

Town of Williamston

Financial Statements

FOR THE FISCAL YEAR ENDED JUNE 30, 2018



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Town of Williamston, North Carolina
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June 30, 2018

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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, 2018, 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall 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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note IX to the financial statements, the Town of Williamston, North Carolina adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which results in an effect of (\$2,297,020) and (\$654,663) on the June 30, 2017 net position of governmental activities and business-type activities, respectively. Our opinions are not modified with respect to this matter

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4.1 through 4.10, the Other Postemployment Benefits' Schedule of Changes in the net OPEB Liability and Related Ratios on pages 21 through 24, respectively, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 25 and 26, respectively, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 27 and 28 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 statements and 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 schedule of expenditures of federal and State awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, budgetary schedules, other schedules and the schedule of expenditures of federal and State awards 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 statements and schedules, budgetary schedules, other schedules and the schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2019, on our consideration of the Town of Williamston'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 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
March 4, 2019

Management's Discussion and Analysis

Town of Williamston, North Carolina

Management's Discussion and Analysis

June 30, 2018

As management of the Town of Williamston, we offer readers of the Town of Williamston's financial statements this narrative overview and analysis of the financial activities of the Town of Williamston for the fiscal year ended June 30, 2018. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

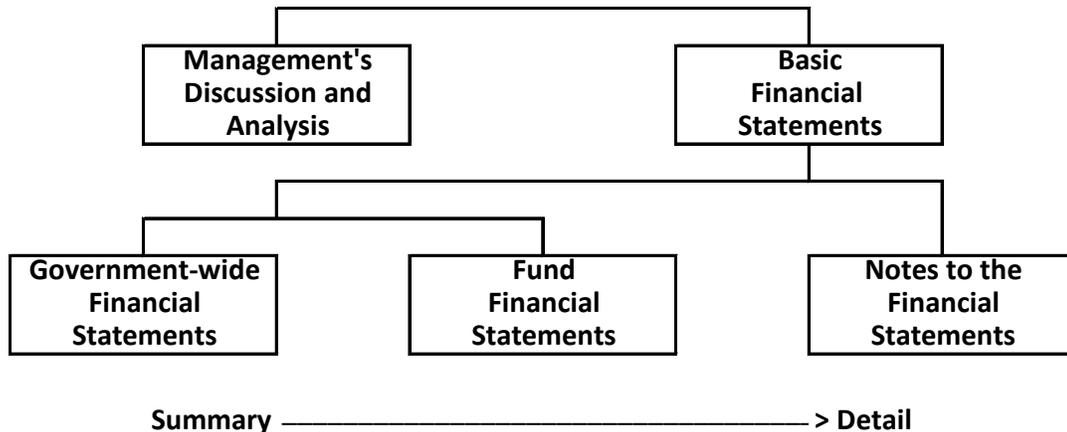
Financial Highlights

- The assets and deferred outflows of resources of the Town of Williamston exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$23,989,161 (*net position*).
- The government's total net position decreased by \$2,951,683, primarily due to the implementation of GASB Statement No. 75 , Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.
- As of the close of the current fiscal year, the Town of Williamston's governmental funds reported combined ending fund balances of \$4,169,193, an increase of \$243,277. Approximately 20.19 percent of this total amount, or \$841,787, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,392,529, or 61.27% of total general fund expenditures for the fiscal year.
- The Town of Williamston's total debt increased by \$45,880 (0.67%) during the current fiscal year. Governmental activity debt increased \$680,288 while Water and Sewer debt decreased 634,408. The key factors in this increase were the payments of principal on existing loans of \$853,074 and \$898,954 in draws on a US Department of Agriculture Loan for the Skewarkee Canal Capital Project.

Overview of the Financial Statements

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

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 of Williamston's proportionate share of the LGERS pension liability, the total LEOSA pension liability and the net OPEB liability. Supplemental information is provided to show details about the Town of Williamston'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, 2018

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 of Williamston, 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 of Williamston 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, 2018

The Town of Williamston 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 of Williamston 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 of Williamston 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 of Williamston'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, 2018

Government-Wide Financial Analysis

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 5,705,934	\$ 4,853,672	\$ 7,345,059	\$ 7,962,375	\$ 13,050,993	\$ 12,816,047
Capital assets	10,749,001	10,300,460	13,155,004	13,210,511	23,904,005	23,510,971
Deferred outflows of resources	566,515	861,123	86,636	133,389	653,151	994,512
Total assets and deferred outflows of resources	<u>17,021,450</u>	<u>16,015,255</u>	<u>20,586,699</u>	<u>21,306,275</u>	<u>37,608,149</u>	<u>37,321,530</u>
Current liabilities	672,109	514,531	848,888	880,937	1,520,997	1,395,468
Long-term liabilities	6,178,488	3,380,192	5,584,020	5,628,922	11,762,508	9,009,114
Deferred inflows of resources	291,998	63,415	43,485	6,174	335,483	69,589
Total liabilities and deferred inflows of resources	<u>7,142,595</u>	<u>3,958,138</u>	<u>6,476,393</u>	<u>6,516,033</u>	<u>13,618,988</u>	<u>10,474,171</u>
Net position:						
Net investment in capital assets	9,297,382	9,529,129	7,751,581	7,172,680	17,048,963	16,701,809
Restricted	821,530	876,112	-	-	821,530	876,112
Unrestricted	(240,057)	1,651,876	6,358,725	7,617,562	6,118,668	9,269,438
Total net position	<u>\$ 9,878,855</u>	<u>\$ 12,057,117</u>	<u>\$ 14,110,306</u>	<u>\$ 14,790,242</u>	<u>\$ 23,989,161</u>	<u>\$ 26,847,359</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 of Williamston exceeded liabilities and deferred inflows of resources by \$23,989,161 as of June 30, 2018. The Town's net position decreased by \$2,951,683 for the fiscal year ended June 30, 2018. However, the largest portion (71.07%) 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 of Williamston'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, \$821,530, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,118,668 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.
- Sales tax receipts have shown significant improvement in recent years as a combined result of local commercial development and an increase in tourist activity. The latter is attributable to the benefits of travel on Highway 64 and the constantly improving popularity of the Senator Bob Martin facility.

Town of Williamston, North Carolina
Management's Discussion and Analysis
June 30, 2018

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
REVENUES:						
Program revenues:						
Charges for services	\$ 848,905	\$ 588,988	\$ 4,138,066	\$ 4,444,856	\$ 4,986,971	\$ 5,033,844
Operating grants & contributions	737,386	1,071,206	25,350	7,995	762,736	1,079,201
Capital grants & contributions	-	-	-	84,900	-	84,900
General revenues:						
Property taxes	2,874,245	2,850,635	-	-	2,874,245	2,850,635
Other taxes	124,807	1,209,745	-	-	124,807	1,209,745
Grants and contributions not restricted to specific programs	1,612,044	478,279	-	-	1,612,044	478,279
Unrestricted investment earnings	51,340	18,198	83,018	38,721	134,358	56,919
Miscellaneous	19,133	44,574	3,893	1,614	23,026	46,188
Total revenues	<u>6,267,860</u>	<u>6,261,625</u>	<u>4,250,327</u>	<u>4,578,086</u>	<u>10,518,187</u>	<u>10,839,711</u>
EXPENSES:						
Governmental activities:						
General government	563,282	545,279	-	-	563,282	545,279
Public safety	3,157,699	3,162,687	-	-	3,157,699	3,162,687
Transportation	839,965	767,747	-	-	839,965	767,747
Economic and physical development	195,243	101,698	-	-	195,243	101,698
Environmental protection	546,827	827,307	-	-	546,827	827,307
Cultural and recreational	796,662	880,501	-	-	796,662	880,501
Interest on long-term debt	34,341	6,839	-	-	34,341	6,839
Business-type activities:						
Water and sewer	-	-	4,290,683	3,889,612	4,290,683	3,889,612
Storm Water	-	-	-	-	-	-
Total expenses	<u>6,134,019</u>	<u>6,292,058</u>	<u>4,290,683</u>	<u>3,889,612</u>	<u>10,424,702</u>	<u>10,181,670</u>
Increase (decrease) in net position before transfers	133,841	(30,433)	(40,356)	688,474	93,485	658,041
Transfers	(15,083)	-	15,083	-	-	-
Transfers of capital assets and related debt	-	19,194	-	(19,194)	-	-
Increase (decrease) in net position	118,758	(11,239)	(25,273)	669,280	93,485	658,041
NET POSITION, BEGINNING, PREVIOUSLY REPORTED	12,057,117	12,068,356	14,790,242	14,120,962	26,847,359	26,189,318
Cumulative effect of change in accounting principle	(2,297,020)	-	(654,663)	-	(2,951,683)	-
NET POSITION, BEGINNING, RESTATED	9,760,097	12,068,356	14,135,579	14,120,962	23,895,676	26,189,318
NET POSITION, ENDING	<u>\$ 9,878,855</u>	<u>\$ 12,057,117</u>	<u>\$ 14,110,306</u>	<u>\$ 14,790,242</u>	<u>\$ 23,989,161</u>	<u>\$ 26,847,359</u>

Town of Williamston, North Carolina
Management's Discussion and Analysis
June 30, 2018

Governmental activities: Governmental activities increased the Town's net position by \$118,758. The key elements of this increase are as follows:

- Decreases in public safety, environmental protection, and cultural and recreational expenses.

Business-type activities: Business-type activities decreased the Town of Williamston's net position by (\$25,273). The key element of this increase is as follows:

- Decreased operating revenues due to the loss of a major customer, Parkdale Mills which closed in the prior fiscal year.

The implementation of GASB Statement No. 75, which changed the method for calculating the OPEB liability, resulted in a decrease in net position of \$2,297,020 and \$654,663 for the governmental activities and business-type activities, respectively.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Williamston'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 of Williamston. At the end of the current fiscal year, the Town of Williamston's fund balance unassigned in the General Fund was \$3,392,259, while total fund balance reached \$4,234,316. 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 61.27% of total General Fund expenditures, while total fund balance represents 76.47% of that same amount.

At June 30, 2018, the governmental funds of the Town of Williamston reported a combined fund balance of \$4,169,193, with a net increase in fund balance of \$243,277. Included in this change in fund balance are an increase in the fund balance in the General Fund and a decrease in the other governmental funds.

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.

Town of Williamston, North Carolina
Management's Discussion and Analysis
June 30, 2018

Proprietary Funds. The Town of Williamston'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 \$6,244,645. The total decrease in net position for the fund was \$736,973 of which \$654,663 relates to the increase in OPEB liability as a result of the implementation of GASB Statement No. 75. Unrestricted net position of the Storm Water Fund at the end of the fiscal year amounted to \$114,080. The total increase in net position for the fund was \$57,037 which is due to storm water fees collected by the Town. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Williamston's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Williamston's investment in capital assets for its governmental and business-type activities as of June 30, 2018, totals \$23,904,005 (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 \$1,070,254 in governmental-type activities for the Skewarkee Canal Capital Project Fund.
- Current year capital asset additions of \$135,571 in governmental-type activities.
- Current year construction in progress of \$537,146 in business-type activities for various infrastructure assets.
- Current year capital asset additions of \$39,850 in business-type activities.

SUMMARY OF CAPITAL ASSETS
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 733,411	\$ 733,411	\$ 112,022	\$ 112,022	\$ 845,433	\$ 845,433
Buildings	928,247	938,205	96,582	104,489	1,024,829	1,042,694
Land improvements	938,844	1,076,859	-	-	938,844	1,076,859
Plant & distribution/ collection systems	-	-	8,404,632	8,970,337	8,404,632	8,970,337
Equipment & furniture	418,576	526,960	134,310	142,984	552,886	669,944
Vehicles & motorized equipment	860,212	1,011,944	144,178	154,545	1,004,390	1,166,489
Infrastructure	4,943,848	4,557,472	-	-	4,943,848	4,557,472
Construction in progress	1,925,863	1,455,609	4,263,280	3,726,134	6,189,143	5,181,743
TOTALS	<u>\$ 10,749,001</u>	<u>\$ 10,300,460</u>	<u>\$ 13,155,004</u>	<u>\$ 13,210,511</u>	<u>\$ 23,904,005</u>	<u>\$ 23,510,971</u>

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, 2018

Long-Term Debt. As of June 30, 2018, the Town of Williamston had debt outstanding of \$6,855,042. Of this, \$1,451,619 represents governmental activities installment purchase financing debt and \$5,403,423, represents business-type activities debt related to water and sewer improvements.

TOWN OF WILLIAMSTON'S OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Installment purchase debt - fire truck	\$ -	\$ 62,000	\$ -	\$ -	\$ -	\$ 62,000
Installment purchase debt - police cars	72,665	109,331	-	-	72,665	109,331
Installment purchase debt - streets	480,000	600,000	-	-	480,000	600,000
Installment purchase debt - USDA	898,954	-	-	-	898,954	-
NC Clean Water Revolving Loan	-	-	4,402,579	4,974,434	4,402,579	4,974,434
Drinking Water State Revolving Loan	-	-	1,000,844	1,063,397	1,000,844	1,063,397
TOTALS	\$ 1,451,619	\$ 771,331	\$ 5,403,423	\$ 6,037,831	\$ 6,855,042	\$ 6,809,162

The Town of Williamston's total debt increased by \$45,880 (0.67%) during the current year, primarily due to \$898,954 in draws on a US Department of Agriculture Loan. The government also made principal payments on existing loans of \$853,074.

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 \$27,406,214. The Town has no bonds authorized but unissued at June 30, 2018.

Additional information regarding the Town of Williamston'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, 2018

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 5.4% compared to the North Carolina state average rate of 4.2%. The unemployment rate remains steady from the previous year showing a stable local economy even though not growing to any great extent.
- County-wide property revaluation occurred this past year and provided a very slight increase in projected revenue which should also be reflected in the new budget year.

Budget Highlights for the Fiscal Year Ending June 30, 2019

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 continued sub-regional market growth and the State adjusting the distribution formula. We expect to see a very small increase in property tax revenues due to property tax revaluation and business expansion within Town limits. The property tax rate will remain the same at \$0.79 per \$100 of assessed value.

Budgeted expenditures in the General Fund are \$5,972,658. This is a slight decrease from last year partially due to reduced debt service. Debt service in the General Fund continues to decrease. This year our debt service liability equates to 1.84% of the budget; down slightly from 2.3% 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 \$4,224,614. This is a slight decrease from the previous year due to the loss of Parkdale Yarn Mill water/sewer usage. There is no increase in the water, sewer or storm water fees in the fiscal year 2019 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 brentkanipe@townofwilliamston.com for more information.

Town Council Members

Joyce Whichard-Brown, Mayor

Al R. Chesson, Mayor Pro Tem

Ronell Rodgers

Junious J. Horton

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, 2018
Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 230,050	\$ 1,797,410	\$ 2,027,460
Investments	3,617,246	4,923,056	8,540,302
Taxes receivable (net)	631,286	-	631,286
Accrued interest receivable on taxes	155,620	-	155,620
Accounts receivable (net)	221,370	268,143	489,513
Due from other governments	411,063	-	411,063
Internal balances	(22,614)	22,614	-
Inventories	20,257	-	20,257
Restricted assets:			
Cash and investments	441,656	149,368	591,024
Due from other governments	-	26,180	26,180
Total current assets	<u>5,705,934</u>	<u>7,186,771</u>	<u>12,892,705</u>
Non-Current assets:			
Advance to General Fund	-	158,288	158,288
Land, non-depreciable improvements, and construction in progress	2,659,274	4,375,302	7,034,576
Other capital assets, net of depreciation	8,089,727	8,779,702	16,869,429
Total capital assets	<u>10,749,001</u>	<u>13,155,004</u>	<u>23,904,005</u>
TOTAL ASSETS	<u>16,454,935</u>	<u>20,500,063</u>	<u>36,954,998</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	566,515	86,636	653,151
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>566,515</u>	<u>86,636</u>	<u>653,151</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	367,694	40,862	408,556
Miscellaneous liabilities	16,581	-	16,581
Current portion of long-term liabilities	287,834	652,398	940,232
Payable from restricted assets	-	155,628	155,628
Total current liabilities	<u>672,109</u>	<u>848,888</u>	<u>1,520,997</u>
Long-term liabilities:			
Net pension liability	699,261	112,418	811,679
Total pension liability	362,173	-	362,173
Net OPEB liability	3,525,774	671,576	4,197,350
Advance from Water and Sewer Fund	158,288	-	158,288
Due in more than one year	1,432,992	4,800,026	6,233,018
TOTAL LIABILITIES	<u>6,850,597</u>	<u>6,432,908</u>	<u>13,283,505</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	8,051	-	8,051
Pension deferrals	76,233	3,920	80,153
OPEB deferrals	207,714	39,565	247,279
Total deferred inflows of resources	<u>291,998</u>	<u>43,485</u>	<u>335,483</u>
NET POSITION			
Net investment in capital assets	9,297,382	7,751,581	17,048,963
Restricted for:			
Stabilization by state statute	415,563	-	415,563
Streets	390,805	-	390,805
Public safety	15,162	-	15,162
Unrestricted	(240,057)	6,358,725	6,118,668
TOTAL NET POSITION	<u>\$ 9,878,855</u>	<u>\$ 14,110,306</u>	<u>\$ 23,989,161</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, 2018
Exhibit 2

	Program Revenues			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
FUNCTIONS/PROGRAMS				
PRIMARY GOVERNMENT:				
GOVERNMENTAL ACTIVITIES:				
General government	\$ 563,282	\$ 3,925	\$ -	\$ -
Public safety	3,157,699	763,646	521,746	-
Transportation	839,965	700	171,003	-
Economic and physical development	195,243	-	-	-
Environmental protection	546,827	60,107	34,960	-
Cultural and recreational	796,662	20,527	9,677	-
Interest on long-term debt	34,341	-	-	-
Total governmental activities	6,134,019	848,905	737,386	-
BUSINESS-TYPE ACTIVITIES:				
Water and sewer	4,290,683	4,081,029	25,350	-
Storm water	-	57,037	-	-
Total primary government	\$ 10,424,702	\$ 4,986,971	\$ 762,736	\$ -

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, 2018
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	\$ (559,357)	\$ -	\$ (559,357)
Public safety	(1,872,307)	-	(1,872,307)
Transportation	(668,262)	-	(668,262)
Economic and physical development	(195,243)	-	(195,243)
Environmental protection	(451,760)	-	(451,760)
Cultural and recreational	(766,458)	-	(766,458)
Interest on long-term debt	(34,341)	-	(34,341)
Total governmental activities	<u>(4,547,728)</u>	-	<u>(4,547,728)</u>
BUSINESS-TYPE ACTIVITIES:			
Water and sewer	-	(184,304)	(184,304)
Storm water	-	57,037	57,037
Total primary government	<u>(4,547,728)</u>	<u>(127,267)</u>	<u>(4,674,995)</u>
GENERAL REVENUES:			
Taxes:			
Property taxes, levied for general purpose	2,874,245	-	2,874,245
Other taxes	124,807	-	124,807
Grants & contributions not restricted to specific programs	1,612,044	-	1,612,044
Unrestricted investment earnings	51,340	83,018	134,358
Miscellaneous	14,443	3,893	18,336
Gain on disposal of capital assets	4,690	-	4,690
Transfers	(15,083)	15,083	-
Total general revenues and transfers	<u>4,666,486</u>	<u>101,994</u>	<u>4,768,480</u>
Change in net position	118,758	(25,273)	93,485
NET POSITION, BEGINNING, PREVIOUSLY REPORTED	12,057,117	14,790,242	26,847,359
Cumulative effect of change in accounting principle	(2,297,020)	(654,663)	(2,951,683)
NET POSITION, BEGINNING, RESTATED	9,760,097	14,135,579	23,895,676
NET POSITION, ENDING	<u>\$ 9,878,855</u>	<u>\$ 14,110,306</u>	<u>\$ 23,989,161</u>

The accompanying footnotes are an integral part of these financial statements

Town of Williamston, North Carolina
Governmental Funds
Balance Sheet
June 30, 2018
Exhibit 3

	Major Funds	Non-Major Funds	Total Governmental Funds
	General	Other Governmental Funds	
ASSETS			
Cash and cash equivalents	\$ 172,683	\$ 57,367	\$ 230,050
Investments	3,614,885	2,361	3,617,246
Restricted investments	383,136	58,520	441,656
Taxes receivable, net	631,286	-	631,286
Accounts receivable, net	221,370	-	221,370
Due from other governments	411,063	-	411,063
Inventories	20,257	-	20,257
TOTAL ASSETS	<u>\$ 5,454,680</u>	<u>\$ 118,248</u>	<u>\$ 5,572,928</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 166,674	\$ 183,371	\$ 350,045
Miscellaneous liabilities	16,581	-	16,581
Advance from Water and Sewer Fund	180,902	-	180,902
Total liabilities	<u>364,157</u>	<u>183,371</u>	<u>547,528</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	631,286	-	631,286
EMS receivables	216,870	-	216,870
Prepaid taxes	8,051	-	8,051
Total deferred inflows of resources	<u>856,207</u>	<u>-</u>	<u>856,207</u>
FUND BALANCES			
Non spendable:			
Inventories	20,257	-	20,257
Restricted:			
Stabilization by state statute	415,563	-	415,563
Streets	390,805	-	390,805
Public safety	15,162	-	15,162
Assigned:			
Economic and physical development	-	14,854	14,854
Unassigned			
Total fund balances	<u>3,392,529</u>	<u>(79,977)</u>	<u>3,312,552</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 5,454,680</u>	<u>\$ 118,248</u>	<u>\$ 5,572,928</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, 2018
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		\$ 4,169,193
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)	\$ 21,545,488	
Less accumulated depreciation	<u>(10,796,487)</u>	
Net capital assets		10,749,001
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred		155,620
Deferred outflows of resources related to pensions are not reported in the funds		566,515
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		
Property taxes receivable		631,286
EMS receivables		216,870
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		(17,649)
Installment financing debt		(1,451,619)
Net other postemployment benefits liability		(3,525,774)
Compensated absences		(269,207)
Net pension liability		(699,261)
Total pension liability		(362,173)
Deferred inflows of resources related to OPEB are not reported in the funds		(207,714)
Deferred inflows of resources related to pensions are not reported in the funds		<u>(76,233)</u>
Net position of governmental activities		<u><u>\$ 9,878,855</u></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, 2018
Exhibit 5

	Major Funds	Non-Major Funds	Total Governmental Funds
	General	Other Governmental Funds	
REVENUES			
Ad valorem taxes	\$ 2,820,696	\$ -	\$ 2,820,696
Other taxes and licenses	124,807	-	124,807
Unrestricted intergovernmental	1,612,044	-	1,612,044
Restricted intergovernmental	722,987	31,278	754,265
Permits and fees	2,111	-	2,111
Sales and services	613,045	-	613,045
Investment earnings	50,477	863	51,340
Miscellaneous and project income	3,775	5,000	8,775
Total revenues	5,949,942	37,141	5,987,083
EXPENDITURES			
Current:			
General government	477,471	-	477,471
Public safety	2,955,041	-	2,955,041
Transportation	605,381	1,070,255	1,675,636
Economic and physical development	169,206	12,785	181,991
Environmental protection	490,439	31,278	521,717
Cultural and recreational	604,190	-	604,190
Debt service:			
Principal	218,667	-	218,667
Interest and other charges	16,692	-	16,692
Total expenditures	5,537,087	1,114,318	6,651,405
Revenues over (under) expenditures	412,855	(1,077,177)	(664,322)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	4,690	-	4,690
Insurance claims	5,668	-	5,668
Installment purchase proceeds	-	898,954	898,954
Loan repayments to Water & Sewer Fund	-	-	-
Transfers from other funds	-	17,500	17,500
Transfers to other funds	(32,583)	-	(32,583)
Total other financing sources (uses)	(22,225)	916,454	894,229
Revenues and other financing sources over (under) expenditures and other uses	390,630	(160,723)	229,907
FUND BALANCE, BEGINNING AS PREVIOUSLY REPORTED	4,033,832	95,600	4,129,432
Prior period adjustment	(203,516)	-	(203,516)
FUND BALANCE, BEGINNING RESTATED	3,830,316	95,600	3,925,916
Change in reserve for inventories	13,370	-	13,370
FUND BALANCES, ENDING	\$ 4,234,316	\$ (65,123)	\$ 4,169,193

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, 2018
Exhibit 6

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

Net changes in fund balances of governmental funds	\$ 229,907
Change in fund balance due to change in reserve for inventories	13,370
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	1,205,825
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	(757,284)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	227,518
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	(898,954)
Principal payments on long-term debt	218,666
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	40,433
Increase in accrued interest receivable on taxes	13,116
Change in unavailable revenue for EMS revenues	216,870
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	(17,649)
Pension expense - LGERS	(235,390)
Pension expense - LEOSSA	(56,394)
Compensated absences	(34,221)
Other postemployment benefits plan expense	(47,055)
Total changes in net position of governmental activities	\$ 118,758

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, 2018
Exhibit 7

General Fund				
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 2,801,700	\$ 2,801,700	\$ 2,820,696	\$ 18,996
Other taxes and licenses	106,250	106,250	124,807	18,557
Unrestricted intergovernmental	1,548,000	1,548,000	1,612,044	64,044
Restricted intergovernmental	656,227	658,927	722,987	64,060
Permits and fees	4,060	4,060	2,111	(1,949)
Sales and services	600,950	600,950	613,045	12,095
Investment earnings	17,000	17,000	50,477	33,477
Miscellaneous income	3,880	267,172	3,775	(263,397)
Total revenues	5,738,067	6,004,059	5,949,942	(54,117)
EXPENDITURES				
Current:				
General government	600,628	647,941	477,471	170,470
Public safety	3,092,934	3,121,529	2,955,041	166,488
Transportation	548,415	650,802	605,381	45,421
Economic and physical development	126,316	278,816	169,206	109,610
Environmental protection	560,605	562,105	490,439	71,666
Cultural and recreational	666,804	670,501	604,190	66,311
Debt service:				
Principal	179,917	218,667	218,667	-
Interest and other charges	56,291	17,541	16,692	849
Total expenditures	5,831,910	6,167,902	5,537,087	630,815
Revenues over (under) expenditures	(93,843)	(163,843)	412,855	576,698
OTHER FINANCING SOURCES (USES)				
Appropriated fund balance - Powell Bill	-	170,000	-	(170,000)
Sale of capital assets	26,000	26,000	4,690	(21,310)
Insurance claims	4,000	4,000	5,668	1,668
Installment purchase proceeds	86,457	86,457	-	(86,457)
Loan repayments to Water and Sewer Fund	(22,614)	(22,614)	-	22,614
Transfers to other funds	-	(100,000)	(32,583)	67,417
Total other financing sources (uses)	93,843	163,843	(22,225)	(186,068)
Revenues and other financing sources over expenditures and other uses	\$ -	\$ -	390,630	\$ 390,630
FUND BALANCE, BEGINNING AS PREVIOUSLY REPORTED			4,033,832	
Prior period adjustment			(203,516)	
FUND BALANCE, BEGINNING, RESTATED			3,830,316	
Change in reserve for inventories			13,370	
FUND BALANCE, ENDING			\$ 4,234,316	

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, 2018
Exhibit 8

	Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Water and Sewer Fund	Storm Water Fund	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,688,535	\$ 108,875	\$ 1,797,410
Investments	4,923,056	-	4,923,056
Accounts receivable (net)	262,938	5,205	268,143
Advance to General Fund	22,614	-	22,614
Restricted assets:			
Cash and cash equivalents	149,368	-	149,368
Due from other governments	26,180	-	26,180
Total current assets	<u>7,072,691</u>	<u>114,080</u>	<u>7,186,771</u>
Non-current assets:			
Advance to General Fund	158,288	-	158,288
Capital assets:			
Land and other non-depreciable assets	4,375,302	-	4,375,302
Other capital assets, net of depreciation	8,779,702	-	8,779,702
Capital assets (net)	<u>13,155,004</u>	<u>-</u>	<u>13,155,004</u>
TOTAL ASSETS	<u>20,385,983</u>	<u>114,080</u>	<u>20,500,063</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	86,636	-	86,636
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>86,636</u>	<u>-</u>	<u>86,636</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	40,862	-	40,862
Compensated absences payable - current	17,990	-	17,990
NC Clean Water Revolving Loan - current	571,855	-	571,855
Drinking Water State Revolving Loan - current	62,553	-	62,553
Liabilities payable from restricted assets:			
Accounts payable	6,260	-	6,260
Customer deposits	149,368	-	149,368
Total current liabilities	<u>848,888</u>	<u>-</u>	<u>848,888</u>
Noncurrent liabilities:			
Net other postemployment benefits liability	671,576	-	671,576
Compensated absences payable	31,011	-	31,011
Net pension liability	112,418	-	112,418
NC Clean Water Revolving Loan	3,830,724	-	3,830,724
Drinking Water State Revolving Loan	938,291	-	938,291
Total noncurrent liabilities	<u>5,584,020</u>	<u>-</u>	<u>5,584,020</u>
TOTAL LIABILITIES	<u>6,432,908</u>	<u>-</u>	<u>6,432,908</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	3,920	-	3,920
OPEB deferrals	39,565	-	39,565
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>43,485</u>	<u>-</u>	<u>43,485</u>
NET POSITION			
Net investment in capital assets	7,751,581	-	7,751,581
Unrestricted	6,244,645	114,080	6,358,725
TOTAL NET POSITION	<u>\$ 13,996,226</u>	<u>\$ 114,080</u>	<u>\$ 14,110,306</u>

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, 2018
Exhibit 9

	Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Water and Sewer Fund	Storm Water Fund	
OPERATING REVENUES			
Charges for services	\$ 4,041,142	\$ 57,037	\$ 4,098,179
Water and sewer taps	3,800	-	3,800
Other operating revenues	36,087	-	36,087
Total operating revenues	<u>4,081,029</u>	<u>57,037</u>	<u>4,138,066</u>
OPERATING EXPENSES			
Water treatment and distribution	2,169,059	-	2,169,059
Water District 1	43,411	-	43,411
Water District 2	123,696	-	123,696
Waste collection and treatment	1,086,306	-	1,086,306
Engineering study - AIA project	25,350	-	25,350
Depreciation	632,503	-	632,503
Total operating expenses	<u>4,080,325</u>	<u>-</u>	<u>4,080,325</u>
Operating income	<u>704</u>	<u>57,037</u>	<u>57,741</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	83,018	-	83,018
State grant	25,350	-	25,350
Miscellaneous	3,893	-	3,893
Transfer of capital assets and related debt to			
Loss on disposal of capital assets	(92,400)	-	(92,400)
Interest and other charges	(117,958)	-	(117,958)
Total nonoperating revenues (expenses)	<u>(98,097)</u>	<u>-</u>	<u>(98,097)</u>
Income before contributions and transfers	(97,393)	57,037	(40,356)
Transfers from other funds	15,083	-	15,083
CHANGE IN NET POSITION	(82,310)	57,037	(25,273)
TOTAL NET POSITION, PREVIOUSLY REPORTED	14,733,199	57,043	14,790,242
Cumulative effect of change in accounting principle	(654,663)	-	(654,663)
TOTAL NET POSITION, BEGINNING, RESTATED	<u>14,078,536</u>	<u>57,043</u>	<u>14,135,579</u>
TOTAL NET POSITION, ENDING	<u>\$ 13,996,226</u>	<u>\$ 114,080</u>	<u>\$ 14,110,306</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, 2018
Exhibit 10

	Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Water and Sewer Fund	Storm Water Fund	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 4,082,763	\$ 56,375	\$ 4,139,138
Cash paid for goods and services	(2,784,359)	-	(2,784,359)
Cash paid to or on behalf of employees for services	(631,193)	-	(631,193)
Customer deposits received (net)	5,541	-	5,541
Net cash provided by operating activities	<u>672,752</u>	<u>56,375</u>	<u>729,127</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	15,083	-	
Miscellaneous revenue	3,893	-	3,893
Net cash provided by noncapital financing activities	<u>18,976</u>	<u>-</u>	<u>3,893</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Clean Water Revolving Loan proceeds	306,403	-	306,403
Acquisition and construction of capital assets	(726,867)	-	(726,867)
Capital contributions - State grant	84,070		
Principal paid on NC Clean Water Revolving Loan	(571,855)	-	(571,855)
Principal paid on NC Drinking Water State Revolving Loan	(62,553)	-	(62,553)
Interest paid on NC Clean Water Revolving Loan	(106,006)	-	(106,006)
Net cash used by capital and related financing activities	<u>(1,076,808)</u>	<u>-</u>	<u>(1,160,878)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings	83,018	-	83,018
Purchase of short-term investments	(4,923,056)	-	(4,923,056)
Loan repayments from General Fund	22,614	-	22,614
Net cash provided by investing activities	<u>(4,817,424)</u>	<u>-</u>	<u>(4,817,424)</u>
Net increase (decrease) in cash and cash equivalents	(5,202,504)	56,375	(5,146,129)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>7,040,407</u>	<u>52,500</u>	<u>7,092,907</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 1,837,903</u>	<u>\$ 108,875</u>	<u>\$ 1,946,778</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, 2018
Exhibit 10

Enterprise Funds		
Major Fund	Non-Major Fund	Total
Water and Sewer Fund	Storm Water Fund	

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$ 704	\$ 57,037	\$ 57,741
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	632,503	-	632,503
Changes in assets, deferred outflows of resources and liabilities:			
(Increase) decrease in accounts receivable	1,734	(662)	1,072
(Increase) decrease in prepaid expenses	5,434	-	5,434
(Increase) decrease in deferred outflows of resources - pensions	46,753	-	46,753
Increase (decrease) in net pension liability	(42,877)	-	(42,877)
Increase (decrease) in deferred inflows of resources - pensions	(2,254)	-	(2,254)
Increase (decrease) in accounts payable and accrued liabilities	7,929	-	7,929
Increase (decrease) in customer deposits	5,541	-	5,541
Increase (decrease) in compensated absences payable	8,322	-	8,322
Increase (decrease) in deferred inflows of resources - OPEB	39,565	-	39,565
Increase (decrease) in accrued OPEB liability	(30,602)	-	(30,602)
Total adjustments	672,048	(662)	631,821
Net cash provided by operating activities	<u>\$ 672,752</u>	<u>\$ 56,375</u>	<u>\$ 689,562</u>

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, 2018
Exhibit 11

	OPEB Trust Fund	Martin Memorial Library Trust Fund
ASSETS		
Investments	\$ 695,168	\$ 33,617
TOTAL ASSETS	<u>\$ 695,168</u>	<u>\$ 33,617</u>
LIABILITIES AND NET POSITION		
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Net Position:		
Net position for postemployment benefits other than pensions	695,168	-
Assets held in trust for citizens of the Town of Williamston	-	33,617
TOTAL NET POSITION	<u>\$ 695,168</u>	<u>\$ 33,617</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, 2018
Exhibit 12

	OPEB Trust Fund	Martin Memorial Library Trust Fund
ADDITIONS:		
Employer contributions	\$ 165,949	\$ -
Investment income:		
Net appreciation in fair value of investments	35,047	-
Interest	4,137	401
Total additions	<u>205,133</u>	<u>401</u>
DEDUCTIONS:		
Benefits	65,949	-
Library repairs	-	540
Total deductions	<u>65,949</u>	<u>540</u>
Change in net position	139,184	(139)
NET POSITION, BEGINNING	<u>555,984</u>	<u>33,756</u>
NET POSITION, ENDING	<u><u>\$ 695,168</u></u>	<u><u>\$ 33,617</u></u>

The accompanying footnotes are an integral part of these financial statements

Notes to the Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Williamston conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Williamston 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 three grant project funds that are restricted for use for a particular purpose:

Strategic Economic Development – Golden Leaf

Brownsfields Assessments Grants

Community Development Block Grant Project Fund – Downtown Redevelopment Grant

Capital Projects Funds. These funds are used to account for two governmental capital projects that are related to transportation and drainage improvements:

Skewarkee Canal Phase IV

Skewarkee Canal Phase IV-A – Railroad culvert Improvements Project

The Town reports the following major enterprise fund:

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

The Town reports the following non-major enterprise fund:

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.

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). Investments are reported at fair value, with the exception of NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool which complies with criteria set forth in Section 150: *Investments* of the GASB Codification and has

Town of Williamston, North Carolina

Notes to the Financial Statements

elected to measure the investment at amortized cost, which is the NCCMT's share price. The NCCMT - Term Portfolio's securities are valued at fair value.

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

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, 2018, 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, 2018 was comprised of the following amounts:

Governmental Activities

General Fund:

Powell Bill funds	\$ 383,136
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Capital Projects Fund:

Skewarkee Canal Phase IV-A	58,520
Total Governmental Activities	441,656

Business-type activities

Water and Sewer Fund:

Customer utility deposits	149,368
	149,368

Total restricted cash and investments	\$ 591,024
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Town of Williamston, North Carolina
Notes to the Financial Statements

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, 2017.

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 one item that meets this criterion,

Town of Williamston, North Carolina

Notes to the Financial Statements

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

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.

Town of Williamston, North Carolina Notes to the Financial Statements

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.

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

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

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.

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

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 Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Williamston's employer contributions are recognized when due and the Town of Williamston has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

14. Adoption of New Financial Accounting Standards

The following GASB Statements recently issued and adopted by the GASB impacted the Town's financial statements:

The Town implemented GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. GASB 75 will be effective for fiscal years beginning after June 15, 2017. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources deferred inflows of resources, and expense/expenditures. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. The Town has implemented this provision for the year ended June 30, 2018. The implementation of this statement resulted in a decrease of beginning net position of the governmental activities and business-type activities of the Town in the amount of \$2,297,020 and \$654,663, respectively.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* ("GASB 81"), requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. GASB 81 will be effective for the fiscal years beginning after December 15, 2016. Currently, this new standard has no effect on the Town's financial statements.

GASB Statement No. 85, *Omnibus 2017* ("GASB 85"), seeks to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). GASB 85 will be effective for the fiscal years beginning after June 15, 2017. Currently, this new standard has no effect on the Town's financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues* ("GASB 86"), seeks to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. GASB

Town of Williamston, North Carolina Notes to the Financial Statements

86 will be effective for the fiscal years beginning after June 15, 2017. Currently, this new standard has no effect on the Town's financial statements.

15. Future Accounting Pronouncements

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

GASB Statement No. 83, *Certain Asset Retirement Obligations* ("GASB 83"), requires that a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. GASB 83 will be effective for the fiscal years beginning after June 15, 2018. The Town is reviewing this standard to determine the effect on the Town's financial statements.

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. 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.

GASB Statement No. 88, *Certain Disclosures Related to Debt* ("GASB 88"), seeks to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. GASB 88 will be effective for the fiscal years beginning after June 15, 2018. The Town is reviewing this standard to determine the effect on the Town's financial statements.

Town of Williamston, North Carolina

Notes to the Financial Statements

GASB Statement No. 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period* (“GASB 89”), which intended to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and (2) to simplify accounting for interest cost incurred before the end of a construction period. The Town is currently assessing the impact of GASB 89 on the financial statements for the year ending June 30, 2020.

16. Subsequent Events – Date of Management’s Evaluation

Management has evaluated subsequent events through March 4, 2019, the date which the financial statements were available to be issued.

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 \$5,709,662 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 governmental activities column)	\$ 21,545,488
Less accumulated depreciation	<u>(10,796,487)</u>
Net capital assets	10,749,001
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred	155,620
Deferred outflows of resources related to pensions are not reported in the funds	566,515
Liabilities for earned revenues considered deferred inflows of resources in fund statements	
Property taxes receivable	631,286
EMS receivables	216,870
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	(17,649)
Installment financing debt	(1,451,619)
Net other postemployment benefits liability	(3,525,774)
Compensated absences	(269,207)
Net pension liability	(699,261)
Total pension liability	(362,173)
Deferred inflows of resources related to OPEB	(207,714)
Deferred inflows of resources related to pensions are not reported in the funds	<u>(76,233)</u>
Total adjustment	<u>\$ 5,709,662</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 \$(111,149) as follows:

Change in fund balance due to change in reserve for inventories	\$ 13,370
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	1,205,825
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	(757,284)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	227,518
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	(898,954)
Principal payments on long-term debt	218,666
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	40,433
Increase in accrued interest receivable on taxes	13,116
Change in unavailable revenue for EMS revenues	216,870
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	(17,649)
Pension expense - LGERS	(235,390)
Pension expense - LEOSSA	(56,394)
Compensated absences	(34,221)
Other postemployment benefits plan expense	(47,055)
Total adjustment	\$ (111,149)

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, 2018:

Skewarkee Canal Capital Project Fund Phase IV-A	\$79,977
Annexation Area A Capital Project Fund	\$584,061

The Town will draw down funds on approved loan in fiscal year 2019 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, 2018, the Town's deposits had a carrying amount of \$2,176,678 and a bank balance of \$2,819,033. 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, 2018, the Town's petty cash fund totaled \$150.

2. Investments

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

Investment Type	Valuation Measurement Method	Value	Less than 6 Months	6-12 Months
NC Capital Management Trust - Government Portfolio	Amortized Cost	\$ 3,015,677	N/A	N/A
NC Capital Management Trust - Term Portfolio	Fair Value - Level 1	5,999,898	5,999,898	-
Total Investments		\$ 9,015,575	\$ 5,999,898	\$ -

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 \$33,617. Fiduciary Funds do not appear on the Statement of Net Position.

* 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.

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, 2018. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

OPEB Trust Fund Investments

At June 30, 2018, the Town of Williamston Healthcare Benefits (HCB) Plan Fund had \$695,168 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

Town of Williamston, North Carolina
Notes to the Financial Statements

year-end, the State Treasurer’s OPEB Trust was invested as follows: State Treasurer’s STIF 22.80%; State Treasurer’s Non-Pension Fixed Income Fund (BIF) 13.37% and BlackRock’s MSCI ACWI EQ Index Non-Lendable Class B Fund 63.83%.

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

Investment Type	Valuation Measurement Method	Value	Less than 1 Year	1-5 Years	6-10 Years
NC Short Term Investment Fund (STIF) Blackrock MSCI ACWI EQ Index Non-Lendable Class B Fund	Fair Value - Level 1	\$ 158,485	\$ -	\$ -	\$ 158,485
North Carolina Non Pension Fixed Income	Fair Value - Level 1	443,736	N/A	N/A	N/A
	Fair Value - Level 1	92,947	-	-	92,947
Total OPEB Trust Fund Investments		\$ 695,168	\$ -	\$ -	\$ 251,432

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 1.4 years at June 30, 2018. The State Treasurer’s Non-Pension Fixed Income Fund (BIF) is unrated and had a weighted average maturity of 8.24 years at June 30, 2018.

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).

3. Receivables – Allowances for Doubtful Accounts

Receivables at the government-wide level at June 30, 2018, were as follows:

	Accounts Receivable	Taxes Receivable	Interest Receivable	Due from Other Governments	Total
Governmental activities:					
General	\$ 265,247	\$ 694,596	\$ 155,620	\$ 411,063	\$ 1,526,526
Other governmental	-	-	-	-	-
Total receivables	265,247	694,596	155,620	411,063	1,526,526
Allowance for doubtful accounts	(43,877)	(63,310)	-	-	(107,187)
Total governmental activities	\$ 221,370	\$ 631,286	\$ 155,620	\$ 411,063	\$ 1,419,339
Business-type activities					
Water and sewer	\$ 410,548	\$ -	\$ -	\$ 26,180	\$ 436,728
Storm water	5,205	-	-	-	5,205
Allowance for doubtful accounts	(147,610)	-	-	-	(147,610)
Total business-type activities	\$ 268,143	\$ -	\$ -	\$ 26,180	\$ 294,323

Town of Williamston, North Carolina
Notes to the Financial Statements

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

General Fund:

Sales tax refund	\$ 51,464
Local option sales tax	189,607
Utility franchise tax	96,124
NC Department of Public Safety - Regional Response Team Grant	13,403
Martin County - fire district taxes	30,018
Martin County - vehicle taxes	29,659
Solid waste disposal tax	788
Total	\$ 411,063

Water and Sewer Fund:

Water System Asset Inventory Assessment Project:	
NCDEQ - DWI Grant	26,180
	\$ 26,180

4. Capital Assets

Capital asset activity for the Town for the year ended June 30, 2018 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	1,455,609	1,070,254 (1)	600,000	1,925,863
Total capital assets not being depreciated	2,189,020	1,070,254	600,000	2,659,274
Capital assets being depreciated:				
Buildings	3,500,338	-	-	3,500,338
Land improvements	2,031,322	9,450	-	2,040,772
Equipment and furniture	2,098,501	-	-	2,098,501
Vehicles and motorized equipment	3,906,405	126,121	26,472	4,006,054
Infrastructure	6,640,549	600,000	-	7,240,549
Total capital assets being depreciated	18,177,115	735,571	26,472	18,886,214
Less accumulated depreciation for:				
Buildings	2,562,133	9,958	-	2,572,091
Land improvements	954,463	147,465	-	1,101,928
Equipment and furniture	1,571,541	108,384	-	1,679,925
Vehicles and motorized equipment	2,894,461	277,853	26,472	3,145,842
Infrastructure	2,083,077	213,624	-	2,296,701
Total accumulated depreciation	10,065,675	\$ 757,284	\$ 26,472	10,796,487
Total capital assets being depreciated, net	8,111,440			8,089,727
Governmental activity capital assets, net	\$ 10,300,460			\$ 10,749,001

Town of Williamston, North Carolina
Notes to the Financial Statements

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

General government	\$ 31,179
Public safety	259,914
Transportation	231,560
Economic and physical development	13,252
Environmental protection	31,546
Cultural and recreational	189,833
Total depreciation expense	<u>\$ 757,284</u>

(1) The Town transferred \$600,000 of street construction and \$600,000 of related debt from the business-type activities to the governmental activities in the fiscal year ended June 30, 2017. (See Note IIIC).

	Beginning Balances	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
Construction in progress	3,726,134	629,546	92,400	4,263,280
Total capital assets not being depreciated	<u>3,838,156</u>	<u>629,546</u>	<u>92,400</u>	<u>4,375,302</u>
Capital assets being depreciated:				
Buildings	241,512	-	-	241,512
Plant and distribution/collection systems	21,953,987	-	-	21,953,987
Equipment and furniture	540,040	9,951	-	549,991
Vehicles and motorized equipment	463,578	29,899	-	493,477
Total capital assets being depreciated	<u>23,199,117</u>	<u>39,850</u>	<u>-</u>	<u>23,238,967</u>
Less accumulated depreciation for:				
Buildings	137,023	7,907	-	144,930
Plant and distribution systems	12,983,650	565,705	-	13,549,355
Equipment and furniture	397,056	18,625	-	415,681
Vehicles and motorized equipment	309,033	40,266	-	349,299
Total accumulated depreciation	<u>13,826,762</u>	<u>\$ 632,503</u>	<u>\$ -</u>	<u>14,459,265</u>
Total capital assets being depreciated, net	<u>9,372,355</u>			<u>8,779,702</u>
Water and Sewer Fund capital assets, net	<u>\$ 13,210,511</u>			<u>\$ 13,155,004</u>

Town of Williamston, North Carolina
Notes to the Financial Statements

5. Construction Commitments

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

Project	Spent-to-Date	Remaining Commitment
Annexation Area A - technical services	\$ 799,596	\$ 11,822
Annexation Area A - construction	4,039,832	213,646
Skewarkee Canal - technical services	147,943	73,557
Skewarkee Canal - construction	943,035	57,633
Total	\$ 5,930,406	\$ 356,658

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2018, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Customer Deposits	Other	Total
Governmental Activities:						
General	\$ 33,677	\$ 132,997	\$ 17,649	\$ -	\$ 16,581	\$ 200,904
Other Governmental	183,371	-			-	183,371
Total governmental activities	\$ 217,048	\$ 132,997	\$ 17,649	\$ -	\$ 16,581	\$ 384,275
Business-type Activities:						
Water and sewer	\$ 14,929	\$ 20,241	\$ 11,952	\$ 149,368	\$ -	\$ 196,490

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, 2018, was 8.00% of compensation for law enforcement officers and 7.25% 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 \$264,095 for the year ended June 30, 2018.

Refunds of Contributions – Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Town of Williamston, North Carolina
Notes to the Financial Statements

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

At June 30, 2018, the Town reported a liability of \$811,679 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the Town's proportion was 0.05313%, which was a decrease of 0.00028% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized pension expense of \$235,290. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 46,760	\$ 22,976
Changes of assumptions	115,919	-
Net difference between projected and actual earnings on pension plan investments	197,076	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,678	5,329
Town contributions subsequent to the measurement date	264,095	-
Total	\$ 625,528	\$ 28,305

\$264,095 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2019	\$ 41,676
2020	233,879
2021	118,532
2022	(60,959)
2023	-
Thereafter	-

Town of Williamston, North Carolina Notes to the Financial Statements

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

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

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

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 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

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

1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
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Town's proportionate share of the net pension liability (asset)	\$ 2,436,679	\$ 811,679	\$ (544,683)
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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.

All full-time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2016, the Separation Allowance’s membership consisted of:

Town of Williamston, North Carolina
Notes to the Financial Statements

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

Inflation	2.50 percent
Salary Increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2016. Mortality rates are based on the RP-2014 Mortality tables with adjustments for mortality improvements based on Scale AA.

4. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the 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 \$0 as benefits came due for the reporting period.

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

At June 30, 2018, the Town reported a total pension liability of \$362,173. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the Town recognized pension expense of \$56,394.

Town of Williamston, North Carolina
Notes to the Financial Statements

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 42,566
Changes of assumptions	27,623	9,282
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	\$ 27,623	\$ 51,848

\$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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2019	\$ (4,012)
2020	(4,012)
2021	(4,012)
2022	(4,012)
2023	(4,012)
Thereafter	(4,165)

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

	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Total pension liability	\$ 411,228	\$ 362,173	\$ 318,688

Town of Williamston, North Carolina
Notes to the Financial Statements

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

	2018	2017
Beginning balance	\$ 339,901	\$ 311,753
Service cost	26,416	29,682
Interest on the total pension liability	13,120	11,130
Changes of benefit terms	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(49,176)	-
Changes of assumptions or other inputs	31,912	(12,664)
Benefit payments	-	-
Other changes	-	-
Ending balance of the total pension liability	<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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

	LGERS	LEOSSA	Total
Pension expense	\$ 235,390	\$ 56,394	\$ 291,784
Pension Liability	811,679	362,173	1,173,852
Proportionate share of the net pension liability	0.05313%	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	46,760	-	46,760
Changes of assumptions	115,919	27,623	143,542
Net difference between projected and actual earnings on plan investments	197,076		197,076
Changes in proportion and difference between contributions and proportionate share of contributions	1,678	-	1,678
Contributions, benefit payments and administrative costs paid subsequent to the measurement date	264,095	-	264,095
Deferred Inflows of Resources			
Differences between expected and actual experience	22,976	42,566	65,542
Changes of assumptions	-	9,282	9,282
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and difference between contributions and proportionate share of contributions	5,329	-	5,329

Town of Williamston, North Carolina Notes to the Financial Statements

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. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2018 were \$112,867, which consisted of \$42,987 from the Town and \$69,880 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.

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, 2018 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.

Town of Williamston, North Carolina
Notes to the Financial Statements

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, 2018, the HCB Plan membership consisted of the following:

Membership	2018
Inactive plan members or beneficiaries currently receiving benefit payments	17
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	57
Total	<u>74</u>

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.

Town of Williamston, North Carolina
Notes to the Financial Statements

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:

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:

Town of Williamston, North Carolina
Notes to the Financial Statements

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 \$165,949. The Fund is accounted for as a trust fund.

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 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, 2018:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Bond Index Fund	10.0%	
Equity Index Fund	65.0%	
Short Term Investment fund	25.0%	
Total	100.0%	5.5%

Town of Williamston, North Carolina
Notes to the Financial Statements

Rate of return. For the year ended June 30, 2018, 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, 2018 were as follows:

Total OPEB liability	\$ 4,892,518
Plan fiduciary net position	695,168
Town's net OPEB liability	<u>\$ 4,197,350</u>
Plan fiduciary net position as a percentage of the total OPEB liability	14.21%

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2016 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	3.5% - 7.35%
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	5.50%
Municipal Bond Index Rate	
Prior measurement date	3.56%
Measurement date	3.89%
Year FNP is projected to be depleted	
Prior measurement date	2022
Measurement date	2022
Single equivalent interest rate, net of OPEB plan investment expense, including price inflation	
Prior measurement date	3.62%
Measurement date	3.97%
Healthcare cost trends	
Pre-Medicare	7.75% for 2016 decreasing to an ultimate rate of 5.00% by 2022
Medicare	5.75% for 2016 decreasing to an ultimate rate of 5.00% by 2019

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, 2017 and June 30, 2018 for the employer and the plan, respectively, utilizing update procedures incorporating the actuarial assumptions.

Town of Williamston, North Carolina Notes to the Financial Statements

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, 2016 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, 2016 valuation were based on a review of recent plan experience done concurrently with the June 30, 2016 valuation.

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 3.62%. 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, 2016. In addition to the actuarial methods and assumptions of the June 30, 2016 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.50%.
- 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 2025 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 5.50% on Plan investments was applied to periods through 2025 and the Municipal Bond Index Rate at the Measurement Date (3.56%) was applied to periods on and after 2025, resulting in an SEIR at the Measurement Date (3.97%). As a result of the change to the Municipal Bond Index Rate, there was a

Town of Williamston, North Carolina Notes to the Financial Statements

change in the discount rate from 3.362% at the Prior Measurement Date to 3.97% 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.

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, 2018, 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 (2.97 percent) or 1-percentage-point higher (4.97 percent) than the current discount rate:

	1% Decrease (2.97%)	Discount Rate (3.97%)	1% Increase (4.97%)
Net OPEB liability	\$ 4,987,888	\$ 4,197,350	\$ 3,560,508

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, 2018, 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 (Pre-Medicare 6.75% decreasing to 4%) (Medicare 4.75% decreasing to 4%)	Pre-Medicare Healthcare Cost Trend Rate (7.75% decreasing to 5%), Medicare Healthcare Cost Trend Rate (5.75% decreasing to 5%)	1% Increase (Pre-Medicare 8.75% decreasing to 6%) (Medicare 6.75% decreasing to 6%)
Net OPEB liability	\$ 3,442,939	\$ 4,197,350	\$ 5,151,804

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

At June 30, 2018, the Town reported a net OPEB liability of \$4,197,350. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions.

Town of Williamston, North Carolina Notes to the Financial Statements

At June 30, 2018, the components of the net OPEB liability of the Town, measured as of June 30, 2017, were as follows:

	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balances at June 30, 2017	\$ 4,944,595	\$ 555,984	\$ 4,388,611
Changes for the year:			
Service cost	155,475	-	155,475
Interest	177,185	-	177,185
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(26,884)	-	(26,884)
Changes of assumptions	(257,004)	-	(257,004)
Contributions - employer		200,849	(200,849)
Net investment income		39,184	(39,184)
Benefit payments	(100,849)	(100,849)	-
Net change in total OPEB liability	(52,077)	139,184	(191,261)
Balances at June 30, 2018	<u>\$ 4,892,518</u>	<u>\$ 695,168</u>	<u>\$ 4,197,350</u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.62 percent in 2016 to 3.97 percent in 2017. 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, 2018, the Town recognized OPEB expense of \$56,018. At June 30, 2018, 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	\$ -	\$ 22,971
Changes of assumptions	-	219,594
Net difference between projected and actual earnings on plan investments	-	4,714
Total	<u>\$ -</u>	<u>\$ 247,279</u>

\$0 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, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Town of Williamston, North Carolina
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Year Ended June 30:

2019	\$ (42,501)
2020	(42,501)
2021	(42,501)
2022	(42,503)
2023	(41,323)
Thereafter	(35,950)

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	\$ 46,760
Changes of assumptions	143,542
Net difference between projected and actual earnings on pension plan investments	197,076
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,678
Town contributions subsequent to the measurement date	264,095
Benefit payments made and administrative expenses for LEOSSA	-
Total	<u><u>\$ 653,151</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)	\$ 8,051	\$ 8,051
Property taxes receivable (General Fund)	-	631,286
EMS receivable (General Fund)		216,870
Changes in assumptions	228,876	-
Differences between expected and actual experience	88,513	-
Net difference between projected and actual earnings on plan investments	4,714	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,329	-
Total	\$ 335,483	\$ 856,207

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 carries flood insurance through the National Flood Insurance Plan (NFIP). Because the Town is 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, the Town is eligible for and has purchased coverage of \$604,100 for Town Hall and the Wastewater Treatment Plant through the NFIP.

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, 2018, there are no pending or threatened litigation, claims or assessments against the Town.

7. Long-Term Obligations

a. Installment Purchase

In February 2017, the Town entered into an installment purchase contract to finance police cars. The financing contract requires annual principal payments of \$36,667 with an interest rate of 2.28%.

The future minimum payments of the installment purchase as of June 30, 2018, including \$2,477 of interest, are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2019	\$ 36,667	\$ 1,656	\$ 38,323
2020	35,998	821	36,819
Totals	<u>\$ 72,665</u>	<u>\$ 2,477</u>	<u>\$ 75,142</u>

Current fiscal year interest of \$2,230 has been reported as an expense on the Statement of Activities

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, 2018, the Town has drawn down loan proceeds of \$898,954. The financing contract requires annual payments of \$39,326 plus interest at 2.25% per annum, beginning January 9, 2019 through January 9, 2058.

The future minimum payments of the note payable as of June 30, 2018, including \$543,040 of interest, are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2019	\$ 16,151	\$ 23,175	\$ 39,326
2020	16,514	22,812	39,326
2021	16,886	22,440	39,326
2022	17,266	22,060	39,326
2023	17,654	21,672	39,326
2024-2028	94,412	102,218	196,630
2029-2033	105,522	91,108	196,630
2034-2038	117,940	78,690	196,630
2039-2043	131,819	64,811	196,630
2044-2048	147,331	49,299	196,630
2049-2053	164,669	31,961	196,630
2054-2058	52,790	12,794	65,584
Totals	<u>\$ 898,954</u>	<u>\$ 543,040</u>	<u>\$ 1,441,994</u>

Current fiscal year interest of \$10,921 has been reported as an expense on the Statement of Activities.

Town of Williamston, North Carolina
Notes to the Financial Statements

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, 2018, including \$20,760 of interest, are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2019	\$ 120,000	\$ 8,304	\$ 128,304
2020	120,000	6,228	126,228
2021	120,000	4,152	124,152
2022	120,000	2,076	122,076
Totals	<u>\$ 480,000</u>	<u>\$ 20,760</u>	<u>\$ 500,760</u>

Current fiscal year interest of \$16,539 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 \$308,275 plus semi-annual interest payments at the rate of 2.6% per annum on or before November 1 and May 1.

The future minimum payments of the NC Clean Water Revolving Loan as of June 30, 2018, including \$48,091 of interest, are as follows:

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2019	\$ 308,275	\$ 24,046	\$ 332,321
2020	308,274	16,030	324,304
2021	308,274	8,015	316,289
Totals	<u>\$ 924,823</u>	<u>\$ 48,091</u>	<u>\$ 972,914</u>

Related interest expense for the year ended June 30, 2018 in the amount of \$36,013 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, 2018, are as follows:

Town of Williamston, North Carolina
Notes to the Financial Statements

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2019	\$ 52,065	\$ -	\$ 52,065
2020	52,065	-	52,065
2021	52,065	-	52,065
2022	52,065	-	52,065
2023	52,066	-	52,066
2024-2028	260,327	-	260,327
2029-2033	260,327	-	260,327
2034	52,065	-	52,065
Totals	<u>\$ 833,045</u>	<u>\$ -</u>	<u>\$ 833,045</u>

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%. The future minimum payments of the NC Drinking Water Revolving Loan as of June 30, 2018, are as follows:

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2019	62,553	-	62,553
2020	62,553	-	62,553
2021	62,553	-	62,553
2022	62,553	-	62,553
2023	62,552	-	62,552
2024-2028	312,764	-	312,764
2029-2033	312,763	-	312,763
2034	62,553	-	62,553
Totals	<u>\$ 1,000,844</u>	<u>\$ -</u>	<u>\$ 1,000,844</u>

g. NC Clean Water Revolving Loan

As of June 30, 2018, the Town had drawn \$3,067,741 of what will be a \$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, 2018 is \$2,644,711. The financing contract requires annual principal payments of \$211,515 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, 2018, including \$607,133 of interest, are as follows:

Town of Williamston, North Carolina
Notes to the Financial Statements

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2019	\$ 211,515	\$ 70,054	\$ 281,569
2020	211,515	66,162	277,677
2021	211,515	62,270	273,785
2022	211,515	58,378	269,893
2023	211,515	54,486	266,001
2024-2028	1,057,575	214,053	1,271,628
2029-2031	529,561	81,730	611,291
Totals	<u>\$ 2,644,711</u>	<u>\$ 607,133</u>	<u>\$ 3,251,844</u>

Related interest expense for the year ended June 30, 2018 in the amount of \$81,945 has been reported as a direct water and sewer functional expense on the Statement of Activities.

h. Changes in Long-Term Liabilities

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

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Current Portion of Balance
Governmental activities:					
Installment purchase - Fire Truck	\$ 62,000	\$ -	\$ 62,000	\$ -	\$ -
Installment purchase - Police cars	109,331	-	36,666	72,665	36,667
Installment purchase - Streets	600,000	-	120,000	480,000	120,000
Installment purchase - USDA	-	898,954	-	898,954	16,151
Other postemployment benefits	3,686,433	-	160,659	3,525,774	-
Compensated absences	234,986	34,221	-	269,207	115,016
Net pension liability (LGERS)	978,244	-	278,983	699,261	-
Total pension liability (LEOSSA)	339,901	22,272	-	362,173	-
Governmental activity long-term liabilities	<u>\$ 6,010,895</u>	<u>\$ 955,447</u>	<u>\$ 658,308</u>	<u>\$ 6,308,034</u>	<u>\$ 287,834</u>

Town of Williamston, North Carolina
Notes to the Financial Statements

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Current Portion of Balance
Business-type activities:					
NC Clean Water Revolving Loan	\$ 1,233,098	\$ -	\$ 308,275	\$ 924,823	\$ 308,275
NC Clean Water Revolving Loan	885,110	-	52,065	833,045	52,065
NC Clean Water Revolving Loan	2,856,226	-	211,515	2,644,711	211,515
Drinking Water State Revolving Loan	1,063,397	-	62,553	1,000,844	62,553
Other postemployment benefits	702,178	-	30,602	671,576	-
Compensated absences	40,679	8,322	-	49,001	17,990
Net pension liability (LGERS)	155,295	-	42,877	112,418	-
Business-type activity long-term liabilities	<u>\$ 6,935,983</u>	<u>\$ 8,322</u>	<u>\$ 707,887</u>	<u>\$ 6,236,418</u>	<u>\$ 652,398</u>

At June 30, 2018, the Town of Williamston had a legal debt margin of \$27,406,214.

C. Interfund Balances and Activity

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

Balances Due to/from Other Funds

Due From Water System Asset Inventory Assessment Project to Water and Sewer Fund	\$ 21,560
Due From Annexation Area A Capital Project Fund to Water and Sewer Fund	<u>582,421</u>
Total due to / from other funds	<u><u>\$ 603,981</u></u>

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, 2018 was \$180,902. The loan will be repaid by June 2026.

\$ 180,902

Interest expense in the General Fund and the related interest income in the Water and Sewer Fund related to these internal balances was \$4,070.

Town of Williamston, North Carolina
Notes to the Financial Statements

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, 2018, consist of the following:

Transfers to/from Other Funds

From the General Fund to the Annexation Area A Capital Project Fund	\$ 15,083
From the General Fund to the Downtown Redevelopment Grant Project Fund	17,500
From the Water and Sewer Fund to the Annexation Area A Capital Project Fund	<u>175,507</u>
 Total interfund transfers	 <u><u>\$ 208,090</u></u>

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

Administrative Reimbursement of Expenses

From Water and Sewer Fund to General Fund	<u><u>\$ 657,827</u></u>
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Interfund Transfers of Capital Assets and Related Debt

Street construction and the related installment purchase debt related to the Annexation Area A Water and Sewer Capital Projects Fund have been transferred from the business-type activities to the governmental activities as follows:

Street construction	\$ 600,000
Related installment purchase debt	(600,000)
Total	<u><u>\$ -</u></u>

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 \$9,000 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, 2018. 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 \$7,879 for the fiscal year ended June 30, 2018.

Town of Williamston, North Carolina
Notes to the Financial Statements

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	\$ 4,234,316
Less:	
Inventories	20,257
Stabilization by State Statute	415,563
Streets - Powell Bill	390,805
Public safety	15,162
Appropriated Fund Balance in 2019 budget	<u>-</u>
Remaining Fund Balance	<u><u>\$ 3,392,529</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, 2018.

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 March 4, 2019, 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, 2018, the Town has not received any grant funds or expended any funds for this grant project.

In April 2018, the Town established a \$565,395 Capital Project Ordinance to acquire a custom Pumper Fire Engine. The project is to be funded by an installment purchase contract with a local bank. The fire truck will be delivered and purchased in fiscal year 2019.

On August 6, 2018 the Town approved Capital Project Ordinances to renovate the Fire Department and Police Department at an estimated cost of \$1,082,400 and \$1,830,400. The projects are to be funded by an installment purchase contract with a local bank.

IX. Change in Accounting Principles/Restatement

The City implemented Governmental Accounting Standards Board (GASB) No. Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the City to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the City related to OPEB during the measurement period (fiscal year ending June 30, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for the governmental activities decreased \$2,297,020 and \$654,663 for the business-type activities.

The beginning fund balance in the General Fund as of July 1, 2017 has been restated to record an interfund loan payable to the Water and Sewer Fund in the amount of \$203,516. The loan is payable in annual installments of \$22,614 plus interest at a rate of 2% per annum through June 30, 2026. The outstanding loan payable from the General Fund and loan receivable in the Water and Sewer Fund as of June 30, 2018 is \$180,902. As a result, beginning fund balance in the General Fund decreased \$203,516.

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**

	2018	2017
Annual money-weighted rate of return, net of investment expense	4.10%	4.50%

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

Fiscal Year Ending June 30	2018	2017	2016
Actuarially Determined Contribution	\$ 304,130	\$ 358,132	\$ 358,132
Contribution in relation to the			
Actuarially Determined Contribution	200,849	320,456	129,234
Annual contribution deficiency (excess)	<u>\$ 103,281</u>	<u>\$ 37,676</u>	<u>\$ 228,898</u>
Covered payroll	\$ 2,189,000	\$ 2,189,000	\$ 2,189,000
Actual contributions as a percentage of covered payroll	9.18%	14.64%	5.90%

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	5.50%
Healthcare cost trend rates	
Pre-Medicare	7.75% for 2016 decreasing to an ultimate rate of 5.00% by 2022
Medicare	5.75% for 2016 decreasing to an ultimate rate of 5.00% by 2019
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	3.56%
Measurement date	3.89%
Year FNP is projected to be depleted	
Prior measurement date	2022
Measurement date	2025
Single Equivalent Interest Rate net of OPEB plan	
Investment expense, including price inflation	
Prior measurement date	3.62%
Measurement date	3.97%

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	2018	2017
Total OPEB Liability		
Service cost at end of year	\$ 155,475	\$ 173,489
Interest on the Total OPEB Liability	177,185	156,902
Changes of benefit terms	-	-
Difference between expected and actual experience	(26,884)	-
Changes of assumptions or other inputs	(257,004)	(436,391)
Benefit payments*	(100,849)	(120,456)
Net change in Total OPEB Liability	<u>(52,077)</u>	<u>(226,456)</u>
Total OPEB Liability - beginning	4,944,595	5,171,051
Total OPEB Liability - ending (a)	<u>4,892,518</u>	<u>4,944,595</u>
 Plan Fiduciary Net Position		
Contributions - employer**	200,849	320,456
Contributions - non-employer	-	-
Contributions - active member	-	-
Net investment income	39,184	45,737
Benefit payments*	(100,849)	(120,456)
Administrative expense	-	-
Other	-	-
Net change in Plan Fiduciary net Position	<u>139,184</u>	<u>245,737</u>
Plan Fiduciary Net Position - beginning	555,984	310,247
Plan Fiduciary Net Position - ending (b)	<u>695,168</u>	<u>555,984</u>
Net OPEB Liability - ending (a) - (b)	<u>\$ 4,197,350</u>	<u>\$ 4,388,611</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	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	2018	2017	2016
Total OPEB Liability	\$ 4,892,518	\$ 4,944,595	\$ 5,171,051
Plan Fiduciary Net Position	695,168	555,984	310,247
Net OPEB Liability	<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	14.21%	11.24%	6.00%
Covered payroll	\$ 2,189,000	\$ 2,189,000	\$ 2,189,000
Net OPEB liability as a percentage of covered payroll	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 Five Fiscal Years*

Local Government Employees' Retirement System

	2018	2017	2016	2015	2014
Town of Williamston's proportion of the net pension liability (asset) (%)	0.05313%	0.05341%	0.05246%	0.05400%	0.05310%
Town of Williamston's proportion of the net pension liability (asset) (\$)	\$ 811,679	\$ 1,133,539	\$ 235,438	\$ (318,463)	\$ 640,059
Town of Williamston's covered payroll	\$ 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	24.56%	35.27%	7.70%	(11.10%)	23.06%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

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 Five Fiscal Years

Local Government Employees' Retirement System

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 264,095	\$ 245,462	\$ 216,799	\$ 218,990	\$ 204,434
Contributions in relation to the contractually required contribution	264,095	245,462	216,799	218,990	204,434
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Town of Williamston's covered payroll	\$ 3,433,595	\$ 3,305,438	\$ 3,213,591	\$ 3,058,933	\$ 2,869,087
Contributions as a percentage of covered payroll	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, 2018

Law Enforcement Officers' Special Separation Allowance

	2018	2017
Beginning balance	\$ 339,901	\$ 311,753
Service cost	26,416	29,682
Interest on the total pension liability	13,120	11,130
Difference between expected and actual experience	(49,176)	-
Changes of assumptions or other inputs	31,912	(12,664)
Ending balance of the total pension liability	<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, 2018

Law Enforcement Officers' Special Separation Allowance

	2018	2017
Total pension liability	\$ 362,173	\$ 339,901
Covered payroll	871,207	965,493
Total pension liability as a percentage of covered payroll	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, 2018

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017)

	2018			2017
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad valorem taxes				
Current year	\$	\$ 2,669,854	\$	\$ 2,618,073
Prior years		116,516		110,338
Penalties and interest		34,326		36,450
Total	2,801,700	2,820,696	18,996	2,764,861
Other taxes and licenses				
Gross receipts tax on short-term rental property		9,767		10,645
Beer and wine licenses		335		350
Auto licenses		19,736		19,825
Auto licenses - restricted		94,969		77,602
Total	106,250	124,807	18,557	108,422
Unrestricted intergovernmental				
Local option sales taxes		1,140,792		1,100,550
Payments in lieu of taxes		3,629		3,251
Telecommunications sales tax		69,839		76,927
Utility sales tax		307,839		306,376
Piped natural gas sales tax		2,995		2,345
Video franchise fee		40,353		41,745
ABC profit distributions		22,593		22,451
Beer and wine tax		24,004		25,184
Total	1,548,000	1,612,044	64,044	1,578,829
Restricted intergovernmental				
Powell Bill allocation		171,003		172,090
Municipal participation sidewalk reimbursement		-		20,420
Controlled substance tax		7,796		8,518
Disaster Grants - Public Assistance		-		118,199
N.C. Department of Public Safety - Regional Response Team Grant		68,471		68,970
Governor's Crime Commission - Body Camera Grant		-		13,349
Safe Kids Grant		2,259		-
Fire district - Martin County		263,000		257,060
Rescue squad - Martin County		180,220		145,750
Recreation - Martin County		9,677		9,677
On-behalf of payments - Fire and Rescue		16,879		-
Solid waste disposal tax		3,682		3,737
Total	658,927	722,987	64,060	817,770

(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, 2018
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017)

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
Permits and fees				
Fire code permits & inspection application fees		1,150		1,400
Court fees		931		1,663
Business registration fees		30		773
Total	4,060	2,111	(1,949)	3,836
Sales and services				
EMS collections		456,459		449,907
EMS - Medicaid cost settlement		69,452		54,667
Recreation fees and rents		20,527		22,178
Cemetery revenues		56,200		53,375
Rooks cemetery maintenance funds		3,907		3,533
Police department		1,905		2,893
Zoning		3,895		2,505
Street, driveways and lot cleaning		700		400
Total	600,950	613,045	12,095	589,458
Investment earnings	17,000	50,477	33,477	17,738
Miscellaneous				
Miscellaneous		3,775		286
Total	267,172	3,775	(263,397)	286
Total revenues	6,004,059	5,949,942	(54,117)	5,881,200
EXPENDITURES	6,167,902	5,537,087	630,815	5,391,765
Revenues over (under) expenditures	(163,843)	412,855	576,698	489,435

(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, 2018

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017)

	2018			2017
	Budget	Actual	Variance Positive (Negative)	Actual
OTHER FINANCING SOURCES (USES)				
Appropriated fund balance - Powell Bill	170,000	-	(170,000)	-
Sale of capital assets	26,000	4,690	(21,310)	36,384
Insurance claims	4,000	5,668	1,668	13,353
Installment purchase proceeds	86,457	-	(86,457)	110,000
Loan repayments to Water and Sewer Fund	(22,614)	-	22,614	-
Transfers to other funds:				
Capital Projects Fund	(100,000)	(32,583)	67,417	-
Total other financing sources (uses)	<u>163,843</u>	<u>(22,225)</u>	<u>(186,068)</u>	<u>159,737</u>
Revenues and other financing sources over expenditures and other uses	<u>\$ -</u>	<u>390,630</u>	<u>\$ 390,630</u>	<u>649,172</u>
FUND BALANCE, BEGINNING, AS PREVIOUSLY REPORTED		3,830,316		3,412,557
Prior period adjustment		-		(226,130)
FUND BALANCE, BEGINNING, RESTATED		<u>3,830,316</u>		<u>3,186,427</u>
Change in reserve for inventories		<u>13,370</u>		<u>(5,283)</u>
FUND BALANCE, ENDING		<u>\$ 4,234,316</u>		<u>\$ 3,830,316</u>

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2018

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017)

2018			2017
Budget	Actual	Variance Positive (Negative)	Actual

GENERAL GOVERNMENT

Governing body and administration:

Salaries - elected officials	\$	\$ 34,015	\$	\$ 33,727
Salaries - regular		349,178		292,777
FICA tax		27,329		23,572
Group insurance		92,945		98,081
Retirement		25,706		20,999
Professional services		75,595		81,161
Employee training		5,376		5,159
Board training		3,261		2,179
Telephone		4,612		5,720
Postage		2,149		3,635
Travel / meetings		5,572		4,837
Repairs - equipment		4,447		5,104
Equipment - rents, leases		14,129		7,856
Advertising		5,821		6,057
Automotive supplies		425		213
Office supplies		5,488		6,989
Department supplies		1,204		2,406
Bank charges		690		712
Garbage collection		344		172
Contracted services		-		129
Govdeals auction fees		352		2,729
Taxes - Town owned property		1,001		-
Dues		1,533		1,072
Insurance		8,969		13,320
Miscellaneous		1,132		490
Tax collection fees		11,733		11,951
Small expendable equipment		5,583		8,483
Enterprise fund administration		(657,827)		(629,554)
Total		134,610		30,762
				103,848
				9,976

Planning department:

Salaries - regular		113,291		133,559
FICA tax		8,584		10,073
Group insurance		9,092		12,020
Retirement		7,310		8,474
Professional services		384		693
Marketing Town of Williamston		5,458		5,397
Employee training		2,042		2,568
Telephone		1,159		880
Postage		347		454
Travel / meetings		380		235
Repairs - equipment		110		2,715

(continued)

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2018

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017)

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
Planning department, continued				
Repairs - vehicles		27		18
Advertising		827		284
Automotive supplies		255		2,403
Office supplies		279		192
Department supplies		398		204
Code enforcement		9,838		15,526
Dues		613		569
Insurance		514		2,984
Miscellaneous		611		108
Capital outlay		-		10,547
Small expendable equipment		24,183		-
Total	229,964	185,702	44,262	209,903
Public buildings:				
Salaries - regular		13,234		5,584
FICA tax		1,009		384
Utilities		11,661		10,998
Repairs - buildings and grounds		10,094		7,068
Repairs - equipment		1,606		305
Department supplies		3,719		2,169
Bank charges		42		42
Garbage collection		973		928
Contracted services		70		3,340
Insurance		7,714		7,839
Miscellaneous		-		48
Small expendable equipment		-		1,968
Total	57,443	50,122	7,321	40,673
Town garage:				
Salaries - regular		120,044		116,048
FICA tax		8,099		7,633
Group insurance		16,254		16,145
Retirement		8,871		8,284
Professional services		184		169
Employee training		-		70
Telephone		253		214
Utilities		2,638		568
Repairs - buildings and grounds		37,680		1,031
Repairs - equipment		1,515		669
Leases		104		-
Automotive supplies		1,565		770
Department supplies		3,449		2,708
Bank charges		76		76

(continued)

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2018

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017)

	2018		2017
	Budget	Actual	Actual
Town garage, continued			
Uniforms		1,640	1,528
Garbage collection		1,280	1,236
Contracted services		2,060	2,939
Insurance		3,625	5,414
Miscellaneous		19	149
Small expendable equipment		1,529	1,862
Total	225,924	210,885	167,513
Total general government	647,941	477,471	428,065
PUBLIC SAFETY			
Police department:			
Salaries - regular		868,072	857,218
Salaries - temporary		58,978	51,505
FICA tax		68,456	68,374
Group insurance		101,321	113,586
Retirement		117,630	114,778
Professional services		26,084	15,409
Employee training		13,762	12,997
Telephone		12,684	12,250
Postage		149	138
Travel		160	120
Repairs - equipment		5,363	3,428
Repairs - vehicles		10,590	17,285
Advertising		135	473
Automotive supplies		48,407	33,613
Office supplies		1,685	898
Department supplies		6,777	5,042
Bank charges		586	586
Uniforms		15,471	9,764
Dues		1,162	1,326
Insurance		38,255	44,272
Drug control		7,000	7,000
Drug and federal forfeiture tax		13,789	950
Miscellaneous		1,352	1,346
Community involvement		1,073	988
Hurricane Matthew		-	388
Capital outlay		78,449	108,818
Small expendable equipment		4,033	44,137
Total	1,597,722	1,501,423	1,526,689

(continued)

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2018

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017)

	2018		2017
	Budget	Actual	Actual
Fire department:			
Salaries - regular		298,866	260,288
Salaries - temporary		2,280	7,585
Supplemental retirement and other benefits		9,992	9,992
FICA tax		22,228	19,666
Group insurance		38,033	42,241
Retirement		22,393	18,746
On-behalf payments - FRSWPF		12,317	-
Professional services		4,842	4,512
Employee training		4,312	3,906
Telephone		5,517	4,994
Postage		196	192
Utilities		564	383
Travel		271	263
Repairs - buildings and grounds		53	315
Repairs - equipment		57,893	20,984
Automotive supplies		21,217	15,826
Office supplies		253	399
Department supplies		2,784	3,689
Bank charges		298	298
Uniforms		4,741	1,561
Garbage collection		937	539
Dues		824	734
Insurance		28,325	27,389
Miscellaneous		1,134	521
Lightning strike		-	347
Capital outlay		21,000	5,858
Small expendable equipment		25,205	21,264
Total	619,745	586,475	472,492
Regional response team:			
Salaries - regular		-	41
Salaries - training		3,350	6,229
Professional services		15,000	14,980
Employee training		20,707	15,292
Telephone		566	456
Travel		400	400
Equipment repair		4,118	3,993

(continued)

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2018

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017)

	2018		2017
	Budget	Actual	Actual
Regional response team, continued			
Department supplies		2,688	708
Uniforms		2,265	4,045
Insurance		5,000	5,000
Capital outlay		26,673	-
Small expendable equipment		9,728	4,492
Total	97,595	90,495	7,100
Rescue squad:			
Salaries - regular		467,335	440,207
Salaries - temporary		17,480	14,716
Supplemental retirement		720	720
FICA tax		35,377	33,541
Group insurance		65,083	65,492
Retirement		34,644	31,806
On-behalf payments - FRSWPF		4,562	-
Professional services		44,033	42,712
Employee training		2,200	2,754
Telephone		2,337	2,192
Postage		8	4
Utilities		14,212	11,680
Travel		256	60
Repairs - buildings and grounds		6,068	4,567
Repairs - equipment		8,050	18,671
Equipment - rents, leases		3,082	5,688
Automotive supplies		10,590	8,849
Office supplies		1,500	2,494
Department supplies		21,577	14,054
Bank charges		248	248
Uniforms		4,611	4,045
Garbage collection		1,337	1,604
Dues		928	892
Insurance		23,021	26,245
Miscellaneous		311	141
Hurricane Matthew		-	1,572
Capital outlay		-	12,453
Small expendable equipment		7,078	124
Total	806,467	776,648	29,819
Total public safety	3,121,529	2,955,041	166,488

(continued)

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2018

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017)

2018			2017
Budget	Actual	Variance Positive (Negative)	Actual

TRANSPORTATION

Street repair and construction:

Salaries - regular	194,689		173,481	
Salaries - temporary	1,389		2,327	
FICA tax	14,305		13,463	
Group insurance	32,552		35,966	
Retirement	14,537		12,767	
Professional services	473		1,181	
Employee training	262		15	
Telephone	740		658	
Utilities	132,497		132,427	
Travel	60		49	
Repairs - buildings and grounds	1,506		-	
Repairs - equipment	10,199		5,494	
Equipment rent/leases	104		-	
Advertising	696		53	
Automotive supplies	10,078		6,147	
Department supplies	4,685		6,767	
Bank charges	232		232	
Uniforms	4,422		4,089	
Powell Bill - services	39,543		41,547	
Powell Bill - project	112,853		-	
Powell Bill - equipment operations	14,142		11,474	
Contracted services	243		84	
Insurance	12,434		12,625	
Miscellaneous	87		245	
Hurricane Matthew debris cleanup	-		64,344	
Capital outlay	-		68,463	
Small expendable equipment	2,653		1,325	
Total transportation	650,802	605,381	45,421	595,223

ECONOMIC AND PHYSICAL DEVELOPMENT

Martin County Arts Council	6,000		6,000
Williamston Downtown	5,431		5,647
Williamston Downtown, Inc. Facade	6,000		6,000
Williamston Beautification	-		43
Hwy 17 Association	2,500		2,500
Mid-East Commission	1,777		1,777
Martin County Historical Society	2,000		2,000
Institute of Government	682		642
Martin County Chamber	715		715
Committee of 100	500		500
NCLM	6,168		6,490
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, 2018

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017)

	2018			2017
	Budget	Actual	Variance Positive (Negative)	Actual
ECONOMIC AND PHYSICAL DEVELOPMENT, continued				
Committee of 1000		-		1,000
Employer contributions to OPEB Trust Fund		120,933		229,448
Total economic & physical development	278,816	169,206	109,610	279,262
ENVIRONMENTAL PROTECTION				
Sanitation:				
Salaries - regular		229,706		245,459
Salaries - temporary		1,285		2,437
FICA tax		17,376		18,642
Group insurance		52,199		56,122
Retirement		17,210		17,767
Professional services		132		56
Telephone		820		605
Travel		40		-
Repairs - equipment		9,709		17,330
Equipment rent		104		-
Advertising		148		35
Automotive supplies		30,680		19,763
Department supplies		1,722		2,437
Mosquito control		39		3,295
Martin County Landfill		13,703		11,527
Bank charges		153		153
Uniforms		6,040		6,505
Contracted services		852		84
Insurance		11,152		24,084
Miscellaneous		277		679
Hurricane Matthew debris cleanup		-		90
Small equipment		342		-
Total	448,333	393,689	54,644	427,070
Cemetery:				
Salaries - regular		55,020		53,507
Salaries - temporary		3,525		3,073
FICA tax		4,425		4,304
Group insurance		9,621		11,378
Retirement		4,317		3,838
Professional services		45		125
Telephone		403		438
Utilities		811		706
Repairs - buildings and grounds		2,124		128
Repairs - equipment		1,168		1,901
Automotive supplies		2,941		1,484
Department supplies		762		1,184
Bank charges		39		39
Rooks fund expense		490		480

(continued)

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2018

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017)

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
Cemetery, continued				
Uniforms		836		952
Insurance		276		2,401
Miscellaneous		469		235
Capital outlay		9,450		-
Small expendable equipment		28		1,371
Total	113,772	96,750	17,022	87,544
Total environmental protection	562,105	490,439	71,666	514,614
CULTURAL AND RECREATIONAL				
Recreation:				
Salaries - regular		209,673		211,672
Salaries - temporary		67,947		68,256
FICA tax		20,411		20,187
Group insurance		27,059		29,121
Retirement		16,980		16,376
Professional services		3,366		2,459
Employee training		1,154		1,345
Telephone		4,653		5,179
Postage		121		220
Utilities		25,563		23,722
Travel		30		185
Repairs - buildings and grounds		23,609		56,002
Repairs - equipment		9,272		7,473
Automotive supplies		10,464		7,375
Department supplies		28,659		30,351
Bank charges		260		225
Supplies - turf grass management		8,042		9,915
Uniforms		2,026		2,459
Garbage collection		5,364		4,651
Contracted services		3,420		1,787
Dues		355		225
Insurance		14,361		14,590
Miscellaneous		1,845		2,031
Capital outlay		-		64,127
Small expendable equipment		1,481		6,915
Total	551,209	486,115	65,094	586,848

(continued)

Town of Williamston, North Carolina
General Fund
Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2018
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017)

	2018			2017
	Budget	Actual	Variance Positive (Negative)	Actual
Cultural:				
Martin Memorial Library		101,797		98,100
Stampede Festival		10,804		8,598
Sustainable Communities Program		500		500
Christmas decorations		2,848		5,626
Christmas parade		2,126		3,073
Total	119,292	118,075	1,217	115,897
Total cultural and recreational	670,501	604,190	66,311	702,745
Debt service:				
Principal retirement	218,667	218,667	-	62,669
Interest	17,541	16,692	849	6,839
Total debt service	236,208	235,359	849	69,508
Total expenditures	\$ 6,167,902	\$ 5,537,087	\$ 630,815	\$ 5,391,765

Town of Williamston, North Carolina
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2018

	Total Non-Major Special Revenue Funds	Total Non-Major Capital Projects Funds	Total Non-Major Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 20,093	\$ 37,274	\$ 57,367
Investments	2,361	58,520	60,881
TOTAL ASSETS	\$ 22,454	\$ 95,794	\$ 118,248
LIABILITIES			
Accounts payable and accrued liabilities	\$ 7,600	\$ 175,771	\$ 183,371
FUND BALANCES			
Assigned:			
Economic and physical development	14,854	-	14,854
Unassigned	-	(79,977)	(79,977)
Total fund balances	14,854	(79,977)	(65,123)
TOTAL LIABILITIES AND FUND BALANCES	\$ 22,454	\$ 95,794	\$ 118,248

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, 2018

	Total Non-Major Special Revenue Funds	Total Non-Major Capital Projects Funds	Total Non-Major Governmental Funds
REVENUES			
Restricted intergovernmental	\$ 31,278	\$ -	\$ 31,278
Miscellaneous and project income	5,000	-	5,000
Investment earnings	-	863	863
Total revenues	36,278	863	37,141
EXPENDITURES			
Current:			
Economic and physical development	12,785	-	12,785
Environmental protection	31,278	-	31,278
Transportation	-	1,070,255	1,070,255
Total expenditures	44,063	1,070,255	1,114,318
Revenues over (under) expenditures	(7,785)	(1,069,392)	(1,077,177)
OTHER FINANCING SOURCES			
Proceeds of long term debt	-	898,954	898,954
Transfers from other funds	17,500	-	17,500
Transfers to other funds	-	-	-
Total other financing sources	17,500	898,954	916,454
Revenues and other financing sources over (under) expenditures and other uses	9,715	(170,438)	(160,723)
FUND BALANCE, BEGINNING	5,139	90,461	95,600
FUND BALANCE, ENDING	\$ 14,854	\$ (79,977)	\$ (65,123)

Town of Williamston, North Carolina
Non-Major Governmental Special Revenue Funds
Combining Balance Sheet
June 30, 2018

	Strategic Economic Development - Golden Leaf	Brownfields Assessment Grants	CDBG Downtown Redevelopment Grant	Total Non-Major Special Revenue Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 20,093	\$ 20,093
Investments	2,361	-	-	2,361
TOTAL ASSETS	\$ 2,361	\$ -	\$ 20,093	\$ 22,454
LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ -	7,600	\$ 7,600
FUND BALANCES				
Assigned:				
Economic and physical development	2,361	-	12,493	14,854
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,361	\$ -	\$ 20,093	\$ 22,454

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, 2018

	Strategic Economic Development - Golden Leaf	Brownfields Assessment Grants	CDBG Downtown Redevelopment Grant	Total Non-Major Special Revenue Funds
REVENUES				
Restricted intergovernmental	\$ -	\$ 31,278	\$ -	\$ 31,278
Miscellaneous and project income	-	-	5,000	5,000
Total revenues	-	31,278	5,000	36,278
EXPENDITURES				
Current:				
Economic and physical development	-	-	12,785	12,785
Environmental protection	-	31,278	-	31,278
Total expenditures	-	31,278	12,785	44,063
Revenues over (under) expenditures	-	-	(7,785)	(7,785)
OTHER FINANCING SOURCES				
Transfers from other funds:				
General Fund	-	-	17,500	17,500
Revenues and other financing sources over expenditures	-	-	9,715	9,715
FUND BALANCE, BEGINNING	2,361	-	2,778	5,139
FUND BALANCE, ENDING	\$ 2,361	\$ -	\$ 12,493	\$ 14,854

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, 2018**

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, 2018**

BROWNFIELDS ASSESSMENT GRANTS

Project Authorization	Actual			Variance Positive (Negative)
	Prior Years	Current Year	Total to Date	

REVENUES

Restricted intergovernmental revenues:

EPA - Brownfields Assessment Grant - Royster Clark	\$ 168,000	\$ 145,824	\$ 15,862	\$ 161,686	\$ (6,314)
EPA - Brownfields Assessment Grant - Windsor Oil	166,800	146,205	15,416	161,621	(5,179)
Total revenues	334,800	292,029	31,278	323,307	(11,493)

EXPENDITURES

Current:

Environmental protection:

Royster Clark:

Supplies	505	1	506		
Contract Services	145,319	15,861	161,180		
Total hazardous	168,000	145,824	15,862	161,686	6,314

Windsor Oil:

Supplies	506	-	506		
Contract Services	145,699	15,416	161,115		
Total petroleum	166,800	146,205	15,416	161,621	5,179
Total expenditures	334,800	292,029	31,278	323,307	11,493

Revenues over expenditures	\$ -	\$ -	-	\$ -	\$ -
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FUND BALANCE, BEGINNING

-

FUND BALANCE, ENDING

\$ -

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, 2018

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	34,000	-	5,000	5,000	(29,000)
Williamston Downtown	7,000	7,000	-	7,000	-
Williamston Committee of 100	6,000	6,000	-	6,000	-
Total revenues	382,500	13,000	5,000	18,000	(364,500)
EXPENDITURES					
Current:					
Economic and physical development:					
Administration		472	685	1,157	
Building up-fit		9,750	12,100	21,850	
Total expenditures	400,000	10,222	12,785	23,007	376,993
Revenues over (under) expenditures	(17,500)	2,778	(7,785)	(5,007)	12,493
OTHER FINANCING SOURCES					
Transfers from other funds:					
General Fund	17,500	-	17,500	17,500	-
Revenues and other financing sources over expenditures	\$ -	\$ 2,778	9,715	\$ 12,493	\$ 12,493
FUND BALANCE, BEGINNING			<u>2,778</u>		
FUND BALANCE, ENDING			<u>\$ 12,493</u>		

Town of Williamston, North Carolina
Non-Major Governmental Capital Projects Funds
Combining Balance Sheet
June 30, 2018

	Skewarkee Canal Phase IV @	Skewarkee Canal Phase IV-A	Total Non-Major Capital Projects Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ 37,274	\$ 37,274
Restricted investments	-	58,520	58,520
TOTAL ASSETS	\$ -	\$ 95,794	\$ 95,794
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 175,771	\$ 175,771
Fund balances:			
Unassigned	-	(79,977)	(79,977)
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 95,794	\$ 95,794

@ Skewarkee Canal Phase IV has been completed as of June 30, 2018, However, Phase IV-A is not yet complete and amounts recognized for construction in progress for Phase IV will be capitalized with Phase IV-A upon completion.

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, 2018

	Skewarkee Canal Phase IV @	Skewarkee Canal Phase IV-A	Total Non-Major Capital Projects Funds
REVENUES			
Investment earnings	\$ -	\$ 863	\$ 863
EXPENDITURES			
Transportation:			
Capital outlay	-	1,070,255	1,070,255
Revenues over (under) expenditures	-	(1,069,392)	(1,069,392)
OTHER FINANCING SOURCES			
Proceeds of long term debt	-	898,954	898,954
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Total other financing sources	-	898,954	898,954
Revenues and other financing sources over (under) expenditures and other uses	-	(170,438)	(170,438)
FUND BALANCE (DEFICIT), BEGINNING	-	90,461	90,461
FUND BALANCE, ENDING	\$ -	\$ (79,977)	\$ (79,977)

@ Skewarkee Canal Phase IV has been completed as of June 30, 2018, However, Phase IV-A is not yet complete and amounts recognized for construction in progress for Phase IV will be capitalized with Phase IV-A upon completion.

**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, 2018**

SKEWARKEE CANAL PHASE IV

Project Authorization	Actual			Variance Positive (Negative)
	Prior Years	Current Year	Total to Date	

REVENUES

Restricted intergovernmental revenues:

NC Division of Water Resources Dev Grant	\$ 554,823	\$ 295,569	\$ -	\$ 295,569	\$ (259,254)
NCDOT Grant	65,000	65,000	-	65,000	-
Sales tax refund	-	6,265	-	6,265	6,265

Miscellaneous and Project Income:

Contractor settlement - non-performance	125,000	125,000	-	125,000	-
Investment earnings	-	1,869	-	1,869	1,869

Total revenues	<u>744,823</u>	<u>493,703</u>	-	<u>493,703</u>	<u>(251,120)</u>
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EXPENDITURES

Transportation:

Capital outlay:

Engineering and inspections		226,596	-	226,596	
Legal and administration		32,876	-	32,876	
Construction		418,829	-	418,829	
Total expenditures	<u>969,000</u>	<u>678,301</u>	-	<u>678,301</u>	<u>290,699</u>

Revenues over (under) expenditures	<u>(224,177)</u>	<u>(184,598)</u>	-	<u>(184,598)</u>	<u>39,579</u>
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OTHER FINANCING SOURCES (USES)

Transfers from other funds:

Powell Bill Fund	168,000	168,000	-	168,000	-
Water and Sewer Fund	136,000	94,560	-	94,560	(41,440)
CDBG Rehab Loans Project	45,177	40,078	-	40,078	(5,099)

Transfers to other funds	(125,000)	(118,040)	-	(118,040)	6,960
Total other financing sources	<u>224,177</u>	<u>184,598</u>	-	<u>184,598</u>	<u>(39,579)</u>

Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
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FUND BALANCE, BEGINNING

-

FUND BALANCE, ENDING

\$ -

@ Skewarkee Canal Phase IV has been completed as of June 30, 2018, However, Phase IV-A is not yet complete and amounts recognized for construction in progress for Phase IV will be capitalized with Phase IV-A upon completion.

**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, 2018**

SKEWARKEE CANAL PHASE IV-A RAILROAD CULVERT IMPROVEMENTS PROJECT

Project Authorization	Actual			Variance Positive (Negative)
	Prior Years	Current Year	Total to Date	

REVENUES

**Restricted intergovernmental
revenues:**

NCDEQ - DWR Grant	\$ 200,000	\$ -	\$ -	\$ -	\$ (200,000)
Investment earnings	-	460	863	1,323	1,323
Total revenues	<u>200,000</u>	<u>460</u>	<u>863</u>	<u>1,323</u>	<u>(198,677)</u>

EXPENDITURES

Transportation:

Capital outlay:

Technical services		68,338	79,605	147,943	
Engineering and inspections		-	40,667	40,667	
Legal services		1,141	3,653	4,794	
Project administration		-	3,295	3,295	
Construction		-	943,035	943,035	
Total expenditures	<u>1,396,440</u>	<u>69,479</u>	<u>1,070,255</u>	<u>1,139,734</u>	<u>256,706</u>

Revenues over (under) expenditures	<u>(1,196,440)</u>	<u>(69,019)</u>	<u>(1,069,392)</u>	<u>(1,138,411)</u>	<u>58,029</u>
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OTHER FINANCING SOURCES (USES)

USDA long-term debt financing	1,030,000	-	898,954	898,954	(131,046)
Transfers from other funds:					
Water and Sewer Fund	41,440	41,440	-	41,440	-
Skewarkee Canal Phase IV	125,000	118,040	-	118,040	(6,960)
Total other financing sources	<u>1,196,440</u>	<u>159,480</u>	<u>898,954</u>	<u>1,058,434</u>	<u>(138,006)</u>

Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 90,461</u>	<u>(170,438)</u>	<u>\$ (79,977)</u>	<u>\$ (79,977)</u>
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FUND BALANCE, BEGINNING

90,461

FUND BALANCE, ENDING

\$ (79,977)

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, 2018

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017)

	2018			2017
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Charges for services:				
Water sales	\$	\$ 1,193,199	\$	\$ 1,328,874
Water District 1 sales		113,184		111,613
Water District 2 sales		225,840		228,568
Sewer sales		1,574,033		1,753,324
Martin County Regional Water and Sewer Authority fees		934,886		918,154
Water and sewer taps		3,800		4,320
Total charges for services	4,340,294	4,044,942	(295,352)	4,344,853
Other operating revenues:				
Late penalties	41,000	36,087	(4,913)	42,960
Total operating revenues	4,381,294	4,081,029	(300,265)	4,387,813
Non-operating revenues:				
Investment earnings		83,018		38,721
Disaster Grants - Public Assistance		-		7,995
Miscellaneous		3,893		1,614
Total non-operating revenues	33,900	86,911	53,011	48,330
Total revenues	4,415,194	4,167,940	(247,254)	4,436,143
EXPENDITURES				
Water treatment and distribution	2,330,275	2,160,044	170,231	2,048,256
Water District 1	43,411	43,411	-	43,182
Water District 2	123,697	123,696	1	123,278
Waste collection and treatment	1,124,443	1,076,414	48,029	1,001,048
Debt service	740,416	740,414	2	829,214
Capital outlay	116,566	39,850	76,716	153,934
Total expenditures	4,478,808	4,183,829	294,979	4,198,912
Revenues over (under) expenditures	(63,614)	(15,889)	47,725	237,231
OTHER FINANCING SOURCES (USES)				
Appropriated net position	380,000	-	(380,000)	-
Sale of capital assets	1,000	-	(1,000)	-
Loan repayments from General Fund	22,614	22,614	-	22,614
Transfers to other funds:				
Water & Sewer Capital Projects Fund	(340,000)	(175,507)	164,493	(35,981)
Total other financing sources (uses)	63,614	(152,893)	(216,507)	(13,367)
Revenues and other financing sources over expenditures and other uses	\$ -	\$ (168,782)	\$ (168,782)	\$ 223,864

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, 2018

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017)

2018			2017
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

\$ (168,782) \$ 223,864

Reconciling items:

Principal retirement	634,408	745,071
Capital outlay	39,850	153,934
Loss on disposal of capital asset	(92,400)	-
Increase (decrease) in deferred outflows of resources pensions	(46,753)	104,168
(Increase) decrease in net pension liability	42,877	(123,746)
Decrease in deferred inflows of resources - pensions	2,254	11,194
(Increase) in deferred inflows of resources - OPEB	(39,565)	
Increase in accrued vacation pay	(8,322)	(7,337)
(Increase) decrease in OPEB liability	30,602	49,047
(Increase) decrease in accrued interest	(11,952)	-
Depreciation	(632,503)	(623,031)
Contributions - State grant	25,350	84,900
Loan repayments from General Fund	(22,614)	(22,614)
Transfer of capital assets and related debt to governmental activities	-	(19,194)
Engineering study - AIA project	(25,350)	-
Transfer from other funds:		
General Fund	15,083	-
Transfers to other funds:		
Water and Sewer Capital Projects Fund	175,507	35,981
Total reconciling items	<u>86,472</u>	<u>388,373</u>

Change in net position

\$ (82,310) \$ 612,237

Town of Williamston, North Carolina
Water and Sewer Fund
Schedule of Expenditures- Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017)

	2018			2017
	Budget	Actual	Variance Positive (Negative)	Actual
WATER TREATMENT AND DISTRIBUTION				
Administration expense	\$	\$ 356,109	\$	\$ 341,492
Salaries - regular		213,711		202,938
Salaries - temporary		9,743		10,184
FICA tax		16,843		15,786
Group insurance		27,297		29,351
Employer contributions to OPEB Trust Fund		25,016		51,008
Retirement		16,598		15,286
Professional services		11,428		3,222
Employee training		4,393		1,558
Telephone		3,714		3,838
Postage		3,399		3,815
Utilities		20,091		19,475
Travel		120		260
Repairs - buildings and grounds		1,506		-
Repairs - equipment		26,501		5,412
Equipment rent lease		104		-
Advertising		1,198		38
Automotive supplies		21,535		13,341
Department supplies		16,307		19,244
Bank charges		450		450
Uniforms		3,214		2,615
Contracted services		69,583		61,720
Dues		2,992		4,112
Insurance		15,733		16,843
Miscellaneous		(2,250)		2,468
Small expendable equipment		8,170		5,572
Repair / replace fire hydrants		5,231		9,801
Repair lines		10,163		-
Water purchases		1,262,910		1,204,933
Martin County Regional Water Authority membership fees		-		-
Bad debts		8,235		3,494
Total water treatment and distribution	2,330,275	2,160,044	170,231	2,048,256
WATER DISTRICT 1				
Monthly overhead costs		43,411		43,182
Total Water District 1	43,411	43,411	-	43,182

(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, 2018
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017)

	2018		2017
	Budget	Actual	Variance Positive (Negative) Actual
WATER DISTRICT 2			
Water service fees		-	-
Monthly overhead costs		123,696	123,278
Total Water District 2	123,697	123,696	1 123,278
WASTE COLLECTION AND TREATMENT			
Administration expense		301,718	288,626
Salaries - regular		262,805	247,812
Salaries - temporary		6,930	6,809
FICA tax		20,251	19,061
Group insurance		39,014	39,181
Employer contributions to OPEB Trust Fund		20,000	40,000
Retirement		19,979	18,241
Professional services		7,427	10,897
Employee training		2,964	1,179
Telephone		3,498	3,931
Postage		7,948	9,013
Utilities		110,576	124,177
Travel		70	70
Repairs - buildings and grounds		3,384	4,717
Repairs - equipment		71,590	46,786
Equipment rent lease		104	-
Advertising		83	116
Automotive supplies		7,698	5,546
Office supplies		167	45
Department supplies		28,565	27,264
Lab supplies		3,376	5,702
Bank charges		801	801
Uniforms		5,118	4,172
Garbage collection		1,338	1,084
Contracted services		59,711	26,136
Dues		8,344	8,661
Insurance		43,865	42,992
Miscellaneous		30	479
Small expendable equipment		6,560	7,707
Line repairs		13,285	-
Hurricane Matthew		0	2,012
Bad debts		19,215	7,831
Total waste collection and treatment	1,124,443	1,076,414	48,029 1,001,048

(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, 2018
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017)

	2018			2017
	Budget	Actual	Variance Positive (Negative)	Actual
DEBT SERVICE				
Principal retirement	634,409	634,408	1	745,071
Interest and other charges	106,007	106,006	1	84,143
Total debt service	740,416	740,414	2	829,214
CAPITAL OUTLAY				
Water capital outlay		9,951		84,774
Sewer capital outlay		29,899		69,160
Total capital outlay	116,566	39,850	76,716	153,934
Total expenditures	\$ 4,478,808	\$ 4,183,829	\$ 294,979	\$ 4,198,912

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, 2018

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017)

	2018			2017
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Charges for services:				
Storm Water fees	\$ 53,000	\$ 57,037	\$ 4,037	\$ 57,043
EXPENDITURES				
Bad debts	5,000	-	-	-
Debt service	48,000	-	5,000	-
Total expenditures	53,000	-	5,000	-
Revenues over expenditures	<u>\$ -</u>	<u>57,037</u>	<u>\$ 57,037</u>	<u>\$ 57,043</u>
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL BASIS:				
Reconciling items:				
None		-		-
Change in net position		<u>\$ 57,037</u>		<u>\$ 57,043</u>

Town of Williamston, North Carolina
Water and Sewer Fund Capital Projects Fund
Schedule of Revenue and Expenditures- Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2018

ANNEXATION AREA A

	Project Authorization			Actual			Variance Positive (Negative)
	June 30 2017	Amendment	June 30 2018	Prior Years	Current Year	Total to Date	
REVENUES							
Contractor liquidating damages	\$ -	\$ 197,659	\$ 197,659	\$ -	\$ 197,659	\$ 197,659	\$ -
Total revenues	-	197,659	197,659	-	197,659	197,659	-
EXPENDITURES							
Professional services				22,329	180	22,509	
Project administration and permitting				112,654	-	112,654	
Technical services				754,168	25,428	779,596	
Easement acquisition and miscellaneous				97,952	8,396	106,348	
Construction				3,246,631	793,201	4,039,832	
Total expenditures	5,972,000	120,000	6,092,000	4,233,734	827,205	5,060,939	1,031,061
Revenues over (under) expenditures	(5,972,000)	77,659	(5,894,341)	(4,233,734)	(629,546)	(4,863,280)	1,031,061
OTHER FINANCING SOURCES							
NC Clean Water Revolving Loan	4,230,300	-	4,230,300	3,067,741	-	3,067,741	(1,162,559)
Installment purchase proceeds - streets	600,000	-	600,000	600,000	-	600,000	-
Transfers from other funds:							
Water and Sewer Fund	749,500	-	749,500	330,953	175,507	506,460	(243,040)
General Fund	163,000	-	163,000	89,935	15,083	105,018	(57,982)
Powell Bill Fund	229,200	(77,659)	151,541	-	-	-	(151,541)
Total other financing sources	5,972,000	(77,659)	5,894,341	4,088,629	190,590	4,279,219	(1,615,122)
Revenues and other financing sources over (under) expenditures	\$ -	\$ -	\$ -	\$ (145,105)	\$ (438,956)	\$ (584,061)	\$ (584,061)

Town of Williamston, North Carolina
Water and Sewer Fund Capital Projects Fund
Schedule of Revenue and Expenditures- Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2018

WATER SYSTEM ASSET INVENTORY ASSESSMENT PROJECT

Project Authorization	Actual			Variance Positive (Negative)	
	Prior Years	Current Year	Total to Date		
REVENUES					
NCDEQ - DWI Grant	\$ 150,000	\$ 84,900	\$ 25,350	\$ 110,250	\$ (39,750)
EXPENDITURES					
State grant fess asset inventory		-	2,250	2,250	
AIA Project consulting fee		92,400	23,100	115,500	
Total expenditures	157,500	92,400	25,350	117,750	39,750
Revenues over (under) expenditures	(7,500)	(7,500)	-	(7,500)	-
OTHER FINANCING SOURCES					
Transfers from other funds:					
Water and Sewer Fund	7,500	7,500	-	7,500	-
Revenues and other financing sources over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2018

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2017</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Releases</u>	<u>Uncollected Balance June 30, 2018</u>
2017-2018	\$ -	\$ 2,866,333 (a)	\$ 2,672,336 (b)	\$ 2,185 (a)	\$ 191,812 (c)
2016-2017	186,328	-	57,909	-	128,419
2015-2016	117,866	-	23,945	-	93,921
2014-2015	95,033	-	15,460	-	79,573
2013-2014	60,864	-	7,322	1	53,541
2012-2013	57,679	-	5,433	-	52,246
2011-2012	39,725	-	3,217	-	36,508
2010-2011	26,685	-	1,451	-	25,234
2009-2010	22,644	-	1,465	-	21,179
2008-2009	12,344	-	181	-	12,163
2007-2008	10,731	-	205	10,526	-
	<u>\$ 629,899</u>	<u>\$ 2,866,333</u>	<u>\$ 2,788,924 (d)</u>	<u>\$ 12,712</u>	<u>694,596</u>
Less: allowance for uncollectible ad valorem taxes receivable					<u>(63,310)</u>
Ad valorem taxes receivable - net					<u>\$ 631,286</u>
 Reconciliation to Revenues:					
Ad valorem taxes - General Fund					\$ 2,820,696
Reconciling items:					
Penalties and interest collected					(34,326)
Refunds					2,740
GAP Taxes on expired vehicle registrations					<u>(186)</u>
Total collections and credits					<u>\$ 2,788,924 (d)</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, 2018

	<u>Town - Wide</u>			<u>Total Levy</u>	
	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
ORIGINAL LEVY:					
Property taxed at current year's rate	\$ 335,034,937	\$ 0.79	\$ 2,646,776	\$ 2,392,628	\$ 254,148
Penalties			5,628	5,628	
DISCOVERIES:					
Current year taxes	25,964,557	\$ 0.79	205,120	205,120	-
Lot clearing assessments			8,809	8,809	
ABATEMENTS					
	(276,582)	\$ 0.79	(2,185)	(2,185)	-
Total property valuation	<u>\$ 360,722,912</u>				
Net levy			2,864,148 (a)	2,610,000	254,148
Uncollected taxes at June 30, 2018			<u>(191,812) (c)</u>	<u>(191,812)</u>	-
Current year's taxes collected			<u>\$ 2,672,336 (b)</u>	<u>\$ 2,418,188</u>	<u>\$ 254,148</u>
Current levy collection percentage			<u>93.30%</u>	<u>92.65%</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, 2018, 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 March 4, 2019.

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 material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of 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.

Carly Riggs & Ingram, L.L.C.

Goldsboro, North Carolina
March 4, 2019



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

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

Report on Compliance for the Major Federal Program

We have audited the Town of Williamston, North Carolina's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on the Town of Williamston's major federal program for the year ended June 30, 2018. The Town of Williamston's major federal program are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Town of Williamston complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

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

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

Goldsboro, North Carolina
March 4, 2019

Town of Williamston, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

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

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___ yes ___X no
- Significant deficiency(s) identified that are not considered to be material weaknesses ___ yes ___X none reported

Type of auditors' report issued on compliance for major federal programs:
 Unmodified, for all federal programs.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___ yes ___X no

Identification of major federal programs:

CFDA Numbers

Names of Federal Program or Cluster

10.760 Water and Waste Disposal Systems for Rural Communities

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

Auditee qualified as low-risk auditee? ___ yes ___X no



**Town of Williamston, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018**

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported



**Town of Williamston, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2018**

SECTION II – FINANCIAL STATEMENT FINDINGS

No corrective action required.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No corrective action required.



**Town of Williamston, North Carolina
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2018**

As of June 30, 2018, the Town of Williamston had no unresolved findings from prior years.

Town of Williamston, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2018

<u>Grantor/Pass-through Grantor/Program Title</u>	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal - (Direct and Pass-through) Expenditures	State Expenditures	Pass-through to Sub-recipients
FEDERAL GRANTS:					
CASH ASSISTANCE:					
U.S. ENVIRONMENTAL PROTECTION AGENCY					
Direct Program:					
ARRA - Brownfields Assessment and Cleanup Cooperative Agreements Passed-through N.C. Department of Environmental Quality	66.818	EPA-OSWER- OBLR-10-09	\$ 31,278	\$ -	\$ -
Clean Water State Revolving Funds Cluster:					
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS370435-06	582,421	-	-
Total Clean Water State Revolving Funds Cluster			582,421	-	-
Total U.S. Environmental Protection Agency			613,699	-	-
U.S. DEPARTMENT OF AGRICULTURE					
Water and Waste Disposal Systems for Rural Communities	10.760		898,954	-	-
Total U.S. Department of Agriculture			898,954	-	-
TOTAL FEDERAL AWARDS			1,512,653	-	-

(continued)

Town of Williamston, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2018

<u>Grantor/Pass-through Grantor/Program Title</u>	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal - (Direct and Pass-through) Expenditures	State Expenditures	Pass-through to Sub-recipients
STATE GRANTS:					
CASH ASSISTANCE:					
N.C. DEPARTMENT OF TRANSPORTATION					
Non-State System Street-Aid Allocation (Powell Bill)		WBS 32570	-	201,921	-
N.C. DEPARTMENT OF ENVIRONMENTAL QUALITY - DIVISION OF WATER INFRASTRUCTURE					
Asset Inventory Assessment Grant			-	25,350	-
N.C. DEPARTMENT OF PUBLIC SAFETY					
Regional Response Team Grant		072916-0408	-	90,495	-
TOTAL STATE AWARDS			-	317,766	-
TOTAL FEDERAL AND STATE AWARDS			\$ 1,512,653	\$ 317,766	\$ -

(continued)

Town of Williamston, North Carolina
Notes to the Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2018

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS:

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Williamston under the programs of the federal government and the State of North Carolina for the year ended June 30, 2018. The information in this SEFSA is presented in accordance with the requirements of Title 2 US *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Williamston, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Williamston.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Costs

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

Note 4: Contingencies

Grant monies received and disbursed by the Town are for specific purposes and are subject to review by the grantor agencies. Such audits may result in required reimbursements due to disallowed expenditures. Based upon experience, the Town does not believe that such disallowance, if any, would have a material effect on the financial position of the Town.

Note 5: Noncash Assistance

The Town did not receive any federal noncash assistance for the fiscal year ended June 30, 2018.

Town of Williamston, North Carolina
Notes to the Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2018

Note 6: Loans Outstanding

Revolving Fund and the Water and Waste Disposal Systems for Rural Communities. The grantor has not imposed continuing compliance requirements other than repayment of the loan. As prescribed by Uniform Guidance, the Town of Williamston shall consider current year amounts expended under these loans for inclusion within the Schedule of Expenditures of Federal and State Awards. Therefore, the amounts presented within the Schedule of Expenditures of Federal and State Awards represents current year expenditures whereas the following table consists of the loan outstanding at June 30, 2018:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Loan Balance</u>
Capitalization Grants for Clean Water State Revolving Funds	66.458 CS370435-06	\$ 2,644,711
Water and Waste Disposal Systems for Rural Communities	10.760	898,954

Note 7: Program Clusters

Federal program with different Catalog of Federal Domestic Assistance (CFDA) numbers that are closely related because they share common compliance requirements are defined as a cluster by the Uniform Guidance. The following clusters are separately identified in the SEFSA; Clean Water State Revolving Fund Cluster.

Note 8: Federal Pass-Through Funds

The Town is also the sub-recipient of federal funds that have been subjected to testing and are reported as expenditures and listed as federal pass-through funds. There are no Federal awards other than those indicated as pass-through.

Note 9: Federally Funded Insurance

The Town has no federally funded insurance.