



TOWN OF WENDELL

NORTH CAROLINA

BOARD OF COMMISSIONERS MEETING

Monday, December 10, 2018
7:00 P.M.

Town Hall, 15 E. Fourth Street
Wendell, North Carolina

- **Meeting Called to Order** Mayor Virginia R. Gray
- **Welcome**
- **Pledge of Allegiance** Caroline West, 5th grade student at Wendell Magnet Elementary School
- **Invocation** Wendell Council of Churches

1. Adjustment and approval of the agenda
ACTION: Board may take action.
2. Public Comment Period (*one hour time limit in total*)

The Public Comment Period is your opportunity to share comments with the Town Board on any topic as long as it is not an item scheduled for public hearing. During Public Comment, the Town Board receives comments and refrains from speaking.

Thanks to everyone in the audience for respecting the business meeting by abstaining from speaking from the audience, applauding speakers, or other actions that distract from the meeting.

Anyone wanting to speak during Public Comment Period should do the following:

- Sign up prior to the beginning of the meeting. The sign-up period will begin 20 minutes prior to the start of the meeting and will end when the meeting begins.
- When the Public Comment Period is announced, come to the podium and state your name and address for the record.
- Be concise and limit your comments to three minutes or less. Designate a spokesperson for large groups. Direct comments to the full Town Board and not to an individual Town Board member.

3. Consent Agenda

The Board of Commissioners uses a Consent Agenda to act on non-controversial and routine items quickly. The Consent Agenda is acted upon by one motion and vote of the Board. Items may be removed from the Consent Agenda and placed on the Regular Agenda at the request of the Mayor or a Commissioner. The Consent Agenda contains the following items:

- a. Amendment to the 2019 Board of Commissioners Meeting Schedule; inclusion of upcoming Board Retreat Saturday, February 23[primary] and Saturday, March 2 [alternate]
 - b. Policy: Street Clearance Prioritization
 - c. Policy: Sidewalk Petition Process and Town Sidewalk Program
4. Recognition of Wendell Magnet Elementary School teacher: Jeanne Winegar.
SPEAKER: Mayor Virginia Gray
ACTION: Recognition.
5. Recognition of the Wendell Rams Pee Wees and Mighty Mites.
SPEAKER: Mayor Virginia Gray
ACTION: Recognition.
6. Presentation of the FY 17-18 audit.
SPEAKER: Phyllis Pearson of Petway Mills & Pearson PA Accounting Firm
ACTION: Presentation.
7. Update on the Wake County Fire Commission.
SPEAKER: Lucius Jones, municipal representative for the Town of Wendell
ACTION: Presentation.

Public Hearing Guidelines:

- Case is announced
 - Staff presentation
 - Public hearing is opened
 - Applicant presentation
 - Citizens will follow the same rules as Public Comment Period and will have five minutes to speak
 - Close public hearing
 - Board members ask questions
 - Board may take action
-

8. **PUBLIC HEARING:** Zoning Text Amendment to Chapter 9 of the UDO as it relates to exceptions to roadway infrastructure improvement requirements.
SPEAKER: Planning Director David Bergmark
ACTION: Board may take action.

9. Presentation of policy for Town of Wendell: Budget and Finance.
SPEAKER: Town Manager Marc Collins
POTENTIAL ACTION: Place on January 14, 2019 Consent Agenda.

10. Snap Shot
ACTION: Information. Board may take action.

11. Update on board committee(s) by Town board members:

-  Triangle J Council of Governments [J-COG] – Board of Delegates [Mayor Pro Tem Lutz]
-  North Carolina League of Municipalities [NCLM] 2018 Advocacy Goals Conference [Commissioner Boyette]
-  Wendell Fire Board [Commissioner Joyner]

12. Commissioners’ Reports.

13. Mayor’s Report.

14. Closed Session.
ACTION: Will be called if necessary.

15. Adjourn.

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Next meeting is January 14, 2019.

Date: December 10, 2018

Item # 3a

Item Title:

Amendment to the 2019 Board of Commissioners Meeting Schedule; inclusion of upcoming Board Retreat Saturday, February 23 [primary] and Saturday, March 2 [alternate].

Board of Commissioners Meeting:

Monday, December 10, 2018
Monday, August 13, 2018

Specific Action Requested:

Approval of the amendment to the 2019 Board meeting schedule to include the following Board Retreat dates:

- Saturday, February 23 [primary] with location to be determined
- Saturday, March 2 [alternate] with location to be determined. This date is in the event of inclement weather on 2/23/2019.

Attachments:

A. Resolution: Amended 2019 Board Meeting Schedule



TOWN OF WENDELL

NORTH CAROLINA

**RESOLUTION – 2019 BOARD OF COMMISSIONERS MEETING SCHEDULE
R- -2018**

WHEREAS, the Wendell Board of Commissioners meetings are held the second and fourth Monday of the month at 7:00 PM in the Board Room of the Town hall, unless otherwise noted; and

WHEREAS, each meeting of the Wendell Board of Commissioners is open to the public, unless otherwise provided by NC GS 143-318.11; and

WHEREAS, the Wendell Board of Commissioners may amend the yearly meeting schedule in accordance with NC GS 143-318.12:

**TOWN OF WENDELL
2019 BOARD OF COMMISSIONERS MEETING CALENDAR**

January 14, 2019 & January 28, 2019
February 11, 2019 & February 25, 2019
<i>Saturday, February 23, 2019 [primary]; location and time to be announced</i>
<i>Saturday, March 2, 2019 [alternate]; location and time to be announced</i>
March 11, 2019 & March 25, 2019
April 8, 2019 & April 22, 2019
May 13, 2019 & May 28, 2019 (Tuesday)
June 10, 2019 & June 24, 2019
July 8, 2019 & July 22, 2019
August 12, 2019 & August 26, 2019
September 9, 2019 & September 23, 2019
October 14, 2019 & October 28, 2019
November 12, 2019 (Tuesday) & November 25, 2019
December 9 2019 – One meeting in December

NOW THEREFORE BE IT RESOLVED that the Board of Commissioners of the Town of Wendell adopts the amended 2019 Board of Commissioners meeting calendar as presented.

Duly adopted this _____ day of _____ 2018, while in regular session.

Virginia R. Gray, Mayor

ATTEST:

Sherry L. Scoggins, MMC; Town Clerk

Item Title:

Consent Agenda: Policy for Town of Wendell - Street Clearance Prioritization.

Board of Commissioners Meeting:

Monday, December 10, 2018

Monday, November 26, 2018

Specific Action Requested:

Adoption.

Item Summary

First and foremost is the safety of our residents and staff. This is especially applicable during times of inclement weather. When the climate turns harsh, the Town of Wendell strives to maintain business as usual by keeping roads passable both during and following an event. Public Work crews, equipment and vehicles deploy when conditions are safe.

Recognizing that resources of staff and equipment are limited, the Street Clearance Prioritization Policy was created to describe the hierarchy of the roads to be serviced during severe weather. And a communications initiative is included within the policy to serve as a guide when informing residents of the measures being taken by staff during the incident.

Attachments:

- A. Policy: Street Clearance Prioritization

Adopted: 12/10/2018
Supersedes: N/A
Policy Number: 123



TOWN OF WENDELL STREET CLEARANCE PRIORITIZATION POLICY

Purpose:

Policy for the Town of Wendell pertaining to street clearance prioritization of State and Town maintained roadways and sidewalks.

Coverage:

This policy, upon adoption of the Town Board of Commissioners, shall establish the clearance prioritization of roadways within the jurisdiction of the Town of Wendell.

Goal:

The goal of the street clearance prioritization policy is to establish a hierarchy of roadways and streets which will be utilized by the Town of Wendell so as to ensure a passable road network for citizens during and following severe and inclement weather events.

Procedures for Clearing Trees from Roadways:

Public Work staff, equipment and vehicles will deploy when conditions are safe. Staff will cut and push downed trees to the side of the streets to create a passable road network. The major focus will be on opening Wendell Boulevard and Wendell Falls Parkway followed by streets leading to public services – police, fire, EMS and Town of Wendell facilities. Following the initial cut and push response and after roadways are open, Public Works staff will begin the debris collection process.

Procedures for Flooded Roadways:

When directed by public safety personnel, Public Works staff will deploy barricades alerting drivers when a roadway is flooded. Drivers are urged to be safe and do not go around the barricade and to never drive through flood waters.

Adopted: 12/10/2018

Supersedes: N/A

Policy Number: 123

Priority for Treating Slippery Roadways and Sidewalks:

The following system will be used for application of brine and salt:

Priority #1: Police, Fire, EMS and Town of Wendell facility sidewalks, ramps and parking areas;

Priority #2: Bridges and intersections on main thoroughfares;

Priority #3: Hills and bridges on primary streets and historically icy areas;

Priority#4: Sidewalks within the Downtown Business District.

Snow Plowing Priorities:

The following system will be used for snow plowing:

Priority #1: Main Thoroughfares: The major streets (NC Secondary Roads) upon which the majority of traffic flows into, out of, and around the Town.

Priority #2: Primary Streets leading to public services/facilities. This includes primary streets to access police, fire, EMS and town facilities and Wake County Public School System [WCPSS] facilities.

Although some of these streets and roadways are maintained by NCDOT, efforts will initially be concentrated on thoroughfares and then primary streets during snow events (e.g. Wendell Boulevard, Wendell Falls Parkway).

Once the majority of the travel lanes on the thoroughfares and primary streets are cleared, Town crews will begin work on the primary streets leading to public services (e.g. Pine Street between Wendell Boulevard and Second Street, Fourth Street between Pine and Main Streets, Third Street from Wendell Falls Parkway to the Community Center, and Haywood Street/Lake Glad Road from Buffalo Creek to Main Street.).

Public Information/Communications Initiatives:

Public Awareness is essential during times of extreme weather. As such the Town will utilize its web site and social media to promote appropriate messages to keep the public informed of ongoing activities as they relate to restoring transportation after a major event:

1. Launch the alert box on the Town's website noting the hurricane, winter weather or other inclement weather advisory or alert, if Town services are limited and to stay tuned to a local news station for details.

Adopted: 12/10/2018

Supersedes: N/A

Policy Number: 123

2. Prepare a Facebook post with emergency contact numbers of area service providers:
 - In the event of life threatening emergency, contact 9-1-1
 - In the event of power outage, report outage to Duke Energy Progress: 800-419-6356
 - In the event of burst water pipe, contact City of Raleigh Public Utilities - Monday through Friday, 8 AM to 5 PM: 919-996-4540
 - In the event of burst water pipe after hours, weekend or holiday, contact City of Raleigh Public Utilities: 919-829-1930
3. Prepare a follow up Facebook post requesting residents to limit travel unless necessary, to assist NCDOT and Town crews in clearing major thoroughfares. Suggest the neighbors check on each other; after all Wendell is the Small Town with Big Charm.

Utilize all existing information outlets to share relevant public information created by other stakeholders. These would include but not be limited to:

- National Weather Service Facebook site - tips for staying safe outdoors during winter weather.
- Wake County Public School System Facebook - share updates relating to students and school closings.
- Wake County Government Facebook site - share updates relating to Wake County services and facilities.

Sample communication prior to onset of hurricane:

“With Hurricane _____ upon us, we may experience high winds, localized flooding and power outages. The North Carolina State Highway Patrol is urging drivers to stay off the roads. If you are on the road, be safe, do not go around the barricades, and if there is water across the road “Turn Around - Don’t Drown!”

With teamwork, the Town of Wendell prepared for Hurricane _____. Staff, equipment and vehicles will deploy as soon as it is safe to be out to help! Town of Wendell Public Works will cut and push downed trees to the side of the streets to ensure a passable road network. The initial focus will be opening Wendell Boulevard and Wendell Falls Parkway followed by streets leading to public services – police, fire, EMS and Town of Wendell facilities.”

Sample communication prior to onset of the winter weather:

“The Town of Wendell follows a priority system for treating and plowing roads and bridges.

Adopted: 12/10/2018

Supersedes: N/A

Policy Number: 123

Some of Wendell's roads are maintained by the North Carolina Department of Transportation (NCDOT). The remaining streets fall under the care of the Town's Public Works Department, which operates white trucks. There are 28 miles of Town-maintained streets in Wendell. Additionally, town crews may provide brine, salt and sand on portions of NCDOT-owned streets due to these being considered primary streets for the Town or historically known as icy areas.

After pretreatment with salt and brine, Town crews spread salt and sand on the roads, bridges and sidewalks as snow or icy conditions are detected. Snow plowing begins when measurable snow accumulation occurs.

Residents are encouraged to minimize travel during winter weather.”

Duly adopted this 10th day of December 2018, while in regular session.

ATTEST:

Virginia R. Gray,
Mayor

Sherry L. Scoggins, MMC
Special Assistant to the Manager-Town Clerk

Item Title:

Consent Agenda: Sidewalk Petition Process Policy and the Town Sidewalk Program

Report to the Board of Commissioners:

Monday, December 10, 2018

Monday, November 26, 2018

Specific Action Requested:

Adoption.

Item Summary:

Local government sidewalk programs typically have several component processes to handle the various responsibilities related to a comprehensive network providing pedestrian connectivity. The processes include repair and maintenance of existing sidewalk, construction and dedication of sidewalk to the Town by a developer, extension of sidewalks by the Town or State, and a citizen petition process to request sidewalk in their neighborhood. The presentation of the Town Sidewalk Program will provide an overview of the four processes.

The *2017 Town of Wendell Comprehensive Pedestrian Plan* recommends the development of a sidewalk petition process and budget allocation to handle “spot improvements”. The policy allows citizen to make requests for short sidewalk connections that will fill gaps in the pedestrian network. After implementation, the program will be promoted to citizens and used as a public outreach tool to provide information on results achieved.

The proposed policy provides for a purpose of the policy, the process to submit a sidewalk request, and criteria used by staff to rank sidewalk requests received. All sidewalk requests received will be incorporated into the capital improvement plan process and subject to availability of funding.

The ranking criteria were established by comparative analysis and criteria in the *2017 Town of Wendell Comprehensive Pedestrian Plan*. Criteria used in prioritizing sidewalk petitions include accessibility to schools, commercial areas, and public facilities; safety concerns addressed; connectivity and demonstration of need; project support; and issues that impact constructability such as utility conflicts, trees, topography, and easement acquisition.

Attachments:

Sidewalk Petition Process Policy.

Adopted: 12/10/2018
 Supersedes: N/A
 Policy Number: 124



Sidewalk Petition Process

ARTICLE 1. GENERAL PROVISIONS

Section 1. Purpose of the Policy

The *2017 Town of Wendell Comprehensive Pedestrian Plan* recommends the development of a sidewalk petition process and budget allocation to handle “spot improvements”. The policy allows citizen to make requests for short sidewalk connections that will fill gaps in the pedestrian network. After implementation, the program will be promoted to citizens and used as a public outreach tool to provide information on results achieved.

The Sidewalk Petition Process provides a process a citizen-based process to be implemented through the capital improvement plan (CIP) in the annual Budget process. The sidewalk petition process is a coordinated component of a comprehensive sidewalk program that includes sidewalk repair and maintenance; sidewalk extensions to implement the *Pedestrian Plan*, greenway and multi-use path development, and sidewalk gap and replacement. In combination, the comprehensive sidewalk program seeks to achieve the vision of Wendell “where people of all ages can walk safely within the community for transportation, exercise and enjoyment”.

ARTICLE 2. SIDEWALK PETITION PROCESS

Section 1. Sidewalk Petition Application

Completed sidewalk petitions shall be submitted to the Planning Department for review and determination of consistency with the *2017 Town of Wendell Comprehensive Pedestrian Plan*, as amended, and with the Sidewalk Petition Process, herein. Applications may be submitted at any time of the year and are subject to availability of program funds in the annual budget.

Section 2. Subject to Program Funding

Project funding and approval is subject to the annual Budget process for the Town of Wendell. Projects recommended for funding may be placed in the 5-year capital improvement plan for fiscal planning purposes.

Section 3. Sidewalk Petition

1. Citizens may request a sidewalk through the completion of a sidewalk project nomination form. Nominations require signatures of at least 25% of the property owners adjoining the proposed sidewalk.
2. Planning Department staff completes the project review and prioritization based on the criteria in Article 3, herein. As part of the prioritization, Town staff conducts a petition of all adjoining

Adopted: 12/10/2018

Supersedes: N/A

Policy Number: 124



property owners to determine support for the project meets or exceeds 70% acceptance by homeowners.

3. Projects submitted that have property owner support are included for funding consideration in the annual budget process. The projects are prioritized as part of the annual sidewalk priority list for the Town.
4. If there is insufficient project support, the request will remain on the ranking list and be re-evaluated after a 3-year period.

ARTICLE 3. SIDEWALK PETITION PRIORITIZATION RANKING CRITERIA

Section 1. General Prioritization Ranking Criteria

Prioritization of sidewalk petitions received from citizens will be ranked using the criteria found herein related to accessibility, safety, connectivity and need, project support, and constructability.

Section 2. Accessibility Criteria

- a. Provide access to a school
 - Yes, between .1-.2 miles = 5 points
 - Yes, between .2-.3 miles = 4 points
 - Yes, between .3-.4 miles = 3 points
 - Yes, between .4-.5 miles = 2 points
 - Yes, greater than .5 miles = 1 point
- b. Provide access to a recreation center, park, or greenway
 - Yes, between .1-.2 miles = 5 points
 - Yes, between .2-.3 miles = 4 points
 - Yes, between .3-.4 miles = 3 points
 - Yes, between .4-.5 miles = 2 points
 - Yes, greater than .5 miles = 1 point
- c. Provide access to a commercial area
 - Yes, between .1-.2 miles = 5 points
 - Yes, between .2-.3 miles = 4 points
 - Yes, between .3-.4 miles = 3 points
 - Yes, between .4-.5 miles = 2 points
 - Yes, greater than .5 miles = 1 point
- d. Provide access to a public facility
 - Yes, between .1-.2 miles = 5 points
 - Yes, between .2-.3 miles = 4 points
 - Yes, between .3-.4 miles = 3 points
 - Yes, between .4-.5 miles = 2 points
 - Yes, greater than .5 miles = 1 point

Adopted: 12/10/2018

Supersedes: N/A

Policy Number: 124



Section 3. Safety Criteria

- a. Average daily traffic
 - Greater than 15,000 = 5 points
 - 9,000 – 15,000 = 4 points
 - 6,000-9,000 = 3 points
 - 3,000-6,000 = 2 points
 - 0-3,000 = 1 point
- b. Crash site near project
 - Yes, between .1-.2 miles = 5 points
 - Yes, between .2-.3 miles = 4 points
 - Yes, between .3-.4 miles = 3 points
 - Yes, between .4-.5 miles = 2 points
 - Yes, greater than .5 miles = 1 point
- c. Speed limit along street
 - 35 mph = 4 points
 - 25mph or less = 2 points
- d. Type of street
 - Thoroughfare in residential area = 7 points
 - Collector = 5 points
 - Residential = 3 points
 - Cul-de-sac / dead end < 200 feet = 0 points

Section 4. Connectivity and Need Criteria

- a. Provides connectivity between destinations
 - Yes, between .1-.2 miles = 5 points
 - Yes, between .2-.3 miles = 4 points
 - Yes, between .3-.4 miles = 3 points
 - Yes, between .4-.5 miles = 2 points
 - Yes, greater than .5 miles = 1 point
- b. Evidence of pedestrian use
 - Yes = 5 points

Section 5. Project Support Criteria

- a. Petition support
 - ½ point for each percentage point above 70%. (Maximum 10 points)
- b. Recommended project in plan adopted by the Town of Wendell
 - Yes, specifically identified project = 5 points
 - Yes, generally supported project = 3 points

Adopted: 12/10/2018

Supersedes: N/A

Policy Number: 124



Section 6. Constructability Criteria

- a. Sidewalk on other side of road
 - Yes, speed limit is under 35mph = -5 points
 - Yes, speed limit between 35mph and 45 mph = -3points
- b. Topographic issues (severe slopes)
 - Yes = -5 points
- c. Easement required to construct sidewalk
 - Yes = -1 point for every 20% of total linear feet of project
- d. Tree removal required
 - Yes = -1 point for every tree removed (Maximum 10 points)
- e. Stormwater utility or riparian buffer impact
 - Yes = -5 points
- f. Utility relocations required
 - Yes = -3 points

Duly adopted this 10th day of December 2018, while in regular session.

ATTEST:

Virginia R. Gray,
Mayor

Sherry L. Scoggins, MMC
Special Assistant to the Manager-Town Clerk

Item Title:

Recognition of Wendell Magnet Elementary School teacher: Jeanne Winegar.

Board of Commissioners Meeting:

Monday, December 10, 2018

Specific Action Requested:

Recognition.

Item Summary

Jeanne Winegar is a 1st Grade Instructional Assistant. Jeanne always goes above and beyond in all she does. She works hard to get things done in the two classrooms she primarily serves, and never hesitates to help in other areas when needed. Jeanne builds strong relationships with her students and is a positive role model in our building. She is truly one of the kindest people you'll ever meet, and Wendell Magnet Elementary is blessed that she is part of our school family!

Attachments:

None

Item Title:

Recognition of Wendell Rams Pee Wees and Mighty Mites.

Board of Commissioners Meeting:

Monday, December 10, 2018

Specific Action Requested:

Recognition.

Item Summary

On behalf of the Town of Wendell, the Town Board of Commissioners wishes to acknowledge the Wendell Rams Pee Wees and Mighty Mites for their 2018 seasons and each winning its Super Bowl on Saturday, November 17, 2018.

Congratulations!!

Attachments:

- A. Photo Collage



WENDELL RAMS

YOUTH FOOTBALL & CHEERLEADING



2018



UNDEFEATED (11-0)



E.W.F.L. SUPER BOWL CHAMPIONS

WENDELL RAMS (PEE WEES)

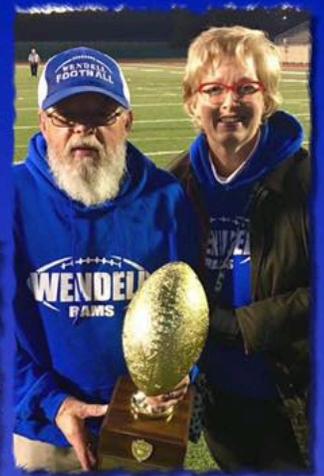


WENDELL RAMS

YOUTH FOOTBALL & CHEERLEADING



2018



BACK TO BACK (10-1)



E.W.F.L. SUPER BOWL CHAMPIONS (2xs)

WENDELL RAMS (MIGHTY MITES)



Item Title:

Presentation of the Town of Wendell 2018 audit report by Petway Mills and Pearson PA

Report to the Board of Commissioners:

Monday, December 10, 2018

Specific Action Requested:

Request that the 2018 audit report be received by the Board of Commissioners

Item Summary:

The annual audit for the Town of Wendell was conducted by Petway Mills and Pearson for the fiscal year 2017-2018 (July 1 to June 30). Prior to the board meeting of November 26th, the audit committee met with the previously mentioned audit firm to discuss the details of the audit. A summary of the audit committee meeting will be presented to the public and the full board of commissioners by Phyllis Pearson of Petway Mills and Pearson.

Staff is recommending that the 2018 audit report be approved.

Attachments:

- A. Bound Audit Report for the fiscal year 2017-2018 will be distributed at the Board meeting.

BOARD OF COMMISSIONERS

Virginia Gray, Mayor

Jon Lutz, Mayor Pro Tem

Ben Carroll

John Boyette

David Myrick

Jason Joyner

TOWN OF WENDELL
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PETWAY
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PEARSON, PA
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Memberships:

North Carolina
Association of
Certified Public
Accountants

American Institute
Of Certified Public
Accountants

Medical Group
Management
Association

Independent Auditor's Report

To the Honorable Mayor
And Members of the Board of Commissioners
Town of Wendell
Wendell, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Wendell, 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 Wendell'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 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Wendell, North Carolina as of June 30, 2018, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions on page 51, respectively, the Local Government Employees' Retirement System's Schedules of Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 52 and 53, 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 54 and 55, respectively, to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Wendell, North Carolina. The introductory information, budgetary schedules, other schedules, statistical section and Schedule of Expenditures of Federal and State Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary schedules, other schedules, and 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 budgetary schedules, other schedules, and 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.

The introductory information and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2018 on our consideration of the Town of Wendell'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 the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Wendell's internal control over financial reporting and compliance.

Petway Mills & Pearson, PA

PETWAY MILLS & PEARSON, PA
Certified Public Accountants
Zebulon, North Carolina

October 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Town of Wendell, we offer readers of the Town of Wendell's financial statements this narrative overview and analysis of the financial activities of the Town of Wendell 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

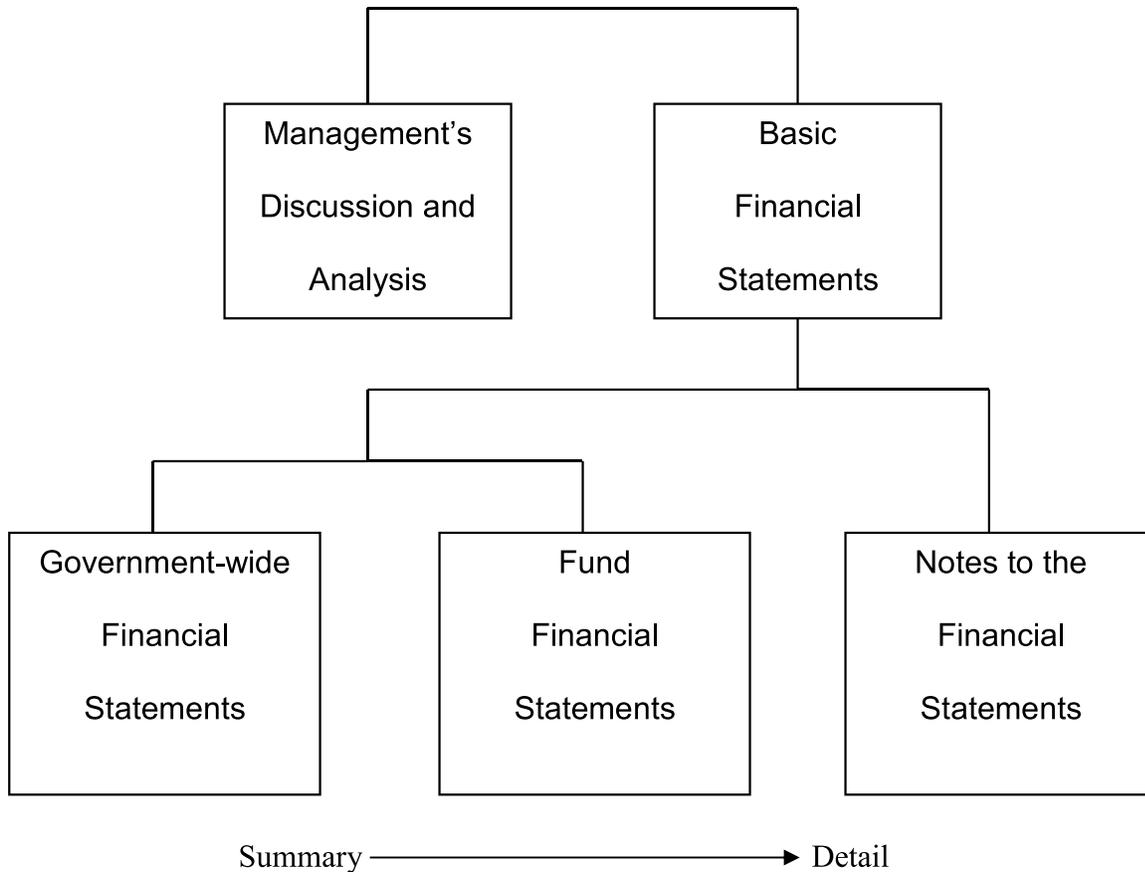
- The assets and deferred outflows of resources of the Town of Wendell exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$4,562,456 (*net position*).
- The government's total net position decreased by \$2,019,293, primarily due to the change in accounting principle related to GASB 75.
- As of the close of the current fiscal year, the Town of Wendell's governmental funds reported combined ending fund balances of \$6,638,603 with a net change of \$231,888 in fund balance. Approximately 5.46% of this total amount, or \$362,791, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,030,012, or 83.77% of total general fund expenditures for the fiscal year.
- The Town of Wendell's total debt decreased by \$301,210 (5.76%) during the current fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 9) 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, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

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

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; 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 is water and sewer debt that remains after the merger with the City of Raleigh.

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 Wendell, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Wendell can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily 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.

The Town of Wendell 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

Management Discussion and Analysis
Town of Wendell

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

Proprietary Funds – Town of Wendell has one kind proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Wendell uses enterprise funds to account for its water and sewer activity. 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.

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 28 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 Wendell's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 50 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.

Government-Wide Financial Analysis

Management Discussion and Analysis
Town of Wendell

Town of Wendell's Net Position

Figure 20.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 9,487,674	\$ 9,250,806	\$ 2,050,078	\$ 2,467,126	\$ 11,537,752	\$ 11,717,932
Capital assets	6,307,132	4,698,029	-	-	6,307,132	4,698,029
Total assets	15,794,806	13,948,835	2,050,078	2,467,126	17,844,884	16,415,961
Deferred outflows of resources	481,032	684,356	-	-	481,032	684,356
Total assets and deferred outflows of resources	16,275,838	14,633,191	2,050,078	2,467,126	18,325,916	17,100,317
Long-term liabilities outstanding	7,817,295	5,138,791	2,050,078	2,467,126	9,867,373	7,605,917
Other liabilities	3,396,194	2,823,158	-	-	3,396,194	2,823,158
Total liabilities	11,213,489	7,961,949	2,050,078	2,467,126	13,263,567	10,429,075
Deferred inflows of resources	499,893	89,494	-	-	499,893	89,494
Total liabilities and deferred inflows of resources	11,713,382	8,051,443	2,050,078	2,467,126	13,763,460	10,518,569
Net position:						
Net investment in capital assets	3,229,236	880,928	-	-	3,229,236	880,928
Restricted	362,791	1,364,711	-	-	362,791	1,364,711
Unrestricted	970,429	4,336,109	-	-	970,430	4,336,109
Total net position	\$ 4,562,456	\$ 6,581,748	\$ -	\$ -	\$ 4,562,456	\$ 6,581,748

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Wendell exceeded liabilities and deferred inflows by \$4,562,456 as of June 30, 2018. The Town's net position decreased by \$2,019,292 for the fiscal year ended June 30, 2018. However, the largest portion (70.78%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Wendell uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Wendell'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 Wendell's net position, \$362,791, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$970,429 is unrestricted.

Management Discussion and Analysis
Town of Wendell

**Town of Wendell’s Changes in Net Position
Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 1,052,552	\$ 990,911	\$ -	\$ -	\$ 1,052,552	\$ 990,911
Operating grants and contributions	447,171	229,325	-	-	447,171	229,325
Capital grants and contributions	-	551,337	-	-	-	551,337
General revenues:						
Property taxes	2,842,936	2,590,131	-	-	2,842,936	2,590,131
Other taxes	1,917,276	1,833,083	-	-	1,917,276	1,833,083
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	191,776	32,478	60,725	71,111	252,501	103,589
Total revenues	6,451,711	6,227,265	60,725	71,111	6,512,436	6,298,376
Expenses:						
General government	1,890,228	1,658,627	-	-	1,890,228	1,658,627
Public safety	1,455,625	1,445,444	-	-	1,455,625	1,445,444
Transportation	1,221,517	2,332,447	-	-	1,221,517	2,332,447
Environmental protection	70,291	55,845	-	-	70,291	55,845
Economic and physical development	308,544	301,369	-	-	308,544	301,369
Cultural and recreation	571,816	615,823	-	-	571,816	615,823
Interest on long-term debt	5,151	8,741	-	-	5,151	8,741
Water and sewer	-	-	60,725	71,111	60,725	71,111
Electric	-	-	-	-	-	-
Total expenses	5,523,172	6,418,296	60,725	71,111	5,583,897	6,489,407
Increase in net position before transfers	928,539	(191,031)	-	-	928,539	(191,031)
Transfers	-	-	-	-	-	-
Extraordinary item: gain on insurance recovery	-	-	-	-	-	-
Increase in net position	928,539	(191,031)	-	-	928,539	(191,031)
Beginning net position	6,581,748	-	-	-	6,581,746	6,772,779
Net position, beginning, restated	3,633,917	6,772,779	-	-	3,633,917	6,772,779
Net position, June 30	\$ 4,562,456	\$ 6,581,748	\$ -	\$ -	\$ 4,562,456	\$ 6,581,748

Governmental activities. Governmental activities increased the Town’s net position by \$928,540, thereby accounting for all of the total change in the net position of the Town of Wendell.

Business-type activities. The Town of Wendell’s net position is \$0 due to the merger with the City of Raleigh.

Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town of Wendell. At the end of the current fiscal year, Town of Wendell's fund balance available in the General Fund was \$6,275,812, while total fund balance reached \$6,638,603. The Governing Body of Town of Wendell has determined that the Town should maintain an available fund balance of 40% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 87.18% of general fund expenditures, and total fund balance represents 92.22% of the same amount.

At June 30, 2018, the governmental funds of Town of Wendell reported a combined fund balance of \$6,638,603 with a net decrease in fund balance of \$231,888. Included in this change in fund balance is a decrease in fund balance in the General Fund only.

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.

Proprietary Funds. The Town of Wendell's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Total net position for the water and sewer funds is \$0 each, due to the merger with the City of Raleigh.

Capital Asset and Debt Administration

Capital assets. The Town of Wendell's investment in capital assets for its governmental and business-type activities as of June 30, 2018, totals \$6,307,132 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Management Discussion and Analysis
Town of Wendell

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

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 1,625,355	\$ 1,625,355	\$ -	\$ -	\$ 1,625,355	\$ 1,625,355
Land Improvement	\$ 382,557				\$ 382,557	
Buildings and system	2,434,058	1,888,525	-	-	2,434,058	1,888,525
Improvements other than buildings	73,519	-	-	-	73,519	-
Substations, lines, and related equipment	-	-	-	-	-	-
Equipment and furniture	1,099,800	473,531	-	-	1,099,800	473,531
Infrastructure	61,663	67,984	-	-	61,663	67,984
Vehicles and motorized equipment	630,180	271,069	-	-	630,180	271,069
Computer Software	-	-	-	-	-	-
Computer equipment	-	-	-	-	-	-
Construction in progress	-	371,565	-	-	-	371,565
Total	\$ 6,307,132	\$ 4,698,029	\$ -	\$ -	\$ 6,307,132	\$ 4,698,029

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

Management Discussion and Analysis
Town of Wendell

Long-term Debt. As of June 30, 2018, the Town of Wendell had total bonded debt outstanding of \$2,050,078. All bonded debt is backed by the full faith and credit of the Town.

**Outstanding Debt
Figure 5**

Town of Wendell's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
BB&T Note	\$ 103,420	\$ 124,104	\$ -	\$ -	\$ 103,420	\$ 124,104
BB&T Notes Payable 2017	949,500	1,055,000	-	-	949,500	1,055,000
First Citizens Loan	122,930	182,997	-	-	122,930	182,997
KS Bank Loan	402,089	-	-	-	402,089	-
KS Bank Loan	1,300,000	1,400,000	-	-	1,300,000	1,400,000
NC Clean Water Loan	-	-	140,650	175,812	140,650	175,812
Federal Revolving Loan	-	-	1,909,428	2,291,314	1,909,428	2,291,314
OPEB	4,154,063	1,315,070	-	-	4,154,063	1,315,070
Pension related debt (LGERS)	568,007	803,729	-	-	568,007	803,729
Pension related debt (LEO)	605,877	547,625	-	-	605,877	547,625
Compensated absences	199,957	201,779	-	-	199,957	201,779
Total	\$ 8,405,843	\$ 5,630,304	\$ 2,050,078	\$ 2,467,126	\$ 10,455,921	\$ 8,097,430

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

Economic Factors and Next Year’s Budgets and Rates

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

The Triangle Region of North Carolina continues its national prominence as an economic driver for both outlook and future growth. As a result, the Town experiences continued investment and growth from building activity throughout its corporate boundary. The housing sector growth is strong with increased development of upscale housing with neighborhood conveniences driven by market demand. In addition to new development, public investment is being made in established areas of the Town through water main replacement, street resurfacing, and drainage improvements to match private investment in infill housing construction and renovations.

Management Discussion and Analysis
Town of Wendell

Residential growth remains the economic driver with 187 residential permits issued in calendar year 2015 with an estimated improvement value of \$29 million, 231 residential permits issued in calendar year 2016 with an estimated improvement value of \$44 million, 262 residential permits issued in calendar year 2017 with an estimated improvement value of \$52 million, and 325 residential permits issued through October 2018 with an estimated value of \$60 million.

Economic activity that diversifies the tax base of the Town increased during the past year with 24 commercial permits issued for new or expanded businesses with an estimated improvement value of \$12 million. This includes \$6.6 million expansion of a prominent industrial facility. The total KIOTI expansion includes an additional 162,750 square feet of space, 15% employee growth, and total investment of \$13 million. In addition to industrial growth, commercial growth includes anticipated commercial and service sector businesses that follow residential growth with new restaurants, convenience store, and day care centers. Public investment is following the private investment with the opening of the new regional ABC store and East Wake EMS station. Annexation of land into the corporate limits, available utility capacity, and continued increases in residential and commercial development maintain a positive economic outlook for FY 2018-2019 for growth within the corporate limits of Wendell.

Budget Highlights for the Fiscal Year Ending June 30, 2019

Governmental Activities: Property taxes (benefiting from the economic growth) and revenues from permits and fees are expected to lead the increase in budgeted revenue by 12.25%. The Town will use these increases in revenues to finance programs currently in place.

Budgeted expenditures in the General Fund are expected to decrease approximately 14.43% to \$6,309,570. The reduction in expenditures is largely related to capital projects.

Business-type Activities: The Town only budgets for debt payments related to the water and sewer assets and operations.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Manager, Town of Wendell, 15 E. Fourth St., Wendell, NC 27591.

Exhibit 1

Town of Wendell
Statement of Net Position
June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,522,433	\$ -	\$ 2,522,433
Restricted cash	1,983,517	-	1,983,517
Investments	4,641,257	-	4,641,257
Taxes receivables (net)	41,426	-	41,426
Accounts receivable (net) - trade	114,802	-	114,802
Due from other governments	184,239	2,050,078	2,234,317
Total current assets	<u>9,487,674</u>	<u>2,050,078</u>	<u>11,537,752</u>
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements, and construction in progress	2,007,912	-	2,007,912
Other capital assets, net of depreciation	4,299,220	-	4,299,220
Total capital assets	<u>6,307,132</u>	<u>-</u>	<u>6,307,132</u>
Total non-current assets	<u>6,307,132</u>	<u>-</u>	<u>6,307,132</u>
Total assets	<u>15,794,806</u>	<u>2,050,078</u>	<u>17,844,884</u>
DEFERRED OUTFLOWS OF RESOURCES			
Contributions to pension plan in current fiscal year - LGERS	172,578	-	172,578
Contributions to pension plan in current fiscal year - LEO	2,979	-	2,979
Pension deferrals - LGERS	251,754	-	251,754
Pension deferrals - LEO	32,747	-	32,747
Pension deferrals - OPEB	20,974	-	20,974
Total deferred outflows of resources	<u>481,032</u>	<u>-</u>	<u>193,552</u>
LIABILITIES			
Current liabilities:			
Accounts payable - trade and accrued liabilities	373,068	-	373,068
Accrued payroll and payroll liabilities	101,256	-	101,256
Liabilities payable to the City of Raleigh	1,919,766	-	1,919,766
Capacity Fees - Developer	413,555	-	413,555
Current portion of long-term liabilities	588,549	417,049	1,005,598
Total current liabilities	<u>3,396,194</u>	<u>417,049</u>	<u>3,813,243</u>
Long-term liabilities:			
Net pension liability	568,008	-	568,008
Total pension liability- LEO	605,877	-	605,877
Net OPEB Liability	4,154,063	-	4,154,063
Due in more than one year	2,489,347	1,633,029	4,122,376
Total long-term liabilities	<u>7,817,295</u>	<u>1,633,029</u>	<u>9,450,324</u>
Total liabilities	<u>11,213,489</u>	<u>2,050,078</u>	<u>13,263,567</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals - LEO	35,055	-	35,055
Pension deferrals - LGERS	47,851	-	47,851
Pension deferrals - OPEB	416,987	-	416,987
Total deferred inflows of resources	<u>499,893</u>	<u>-</u>	<u>499,893</u>
NET POSITION			
Net investment in capital assets	3,229,236	-	3,229,236
Restricted for:			
Streets	63,751	-	63,751
Stabilization by State Statute	299,040	-	299,040
Unrestricted	970,429	-	970,429
Total net position	<u>\$ 4,562,456</u>	<u>\$ -</u>	<u>\$ 4,562,456</u>

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

Town of Wendell
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental Activities:							
General government	\$ 1,890,228	\$ 13,102	\$ 9,993	\$ -	\$ (1,867,133)	\$ -	\$ (1,867,133)
Public safety	1,455,625	2,167	25,593	-	(1,427,865)	-	(1,427,865)
Transportation	1,221,517	-	175,014	-	(1,046,503)	-	(1,046,503)
Economic and physical development	308,544	139,961	36,052	-	(132,531)	-	(132,531)
Environmental protection	70,291	708,939	-	-	638,648	-	638,648
Cultural and recreation	571,816	188,383	200,519	-	(182,914)	-	(182,914)
Interest on long-term debt	5,151	-	-	-	(5,151)	-	(5,151)
Total governmental activities	5,523,172	1,052,552	447,171	-	(4,023,449)	-	(4,023,449)
Business-type activities:							
Water	7,911	-	-	-	-	(7,911)	(7,911)
Sewer	52,814	-	-	-	-	(52,814)	(52,814)
Total business-type activities	60,725	-	-	-	-	(60,725)	(60,725)
Total primary government	\$ 5,583,897	\$ 1,052,552	\$ 447,171	\$ -	(4,023,449)	(60,725)	(4,084,174)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					2,842,937	-	2,842,937
Other taxes					1,917,276	-	1,917,276
Unrestricted investment earnings					67,884	-	67,884
City of Raleigh - debt reimbursemen					-	60,725	60,725
Gain on sale of capital assets					55,641	-	55,641
Other financing sources					60,642	-	60,642
Miscellaneous					7,609	-	7,609
Total general revenues					4,951,989	60,725	5,012,714
Change in net position					928,540	-	928,540
Net position, beginning, as previously reported					6,581,748	-	6,581,748
Change in accounting principle					(2,947,832)	-	(2,947,832)
Net position, beginning, as restated					3,633,916	-	3,633,916
Net position, ending					\$ 4,562,456	\$ -	\$ 4,562,456

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

Town of Wendell
Balance Sheet
Governmental Funds
June 30, 2018

	Major Funds		Total Governmental Funds
	General	Total Non-Major Funds	
ASSETS			
Cash and cash equivalents	\$ 2,522,433	\$ -	\$ 2,522,433
Restricted cash	1,983,517	-	1,983,517
Investments	4,641,257	-	4,641,257
Receivables, net:			
Taxes	41,426	-	41,426
Accounts - trade	114,802	-	114,802
Due from other governments	184,239	-	184,239
Total assets	<u>\$ 9,487,674</u>	<u>\$ -</u>	<u>\$ 9,487,674</u>
LIABILITIES			
Liabilities:			
Accounts payable - trade and accrued liabilities	\$ 373,068	\$ -	\$ 373,068
Accrued payroll and payroll liabilities	101,256	-	101,256
Capacity fees	413,555	-	413,555
Liabilities payable to the City of Raleigh	1,919,766	-	1,919,766
Total liabilities	<u>2,807,645</u>	<u>-</u>	<u>2,807,645</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	41,426	-	41,426
Total deferred inflows of resources	<u>41,426</u>	<u>-</u>	<u>41,426</u>
FUND BALANCES			
Fund balances:			
Restricted:			
Stabilization by State Statute	299,040	-	299,040
Streets	63,751	-	63,751
Assigned			
Subsequent year's expenditures	245,800	-	245,800
Unassigned	6,030,012	-	6,030,012
Total fund balances	<u>6,638,603</u>	<u>-</u>	<u>6,638,603</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,487,674</u>	<u>\$ -</u>	

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds,	6,307,132
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	175,557
Earned revenues considered deferred inflows of resources in fund statements,	41,426
Net LGERS pension liability	(568,008)
Net LEO pension liability	(605,877)
Net OPEB liability	(4,154,063)
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds	(3,077,896)
Pension related deferrals	(194,418)
Net position of governmental activities	<u>\$ 4,562,456</u>

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

Exhibit 4

Town of Wendell
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	Major Funds		Total Governmental Funds
	General Fund		
REVENUES			
Ad valorem taxes	\$ 2,850,181	\$	2,850,181
Other taxes and licenses	113,543		113,543
Unrestricted intergovernmental	1,803,733		1,803,733
Restricted intergovernmental	439,171		439,171
Restricted contributions	8,000		8,000
Permits and fees	954,592		954,592
Sales and services	97,959		97,959
Investment earnings	67,884		67,884
Miscellaneous	7,609		7,609
Total revenues	6,342,672		6,342,672
EXPENDITURES			
Governing Board	98,059		98,059
Administration	531,249		531,249
Information technology	113,283		113,283
Economic development	1,153		1,153
Community development and planning	323,736		323,736
Police-Law enforcement	1,360,561		1,360,561
Fire service	691		691
Public buildings and grounds	165,045		165,045
Public Works	1,140,588		1,140,588
Parks and recreation	598,333		598,333
Non-departmental	462,294		462,294
Capital outlay	1,961,099		1,961,099
Debt service:			
Principal	393,001		393,001
Interest and other charges	49,292		49,292
Total expenditures	7,198,384		7,198,384
Excess of revenues over expenditures	(855,712)		(855,712)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	56,182		56,182
Cell tower proceeds	9,000		9,000
Reimbursements	51,642		51,642
Issuance of debt	507,000		507,000
Total other financing sources (uses)	623,824		623,824
Net change in fund balance	(231,888)		(231,888)
Fund balances, beginning	6,870,491		6,870,491
Fund balances, ending	\$ 6,638,603	\$	6,638,603

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

Exhibit 5

Town of Wendell
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2018

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

Net changes in fund balances - total governmental funds		\$ (231,888)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlay expenditures which were capitalized	1,961,099	
Depreciation expense for governmental assets	<u>(351,456)</u>	1,609,643
Contributions to pension plan in the current fiscal year that are not included on the Statement of Activities		175,557
Proceeds from sale of capital assets		(56,182)
Benefit payments paid and administrative expense for the LEOWSA are not included on the Statement of Activities		32,747
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in unavailable revenue for tax revenues		(7,244)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
New long-term debt issued	(507,000)	
Principal payments on long-term debt	<u>393,001</u>	(113,999)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Pension expense	(276,166)	
Compensated absences	(1,821)	
Other post-employment benefits	<u>(202,107)</u>	(480,094)
Total changes in net position of governmental activities		<u>\$ 928,540</u>

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

**Town of Wendell
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2018**

	Original Budget	Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 2,676,497	\$ 2,811,497	\$ 2,850,181	\$ 38,684
Other taxes and licenses	69,050	100,100	113,543	13,443
Unrestricted intergovernmental	1,663,069	1,698,069	1,803,733	105,664
Restricted intergovernmental	236,377	426,377	439,171	12,794
Restricted contributions	4,850	4,850	8,000	3,150
Permits and fees	776,820	854,820	954,592	99,772
Sales and services	82,550	82,550	97,959	15,409
Investment earnings	20,900	28,400	67,884	39,484
Miscellaneous	-	-	7,609	7,609
Total revenues	\$ 5,530,113	6,006,663	6,342,672	336,009
Expenditures:				
Governing Board	87,283	114,683	98,059	16,624
Administration	565,800	580,400	531,249	49,151
Information Technology	130,413	130,763	113,283	17,480
Economic Development	4,600	18,600	1,153	17,447
Community Development and Planning	305,525	348,975	323,736	25,239
Police-Law Enforcement	1,464,413	1,490,713	1,360,561	130,152
Fire Service	6,360	6,360	691	5,669
Public Buildings and Grounds	185,875	215,675	165,045	50,630
Public Works	1,163,046	1,287,946	1,140,588	147,358
Parks and Recreation	646,673	663,923	598,333	65,590
Non-departmental	504,075	518,575	462,294	56,281
Capital outlay	1,822,970	2,027,970	1,961,099	66,871
Debt service:				
Principal retirement	437,258	437,258	393,001	44,257
Interest and other charges	49,292	49,292	49,292	-
Total expenditures	7,373,583	7,891,133	7,198,384	692,749
Revenues over (under) expenditures	(1,843,470)	(1,884,470)	(855,712)	1,028,758
Other financing sources (uses):				
Appropriated fund balance	176,970	176,970	-	(176,970)
Issuance of debt	-	1,654,000	507,000	(1,147,000)
Loan proceeds	1,654,000	-	-	-
Cell tower proceeds	-	-	9,000	9,000
Reimbursements	-	-	51,642	51,642
Sale of capital assets	12,500	53,500	56,182	2,682
Total other financing sources (uses)	1,843,470	1,884,470	623,824	(1,260,646)
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ -	(231,888)	\$ (231,888)
Fund balances, beginning			6,870,491	
Fund balances, ending			<u>\$ 6,638,603</u>	

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

Exhibit 7

**Town of Wendell
Statement of Fund Net Position
Proprietary Funds
June 30, 2018**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ -	\$ -
Due from other governments	-	-	-
Due from other funds	-	-	-
Due from City of Raleigh	140,650	1,909,428	2,050,078
Inventories	-	-	-
Prepaid items	-	-	-
Total current assets	<u>140,650</u>	<u>1,909,428</u>	<u>2,050,078</u>
Capital assets:			
Land and other non-depreciable assets	-	-	-
Other capital assets, net of depreciation	-	-	-
Capital assets (net)	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 140,650</u>	<u>\$ 1,909,428</u>	<u>\$ 2,050,078</u>
LIABILITIES			
Current liabilities:			
Accrued interest payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Customer deposits	-	-	-
Due to the City of Raleigh	-	-	-
General obligation bonds payable-current	-	-	-
Note payable - current	35,163	381,886	417,049
Revenue bond payable - current	-	-	-
Total current liabilities	<u>35,163</u>	<u>381,886</u>	<u>417,049</u>
Non-current liabilities:			
Liabilities payable from restricted assets:			
Other non-current liabilities:			
Compensated absences	-	-	-
General obligation bonds payable	-	-	-
Note payable - non-current	105,487	1,527,542	1,633,029
Revenue bond payable - non-current	-	-	-
Total non-current liabilities	<u>105,487</u>	<u>1,527,542</u>	<u>1,633,029</u>
Total liabilities	<u>140,650</u>	<u>1,909,428</u>	<u>2,050,078</u>
NET POSITION			
Net investment in capital assets	-	-	-
Restricted for Capital Projects	-	-	-
Unrestricted	-	-	-
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Exhibit 8

Town of Wendell
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ -	\$ -	\$ -
Water and sewer taps	-	-	-
Other operating revenues	-	-	-
Total operating revenues	<u>-</u>	<u>-</u>	<u>-</u>
OPERATING EXPENSES			
Water system operations	-	-	-
Non-departmental	-	-	-
Total operating expenses	<u>-</u>	<u>-</u>	<u>-</u>
Operating income (loss)	<u>-</u>	<u>-</u>	<u>-</u>
NON-OPERATING REVENUES (EXPENSES)			
City of Raleigh - debt payment	7,911	52,814	60,725
Investment earnings	-	-	-
Interest and other charges	(7,911)	(52,814)	(60,725)
Bad debts	-	-	-
Total non-operating revenue (expenses)	<u>-</u>	<u>-</u>	<u>-</u>
Grants	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before contributions and transfers	-	-	-
Change in net position	-	-	-
Total net assets, beginning	-	-	-
Total net assets, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Exhibit 9

**Town of Wendell
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2018**

	Water Fund	Sewer Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ -	\$ -	\$ -
Cash paid for goods and services	-	-	-
Cash paid to or on behalf of employees for services	-	-	-
Net customer deposits	-	-	-
Other operating revenues	-	-	-
Net cash provided (used) by operating activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
City of Raleigh contributions - debt payment	43,074	434,700	477,774
Transfers (to) from other funds	-	-	-
Total cash flows from non-capital financing activities	<u>43,074</u>	<u>434,700</u>	<u>477,774</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	-	-	-
Capital contributions	-	-	-
Principal paid on notes payable	(35,163)	(381,886)	(417,049)
Proceeds from notes payable	-	-	-
Interest paid on notes payable	<u>(7,911)</u>	<u>(52,814)</u>	<u>(60,725)</u>
Net cash provided (used) by capital and related financing activities	<u>(43,074)</u>	<u>(434,700)</u>	<u>(477,774)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	-	-	-
Balances, beginning	-	-	-
Balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Exhibit 9

**Town of Wendell
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2018**

	Water Fund	Sewer Fund	Totals
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ -	\$ -	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	-	-	-
Bad debts	-	-	-
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	-	-	-
Decrease in net pension asset	-	-	-
Increase in deferred outflows of resources - pensions	-	-	-
Increase in net pension liability	-	-	-
Decrease in deferred inflows of resources - pensions	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	-	-	-
Increase (decrease) in customer deposits	-	-	-
Increase (decrease) in accrued vacation pay	-	-	-
Total adjustments	-	-	-
Net cash provided (used) by operating activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Noncash investing, capital, and financing activities:

None.

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

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

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 and investment earnings, result from non-exchange transactions or ancillary activities.

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 no non-major governmental funds.

The Town reports the following major enterprise funds:

Water Fund. This fund is used to account for the Town's water transactions with the City of Raleigh.

Sewer Fund. This fund is used to account for the Town's sewer transactions with the City of Raleigh.

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

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 is materially past due and are not considered to be an available resource to finance the operations of the current year. Wake County is responsible for billing and collecting the property taxes on real property on behalf of the Town. 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 the Town. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities sales 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 because the tax is levied by Wake County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. 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 by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Grant Projects Special Revenue Fund, the Capital Projects Fund, and the Enterprise Fund Capital Projects Funds, which are consolidated with the operating

Town of Wendell, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. The governing board must approve all amendments. During the year, several 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). The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value.

In accordance with State law, the Town has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. They 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 investments and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

Powell Bill funds are classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

Liabilities payable to the City of Raleigh are also classified as restricted cash because these are funds that were prepaid by Wendell Falls. These funds do not belong to the Town, instead they are payable to the City of Raleigh.

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2008.

5. Allowances for Doubtful Accounts

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

6. Prepaid Items

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

7. Capital Assets

The government defines capital assets as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$20,000; Buildings, improvements, substations, lines and other plant and distribution systems, \$20,000; infrastructure, \$10,000; furniture and equipment, \$5,000; and vehicles, \$15,000. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Infrastructure	30
Buildings	50
Improvements	25
Vehicles	6
Computer equipment	3
Furniture and office equipment	10

8. Deferred outflows/inflows of resources

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

9. 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, as well as issuance costs, 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.

10. Compensated Absences

The vacation policies of the Town provide for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide fund, an expense and 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 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.

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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)].

Town of Wendell, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

Subsequent year’s expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation.

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

The Town of Wendell has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Director will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, city 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 Director has the authority to deviate from this policy if it is in the best interest of the Town.

The Town of Wendell has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 40% of budgeted expenditures. Any portion of the general fund balance in excess of 40% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

12. Pensions

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

II. Stewardship, Compliance, and Accountability

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

1. Noncompliance with North Carolina General Statutes

None.

2. Contractual Violations

None.

**Town of Wendell, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018**

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

None.

C. Excess of Expenditures over Appropriations

None.

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 agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents 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, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit risk for deposits.

At June 30, 2018, the Town's deposits had a carrying amount of \$4,505,850 and a bank balance of \$4,595,879. Of the bank balance, \$250,000 was covered by federal depository insurance, \$2,482,978 is insured by KS Bank, and the remainder of \$1,862,901 was covered by collateral held under the pooling method. At June 30, 2018, the Town's petty cash fund totaled \$100.

2. Investments

At June 30, 2018, the Town of Wendell had \$4,641,257 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The City has no policy regarding credit risk.

**Town of Wendell, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018**

3. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2018, was as follows:

	Beginning Balances	Increases	Decreases	Adjustments to Reconcile to Schedule	Ending Balances
Governmental activities:					
Capital assets not being depreciated					
Land	\$ 1,625,355	\$ -	\$ -	\$ -	\$ 1,625,355
Land Improvements	-	382,557	-	-	382,557
Construction in progress	371,564	-	371,564	-	-
Total capital assets not being depreciated	1,996,919	382,557	371,564	-	2,007,912
Capital assets being depreciated					
Buildings	3,475,054	642,043	-	-	4,117,097
Equipment	1,365,816	757,261	120,436	-	2,002,641
Land Improvements	22,055	53,650	-	-	75,705
Vehicles and motorized equipment	1,068,371	497,153	-	-	1,565,524
Infrastructure	210,718	-	-	-	210,718
Total capital assets being depreciated	6,142,014	1,950,107	120,436	-	7,971,685
Less accumulated depreciation for					
Buildings	1,586,529	96,510	-	-	1,683,039
Equipment	914,340	108,397	119,896	-	902,841
Vehicles and motorized equipment	797,302	138,042	-	-	935,344
Land Improvements	-	2,186	-	-	2,186
Infrastructure	142,734	6,321	-	-	149,055
Total accumulated depreciation	3,440,905	\$ 351,456	\$ 119,896	\$ -	3,672,465
Total capital assets being depreciated, net	2,701,109				4,299,220
Governmental activity capital assets, net	<u>\$ 4,698,028</u>				<u>\$ 6,307,132</u>

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

General Government 25%	\$ 87,864
Public Safety 35%	123,010
Environmental Protection 20%	70,291
Transportation 20%	70,291
	<u>\$ 351,456</u>

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Wendell 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.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town 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's contractually required contribution rate for the year ended June 30, 2017, was 8.25% of compensation for law enforcement officers and 7.50% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$172,578 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 rights to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2018, the Town reported a liability of \$568,008 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 asset 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, 2017 and June 30, 2016, the Town's proportion was 0.03787% and 0.03714%, respectively.

Town of Wendell, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

For the year ended June 30, 2018, the Town recognized pension expense of \$178,568. 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	\$ 32,722	\$ 16,078
Changes of assumptions	81,119	-
Net difference between projected and actual earnings on pension plan investments	137,913	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	31,773
Employer contributions subsequent to the measurement date	172,578	-
Total	\$ 424,332	\$ 47,851

\$172,578 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Future amortization:

Year Ended June 30:

2019	\$ 15,294
2020	157,285
2021	77,566
2022	(46,242)
Total	\$ 203,903

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined by 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 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

**Town of Wendell, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018**

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 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 of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	<u>100%</u>	

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 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 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%)
Town's proportionate share of the net pension liability (asset)	<u>\$ 1,705,171</u>	<u>\$ 568,008</u>	<u>\$ (381,165)</u>

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 Wendell 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

**Town of Wendell, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018**

sworn law enforcement officers under the age 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.

The Separation Allowance covers all full time law enforcement officers of the Town. At December 31, 2017, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1	
Terminated plan members entitled to but not yet receiving benefits	-	
Active plan members	16	
Total	17	

2. Summary of Significant Accounting Policies:

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

The Separation Allowance has no assets accumulated in a trust that meet the following criteria which are outlined in GASB Statements 73.

3. Actuarial Assumptions

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

Inflation	2.50 percent
Salary increases factor	3.50 to 7.35 percent, including inflation and productivity
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, 2017.

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

4. Contributions.

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the 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.

**Town of Wendell, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018**

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 \$605,877. 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 \$48,028.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,131
Changes of assumptions	32,747	10,326
County benefit payments and plan administrative expense made subsequent to the measurement date	-	-
	\$ 32,747	\$ 13,457

\$32,747 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date 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	\$ 2,773
2020	2,773
2021	2,773
2022	2,773
2023	2,069
Thereafter	296
Total	\$ 13,457

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	\$ 663,196	\$ 605,877	\$ 553,661

**Town of Wendell, North Carolina
Notes to the Financial Statements
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**Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance**

	2018
Beginning balance	\$ 547,625
Service Cost	24,147
Interest on the total pension liability	20,721
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(3,698)
Changes of assumptions or other inputs	38,680
Benefit payments	(21,598)
Other changes	-
Ending balance of the total pension liability	<u>\$ 605,877</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 Related to Pensions.

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

	LGERs	LEOSSA	Total
Pension Expense	178,568	48,028	226,596
Pension Liability	568,008	605,877	1,173,885
Proportionate share of the net pension liability	0.03718%	n/a	

Deferred of Outflows of Resources

Differences between expected and actual experience	32,722	-	32,722
Changes of assumptions	81,119	32,747	113,866
Net difference between projected and actual earnings on plan investments	137,913	-	137,913
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-
Benefit payments and administrative costs paid subsequent to the measurement date	-	-	-
Employer contributions subsequent to the measurement date	172,578	2,979	175,557

Deferred of Inflows of Resources

Differences between expected and actual experience	16,078	3,131	19,209
Changes of assumptions	-	10,326	10,326
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	31,773	-	31,773

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may also make voluntary contributions to the plan.

Contributions for the year ended June 30, 2018 were \$73,773, which consisted of \$44,545 from the Town and \$29,319 from the law enforcement officers.

Supplemental Retirement Income Plan for Employees

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 Town employees.

Funding Policy. The Town elects to contribute each month an amount equal to five percent of each employee's salary, and all amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2018 were \$91,277, which consisted of \$53,752 from the Town and \$37,525 from the employees.

d. Other Post-Employment Benefits

Healthcare Benefits

Plan Description. According to a Town resolution, the Town provides post-employment health care benefits to retirees of the Town, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least five years of creditable service with the Town.

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. Currently 7 retirees are eligible for post-employment health benefits. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

The following summarizes the membership of the Plan as of June 30, 2016, the Valuation Date.

Inactive employees/beneficiaries currently receiving benefits	7
Inactive members entitled to but not yet receiving benefits	-
Active employees	41
Total	<u>48</u>

Town of Wendell, North Carolina
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Funding Policy. By Town resolution, the Town pays the full cost of coverage for the healthcare benefits paid to qualified retirees. The Town has chosen to fund the healthcare benefits on a pay as you go basis. Post-employment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due. In fiscal year ended June 30, 2018, the Town made no payments for post-employment health benefit premiums.

Annual OPEB Cost and Net OPEB Obligation. The Town's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC).

The Town has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years.

Total OPEB Liability.

The Town's OPEB liability of \$4,154,063 was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

The TOL (Total OPEB Liability) was determined by an actuarial valuation as of June 30, 2016, using the following key actuarial assumptions and other inputs:

Inflation	3.00%
Real Wage Growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	
General employees	3.50% – 7.75% percent
Law Enforcement Officers	3.50% – 7.35% percent
Municipal Bond Index Rate	
Prior measurement date	3.01%
Measurement date	3.56%
Health Care Cost Trends	
Pre-Medicare	7.75% for 2016 decreasing to rate of 5% by 2022
Medicare	5.75% for 2016 decreasing to rate of 5% by 2019

The discount rate used to measure the TOL was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Mortality rates were based on the RP-2014 mortality rates, 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.

Town of Wendell, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

Changes in the Total OPEB Liability.

	Total OPEB Liability
Balance at July 1, 2017	\$ 4,356,170
Changes for the year	
Service cost	207,073
Interest	129,727
Changes of benefit terms	-
Differences between expected and actual experience	23,602
Changes in assumptions or other inputs	(469,241)
Benefit payments	(93,268)
Net changes	(202,107)
Balance at June 30, 2018	\$ 4,154,063

Sensitivity of the Town's OPEB liability to changes in the discount rate. The following presents the Town's total OPEB liability calculated using the discount rate of 3.56 percent, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	2.56%	3.56%	4.56%
Total OPEB Liability	5,061,934	4,154,063	3,453,969

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

	1% Decrease	Current	1% Increase
Total OPEB Liability	3,337,133	4,154,063	5,253,285

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

For the year ended June 30, 2018, the Town recognized OPEB expense of \$287,174. At June 30, 2018, the Town reported deferred outflows or 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	\$ 20,974	\$ -
Changes of assumptions	-	416,987
Benefit payments and administrative costs made subsequent to the measurement date	-	-
Total	\$ 20,974	\$ 416,987

**Town of Wendell, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018**

\$20,974 reported as deferred outflows of resources related to differences between expected and actual experience will be recognized as a decrease to the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to the OPEB liability will be recognized as follows:

Year Ended June 30:	
2018	\$ (49,626)
2019	(49,626)
2020	(49,626)
2021	(49,626)
2022	(49,626)
Thereafter	(147,883)
Total	\$ (396,013)

2. 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. All death benefit payments are made from the Death Benefit Plan. 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.

3. Deferred Outflows and Inflows of Resources

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

<u>Source</u>	<u>Amount</u>
Pension deferrals - OPEB	\$ 20,974
Pension deferrals - LEO	32,747
Pension deferrals - LGERS	251,754
Contributions to the pension plan in current fiscal year - LEO	2,979
Contributions to the pension plan in current fiscal year - LGERS	172,578
Total	\$ 481,032

**Town of Wendell, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018**

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

Source	Amount
Pension deferrals - OPEB	\$ 416,987
Pension deferrals - LEO	35,055
Pension deferrals - LGERS	47,851
Property taxes receivable	41,426
Total	\$ 541,319

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage up to a \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

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

The Town 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 "X" area (an area determined to be outside the 0.2% annual chance and future conditions 1% annual chance floodplain) by the Federal Emergency Management Agency, the Town has purchased commercial flood insurance for \$50,000 per occurrence.

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 is individually bonded for \$500,000. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

5. Deposits Held

The Town owes \$1,919,766 to utility customers for deposits collected to secure services.

6. Operating Leases

The Town leases two parcels of land on an annual basis at a cost of \$1,000 and \$1,200 per parcel per year.

7. Long-Term Obligations

Serviced by the General Fund:

BB&T Notes - On June 22, 2017, the Town entered into an agreement with Branch Banking and Trust Company (BB&T) which was broken up into two components. The first component is related to the the construction of a multipurpose field, the purchase and up-fit of a police facility, wayfinding signage throughout the Town, construction of tennis courts and a community center. Annual installments of

Town of Wendell, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

\$105,500 plus interest are payable on or before May 8 each year through May 2027 with an interest rate of 2.40%. The Town owes \$949,500 on the first component as of June 30, 2018. The second component is related to the purchase of open space. Annual installments of \$24,167 plus interest are payable on or before May 8 of each year through May 2023 with an interest rate of 2.11%. The Town owes \$103,420 on the second component as of June 30, 2018.

First Citizens Note – On September 14, 2015, the Town entered into an agreement with First Citizens Bank to finance the purchase of five police cars, a John Deere field rake, a John Deere mower, a projector, a monitor, a mini excavator, and a utility loader. Annual installments, \$62,866, are payable on or before September 16 each year through September 16, 2019, with an interest rate of 1.53%. The Town owes \$122,930 on this note as of June 30, 2018

KS Bank Note – On September 5, 2017, the Town entered into an agreement with KS Bank, Inc. to finance the purchase of various equipment. The total amount of the loan is \$507,000. Annual installments of \$104,935 are payable on or before September 6 of each year through September 6, 2021. The Town owes \$402,089 on this note as of June 30, 2018.

KS Bank Note – On May 23, 2016, the Town entered into an agreement with KS Bank, Inc. to finance the purchase or improvements of real or personal property. The total amount of the loan is \$1,500,00. Annual installments of \$100,000 plus interest are payable on or before May 20 each year through May 20, 2031, with an interest rate of 3.29%. The Town owes \$1,300,000 on this note as of June 30, 2018.

Serviced by the Water and Sewer Fund:

North Carolina Clean Water Loan - The Town obtained a State revolving fund loan. These funds were federal funds from the Environmental Protection Agency that were passed through the North Carolina Department of Environment, Health, and Natural Resources. The funds were used for wastewater treatment works projects pursuant to the North Carolina Clean Water Revolving Loan and Grant Act of 1987, and the Federal Clean Water Act Amendments of 1987. The project had been approved and certified by the Environmental Management Commission as being entitled to priority for State loan funds made available by the Federal Clean Water Act Amendments of 1987. The approved loan amount was \$3,860,094 with an interest rate of 3.85% payable over 20 years. The payoff date is May 1, 2022. On September 19, 2000, the Town's application for a North Carolina Water Loan, \$844,304, and Grant, \$2,000,000, was approved. As of June 30, 2004, \$668,089 had been borrowed, and \$2,000,000 of the grant had been spent. The Town owes \$140,650 on this loan as of June 30, 2018.

2006 Water Pollution Control Federal Revolving Loan - On September 6, 2005, the Town entered into a loan agreement to finance the construction of the Buffalo Creek Project. The loan at closing totaled \$6,110,168 with a \$182,400 grant from the Environmental Protection Agency. The loan bears interest at 2.305%, and interest payments are due semiannually on or before May 1 and November 1. Annual principal installments of \$381,885 are due on or before May 1. The loan matures on May 1, 2023. The Town owes \$1,909,428 on this loan as of June 30, 2018.

At June 30, 2018, the Town of Wendell had legal debt margin of \$41,944,722.

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

**Town of Wendell, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018**

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 388,592	\$ 76,984	\$ 417,048	\$ 50,342
2020	391,255	68,123	417,048	39,957
2021	331,035	59,010	417,048	29,572
2022	332,808	50,906	417,048	19,187
2023	212,249	42,780	381,866	8,802
2024-2028	922,000	124,128	-	-
2029-2031	300,000	19,740	-	-
Total	\$ 2,877,939	\$ 441,671	\$ 2,050,058	\$ 147,860

b. Changes in Long-Term Obligation

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Current Portion
Governmental activities:					
BB&T Note Payable	\$ 124,104	\$ -	\$ 20,684	\$ 103,420	\$ 24,167
BB&T Note Payable 2017	1,055,000	-	105,500	949,500	105,500
First Citizens Loan	182,997	-	60,067	122,930	60,986
KS Bank Loan	-	507,000	104,911	402,089	97,939
KS Bank Loan	1,400,000	-	100,000	1,300,000	100,000
OPEB obligation	4,356,170	-	202,107	4,154,063	-
Net pension liability (LGERS)	803,729	-	235,722	568,007	-
Net pension liability (LEO)	547,625	58,252	-	605,877	-
Compensated absences	201,778	27,000	28,821	199,957	199,957
Governmental activity long-term liabilities	\$ 8,671,403	\$ 592,252	\$ 857,812	\$ 8,405,843	\$ 588,549
Business-type activities					
NC Clean Water Loan	\$ 175,812	\$ -	\$ 35,162	\$ 140,650	\$ 35,163
Federal Revolving Loan	2,291,314	-	381,886	1,909,428	381,886
Business-type activity long-term liabilities	\$ 2,467,126	\$ -	\$ 417,048	\$ 2,050,078	\$ 417,049

8. Transfer of assets and operations

The Town entered into an agreement to transfer its water and sewer fund assets and operations to the City of Raleigh. This agreement was effective October 2, 2006. As a result of this agreement, \$6,978,946 in net position was transferred to the City of Raleigh during the year ended June 30, 2006. The Town of Wendell will continue to hold the debt related to the assets transferred. The City of Raleigh will reimburse the Town of Wendell for principal and interest as payments are made.

C. Fund Balance

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

**Town of Wendell, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018**

Total fund balance - General Fund	6,638,603
Less:	
Stabilization by State Statute	299,040
Subsequent years expenditures	245,800
Streets	63,751
Remaining Fund Balance	\$ 6,030,012

The Town of Wendell has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Director 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 Director has the authority to deviate from this policy if it is in the best interest of the Town.

The Town of Wendell has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 40% of budgeted expenditures. Any portion of the General Fund balance in excess of 40% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

IV. Summary Disclosure of Significant Contingencies

State Assisted Programs

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

V. Subsequent Events – Date of Management’s Review

The Town has evaluated subsequent events from the date of the balance sheet through the date the report is available to be issued which is the date of the independent auditors’ report. The Town has not evaluated subsequent events after that date. There were no subsequent events during this period that require disclosure.

VI. Commitments

The Town has contracted with Waste Industries for the provision of solid waste and recycling collection from July 1, 2011 through June 30, 2017. The contract was extended through June 30, 2020. Obligations are based on agreed-upon rates applied to the number of homes serviced. The Town paid \$649,920 for services rendered during the year ended June 30, 2018.

VII. Change in Accounting Principles/Restatement

The Town implemented Governmental Accounting Standards Board (GASB) 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 Town to record beginning net OPEB liability and the effects on net position from contributions made by the Town during the measurement period (fiscal year end June 30, 2017). As a result, net position for the governmental activities decreased by \$2,947,832.

VIII. Sale of Capital Assets

During the year ended June 30, 2018, the Town sold capital assets and received proceeds of \$56,182 which has been recorded as a gain on sale of capital assets in the financial statements.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

Schedule of Changes in the Total OPEB Liability and Related Ratios

Schedule of the Proportionate Share of the 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- Law Enforcement Officers' Special Separation Allowance

Schedule of Total Pension Liability as a Percentage of Covered Payroll

Town of Wendell
Schedule of Changes in the Total OPEB Liability and Related Ratios
Required Supplementary Information
June 30, 2018

	2018
Total OPEB Liability	
Service Cost	\$ 207,073
Interest	129,727
Changes of benefit terms	-
Differences between expected and actual experience	23,602
Changes of assumptions	(469,241)
Benefit payments	(93,268)
Net change in total OPEB liability	(202,107)
Total OPEB liability - beginning	4,356,170
Total OPEB liability - ending	\$ 4,154,063
Covered payroll	\$ 2,092,063
Total OPEB liability as a percentage of covered payroll	198.56%

Notes to Schedule

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

Fiscal year	Rate
2018	3.18

**Town of Wendell
Town of Wendell's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Five Fiscal's Years ***

Local Government Employees' Retirement System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Wendell's proportion of the net pension liability (asset) (%)	0.03718%	0.03787%	0.03714%	0.03646%	0.03820%
Wendell's proportion of the net pension liability (asset) (\$)	\$ 568,008	\$ 803,729	\$ 166,683	\$ (215,021)	\$ 460,457
Wendell's covered payroll	\$ 2,108,238	\$ 2,090,524	\$ 1,972,882	\$ 1,695,390	\$ 1,838,782
Wendell's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	26.94231%	38.44629%	8.44871%	(12.68269%)	25.04141%
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.

**Town of Wendell
Town of Wendell Contributions
Required Supplementary Information
Last Five Fiscal's Years**

Local Government Employees' Retirement System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 172,578	\$ 159,048	\$ 144,231	\$ 135,248	\$ 129,421
Contributions in relation to the contractually required contribution	172,578	159,048	144,231	135,248	129,421
Contribution deficiency (excess)	<u>\$ -</u>				
Wendell's covered payroll	\$ 2,108,238	\$ 2,095,958	\$ 2,090,524	\$ 1,972,882	\$ 1,695,390
Contributions as a percentage of covered payroll	8.19%	7.59%	6.90%	6.86%	7.63%

**Town of Wendell
 Schedule of Changes in Total Pension Liability
 Law Enforcement Officers' Special Separation Allowance
 June 30, 2018**

	2018	2017
Beginning balance	\$ 547,625	\$ 539,477
Service Cost	24,147	25,610
Interest on the total pension liability	20,721	18,874
Changes of benefit terms	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(3,698)	-
Changes of assumptions or other inputs	38,680	(14,738)
Benefit payments	(21,598)	(21,598)
Other changes	-	-
Ending balance of the total pension liability	\$ 605,877	\$ 547,625

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

Town of Wendell
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2018

	2018	2017
Total pension liability	\$ 605,877	\$ 547,625
Covered payroll	869,793	874,149
Total pension liability as a percentage of covered payroll	69.66%	62.65%

Notes to the schedules:

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

**Town of Wendell
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Taxes	\$	\$ 2,845,112	\$
Penalties and interest		5,069	
Total	<u>2,811,497</u>	<u>2,850,181</u>	<u>38,684</u>
Other taxes and licenses:			
Motor vehicle licenses		113,543	
Total	<u>100,100</u>	<u>113,543</u>	<u>13,443</u>
Unrestricted intergovernmental:			
Local option sales taxes		1,391,013	
Utilities sales tax		376,902	
Beer and wine tax		28,296	
Solid waste disposal tax		4,429	
Payments in lieu of taxes-outside sources		3,093	
Total	<u>1,698,069</u>	<u>1,803,733</u>	<u>105,664</u>
Restricted intergovernmental:			
Powell Bill allocation		175,014	
ABC Revenue for law enforcement		20,593	
Grant - CDBG		36,052	
Grant - NCLM		5,000	
NC Works		9,993	
PARTF		192,519	
Total	<u>426,377</u>	<u>439,171</u>	<u>12,794</u>
Restricted contributions:			
Recreation sponsor		8,000	
Total	<u>4,850</u>	<u>8,000</u>	<u>3,150</u>
Permits and fees:			
Recreation fees		90,423	
Solid waste disposal		708,939	
Cemetery fees		9,600	
Development and planning fees		138,188	
Code enforcement fees		1,773	
Court revenue		2,167	
Administrative fees		1,858	
Raleigh transaction fees		1,644	
Total	<u>854,820</u>	<u>954,592</u>	<u>99,772</u>
Sales and services:			
Rent and concessions		97,959	
Total	<u>82,550</u>	<u>97,959</u>	<u>15,409</u>
Investment earnings	<u>28,400</u>	<u>67,884</u>	<u>39,484</u>

**Town of Wendell
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2018**

	Budget	Actual	Variance Positive (Negative)
Miscellaneous	-	7,609	7,609
Total revenues	<u>6,006,663</u>	<u>6,342,672</u>	<u>336,009</u>
Expenditures: Governing Board			
Personnel services		28,635	
Capital outlay		-	
Operating expenses		69,424	
Total	<u>114,683</u>	<u>98,059</u>	<u>16,624</u>
Administration			
Personnel services		474,790	
Operating expenses		56,459	
Total	<u>580,400</u>	<u>531,249</u>	<u>49,151</u>
Information Technology			
Personnel services		64,448	
Capital outlay		11,657	
Operating expenses		48,835	
Total	<u>151,233</u>	<u>124,940</u>	<u>26,293</u>
Economic Development			
Operating expenses		1,153	
Total	<u>18,600</u>	<u>1,153</u>	<u>17,447</u>
Community Development and Planning			
Personnel services		259,473	
Operating expenses		64,263	
Total	<u>348,975</u>	<u>323,736</u>	<u>25,239</u>
Police-Law Enforcement			
Personnel services		1,168,174	
Capital outlay		396,713	
Operating expenses		192,387	
Total	<u>1,890,213</u>	<u>1,757,274</u>	<u>132,939</u>
Fire Service	<u>6,360</u>	<u>691</u>	<u>5,669</u>
Public Buildings and Grounds			
Operating expenses		165,045	
Capital outlay		495,883	
Total	<u>746,675</u>	<u>660,928</u>	<u>85,747</u>

**Town of Wendell
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public Works			
Personnel services		419,174	
Capital outlay		350,152	
Operating expenses		721,414	
Total	<u>1,654,946</u>	<u>1,490,740</u>	<u>164,206</u>
Parks and Recreation			
Personnel services		408,317	
Operating expenses		190,016	
Capital outlay	-	706,694	
Total	<u>1,373,923</u>	<u>1,305,027</u>	<u>68,896</u>
Non-departmental			
Personnel services		346,203	
Operating expenses		116,091	
Total	<u>518,575</u>	<u>462,294</u>	<u>56,281</u>
Debt service			
Principal retirement		393,001	
Interest and other charges		49,292	
Total	<u>486,550</u>	<u>442,293</u>	<u>44,257</u>
Total expenditures	<u>7,891,133</u>	<u>7,198,384</u>	<u>692,749</u>
Revenues over (under) expenditures	<u>(1,884,470)</u>	<u>(855,712)</u>	<u>1,028,758</u>
Other financing sources (uses):			
Sale of assets	53,500	56,182	2,682
Issuance of debt	1,654,000	507,000	(1,147,000)
Cell tower proceeds	-	9,000	
Reimbursements	-	51,642	
Appropriated Fund Balance	176,970	-	(176,970)
Total	<u>1,884,470</u>	<u>623,824</u>	<u>(1,321,288)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>(231,888)</u>	<u>\$ (292,530)</u>
Fund balances, beginning		6,870,491	
Fund balances, ending		<u>\$ 6,638,603</u>	

**Town of Wendell
Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2018**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for water	\$	\$ -	\$
Other charges		-	
Total	-	-	-
Sales tax refunds	-	-	-
Other operating revenues			
Total operating revenues	-	-	-
Non-operating revenues:			
Interest earnings			
Total revenues	-	-	-
Expenditures:			
Water systems operations			
Other operating expenditures			
Total	-	-	-
Non-departmental			
Other operating expenditures			
Total	-	-	-
Debt service			
Interest and other charges		7,911	
Principal retirement		35,163	
Total debt service	132,149	43,074	89,075
Total expenditures	132,149	43,074	89,075
Other financing sources (uses):			
City of Raleigh - debt payment	132,149	43,074	(89,075)
Transfer - in from general fund	-	-	-
Transfer - out to general fund	-	-	-
Total other financing sources (uses)	132,149	43,074	(89,075)
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ -	\$ -

Town of Wendell
Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>		<u>Variance Positive (Negative)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Revenues and other sources over expenditures and other uses		\$ -		
Reconciling items:				
Principal retirement		35,163		
Principal reimbursement		<u>(35,163)</u>		
Total reconciling items		<u>-</u>		
Net income		\$ <u><u>-</u></u>		

**Town of Wendell
Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for sewer	\$	\$ -	\$
Other charges		-	
Total	<u>-</u>	<u>-</u>	<u>-</u>
Sales tax refunds	<u>-</u>	<u>-</u>	<u>-</u>
Other operating revenues		-	
Total operating revenues	<u>-</u>	<u>-</u>	<u>-</u>
Non-operating revenues:			
Interest earnings		-	
Total non-operating revenues	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Sewer systems operations			
Personnel services		-	
Other operating expenditures		-	
Capital outlay		-	
Total	<u>-</u>	<u>-</u>	<u>-</u>
Wastewater treatment			
Personnel services		-	
Other operating expenditures		-	
Total	<u>-</u>	<u>-</u>	<u>-</u>
Non-departmental			
Personnel services		-	
Other operating expenditures		-	
Total	<u>-</u>	<u>-</u>	<u>-</u>
Debt service			
Interest and other charges		52,814	
Principal retirement		381,886	
Total debt service	<u>803,807</u>	<u>434,700</u>	<u>369,107</u>
Total expenditures	<u>803,807</u>	<u>434,700</u>	<u>369,107</u>

**Town of Wendell
Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2018**

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
City of Raleigh - debt payment	803,807	434,700	369,107
Transfer (to) from general fund	-	-	-
Total other financing sources (uses)	<u>803,807</u>	<u>434,700</u>	<u>369,107</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Revenues and other sources over expenditures and other uses	\$ -
Reconciling items:	
Principal retirement	381,886
Principal reimbursement	<u>(381,886)</u>
Total reconciling items	<u>-</u>
Net income	<u>\$ -</u>

**Town of Wendell
General Fund
Schedule of Ad Valorem Taxes Receivable
For the Fiscal Year Ended June 30, 2018**

Tax Year	Uncollected Balance June 30, 2017	Additions	Collections And Credits	Uncollected Balance June 30, 2018
2017	\$ -	\$ 2,870,955	\$ 2,865,906	\$ 5,049
2016	5,850	-	4,442	1,408
2015	2,263	-	1,046	1,217
2014	1,812	-	538	1,274
2013	7,000	-	15	6,985
2012	6,689	-	105	6,584
2011	5,793	-	186	5,607
2010	6,297	-	150	6,147
2009	7,192	-	37	7,155
2008	5,774	-	5,774	-
	<u>\$ 48,670</u>	<u>\$ 2,870,955</u>	<u>\$ 2,878,199</u>	<u>\$ 41,426</u>

Ad valorem taxes receivable - net \$ 41,426

Reconcilement with revenues:

Ad valorem taxes - General Fund	\$ 2,850,181
Reconciling items:	
Interest collected	5,069
Adjustments	22,950
Subtotal	<u>28,019</u>
Total collections and credits	<u>\$ 2,878,200</u>

**Town of Wendell
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2018**

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Original levy:				
Property taxed at current					
Real and personal property	\$ 527,332,631	0.49	\$ 2,583,930	\$ 2,583,930	\$ -
Registered motor vehicles taxed at prior year's rate	58,898,397	0.49	288,602	-	288,602
Discoveries	805,510		3,947	3,947	-
Releases	(1,127,300)		(5,524)	(5,524)	-
Total Property Valuation	<u>\$ 585,909,238</u>		<u>\$ 2,870,955</u>	<u>\$ 2,582,353</u>	<u>\$ 288,602</u>
Net levy			\$ 2,870,955	\$ 2,582,353	\$ 288,602
Uncollected taxes at June 30, 2018			(5,049)	(5,049)	-
Current year's taxes collected			<u>\$ 2,865,906</u>	<u>\$ 2,577,304</u>	<u>\$ 288,602</u>
Current levy collection percentage			<u>99.82%</u>	<u>99.80%</u>	<u>100.00%</u>

COMPLIANCE SECTION



PETWAY
MILLS &
PEARSON, PA
CERTIFIED PUBLIC ACCOUNTANTS

**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**

C. Briggs Petway, Jr.
Phyllis M. Pearson

To the Honorable Mayor
and Members of the Board of Commissioners
Town of Wendell
Wendell, North Carolina

Zebulon Office
P.O. Box 1036
806 N. Arendell Ave.
Zebulon, NC 27597
919.269.7405
919.269.8728 Fax

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Wendell, 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 Wendell's basic financial statements, and have issued our report thereon dated October 30, 2018.

Raleigh Office
9121 Anson Way
Raleigh, NC 27615
919-781-1047

Internal Control Over Financial Reporting

www.pmpcpa.com

In planning and performing our audit of the financial statements, we considered the Town of Wendell'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 Wendell's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Memberships:

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.

North Carolina
Association of
Certified Public
Accountants

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

American Institute
Of Certified Public
Accountants

Compliance and Other Matters

Medical Group
Management
Association

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

Petway Mills & Pearson, PA

PETWAY MILLS & PEARSON, PA
Certified Public Accountants
Zebulon, North Carolina

October 30, 2018

**Town of Wendell
Schedule of Findings and Responses
For the Year Ended June 30, 2018**

SECTION I. – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes _____ X no

Significant deficiency (ies) identified
that are not considered to be
material weaknesses? _____ yes _____ X none reported

Noncompliance material to financial
statements noted _____ yes _____ X no

**Town of Wendell
Schedule of Findings and Responses
For the Year Ended June 30, 2018**

SECTION II. – FINANCIAL STATEMENT FINDINGS

None Reported.

**Town of Wendell
Corrective Action Plan
For the Year Ended June 30, 2018**

SECTION II. – FINANCIAL STATEMENT FINDINGS

None Required.

**Town of Wendell
Summary Schedule of Prior Year's Audit Findings
For the Year Ended June 30, 2018**

SECTION II. – FINANCIAL STATEMENT FINDINGS

There were no prior year audit financial statement findings.

**Town of Wendell
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2018**

GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE/ PASS-THROUGH GRANTOR'S NUMBER	EXPENDITURES
NC STATE GRANTS:			
<u>NC Department of Environmental Quality</u> Parks and Recreation Trust Fund		DENR-23	\$ 192,519
<u>NC Department of Transportation</u> Powell Bill		DOT-4	<u>155,748</u>
TOTAL STATE AWARDS			<u>\$ 348,267</u>
FEDERAL GRANTS:			
<u>U.S. Department of Housing and Urban Development</u> Pass-through NC Department of Commerce - Rural Economic Development Division Community Development Block Grant (CDBG)	14.228	-	<u>\$ 36,052</u>
TOTAL FEDERAL AWARDS			
TOTAL FEDERAL AND STATE AWARDS			<u>\$ 384,319</u>

Note to the Schedule of Expenditures of Federal and State Awards:

Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards includes the Federal and State grant activity of the Town of Wendell under the programs of the State of North Carolina for the year ended June 30, 2018. The information in this Schedule of Expenditures of Federal and State Awards is presented in accordance with the requirements of *Title 2 US Code of Federal Regulations 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 Wendell, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Wendell.

Summary of Significant Accounting Policies

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

Indirect Costs

The Town has not elected to charge a 10% de minimis indirect cost rate as allowed under Uniform Guidance.

Item Title:

Update on the Wake County Fire Commission.

Board of Commissioners Meeting:

Monday, December 10, 2018

Specific Action Requested:

Presentation.

Item Summary

Lucius Jones, municipal representative for the Town of Wendell, will provide an update on the Wake County Fire Commission.

Attachments:

None

Item Title:

Public Hearing on a Zoning Text Amendment to Chapter 9 of the UDO as it relates to exemptions to road improvement requirements for the construction of a single family dwelling.

Report to Board of Commissioners:

- Monday, December 10, 2018

Report to the Planning Board:

- Monday, November 19, 2018

Specific Action Requested:

- That the Town Board hold a public hearing on the proposed text amendment request and consider taking action.
 - Action could consist of adopting the attached ordinance, or delaying action for further deliberation.

Applicant:

Town of Wendell

Petition:

Chapter 9 of the UDO contains the Town's general provisions for street design, including street types, connectivity standards, and infrastructure improvement requirements. Infrastructure improvement requirements are meant to ensure that road improvements occur as development occurs. This is important for the Town since it does not have the authority to assess impact fees as an alternative means of funding transportation improvements over time. Requiring infrastructure improvements with development also prioritizes more significant investment along the Town's primary roadways and reduces the occurrence of single family homes fronting directly on collector or arterial roads, which in greater numbers can have negative traffic impacts due to numerous driveways and access points.

However, the Town did include some exemptions to the infrastructure improvement requirements related to replacement homes, family subdivisions, and the construction of a single

home on a very large, otherwise vacant lot. The existing language for Section 9.3 is provided below, with the text under consideration for amendment underlined.

Existing Language for Section 9.3 of the UDO (General Provisions for Street Design)

“New development or redevelopment with frontages on existing publicly-maintained streets shall be required to upgrade all street frontages to meet the standards of this Ordinance including sidewalks, street trees, curb and gutter, and right-of-way dedication. Payment in lieu of physical improvements may be permitted by the Board of Commissioners.

Replacement of a single family dwelling shall not require roadway infrastructure improvements unless said property is within 300 feet of an existing sidewalk on the same side of the street, in which case the property owner shall be responsible for installing sidewalk, curb, and gutter along their frontage.

Family Subdivisions and development which consists solely of the construction of one single-family dwelling on a tract of land which is **ten** acres or more in size and which contains no existing residences shall not be required to construct the street to the standard section and shall not be required to pay a fee in lieu of such street construction. Dedication of right-of-way along existing roads and reservation of right-of-way along future streets shall be required.”

Proposed Amendment:

The current text of 9.3 includes an exemption for the construction of one single-family dwelling on a tract of land which is ten (10) acres or more in size. While acknowledging the intent of the ordinance and the importance of retaining a size threshold for an exemption, the town has been requested to **consider reducing the size threshold for the exemption from ten (10) acres to five (5) acres in size.**

The proposed change would still protect against the likelihood of someone subdividing a stretch of a collector or arterial road into numerous single family lots fronting on the road. At the same time, reducing the threshold to 5 acres would provide some relief to those existing lots between 5 and 10 acres in size.

This particular change was brought to staff’s attention due to an existing lot along Old Zebulon road that is 6 acres in size, which the new owner wishes to build a home on. The Town Board has suggested that there may be other changes they would like to explore related to the Town’s Transportation Plan and associated improvement standards, but staff is seeking to arrive at a decision for this particular change ahead of other considerations in order to provide more immediate closure to the property owner and any other owners who may find themselves in a similar situation.

Planning Board Recommendation:

At their November 19, 2018 meeting, the planning board voted 8-0 in favor the proposed amendment to reduce the size threshold for an exemption to road improvements from 10 acres to 5 acres.

Voting in Favor: Errol Briggerman, Victoria Curtis, Lloyd Lancaster, Allen Swaim, Michael Clark, Joe DeLoach, Ryan Zakany, and Grace Walter.

Voting Against:

Absent: Jonathan Olson

Statement of Plan Consistency and Reasonableness

- Any recommended change to the zoning text should be accompanied by a statement explaining how the change is consistent with the comprehensive plan, and is reasonable in nature.
 - At their November 19, 2018 meeting, the Planning Board found the proposed amendment to be consistent with Principle # 8 of the Wendell Comprehensive Plan and reasonable in nature in order to ensure transportation improvements occur over time without constraining the ability to use larger tracts for a single dwelling/homestead.
 - Principle # 8: Ensure local and regional transportation interconnectivity and options while also maintaining and enhancing Wendell as a walkable community.

Staff Recommendation:

Staff recommends approval of the text amendment request.

Attachments:

- A. Ordinance for Adoption

ORD # 0-__-2018
AN ORDINANCE TO AMEND CHAPTER 9 OF THE
TOWN OF WENDELL UNIFIED DEVELOPMENT ORDINANCE
AS IT RELATES TO EXEMPTIONS TO ROADWAY INFRASTRUCTURE
IMPROVEMENT REQUIREMENTS

WHEREAS, Chapter 9 of the UDO contains the Town's general provisions for street design, including street types, connectivity standards, and infrastructure improvement requirements; and

WHEREAS, the Town has initiated a petition to amend Section 9.3 in order to expand the exemption to roadway improvements related to the construction of a single dwelling to include any lot 5 acres or more in size, rather than 10 acres or more in size; and

WHEREAS, the Town of Wendell Unified Development Ordinance Section 15.11 establishes uniform procedures for amending the text of the Ordinance;

NOW, THEREFORE BE IT ORDAINED by the Town Board of the Town of Wendell, North Carolina:

SECTION 1. That Section 9.3 be amended to read as follows (10 acre threshold changed to 5 acres):

9.3 General Provisions for Street Design

New development or redevelopment with frontages on existing publicly-maintained streets shall be required to upgrade all street frontages to meet the standards of this Ordinance including sidewalks, street trees, curb and gutter, and right-of-way dedication. Payment in lieu of physical improvements may be permitted by the Board of Commissioners.

Replacement of a single family dwelling shall not require roadway infrastructure improvements unless said property is within 300 feet of an existing sidewalk on the same side of the street, in which case the property owner shall be responsible for installing sidewalk, curb, and gutter along their frontage.

Family Subdivisions and development which consists solely of the construction of one single-family dwelling on a tract of land which is **five** acres or more in size and which contains no existing residences shall not be required to construct the street to the standard section and shall not be required to pay a fee in lieu of such street construction. Dedication of right-of-way along existing roads and reservation of right-of-way along future streets shall be required.”

SECTION 2. That all laws and clauses of law in conflict herewith are hereby repealed to the extent of said conflict.

SECTION 3. That if this ordinance or application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions of this ordinance which can be given separate effect and to the end the provisions of this ordinance are declared to be severable.

SECTION 4. That the proposed text amendment to Chapter 9 is found to be consistent with Principle # 8 of the Wendell Comprehensive Plan and reasonable in nature in order to ensure transportation improvements occur over time without constraining the ability to use larger tracts for a single dwelling/homestead.

- Principle Number 8: “Ensure local and regional transportation interconnectivity and options while also maintaining and enhancing Wendell as a walkable community.”

SECTION 5. That this ordinance has been adopted following a duly advertised public hearing of the Town Board and following recommendation by the Planning Board.

SECTION 6. That this ordinance shall be enforced as provided in G.S. 160A-175 or as provided for in the Wendell Town Code.

SECTION 7. That this ordinance shall become effective upon its adoption by the Wendell Board of Commissioners.

DULY ADOPTED the 10th day of December, 2018.

(Town Seal)

Virginia R. Gray, Mayor

ATTEST:

APPROVED AS TO FORM:

Sherry L. Scoggins, Town Clerk

James P. Cauley III, Town Attorney

Item Title:

Presentation on Budget Process and Policies by Town Manager Marc Collins

Report to the Board of Commissioners:

Monday, December 10, 2018

Specific Action Requested:

No action requested

Item Summary:

Staff is preparing to initiate the Budget development process for the next fiscal year starting July 1, 2019. The budget is the most significant policy document adopted by the Commission on an annual basis. As such, staff will present on efforts for the forthcoming budget process to incorporate recommendations of the Government Finance Officers Association (GFOA) to enhance the policy document. The goal of the presentation is to prepare the Commission to make informed decisions about the provision of services and capital assets in a manner that is consistent with strategic goals and objectives.

Attachments:

- A. Budget: Process and Policy Presentation



Items to Cover:

- **Definition and Mission of the Budget Process**
- **Relationship of the Strategic Plan**
- **Long-Term Financial Planning**
- **Achieving a Structurally Balanced Budget**
- **Fund Balance Guidelines**
- **Capital Planning & Infrastructure**
- **Performance Measures and Budget Monitoring**
- **Budget Document**
- **Budget Process**

Definition & Mission

Government Finance Officers Association (GFOA) & National Advisory Council on State and Local Budgeting (NACSLB):



- Definition of the Budget Process

“The budget process consists of activities that encompass the development, implementation, and evaluation of a plan for the provision of services and capital assets.”

- Mission of the Budget Process

“To help decision makers make informed choices about the provision of services and capital assets and to promote stakeholder participation in the process.”

Definition & Mission

GFOA identifies 4 key elements of an effective budget:



- Operations guide – Establishes resources for city organization
- Financial plan – Sets revenues and expenditures, capital needs, investments, borrowing, cash flow...
- Policy – Direct relationship and implementation tool of the Strategic Plan established by the Commission
- Communication – A primary public education and open governance document with performance measurements and outcomes



Small Town, Big Charm

Wendell Town Motto

Strategic Plan Implementation

Strategic Planning Cycle



6

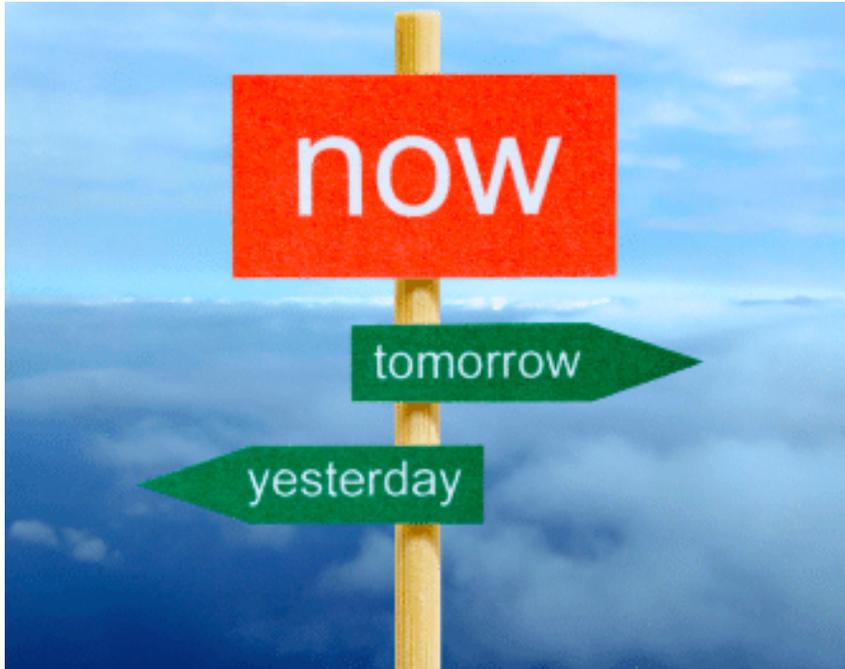
- Commitment of Commission and Manager needed for success
- Strategic plan is included as a component of the annual Budget
- While balancing the strategic plan with available resources is important, it should not inhibit the community vision
- Objectives for a strategic plan will determine how resources can be tied to future goals
- Key is to complete long-term financial planning concurrently with the strategic plan
- Action plans require measurable initiatives
- The Budget is the implementation tool
- Monitor and reassess – living documents



Town of Wendell Vision Statement

“The Town of Wendell is clean, safe, vibrant, and full service with a diverse population. Our citizen friendly reputation is assured by the quality of our facilities and professional staff who work efficiently to provide great customer service. We have a knowledgeable Town Board who works efficiently to incorporate input from Citizen Advisory Boards and staff to be responsible stewards of our tax dollars, through leveraging, by watching return on investments and maintaining our fund balance.”

Long-Term Financial Planning

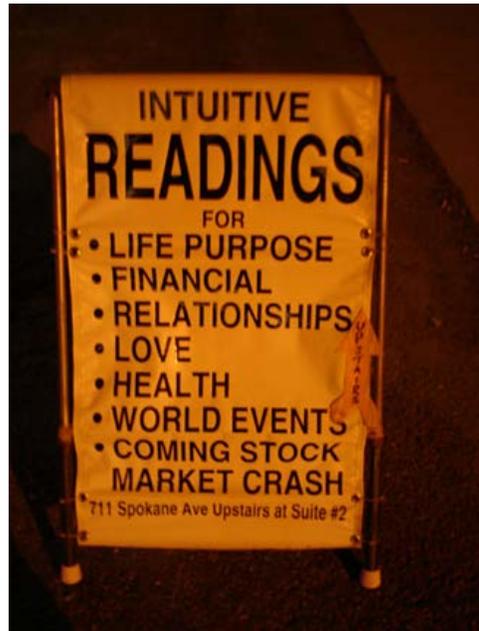


- **Elements:**
 - Time horizon – 5 to 10 years (can be more)
 - Scope – All funds with focus on priorities
 - Frequency – Annual review with Budget
 - Content – financial environment, revenue & expenditure forecasts, debt position and affordability analysis, strategies for maintaining balance, monitoring mechanisms, and scorecard of key indicators of financial health.
 - Visibility – Communication plan
- **Steps:**
 - Mobilization Phase – Provides for policy review and development of priorities
 - Analysis Phase – gathering and analysis of data through forecasting and trend projections to identify challenges to fiscal stability
 - Decision Phase – Participatory process to determine how the analyzed data is used
 - Execution Phase – Adoption and implementation of strategies through the budget, financial performance measures, and action plans

Forecasting and Projections



Wrong!

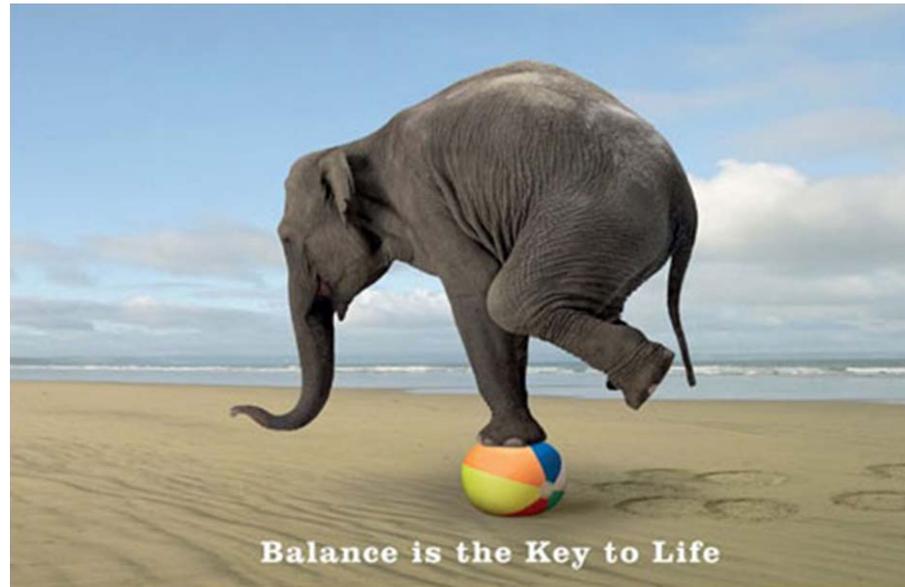


Right



Achieving a Structurally Balanced Budget

- First Question for the Budget... Is it balanced?
 - Required by General Statute
- However, the next question...Is it financially sustainable?
 - Example is using regularly recurring revenues to account for regularly occurring expenses
- Identify recurring revenues, expenses, and reserves.
 - These appear each year
 - Volatility /Non-recurring components
 - Example – High yield interest
 - Legal settlement or land sale is non-recurring
- Recurring Revenues – property taxes, sales tax, permit fees, etc.
- Recurring Expenses – salaries, benefits, materials and services, and asset maintenance costs.
 - Typically not capital
- Reserves – The portion of the fund balance set aside to hedge against risk.
 - Assist in measuring changes to structural balance



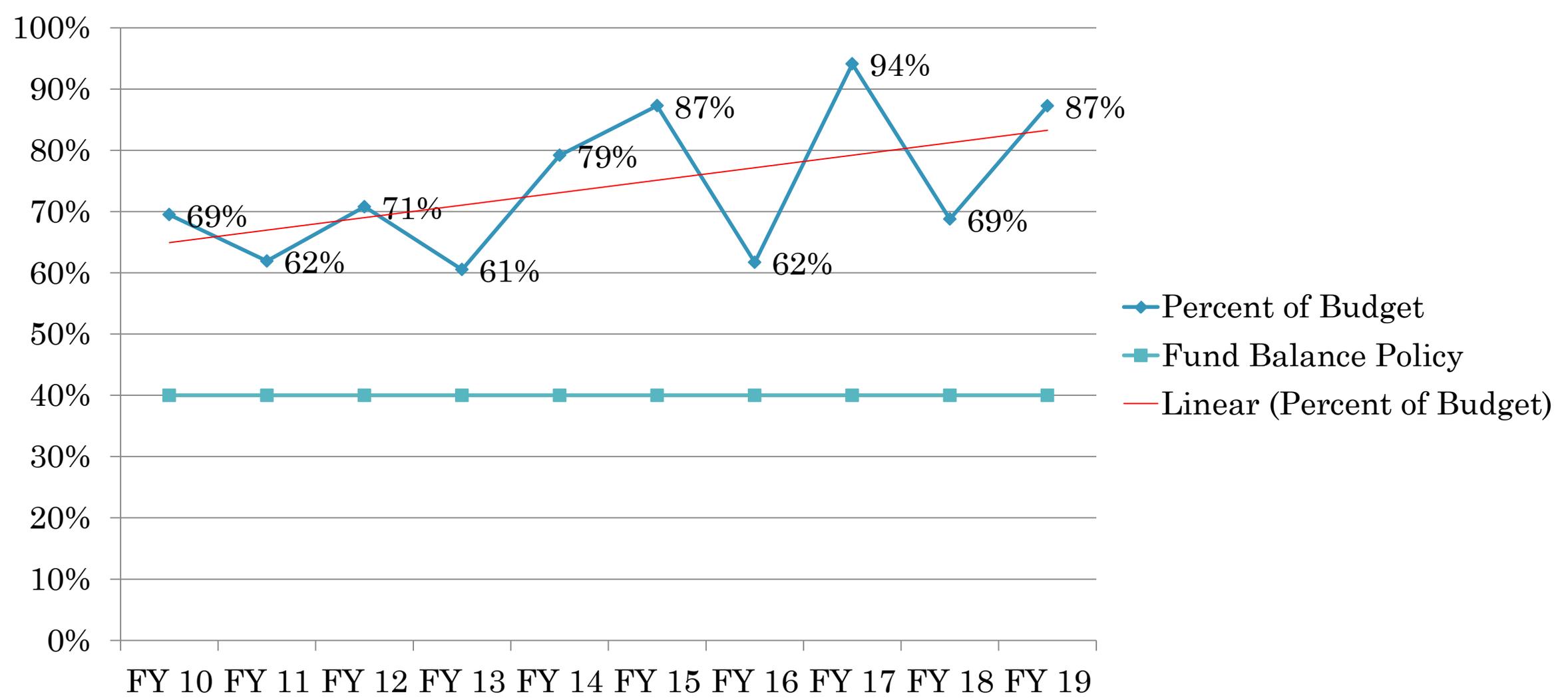
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Fund Balance Guidelines



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- Differences between GAAP fund balance in an audit and budgetary fund balance
 - Often differs due to sub-fund inclusion
- GFOA recommends establishing a formal policy on level of unrestricted fund balance
 - Includes direction on how to replenish
- Appropriate level
 - Predictability of revenues and expenses
 - Exposure to one-time capital outlays (disasters, immediate capital needs, State budget cuts)
 - Potential drain on resources – still have to provide service
 - Impact of bond rating and cost to borrow funds
 - Commitments and assignments
- Use and replenishment – 1 to 3 years, generally
- Importance of communication with change



10-Year History of Fund Balance as a % of Budget

Source: Past Town of Wendell Budgets and Audits

Note: GASB 54 began in FY 2011 that altered reporting of fund balance

Capital Planning & Infrastructure

- Part of the annual Budget document - sources, uses, and descriptions
- Capital planning policy and definition of capital expenditures – Review needed
- Multi-year plan (year 1 is capital budget and years 2 to 5 are for planning purposes)
- Capital planning process and prioritization
 - Strategic Planning
 - Adopted Plans
 - Public Input and Appointed Boards
 - Staff, legal , and funding analysis
- Capital asset management – replacement schedules and monitoring

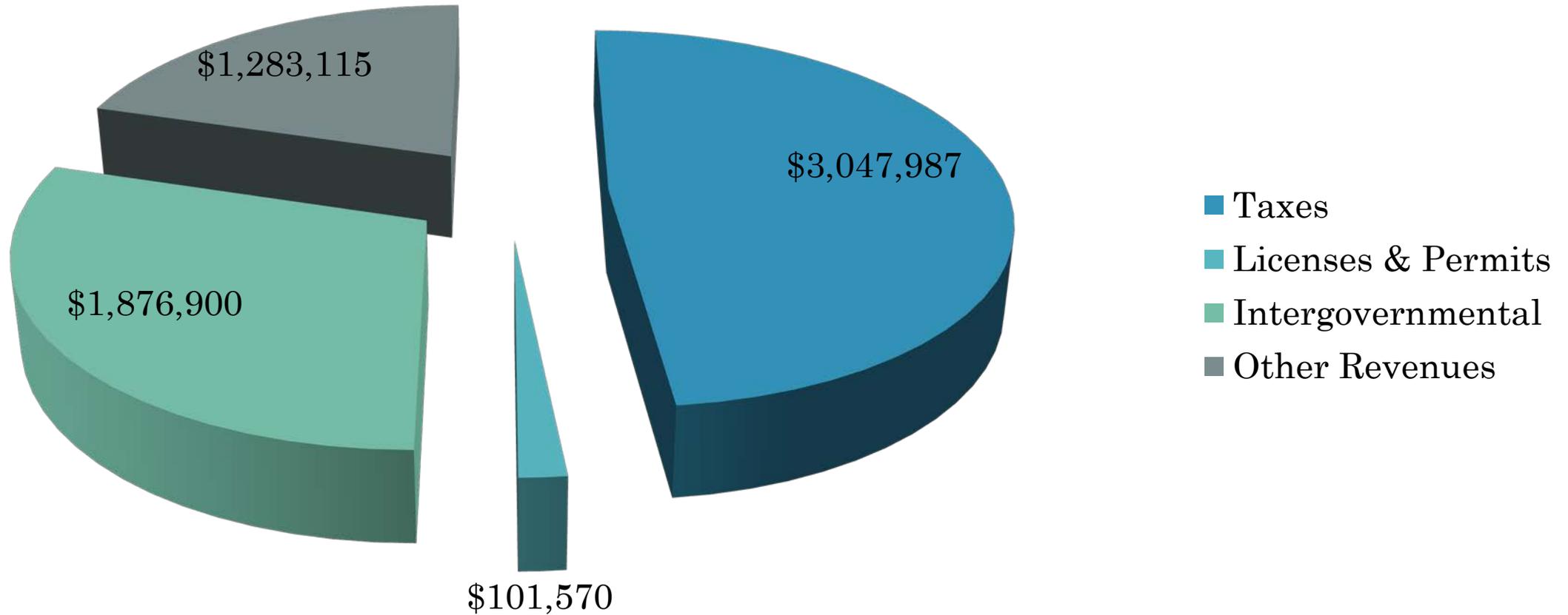


Capital Planning Policy Development

- Should include, at a minimum;
 - General philosophy for capital improvements
 - Clear definition of a capital improvement
 - How and who participates in the process
 - Internal and external stakeholders
 - How decisions are made and prioritization
 - Assessment of fiscal capacity – realistic
 - Procedure to accumulate capital reserves for new and replacement purchases
 - Funding and debt strategies tied to useful life of assets, including timing
 - Requirement for multi-year plan with consideration of financing strategies
 - Meets legal requirements for funding
 - Plan includes significant capital maintenance projects (extends useful life of capital items)
 - Provisions to monitor, oversight, reporting, and how to handle amendments to the plan



FY 2018-2019 Budget Revenues



Example of Graphic Representation of Single-Year Item

Data Source: Town of Wendell Annual Budget FY 2018-2019

Performance Measures and Budget Monitoring

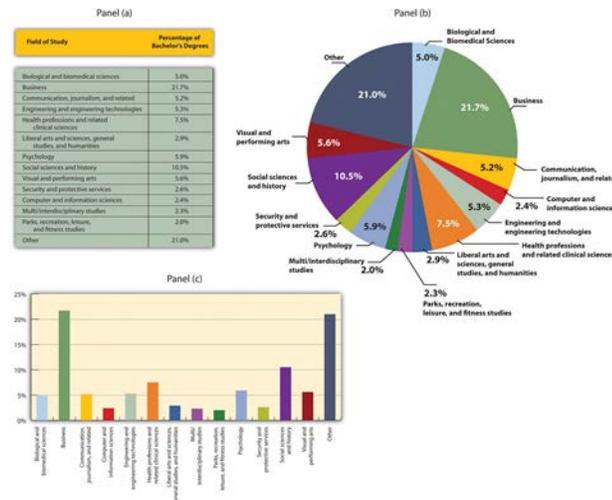


- Performance measures should be: useful, relevant, reliable, adequate, collectible, consistent, environment, responsibility, and systems
- Internal considerations – clear expectation and purpose to measure production
- External consideration – Consistent and clear format of what accomplished to the desired public and stakeholders
- Budget monitoring should include regular reviews of the following:
 - Revenues
 - Expenditures
 - Operations
 - Capital
 - Economic trends
 - Performance measures
- Evolution of “Snapshot”

Budget Document



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- Format enhanced through
 - Design (charts, graphs, standard formatting)
 - Brevity (summaries and supplements)
 - Services (department levels of service and history)
 - Issues (includes solutions)
 - Revenues & Expenditures
 - Staffing
 - Prioritization (Goals & Objectives)
 - Measures
- GFOA Distinguished Budget Presentation Awards Program. 6 Major sections with 27 specific criteria:
 - Introduction & Overview
 - Financial Structure, Policy, & Process
 - Financial Summaries
 - Capital & Debt
 - Department Information
 - Document-wide Criteria (glossary, statistics)
- Incorporating the Capital Budget into the Budget Document
- Communicating the Budget



Wendell Board of Commissioners

Source: Town of Wendell Website

Budget Process

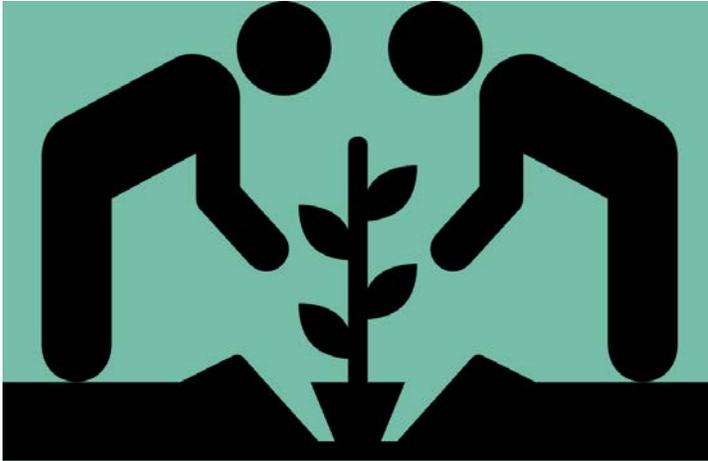


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- December 2018
 - Kickoff and budget introductions
- January 2019
 - Strategic initiative prioritization
 - Staff preparations for Retreat
- February 2019
 - Commission Budget Retreat
 - Financial Policy Review
- March 2019
 - Department and Capital Budget Development
- April 2019
 - Manager's Proposed Budget
 - Initial Budget Work Session
- May 2019
 - Budget Hearings
 - Budget Decision
- June 2019
 - Reserved (if needed)
- July 2019
 - Start of Fiscal Year 2019-2020
- August / September 2019
 - Mid-year Retreat for Strategic Planning

Budget Process Next Steps

- Staff is working on the following deliverables:
 - Staffing analysis
 - Strategic plan (written)
 - Capital plan reboot (with revenues, tied to strategic objectives)
 - Revenue manual
 - Info graphics
 - Forecast and trend projection data
 - First steps to performance measures (ICMA)
 - Document layout and formatting
 - Communications strategy for budget
 - Finance policy review



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Date: December 10, 2018

Item # 10

Item Title:

Snap Shot.

Specific Action Requested:

- Information. The Board may take action by directing staff to amend the Project/Punch List and/or Service Priorities.

Item Summary:

Snap Shot will be available in the first monthly meeting agenda packet.

**The Fund Balance and Debt Balance information is retrieved from the Town's audit. The auditor will deliver the audit information to the Board in November and the Fund Balance and Debt Balance posted on the Snap Shot will be updated at that time.*

Attachment:

- Attachment A – Snap Shot



Town Board Snap Shot

Where are we at financially?	Revenues	Expenditures
December 3, 2018	\$3,200,310.66	\$2,561,617.60

As of 4/03/2017, Town's dashboard available at:

<https://broker.edmundsassoc.com/Dashboard/?municipalId=WENDNC>

Fund Balance				
Date	Allocated %	Available %	Allocated \$\$	Available \$\$
Audit report 6/30/2018 and Budget 2019	0.04% (\$245,800/\$6,309,570)	95.57% (\$6,030,012/\$6,309,570)	\$245,800	\$5,784,212

Debt Balance (Ratio)				
Date	Allocated %	Available %	Allocated \$\$	Available \$\$
Audit report 6/30/2018 and Budget 2019	7.24% (\$456,500/\$6,309,570)	88.25% (\$37,016,705/\$41,944,722)	\$456,500 (\$149,500 Powell Bill and \$307,000 General Fund)	\$41,944,722

*Any significant debt policy projection, if applicable

As a Board of Commissioners, we:

- **Strive for efficiency** in the way we handle business. We are hard-working, and attend all meetings.
- Keep the **best interests of the Town** uppermost in our minds.
- Consider all aspects of a situation and make **thorough, deliberate, and well-reasoned decisions**.
- **Explore all viewpoints**. We are open to hearing from others, learning from them and compromising, when needed.
- **Stay cohesive, collaborative, collegial, and connected** to the manager and to each other.
- **Demonstrate respect for all opinions**, especially in public. And we support the decisions of the board. Once decisions are made by the majority, we support that decision.
- Tackle **new and novel ideas** and processes.



Town Board Goals, Priorities & Strategies

PROJECT / PUNCH-LIST	PROJECTED COSTS	STATUS OF C.I.P.
TRANSPORTATION FUNDS [Fee in lieu]		
Street Fee in Lieu (Berridge; 9/10/18)	\$204,000.00	<i>Pending; collected at time building permit issuance</i>
Sidewalk Fee in Lieu (4/9/18)	\$3,062.00	Prioritize potential sites. Staff evaluating sidewalk policy for presentation at 11/26/2018 meeting.
Comprehensive report w/City of Raleigh for the water & sewer; progress on pro-forma		10-29-2018 – CORPUD staff met with Management to review current and proposed projects. CORPUD working to provide access to GIS data for utilities. Town manager and finance director meeting with CORPUD to discuss pro-forma in November.
Review of Town Charter by Town Attorney	\$3,500	At its July 23, 2018 meeting, the Town Board approved the Town Attorney reviewing the Town’s Charter. Staff forwarded comments of Chapter 2 of the Town Code of Ordinances and Suggested Rules of Procedure of the Town Board to the Town Attorney for his review.
Approval of purchase and sale agreement for property at 122 W Second Street	Closing shall be on or before January 15, 2019 [at the request of the owner]	8/27/2018 – approval of agreement for property at 122 W Second Street for use as a museum for Wendell and for the Wendell Historical Society to begin due diligence process [90 days] and report back to the Board. Staff working with property owner and WHS on due diligence. Town responsible for title work, environmental work, and recombination deed.

Capital Improvement Project (C.I.P.) Priorities –

Top projects as chosen by the Town Board; Include projected costs; One or two sentences on status of C.I.P; Include a date for every action

Service Priorities		
Staffing Components	Saving Options	Status
Police provided employee comparisons 1-27-2018.		
Comparisons being compiled for other departments.		

Service Information

Any options for savings (i.e. technology, equipment)
Short and to the point!

Items remain on the list until the Town Board takes action.

Date: December 10, 2018

Item # 11

Item Title:

Update on board committee(s) by Town Board members.

Specific Action Requested:

None

Attachments:

None

Date: December 10, 2018

Item # 12

Item Title:

Commissioners' Reports.

Specific Action Requested:

None

Attachments:

None

Date: December 10, 2018

Item # 13

Item Title:

Mayor's Report.

Specific Action Requested:

None

Attachments:

None

Item Title:

Closed Session [NC GS 143-318.11].

Specific Action Requested:

Will be called if necessary for one or more of the following within NC GS 143-318.11(a):

- (1) To prevent the disclosure of information that is privileged or confidential pursuant to the law of this State or of the United States, or not considered a public record within the meaning of Chapter 132 of the General Statutes.
- (2) To prevent the premature disclosure of an honorary degree, scholarship, prize, or similar award.
- (3) To consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege between the attorney and the public body, which privilege is hereby acknowledged. General policy matters may not be discussed in a closed session and nothing herein shall be construed to permit a public body to close a meeting that otherwise would be open merely because an attorney employed or retained by the public body is a participant. The public body may consider and give instructions to an attorney concerning the handling or settlement of a claim, judicial action, mediation, arbitration, or administrative procedure. If the public body has approved or considered a settlement, other than a malpractice settlement by or on behalf of a hospital, in closed session, the terms of that settlement shall be reported to the public body and entered into its minutes as soon as possible within a reasonable time after the settlement is concluded.
- (4) To discuss matters relating to the location or expansion of industries or other businesses in the area served by the public body, including agreement on a tentative list of economic development incentives that may be offered by the public body in negotiations, or to discuss matters relating to military installation closure or realignment. Any action approving the signing of an economic development contract or commitment, or the action authorizing the payment of economic development expenditures, shall be taken in an open session.
- (5) To establish, or to instruct the public body's staff or negotiating agents concerning the position to be taken by or on behalf of the public body in negotiating (i) the price and other material terms of a contract or proposed contract for the acquisition of real property by purchase, option, exchange, or lease; or (ii) the amount of compensation and other material terms of an employment contract or proposed employment contract.
- (6) To consider the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of initial employment of an individual public officer or employee or prospective public officer or employee; or to hear or investigate a complaint, charge, or

grievance by or against an individual public officer or employee. General personnel policy issues may not be considered in a closed session. A public body may not consider the qualifications, competence, performance, character, fitness, appointment, or removal of a member of the public body or another body and may not consider or fill a vacancy among its own membership except in an open meeting. Final action making an appointment or discharge or removal by a public body having final authority for the appointment or discharge or removal shall be taken in an open meeting.

(7) To plan, conduct, or hear reports concerning investigations of alleged criminal misconduct.

(8) To formulate plans by a local board of education relating to emergency response to incidents of school violence or to formulate and adopt the school safety components of school improvement plans by a local board of education or a school improvement team.

(9) To discuss and take action regarding plans to protect public safety as it relates to existing or potential terrorist activity and to receive briefings by staff members, legal counsel, or law enforcement or emergency service officials concerning actions taken or to be taken to respond to such activity.

(10) To view a recording released pursuant to G.S. 132-1.4A.

Attachments:

None