

TOWN OF BELVILLE
Belville, North Carolina

FINANCIAL STATEMENTS
Year Ended June 30, 2019

TOWN OF BELVILLE

Belville, North Carolina

BOARD OF COMMISSIONERS

Mike Allen, Mayor

Donna Schardien, Mayor Pro Temp

Joe Breault

Noreen Slattery

Pat O'Bryant

ADMINISTRATIVE OFFICERS

Athina Williams

Town Administrator / Clerk/ Finance Officer

TOWN OF BELVILLE, NORTH CAROLINA
TABLE OF CONTENTS
June 30, 2019

		<u>Page Number</u>
	Financial Section:	
	Independent Auditor's Report	1 - 2
	Management's Discussion and Analysis	3 - 6
<u>Exhibit</u>	Basic Financial Statements:	
	Government-wide Financial Statements:	
1	Statement of Net Position	7
2	Statement of Activities	8
	Fund Financial Statements:	
3	Balance Sheet - Governmental Funds	9
4	Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	10
4	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
5	Statements of Revenues, Expenditures, and Changes in Fund Balances - Annual Budget and Actual - General Fund	12
6	Statement of Fund Net Position - Proprietary Fund	13
7	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	14
8	Statement of Cash Flows - Proprietary Fund	15
	Notes to the Financial Statements	16-31

Required Supplemental Financial Data:

Schedule of the Proportionate Share of the Net Pension Asset – Local Government Employees’ Retirement System	32
-----------------------------------------------------------------------------------------------------------------	----

Schedule of Contributions – Local Government Employees’ Retirement System	33
------------------------------------------------------------------------------	----

Individual Fund Schedule:

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	34-35
-------------------------------------------------------------------------------------------------------	-------

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Water Fund	36
-----------------------------------------------------------------------------------------------------	----

Other Schedules:

Schedule of Ad Valorem Taxes Receivable	37
-----------------------------------------	----

Analysis of Current Tax Levy - Town-Wide Levy	38
-----------------------------------------------	----

FINANCIAL SECTION



Thompson, Price, Scott, Adams & Co., P.A.
4024 Oleander Drive Suite 3
Wilmington, North Carolina 28403
Telephone (910) 791-4872
Fax (910) 395-4872

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Belville (the "Town"), North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

Opinions

In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Belville, North Carolina, as of June 30, 2019, 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 conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset 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 consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Belville, 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.

The combining individual fund statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements 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 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., P.A

Thompson, Price, Scott, Adams & Co., P.A.

Wilmington, North Carolina

April 23, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Town of Belville (the "Town"), we offer readers of the Town of Belville's financial statements this narrative overview and analysis of the financial activities of the Town of Belville for the fiscal year ended June 30, 2019. 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

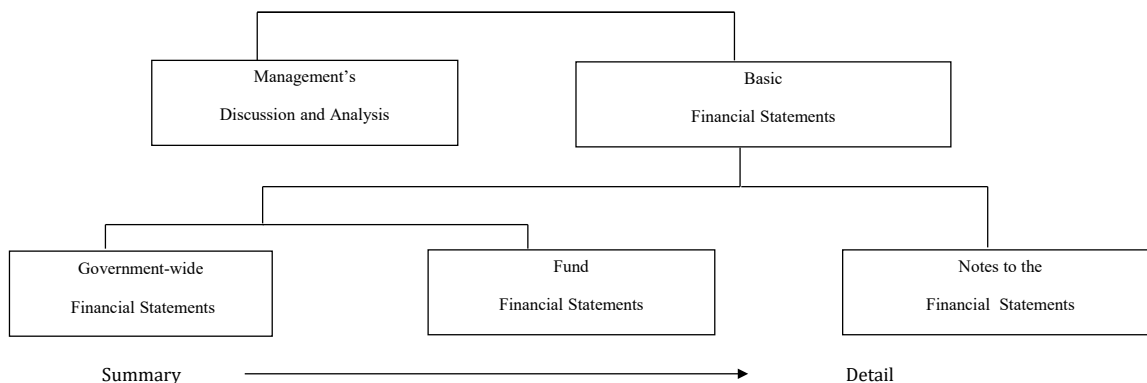
- The assets and deferred outflows of resources of the Town of Belville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$55,429,273 (*net position*).
- The government's total net position decreased by \$1,191,840, due to decrease in the governmental-type and business-type activities net position.
- As of the close of the current fiscal year, the Town of Belville's governmental funds reported an ending fund balance of \$903,654 with a negative net change of \$383,301 in fund balance. Approximately 77% of this total amount, or \$697,332, is non spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance in the General Fund was \$71,164, or 4% of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

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

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 5) 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 two parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show additional details about the Town's activities. 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 include *governmental activities*. The governmental activities include all of the Town's basic services such as public safety, transportation, and general administration. Property taxes and sale taxes finance most of these activities.

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 Belville, 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 Belville can be found in the governmental funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* 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 Belville 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 Fund - Town of Belville has one kind of proprietary fund. The Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Belville uses an enterprise fund to account for its public utilities fund 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 5 of this report.

Government-Wide Financial Analysis

**Town of Belville's Net Position
Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 1,019,328	\$ 1,304,416	\$ 4,100,746	\$ 7,235,335	\$ 5,120,074	\$ 8,539,751
Capital assets	4,168,133	4,233,273	47,144,468	44,928,452	51,312,601	49,161,725
Deferred outflows of resources	56,483	33,184	-	-	56,483	33,184
Total assets	5,243,944	5,570,873	51,245,214	52,163,787	56,489,158	57,734,660
Long-term liabilities outstanding	872,818	981,435	-	131,054	872,818	1,112,489
Deferred inflows of resources	529	1,358	-	-	529	1,358
Other liabilities	186,538	-	-	-	186,538	-
Total liabilities	1,059,885	982,793	-	131,054	1,059,885	1,113,847
Net position:						
Net investment in capital assets	3,301,254	3,309,663	47,144,468	44,928,452	50,445,722	48,238,115
Restricted	697,332	713,404	-	-	697,332	713,404
Unrestricted	185,473	565,313	4,100,746	7,104,281	4,286,219	7,669,594
Total net position	\$ 4,184,059	\$ 4,588,380	\$ 51,245,214	\$ 52,032,733	\$ 55,429,273	\$ 56,621,113

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Belville exceeded liabilities by \$55,429,273 as of June 30, 2019. The Town's net assets decreased by \$1,191,840 for the fiscal year ended June 30, 2019. However, a portion, \$50,445,722 (91%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt still outstanding that was issued to acquire those items. The Town of Belville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Belville'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 Belville's net position of \$697,332 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,286,219 is unrestricted.

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 98.04%.

Town of Belville 's Change in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues						
Charges for Services	\$ 80,440	\$ 15,897	\$ 9,456	310,612	\$ 89,896	\$ 326,509
Operating grants and contributions	65,047	47,468	-	-	65,047	47,468
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	182,934	179,488	-	-	182,934	179,488
Other taxes	928,457	939,001	-	-	928,457	939,001
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	11,932	5,771	18,555	7,154	30,487	12,925
Total revenues	1,268,810	1,187,625	28,011	317,766	30,487	1,505,391
Expenses:						
General government	924,193	699,652	-	-	924,193	699,652
Public safety	8,767	9,685	-	-	8,767	9,685
Public works & transportation	641,429	50,954	-	-	641,429	50,954
Cultural & recreation	97,417	86,896	-	-	97,417	86,896
Water	-	-	815,530	4,889,793	815,530	4,889,793
Interest	1,325	-	-	-	1,325	-
Total expenses	1,673,131	847,187	815,530	4,889,793	2,488,661	5,736,980
Increase (decrease) in net position before transfers	(404,321)	340,438	(787,519)	(4,572,027)	(1,191,840)	(4,231,589)
Special Item - Transfers from Brunswick Regional Water and Sewer H2GO	-	-	-	56,604,760	-	56,604,760
Increase (decrease) in net position	(404,321)	340,438	(787,519)	52,032,733	(1,191,840)	52,373,171
Net position, July 1	4,588,380	4,247,942	52,032,733	-	56,621,113	4,247,942
Net position, June 30	\$ 4,184,059	\$ 4,588,380	\$ 51,245,214	\$ 52,032,733	\$ 55,429,273	\$ 56,621,113

Governmental activities: Governmental activities decreased the Town's net position by \$404,321. Key elements of this decrease are as follows:

- Expenses were up this year for General Government and Public Works.

Business-type activities: Business-type activities decreased the Town's net position by \$787,519. Key elements of this decrease are as follows:

- Revenues were down due to Charges for Services went down.

Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town of Belville. At the end of the current fiscal year, the Town of Belville's fund balance available in the General Fund was \$71,164 with a total fund balance of \$903,654. The Town currently has an available fund balance of \$71,164 or 4% of general fund expenditures.

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

Capital Asset and Debt Administration

Capital assets. The Town of Belville's investment in capital assets for its governmental activities as of June 30, 2019 total \$51,312,601 (net of accumulated depreciation). These assets include land, vehicles, and equipment.

Town of Belville's Capital Assets (net of depreciation) Figure 4						
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 1,917,780	\$ 1,917,780	\$ 1,070,624	\$ 1,070,624	2,988,404	\$ 2,988,404
Construction in progress	-	-	9,004,576	5,973,529	9,004,576	5,973,529
Buildings and systems	1,569,570	1,601,669	58,455	-	1,628,025	1,601,669
Improvements other than buildings	672,347	702,550	36,778,715	-	37,451,062	702,550
Equipment	8,436	11,274	112,570	37,884,299	121,006	37,895,573
Furniture and fixtures	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-
Vehicles	-	-	119,528	-	119,528	-
Total	\$ 4,168,133	\$ 4,233,273	47,144,468	\$ 44,928,452	\$ 51,312,601	\$ 49,161,725

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

Long-term Debt. Please see notes for Town of Belville's long-term debt.

Economic Factors and Next Year's Budgets and Rates

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

- Unemployment rates remained low.
- Sales tax revenues increased over the previous year.

Request for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Question concerning any of the information found in this report or requests for additional information should be directed to:

Town of Belville
Finance Officer
63 River Road
Belville, NC 28451

You can also call 910-371-2456, visit their website at www.townofbelville.com, or send an e-mail to TownAdministrator@townofbelville.com for more information.

BASIC FINANCIAL STATEMENTS

Town of Belville, North Carolina
Statement of Net Position
June 30, 2019

	Primary Government			Town of Belville ABC Board
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 312,758	\$ 4,100,746	\$ 4,413,504	\$ 550,639
Restricted cash	377,797	-	377,797	-
Taxes receivables (net)	7,161	-	7,161	-
Accrued interest receivable on taxes	2,077	-	2,077	-
Accounts receivable (net)	1,917	-	1,917	-
Due from other governments	128,794	-	128,794	-
Due from component units	188,824	-	188,824	-
Prepaid items	-	-	-	24,023
Inventories	-	-	-	303,159
Total current assets	<u>1,019,328</u>	<u>4,100,746</u>	<u>5,120,074</u>	<u>877,821</u>
Non-current assets:				
Capital assets (Note 4):				
Land, non-depreciable improvements, and construction in progress	1,917,780	10,075,200	11,992,980	-
Other capital assets, net of depreciation	2,250,353	37,069,268	39,319,621	143,294
Total capital assets	<u>4,168,133</u>	<u>47,144,468</u>	<u>51,312,601</u>	<u>143,294</u>
Total assets	<u>5,187,461</u>	<u>51,245,214</u>	<u>56,432,675</u>	<u>1,021,115</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>56,483</u>	<u>-</u>	<u>56,483</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	106,436	-	106,436	390,332
Accrued vacation pay	16,769	-	16,769	-
Current-portion of long-term liabilities	63,333	-	63,333	-
Due to primary government	-	-	-	188,824
Total current liabilities	<u>186,538</u>	<u>-</u>	<u>186,538</u>	<u>579,156</u>
Long-term liabilities:				
Net pension liability	69,272	-	69,272	-
Due in more than one year	803,546	-	803,546	-
Total liabilities	<u>1,059,356</u>	<u>-</u>	<u>1,059,356</u>	<u>579,156</u>
DEFERRED INFLOWS OF RESOURCES	<u>529</u>	<u>-</u>	<u>529</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	3,301,254	47,144,468	50,445,722	143,294
Restricted for:				
Stabilization by State statute	319,535	-	319,535	-
Streets	377,797	-	377,797	-
Working capital	-	-	-	132,961
Unrestricted	185,473	4,100,746	4,286,219	165,704
Total net position	<u>\$ 4,184,059</u>	<u>\$ 51,245,214</u>	<u>\$ 55,429,273</u>	<u>\$ 441,959</u>

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

Town of Belville, North Carolina
Statement of Activities
For the Year Ended June 30, 2019

		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	Town of Belville ABC Board	
Primary government:									
Governmental Activities:									
General Government	\$ 924,193	\$ 80,440	\$ 17,812	\$ -	\$ (825,941)	\$ -	\$ (825,941)	\$ -	
Public Safety	8,767	-	-	-	(8,767)	-	(8,767)	-	
Public Works & Transportation	641,429	-	47,235	-	(594,194)	-	(594,194)	-	
Cultural and Recreation	97,417	-	-	-	(97,417)	-	(97,417)	-	
Interest	1,325	-	-	-	(1,325)	-	(1,325)	-	
Total governmental activities	1,673,131	80,440	65,047	-	(1,527,644)	-	(1,527,644)	-	
Business-type activities:									
Water	815,530	9,456	-	-	-	(806,074)	(806,074)	-	
Total business-type activities	815,530	9,456	-	-	-	(806,074)	(806,074)	-	
Total primary government	\$ 2,488,661	\$ 89,896	\$ 65,047	\$ -	\$ (1,527,644)	\$ (806,074)	\$ (2,333,718)	\$ -	
Component unit:									
ABC Board	4,390,343	4,471,266	-	-	-	-	-	80,923	
Total component unit	\$ 4,390,343	\$ 4,471,266	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,923	
General revenues:									
Taxes:									
Property taxes, levied for general purpose					182,934	-	182,934	-	
Local option sales taxes					635,124		635,124	-	
Other taxes					293,333	-	293,333	-	
Grants and contributions not restricted to specific programs					-		-	-	
Unrestricted investment earnings					11,932	12,020	23,952	-	
Miscellaneous					-	6,535	6,535		
Total general revenues and transfers excluding special items					1,123,323	18,555	1,141,878	-	
Change in net position					(404,321)	(787,519)	(1,191,840)	80,923	
Net position, beginning					4,588,380	52,032,733	56,621,113	361,036	
Net position, ending					\$ 4,184,059	\$ 51,245,214	\$ 55,429,273	\$ 441,959	

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

Town of Belville, North Carolina
Balance Sheet
Governmental Funds
June 30, 2019

	<u>Major Fund</u>		<u>Total Governmental</u>
	<u>General</u>		<u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 312,758	\$	312,758
Restricted cash	377,797		377,797
Receivables, net:			
Taxes	7,161		7,161
Accounts	1,917		1,917
Due from other governments	128,794		128,794
Due from component unit	188,824		188,824
Total assets	<u>1,017,251</u>		<u>1,017,251</u>
LIABILITIES			
Accounts payable and accrued liabilities	106,436		106,436
Total liabilities	<u>106,436</u>		<u>106,436</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	7,161		7,161
Total deferred inflows of resources	<u>7,161</u>		<u>7,161</u>
FUND BALANCES			
Restricted for:			
Stabilization by State Statute	319,535		319,535
Streets-Powell bill	377,797		377,797
Committed:			
Capital improvement plan	135,158		135,158
Unassigned, General Fund	71,164		71,164
Total fund balances	<u>903,654</u>		<u>903,654</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,017,251</u>	\$	<u>1,017,251</u>

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,168,133
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.	2,077
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	56,483
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	7,161
Pension related deferrals	(529)
Net pension liability	(69,272)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(883,648)</u>
Net assets of governmental activities	<u>\$ 4,184,059</u>

Town of Belville, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

	<u>Major Fund</u>		<u>Total Governmental Funds</u>
	<u>General Fund</u>		
REVENUES			
Ad valorem taxes	\$ 183,339	\$	183,339
Other taxes and licenses	635,124		635,124
Unrestricted intergovernmental	312,374		312,374
Restricted intergovernmental	56,146		56,146
Sales and service	61,399		61,399
Investment earnings	11,932		11,932
Miscellaneous	8,901		8,901
Total revenues	<u>1,269,215</u>		<u>1,269,215</u>
EXPENDITURES			
Current:			
Administration	850,614		850,614
Public safety	5,000		5,000
Public works/transportation	641,429		641,429
Debt payments	58,056		58,056
Parks and recreation	97,417		97,417
Total expenditures	<u>1,652,516</u>		<u>1,652,516</u>
Excess (deficiency) of revenues over expenditures	<u>(383,301)</u>		<u>(383,301)</u>
Other financing sources (uses):			
Proceeds from installment purchases	<u>-</u>		<u>-</u>
Net change in fund balance	(383,301)		(383,301)
Fund balances, beginning	1,286,955		1,286,955
Fund balances, ending	<u>\$ 903,654</u>	\$	<u>903,654</u>

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

Town of Belville, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

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

Net changes in fund balances - total governmental funds \$ (383,301)

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. (65,140)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities 11,114

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Change in unavailable revenue for tax revenues (405)

activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Pension expense (21,579)

Change in compensated absences (1,741)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of principal payments on long-term debt and related items. 56,731

Total changes in net position of governmental activities \$ (404,321)

Town of Belville, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

	General Fund			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 169,800	\$ 169,800	\$ 183,339	\$ 13,539
Other taxes and licenses	550,000	550,000	635,124	85,124
Unrestricted intergovernmental	294,000	294,000	312,374	18,374
Restricted intergovernmental	587,700	587,700	56,146	(531,554)
Permits and fees	64,444	64,444	61,399	(3,045)
Investment earnings	12,300	12,300	11,932	(368)
Miscellaneous	900	900	8,901	8,001
Total revenues	<u>1,679,144</u>	<u>1,679,144</u>	<u>1,269,215</u>	<u>(409,929)</u>
Expenditures:				
Current:				
General government	807,038	807,038	850,614	(43,576)
Public safety	10,000	10,000	5,000	5,000
Public works	684,000	684,000	641,429	42,571
Debt payments	63,324	63,324	58,056	5,268
Parks and recreation	114,782	114,782	97,417	17,365
Total expenditures	<u>1,679,144</u>	<u>1,679,144</u>	<u>1,652,516</u>	<u>26,628</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(383,301)</u>	<u>(383,301)</u>
Other financing sources (uses):				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in Fund Balance	-	-	(383,301)	(383,301)
Fund balances, beginning	<u>\$ -</u>	<u>\$ -</u>	1,286,955	<u>\$ -</u>
Fund balances, ending			<u>\$ 903,654</u>	

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

Town of Belville, North Carolina
Statement of Fund Net Position
Proprietary Fund - Public Utilities Fund
June 30, 2019

ASSETS

Current assets:

Cash and cash equivalents	\$ 4,100,746
Total current assets	<u>4,100,746</u>

Non-current assets:

Capital assets:

Land and construction in progress	10,075,200
Capital assets, net of depreciation	<u>37,069,268</u>
Capital assets	<u>47,144,468</u>
Total non-current assets	<u>47,144,468</u>

Total assets	<u>\$ 51,245,214</u>
--------------	----------------------

DEFERRED OUTFLOWS OF RESOURCES

-

LIABILITIES

Current liabilities:

Accounts payable and accrued liabilities	
Total current liabilities	<u>-</u>

Noncurrent liabilities:

Total non-current liabilities	<u>-</u>
Total liabilities	<u>-</u>

DEFERRED INFLOWS OF RESOURCES

-

NET POSITION

Net investment in capital assets	47,144,468
Unrestricted	<u>4,100,746</u>
Total net position	<u>\$ 51,245,214</u>

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

Town of Belville, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund - Public Utilities Fund
For the Year Ended June 30, 2019

OPERATING REVENUES

Other operating revenues	\$ 9,456
Total operating revenues	<u>9,456</u>

OPERATING EXPENSES

Administration	499
Water treatment and distribution	-
Depreciation	815,031
Total operating expenses	<u>815,530</u>

Operating income	<u>(806,074)</u>
-------------------------	------------------

NONOPERATING REVENUE (EXPENSES)

Insurance settlement	6,535
Investment income	12,020
Total nonoperating revenue (expenses)	<u>18,555</u>

Income before contributions and transfers and special items	(787,519)
--------------------------------------------------------------------	-----------

Change in net position	(787,519)
------------------------	-----------

Total net position, beginning	52,032,733
Total net position, ending	<u>\$ 51,245,214</u>

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

Town of Belville, North Carolina
Statement of Cash Flows
Proprietary Fund - Public Utilities Fund
For the Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 9,456
Cash paid for services	<u>(131,553)</u>
Net cash provided by operating activities	<u>(122,097)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Insurance proceeds	<u>6,535</u>
Net cash flows (used) by noncapital financing activities	<u>6,535</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	<u>(3,031,047)</u>
Net cash used by capital and related financing activities	<u>(3,031,047)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest	<u>12,020</u>
----------	---------------

Net decrease in cash and cash equivalents (3,134,589)

Balances, beginning	<u>7,235,335</u>
Balances, ending	<u><u>\$ 4,100,746</u></u>

Reconciliation of operating income to net cash provided by operating activities

Operating income	<u>\$ (806,074)</u>
------------------	---------------------

Adjustments to reconcile operating income to net cash provided by operating activities:

Depreciation	815,031
--------------	---------

Changes in assets, deferred outflows of resources, and liabilities:

(Increase) decrease in accounts receivable	<u>(131,054)</u>
--------------------------------------------	------------------

Total adjustments	<u>683,977</u>
-------------------	----------------

Net cash provided by operating activities	<u><u>\$ (122,097)</u></u>
-------------------------------------------	----------------------------

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

NOTES TO THE FINANCIAL STATEMENTS

Town of Belville, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Belville and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Belville (the "Town") is a municipal corporation, which is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town.

Town of Belville ABC Board

The members of the ABC Board's governing board are appointed by the Town. In addition, the ABC Board is required by the State statute to distribute its surpluses to the General Fund of the Town. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at Town of Belville ABC Board, 44 River Road, Belville, NC 28451.

B. Basis of Presentation

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

The 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. The Town only has governmental funds. The emphasis of fund financial statements is on major governmental funds.

The Town reports one major governmental fund:

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, sales taxes, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and general administration.

C. Measurement Focus and Basis of Accounting

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

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

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

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. 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 Belville because the tax is levied by Brunswick 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. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. All amendments must be approved by the governing board. During the year, some immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

1. Deposits and Investments

All deposits of the Town and the ABC Board are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town and the ABC Board may establish time deposit accounts such as NOW and Super-NOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Town and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's and the ABC Board's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2019, the Term Portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

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

Town of Belville Restricted Cash

Governmental Activities

General Fund	Streets	\$ 377,797
Total Governmental		\$ 377,797
Total Restricted Cash		\$ 377,797

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, 2018. 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 and Prepaid Items

The inventories of the ABC Board are valued at cost (first-in, first-out), which approximates market. The ABC Board's inventory consists of product to be sold. The cost of these inventories is expensed when consumed rather than purchased.

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

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$5,000; buildings, improvements, \$15,000; infrastructure, \$20,000; furniture and equipment, \$1,000; and vehicles, \$10,000. Purchase or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50
Improvements	25
Vehicles	5
Furniture and Equipment	10
Computer Equipment	5

Property, plant, and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Furniture and Equipment	10

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, contributions made to the pension plan in the 2019 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 receivable and deferrals of pension expense that result from the implementation of GASB Statement 68.

9. Compensated Absences

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

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

10. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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 GSAB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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

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

Committed for Capital Improvement Plan - portion of the fund balance assigned by the Board for capital improvements.

Assigned Fund Balance - portion of fund balance that the Town of Belville 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.

11. Pensions

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

II. Stewardship, Compliance, and Accountability

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

1. Noncompliance with North Carolina General Statutes

Timeliness of audit submission.

2. Contractual Violations

None.

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

None.

C. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2019, the expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board for general government activities. Management and the Board will more closely review the budget reports to ensure compliance in future years and the activities of the water fund capital outlay for construction in progress.

III. Detail Notes on All Funds**A. Assets****1. Deposits**

All the deposits of the Town and the ABC Board 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 or the ABC Board's agents in those units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and the ABC Board, these deposits are considered to be held by the Town's and the ABC Board's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town and the ABC Board under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2019, the Town's deposits had a carrying amount of \$4,310,441 and a bank balance of \$4,316,143. Of the bank balance, \$486,487 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The carrying amount of deposits for the ABC Board was \$547,139 and the bank balance was \$568,655. All of the bank balance was covered by Federal depository insurance. Cash on hand is \$3,500 for the ABC Board and \$200 for the Town.

2. Investments

At June 30, 2019, the Town of Belville had \$480,660 invested with the North Carolina Capital Management Trust's Cash Portfolio which earned a credit rating of AAA by Standard and Poor's. The Town has no policy regarding credit risk.

3. Receivables - Allowances for Doubtful Accounts

The amount of taxes receivable presented in the Balance Sheet and the Statement of Net Position are net of the following allowances for doubtful accounts.

Fund	Allowance for Doubtful Accounts
<hr/>	
General Fund:	
Taxes receivable	\$ 1,264
Total	<u>\$ 1,264</u>

4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,917,780	\$ -	\$ -	\$ 1,917,780
Construction in progress	-	-	-	-
Total capital assets not being depreciated	1,917,780	-	-	1,917,780
Capital assets being depreciated:				
Building	1,633,768	-	-	1,633,768
Improvements	789,027	-	-	789,027
Equipment	104,725	-	-	104,725
Total capital assets being depreciated	2,527,520	-	-	2,527,520
Less accumulated depreciation for:				
Building	32,099	32,099	-	64,198
Improvements	86,477	30,203	-	116,680
Equipment	93,451	2,838	-	96,289
Total accumulated depreciation	212,027	65,140	-	277,167
Total capital assets being depreciated, net	2,315,493			2,250,353
Governmental activity capital assets, net	\$ 4,233,273			\$ 4,168,133

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

General Government	\$ 65,140
Total Depreciation Expense	<u>\$ 65,140</u>

Business-Type Activities:

	Beginning Balances	Increases	Decreases	Ending Balances
Water Fund				
Capital assets not being depreciated:				
Land	\$ 1,070,624	\$ -	\$ -	\$ 1,070,624
Construction in progress	5,973,529	3,031,047	-	9,004,576
Total capital assets not being depreciated	7,044,153	3,031,047	-	10,075,200
Capital assets being depreciated:				
Building	61,310	-	-	61,310
Plant and Distribution Systems	37,916,201	-	-	37,916,201
Furniture, Equipment & Maintenance	143,272	-	-	143,272
Vehicles	170,753	-	-	170,753
Total capital assets being depreciated	38,291,536	-	-	38,291,536
Less accumulated depreciation for:				
Building	766	2,089	-	2,855
Plant and Distribution Systems	379,162	758,324	-	1,137,486
Furniture, Equipment & Maintenance	10,234	20,468	-	30,702
Vehicles	17,075	34,150	-	51,225
Total accumulated depreciation	407,237	815,031	-	1,222,268
Total capital assets being depreciated, net	37,884,299			37,069,268
Water Fund capital assets, net	\$ 44,928,452			\$ 47,144,468

Discretely presented component unit

Activity for the ABC Board for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Furniture and Equipment	\$ 219,808	\$ -	\$ -	\$ 219,808
Leasehold improvements	159,390	-	-	159,390
Total capital assets being depreciated	379,198	-	-	379,198
Less accumulated depreciation for:				
Equipment and improvements	224,210	11,694	-	235,904
Total accumulated depreciation	224,210	11,694	-	235,904
ABC capital assets, net	\$ 154,988			\$ 143,294

B. Liabilities1. Pension Plan and Postemployment Obligationsa. 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 Town of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and 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 Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2019, was 8.389% 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 \$11,114 for the year ended June 30, 2019.

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, 2019, the Town reported a liability of \$69,272 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018 (measurement date) the Town's proportion was 0.00292%, which was an increase of 0.00065% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$21,579. At June 30, 2019, 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	\$ 10,687	\$ 359
Changes of assumptions	18,382	-
Net difference between projected and actual earnings on pension plan investments	9,509	-
Changes in proportion and differences between Town's contributions and proportionate share of contributions	6,791	170
Town's contributions subsequent to the measurement date	11,114	-
Total	<u>\$ 56,483</u>	<u>\$ 529</u>

\$11,114 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2019	\$ 20,385
2020	14,069
2021	3,818
2022	6,568
2023	-
Thereafter	-
	<u>\$ 44,840</u>

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of 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, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6 percent) or one percentage point higher (8 percent) than the current rate:

	1 % Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$166,398	\$69,272	(\$11,888)

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

2. Deferred Outflows and Inflows of Resources

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

Source	Amount
Differences between expected and actual experience	\$ 10,687
Changes of assumptions	18,382
Net difference between projected and actual earnings on pension plan investments	9,509
Changes in proportion and differences between Town's contributions and proportionate share of contributions	6,791
Town's contributions subsequent to the measurement date	11,114
Total	<u>\$ 56,483</u>

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

	Revenue
Pension Deferrals	\$ 529
Taxes Receivable (General Fund), less penalties	\$ 7,161

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 insurance values of the property policy, worker's compensation coverage up to statutory limits, and employee health coverage up to \$2 million lifetime limit. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in the insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. 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 \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

The Town does not carry flood insurance because they are not located in a flood plain.

4. Claims, Judgments, and Contingent Liabilities

At June 30, 2019, the Town was a potential plaintiff to various lawsuits. In the opinion of the Town's management and the Town's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

5. Long Term Obligations

a. Installment Purchases

On January 5, 2017 the Town entered into an direct placement contract for the construction of a new town hall. The contract will be paid in monthly installments of \$5,278 including interest at 2.95% annum for 15 years. The note is secured with the real property. The balance at June 30, 2019 was \$866,879. Payments began February of 2018.

Year Ending June 30	Governmental Activities	
	Principal	Interest
2020	\$ 63,333	\$ 24,864
2021	63,333	22,970
2022	63,333	21,075
2023	63,333	19,181
2024	63,333	17,251
2025-2029	316,667	67,491
2030-2034	233,547	3,016
Totals	<u>\$ 866,879</u>	<u>\$ 175,848</u>

b. Changes in Long-Term Liabilities

	Balance			Balance	Current
	1-Jul-18	Increases	Decreases	30-Jun-19	Portion
Governmental activities:					
Direct Placment Installment purchases	\$ 923,610	\$ -	\$ (56,731)	\$ 866,879	\$ 63,333
Net pension liability (LGERS)	34,679	34,593	-	69,272	-
Compensated absences	15,028	2,983	(1,242)	16,769	16,769
Governmental activity long-term liabilities	<u>\$ 973,317</u>	<u>\$ 37,576</u>	<u>\$ (57,973)</u>	<u>\$ 952,920</u>	<u>\$ 80,102</u>

At June 30, 2019, the Town had a legal debt margin of \$15,464,232.

C. Net Investment in Capital Assets

	<u>Governmental</u>
Capital Assets	\$ 4,168,133
less: long term debt	<u>(866,879)</u>
Net investment in capital assets	<u><u>\$ 3,301,254</u></u>

D. 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	\$ 903,654
Less:	
Stabilization by State Statute	319,535
Streets - Powell Bill	377,797
Capital Improvement Plan	135,158
Remaining Fund Balance	71,164

E. Interfund Balances and Activity

Balances due to/from component unit at June 30, 2019, consist of the following:

<u>Receivable Fund</u>	<u>Payable</u>	<u>Amount</u>
General Fund	Due from the Belville ABC Board	\$ 188,824

IV. Summary Disclosure of Significant Deficiencies**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.

V. Significant Effects of Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through April 23, 2021, the date the financial statements were available to be issued. A previous Board in November 2018 received a transfer of most of the Brunswick Regional Water and Sewer H2GO's assets. This has been contested by the current Brunswick Regional Water and Sewer H2GO Board and the Town of Leland. In April 2020 Judge Henry ruled the November 2018 transfer of all Brunswick Regional Water and Sewer H2GO's assets to the Town of Belville was illegal, null and void. In a court order signed on July 12, 2020; Judge Charles Henry entered a permanent injunction, which would essentially force the Town of Belville to return the water and sewer authority's assets to H2GO. However, this permanent injunction will not take effect immediately. The initial preliminary injunction will remain in effect until after the appeal process. Superior Court judge Charles Henry on Monday May 18, 2020, lifted a permanent injunction in the H2GO case that now clears the way for the town of Belville to return Brunswick Regional Water and Sewer H2GO's assets back to the utility. As of June 5, 2020, all assets had been returned to Brunswick Regional Water and Sewer H2GO.

REQUIRED
SUPPLEMENTAL FINANCIAL DATA

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

Schedule of the Proportionate Share of the Net Pension
Asset – Local Government Employees’ Retirement System

Schedule of Contributions – Local Government Employees’
Retirement System

Town of Belville, North Carolina
Town of Belville's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Six Fiscal Years*

Local Government Employees' Retirement System

	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) (%)	0.00292%	0.00227%	0.00199%	0.00170%	0.0018%	0.1700%
Town's proportion of the net pension liability (asset) (\$)	\$ 69,272	\$ 34,679	\$ 42,234	\$ 7,629	\$ (10,792)	\$ 20,492
Town's covered-employee payroll	\$ 168,690	\$ 138,962	\$ 116,437	\$ 85,960	\$ 109,856	\$ 105,382
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	41.06%	24.96%	36.27%	8.88%	(9.82%)	19.45%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

**Town of Belville, North Carolina
Town of Belville's Contributions
Required Supplementary Information
Last Six Fiscal Years**

Local Government Employees' Retirement System

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 11,114	\$ 13,749	\$ 10,877	\$ 8,514	\$ 6,628	\$ 8,449
Contributions in relation to the contractually required contribution	11,114	13,749	10,877	8,514	6,628	8,449
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 132,468	\$ 168,690	\$ 138,962	\$ 116,437	\$ 85,960	\$ 109,856
Contributions as a percentage of covered-employee payroll	8.39%	8.15%	7.83%	7.31%	7.71%	7.69%

INDIVIDUAL FUND SCHEDULES

- Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund

Town of Belville, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	2019		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$ 169,700	\$ 183,318	\$
Penalties and interest	100	21	
Total	169,800	183,339	13,539
Other taxes and licenses:			
Local option sales taxes		635,124	
Total	550,000	635,124	85,124
Unrestricted intergovernmental:			
Utilities sales tax		65,537	
Sales tax on piped natural gas		169	
Beer and wine tax		9,622	
Telecommunications tax		2,100	
ABC profit distribution		208,622	
Video Programming Distribution		7,283	
Refunds		19,041	
Total	294,000	312,374	18,374
Restricted intergovernmental:			
Grant		8,911	
Powell Bill allocation		47,235	
Total	587,700	56,146	(531,554)
Permits and fees:			
Permit fees		14,530	
Other fees		45,154	
Rents		1,715	
Total	64,444	61,399	(3,045)
Investment earnings	12,300	11,932	(368)
Donations	900	8,901	8,001
Total Revenues	1,679,144	1,269,215	(409,929)
Expenditures:			
General government:			
Salaries and benefits		27,661	
Professional services		453,565	
Other operating expenses		20,569	
Total	431,404	501,795	(70,391)

Town of Belville, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	2019		Variance
	Budget	Actual	Positive (Negative)
Administration:			
Salaries and benefits		145,158	
Other operating expenses		127,027	
Total	275,689	272,185	3,504
Planning and Zoning:			
Salaries and benefits			
Contract Services		68,894	
Other operating expenses		7,005	
Total	98,945	75,899	23,046
Animal Control:		735	
Total	1,000	735	265
Total general government	807,038	850,614	(43,576)
Rescue Units:			
Assistance to local rescue units		5,000	
Total public safety	10,000	5,000	5,000
Public Works:			
Street Lights		39,326	
Storm debris removal		595,594	
Powell Bill		1,365	
Other operating expenses		5,144	
Total public works	684,000	641,429	42,571
Parks and recreation			
Salaries and benefits		50,404	
Other operating expenses		47,013	
Total parks & recreation	114,782	97,417	17,365
Debt			
Principal		56,731	
Interest		1,325	
Total	63,324	58,056	5,268
Total expenditures	1,679,144	1,652,516	26,628
Revenues over (under) expenditures	-	(383,301)	(383,301)
Net change in fund balance	\$ -	(383,301)	\$ (383,301)
Fund balance, beginning		1,286,955	
Fund balance, ending		\$ 903,654	

ENTERPRISE FUNDS

Town of Belville, North Carolina
Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2019

	2019		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Charges for services:			
Water sales:	\$	\$	\$
Miscellaneous		9,456	
Total	<u>12,000</u>	<u>9,456</u>	<u>(2,544)</u>
Other operating revenues	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Revenues	<u>12,000</u>	<u>9,456</u>	<u>(2,544)</u>
Nonoperating revenues:			
Miscellaneous	7,500	6,535	(965)
Interest earnings	<u>13,500</u>	<u>12,020</u>	<u>(1,480)</u>
Total Revenues	<u>33,000</u>	<u>28,011</u>	<u>(4,989)</u>
Expenditures:			
Water Administration:			
Operating expenses		499	
Total water administration	<u>33,000</u>	<u>499</u>	<u>32,501</u>
Capital outlay:			
Land acquisition		-	
Vehicle/Equipment		-	
System improvements	<u>-</u>	<u>3,031,047</u>	<u>(3,031,047)</u>
Total capital outlay	<u>-</u>	<u>3,031,047</u>	<u>(3,031,047)</u>
Total expenditures	<u>33,000</u>	<u>3,031,546</u>	<u>(2,998,546)</u>
Revenues and other sources over (under)			
expenditures and other uses	\$ <u>-</u>	\$ <u>(3,003,535)</u>	\$ <u>(3,003,535)</u>
Reconciliation from budgetary basis			
(modified accrual) to full accrual:			
Revenues over expenditures		\$ <u>(3,003,535)</u>	
Reconciling items:			
Capital outlay		3,031,047	
Depreciation		<u>(815,031)</u>	
Total reconciling items		<u>2,216,016</u>	
Change in net position		\$ <u>(787,519)</u>	

OTHER SCHEDULES

This section includes additional information on property taxes.

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

Town of Belville, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2019

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2018</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018-2019	\$	\$ 183,725	\$ (180,131)	\$ 3,594
2017-2018	2,707	-	(1,340)	1,367
2016-2017	1,418	-	(541)	877
2015-2016	540	-	(142)	398
2014-2015	1,296	-	(677)	619
2013-2014	992	-	(450)	542
2012-2013	777	-	(391)	386
2011-2012	286	-	(1)	285
2010-2011	571	-	(214)	357
2009-2010	408	-	(408)	-
	<u>\$ 8,995</u>	<u>\$ 183,725</u>	<u>\$ (184,295)</u>	<u>8,425</u>
Less - allowance for uncollectible accounts				<u>(1,264)</u>
Ad valorem taxes receivable - net				<u>\$ 7,161</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				\$ 183,339
Reconciling items:				
Discounts, Releases, Refunds				977
Penalties and Interest collected				(21)
Total collections and credits				<u>\$ 184,295</u>

Town of Belville, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2019

				<u>Total Levy</u>	
	<u>Town - Wide</u>			<u>Property</u>	<u>Registered</u>
	<u>Property</u>	<u>Rate</u>	<u>Total</u>	<u>excluding</u>	<u>Registered</u>
	<u>Valuation</u>		<u>Levy</u>	<u>Motor</u>	<u>Motor</u>
				<u>Vehicles</u>	<u>Vehicles</u>
Original levy:					
Property taxed at current					
year's rate	\$ 204,138,889	0.0900	\$ 183,725	\$ 165,371	\$ 18,354
Total	<u>204,138,889</u>		<u>183,725</u>	<u>165,371</u>	<u>18,354</u>
Total property valuation	<u>\$ 204,138,889</u>				
Net levy			183,725	165,371	18,354
Uncollected taxes at June 30, 2019			<u>(3,594)</u>	<u>(3,594)</u>	-
Current year's taxes collected			<u>\$ 180,131</u>	<u>\$ 161,777</u>	<u>\$ 18,354</u>
Current levy collection percentage			<u>98.04%</u>	<u>97.83%</u>	<u>100.00%</u>