,157
Debt service:			
Principal	242,679	-	242,679
Interest and other charges	30,405	5,900	36,305
Total expenditures	5,876,310	555,191	6,431,501
Revenues over (under) expenditures	178,362	(555,063)	(376,701)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	16,249	-	16,249
Insurance claims	66,538	-	66,538
Installment purchase proceeds	-	4,351,539	4,351,539
Transfers from other funds	-	122,957	122,957
Transfers to other funds	(122,957)	-	(122,957)
Total other financing sources (uses)	(40,170)	4,474,496	4,434,326
Revenues and other financing sources over (under) expenditures and other uses	138,192	3,919,433	4,057,625
FUND BALANCE, BEGINNING	4,373,967	(85,989)	4,287,978
Change in reserve for inventories	(1,033)	-	(1,033)
FUND BALANCES, ENDING	\$ 4,511,126	\$ 3,833,444	\$ 8,344,570

The accompanying footnotes are an integral part of these financial statements

Town of Williamston, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balance of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2020
Exhibit 6

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

Net changes in fund balances of governmental funds	\$ 4,057,625
Change in fund balance due to change in reserve for inventories	(1,033)
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	654,609
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	(706,404)
Contribution of capital assets - Library Trust Fund	6,886
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	282,208
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:	
Installment purchase proceeds	(4,351,539)
Principal payments on long-term debt	242,679
Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements:	
Change in unavailable revenue for tax revenues	119,895
Increase in accrued interest receivable on taxes	21,213
Change in unavailable revenue for EMS revenues	(51,380)
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the fund statements:	
Accrued interest	(24,408)
Pension expense - LGERS	(549,419)
Pension expense - LEOSSA	(30,768)
Compensated absences	10,856
Other postemployment benefits plan expense	84,964
Total changes in net position of governmental activities	\$ (234,016)

The accompanying footnotes are an integral part of these financial statements

Town of Williamston, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Fiscal Year Ended June 30, 2020
Exhibit 7

General Fund				
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 2,801,200	\$ 2,801,200	\$ 2,847,479	\$ 46,279
Other taxes and licenses	108,650	108,650	120,401	11,751
Unrestricted intergovernmental	1,635,970	1,635,970	1,612,539	(23,431)
Restricted intergovernmental	689,460	692,588	716,012	23,424
Permits and fees	3,050	3,050	1,841	(1,209)
Sales and services	626,350	626,350	690,022	63,672
Investment earnings	83,000	83,000	62,290	(20,710)
Miscellaneous income	1,100	373,842	4,088	(369,754)
Total revenues	<u>5,948,780</u>	<u>6,324,650</u>	<u>6,054,672</u>	<u>(269,978)</u>
EXPENDITURES				
Current:				
General government	588,705	594,980	519,413	75,567
Public safety	3,206,733	3,391,339	3,208,900	182,439
Transportation	846,714	856,678	561,069	295,609
Economic and physical development	135,713	195,713	179,663	16,050
Environmental protection	574,462	586,352	563,024	23,328
Cultural and recreational	633,497	633,497	571,157	62,340
Debt service:				
Principal	268,878	291,492	242,679	48,813
Interest and other charges	31,239	31,239	30,405	834
Total expenditures	<u>6,285,941</u>	<u>6,581,290</u>	<u>5,876,310</u>	<u>704,980</u>
Revenues over (under) expenditures	<u>(337,161)</u>	<u>(256,640)</u>	<u>178,362</u>	<u>435,002</u>
OTHER FINANCING SOURCES (USES)				
Appropriated fund balance - Powell Bill	253,941	263,905	-	(263,905)
Sale of capital assets	10,000	10,000	16,249	6,249
Insurance claims	5,000	64,858	66,538	1,680
Installment purchase proceeds	90,834	90,834	-	(90,834)
Loan repayments to Water and Sewer Fund	(22,614)	-	-	-
Transfers to other funds	-	(172,957)	(122,957)	50,000
Total other financing sources (uses)	<u>337,161</u>	<u>256,640</u>	<u>(40,170)</u>	<u>(296,810)</u>
Revenues and other financing sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>138,192</u>	<u>\$ 138,192</u>
FUND BALANCE, BEGINNING			4,373,967	
Change in reserve for inventories			(1,033)	
FUND BALANCE, ENDING			<u>\$ 4,511,126</u>	

The accompanying footnotes are an integral part of these financial statements

Town of Williamston, North Carolina
Proprietary Funds
Statement of Fund Net Position
June 30, 2020
Exhibit 8

	Enterprise Funds		
	Major Fund	Major Fund	Total
	Water and Sewer Fund	Storm Water Fund	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,874,732	\$ 102,753	\$ 1,977,485
Investments	5,587,485	-	5,587,485
Accounts receivable (net)	338,296	7,536	345,832
Advance to General Fund	22,614	-	22,614
Restricted assets:			
Cash and cash equivalents	158,501	39,326	197,827
Total current assets	7,981,628	149,615	8,131,243
Non-current assets:			
Advance to General Fund	113,060	-	113,060
Capital assets:			
Land and other non-depreciable assets	112,022	-	112,022
Other capital assets, net of depreciation	13,878,461	1,902,116	15,780,577
Capital assets (net)	13,990,483	1,902,116	15,892,599
TOTAL ASSETS	22,085,171	2,051,731	24,136,902
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	122,527	-	122,527
OPEB deferrals	149,551	-	149,551
TOTAL DEFERRED OUTFLOWS OF RESOURCES	272,078	-	272,078
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	41,439	9,830	51,269
Compensated absences payable - current	17,990	-	17,990
USDA Loan - current	-	18,530	18,530
NC Clean Water Revolving Loan - current	542,848	-	542,848
Drinking Water State Revolving Loan - current	62,553	-	62,553
Martin County note payable - current	70,985	-	70,985
Liabilities payable from restricted assets:			
Customer deposits	158,501	-	158,501
Total current liabilities	894,316	28,360	922,676
Noncurrent liabilities:			
Net other postemployment benefits liability	738,178	-	738,178
Compensated absences payable	32,848	-	32,848
Net pension liability	208,057	-	208,057
USDA Loan	-	903,193	903,193
NC Clean Water Revolving Loan	3,414,470	-	3,414,470
Drinking Water State Revolving Loan	813,186	-	813,186
Martin County note payable	2,417,724	-	2,417,724
Total noncurrent liabilities	7,624,463	903,193	8,527,656
TOTAL LIABILITIES	8,518,779	931,553	9,450,332
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	135	-	135
OPEB deferrals	118,824	-	118,824
TOTAL DEFERRED INFLOWS OF RESOURCES	118,959	-	118,959
NET POSITION			
Net investment in capital assets	6,668,717	980,393	7,649,110
Unrestricted	7,050,794	139,785	7,190,579
TOTAL NET POSITION	\$ 13,719,511	\$ 1,120,178	\$ 14,839,689

The accompanying footnotes are an integral part of these financial statements

Town of Williamston, North Carolina
Proprietary Funds

Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2020
Exhibit 9

	Enterprise Funds		
	Major Fund	Major Fund	Total
	Water and Sewer Fund	Storm Water Fund	
OPERATING REVENUES			
Charges for services	\$ 3,963,945	\$ 57,002	\$ 4,020,947
Water and sewer taps	1,940	-	1,940
Other operating revenues	39,975	-	39,975
Total operating revenues	<u>4,005,860</u>	<u>57,002</u>	<u>4,062,862</u>
OPERATING EXPENSES			
Water treatment and distribution	2,159,213	-	2,159,213
Waste collection and treatment	1,107,348	-	1,107,348
Depreciation	916,909	66,547	983,456
Total operating expenses	<u>4,183,470</u>	<u>66,547</u>	<u>4,250,017</u>
Operating income (loss)	<u>(177,610)</u>	<u>(9,545)</u>	<u>(187,155)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	112,981	-	112,981
Miscellaneous	1,243	-	1,243
Interest and other charges	(150,723)	(20,805)	(171,528)
Total nonoperating revenues (expenses)	<u>(36,499)</u>	<u>(20,805)</u>	<u>(57,304)</u>
CHANGE IN NET POSITION	(214,109)	(30,350)	(244,459)
TOTAL NET POSITION, BEGINNING	<u>13,933,620</u>	<u>1,150,528</u>	<u>15,084,148</u>
TOTAL NET POSITION, ENDING	<u>\$ 13,719,511</u>	<u>\$ 1,120,178</u>	<u>\$ 14,839,689</u>

The accompanying footnotes are an integral part of these financial statements

Town of Williamston, North Carolina
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020
Exhibit 10

	Enterprise Funds		
	Major Fund	Major Fund	Total
	Water and Sewer Fund	Storm Water Fund	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 3,999,502	\$ 56,397	\$ 4,055,899
Cash paid for goods and services	(2,484,450)	-	(2,484,450)
Cash paid to or on behalf of employees for services	(666,526)	-	(666,526)
Customer deposits received (net)	3,837	-	3,837
Net cash provided by (used by) operating activities	852,363	56,397	908,760
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Miscellaneous revenue	1,243	-	1,243
Net cash provided by (used by) noncapital financing activities	1,243	-	1,243
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(150,231)	-	(150,231)
Principal paid on NC Clean Water Revolving Loan	(542,848)	-	(542,848)
Principal paid on NC Drinking Water State Revolving Loan	(62,552)	-	(62,552)
Principal paid on Martin County Loan	(69,031)	-	(69,031)
Principal paid on USDA loan	-	(18,383)	(18,383)
Interest paid on NCDEQ and Martin County loans	(152,592)	-	(152,592)
Interest paid on USDA Loan	-	(20,943)	(20,943)
Net cash provided by (used by) capital and related financing activities	(977,254)	(39,326)	(1,016,580)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings	112,981	-	112,981
Purchase of short-term investments	(43,910)	-	(43,910)
Loan repayments from General Fund	22,614	-	22,614
Net cash provided by (used by) investing activities	91,685	-	91,685
Net increase (decrease) in cash and cash equivalents	(31,963)	17,071	(14,892)
CASH AND CASH EQUIVALENTS, BEGINNING	2,065,196	125,008	2,190,204
CASH AND CASH EQUIVALENTS, ENDING	\$ 2,033,233	\$ 142,079	\$ 2,175,312

The accompanying footnotes are an integral part of these financial statements

Town of Williamston, North Carolina
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020
Exhibit 10

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES:

	Enterprise Funds		
	Major Fund	Major Fund	
	Water and	Storm Water	
	Sewer Fund	Fund	Total
Operating income (loss)	\$ (177,610)	\$ (9,545)	\$ (187,155)
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:			
Depreciation	916,909	66,547	983,456
Changes in assets, deferred outflows of resources and liabilities:			
(Increase) decrease in accounts receivable	(6,358)	(605)	(6,963)
Increase (decrease) in customer deposits	3,837	-	3,837
Increase (decrease) in accounts payable and accrued liabilities	6,584	-	6,584
(Increase) decrease in deferred outflows of resources - pensions	12,911	-	12,911
Increase (decrease) in net pension liability	35,178	-	35,178
Increase (decrease) in deferred inflows of resources - pensions	(1,169)	-	(1,169)
(Increase) decrease in deferred outflows of resources - OPEB	(121,149)	-	(121,149)
Increase (decrease) in compensated absences payable	5,976	-	5,976
Increase (decrease) in deferred inflows of resources - OPEB	(22,089)	-	(22,089)
Increase (decrease) in accrued OPEB liability	199,343	-	199,343
	1,029,973	65,942	1,095,915
Net cash provided by (used by) operating activities	\$ 852,363	\$ 56,397	\$ 908,760
Cash and cash equivalents	\$ 1,874,732	\$ 102,753	\$ 1,977,485
Restricted cash and cash equivalents	158,501	39,326	197,827
Total cash and cash equivalents	\$ 2,033,233	\$ 142,079	\$ 2,175,312

The accompanying footnotes are an integral part of these financial statements

Town of Williamston, North Carolina
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2020
Exhibit 11

	OPEB Trust Fund	Martin Memorial Library Trust Fund
ASSETS		
Investments:		
NC Capital Management Trust - Government Portfolio	\$ -	\$ 11,692
Restricted investments:		
Cash and cash equivalents	230,275	
Domestic equities	607,311	
Fixed income	125,600	
TOTAL ASSETS	<u>\$ 963,186</u>	<u>\$ 11,692</u>
LIABILITIES AND NET POSITION		
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Net Position:		
Net position restricted for postemployment benefits other than pensions	963,186	-
Assets held in trust for citizens of the Town of Williamston	-	11,692
TOTAL NET POSITION	<u>\$ 963,186</u>	<u>\$ 11,692</u>

The accompanying footnotes are an integral part of these financial statements

Town of Williamston, North Carolina
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2020
Exhibit 12

	OPEB Trust Fund	Martin Memorial Library Trust Fund
ADDITIONS:		
Employer contributions	\$ 269,707	\$ -
Investment income:		
Net appreciation (depreciation) in fair value of investments	19,510	-
Interest and dividends	7,040	177
Total additions	<u>296,257</u>	<u>177</u>
DEDUCTIONS:		
Benefit payments	169,707	-
Library capital outlay	-	6,886
Administrative expense	55	-
Total deductions	<u>169,762</u>	<u>6,886</u>
Change in net position	126,495	(6,709)
NET POSITION RESTRICTED FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS AND ASSETS HELD IN TRUST FOR CITIZENS OF WILLIAMSTON		
Beginning of year	<u>836,691</u>	<u>18,401</u>
End of year	<u>\$ 963,186</u>	<u>\$ 11,692</u>

The accompanying footnotes are an integral part of these financial statements

Notes to the Financial Statements

Town of Williamston, North Carolina Notes to the Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Williamston, North Carolina (the “Town”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town is a municipal corporation that is governed by an elected mayor and a five-member council.

Interdependence with Other Entities: The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

B. Basis of Presentation

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

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

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

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

Town of Williamston, North Carolina Notes to the Financial Statements

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, street maintenance and construction, and sanitation services.

The Town reports the following non-major governmental funds:

Grant Project Special Revenue Funds. These funds are used to account for two grant project funds that are restricted for use for a particular purpose:

Strategic Economic Development – Golden Leaf

Community Development Block Grant Project Fund – Downtown Redevelopment Grant

Capital Projects Funds. These funds are used to account for three governmental capital projects that are related to public safety and recreation construction and improvements:

Fire Department Capital Project Fund

Police Department Capital Project Fund

Gaylord Perry Park PARTF Grant Capital Project Fund

The Town reports the following major enterprise funds:

Water and Sewer Fund. This fund is used to account for the Town's water and sewer operations. The Annexation Area A and Water System Asset Inventory Assessment Project Funds have been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparison for the Water and Sewer Capital Projects Funds have been included in the supplemental information.

Storm Water. This fund is used to account for the Town's storm water and drainage operations.

The Town reports the following fund types:

Fiduciary Funds. Fiduciary funds are used to account for assets the Town holds on behalf of others. The Town maintains one Other Postemployment Benefits Trust Fund (OPEB) and one Private Purpose Trust Fund.

Other Postemployment Benefits Trust Fund. The Town maintains the Other Postemployment Benefits Trust Fund to report resources that are required to be held in trust for the members of the Other Postemployment Benefits Plan. The Other Postemployment Benefits Fund accounts for the Town's contributions for healthcare coverage provided to qualified retirees.

Private Purpose Trust Fund. The Martin Memorial Library Fund represents excess citizen contributions left over after library construction. The funds are used to maintain and repair the library as needed.

Town of Williamston, North Carolina Notes to the Financial Statements

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

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

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

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

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

Town of Williamston, North Carolina

Notes to the Financial Statements

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

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for Special Revenue Funds, Capital Projects Funds and the Enterprise Capital Project Funds. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds and at the project level for the multi-year funds. The Town administrator is authorized to reallocate appropriations within departments and may execute interdepartmental transfers, within the same fund, not to exceed ten percent (10%) of the appropriated monies for the department whose allocation is reduced. The governing board must approve any budget revision that alters the total expenditures of any fund. During the year, several immaterial 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 are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town 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 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).

Town of Williamston, North Carolina Notes to the Financial Statements

General Statute 159-30.1 allows the Town to establish and fund an irrevocable trust for the purpose of paying post-employment benefits (OPEB) for which the Town is liable. The Town Other Postemployment Benefit (OPEB) Trust is managed by the staff of the Department of the State Treasurer and operated in accordance with state laws and regulations. The Trust is not registered with the SEC. G.S. 159-30(g) allows the Town to make contributions to the Trust. The State Treasurer in his discretion may invest the proceeds in equities of certain publicly held companies and long or short-term fixed income investments as detailed in G.S. 147-69.2(b) (1-6) and (8). Funds submitted are managed in three different sub-funds, the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the Bond Index Fund (BIF) consisting of high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6), and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund authorized under G.S. 147-69.2(b)(8).

The Town's investments are generally reported at fair value. Non-participating interest earning investment contracts are accounted for at cost.

The North Carolina Capital Management Trust (NCCMT), which consists of two SEC-registered funds, is authorized by G.S. 159-30(c)(8). One of these funds, the Government Portfolio, is a 2a-7 fund which invests in treasuries and government agencies and is rated AAAM by S&P. The second fund, the Term Portfolio, is a short-term bond fund investing in treasuries, government agencies, and money market instruments allowed under G.S. 159-30. The Term Portfolio has no rating. Both the Government Portfolio and the Term Portfolio are reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT- Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2020, The Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs—other than quoted prices—included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2020 of 1.3 years. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund.

The BIF is measured at fair value using Level 2 inputs and is based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations of net earnings. BIF does not have a credit rating, was valued at \$1 per unit and had an average maturity of 7.97 years at June 30, 2020.

The BlackRock's MSCI ACWI EQ Index Non-Lendable Class B fund, authorized under G.S. 147-69.2(b)(8), is a common trust fund considered to be commingled in nature. The Fund's fair value is the number of shares times the net asset value as determined by a third party. At June 30, 2020 the fair value of the funds was \$23.107392 per share. Fair value for this Blackrock fund is determined using Level 1 inputs which are directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

Town of Williamston, North Carolina

Notes to the Financial Statements

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

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. All cash and cash investments with maturities of three months or less are considered cash and cash equivalents. Under GASB Codification 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of June 30, 2020, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the Town's access to 100 percent of their account value in either external investment pool.

3. Use of Estimates

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

4. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4

Restricted cash and investments as of June 30, 2020 was comprised of the following amounts:

Governmental Activities

General Fund:

Powell Bill funds	\$ 401,039
Unexpended loan proceeds - Fire Department Capital Project Fund	1,962,577
Unexpended loan proceeds - Police Department Capital Project Fund	1,947,859
Total Governmental Activities	4,311,475

Business-type activities

Water and Sewer Fund:

Customer utility deposits	158,501
US Department of Agriculture Debt Reserve	39,326
Total Business-type Activities	197,827
Total restricted cash and investments	\$ 4,509,302

5. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2019.

Town of Williamston, North Carolina
Notes to the Financial Statements

6. 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.

7. Inventory and Prepaid Items

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The Town's General Fund inventory consists of motor fuels that are recorded as expenditures when consumed rather than when purchased. Enterprise fund supplies are not inventoried at year-end because the amounts are considered immaterial.

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.

8. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The Town has elected to record general infrastructure assets on a prospective basis beginning with the year of implementing GASB 34. 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	30-60
Buildings	10-30
Land improvements	20-25
Plant and distribution/collection systems	20-30
Vehicles and motorized equipment	5-30
Equipment and furniture	5-20
Computer equipment	3-7

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

Town of Williamston, North Carolina

Notes to the Financial Statements

10. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty days (54 days for Fire and EMS employees) earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

12. Net Position/Fund Balances

Net Position

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

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

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

Town of Williamston, North Carolina Notes to the Financial Statements

Inventories - portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

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

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

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

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for police related drug enforcement activities.

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

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

Assigned for Economic and Physical Development – portion of fund balance that has been budgeted by the Board for economic and physical development activities in special revenue funds.

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

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

Town of Williamston, North Carolina

Notes to the Financial Statements

The Town of Williamston has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, 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 Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

13. Defined Benefit Pension and OPEB Plans

The Town participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State: the Local Governmental Employees' Retirement System (LGERS); and the Law Enforcement Officers' Special Separation Allowance (LEOSSA) (collectively, the "state-administered defined benefit pension plans"); and one other postemployment benefit plan (OPEB), the Healthcare Benefits Plan (HCB). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town's employer contributions are recognized when due and the Town has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the HCB and additions to/deductions from the HCB's fiduciary net position have been determined on the same basis as they are reported by the HCB. For this purpose, the HCB recognizes benefit payments when due and payable in accordance with the benefit terms. Investments for all plans are reported at fair value.

14. Current and Future Accounting Pronouncements

The Town is currently reviewing the financial impact of the following future accounting pronouncements.

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance

In May 2020, the GASB issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued. The requirements of this Statement are effective immediately.

Town of Williamston, North Carolina Notes to the Financial Statements

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 84, Fiduciary Activities
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, Fiduciary Activities.
- The effective dates of the following pronouncements are postponed by 18 months:
 - Statement No. 87, Leases
 - Implementation Guide No. 2019-3, Leases.

GASB Statement No. 84, Fiduciary Activities (“GASB 84”), seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 will be effective for the fiscal years beginning after December 15, 2018 (December 15, 2019 under GASB No. 95). The Town is reviewing this standard to determine the effect on the Town’s financial statements.

GASB Statement No. 87, Leases (“GASB 87”), seeks to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. GASB 87 will be effective for the fiscal years beginning after December 15, 2019. The Town is reviewing this standard to determine the effect on the Town’s financial statements. Under GASB No. 95, the effective date of this statement has been postponed by 18 months.

15. Subsequent Events – Date of Management’s Evaluation

Management has evaluated subsequent events through January 28, 2021, the date which the financial statements were available to be issued.

Town of Williamston, North Carolina
Notes to the Financial Statements

F. Reconciliation of Government-Wide and Fund Financial Statements

1. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. The net adjustment of \$252,986 consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statements in governmental activities column)	\$ 21,275,810
Less accumulated depreciation	<u>(12,130,520)</u>
Net capital assets	9,145,290
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred	190,250
Deferred outflows of resources related to pensions are not reported in the funds	761,538
Deferred outflows of resources related to OPEB are not reported in the funds	769,064
Liabilities for earned revenues considered deferred inflows of resources in fund statements	
Property taxes receivable	785,954
EMS receivables	167,961
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and therefore are not reported in the fund statements:	
Accrued interest	(41,861)
Installment financing debt	(5,119,594)
Net other postemployment benefits liability	(3,796,082)
Compensated absences	(276,939)
Net pension liability	(1,235,781)
Total pension liability	(389,268)
Deferred inflows of resources related to OPEB are not reported in the funds	(611,054)
Deferred inflows of resources related to pensions are not reported in the funds	<u>(96,492)</u>
Total adjustment	<u><u>\$ 252,986</u></u>

Town of Williamston, North Carolina
Notes to the Financial Statements

2. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$(4,291,641) as follows:

Change in fund balance due to change in reserve for inventories	\$ (1,033)
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	654,609
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	(706,404)
Contribution of capital assets - Library Trust Fund	6,886
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	282,208
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:	
Installment purchase proceeds	(4,351,539)
Principal payments on long-term debt	242,679
Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements:	
Change in unavailable revenue for tax revenues	119,895
Increase in accrued interest receivable on taxes	21,213
Change in unavailable revenue for EMS revenues	(51,380)
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the fund statements:	
Accrued interest	(24,408)
Pension expense - LGERS	(549,419)
Pension expense - LEOSSA	(30,768)
Compensated absences	10,856
Other postemployment benefits plan expense	84,964
Total adjustment	\$ (4,291,641)

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Significant Violations of Finance-Related Legal and Contractual Provisions

1. Noncompliance with North Carolina General Statutes

None reported

2. Contractual Violations

None reported

B. Deficit in Fund Balance or Net Position of Individual Funds

The following individual funds had deficit fund balances as of June 30, 2020:

CDBG Downtown Redevelopment Grant Fund	\$3,145
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The Town will draw down funds on approved grants in fiscal year 2021 to eliminate these deficit fund balances.

C. Excess of Expenditures over Appropriations

None reported

III. DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agent in the Town's name. 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, these deposits are considered to be held by the Town's agent in the Town's name. 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 or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

Town of Williamston, North Carolina Notes to the Financial Statements

At June 30, 2020, the Town's deposits had a carrying amount of \$6,372,483 and a bank balance of \$6,429,945. Of the bank balance, \$500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2020, the Town's petty cash fund totaled \$150.

2. Investments

At June 30, 2020, the Town's investment balances were as follows:

Investment Type	Valuation Measurement Method	Value	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	\$ 3,219,447	N/A	AAAm
NC Capital Management Trust - Term Portfolio	Fair Value - Level 1	<u>6,753,688</u>	.15 years	Unrated
Total Investments		<u>\$ 9,973,135</u>		

The above investment figures for the North Carolina Capital Management Trust – Government Portfolio include a Fiduciary Fund that had funds invested in the amount of \$11,692. Fiduciary Funds do not appear on the Statement of Net Position.

* As of June 30, 2020, the NCCMT Term Portfolio had a duration of 0.15 years. Because the NC Capital Management Trust Term Portfolio has a weighted average maturity of less than 90 days, it was presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAM rating from S&P. The NCCMT Term Portfolio has no rating.

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

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

Interest Rate Risk: The Town has no formal investment policy regarding interest rate risk.

Credit risk: The Town has no formal policy regarding credit risk. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2020. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

Town of Williamston, North Carolina Notes to the Financial Statements

OPEB Trust Fund Investments

At June 30, 2020, the Town of Williamston Healthcare Benefits (HCB) Plan Fund had \$963,186 invested in the State Treasurer’s Local Government Other Post-Employment Benefits (OPEB) Trust pursuant to G.S. 159-30.1. The State Treasurer’s OPEB Trust may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the State Treasurer’s OPEB Trust was invested as follows: State Treasurer’s STIF 23.91%; State Treasurer’s Non-Pension Fixed Income Fund (BIF) 13.04% and BlackRock’s MSCI ACWI EQ Index Non-Lendable Class B Fund 63.05%.

At June 30, 2020, the Town’s OPEB Trust Fund investment balances were as follows:

Investment Type	Valuation Measurement Method	Value
NC Short Term Investment Fund (STIF) Blackrock MSCI ACWI EQ Index Non-Lendable Class B Fund	Fair Value - Level 1	\$ 230,275
North Carolina Non Pension Fixed Income	Fair Value - Level 2	607,311
Total OPEB Trust Fund Investments	Fair Value - Level 2	125,600
		\$ 963,186

Interest Rate Risk: The Town does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer’s STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2020. The State Treasurer’s Non-Pension Fixed Income Fund (BIF) is unrated and had a weighted average maturity of 7.97 years at June 30, 2020.

Credit Risk: The Town does not have a formal investment policy regarding credit risk for the HCB Plan Fund. The STIF is unrated and authorized under NC General Statute 147-69.1. The State Treasurer’s STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate term treasuries, agencies, and money market instruments. The BIF is unrated and authorized under NC General Statute 147-69.1 and 147-69.2. The State Treasurer’s BIF is invested in high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6).

Town of Williamston, North Carolina
Notes to the Financial Statements

3. Receivables – Allowances for Doubtful Accounts

Receivables at the government-wide level at June 30, 2020, were as follows:

	Accounts Receivable	Taxes Receivable	Interest Receivable	Due from Other Governments	Total
Governmental activities:					
General	\$ 216,422	\$ 864,864	\$ 190,250	\$ 444,844	\$ 1,716,380
Total receivables	216,422	864,864	190,250	444,844	1,716,380
Allowance for doubtful accounts	(44,845)	(78,910)	-	-	(123,755)
Total governmental activities	<u>\$ 171,577</u>	<u>\$ 785,954</u>	<u>\$ 190,250</u>	<u>\$ 444,844</u>	<u>\$ 1,592,625</u>
Business-type activities					
Water and sewer	\$ 539,695	\$ -	\$ -	\$ -	\$ 539,695
Storm water	7,536	-	-	-	7,536
Allowance for doubtful accounts	(201,399)	-	-	-	(201,399)
Total business-type activities	<u>\$ 345,832</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 345,832</u>

The due from other governments that is owed to the Town consists of the following:

General Fund:

Sales tax refund	\$ 62,303
Local option sales tax	190,364
Utility franchise tax	83,757
NC Department of Public Safety - Regional Response Team Grant	25,699
Martin County - fire district taxes	40,265
Martin County - vehicle taxes	29,243
Solid waste disposal tax	976
NC Division of Emergency Management	12,237
Total	<u>\$ 444,844</u>

Town of Williamston, North Carolina
Notes to the Financial Statements

4. Capital Assets

Capital asset activity for the Town for the year ended June 30, 2020 was as follows:

	Beginning Balances	Increases and Transfers	Decreases and Transfers	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 733,411	\$ -	\$ -	\$ 733,411
Construction in progress	221,420	593,555	-	814,975
Total capital assets not being depreciated	<u>954,831</u>	<u>593,555</u>	<u>-</u>	<u>1,548,386</u>
Capital assets being depreciated:				
Buildings	3,511,894	-	-	3,511,894
Land improvements	2,052,922	-	-	2,052,922
Equipment and furniture	2,138,831	67,940	-	2,206,771
Vehicles and motorized equipment	4,802,573	-	87,285	4,715,288
Infrastructure	7,240,549	-	-	7,240,549
Total capital assets being depreciated	<u>19,746,769</u>	<u>67,940</u>	<u>87,285</u>	<u>19,727,424</u>
Less accumulated depreciation for:				
Buildings	2,635,036	62,626	-	2,697,662
Land improvements	1,198,150	96,526	-	1,294,676
Equipment and furniture	1,785,899	98,768	-	1,884,667
Vehicles and motorized equipment	3,375,325	228,193	87,285	3,516,233
Infrastructure	2,516,991	220,291	-	2,737,282
Total accumulated depreciation	<u>11,511,401</u>	<u>\$ 706,404</u>	<u>\$ 87,285</u>	<u>12,130,520</u>
Total capital assets being depreciated, net	<u>8,235,368</u>			<u>7,596,904</u>
Governmental activity capital assets, net	<u><u>\$ 9,190,199</u></u>			<u><u>\$ 9,145,290</u></u>

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

General government	\$ 27,633
Public safety	252,713
Transportation	204,078
Economic and physical development	13,251
Environmental protection	17,427
Cultural and recreational	191,302
Total depreciation expense	<u><u>\$ 706,404</u></u>

Town of Williamston, North Carolina
Notes to the Financial Statements

	Beginning Balances Restated	Increases and Transfers	Decreases and Transfers	Ending Balances
Business-type activities:				
Water and Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 112,022	\$ -	\$ -	\$ 112,022
Total capital assets not being depreciated	<u>112,022</u>	<u>-</u>	<u>-</u>	<u>112,022</u>
Capital assets being depreciated:				
Buildings	241,512	-	-	241,512
Plant and distribution/collection systems	29,485,879	-	-	29,485,879
Equipment and furniture	549,991	120,050	-	670,041
Vehicles and motorized equipment	493,478	30,181	-	523,659
Total capital assets being depreciated	<u>30,770,860</u>	<u>150,231</u>	<u>-</u>	<u>30,921,091</u>
Less accumulated depreciation for:				
Buildings	152,838	7,907	-	160,745
Plant and distribution systems	15,151,109	855,743	-	16,006,852
Equipment and furniture	432,695	18,737	-	451,432
Vehicles and motorized equipment	389,079	34,522	-	423,601
Total accumulated depreciation	<u>16,125,721</u>	<u>\$ 916,909</u>	<u>\$ -</u>	<u>17,042,630</u>
Total capital assets being depreciated, net	<u>14,645,139</u>			<u>13,878,461</u>
Water and Sewer Fund capital assets, net	<u>\$ 14,757,161</u>			<u>\$ 13,990,483</u>
Storm Water Fund				
Capital assets being depreciated:				
Infrastructure	\$ 1,996,391	\$ -	\$ 1	\$ 1,996,390
Total capital assets being depreciated	<u>1,996,391</u>	<u>-</u>	<u>1</u>	<u>1,996,390</u>
Less accumulated depreciation for:				
Infrastructure	27,728	66,546	-	94,274
Total accumulated depreciation	<u>27,728</u>	<u>\$ 66,546</u>	<u>\$ -</u>	<u>94,274</u>
Total capital assets being depreciated, net	<u>1,968,663</u>			<u>1,902,116</u>
Storm Water Fund capital assets, net	<u>\$ 1,968,663</u>			<u>\$ 1,902,116</u>
Business-type activities capital assets, net	<u>\$ 16,725,824</u>			<u>\$ 15,892,599</u>

Town of Williamston, North Carolina
Notes to the Financial Statements

5. Construction Commitments

The Town has active construction projects as of June 30, 2020. At year-end, the Town’s commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Oakley Collier Architects - Fire Department	\$ 64,576	\$ 13,824
Oakley Collier Architects - Police Department	103,456	22,944
Calvin Davenport, Inc - Fire Department	176,533	1,528,036
Farrior & Sons, Inc.	145,487	1,950,874
Total	\$ 490,052	\$ 3,515,678

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2020, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Customer Deposits	Other	Total
Governmental Activities:						
General	\$ 341,209	\$ 153,068	\$ 41,861	\$ -	\$ 12,827	\$ 548,965
Total governmental activities	\$ 341,209	\$ 153,068	\$ 41,861	\$ -	\$ 12,827	\$ 548,965
Business-type Activities:						
Water and sewer	\$ 9,561	\$ 21,728	\$ 19,980	\$ 158,501	\$ -	\$ 209,770
	\$ 9,561	\$ 21,728	\$ 19,980	\$ 158,501	\$ -	\$ 209,770

2. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

Town of Williamston, North Carolina Notes to the Financial Statements

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. Town of Williamston 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 Williamston's contractually required contribution rate for the year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 8.95% 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 Williamston were \$329,703 for the year ended June 30, 2020.

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, 2020, the Town reported a liability of \$1,443,838 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to

Town of Williamston, North Carolina Notes to the Financial Statements

calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the Town's proportion was 0.05287%, (measured as of June 30, 2019), which was an increase of 0.00014% from its proportion measured as of June 30, 2019 (measured as of June 30, 2018).

For the year ended June 30, 2020, the Town recognized pension expense of \$267,211. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 247,222	\$ -
Changes of assumptions	235,322	-
Net difference between projected and actual earnings on pension plan investments	35,217	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	2,826	939
Town contributions subsequent to the measurement date	329,703	-
Total	\$ 850,290	\$ 939

\$329,703 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2021	\$ 258,580
2022	79,967
2023	140,632
2024	40,469
2025	-
Thereafter	-

Town of Williamston, North Carolina Notes to the Financial Statements

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

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

Town of Williamston, North Carolina Notes to the Financial Statements

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

Sensitivity of the Town’s proportionate share of the net pension liability to changes in the discount rate.

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

1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
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Town's proportionate share of the net pension liability (asset)	\$ 3,302,323	\$ 1,443,838	\$ (100,938)
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Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description

The Town of Williamston 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.

Town of Williamston, North Carolina
Notes to the Financial Statements

All full-time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>20</u>
Total	<u><u>20</u></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 are recognized when due and payable in accordance with the terms of the plan.

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

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2018 valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent	
Salary Increases	3.50 to 7.35 percent, including inflation and productivity factor	
Discount rate	3.26 percent	

The discount rate used to measure the total pension liability (TPL) is the S&P Municipal Bond 20 Year High Grade Rate Index. The actuarial assumptions used in the December 31, 2018, valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees’ Retirement System for the five year period ending December 31, 2014.

4. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid no as benefits as none 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, 2020, the Town reported a total pension liability of \$389,268. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension

Town of Williamston, North Carolina
Notes to the Financial Statements

liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$30,768.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 72,995
Changes of assumptions	33,775	22,693
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	\$ 33,775	\$ 95,688

\$0 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date have been reported as deferred outflows of resources related to pensions and will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2020	\$ (11,936)
2021	(11,936)
2022	(11,936)
2023	(11,072)
2025	(8,941)
Thereafter	(6,092)

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 3.26 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 437,926	\$ 389,268	\$ 345,883

Town of Williamston, North Carolina
Notes to the Financial Statements

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

	2020	2019	2018	2017
Beginning balance	\$ 365,902	\$ 362,173	\$ 339,901	\$ 311,753
Service cost	29,385	31,842	26,416	29,682
Interest on the total pension liability	13,319	11,445	13,120	11,130
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(36,421)	(16,681)	(49,176)	-
Changes of assumptions or other inputs	17,083	(22,877)	31,912	(12,664)
Benefit payments	-	-	-	-
Other changes	-	-	-	-
Ending balance of the total pension liability	<u>\$ 389,268</u>	<u>\$ 365,902</u>	<u>\$ 362,173</u>	<u>\$ 339,901</u>

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, 2018, valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2014.

Town of Williamston, North Carolina Notes to the Financial Statements

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	\$ 267,210	\$ 30,768	\$ 297,978
Pension Liability	1,443,838	389,268	1,833,106
Proportionate share of the net pension liability	0.05287%	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	247,222	-	247,222
Changes of assumptions	235,322	33,775	269,097
Net difference between projected and actual earnings on plan investments	35,217	-	35,217
Changes in proportion and difference between contributions and proportionate share of contributions	2,826	-	2,826
Contributions, benefit payments and administrative costs paid subsequent to the measurement date	329,703	-	329,703
Deferred Inflows of Resources			
Differences between expected and actual experience	-	72,995	72,995
Changes of assumptions	-	22,693	22,693
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and difference between contributions and proportionate share of contributions	939	-	939

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The Town matches employee contributions for general employees (non-law enforcement personnel) up to one percent (1%) of each employee's salary. Also, the law enforcement officers and other employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2020 were \$148,307, which consisted of \$66,992 from the Town and \$81,315 from the law enforcement officers and other employees not engaged in law enforcement. No amounts were forfeited.

The Town also offers its general employees the option to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Regardless of the employees' elective deferral, the Town does not contribute to the plan.

Town of Williamston, North Carolina
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d. Other Postemployment Benefit

Plan Description

Plan administration. Under the terms of a Town resolution, the Town administers the Healthcare Benefits Plan (HCB Plan) as a single-employer defined benefit plan that is used to provide postemployment benefits to employees hired before July 1, 2013 to cover retirees of the Town who retire (under early, normal or disabled retirement conditions) from the North Carolina Local Government Employees' Retirement System (NCLGERS) and must meet certain requirements in order to qualify for OPEB upon retirement. Only those that retire due to becoming permanently disabled while performing a job-related duty qualify for OPEB as a disabled employee. As of July 1, 2013, the plan has been closed to new entrants. The plan, which has a June 30, 2020 year end, does not issue a stand-alone report.

A) Employees with at least 11 years of service with the Town as of July 1, 2013 qualify for OPEB.

B) Employees with less than 11 years of service with the Town as of July 1, 2013 must have the last 11 years of service with the Town of Williamston, and must meet one of the requirements in section 1 or section 2 to qualify for OPEB upon retirement.

- 1) Employees excluding full-time Law Enforcement:
 - i. Employees younger than age 60 that have 20 years of NCLGERS service qualify for OPEB.
 - ii. Employees age 60 (age 55 for Fire Engineer/EMT) and older that have 11 years of NCLGERS service qualify for OPEB.

- 2) Full-time Law Enforcement:
 - i. Employees age 50 to 54 that have 15 years of NCLGERS service qualify for OPEB.
 - ii. Employees age 55 and older that have 11 years of NCLGERS service qualify for OPEB.

Employees hired July 1, 2013 or later are not eligible for OPEB.

Management of the HCB Plan is vested in the Town of Williamston Board of Commissioners.

Plan membership. At June 30, 2020, the HCB Plan membership consisted of the following:

Membership	2018
Inactive plan members or beneficiaries currently receiving benefit payments	25
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	51
Total	76

Town of Williamston, North Carolina Notes to the Financial Statements

Benefits provided. Health care, prescription drug coverage, dental coverage and life insurance are provided in the Town's group health plan to retirees under Medicare age. Vision coverage is available at the retirees' expense. In addition, the Town will reimburse retirees participating in the group health plan up to \$750 of group medical insurance deductibles incurred by the retiree during the plan year once the retiree has met the first \$1,500 up to \$2,250 of the retiree only (not including dependents) deductible expense, and up to \$2,000 for employees who pay from \$3,000 up to the current \$5,000 deductible and \$5,000 out-of-pocket maximum.

A standard Medicare Supplement Plan providing health care only may be paid for retirees once they reach Medicare eligibility age. Dental, vision and life insurance are available at the Medicare eligible retirees' expense, as is prescription drug coverage. The Town pays the full cost of coverage for these benefits through private insurers. Also, the Town's retirees can purchase coverage for their dependents at the Town's group rates under certain conditions as explained below. The Town Board of Commissioners may amend the benefit provisions.

Dependent coverage. The retiree may continue dependent coverage (and pay the full premium for this coverage) if enrolled in dependent coverage at the time of retirement. The Town will contribute 50% of the cost of dependent dental insurance. Dependent coverage terminates upon the retiree becoming eligible for Medicare (attaining age 65), upon the spouse becoming eligible for Medicare (attaining age 65) or upon the retirees' death, whichever comes first.

Contributions. The Town Board of Commissioners established the contribution requirements of plan members which may be amended by the Board. The Town contributes toward the cost of retiree health, dental and life insurance premiums until the retiree becomes eligible for Medicare. The Town contributes 50% of the total retiree and dependent dental and life insurance premiums. Retiree life is determined as a factor of 1 times annual salary at retirement rounded to the next highest \$1,000, with a \$100,000 maximum. Retiree life benefits reduce by 50% at age 55. Town contributions for dental coverage and life insurance cease at age 65.

For employees retired before June 16, 2008, coverage in the group health plan will continue until the retiree becomes Medicare eligible. The Town pays based on the schedule below:

Employees Retired Before June 16, 2008		
Years of Service with Town at Retirement	Town Contribution Toward Employee Only Coverage	
	Pre-65	Post-65
20 or more	100%	0%
17-19	100%	0%
14-16	100%	0%
11-13	100%	0%
0-10	100%	0%

For employees retired after June 16, 2008 and before July 1, 2013, coverage in the group health plan will continue until the retiree becomes Medicare eligible, at which time coverage can be converted to a Medicare Supplement Plan with the Town paying a percentage of the Medicare Supplement Plan premium. The Town pays based on the schedule below:

Town of Williamston, North Carolina
Notes to the Financial Statements

Employees Retired Between June 16, 2008 and July 1, 2013		
Years of Service with Town at Retirement	Town Contribution Toward Employee Only Coverage	
	Pre-65	Post-65
20 or more	100%	100%
17-19	100%	75%
14-16	100%	50%
11-13	100%	25%
0-10	100%	0%

For employees retiring on or after July 1, 2013, coverage in the group health plan may continue until the retiree becomes Medicare eligible, at which time coverage can be converted to a Medicare Supplement Plan with the Town paying a percentage or dollar amount of the Medicare Supplement Plan premium. The benefits vary based on the schedules below:

Employees with at least 11 Years of Service with the Town as of July 1, 2013		
Years of Service with Town at Retirement	Town Contribution Toward Employee Only Coverage	
	Pre-65	Post-65
20 or more	100%	100%
17-19	100%	75%
14-16	100%	50%
11-13	100%	25%

Employees with less than 11 Years of Service with the Town as of July 1, 2013		
Years of Service with Town at Retirement	Town Contribution Toward Employee Only Coverage	
	Pre-65	Post-65 Cap
20 or more	100%	\$125.00
17-19	75%	\$93.75
14-16	50%	\$62.50
11-13	25%	\$31.25

Per a Town resolution dated October 7, 2013, the Town created an Other Post-Employment Benefits (OPEB) Trust Fund to be administered by the NC Department of State Treasurer. The Town is required to contribute the projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Board. For the current year, the Town contributed \$269,707. The Fund is accounted for as a trust fund.

Town of Williamston, North Carolina Notes to the Financial Statements

Investments

Investment policy. The HCB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Commissioners by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The HCB Plan's policies discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. Investments are valued at fair value. The following was the Board's adopted asset allocation policy as of June 30, 2020:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Bond Index Fund	10.00%	
Equity Index Fund	65.00%	
Short Term Investment fund	25.00%	
Total	100.00%	5.25%

Rate of return. For the year ended June 30, 2020, the annual money weighted rate of return on investments, net of investment expense, was 4.1 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the Town

The components of the net OPEB liability of the Town at June 30, 2020 were as follows:

	2020
Total OPEB liability	\$ 5,497,446
Plan fiduciary net position	963,186
Town's net OPEB liability	\$ 4,534,260
Plan fiduciary net position as a percentage of the total OPEB liability	17.52%

Town of Williamston, North Carolina Notes to the Financial Statements

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

Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases, including wage inflation	
General employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law enforcement officers	3.50% - 7.35%
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	5.25%
Municipal Bond Index Rate	
Prior measurement date	3.50%
Measurement date	2.21%
Year FNP is projected to be depleted	
Prior measurement date	2030
Measurement date	2031
Single equivalent interest rate, net of OPEB plan investment expense, including price inflation	
Prior measurement date	3.68%
Measurement date	2.49%
Healthcare cost trends	
Pre-Medicare	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028
Medicare	5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022
Dental	4.00%

The discount rate used to measure the TOL was based upon the Single Equivalent Interest Rate (SEIR).

Total OPEB liabilities were rolled forward to June 30, 2020 for the employer and the plan, respectively, utilizing update procedures incorporating the actuarial assumptions.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 - December 31, 2014, adopted by the LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

Town of Williamston, North Carolina

Notes to the Financial Statements

Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges should be 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 then adding expected inflation. The capital market assumptions developed by the investment consultant may cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding OPEB plans which are likely to cover a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. Best estimates of arithmetic real rates of return for each major asset class included in the target allocation as of June 30, are presented above.

Discount Rate (SEIR). The discount rate used to measure the TOL as of the Measurement Date was 2.49%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2018. In addition to the actuarial methods and assumptions of the June 30, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Active employees do not explicitly contribute to the Plan.
- In all years, the employer contributes \$100,000 to the OPEB trust. The employer then pays benefits to plan members from the trust as the benefits come due.
- Projected assets do not include employer contributions that fund the estimated service costs of future employees.
- Cash flows occur mid-year.

Based on these assumptions, the Plan's FNP was projected to be depleted in 2031 and, as a result, the Municipal Bond Index Rate was used in the determination of the SEIR. Here, the long-term expected rate of return of 5.25% on Plan investments was applied to periods through 2031 and the Municipal Bond Index Rate at the Measurement Date (2.21%) was applied to periods on and after 2031, resulting in an SEIR at the Measurement Date (2.49%). As a result of the change to the Municipal Bond Index Rate, there was a change in the discount rate from 3.68% at the Prior Measurement Date to 2.49% at the Measurement Date.

The FNP projections are based upon the Plan's financial status on the Valuation Date, the indicated set of methods and assumptions, and the requirements of GASB 74. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the Plan, or the Plan's ability to make benefit payments in future years.

Town of Williamston, North Carolina
Notes to the Financial Statements

Sensitivity of the net OPEB liability to changes in the discount rate.

The following presents the net OPEB liability of the Town at June 30, 2020, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.49 percent) or 1-percentage-point higher (3.49 percent) than the current discount rate:

	1% Decrease (1.49%)	Discount Rate (2.49%)	1% Increase (3.49%)
Net OPEB liability	\$ 5,507,058	\$ 4,534,260	\$ 3,762,138

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.

The following presents the net OPEB liability of the Town at June 30, 2020, as well as what the Town's net OPEB liability would be if it were to calculate healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Current	1% Increase
Net OPEB liability	\$ 3,651,047	\$ 4,534,260	\$ 5,661,772

Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

At June 30, 2020, the Town reported a net OPEB liability of \$4,534,260. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions.

Town of Williamston, North Carolina
Notes to the Financial Statements

At June 30, 2020, the components of the net OPEB liability of the Town, measured as of June 30, 2019, were as follows:

	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balances at June 30, 2019	\$ 4,455,462	\$ 836,691	\$ 3,618,771
Changes for the year:			
Service cost	117,019	-	117,019
Interest	160,867	-	160,867
Changes of benefit terms	-	-	-
Differences between expected and actual experience	33,364	-	33,364
Changes of assumptions	900,441	-	900,441
Contributions - employer		269,707	(269,707)
Net investment income		26,495	(26,495)
Benefit payments	(169,707)	(169,707)	-
Net change in total OPEB liability	<u>1,041,984</u>	<u>126,495</u>	<u>915,489</u>
Balances at June 30, 2020	<u>\$ 5,497,446</u>	<u>\$ 963,186</u>	<u>\$ 4,534,260</u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.68 percent in 2018 to 2.49 percent in 2019. Medical claims cost and rates were changed based on most recent experience and changed to the current schedule. The Excise Tax of 40 percent on health care plans that are above the thresholds set by the Affordable Care Act are effective in 2022 and have been reflected.

For the year ended June 30, 2020, the Town recognized OPEB expense of \$240,848. At June 30, 2020, 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	\$ 27,104	\$ 585,104
Changes of assumptions	878,197	144,774
Net difference between projected and actual earnings on plan investments	13,314	-
Total	<u>\$ 918,615</u>	<u>\$ 729,878</u>

There were no amounts reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a decrease in the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Town of Williamston, North Carolina
Notes to the Financial Statements

Year Ended June 30:

2021	\$ 9,479
2022	9,477
2023	10,656
2024	101,310
2025	57,815
Thereafter	-

3. Other Employment Benefits

The Town has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because 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.

4. Deferred Outflows and Inflows of Resources

The Town has several deferred outflows of resources. Deferred outflows of resources at year-end are comprised of the following:

Source	Amount
Differences between expected and actual experience	\$ 274,326
Changes of assumptions	1,147,294
Net difference between projected and actual earnings on pension plan investments	48,531
Changes in proportion and differences between Town contributions and proportionate share of contributions	2,826
Town contributions subsequent to the measurement date	329,703
Benefit payments made and administrative expenses for LEOSSA	-
Total	<u><u>\$ 1,802,680</u></u>

Town of Williamston, North Carolina
Notes to the Financial Statements

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

Source	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ 15,737	\$ 15,737
CARES Act COVID Funds	26,856	26,856
Property taxes receivable (General Fund)	-	785,954
EMS receivable (General Fund)	-	167,961
Changes in assumptions	167,467	-
Differences between expected and actual experience	658,099	-
Net difference between projected and actual earnings on plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	939	-
Total	\$ 869,098	\$ 996,508

5. 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 two self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools the Town obtains general liability and auto liability coverage of \$3,000,000, police professional liability of \$2,000,000 and public official's liability of \$1,000,000 per occurrence; property coverage up to the total insured values of the property policy, and workers' compensation up to \$1,000,000. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance and excess insurance coverage policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

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

The Town does not carry flood insurance through the National Flood Insurance Plan (NFIP). Because the Town is not in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency.

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 officer and tax collector are each individually bonded for \$100,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$25,000.

Town of Williamston, North Carolina
Notes to the Financial Statements

6. Claims, Judgments and Contingent Liabilities

According to the Town Attorney, at June 30, 2020, there are no pending or threatened litigation, claims or assessments against the Town.

7. Long-Term Obligations

a. Installment Purchase

On November 15, 2018, the Town entered into an installment purchase contract to finance a Ford E-450 ambulance. The financing contract requires three annual principal payments of \$28,446 plus interest at 2.97% per annum. The future minimum payments of the installment purchase as of June 30, 2020, including \$2,534 of interest, are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2021	\$ 28,446	\$ 1,690	\$ 30,136
2022	28,447	844	29,291
Totals	<u>\$ 56,893</u>	<u>\$ 2,534</u>	<u>\$ 59,427</u>

On November 15, 2018, the Town entered into an installment purchase contract to finance a Pierce Pumper fire truck. The financing contract requires six annual principal payments of \$94,233 plus interest at 3.27% per annum. The future minimum payments of the installment purchase as of June 30, 2020, including \$46,222 of interest, are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2021	\$ 94,233	\$ 15,407	\$ 109,640
2022	94,232	12,326	106,558
2023	94,232	9,245	103,477
2024	94,233	6,162	100,395
2025	94,232	3,082	97,314
Totals	<u>\$ 471,162</u>	<u>\$ 46,222</u>	<u>\$ 517,384</u>

b. US Department of Agriculture Note Payable

On January 10, 2018 the Town entered into a contract to finance the construction of drainage and infrastructure improvements of \$1,030,000. As of June 30, 2020, the Town has drawn down loan proceeds of \$966,706. The financing contract requires annual payments of \$39,326 including interest at 2.25% per annum, beginning January 9, 2019 through January 9, 2054.

Town of Williamston, North Carolina
Notes to the Financial Statements

The future minimum payments of the note payable as of June 30, 2020, including \$402,891 of interest, are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2021	\$ 18,530	\$ 20,796	\$ 39,326
2022	19,005	20,321	39,326
2023	19,433	19,893	39,326
2024	19,870	19,456	39,326
2025	20,317	19,009	39,326
2026-2030	108,653	87,977	196,630
2031-2035	121,439	75,191	196,630
2036-2040	135,730	60,900	196,630
2041-2045	151,702	44,928	196,630
2046-2050	169,554	27,076	196,630
2051-2054	137,490	7,344	144,834
Totals	<u>\$ 921,723</u>	<u>\$ 402,891</u>	<u>\$ 1,324,614</u>

Current fiscal year interest of \$11,773 has been reported as an expense on the Statement of Activities.

c. Installment Purchase

In October 2016, the Town entered into an installment purchase contract to finance reconstruction of streets in an annexation area and resurfacing of existing streets. The financing contract requires annual principal payments of \$120,000 with an interest rate of 1.73%.

The future minimum payments of the installment purchase as of June 30, 2020, including \$6,228 of interest, are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2021	\$ 120,000	\$ 4,152	\$ 124,152
2022	120,000	2,076	122,076
Totals	<u>\$ 240,000</u>	<u>\$ 6,228</u>	<u>\$ 246,228</u>

Current fiscal year interest of \$6,228 has been reported as an expense on the Statement of Activities.

d. NC Clean Water Revolving Loan

The Town is financing a wastewater treatment plant renovation by means of a NC Clean Water Revolving Loan. The financing contract requires annual principal payments of \$308,274 plus semi-annual interest payments at the rate of 2.6% per annum on or before November 1 and May 1.

Town of Williamston, North Carolina
Notes to the Financial Statements

The future minimum payments of the NC Clean Water Revolving Loan as of June 30, 2020, including \$8,015 of interest, are as follows:

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2021	\$ 308,274	\$ 8,015	\$ 316,289
Totals	\$ 308,274	\$ 8,015	\$ 316,289

Related interest expense for the year ended June 30, 2020 in the amount of \$16,030 has been reported as a direct water and sewer functional expense on the Statement of Activities.

e. NC Clean Water Revolving Loan

The Town is financing a sanitary sewer rehabilitation project by means of a NC Clean Water Revolving Loan. The financing contract requires annual debt service payments of \$52,065 due on May 1. The interest rate on this loan is 0%. The future minimum payments of the NC Clean Water Revolving Loan as of June 30, 2020, are as follows:

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2021	\$ 52,066	\$ -	\$ 52,066
2022	52,065	-	52,065
2023	52,065	-	52,065
2024	52,066	-	52,066
2025	52,065	-	52,065
2026-2030	260,326	-	260,326
2031-2034	208,261	-	208,261
Totals	\$ 728,914	\$ -	\$ 728,914

f. NC Drinking Water Revolving Loan

The Town is financing a water system control improvements project by means of a NC Drinking Water Revolving Loan. The financing contract requires annual debt service payments of \$62,553 due on May 1. The interest rate on this loan is 0%.

Town of Williamston, North Carolina
Notes to the Financial Statements

The future minimum payments of the NC Drinking Water Revolving Loan as of June 30, 2020, are as follows:

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2021	\$ 62,553	\$ -	\$ 62,553
2022	62,553	-	62,553
2023	62,553	-	62,553
2024	62,552	-	62,552
2025	62,553	-	62,553
2026-2030	312,764	-	312,764
2031-2034	250,211	-	250,211
Totals	<u>\$ 875,739</u>	<u>\$ -</u>	<u>\$ 875,739</u>

g. NC Clean Water Revolving Loan

As of June 30, 2020, the Town had drawn \$3,650,162 of an approved \$4,230,300 NC Clean Water Revolving Loan related to water and sewer line improvements in Annexation Area A. In accordance with the rules governing the Revolving Loan program, the first payment of principal on the loan was due May 1, 2017. The actual debt balance of June 30, 2020 is \$2,920,130. The financing contract requires annual principal payments of \$182,508 plus interest at the rate of 1.84% per annum paid semiannually on or before November 1 and May 1.

The future minimum payments of the NC Clean Water Revolving Loan as of June 30, 2020, including \$456,708 of interest, are as follows:

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2021	\$ 182,508	\$ 53,730	\$ 236,238
2022	182,508	50,372	232,880
2023	182,508	47,014	229,522
2024	182,508	43,656	226,164
2025	182,508	40,298	222,806
2026-2030	912,541	151,117	1,063,658
2031-2035	912,541	67,163	979,704
2036	182,508	3,358	185,866
Totals	<u>\$ 2,920,130</u>	<u>\$ 456,708</u>	<u>\$ 3,376,838</u>

Related interest expense for the year ended June 30, 2020 in the amount of \$57,089 has been reported as a direct water and sewer functional expense on the Statement of Activities.

h. Martin County Water Districts 1 and 2 – Capital Leases

On December 6, 1999, the Town of Williamston entered into Water System Management Agreement with Martin County Water and Sewer District No. 1. Under the terms of this agreement, the County will construct the water lines and collect initial tap fees and deposits from customers. Upon completion of construction, the Town will manage certain assets and customers of the Water District including

Town of Williamston, North Carolina Notes to the Financial Statements

maintaining and repairing the water lines, reading meters, providing insurance, billing customers and collecting water revenues. The Town will retain all revenues collected from customers. The Town shall pay to the County a proportionate share of the County issued debt for this project. The debt service payments including principal and interest are equal to the proportionate share of loan proceeds used for the construction of the project (19.1%). The term of this agreement is 40 years or until the debt has been paid in full to the County by the Town for its proportionate share. Ownership of the project improvements and customers will transfer to the Town at the end of life of the project financing loan (upon final payment of the loan).

On December 2, 2005, the Town of Williamston entered into Water System Management Agreement with Martin County Water and Sewer District No. 2. The terms of this agreement are essentially the same as the agreement for Water District No. 1 described in the preceding paragraph, except that the Town will pay to the County a proportionate share equal to 48.1% of the County's debt service payments.

The future minimum payments to Martin County Water District No. 1 as of June 30, 2020, including \$241,254 of interest are as follows:

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2021	\$ 21,010	\$ 21,981	\$ 42,991
2022	21,965	21,140	43,105
2023	22,920	20,261	43,181
2024	22,920	19,345	42,265
2025	23,875	18,428	42,303
2026-2030	134,655	77,051	211,706
2031-2035	159,485	47,135	206,620
2036-2040	151,845	15,913	167,758
Totals	<u>\$ 558,675</u>	<u>\$ 241,254</u>	<u>\$ 799,929</u>

Related interest expense for the year ended June 30, 2020 in the amount of \$22,783 has been reported as a direct water and sewer functional expense on the Statement of Activities.

Town of Williamston, North Carolina
Notes to the Financial Statements

The future minimum payments to Martin County Water District No. 2 as of June 30, 2020, including \$1,033,817 of interest are as follows:

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2021	\$ 49,975	\$ 74,391	\$ 124,366
2022	51,974	72,475	124,449
2023	53,973	70,476	124,449
2024	55,972	68,393	124,365
2025	57,971	66,227	124,198
2026-2030	327,836	291,817	619,653
2031-2035	401,799	221,887	623,686
2036-2040	485,757	136,567	622,324
2041-2044	444,777	31,584	476,361
Totals	<u>\$ 1,930,034</u>	<u>\$ 1,033,817</u>	<u>\$ 2,963,851</u>

Related interest expense for the year ended June 30, 2020 in the amount of \$77,396 has been reported as a direct water and sewer functional expense on the Statement of Activities.

The following is an analysis of the assets recorded under capital leases at June 30, 2020:

Classes of Property	Water District 1	Water District 2	Total
Water Lines purchased from County	\$ 790,263	\$ 2,436,940	\$ 3,227,203
Less accumulated depreciation	(256,835)	(792,005)	(1,048,840)
Net Book Value	<u>\$ 533,428</u>	<u>\$ 1,644,935</u>	<u>\$ 2,178,363</u>

i. Construction Loans

On February 27, 2020, the Town entered into a construction loan contract to finance the expansion of the Fire Department. The financing contract requires annual interest payments with an interest rate of 2.17%. Upon completion of construction this loan will be refinanced with a permanent loan from the United States Department of Agriculture payable in 30 annual payments including interest not to exceed 4.25%.

The future minimum payments of the construction loan as of June 30, 2020, including \$44,324 of interest, are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2021	\$ 2,042,595	\$ 44,324	\$ 2,086,919
Totals	<u>\$ 2,042,595</u>	<u>\$ 44,324</u>	<u>\$ 2,086,919</u>

On March 26, 2020, the Town entered into a construction loan contract to finance the construction of the new Police Station. The financing contract requires annual interest payments with an interest rate of 2.17%. Upon completion of construction this loan will be refinanced with a permanent loan from the

Town of Williamston, North Carolina
Notes to the Financial Statements

United States Department of Agriculture payable in 30 annual payments including interest not to exceed 4.25%.

The future minimum payments of the construction loan as of June 30, 2020, including \$50,104 of interest, are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2021	\$ 2,308,944	\$ 50,104	\$ 2,359,048
Totals	\$ 2,308,944	\$ 50,104	\$ 2,359,048

j. Changes in Long-Term Liabilities

Compensated absences for governmental activities have typically been liquidated in the General Fund.

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion of Balance
Governmental activities:					
Installment purchase - Fire Truck	\$ 565,395	\$ -	\$ 94,233	\$ 471,162	\$ 94,233
Installment purchase - Streets	360,000	-	120,000	240,000	120,000
Installment purchase - Ambulance	85,339	-	28,446	56,893	28,446
Construction Loan - Fire Dept.	-	2,042,595	-	2,042,595	2,042,595
Construction Loan - Police Dept.	-	2,308,944	-	2,308,944	2,308,944
Other postemployment benefits	3,079,936	716,146	-	3,796,082	-
Compensated absences	287,795	-	10,856	276,939	115,016
Net pension liability (LGERS)	1,078,057	157,724	-	1,235,781	-
Total pension liability (LEOSSA)	365,902	23,366	-	389,268	-
Governmental activity long-term liabilities	\$ 5,822,424	\$ 5,248,775	\$ 253,535	\$ 10,817,664	\$ 4,709,234
Business-type activities:					
NC Clean Water Revolving Loan	\$ 616,549	\$ -	\$ 308,275	\$ 308,274	\$ 308,274
NC Clean Water Revolving Loan	780,979	-	52,065	728,914	52,066
NC Clean Water Revolving Loan	3,102,638	-	182,508	2,920,130	182,508
Drinking Water State Revolving Loan	938,291	-	62,552	875,739	62,553
Martin County District 1	578,730	-	20,055	558,675	21,010
Martin County District 2	1,979,010	-	48,976	1,930,034	49,975
Installment purchase - USDA	940,106	-	18,383	921,723	18,530
Other postemployment benefits	538,835	199,343	-	738,178	-
Compensated absences	44,862	5,976	-	50,838	17,990
Net pension liability (LGERS)	172,879	35,178	-	208,057	-
Business-type activity long-term liabilities	\$ 9,692,879	\$ 240,497	\$ 692,814	\$ 9,240,562	\$ 712,906

At June 30, 2020, the Town of Williamston had a legal debt margin of \$24,367,869.

Town of Williamston, North Carolina
Notes to the Financial Statements

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2020, consist of the following:

Internal Balances

Instead of using external financing, the Water and Sewer Fund loaned money to the General Fund so that the General Fund could acquire various capital assets.

The terms of this loan are as follows:

The Water and Sewer Fund loaned the General Fund \$339,200 on July 13, 2011 with interest at 2.0% to fund the improvements to the Skinner Warehouse. Annual repayments are set at \$22,614 principal plus interest. The balance at June 30, 2020 was \$135,674. The loan will be repaid by June 2026.

\$ 135,674

Interest expense in the General Fund and the related interest income in the Water and Sewer Fund related to these internal balances was \$3,166.

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers to/from other funds at June 30, 2020, consist of the following:

Transfers to/from Other Funds

From the General Fund to the Fire Department Capital Project Fund	\$ 22,957
From the General Fund to the Police Department Capital Project Fund	<u>100,000</u>

Total interfund transfers	<u>\$ 122,957</u>
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Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

Administrative Reimbursement of Expenses

From Water and Sewer Fund to General Fund	<u>\$ 652,031</u>
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Town of Williamston, North Carolina
Notes to the Financial Statements

D. On-Behalf Payments for Fringe Benefits and Salaries

The Town has recognized as a revenue and an expenditure, on-behalf payments for fringe benefits and salaries of \$8,987 for the salary supplement and stipend benefits paid to eligible firemen by the local board of trustees of the Firemen’s Relief Fund during the fiscal year ended June 30, 2020. Under State law the local board of trustees for the Fund receives an amount each year, which the board may use at its own discretion for eligible firemen or their departments. The Town has recognized as a revenue and an expenditure, on-behalf payments for fringe benefits paid by the State of North Carolina to the Firefighters and Rescue Squad Workers’ Pension Fund in the amount of \$8,861 for the fiscal year ended June 30, 2020.

E. Fund Balance

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

Total Fund Balance - General Fund	\$ 4,511,126
Less:	
Inventories	10,202
Stabilization by state statute	448,460
Streets - Powell Bill	408,110
Restricted for Public Safety	57,804
Appropriated Fund Balance in 2021 budget	<u>77,000</u>
Remaining Fund Balance	<u><u>\$ 3,509,550</u></u>

IV. JOINTLY GOVERNED ORGANIZATION

The Town, in conjunction with five counties and various other municipalities, established the Mid-East Commission Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council’s governing board. The Town of Williamston paid membership fees of \$1,777 to the Council during the fiscal year ended June 30, 2020.

V. RELATED ORGANIZATION

The five-member board of the Town of Williamston Housing Authority is appointed by the Commissioners of the Town of Williamston. The Town is accountable for the Housing Authority because it appoints the governing board; however, the Town is not financially accountable for the Housing Authority. The Town is also disclosed as a related organization in the notes to the financial statements of the Williamston Housing Authority. Complete financial statements for the Housing Authority can be obtained from the Authority’s offices at 504 E. Main Street, Williamston, NC 27892.

VI. RELATED PARTY TRANSACTIONS

No significant or improper related party transactions.

VII. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

VIII. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

The Board has evaluated subsequent events through January 28, 2021, the date which the financial statements were available to be issued.

In November 2017, the Town accepted a \$400,000 Department of Homeland Security Grant through the NC Department Public Safety. As of June 30, 2020, the Town has not received any grant funds or expended any funds for this grant project.

On January 6, 2020 the Town approved a Capital Project Ordinance for improvements to the Gaylord Perry Park at an estimated cost of \$524,525. The project will be funded by a transfer from the General Fund of \$262,525 and a Parks and Recreation Trust Fund grant from the State of North Carolina of \$262,000.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, certain operations of the Town have been affected. The ability of some residents to make tax and/or utility payments has and may at times be impacted by the effects of the pandemic, as well as, state shared revenues, local, state and federal grant funding. In response to this event, the Town, through Executive Order of the Governor, suspended its cut-off policies for non-payment of utilities and/or extended due dates and payment options of utilities and property taxes for residents. Continued effects of the pandemic may result in uncertainties and a negative impact on operating activities and results of the Town. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

Required Supplementary Financial Data

This Section contains additional information required by generally accepted accounting principles.

- Schedule of Investment Returns for the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Schedule of Changes in Net OPEB Liability and Related Ratios for the Other Postemployment Benefits
- Schedule of the Net OPEB Liability for the Other Postemployment Benefits
- Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Changes in Total Pension Liability
- Schedule of Total Pension Liability as a Percentage of Covered Payroll

**Town of Williamston, North Carolina
Other Postemployment Benefits
Required Supplementary Information
Schedule of Investment Returns**

2020	2019	2018	2017
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Annual money-weighted rate of return, net of investment expense

2.94%

5.42%

4.10%

4.50%

Notes to the Schedule

The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**Town of Williamston, North Carolina
Other Postemployment Benefits
Required Supplementary Information
Schedule of Employer Contributions**

Fiscal Year Ending June 30	2020	2019	2018	2017
Actuarially Determined Contribution	\$ 252,196	\$ 304,130	\$ 304,130	\$ 358,132
Contribution in relation to the				
Actuarially Determined Contribution	269,707	198,599	200,849	320,456
Annual contribution deficiency (excess)	<u>\$ (17,511)</u>	<u>\$ 105,531</u>	<u>\$ 103,281</u>	<u>\$ 37,676</u>
Covered payroll	\$ 2,201,000	\$ 2,201,000	\$ 2,189,000	\$ 2,189,000
Actual contributions as a percentage of covered payroll	12.25%	9.02%	9.18%	14.64%

Notes to Schedule

The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Asset valuation method	Market value
Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Investment rate of return	5.25%
Healthcare cost trend rates	
Pre-Medicare	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028
Medicare	5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022
Dental	4.00%
Salary increases, including wage inflation	
General employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law enforcement officers	3.50% - 7.35%
Municipal Bond Index Rate	
Prior measurement date	3.50%
Measurement date	2.21%
Year FNP is projected to be depleted	
Prior measurement date	2030
Measurement date	2031
Single Equivalent Interest Rate net of OPEB plan	
Investment expense, including price inflation	
Prior measurement date	3.68%
Measurement date	2.49%

Town of Williamston, North Carolina
Other Postemployment Benefits
Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios

Fiscal Year Ending June 30	2020	2019	2018	2017
Total OPEB Liability				
Service cost at end of year	\$ 117,019	\$ 146,727	\$ 155,475	\$ 173,489
Interest on the Total OPEB Liability	160,867	192,295	177,185	156,902
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	33,364	(912,277)	(26,884)	-
Changes of assumptions or other inputs	900,441	234,798	(257,004)	(436,391)
Benefit payments*	(169,707)	(98,599)	(100,849)	(120,456)
Net change in Total OPEB Liability	1,041,984	(437,056)	(52,077)	(226,456)
Total OPEB Liability - beginning	4,455,462	4,892,518	4,944,595	5,171,051
Total OPEB Liability - ending (a)	5,497,446	4,455,462	4,892,518	4,944,595
Plan Fiduciary Net Position				
Contributions - employer**	269,707	198,599	200,849	320,456
Contributions - non-employer	-	-	-	-
Contributions - active member	-	-	-	-
Net investment income	26,495	41,523	39,184	45,737
Benefit payments*	(169,707)	(98,599)	(100,849)	(120,456)
Administrative expense	-	-	-	-
Other	-	-	-	-
Net change in Plan Fiduciary net Position	126,495	141,523	139,184	245,737
Plan Fiduciary Net Position - beginning	836,691	695,168	555,984	310,247
Plan Fiduciary Net Position - ending (b)	963,186	836,691	695,168	555,984
Net OPEB Liability - ending (a) - (b)	\$ 4,534,260	\$ 3,618,771	\$ 4,197,350	\$ 4,388,611
Plan fiduciary net position as a percentage of the total OPEB liability	17.52%	18.78%	14.21%	11.24%

*Benefit payments are net of participant contributions and include payments due to the implicit subsidy. Net benefit payments paid directly from the employer are also included.

**Employer contributions include benefit payments paid directly from the employer.

Plan measurement date is the reporting date. Employer measurement date is one year prior to reporting date.

The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Town of Williamston, North Carolina
Other Postemployment Benefits
Required Supplementary Information
Schedule of the Net OPEB Liability

Fiscal Year Ending June 30	2020	2019	2018	2017	2016
Total OPEB Liability	\$ 5,497,446	\$ 4,455,462	\$ 4,892,518	\$ 4,944,595	\$ 5,171,051
Plan Fiduciary Net Position	963,186	836,691	695,168	555,984	310,247
Net OPEB Liability	<u>\$ 4,534,260</u>	<u>\$ 3,618,771</u>	<u>\$ 4,197,350</u>	<u>\$ 4,388,611</u>	<u>\$ 4,860,804</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	17.52%	18.78%	14.21%	11.24%	6.00%
Covered payroll	\$ 2,201,000	\$ 2,201,000	\$ 2,189,000	\$ 2,189,000	\$ 2,189,000
Net OPEB liability as a percentage of covered payroll	206.01%	164.41%	191.75%	200.48%	222.06%

Notes to Schedule

The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Town of Williamston, North Carolina
Schedule of the Proportionate Share of the Net Pension Liability (Asset)
Required Supplementary Information
Last Seven Fiscal Years*

Local Government Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014
Town of Williamston's proportion of the net pension liability (asset) (%)	0.05287%	0.05273%	0.05313%	0.05341%	0.05246%	0.05400%	0.05310%
Town of Williamston's proportion of the net pension liability (asset) (\$)	\$ 1,443,838	\$ 1,250,936	\$ 811,679	\$ 1,133,539	\$ 235,438	\$ (318,463)	\$ 640,059
Town of Williamston's covered payroll	\$ 3,543,663	\$ 3,433,595	\$ 3,305,438	\$ 3,213,591	\$ 3,058,933	\$ 2,869,087	\$ 2,775,413
Town of Williamston's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	40.74%	36.43%	24.56%	35.27%	7.70%	(11.10%)	23.06%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

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

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

The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Town of Williamston, North Carolina
Schedule of Town Contributions
Required Supplementary Information
Last Seven Fiscal Years

Local Government Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 329,703	\$ 281,750	\$ 264,095	\$ 245,462	\$ 216,799	\$ 218,990	\$ 204,434
Contributions in relation to the contractually required contribution	329,703	281,750	264,095	245,462	216,799	218,990	204,434
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town of Williamston's covered payroll	\$ 3,599,028	\$ 3,543,663	\$ 3,433,595	\$ 3,305,438	\$ 3,213,591	\$ 3,058,933	\$ 2,869,087
Contributions as a percentage of covered payroll	9.16%	7.95%	7.69%	7.43%	6.75%	7.16%	7.13%

The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Town of Williamston, North Carolina
Schedule of Changes in Total Pension Liability
Required Supplementary Information
June 30, 2020

Law Enforcement Officers' Special Separation Allowance

	2020	2019	2018	2017
Beginning balance	\$ 365,902	\$ 362,173	\$ 339,901	\$ 311,753
Service cost	29,385	31,842	26,416	29,682
Interest on the total pension liability	13,319	11,445	13,120	11,130
Difference between expected and actual experience	(36,421)	(16,681)	(49,176)	-
Changes of assumptions or other inputs	17,083	(22,877)	31,912	(12,664)
Ending balance of the total pension liability	<u>\$ 389,268</u>	<u>\$ 365,902</u>	<u>\$ 362,173</u>	<u>\$ 339,901</u>

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

The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Town of Williamston, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Required Supplementary Information
June 30, 2020

Law Enforcement Officers' Special Separation Allowance

	2020	2019	2018	2017
Total pension liability	\$ 389,268	\$ 365,902	\$ 362,173	\$ 339,901
Covered payroll	938,725	890,310	871,207	965,493
Total pension liability as a percentage of covered payroll	41.47%	41.10%	41.57%	35.20%

Notes to the schedules:

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

The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Individual Fund Schedule

Town of Williamston, North Carolina

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance –

Budget and Actual

For the Fiscal Year Ended June 30, 2020

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad valorem taxes				
Current year	\$	\$ 2,658,628	\$	\$ 2,705,101
Prior years		137,408		133,316
Penalties and interest		51,443		52,605
Total		2,801,200	46,279	2,891,022
Other taxes and licenses				
Gross receipts tax on short-term rental property		9,733		10,367
Beer and wine licenses		-		360
Auto licenses		18,862		19,546
Auto licenses - restricted		91,806		93,649
Total		108,650	11,751	123,922
Unrestricted intergovernmental				
Local option sales taxes		1,165,446		1,122,649
Payments in lieu of taxes		5,886		4,097
Telecommunications sales tax		42,873		62,910
Utility sales tax		329,265		322,007
Piped natural gas sales tax		1,885		3,017
Video franchise fee		26,650		35,916
ABC profit distributions		17,308		18,559
Beer and wine tax		23,226		23,255
Total		1,635,970	(23,431)	1,592,410
Restricted intergovernmental				
Powell Bill allocation		164,457		165,570
Controlled substance tax		6,230		3,204
Federal Drug Forfeiture Program		-		43,735
Disaster Grants - Public Assistance		-		14,700
N.C. Department of Public Safety - Regional Response Team Grant		60,433		54,563
Bulletproof vest grant		500		4,910
NC Safety grant - NCLM		3,128		-
Fire district - Martin County		259,233		258,151
Rescue squad - Martin County		190,420		167,000
Recreation - Martin County		9,677		9,677
Recreation - Martin County Board of Education		-		19,573
On-behalf of payments - Fire and Rescue		17,848		17,924
Solid waste disposal tax		4,086		3,999
Total		692,588	23,424	763,006

(continued)

Town of Williamston, North Carolina

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance –

Budget and Actual

For the Fiscal Year Ended June 30, 2020

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	Actual
Permits and fees				
Fire code permits & inspection application fees		1,025		1,704
Court fees		451		625
Business registration fees		365		15
Total	3,050	1,841	(1,209)	2,344
Sales and services				
EMS collections		519,756		466,336
EMS - Medicaid cost settlement		74,164		29,737
Recreation fees and rents		20,234		22,989
Cemetery revenues		63,405		64,875
Rooks cemetery maintenance funds		6,733		5,648
Police department		2,565		1,569
Zoning		3,165		2,315
Street, driveways and lot cleaning		-		725
Total	626,350	690,022	63,672	594,194
Investment earnings	83,000	62,290	(20,710)	95,773
Miscellaneous				
Miscellaneous		4,088		3,194
Total	373,842	4,088	(369,754)	3,194
Total revenues	6,324,650	6,054,672	(269,978)	6,065,865
EXPENDITURES	6,581,290	5,876,310	704,980	6,007,863
Revenues over (under) expenditures	(256,640)	178,362	435,002	58,002

(continued)

**Town of Williamston, North Carolina
General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual**

For the Fiscal Year Ended June 30, 2020

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	Actual
OTHER FINANCING SOURCES (USES)				
Appropriated fund balance - Powell Bill	263,905	-	(263,905)	-
Sale of capital assets	10,000	16,249	6,249	6,700
Insurance claims	64,858	66,538	1,680	20,520
Installment purchase proceeds	90,834	-	(90,834)	163,451
Transfers to other funds:				
Capital Projects Fund	(172,957)	(122,957)	50,000	(100,000)
Total other financing sources (uses)	256,640	(40,170)	(296,810)	90,671
Revenues and other financing sources over expenditures and other uses	<u>\$ -</u>	138,192	<u>\$ 138,192</u>	148,673
FUND BALANCE, BEGINNING		4,373,967		4,234,316
Change in reserve for inventories		<u>(1,033)</u>		<u>(9,022)</u>
FUND BALANCE, ENDING		<u>\$ 4,511,126</u>		<u>\$ 4,373,967</u>

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2020

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020		Variance Positive (Negative)	2019
	Budget	Actual		Actual
GENERAL GOVERNMENT				
Governing body and administration:				
Salaries - elected officials	\$	\$ 35,378	\$	\$ 33,893
Salaries - regular		369,341		356,233
FICA tax		27,694		28,933
Group insurance		113,213		113,699
Retirement		35,105		27,532
Professional services		94,715		101,160
Employee training		3,197		3,975
Board training		422		4,815
Elections		6,838		-
Telephone		4,471		4,869
Postage		5,028		6,243
Travel / meetings		2,677		5,644
Repairs - equipment		33		3
Equipment - rents, leases		12,506		12,172
Advertising		2,470		3,195
Automotive supplies		241		288
Office supplies		6,028		6,472
Department supplies		2,048		960
Bank charges		1,347		103
Contracted services		-		724
Govdeals auction fees		1,129		646
Taxes - Town owned property		219		244
Dues		1,985		1,128
Insurance		10,811		8,783
Miscellaneous		300		2,946
COVID		738		-
Tax collection fees		12,211		11,751
Capital outlay		-		5,056
Small expendable equipment		9,802		2,987
Contingency		-		1,007
Enterprise fund administration		(652,031)		(636,681)
Total		146,900	38,984	108,780
Planning department:				
Salaries - regular		110,932		104,585
FICA tax		8,067		8,209
Group insurance		12,062		10,711
Retirement		8,964		7,007
Professional services		135		268
Marketing Town of Williamston		6,357		3,705
Employee training		2,112		2,271
Telephone		1,454		1,414
Postage		225		853
Travel / meetings		44		231
Repairs - equipment		52		7

(continued)

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2020

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020		Variance Positive (Negative)	2019
	Budget	Actual		Actual
Planning department, continued				
Repairs - vehicles		-		26
Advertising		459		54
Automotive supplies		177		297
Office supplies		663		87
Department supplies		45		248
Contracted services		99		25,650
Code enforcement		20,425		19,909
Dues		917		19
Insurance		534		591
Small expendable equipment		781		3,891
Total	193,416	174,504	18,912	190,033
Public buildings:				
Salaries - regular		13,533		13,928
FICA tax		988		1,108
Utilities		11,070		13,042
Repairs - buildings and grounds		3,889		3,304
Repairs - equipment		2,124		-
Department supplies		2,996		3,578
Bank charges		47		44
Garbage collection		2,257		1,710
Insurance		6,757		8,110
COVID		295		-
Small expendable equipment		-		381
Total	48,507	43,956	4,551	45,205
Town garage:				
Salaries - regular		126,951		122,941
FICA tax		8,210		8,667
Group insurance		18,434		17,131
Retirement		12,044		9,813
Professional services		147		147
Employee training		-		70
Telephone		224		319
Utilities		2,433		2,038
Repairs - buildings and grounds		603		2,112
Repairs - equipment		2,861		4,858
Leases		1,037		-
Automotive supplies		802		810
Department supplies		2,615		3,282
Bank charges		82		78

(continued)

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2020

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020		2019
	Budget	Actual	Actual
Town garage, continued			
Uniforms		1,167	1,717
Garbage collection		1,543	1,502
Contracted services		3,204	3,667
Insurance		3,995	4,243
Miscellaneous		36	109
COVID		22	-
Capital outlay		5,733	11,090
Small expendable equipment		894	2,260
Total	206,157	193,037	196,854
Total general government	594,980	519,413	540,872
PUBLIC SAFETY			
Police department:			
Salaries - regular		1,009,945	947,147
Salaries - temporary		55,669	52,637
FICA tax		77,065	78,728
Group insurance		127,578	109,021
Retirement		145,760	134,007
Professional services		20,088	17,674
Employee training		10,274	9,394
Telephone		14,540	12,821
Postage		292	307
Travel		199	53
Repairs - equipment		4,499	5,956
Repairs - vehicles		13,655	13,477
Advertising		93	-
Automotive supplies		38,042	48,824
Office supplies		1,484	1,493
Department supplies		12,289	10,551
Bank charges		661	621
Uniforms		13,459	14,100
Dues		806	1,204
Insurance		41,619	46,576
Drug control		8,000	8,000
Miscellaneous		1,056	1,117
Community involvement		1,465	1,365
Hurricane Matthew		309	829
COVID		999	-
Capital outlay		38,364	116,786
Small expendable equipment		9,074	19,434
Total	1,747,628	1,647,284	1,652,122

(continued)

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2020

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020		2019
	Budget	Actual	Actual
Fire department:			
Salaries - regular		264,521	255,063
Salaries - temporary		2,781	4,496
Supplemental retirement and other benefits		9,992	9,992
FICA tax		18,807	19,975
Group insurance		43,989	39,866
Retirement		24,983	20,595
On-behalf payments - FRSWPF		12,718	12,728
Professional services		5,755	5,262
Employee training		2,445	3,445
Telephone		4,472	5,603
Postage		284	294
Utilities		366	386
Travel		48	90
Repairs - buildings and grounds		1,465	448
Repairs - equipment		111,394	51,849
Automotive supplies		20,391	18,280
Department supplies		3,872	1,916
Bank charges		375	316
Uniforms		4,949	3,710
Garbage collection		702	664
Dues		1,130	947
Insurance		35,963	32,966
Miscellaneous		1,270	811
Lightning strike		73	398
Capital outlay		-	2,586
Small expendable equipment		26,397	45,575
Total	624,350	599,142	538,261
Regional response team:			
Salaries - training		3,353	2,055
FICA tax		-	316
Professional services		15,000	15,000
Employee training		14,200	14,490
Telephone		418	456
Equipment repair		3,933	4,812

(continued)

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2020

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020		Variance Positive (Negative)	2019
	Budget	Actual		Actual
Regional response team, continued				
Department supplies		1,485		1,437
Uniforms		4,342		1,868
Garbage collection		930		649
Insurance		5,000		5,000
Small expendable equipment		693		2,911
Total	86,358	49,477	36,881	48,994
Rescue squad:				
Salaries - regular		501,571		507,587
Salaries - temporary		22,140		24,487
FICA tax		37,345		40,739
Group insurance		73,739		70,228
Retirement		47,403		41,356
On-behalf payments - FRSWPF		5,130		5,196
Professional services		64,487		45,438
Employee training		2,340		2,297
Telephone		2,523		2,313
Postage		131		112
Utilities		10,486		12,712
Travel		95		180
Repairs - buildings and grounds		6,266		5,083
Repairs - equipment		12,403		8,601
Equipment - rents, leases		3,214		2,948
Automotive supplies		8,575		8,772
Office supplies		1,934		1,506
Department supplies		25,461		28,583
Bank charges		280		263
Uniforms		4,478		3,388
Garbage collection		2,112		1,824
Dues		1,249		952
Insurance		38,518		25,083
Miscellaneous		709		763
COVID		1,770		-
Capital outlay		32,286		101,931
Small expendable equipment		6,352		5,955
Total	933,003	912,997	20,006	948,297
Total public safety	3,391,339	3,208,900	182,439	3,187,674

(continued)

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2020

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020		2019
	Budget	Actual	Actual
TRANSPORTATION			
Street repair and construction:			
Salaries - regular		204,198	203,501
Salaries - temporary		555	1,888
FICA tax		14,612	15,603
Group insurance		32,408	34,024
Retirement		18,409	16,435
Professional services		49	84
Employee training		156	-
Telephone		1,408	747
Postage		24	-
Utilities		136,044	128,127
Travel		48	30
Repairs - buildings and grounds		209	94
Repairs - equipment		5,380	1,437
Automotive supplies		5,510	7,550
Department supplies		2,809	5,244
Stampede - Street		484	-
Bank charges		261	245
Uniforms		3,144	3,968
Powell Bill - services		17,521	45,545
Powell Bill - project		85,082	85,447
Powell Bill - equipment operations		7,775	14,734
Contracted services		1,295	180
Insurance		23,359	13,406
Miscellaneous		220	303
Hurricane debris cleanup		65	43
COVID		44	-
Small expendable equipment		-	1,413
Total transportation	856,678	561,069	580,048
ECONOMIC AND PHYSICAL DEVELOPMENT			
Martin County Arts Council		7,000	7,000
Williamston Downtown		1,979	4,984
Williamston Downtown, Inc. Facade		6,000	6,000
Williamston Beautification		-	222
Hwy 17 Association		2,500	2,500
Mid-East Commission		1,777	1,777
Martin County Historical Society		-	2,000
Institute of Government		699	700
Martin County Chamber		715	715
Committee of 100		500	500
NCLM		6,351	6,456
Roanoke River Partners		1,500	1,500
Boys and Girls Club		15,000	15,000

(continued)

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2020

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020		2019
	Budget	Actual	Actual
ECONOMIC AND PHYSICAL DEVELOPMENT, continued			
Employer contributions to OPEB Trust Fund		135,642	127,183
Total economic & physical development	195,713	179,663	16,050
ENVIRONMENTAL PROTECTION			
Sanitation:			
Salaries - regular		250,779	246,952
Salaries - temporary		749	1,841
FICA tax		18,221	19,446
Group insurance		63,240	52,406
Retirement		22,675	19,925
Professional services		144	119
Telephone		1,628	1,145
Travel		79	40
Repairs and maintenance		16,686	9,541
Advertising		60	32
Automotive supplies		28,045	26,576
Department supplies		2,122	2,196
Mosquito control		-	22
Martin County Landfill		39,172	23,799
Bank charges		173	150
Uniforms		5,090	6,378
Garbage collection		351	395
Contracted services		799	337
Insurance		5,830	14,080
Miscellaneous		187	409
Hurricane debris cleanup		-	21
COVID		81	-
Capital outlay		16,310	48,395
Small equipment		-	282
Total	479,829	472,421	7,408
Cemetery:			
Salaries - regular		51,516	60,089
Salaries - temporary		4,245	4,064
FICA tax		4,053	5,095
Group insurance		10,011	11,109
Retirement		5,068	5,128
Telephone		433	434
Utilities		828	932
Repairs - buildings and grounds		22	579
Repairs - equipment		1,194	2,350
Automotive supplies		2,161	1,933
Department supplies		1,258	1,210
Bank charges		43	38
Rooks fund expense		490	370

(continued)

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2020

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020		Variance Positive (Negative)	2019
	Budget	Actual		Actual
Cemetery, continued				
Uniforms		1,101		1,271
Insurance		7,293		3,028
Miscellaneous		312		256
COVID		11		-
Capital outlay		-		5,299
Small expendable equipment		564		564
Total	106,523	90,603	15,920	103,749
Total environmental protection	586,352	563,024	23,328	578,236
CULTURAL AND RECREATIONAL				
Recreation:				
Salaries - regular		185,283		203,693
Salaries - temporary		66,948		67,586
FICA tax		18,203		20,966
Group insurance		25,002		28,570
Retirement		16,827		17,986
Professional services		3,777		3,677
Employee training		761		974
Telephone		4,176		4,534
Postage		119		125
Utilities		23,877		21,927
Travel		-		30
Repairs - buildings and grounds		22,113		53,334
Repairs - equipment		8,511		6,055
Automotive supplies		7,218		8,756
Department supplies		28,232		26,235
Bank charges		253		238
Supplies - turf grass management		10,830		10,884
Uniforms		2,259		1,886
Garbage collection		5,843		5,575
Contracted services		3,886		4,608
Dues		334		350
Insurance		14,726		21,348
Miscellaneous		2,313		2,000
COVID		551		-
Capital outlay		-		26,929
Small expendable equipment		829		3,255
Total	514,497	452,871	61,626	541,521

(continued)

Town of Williamston, North Carolina
General Fund
Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2020
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020		Variance Positive (Negative)	2019
	Budget	Actual		Actual
Cultural:				
Martin Memorial Library		102,000		102,000
Stampede Festival		9,457		9,951
Sustainable Communities Program		-		500
Christmas decorations		3,198		1,348
Christmas parade		3,631		3,408
Total	119,000	118,286	714	117,207
Total cultural and recreational	633,497	571,157	62,340	658,728
Debt service:				
Principal retirement	291,492	242,679	48,813	270,777
Interest	31,239	30,405	834	14,991
Total debt service	322,731	273,084	49,647	285,768
Total expenditures	\$ 6,581,290	\$ 5,876,310	\$ 704,980	\$ 6,007,863

Town of Williamston, North Carolina
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2020

	Total Non-Major Special Revenue Funds	Total Non-Major Capital Projects Funds	Total Non-Major Governmental Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ 222,761	\$ 222,761
Investments	2,361	-	2,361
Restricted cash	-	3,910,436	3,910,436
	<hr/>		
TOTAL ASSETS	\$ 2,361	\$ 4,133,197	\$ 4,135,558
<hr/>			
LIABILITIES			
Accounts payable and accrued liabilities	\$ -	\$ 298,969	\$ 298,969
Bank overdraft	3,145	-	3,145
	<hr/>		
TOTAL LIABILITIES	3,145	298,969	302,114
<hr/>			
FUND BALANCES			
Restricted:			
Public Safety	-	3,910,436	3,910,436
Assigned:			
Economic and physical development	2,361	-	2,361
Unassigned	(3,145)	(76,208)	(79,353)
	<hr/>		
Total fund (deficit) balances	(784)	3,834,228	3,833,444
	<hr/>		
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,361	\$ 4,133,197	\$ 4,135,558
	<hr/>		

Town of Williamston, North Carolina
Non-Major Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2020

	Total Non-Major Special Revenue Funds	Total Non-Major Capital Projects Funds	Total Non-Major Governmental Funds
REVENUES			
Investment earnings	\$ -	\$ 128	\$ 128
Total revenues	-	128	128
EXPENDITURES			
Current:			
Public Safety	-	549,291	549,291
Debt Service	-	5,900	5,900
Total expenditures	-	555,191	555,191
Revenues over (under) expenditures	-	(555,063)	(555,063)
OTHER FINANCING SOURCES			
Proceeds of long term debt	-	4,351,539	4,351,539
Transfers from other funds	-	122,957	122,957
Transfers to other funds	-	-	-
Total other financing sources	-	4,474,496	4,474,496
Revenues and other financing sources over (under) expenditures and other uses	-	3,919,433	3,919,433
FUND BALANCE (DEFICIT), BEGINNING	(784)	(85,205)	(85,989)
FUND BALANCE (DEFICIT), ENDING	\$ (784)	\$ 3,834,228	\$ 3,833,444

Town of Williamston, North Carolina
Non-Major Governmental Special Revenue Funds
Combining Balance Sheet
June 30, 2020

	Strategic Economic Development - Golden Leaf	CDBG Downtown Redevelopment Grant	Total Non-Major Special Revenue Funds
ASSETS			
Investments	\$ 2,361	\$ -	\$ 2,361
TOTAL ASSETS	<u>\$ 2,361</u>	<u>\$ -</u>	<u>\$ 2,361</u>
LIABILITIES			
Bank overdraft	\$ -	\$ 3,145	\$ 3,145
TOTAL LIABILITIES	<u>-</u>	<u>3,145</u>	<u>3,145</u>
FUND BALANCES			
Assigned:			
Economic and physical development	2,361	-	2,361
Unassigned:	-	(3,145)	(3,145)
TOTAL FUND BALANCES (DEFICIT)	<u>2,361</u>	<u>(3,145)</u>	<u>(784)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,361</u>	<u>\$ -</u>	<u>\$ 2,361</u>

Town of Williamston, North Carolina
Non-Major Governmental Special Revenue Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2020

	Strategic Economic Development - Golden Leaf	CDBG Downtown Redevelopment Grant	Total Non-Major Special Revenue Funds
REVENUES			
Restricted intergovernmental	\$ -	\$ -	\$ -
Miscellaneous and project income	-	-	-
Total revenues	-	-	-
EXPENDITURES			
Current:			
Economic and physical development	-	-	-
Total expenditures	-	-	-
Revenues over (under) expenditures	-	-	-
FUND BALANCE (DEFICIT), BEGINNING	<u>2,361</u>	<u>(3,145)</u>	<u>(784)</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ 2,361</u>	<u>\$ (3,145)</u>	<u>\$ (784)</u>

Town of Williamston, North Carolina

Special Revenue Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual
From Inception and for the Fiscal Year Ended June 30, 2020**

STRATEGIC ECONOMIC DEVELOPMENT - GOLDEN LEAF

Project Authorization	Actual			Variance Positive (Negative)	
	Prior Years	Current Year	Total to Date		
REVENUES					
Restricted intergovernmental revenues:					
Martin County	\$ 4,425	\$ 4,425	\$ -	\$ 4,425	\$ -
Martin County Tourism Development	1,950	1,950	-	1,950	-
Martin County Water Authority	500	500	-	500	-
NC Department of Commerce:					
Main Street Solutions Fund Grant	100,000	100,000	-	100,000	-
Golden Leaf Foundation	20,000	20,000	-	20,000	-
Town of Bear Grass	400	400	-	400	-
Investment earnings	10	1	-	1	(9)
Miscellaneous and project income:					
Local Funds	6,300	6,300	-	6,300	-
Williamston Committee of 100	8,600	8,600	-	8,600	-
Total revenues	142,185	142,176	-	142,176	(9)
EXPENDITURES					
Current:					
Economic and physical development:					
Strategic Economic Plan	50,810	48,440	-	48,440	2,370
Main Street Solutions Fund Grant:					
Accessmedicine, PA	100,000	100,000	-	100,000	-
Total expenditures	150,810	148,440	-	148,440	2,370
Revenues over (under) expenditures	(8,625)	(6,264)	-	(6,264)	2,361
OTHER FINANCING SOURCES					
Transfers from other funds:					
General Fund	8,625	8,625	-	8,625	-
Revenues and other financing sources over expenditures	\$ -	\$ 2,361	-	\$ 2,361	\$ 2,361
FUND BALANCE, BEGINNING			2,361		
FUND BALANCE, ENDING			\$ 2,361		

Town of Williamston, North Carolina
Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual
From Inception and for the Fiscal Year Ended June 30, 2020

COMMUNITY DEVELOPMENT BLOCK GRANT PROJECT FUND - DOWNTOWN
REDEVELOPMENT GRANT

Project Authorization	Actual			Variance Positive (Negative)	
	Prior Years	Current Year	Total to Date		
REVENUES					
Restricted intergovernmental revenues:					
CDBG Grant	\$ 335,500	\$ -	\$ -	\$ -	\$ (335,500)
Miscellaneous and project income:					
Building owners	36,800	5,900	-	5,900	(30,900)
Williamston Downtown	7,000	7,000	-	7,000	-
Williamston Committee of 100	6,000	6,000	-	6,000	-
Total revenues	<u>385,300</u>	<u>18,900</u>	<u>-</u>	<u>18,900</u>	<u>(366,400)</u>
EXPENDITURES					
Current:					
Economic and physical development:					
Administration	23,500	1,157	-	1,157	22,343
Building up-fit	382,600	38,388	-	38,388	344,212
Total expenditures	<u>406,100</u>	<u>39,545</u>	<u>-</u>	<u>39,545</u>	<u>366,555</u>
Revenues over (under) expenditures	(20,800)	(20,645)	-	(20,645)	155
OTHER FINANCING SOURCES					
Transfers from other funds:					
General Fund	20,800	17,500	-	17,500	(3,300)
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ (3,145)</u>	<u>-</u>	<u>\$ (3,145)</u>	<u>\$ (3,145)</u>
FUND BALANCE (DEFICIT), BEGINNING			<u>(3,145)</u>		
FUND BALANCE (DEFICIT), ENDING			<u>\$ (3,145)</u>		

Town of Williamston, North Carolina
Non-Major Governmental Capital Projects Funds
Combining Balance Sheet
June 30, 2020

	Fire Department Capital Project	Police Department Capital Project	Gaylord Perry Park PARTF Grant	Total Non-Major Capital Projects Funds
ASSETS				
Cash and cash equivalents	\$ 72,957	\$ 149,804	\$ -	\$ 222,761
Restricted cash	1,962,577	1,947,859	-	3,910,436
TOTAL ASSETS	\$ 2,035,534	\$ 2,097,663	\$ -	\$ 4,133,197
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 177,525	\$ 121,444	\$ -	\$ 298,969
TOTAL LIABILITIES	177,525	121,444	-	298,969
Fund balances:				
Restricted for Public Safety	1,962,577	1,947,859	-	3,910,436
Unassigned	(104,568)	28,360	-	(76,208)
TOTAL FUND BALANCES	1,858,009	1,976,219	-	3,834,228
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,035,534	\$ 2,097,663	\$ -	\$ 4,133,197

Town of Williamston, North Carolina
Non-Major Governmental Capital Projects Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2020

	Fire Department Capital Project	Police Department Capital Project	Gaylord Perry Park PARTF Grant	Total Non-Major Capital Projects Funds
REVENUES				
Investment earnings	\$ 69	\$ 59	\$ -	\$ 128
Total revenues	69	59	-	128
EXPENDITURES				
Public Safety:				
Capital outlay	189,612	359,679	-	549,291
Debt Service:				
Loan origination fees	5,900	-	-	5,900
Total expenditures	195,512	359,679	-	555,191
Revenues over (under) expenditures	(195,443)	(359,620)	-	(555,063)
OTHER FINANCING SOURCES				
Proceeds of long term debt	2,042,595	2,308,944	-	4,351,539
Transfers from other funds	22,957	100,000	-	122,957
Total other financing sources	2,065,552	2,408,944	-	4,474,496
Revenues and other financing sources over (under) expenditures and other uses	1,870,109	2,049,324	-	3,919,433
FUND BALANCE (DEFICIT), BEGINNING	(12,100)	(73,105)	-	(85,205)
FUND BALANCE, ENDING	\$ 1,858,009	\$ 1,976,219	\$ -	\$ 3,834,228

Town of Williamston, North Carolina
 Non-Major Governmental Capital Projects Funds
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2020

FIRE DEPARTMENT CAPITAL PROJECT

	Project Authorization			Actual			Variance Positive (Negative)
	June 30 2019	Amendment	June 30 2020	Prior Years	Current Year	Total to Date	
REVENUES							
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ 69	\$ 69	\$ 69
Total revenues	-	-	-	-	69	69	69
EXPENDITURES							
Transportation:							
Capital outlay:							
Engineering and inspections	78,400	(4,400)	74,000	62,100	2,476	64,576	9,424
Legal and administrative fees	4,000	26,900	30,900	-	10,603	10,603	20,297
Construction	1,000,000	704,569	1,704,569	-	176,533	176,533	1,528,036
Equipment wiring	-	186,482	186,482	-	-	-	186,482
Contingency	-	84,601	84,601	-	-	-	84,601
Debt service:							
Loan origination fees	-	35,000	35,000	-	5,900	5,900	29,100
Total expenditures	1,082,400	1,033,152	2,115,552	62,100	195,512	257,612	1,857,940
Revenues over (under) expenditures	(1,082,400)	(1,033,152)	(2,115,552)	(62,100)	(195,443)	(257,543)	1,858,009
OTHER FINANCING SOURCES							
USDA long-term debt financing	1,032,400	1,010,195	2,042,595	-	2,042,595	2,042,595	-
Transfers from other funds:							
General Fund	50,000	22,957	72,957	50,000	22,957	72,957	-
Total other financing sources	1,082,400	1,033,152	2,115,552	50,000	2,065,552	2,115,552	-
Revenues and other financing sources over (under) expenditures	\$ -	\$ -	\$ -	\$ (12,100)	1,870,109	\$ 1,858,009	\$ 1,858,009
FUND BALANCE, BEGINNING					(12,100)		
FUND BALANCE, ENDING					\$ 1,858,009		

Town of Williamston, North Carolina
 Non-Major Governmental Capital Projects Funds
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2020

POLICE DEPARTMENT CAPITAL PROJECT

	Project Authorization			Actual			Variance Positive (Negative)
	June 30 2019	Amendment	June 30 2020	Prior Years	Current Year	Total to Date	
REVENUES							
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ 59	\$ 59	\$ 59
Total revenues	-	-	-	-	59	59	59
EXPENDITURES							
Transportation:							
Capital outlay:							
Building Purchase	200,000	12,026	212,026	10,026	200,026	210,052	1,974
Engineering and inspections	126,400	(4,200)	122,200	111,329	(7,873)	103,456	18,744
Legal and administrative fees	4,000	25,600	29,600	1,750	22,039	23,789	5,811
Construction	1,500,000	555,550	2,055,550	-	145,487	145,487	1,910,063
Equipment wiring	-	468,989	468,989	-	-	-	468,989
Contingency	-	102,577	102,577	-	-	-	102,577
Debt service:							
Interim financing	-	35,000	35,000	-	-	-	35,000
Total expenditures	1,830,400	1,195,542	3,025,942	123,105	359,679	482,784	2,543,158
Revenues over (under) expenditures	(1,830,400)	(1,195,542)	(3,025,942)	(123,105)	(359,620)	(482,725)	2,543,217
OTHER FINANCING SOURCES							
USDA long-term debt financing	1,630,400	678,544	2,308,944	-	2,308,944	2,308,944	-
Transfers from other funds:							
General Fund	200,000	426,998	626,998	50,000	100,000	150,000	(476,998)
Total other financing sources	1,830,400	1,105,542	2,935,942	50,000	2,408,944	2,458,944	(476,998)
Revenues and other financing sources over (under) expenditures	\$ -	\$ (90,000)	\$ (90,000)	\$ (73,105)	2,049,324	\$ 1,976,219	\$ 2,066,219
FUND BALANCE, BEGINNING					(73,105)		
FUND BALANCE, ENDING					\$ 1,976,219		

**Town of Williamston, North Carolina
Governmental Capital Projects Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual
From Inception and for the Fiscal Year Ended June 30, 2020**

GAYLORD PERRY PARK PARTF GRANT PROJECT

Project Authorization	Actual			Variance Positive (Negative)
	Prior Years	Current Year	Total to Date	
REVENUES				
Restricted intergovernmental revenues:				
State of North Carolina PARTF Grant	\$ 262,000	\$ -	\$ -	\$ (262,000)
Total revenues	262,000	-	-	(262,000)
EXPENDITURES				
Cultural and Recreation:				
Capital outlay:				
Engineering and inspections	41,000	-	-	41,000
Construction	460,500	-	-	460,500
Contingency	23,025	-	-	23,025
Total expenditures	524,525	-	-	524,525
Revenues over (under) expenditures	(262,525)	-	-	262,525
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
General Fund	262,525	-	-	(262,525)
Total other financing sources	262,525	-	-	(262,525)
Revenues and other financing sources over (under) expenditures	\$ -	\$ -	\$ -	\$ -
FUND BALANCE, BEGINNING			-	
FUND BALANCE, ENDING		\$ -		

Town of Williamston, North Carolina

Water and Sewer Fund

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2020

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020		2019	
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Charges for services:				
Water sales	\$	\$ 1,149,315	\$	\$ 1,188,042
Water District 1 sales		113,875		112,821
Water District 2 sales		230,101		227,400
Sewer sales		1,561,653		1,586,507
Martin County Regional Water and Sewer Authority fees		909,001		926,017
Water and sewer taps		1,940		7,400
Total charges for services	4,067,000	3,965,885	(101,115)	4,048,187
Other operating revenues:				
Late penalties	31,000	39,975	8,975	32,356
Total operating revenues	4,098,000	4,005,860	(92,140)	4,080,543
Non-operating revenues:				
Investment earnings		112,981		130,481
Miscellaneous		1,243		1,101
Total non-operating revenues	111,500	114,224	2,724	131,582
Total revenues	4,209,500	4,120,084	(89,416)	4,212,125
EXPENDITURES				
Water treatment and distribution	2,142,477	2,103,425	39,052	2,087,282
Waste collection and treatment	1,102,664	1,054,135	48,529	1,072,531
Debt service	848,734	827,023	21,711	803,360
Capital outlay	179,239	150,231	29,008	-
Total expenditures	4,273,114	4,134,814	138,300	3,963,173
Revenues over (under) expenditures	(63,614)	(14,730)	48,884	248,952
OTHER FINANCING SOURCES (USES)				
Appropriated net position	40,000	-	(40,000)	-
Sale of capital assets	1,000	-	(1,000)	-
Loan repayments from General Fund	22,614	22,614	-	22,614
Transfers to / from other funds:				
Skewarkee Canal Capital Project Fund	-	-	-	83,225
Water & Sewer Capital Project Fund	-	-	-	(43,050)
Total other financing sources (uses)	63,614	22,614	(41,000)	62,789
Revenues and other financing sources over expenditures and other uses	\$ -	\$ 7,884	\$ 7,884	\$ 311,741

Town of Williamston, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2020
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

2020			2019
Budget	Actual	Variance Positive (Negative)	Actual

**RECONCILIATION FROM BUDGETARY BASIS
(MODIFIED ACCRUAL) TO FULL ACCRUAL BASIS:**

Revenues and other financing sources over expenditures and other uses	\$ 7,884	\$ 311,741
Reconciling items:		
Principal retirement	674,431	612,464
Capital outlay	150,231	-
Increase (decrease) in deferred outflows of resources		
pensions	(12,911)	48,802
(Increase) decrease in net pension liability	(35,178)	(60,461)
(Increase) decrease in deferred inflows of resources - pensions	1,169	2,616
Increase (decrease) in deferred outflows of resources - OPEB	121,149	28,402
(Increase) decrease in deferred inflows of resources - OPEB	22,089	(101,348)
(Increase) decrease in accrued vacation pay	(5,976)	4,139
(Increase) decrease in OPEB liability	(199,343)	132,741
(Increase) decrease in accrued interest	1,869	(68)
Depreciation	(916,909)	(778,976)
Contributions - State grant	-	38,813
Loan repayments from General Fund	(22,614)	(22,614)
Engineering study - AIA project	-	(38,813)
Transfers to other funds:		
Water and Sewer Capital Projects Fund	-	43,050
Total reconciling items	<u>(221,993)</u>	<u>(91,253)</u>
Change in net position	<u>\$ (214,109)</u>	<u>\$ 220,488</u>

Town of Williamston, North Carolina
Water and Sewer Fund
Schedule of Expenditures- Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2020
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	Actual
WATER TREATMENT AND DISTRIBUTION				
Administration expense	\$	\$ 353,466	\$	\$ 345,134
Salaries - regular		223,630		218,716
Salaries - temporary		7,811		8,302
FICA tax		16,740		17,799
Group insurance		30,720		28,764
Employer contributions to OPEB Trust Fund		21,290		25,316
Retirement		21,469		18,207
Professional services		3,327		14,039
Employee training		2,415		1,127
Telephone		3,897		3,962
Postage		3,551		3,578
Utilities		18,348		17,721
Travel		55		100
Repairs - buildings and grounds		74		4,104
Repairs - equipment		6,866		8,566
Advertising		525		1,050
Automotive supplies		14,293		18,587
Office supplies		275		-
Department supplies		30,550		26,033
Bank charges		508		477
Uniforms		2,992		3,328
Contracted services		61,155		61,291
Dues		3,369		3,160
Insurance		19,027		17,177
Miscellaneous		27		123
COVID		37		-
Small expendable equipment		46,195		5,157
Repair / replace fire hydrants		10,705		336
Repair lines		7,000		9,800
Water purchases		1,185,930		1,216,309
Bad debts		7,178		9,019
Total water treatment and distribution	2,142,477	2,103,425	39,052	2,087,282

(continued)

Town of Williamston, North Carolina
Water and Sewer Fund
Schedule of Expenditures- Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2020
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020		2019
	Budget	Actual	Variance Positive (Negative)
WASTE COLLECTION AND TREATMENT			
Administration expense		298,565	291,547
Salaries - regular		272,658	268,576
Salaries - temporary		6,538	9,644
FICA tax		19,590	21,653
Group insurance		42,059	39,332
Employer contributions to OPEB Trust Fund		25,807	20,000
Retirement		24,509	22,244
Professional services		7,363	14,494
Employee training		2,090	2,857
Telephone		3,516	3,519
Postage		8,023	7,827
Utilities		128,980	114,417
Travel		80	70
Repairs - buildings and grounds		786	126
Repairs - equipment		59,472	87,871
Equipment rent lease		-	1,959
Advertising		83	118
Automotive supplies		7,453	6,280
Office supplies		190	-
Department supplies		26,028	31,316
Lab supplies		6,763	7,068
Bank charges		907	852
Uniforms		3,584	4,661
Garbage collection		1,073	1,450
Contracted services		52,953	53,491
Dues		9,115	9,609
Insurance		25,989	30,094
Miscellaneous		39	446
COVID		37	-
Small expendable equipment		3,136	-
Hurricane Matthew		-	107
Bad debts		16,749	20,903
Total waste collection and treatment	1,102,664	1,054,135	48,529
			1,072,531

(continued)

Town of Williamston, North Carolina
Water and Sewer Fund
Schedule of Expenditures- Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2020
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	Actual
DEBT SERVICE				
Principal retirement	775,614	674,431	101,183	612,464
Interest and other charges	73,120	152,592	(79,472)	190,896
Total debt service	848,734	827,023	21,711	803,360
CAPITAL OUTLAY				
Water capital outlay		120,050		-
Sewer capital outlay		30,181		-
Total capital outlay	179,239	150,231	29,008	-
Total expenditures	\$ 4,273,114	\$ 4,134,814	\$ 138,300	\$ 3,963,173

Town of Williamston, North Carolina

Storm Water Fund

Schedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2020

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Charges for services:				
Storm Water fees	\$ 55,000	\$ 57,002	\$ 2,002	\$ 57,185
EXPENDITURES				
Bad debts	5,000	-	5,000	-
Capital outlay	4,074	-	4,074	-
Debt service				
Principal	39,326	18,383	20,943	26,600
Interest	6,600	20,943	(14,343)	12,726
Total debt service	<u>45,926</u>	<u>39,326</u>	<u>6,600</u>	<u>39,326</u>
Total expenditures	<u>55,000</u>	<u>39,326</u>	<u>15,674</u>	<u>39,326</u>
Revenues over expenditures	<u>\$ -</u>	<u>17,676</u>	<u>\$ 17,676</u>	<u>\$ 17,859</u>
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL BASIS:				
Reconciling items:				
Transfer of capital assets		-		1,996,391
Depreciation expense		(66,547)		(27,728)
Transfer of USDA loan payable		-		(966,706)
Principal retirement		18,383		26,600
(Increase) decrease in accrued interest		138		(9,968)
Change in net position		<u>\$ (30,350)</u>		<u>\$ 1,036,448</u>

Other Schedules

This Section Contains additional information required on property taxes.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

Town of Williamston, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2020

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2019</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Releases</u>	<u>Uncollected Balance June 30, 2020</u>
2019-2020	\$ -	\$ 2,940,565 (a)	\$ 2,655,613 (b)	\$ 3,055 (a)	\$ 281,897 (c)
2018-2019	197,280	-	55,717	981	140,582
2017-2018	133,116	-	27,561	927	104,628
2016-2017	101,546	-	19,157	1,028	81,361
2015-2016	75,034	-	10,582	1,027	63,425
2014-2015	66,009	-	9,216	421	56,372
2013-2014	47,414	248	4,650	282	42,730
2012-2013	45,446	247	3,099	282	42,312
2011-2012	32,684	250	2,553	281	30,100
2010-2011	23,128	49	1,431	289	21,457
2009-2010	18,983	249	1,766	17,466	-
	<u>\$ 740,640</u>	<u>\$ 2,941,608</u>	<u>\$ 2,791,345 (e)</u>	<u>\$ 26,039</u>	<u>864,864</u>
Less: allowance for uncollectible ad valorem taxes receivable					<u>(78,910)</u>
Ad valorem taxes receivable - net					<u>\$ 785,954</u>
Reconciliation to Revenues:					
Ad valorem taxes - General Fund					\$ 2,847,479
Reconciling items:					
Penalties and interest collected					(51,443)
Refunds					(929)
Recovery taxes previously written off					(1,668)
GAP Taxes on expired vehicle registrations					<u>(2,094)</u>
Total collections and credits					<u>\$ 2,791,345 (e)</u>

The lower case letters next to certain amounts on the Analysis of Current Tax Levy and in the above schedule show the relationship of taxes levied, taxes collected, and uncollected taxes on both schedules.

Town of Williamston, North Carolina
Analysis of Current Tax Levy
Town-Wide Levy
For the Fiscal Year Ended June 30, 2020

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
ORIGINAL LEVY:					
Property taxed at current year's rate	\$ 341,665,063	\$ 0.79	\$ 2,699,154	\$ 2,442,356	\$ 256,798
Penalties			6,248	6,248	
DISCOVERIES:					
Current year taxes	27,314,937	\$ 0.79	215,788	215,788	-
Lot clearing assessments			19,375	19,375	
ABATEMENTS	(386,709)	\$ 0.79	(3,055)	(3,055)	-
Total property valuation	<u>\$ 368,593,291</u>				
Net levy			2,937,510 (a)	2,680,712	256,798
Uncollected taxes at June 30, 2020			<u>(281,897) (c)</u>	<u>(281,897)</u>	-
Current year's taxes collected			<u>\$ 2,655,613 (b)</u>	<u>\$ 2,398,815</u>	<u>\$ 256,798</u>
Current levy collection percentage			<u>90.40%</u>	<u>89.48%</u>	<u>100.00%</u>

The lower case letters next to certain amounts on the Schedule of Ad Valorem Taxes Receivable and in the above schedule show the relationship of taxes levied, taxes collected, and uncollected taxes on both schedules.

Compliance Section



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INDEPENDENT AUDITORS' 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 Town Council
Town of Williamston, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Williamston, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Williamston's basic financial statements and have issued our report thereon dated January 28, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Williamston's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Williamston's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Williamston'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 a material weakness. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Williamston's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cary Riggs & Ingram, L.L.C.

Goldsboro, North Carolina

January 28, 2021

**Town of Williamston, North Carolina
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2020**

SECTION 1 - SUMMARY OF AUDITORS' RESULTS

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 X no

- Significant deficiency(s) identified that are not considered to be material weaknesses ___ yes X none reported


- Noncompliance material to financial statements noted ___ yes X no



**Town of Williamston, North Carolina
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2020**

SECTION II – FINANCIAL STATEMENT FINDINGS

None Reported.



**Town of Williamston, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2020**

SECTION II – FINANCIAL STATEMENT FINDINGS

None Reported.



**Town of Williamston, North Carolina
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2020**

As of June 30, 2020, the Town of Williamston had no unresolved findings from prior years.