TOWN OF WINFALL
WINFALL, NORTH CAROLINA

ANNUAL FINANCIAL REPORT
Year Ended June 30, 2025

Mayor

Preston Tyrone White

Commissioners

Cynthia Cunningham (Mayor Pro Tem)

Arnetta Ormond

Valery McDonald

Debera B. Long

Town Clerk/Finance Officer

Valerie Jackson

Town of Winfall, North Carolina
Table of Contents
June 30, 2025

FINANCIAL SECTION

Thompson, Price, Scott, Adams & Co., P.A.
4024 Oleander Drive Suite 103
Wilmington, North Carolina 28403
Telephone (910) 791-4872
Fax (910) 239-8294

Independent Auditor's Report

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

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Winfall, North Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Winfall, North Carolina, as of June 30, 2025, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Winfall and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Audit of the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about the Town of Winfall's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material statement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collision, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsible to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Winfall's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Winfall's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Winfall, North Carolina. The combining and individual fund statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Thompson, Price, Scott, Adams & Co., PA
Wilmington, North Carolina
October 22, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Town of Winfall (the "Town"), we offer readers of the Town of Winfall's financial statements this narrative overview and analysis of the financial activities of the Town of Winfall for the fiscal year ended June 30, 2025. 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.

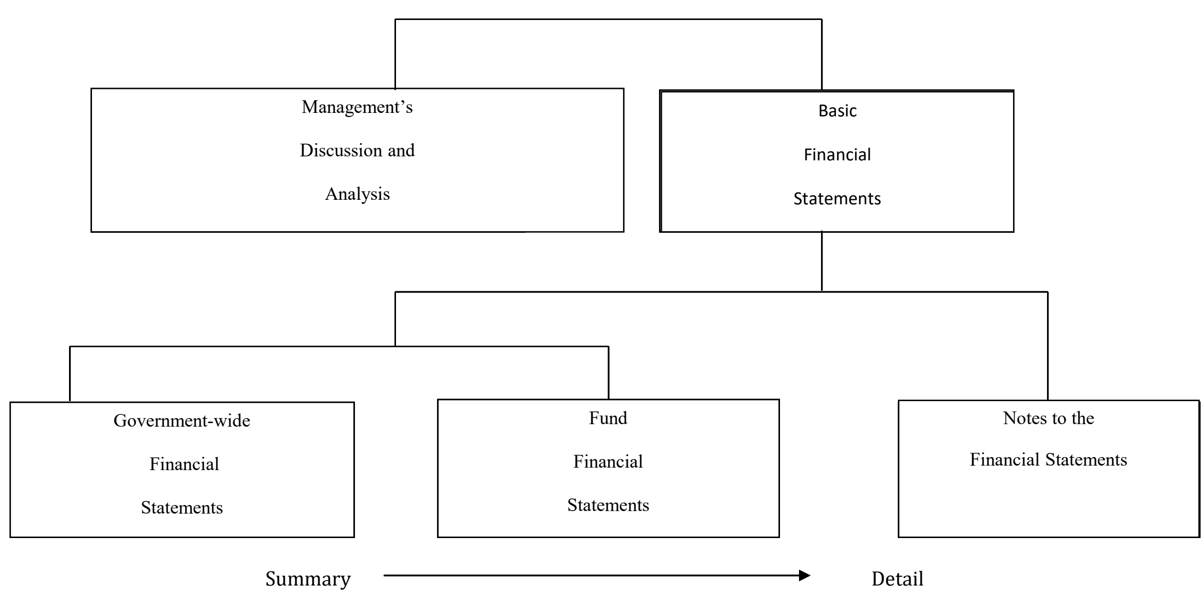
Financial Highlights

- The assets and deferred outflows of resources of the Town of Winfall exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $5,273,077 (*net position*).
- The government's total net position increased by $162,055 before prior period restatement, primarily due to increases in governmental type service charges and tax collections.
- At the close of the current fiscal year, the Town of Winfall's governmental funds combined reported ending fund balances of $983,576, with a net increase of $242,398 in fund balance. Approximately 84% of this total amount, or $826,792 is unrestricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $826,792 or 161% of total general fund expenditures for the fiscal year.
- At the end of the current fiscal year, the Town had Non Spendable and Restricted Net Position of $156,784.
- The Town's total debt decreased by $61,347 during the current fiscal year.

Overview of the Financial Statements

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

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 8) 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 three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary 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 additional details about the Town's individual funds. Budgetary information required by the North Carolina General Statutes can also 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; and 2) business-type activities. The governmental activities include most of the Town's basic service such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the sewer services offered by the Town of Winfall.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The Fund Financial Statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Winfall, 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 North Carolina General Statutes or the Town's budget ordinance. All of the funds of the Town of Winfall 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 Winfall adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – Town of Winfall has one proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Winfall uses an enterprise fund to account for its sewer activity. This fund is 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 follow Exhibit 8 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees.

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 government and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis

Town of Winfall's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$1,080,171	$ 850,017	$ 158,590	$ 113,837	$ 1,238,761	$ 963,854
Capital assets	561,602	582,114	4,136,468	4,297,753	4,698,070	4,879,867
Deferred outflows of resources	36,243	26,460	-	-	36,243	26,460
Total assets and deferred outflows of resources	1,678,016	1,458,591	4,295,058	4,411,590	5,973,074	5,870,181
Current liabilities	85,850	109,828	81,805	83,490	167,655	193,318
Noncurrent labilities	144,683	139,980	381,000	408,000	525,683	547,980
Deferred inflows of resources	6,659	11,724	-	-	6,659	11,724
Total liabilities and deferred inflows of resources	237,192	261,532	462,805	491,490	699,997	753,022
Net position:						
Net investment in capital assets	435,530	426,250	3,728,468	3,858,198	4,163,998	4,284,448
Restricted	151,784	107,110	-	-	151,784	107,110
Unrestricted	853,510	663,699	103,785	61,902	957,295	725,601
Total net position	$1,440,824	$ 1,197,059	$ 3,832,253	$ 3,920,100	$ 5,273,077	$ 5,117,159

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 Winfall exceeded liabilities and deferred inflows by $5,273,077 as of June 30, 2025. The Town's net position increased by $162,055 for the fiscal year ended June 30, 2025. However, the largest portion of $4,163,998 or (79%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Winfall uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Winfall's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Winfall's net position $151,784 (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $957,295(18%) is unrestricted.

The increase in net position is due to the governmental type activities.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 96.45%. The Town of Winfall contracts with Perquimans County to collect their taxes. The Town's rate may stem from the fact that Winfall is one of the most economically distressed locations in Perquimans County and there are many absentee property owners.

Town of Winfall's Changes in Net Position
Figure 3

	Governmental Activities		Business Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	$ 49,115	$ 80,232	$ 290,065	$ 255,134	$ 339,180	$ 335,366
Operating grants and contributions	45,154	121,454	15,667	10,116	60,821	131,570
General revenues:						
Property taxes	371,518	293,114	-	-	371,518	293,114
Other taxes	295,038	288,007	-	-	295,038	288,007
Investment earnings	534	500	-	-	534	500
Total revenues	761,359	783,307	305,732	265,250	1,067,091	1,048,557
Expenses:						
General government	307,207	267,166	-	-	307,207	267,166
Public safety	46,607	84,682	-	-	46,607	84,682
Transportation	110,620	96,671	-	-	110,620	96,671
Environmental protection	41,222	48,481	-	-	41,222	48,481
Interest on long-term debt	5,801	10,774	-	-	5,801	10,774
Sewer	-	-	393,579	432,624	393,579	432,624
Total expenses	511,457	507,774	393,579	432,624	905,036	940,398
Increase in net position before transfers	249,902	275,533	(87,847)	(167,374)	162,055	108,159
Increase (decrease) in net position	249,902	275,533	(87,847)	(167,374)	162,055	108,159
Net position, beginning, as previously restated	1,197,059	921,526	3,920,100	4,087,474	5,117,159	5,009,000
Prior period restatement	(6,137)	-	-	-	(6,137)	-
Net position, beginning, restated	1,190,922	921,526	3,920,100	4,087,474	5,111,022	5,009,000
Net position, ending	$ 1,440,824	$1,197,059	$ 3,832,253	$ 3,920,100	$ 5,273,077	$ 5,117,159

Governmental activities. Governmental activities increased the Town's net position by $249,902, accounting for 100% of the total growth in the net position of the Town of Winfall. Key element of this increase is as follows:

- Increases in tax collection revenues

Business-type activities. Business-type activities decreased the Town of Winfall's net position by $87,847, accounting for 0% of the total growth in the government's net position.

Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town of Winfall. At the end of the current fiscal year, Town of Winfall's fund balance available in the General Fund was $826,792 while total fund balance reached $983,576. The Town currently has an available fund balance of 161% of general fund expenditures, while total fund balance represents 191% of the same amount.

At June 30, 2025, the governmental funds of Town of Winfall reported a combined fund balance of $983,576, a $242,398 increase over last year.

The North Carolina Local Government Commission strongly recommends that local governments maintain an undesignated fund balance of at least 8% of general fund expenditures. Undesignated fund balance is a sub classification of unassigned fund balance after consideration for management's policy designations.

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 became necessary to maintain services.

Proprietary Funds. The Town of Winfall's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Sewer Fund at the end of the fiscal year amounted to $103,785. The total change in net position was a decrease of $87,847. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town of Winfall's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Winfall's investment in capital assets for its governmental and business–type activities as of June 30, 2025 totals $4,698,070 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Town of Winfall's Capital Assets
(net of depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 197,300	$ 197,300	$ -	$ -	$ 197,300	$ 197,300
Buildings and systems	348,683	362,274	4,131,553	4,288,624	4,480,236	4,650,898
Equipment and vehicles	15,619	22,540	4,915	9,128	20,534	31,668
Total	$ 561,602	$ 582,114	$ 4,136,468	$ 4,297,752	$ 4,698,070	$ 4,879,866

Additional information on the Town's capital assets can be found in the notes of the Basic Financial Statements.

Long-term Debt. As of June 30, 2025, the Town of Winfall had total debt outstanding of $534,072. The Town's total debt decreased by $61,347 during the past fiscal year.

Outstanding Debt
Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
General obligation bonds	$ -	$ -	$ 258,000	$ 269,000	258,000	269,000
Installment purchases	126,072	155,864	150,000	170,555	276,072	326,419
Total	$ 126,072	$ 155,864	$ 408,000	$ 439,555	$ 534,072	$ 595,419

Town of Winfall's Outstanding Debt

North Carolina general statutes limits the amount of general obligation debt that a unit of government can issue up to 8 percent of the total assessed value of taxable property located within the government's boundaries. The legal debt margin for the Town of Winfall is $5,211,071. The Town has not bond authorized but unissued at June 30, 2025.

Additional information regarding the Town of Winfall's long-term debt can be found in the notes of the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

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

- High unemployment, an aged population, no industrial development, and very little retail business help to create a situation where the Town's customer base is eroded. The resulting ratio of expense versus revenue creates a difficult situation in keeping rates and fees low while maintaining an adequate level of service. In addition, most residents are on fixed income.

Budget Highlights for the Fiscal Year Ending June 30, 2026

Tax revenues along with other general fund revenues are expected to decrease due to the property tax rate lower of $0.52 is being considered at this time. Sewer revenues and expenditures are expected to remain constant so no increase or decrease in rate is being considered at this time.

Governmental Activities: With the property tax decreasing, we expect a decrease in the property tax revenue. The Town will use these revenues to cover costs of expenses in material, supplies, and labor. These revenues will also be used to finance programs currently in place.

Budgeted revenues in the General Fund are expected to decrease by 5% to $698,797. This decrease is due to a decrease of property tax.

Business-Type Activities: The Sewer Fund budget will increase by 12% to $316,949. This increase is due to a increase of sewer revenue.

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:

Finance Officer
Town of Winfall
100 Parkview Lane
Winfall, North Carolina 27985

BASIC FINANCIAL STATEMENTS

Town of Winfall, North Carolina
Statement of Net Position
June 30, 2025

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
ASSETS						
Current assets:						
Cash and cash equivalents	$	846,276	$	60,400	$	906,676
Restricted cash and cash equivalents		120,168		41,652		161,820
Taxes receivable (net)		30,340		-		30,340
Accrued interest receivables		6,771		-		6,771
Accounts receivable (net)		27,847		56,538		84,385
Due from other governments		43,769		-		43,769
Prepaid expenses		5,000		-		5,000
Total current assets		1,080,171		158,590		1,238,761
Non-current assets:						
Capital assets:						
Land and other non-depreciable assets		197,300		-		197,300
Other capital assets, net of depreciation		364,302		4,136,468		4,500,770
Total capital assets		561,602		4,136,468		4,698,070
Total assets		1,641,773		4,295,058		5,936,831
DEFERRED OUTFLOWS OF RESOURCES						
Pension deferrals		36,243		-		36,243
Total deferred outflows of resources		36,243		-		36,243
LIABILITIES						
Current liabilities:						
Accounts payable and accrued expenses		19,484		13,153		32,637
Accrued interest		1,691		-		1,691
Unearned revenues		40,000		-		40,000
Customer deposits		-		41,652		41,652
Compensated absences (acrrued vacation and sick leave)		2,351		-		2,351
Current portion of long-term liabilities		22,324		27,000		49,324
Total current liabilities		85,850		81,805		167,655
Long-term liabilities:						
Due in more than one year		103,748		381,000		484,748
Compensated absences (accrued vacation and sick leave)		6,149		-		6,149
Net pension liability		34,786		-		34,786
Total liabilities		230,533		462,805		693,338
DEFERRED INFLOWS OF RESOURCES						
Pension deferrals		6,659		-		6,659
Total deferred inflows of resources		6,659		-		6,659
NET POSITION						
Net investment in capital assets		435,530		3,728,468		4,163,998
Restricted for:						
Stabilization by State statute		71,616		-		71,616
Streets		52,148		-		52,148
USDA Reserve		28,020		-		28,020
Unrestricted		853,510		103,785		957,295
Total net position	$	1,440,824	$	3,832,253	$	5,273,077

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

Town of Winfall, North Carolina
Statement of Activities
For the Year Ended June 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position — Primary Government		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Primary government:							
Governmental activities:							
General government	$ 307,207	$ 13,124	$ -	$ -	$ (294,083)	$ -	$ (294,083)
Public safety	46,607	-	21,334	-	(25,273)	-	(25,273)
Transportation	110,620	-	23,820	-	(86,800)	-	(86,800)
Environmental protection	41,222	35,991	-	-	(5,231)	-	(5,231)
Interest and other charges	5,801	-	-	-	(5,801)	-	(5,801)
Total governmental activities	511,457	49,115	45,154	-	(417,188)	-	(417,188)
Business-type activities:							
Sewer	393,579	290,065	15,667	-	-	(87,847)	(87,847)
Total business-type activities	393,579	290,065	15,667	-	-	(87,847)	(87,847)
Total primary government	$ 905,036	$ 339,180	$ 60,821	$ -	-	(87,847)	(505,035)
General revenues:							
Taxes:							
Ad valorem taxes					371,518	-	371,518
Other taxes					295,038	-	295,038
Unrestricted investment earnings					534	-	534
Total general revenues not including transfers					667,090	-	667,090
Total general revenues and transfers					667,090	-	667,090
Change in net position					249,902	(87,847)	162,055
Net position, beginning, as previously restated					1,197,059	-	1,197,059
Prior period restatement					(6,137)	-	(6,137)
Net position, beginning, restated					1,190,922	3,920,100	5,111,022
Net position, ending					$ 1,440,824	$ 3,832,253	$ 5,273,077

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

Town of Winfall, North Carolina
Balance Sheet
Governmental Funds
June 30, 2025

	Major Funds	
	General Fund	
ASSETS		
Cash and cash equivalents	$	846,276
Restricted cash		120,168
Receivables, net:		
Taxes		30,340
Accounts		27,847
Due from other governments		43,769
Prepaid expenses		5,000
Total assets	$	1,073,400
LIABILITIES		
Accounts payable and accrued payable	$	19,484
Unearned revenues		40,000
Total liabilities		59,484
DEFERRED INFLOWS OF RESOURCES		
Property taxes receivable		30,340
Total deferred inflows of resources		30,340
FUND BALANCES		
Non-Spendable		
Prepaid expenses		5,000
Restricted		
Stabilization by State Statute		71,616
Streets		52,148
USDA reserve		28,020
Unassigned		826,792
Total fund balances		983,576
Total liabilities, deferred inflows of resources and fund balances	$	1,073,400
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balance, governmental funds		983,576
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		561,602
Deferred outflows of resources related to pensions are not reported in the funds.		36,243
Earned revenues considered deferred inflows of resources in fund statements.		30,340
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds.		6,771
Deferred inflows of resources related to pensions are not reported in the funds.		(6,659)
Accrued vacation		(1,944)
Sick leave		(6,556)
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Long-term debt		(126,072)
Net pension liability		(34,786)
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.		(1,691)
Net position of governmental activities	$	1,440,824

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

Town of Winfall, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2025

	Major Funds
	General Fund
REVENUES	
Ad valorem taxes	$ 367,665
Other taxes and licenses	4,755
Unrestricted intergovernmental	289,841
Restricted intergovernmental	45,596
Sales and services	35,991
Miscellaneous	13,124
Investment earnings	534
Total revenues	757,506
EXPENDITURES	
Current:	
General government	292,850
Public safety	36,433
Transportation	107,971
Environmental protection	41,222
Economic and physical development	
Debt service:	
Principal	29,792
Interest and other changes	6,840
Total expenditures	515,108
Excess (deficiency) of revenues over expenditures	242,398
Net change in fund balance	242,398
Fund balance, beginning	741,178
Fund balance, ending	$ 983,576

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

Town of Winfall, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities
Governmental Funds
For the Year Ended June 30, 2025

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

Net change in fund balances - total governmental funds	$ 242,398
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	
Depreciation expense for governmental assets	(20,512)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	10,863
Change in unavailable revenue for tax revenues	4,358
Change in accrued tax receivable	(505)
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, however, has any effect on net position. This amount is the net effected of these differences in the treatment of long-term debt and related	
Principal payments on long-term debt	29,792
(Increase)/decrease in accrued interest payable	1,039
Some expenses reported in the statements of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Accrued vacation	(219)
Sick leave	(419)
Pension expense	(16,893)
Total changes in net position of governmental activities	$ 249,902

Town of Winfall, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2025

	General Fund			
	Original	Final	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues				
Ad valorem taxes	$ 295,703	$ 365,703	$ 367,665	$ 1,962
Other taxes and licenses	2,750	4,250	4,755	505
Unrestricted intergovernmental	253,800	253,800	289,841	36,041
Restricted intergovernmental	120,400	31,650	45,596	13,946
Sales and services	46,000	46,000	35,991	(10,009)
Miscellaneous	13,720	30,491	13,124	(17,367)
Investment earnings	-	-	534	534
Total revenues	732,373	731,894	757,506	25,612
Expenditures				
Current:				
General government	279,788	305,818	292,850	12,968
Public safety	83,789	47,926	36,433	11,493
Transportation	231,850	232,275	107,971	124,304
Environmental protection	46,000	46,000	41,222	4,778
Debt service:				
Principal retirement	29,811	29,811	29,792	19
Interest and other charges	6,840	6,840	6,840	-
Total expenditures	678,078	668,670	515,108	153,562
Revenues over (under) expenditures	54,295	63,224	242,398	179,174
Fund balance appropriated	54,295	63,224	-	63,224
Net change in fund balance	$ -	$ -	242,398	$ 242,398
Fund balance, beginning			741,178	
Fund balance, ending			$ 983,576	

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

Town of Winfall, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2025

	Enterprise Fund
	Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 60,400
Restricted cash	41,652
Accounts receivable (net)	56,538
Total	158,590
Non-current assets:	
Capital assets:	
Other capital assets, net of depreciation	4,136,468
Total non-current assets	4,136,468
Total assets	4,295,058
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	12,154
Accrued interest payable	999
Current portion of long-term debt	27,000
Liabilities to be paid from restricted assets:	
Customer deposits	41,652
Total current liabilities	81,805
Noncurrent liabilities:	
Long-term debt	381,000
Total noncurrent liabilities	381,000
Total liabilities	462,805
NET POSITION	
Net investment in capital assets	3,728,468
Unrestricted	103,785
Net position	$ 3,832,253

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

Town of Winfall, North Carolina
Statement of Revenues, Expenses, and
Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	Enterprise Fund
	Sewer Fund
OPERATING REVENUES	
Charges for services	$ 274,731
Other operating expenses	15,334
Total operating revenues	290,065
OPERATING EXPENSES	
Sewer operations	224,738
Depreciation	161,283
Total operating expenses	386,021
Operating income (loss)	(95,956)
NON-OPERATING REVENUES (EXPENSES)	
American rescue plan grant	15,667
Interest and other charges	(7,558)
Total non-operating revenues (expenses)	8,109
Income (loss) before contributions and transfers	(87,847)
Net position, beginning	3,920,100
Net position, ending	$ 3,832,253

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

Town of Winfall, North Carolina
Proprietary Funds
Statement of Cash Flows
For The Year Ended June 30, 2025

	Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 273,083
Cash paid for goods and services	(221,866)
Net cash provided by operating activities	51,217
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on long-term debt	(31,555)
Interest paid	(7,558)
American rescue plan grant	15,667
Net cash used for capital and related financing activities	(23,446)
Net increase(decrease) in cash and cash equivalents	27,771
Cash and cash equivalents:	
Beginning of year, July 1	74,281
End of year, June 30	$ 102,052
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ (95,956)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	161,283
Changes in assets, deferred outflows of resources, and liabilities:	
(Increase) decrease in accounts receivable	(16,982)
Increase (decrease) in accounts payable and accrued liabilities	325
Increase (decrease) in customer deposits	2,547
Total adjustments	147,173
Net cash provided by operating activities	$ 51,217

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

NOTES TO THE FINANCIAL STATEMENTS

Town of Winfall, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Winfall 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 Winfall (the "Town") 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 Town of Winfall, North Carolina.

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 Town has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental funds and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

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 Town reports the following major enterprise funds:

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

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.

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

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

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes 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 franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Winfall because the tax is levied by Perquimans County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year fund. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. The Town Manager has the authority to amend appropriations within departments. All other amendments must be approved by the governing board.

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 generally are reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolios has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Money in the Economic Development Special Revenue Fund is classified as restricted because its use is restricted to the Economic Development Funds per NC G.S. Chapter 159, Article 3, Part 2. Powell Bill Funds are also 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.

Town of Winfall Restricted Cash

Governmental Activities	
General Fund:	
Streets	$ 52,148
USDA reserve	28,020
Fire Department	40,000
Total governmental activities	120,168
Business-type Activities	
Sewer Fund:	
Customer deposits	41,652
Total business-type activities	41,652
Total restricted cash	$ 161,820

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 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2024. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventory & Prepaid Items

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The inventories of the Town's enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. 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 of the Town are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	30
Improvements	25
Infrastructure	20
Furniture and equipment	7 - 10
Vehicles	5
Computer software	5
Computer equipment	3

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 one item that meet this criterion, contributions made to the pension plan in the 2025 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meet the criterion for this category – property taxes receivables, and deferrals of pension expense that result from the implementation of GASB Statement 68.

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 policy of the Town provides vacation days based on years of employment. The maximum is 15 days for each full-time employee who has years of service ten or more. The maximum is 7.5 days for each part-time employee who has years of service ten or more. The vacation leave may accumulate without any applicable maximum until December 31 of each year. Employees are not eligible to receive pay for excess vacation time not taken at this conversion time.

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. In accordance with GASB Statement No. 101 for the Town's government-wide funds, an expense and liability for sick leave is recognized using the "practical expedient approach" allowed by the Standard for the portion of sick leave expected to be used and paid by the Town.

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

Non-spendable 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. Examples of non-spendable fund balance include inventory or perpetual maintenance resources. The Town has a prepaid non-spendable fund balance.

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

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

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

USDA Reserve- USDA debt covenants require that the Town restrict the amount equal to one year of debt payments for each loan with the USDA over a ten-year period. This amount represents the balance of three loan payments due with the USDA.

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 Winfall's governing body (highest level of decision-making authority). Any changes or removal of specific purposes requires majority action by the governing body. The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned Fund Balance - portion of fund balance that the Town of Winfall intends to use for specific purposes.

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

The Town of Winfall has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-town funds, town funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

12. Defined Benefit Cost-Sharing Plans

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

13. Accounting for Changes

The Town implemented GASB Statement No. 101, Compensated Absences in the current fiscal year. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The implementation of this Statement required a prior period restatement to reduce government-wide net position by $6,137 to record the estimated liability for sick leave at June 30, 2024.

The Town implemented GASB Statement No. 102, Certain Risk Disclosures. The disclosures provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government’s financial condition.

14. Recent Accounting Pronouncements

GASB Statement No. 103, Financial Reporting Model Improvements

In April 2024, the GASB issued GASB Statement No. 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues.

This Statement continues the requirement that the basic financial statements be preceded by management’s discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government’s financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that “boilerplate” discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows. This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The Town is currently reviewing this statement to determine the effect on the financial statements.

GASB Statement No. 104, Disclosure of Certain Capital Assets

In September 2024, the GASB issued GASB Statement No. 104, Disclosure of Certain Capital Assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

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.

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's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town 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 formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2025, the Town's deposits had a carrying amount of $1,049,782 and a bank balance of $1,063,756. Of the bank balance, $250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The total cash drawer was $200.

2. Investments

At June 30, 2025, the Town of Winfall had $18,514 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's. The Town has no policy regarding credit risk.

Investment by type	Valuation Measurement Method	Book Value at 06/30/2025	Maturity	Rating
NC Capital Management Trust Government Portfolio	Fair value Level 1	$ 18,514	N/A	AAAm
Total		$ 18,514		

Interest Rate Risk. The Town has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's investment policy limits at least half of the Town's investment portfolio to maturities of less than 12 months. Also, the Town's internal management policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than two years.

Credit Risk. The Town has adopted a formal policy regarding credit risk and has internal management procedures that limits the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAAm-mf by Moody's Investors Service as of June 30, 2025.

3. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2025, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 197,300	$ -	$ -	$ 197,300
Total capital assets not being depreciated	197,300	-	-	197,300
Capital assets being depreciated:				
Buildings and other improvements	757,856	-	-	757,856
Equipment and vehicles	1,145,742	-	-	1,145,742
Total capital assets being depreciated	1,903,598	-	-	1,903,598
Less accumulated depreciation for:				
Buildings and other improvements	395,582	13,591	-	409,173
Equipment and vehicles	1,123,202	6,921	-	1,130,123
Total accumulated depreciation	1,518,784	$ 20,512	$ -	1,539,296
Total capital assets being depreciated, net	384,814			364,302
Governmental activity capital assets, net	$ 582,114			$ 561,602

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

General government	$ 8,533
Public safety	10,174
Transportation	1,805
Total depreciation expense	$ 20,512

Capital asset activity for the Town's Enterprise Fund for the year ended June 30, 2025, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-Type activities:				
Sewer Fund				
Capital assets being depreciated:				
Plant and distribution systems	$ 7,850,019	$ -	$ -	$ 7,850,019
Equipment and furniture	36,764	-	-	36,764
Vehicles	11,890	-	-	11,890
Total capital assets being depreciated	7,898,673	-	-	7,898,673
Less accumulated depreciation for:				
Plant and distribution systems	3,561,396	157,070	-	3,718,466
Equipment and furniture	27,636	4,213	-	31,849
Vehicles	11,890	-	-	11,890
Total accumulated depreciation	3,600,922	$ 161,283	$ -	3,762,205
Total capital assets being depreciated, net	4,297,753			4,136,468
Business-type activity capital assets, net	$ 4,297,753			$ 4,136,468

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town 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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, 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 have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Town of Trustees. The Town’s contractually required contribution rate for the year ended June 30, 2025, was 13.60% 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 $10,866 for the year ended June 30, 2025.

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

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

At June 30, 2025, the Town reported a liability of $34,786 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024 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, 2024 (measurement date), the Town’s proportion was 0.00052%, which was 0.00031% increase from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Town recognized pension expense of $16,893. At June 30, 2025, 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	$ 6,096	$ 41
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	4,729	-
Changes in proportion and differences between Town's contributions and proportionate share of contributions	14,552	6,618
Town's contributions subsequent to the measurement date	10,866	-
Total	$ 36,243	$ 6,659

$10,866 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 liability in the year ended June 30, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30		
2026	$	3,685
2027		10,555
2028		5,013
2029		(535)
2030		-
Thereafter		-
	$	18,718

Actuarial Assumptions. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of position 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, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2017.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2024 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 6.50 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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1 % Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	$ 61,642	$ 34,786	$ 12,693

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

b. <u>Other Employment Benefits</u>

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

2. Deferred Outflows and Inflows of Resources

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

Source	Amount
Contributions to pension plan in current fiscal year	$ 10,866
Differences between expected and actual experience	6,096
Changes of assumptions	-
Net difference between projected and actual earnings on pension plan investments	4,729
Changes in proportion and differences between Town's contributions and proportionate share of contributions	14,552
Total	$ 36,243

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivables, less penalties (General Fund)	$ -	$ 30,340
Differences between expected and actual experience	41	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,618	-
	$ 6,659	$ 30,340

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of $1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to $3 million, employee benefits liability coverage up to $1 million, public officials liability coverage up to $3 million, police professional liability coverage up to $3 million. The pools are reinsured through commercial companies for single occurrence claims against general liability and auto liability in excess of $1 million, property liability in excess of $500,000, public officials' liability in excess of $1 million, police professional liability in excess of $1 million, and workmen's compensation liability in excess of $1 million.

The Town carries commercial coverage for all other risks of loss. There has 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 has inland marine flood insurance coverage amounts: municipal equipment of $25,000; computer equipment and media of $77,500; and fine arts of $50,000.

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 $150,000.

4. Claims, Judgements, and Contingent Liabilities

At June 30, 2025, there were no lawsuits against the Town that materially impact it's financial statements.

5. Long Term Obligations

a. Installment Obligations

Serviced by the General Fund:

In May 2002, the Town entered into an direct placement installment purchase contract for $175,000 to finance the construction of a municipal building. The USDA financing contract requires annual payments of $11,239 beginning in fiscal year 2004 with an interest rate of 4.75%. The outstanding balance at June 30, 2025 was $65,572.

In December 2008, the Town entered into a USDA direct placement installment purchase contract for $222,950 to finance a fire truck. The USDA financing contract requires annual payments of $16,771 beginning in fiscal year 2010 with an interest rate of 4.25%. The outstanding balance at June 30, 2025 was $60,500.

The note contains provision that an event of default would result in: (1) declare the unpaid principal components of the Installment Payments immediately due and payable, (2) proceed by appropriate court action to enforce the Town's performance of the applicable covenants of this Agreement or to recover for the breach thereof, (3) as provided in the Project Fund Agreement, pay over any balance remaining in the Project Fund to be applied against outstanding Required Payments in any manner DEQ may reasonably deem appropriate, and (4) avail itself of all available remedies under the Agreement, including execution and foreclosure and recovery of attorney's fees and other expenses.

Serviced by the Sewer Fund:

In June 2015, the Town agreed to pay $300,000 as its portion of the sewer system to the Town of Hertford. The agreement requires 240 monthly payments of $1,250 beginning July 2015. The outstanding balance at June 30, 2025 was $150,000. Interest has been forgiven.

	Governmental - Type Activities		Business - Type Activities	
Year ending June 30	Principal	Interest	Principal	Interest
2026	$ 22,324	$ 5,686	$ 15,000	$ -
2027	23,313	4,697	15,000	-
2028	24,346	3,664	15,000	-
2029	25,404	2,141	15,000	-
2030	9,781	1,458	75,000	-
2031-2033	20,904	1,499	15,000	-
	$ 126,072	$ 19,145	$ 150,000	$ -

b. General Obligation Indebtedness

The Town's general obligation bonds issued to finance the construction of facilities utilized in the operations of the sewer system and which are being retired by its resources are reported as long-term debt in the Sewer Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

Bonds payable at June 30, 2025 are comprised of the following:

Serviced by the Sewer Fund:

USDA- Sanitary Sewer Bonds issued on August 27, 2001 for $420,000. Annual installments of $5,000 to $20,000 plus interest from June 1, 2002 through June 1, 2041; interest is at 4.875%. Outstanding balance at June 30, 2025 was $258,000.

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

Year Ending June 30	Principal	Interest	Total
2026	$ 12,000	$ 12,578	$ 24,578
2027	12,000	11,993	23,993
2028	12,500	11,408	23,908
2029	13,000	10,798	23,798
2030	13,500	10,164	23,664
2031 - 2035	78,000	40,293	118,293
2036 - 2040	97,000	19,305	116,305
2041	20,000	975	20,975
	$ 258,000	$ 117,514	$ 375,514

c. Changes in Long-Term Liabilities

The following is a summary of the changes in the Town's debt for the year ended June 30, 2025:

	Balance 07/01/24	Increases	Decreases	Balance 06/30/25	Current Portion
Governmental activities:					
Direct placement notes					
USDA police car	$ 8,415	$ -	$ 8,415	$ -	$ -
Municipal building	73,328	-	7,756	65,572	8,124
USDA firetruck	74,121	-	13,621	60,500	14,200
Compensated absences:					
Accrued vacation	1,725	2,463	2,244	1,944	1,944
Accrued sick leave	6,137	1,395	976	6,556	407
Net pension liability	13,908	20,878	-	34,786	-
Governmental activity long-term liabilities	$ 177,634	$ 24,736	$ 33,012	$ 169,358	$ 24,675
Business-type activities:					
Direct borrowing notes:					
USDA sewer	$ 5,555	$ -	$ 5,555	$ -	$ -
Town of Hertford sewer	165,000	-	15,000	150,000	15,000
General obligation bond	269,000	-	11,000	258,000	12,000
Business-type activity long-term liabilities	$ 439,555	$ -	$ 31,555	$ 408,000	$ 27,000

Legal debt margin is $5,211,071 as of June 30, 2025.

C. Fund Balance

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

Total fund balance - General Fund	**$**	**983,576**
Less:		
Non-spendable		5,000
Stabilization by state statute		71,616
Streets - powell bill		52,148
USDA reserve		28,020
Remaining fund balance	$	826,792

IV. Related Party Transactions

The Town has participated in no related party transactions for the year ended June 30, 2025.

V. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant 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.

VI. Significant Effects of Subsequent Events

There are no subsequent events that would have a material affect on the financial statements. Subsequent events have been analyzed through October 22, 2025 that the financial statements were available to be issued.

VII. Change in Accounting Principle

The Town implemented Government Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, July 1, 2024. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. As a result, the Town recognized an additional $6,137 in compensated absences for sick leave as of June 30, 2024, resulting in a decrease in beginning net position of the same amount.

REQUIRED
SUPPLEMENTAL FINANCIAL
DATA

This section contains additional information required by generally accounting principles.

The Proportionate Share of the Net Pension Liability (Asset) – Local Government Employees' Retirement System

Contributions – Local Government Employees' Retirement System

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

Local Government Employees' Retirement System

	2025	2024	2023	2022	2021	2020	2019	2028	2017	2016
Town's proportion of the net pension liability (asset) (%)	0.0005%	0.0002%	0.00030%	0.00130%	0.00220%	0.00124%	0.00040%	0.00072%	0.00620%	0.00053%
Town's proportion of the net pension liability (asset) ($)	$ 34,786	$ 13,908	$ 15,796	$ 19,323	$ 7,862	$ 33,863	$ 9,489	$ 11,000	$ 13,158	$ 2,827
Town's covered-employee payroll	$ 78,228	$ 29,457	$ 96,830	$ 89,171	$ 90,263	$ 81,244	$ 81,009	$ 103,643	$ 91,879	$ 76,744
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	44.47%	47.21%	16.31%	21.67%	8.71%	41.68%	11.71%	10.61%	14.32%	3.68%
Plan fiduciary net position as a percentage of the total pension liability**	83.30%	82.49%	84.14%	95.51%	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%

* 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 Winfall
Town of Winfall's Contributions
Required Supplementary Information
Last Ten Fiscal Years

Local Government Employees' Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 10,866	$ 10,052	$ 3,564	$ 11,333	$ 9,276	$ 8,496	$ 6,586	$ 6,673	$ 7,851	$ 6,673
Contributions in relation to the contractually required contribution	10,866	10,052	3,564	11,333	9,276	8,496	6,586	6,673	7,851	6,673
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Town's covered-employee payroll	$ 79,894	$ 78,228	$ 29,457	$ 96,830	$ 89,171	$ 90,263	$ 81,244	$ 81,009	$ 103,643	$ 91,879
Contributions as a percentage of covered-employee payroll	13.60%	12.85%	12.10%	11.70%	10.40%	9.41%	8.11%	8.24%	7.58%	7.26%

GENERAL FUND

The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

Town of Winfall, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2025

	2025		
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes		$ 367,665	
Total ad valorem taxes	$ 365,703	367,665	$ 1,962
Other taxes and licenses:			
Town tags		2,005	
Zoning permits		2,750	
Total	4,250	4,755	505
Unrestricted intergovernmental:			
Local option sales taxes		249,841	
Utilities franchise tax		37,707	
Beer and wine tax		2,293	
Total unrestricted intergovernmental	253,800	289,841	36,041
Restricted intergovernmental:			
Solid waste disposal tax		442	
Various grants		21,334	
Powell bill allocation		23,820	
Total restricted intergovernmental	31,650	45,596	13,946
Sales and services:			
Garbage services		35,991	
Total sales and services	46,000	35,991	(10,009)
Miscellaneous:			
Rent		2,250	
Other miscellaneous		10,874	
Total miscellaneous	30,491	13,124	(17,367)

Town of Winfall, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2025

	2025		
	Budget	Actual	Variance Positive (Negative)
Investment earnings:			
Interest earned		534	
Total investment earnings	-	534	534
Total revenues	731,894	757,506	25,612
Expenditures:			
General government:			
Administration:			
Salaries and benefits		119,167	
Other operating expense		173,683	
Total administration	305,818	292,850	12,968
Total general government	305,818	292,850	12,968
Public safety:			
Police:			
Other operating expense		130	
Total police	560	130	430
Fire:			
Other operating expense		36,303	
Total fire	47,366	36,303	11,063
Total public safety	47,926	36,433	11,493
Transportation :			
Streets and highways:			
Salaries and benefits		53,645	
Other operating expense		46,965	
Powell bill		7,361	
Total transportation	232,275	107,971	124,304

Town of Winfall, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2025

	2025		
	Budget	Actual	Variance Positive (Negative)
Environmental protection:			
Solid waste:			
Other operating expense		41,222	
Total environmental protection	46,000	41,222	4,778
Debt service:			
Principle retirement		29,792	
Interest and fees		6,840	
Total debt service	36,651	36,632	19
Total expenditures	668,670	515,108	153,562
Revenues over (under) expenditures	63,224	242,398	179,174
Fund balance appropriated	63,224	-	63,224
Net change in fund balance	$ -	242,398	$ 242,398
Fund balances, beginning		741,178	
Fund balances, ending		$ 983,576	

PROPRIETARY FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

Town of Winfall, North Carolina
Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2025

	2025		
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services		$ 274,731	
Other operating revenues		15,334	
Total operating revenues	$ 267,000	290,065	$ 23,065
Nonoperating revenues:			
American rescue plan grant		15,667	
Total non-operating revenues	15,817	15,667	(150)
Total revenues	282,817	305,732	22,915
Expenditures:			
Sewer operations:			
Contracted services		26,344	
Repairs and maintenance		9,142	
Utilities		28,317	
Sewerage treatment fees		139,480	
Other operating expenditures		21,455	
Total	242,817	224,738	18,079
Debt services:			
Interest and other charges		7,558	
Principal retirement		31,555	
Total	40,000	39,113	887
Total expenditures	282,817	263,851	18,966
Revenues over (under) expenditures	$ -	$ 41,881	$ 41,881

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

Revenues over expenditures	$ 41,881
Reconciling items:	
Principal payments	31,555
Depreciation	(161,283)
Total reconciling items	(129,728)
Change in net position	$ (87,847)

OTHER SCHEDULES

This section includes additional information on property taxes.

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

Town of Winfall, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2025

Fiscal Year	Uncollected Balance July 1, 2024	Additions	Collections And Credits	Uncollected Balance June 30, 2025
2024 - 2025	$ -	$ 373,600	$ 360,340	$ 13,260
2023 - 2024	7,516	-	2,272	5,244
2022 - 2023	4,741	-	1,906	2,835
2021 - 2022	3,515	-	1,160	2,355
2020 - 2021	2,705	-	799	1,906
2019 - 2020	1,750	-	393	1,357
2018 - 2019	1,430	-	205	1,225
2017 - 2018	1,462	-	314	1,148
2016 - 2017	1,468	-	458	1,010
2015 - 2016	1,395	-	1,395	-
	$ 25,982	$ 373,600	$ 369,242	$ 30,340

Ad valorem taxes receivable - net	$ 30,340

Reconciliation with revenues:

Ad valorem taxes - General Fund	$ 367,665
Reconciling items:	
Interest collected	-
Discounts, write-offs, and adjustments	1,577
Total collections and credits	$ 369,242

Town of Winfall, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2025

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	$ 66,714,286	0.56	$ 373,600	$ 332,570	$ 41,030
Total	66,714,286		373,600	332,570	41,030
Total property valuation	$ 66,714,286				
Net levy			373,600	332,570	41,030
Uncollected taxes at June 30, 2025			13,260	13,260	-
Current year's taxes collected			$ 360,340	$ 319,310	$ 41,030
Current levy collection percentage			96.45%	96.01%	100.00%