

Town of Beulaville, North Carolina
Financial Statements
June 30, 2019

Town Board Members

Hutch Jones, Mayor
Delmas Highsmith
Russell Lanier
Byron Thomas
Kenny Whaley
Eugene Wickline

Administrative and Financial Staff

Lori Williams, Finance Officer and
Interim Town Manager

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Town of Beulaville, North Carolina
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June 30, 2019

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Financial Section

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Beulaville, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Phillip Leff Memorial Library were not audited in accordance with Government Auditing Standards.

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 audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Beulaville, 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 and the Economic Development Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 – 13 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions, on pages 52 - 53, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 54 – 55 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

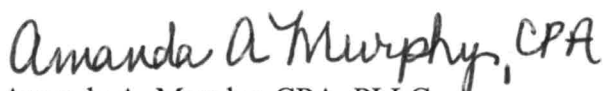
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Beulaville, North Carolina. The introductory information, the combining and individual fund statements, budgetary schedules, other schedules,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

The combining and 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 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 statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2019 on our consideration of Town of Beulaville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Beulaville's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Amanda A. Murphy, CPA". The signature is fluid and cursive, with the letters "A" and "M" being particularly prominent.

Amanda A. Murphy, CPA, PLLC
Kenansville, North Carolina
November 25, 2019

Management Discussion and Analysis

Town of Beulaville, North Carolina Management's Discussion and Analysis

As management of the Town of Beulaville, we offer readers of the Town of Beulaville's financial statements this narrative overview and analysis of the financial activities of the Town of Beulaville 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 of Beulaville's financial statements, which follow this narrative.

Financial Highlights

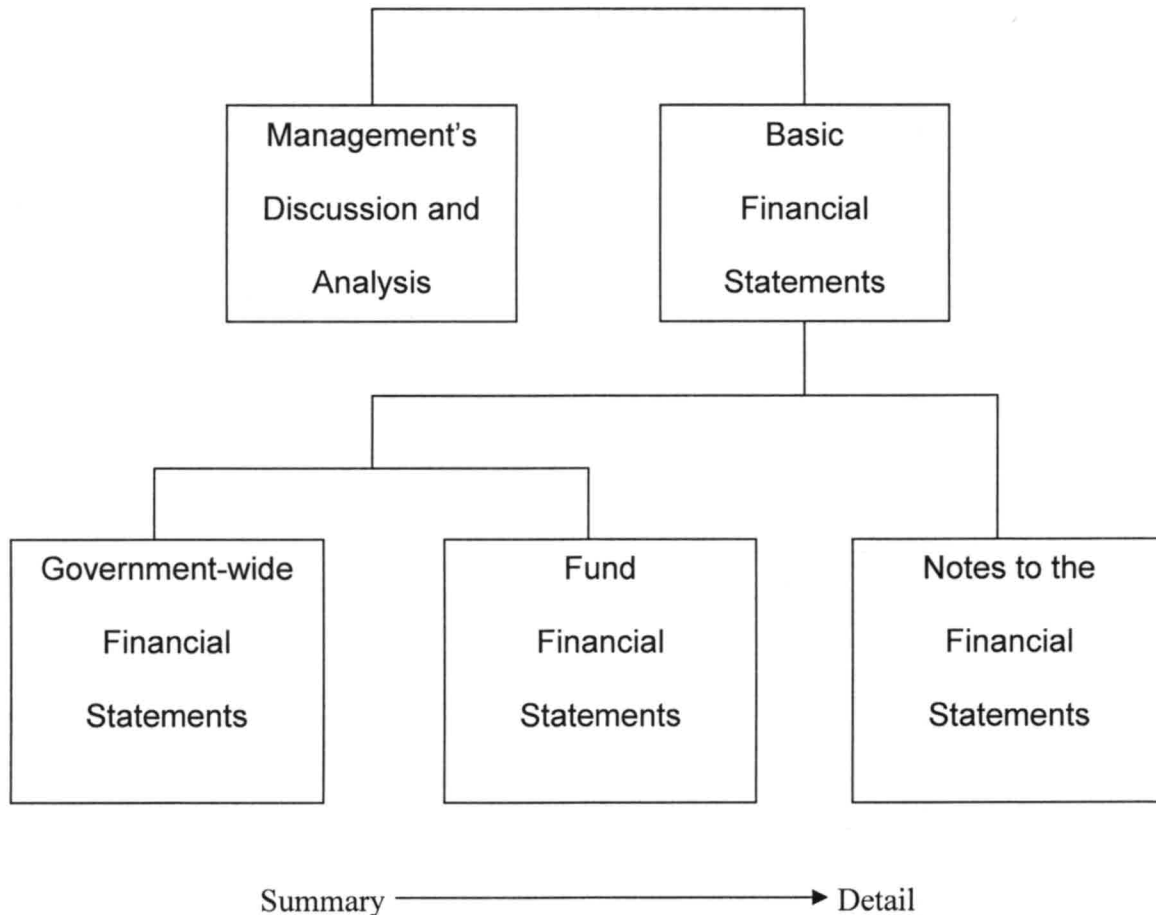
- The assets and deferred outflows of resources of the Town of Beulaville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$ 9,261,328. (*net position*)
- The government's total net assets decreased by \$ 21,296, primarily due to depreciation.
- As of the close of the current fiscal year, the Town of Beulaville's governmental funds reported combined ending fund balances of \$ 1,543,972 an increase of \$ 213,277 in comparison with the prior year. Approximately 53.81 percent of this total amount, or \$ 830,779 is non spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$ 713,193.
- The Town of Beulaville's total debt decreased by \$ 41,668 (1.26%) during the current fiscal year. The key factor in this decrease was due to timely payments of principal and interest on long term debt.

Overview of the Financial Statements

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

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 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 details about the town's individual

funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

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

The two government-wide statements report the Town's net position and how they have 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 three categories: 1.) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the town charges customers to provide. These include the water and sewer services offered by the Town of Beulaville. The final category is the component unit. Although legally separate from the town, the Phillip Leff Memorial Library Foundation, Inc. is important to the Town because the Town exercises control over the Board by appointing its members.

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

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 Beulaville, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Beulaville 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* that 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 Beulaville 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 25 of this report.

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

Government-Wide Financial Analysis The Town of Beulaville's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 1,620,949	\$ 1,403,494	\$ 964,909	\$ 923,718	\$ 2,585,858	\$ 2,327,212
Capital assets	2,642,304	2,708,781	7,297,331	7,586,334	9,939,635	10,295,115
Deferred outflows of resources	120,066	93,713	15,928	9,152	135,994	102,865
Total assets and deferred outflows of resources	4,383,319	4,205,988	8,278,168	8,519,204	12,661,487	12,725,192
Long-term liabilities outstanding	281,193	256,786	2,895,112	2,960,544	3,176,305	3,217,330
Other liabilities	22,774	23,702	136,358	136,430	159,132	160,132
Deferred inflows of resources	63,201	62,443	1,521	2,663	64,722	65,106
Total liabilities	367,168	342,931	3,032,991	3,099,637	3,400,159	3,377,462
Net assets:						
Net investment in capital assets,	2,623,979	2,672,361	4,354,740	4,569,602	6,978,719	7,241,963
Restricted	830,779	824,512	57,965	46,372	888,744	870,884
Unrestricted	561,393	366,184	832,472	803,593	1,393,865	1,169,777
Total net assets	\$ 4,016,151	\$ 3,863,057	\$ 5,245,177	\$ 5,419,567	\$ 9,261,328	\$ 9,282,624

Figure 2

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 Beulaville exceeded liabilities by \$ 9,261,328 as of June 30, 2019. The town's net position decreased by \$ 21,296 for the fiscal year ended June 30, 2019. However, the largest portion (75.35%) 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 Beulaville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Beulaville's investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Beulaville's net position \$ 888,744 (9.60%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$ 1,393,865 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 97.06%, which is comparable to the statewide average.
- Continued efforts in cost saving measures.
- No new services to be put in place.

Town of Beulaville Changes in Net Position

Figure 3

	Governmental Activities	Governmental Activities	Business Type Activities	Business Type Activities	Total	Total
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 179,189	\$ 231,159	\$ 648,358	632,462	\$ 827,547	\$ 863,621
Operating grants and contributions	145,225	46,011	-	-	145,225	46,011
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	480,274	432,131			480,274	432,131
Other taxes	120	135			120	135
Grants and contributions not restricted to specific programs	-	-			-	-
Other	460,348	430,189			460,348	430,189
	28,579	11,579	7,062	10,391	35,641	21,970
Total revenues	1,293,735	1,151,204	655,420	642,853	1,949,155	1,794,057
Expenses:						
General government	234,082	229,273			234,082	229,273
Public safety	409,028	389,486			409,028	389,486
Highways/streets	293,305	203,173			293,305	203,173
Sanitation	157,592	156,438			157,592	156,438
Economic development	-	-			-	-
Culture and recreation	44,485	62,802			44,485	62,802
Interest on long-term debt	2,149	2,141	-	-	2,149	2,141
Water and sewer	-	-	829,810	806,480	829,810	806,480
Total expenses	1,140,641	1,043,313	829,810	806,480	1,970,451	1,849,793
Increase in net position before transfers	153,094	107,891	(174,390)	(163,627)	(21,296)	(55,736)
Transfers	-	-	-	-	-	-
Increase in net position	153,094	107,891	(174,390)	(163,627)	(21,296)	(55,736)
Net position, beginning	3,863,057	3,748,121	5,419,567	5,784,788	9,282,624	9,532,909
Net position, ending June 30	\$ 4,016,151	\$ 3,856,012	\$ 5,245,177	\$ 5,621,161	\$ 9,261,328	\$ 9,477,173

Governmental activities. Governmental activities increased the Town's net position by \$ 153,094. Key elements of this increase are as follows:

- Cost saving measures taken to reduce operating costs
- Increased efforts to maximize tax collections

Business-type activities: Business-type activities decreased the Town of Beulaville's net position by \$ 174,390. This decrease can be attributed to depreciation expense.

Financial Analysis of the Town Funds

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

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

The general fund is the chief operating fund of the Town of Beulaville. At the end of the current fiscal year, fund balance available in the General Fund was \$ 713,367, while total fund balance reached \$ 829,040. The Governing Body of Town of Beulaville has determined that the Town should maintain an available fund balance of 10% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 66.19% of general fund expenditures, while total fund balance represents 76.93% of the same amount.

At June 30, 2019, the governmental funds of Town of Beulaville reported a combined fund balance of \$ 1,543,972, a \$ 213,277 increase over last year.

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.

There were several reasons the Town revised its budget throughout the year. Unexpected revenues were received. Although expenditures were held in check overall to comply with budgetary requirements, the Town did amend the budget in the General Fund to account for FEMA revenues and expenditures as well as for insurance proceeds received due to storm related damages. Expenditures were kept to a minimum in all departments to compensate for unexpected expenses.

Proprietary Funds. The town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Water and Sewer Fund at the end of the fiscal year amounted to \$ 832,472. Other

factors concerning the finances of this fund have already been addressed in the discussion of the town's business-type activities. The total change in net assets was \$ (174,390).

Capital Asset and Debt Administration

Capital assets. The Town of Beulaville's investment in capital assets for its governmental and business-type activities as of June 30, 2019 totals \$ 9,939,635 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, vehicles, sidewalks, and storm drainage system.

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

- Fire hydrants, sewage pumps, blower motors, spectrophotometer, air dryer and alarm autodialer were purchased in the Water fund.
- Four radar speed signs were purchased in Public Safety.
- No major demolitions were recorded this year.

Town of Beulaville's Capital Assets

Figure 4

	Activities 2019	Activities 2018	Activities 2019	Activities 2018	Total 2019	Total 2018
Land	\$ 306,945	\$ 306,945	\$ 39,975	\$ 39,975	\$ 346,920	\$ 346,920
Buildings and systems	2,011,394	2,048,613	7,218,239	7,522,538	9,229,633	9,571,151
Improvements other than buildings	213,291	220,771	-	-	213,291	220,771
Machinery and equipment	86,741	96,426	34,514	18,324	121,255	114,750
Vehicles and motorized equipment	21,968	32,565	-	-	21,968	32,565
Computer software	-	-	-	-	-	-
Computer equipment	1,965	3,461	4,603	5,497	6,568	8,958
Work in Progress	-	-	-	-	-	-
Total	\$ 2,642,304	\$ 2,708,781	\$ 7,297,331	\$ 7,586,334	\$ 9,939,635	\$ 10,295,115

Additional information on the town's capital assets can be found on pages 35 – 36 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2019, the Town of Beulaville had total debt outstanding of \$ 3,270,909. Of this, \$ 523,604 is general obligation debt which is backed by the full faith and credit of the Town, \$ 2,415,000 represents bonds secured solely by specified revenue sources (e.g. revenue bonds), and \$ 22,313 is capital leases. The remainder of the Town's liability is for compensated absences payable and pension related debt.

Town of Beulaville's Outstanding Debt

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ -	\$ -	\$ 523,604	\$ 552,270	\$ 523,604	\$ 552,270
Revenue bonds		-	2,415,000	2,453,000	2,415,000	2,453,000
Compensated absences	27,458	28,547	5,435	5,063	32,893	33,610
Net pension liability (LGERS)	124,999	77,302	20,900	12,070	145,899	89,372
Total pension liability (LEO)	131,200	136,442	-	-	131,200	136,442
Capital lease	18,325	36,420	3,988	11,463	22,313	47,883
Total	\$ 301,982	\$ 278,711	\$ 2,968,927	\$ 3,033,866	\$ 3,270,909	\$ 3,312,577

Town of Beulaville's Outstanding Debt

The Town's total debt decreased by \$ 41,668 (1.26%) during the past fiscal year, primarily due to the timely payments of principal and interest on outstanding debt.

Additional information regarding the Town of Beulaville's long-term debt can be found on pages 46-50 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- The Town expects to see more growth since their sewer capacity has now doubled with the sewer expansion which will in turn add to their tax base.

- On November 5, 2019, the citizens of Beulaville voted and passed an alcohol referendum to allow the sale of on premises malt beverages, mixed beverages, and the establishment of an ABC Store. This will increase not only the sales tax revenue but also the alcohol tax refund for the Town. The Town is confident that with these new privileges, it will entice businesses to locate to the Town of Beulaville or the current businesses to change their way of operating.
- The Town also owns commercial property that will be sold which will in turn add to the tax base of the Town.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities: The Town's property tax rate will remain at \$0.44 per \$100. Revenues from sources other than property taxes are expected to increase during this budget year. Property tax revenues are expected to increase slightly. The Town will use these increases in revenues to finance programs currently in place. No new programs or projects have been proposed. The Town believes that continued restrictions on spending will maintain the Town's financial position. The Town has chosen not to appropriate fund balance in the fiscal year 2020 budget. Although management believes current growth will generate enough revenue to support Town operations, a careful analysis of property tax revenues will be considered in future budgets.

Budgeted expenditures in the General Fund are expected to increase \$ 19,750 which is a 1.74% increase from prior year. The increase is due primarily to an increase in public safety expenditures. The Board continues to budget the sales and use tax refund conservatively. No new programs or services were added.

Business-type Activities: The water and sewer rates in the Town will increase by 2%, primarily to cover increased costs of operations. Expenditures will decrease by approximately 2.07% due to reductions in capital spending. No new services or positions will be added this year. Since the Town's sewer capacity has now doubled, this will enable the town to add on services to our sewer system which in turn will increase revenue and add to the tax base.

Requests for Information

This report is designed to provide an overview of the town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Manager, Town of Beulaville, PO Box 130, Beulaville, NC 28518. You can also call 910-298-4647, visit our website www.townofbeulaville.com or send an email to loriw@intrstar.net.

Basic Financial Statements

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

	Primary Government			Phillip Leff M.L.F
	Governmental Activities	Business Type Activities	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 999,938	\$ 720,895	\$ 1,720,833	\$ 8,258
Taxes receivable (net)	38,899		38,899	
Accrued interest receivable on taxes	10,011		10,011	
Interest receivable	2,568	1,713	4,281	
Accounts receivable (net)	46,816	115,182	161,998	
Due from other governments	91,645	7,936	99,581	
Inventories		7,597	7,597	
Restricted cash and cash equivalents	431,072	111,586	542,658	
Total current assets	1,620,949	964,909	2,585,858	8,258
Non-current assets:				
Capital assets:				
Land and construction in process	306,945	39,975	346,920	
Other capital assets, net of depreciation	2,335,359	7,257,356	9,592,715	0
Total capital assets	2,642,304	7,297,331	9,939,635	-
Total assets	\$ 4,263,253	\$ 8,262,240	\$ 12,525,493	\$ 8,258
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	\$ 120,066	\$ 15,928	\$ 135,994	
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 1,985	\$ 1,230	\$ 3,215	
Accrued interest payable		7,693	7,693	
Payable from restricted assets		53,621	53,621	
Current portion long term liabilities	20,789	73,814	94,603	0
Total current liabilities	22,774	136,358	159,132	
Long-term liabilities				
Net pension liability	124,999	20,900	145,899	
Total pension liability	131,200	0	131,200	
Due in more than one year	24,994	2,874,212	2,899,206	
Total liabilities	303,967	3,031,470	3,335,437	0
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	37,119	1,521	38,640	
Prepaid taxes	1,582		1,582	
Community Development	24,500		24,500	
Total deferred inflows of resources	63,201	1,521	64,722	0
NET POSITION				
Net Investment in capital assets	2,623,979	4,354,740	6,978,719	
Restricted for:				
Water and Sewer USDA		57,965	57,965	
Economic and Physical Development	714,932		714,932	
Stabilization by State Statute	115,673		115,673	
Transportation	174		174	
Unrestricted	561,393	832,472	1,393,865	8,258
Total net position	\$ 4,016,151	\$ 5,245,177	\$ 9,261,328	\$ 8,258

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

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

Function and Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants & Contributions	Primary Government			Phillip Leff Mem. Library
				Governmental Activities	Business-type Activities	Total	
Primary Government:							
Governmental Activities:							
General government	234,082			(234,082)		(234,082)	
Public safety	409,028	891	3,137	(405,000)		(405,000)	
Transportation	293,305		141,093	(152,212)		(152,212)	
Economic development	-			0		0	
Environmental protection	157,592	167,343	995	10,746		10,746	
Cultural and recreation	44,485	10,955		(33,530)		(33,530)	
Interest on long-term debt	2,149			(2,149)		(2,149)	
Total governmental activities	1,140,641	179,189	145,225	(816,227)	0	(816,227)	
Business-type activities:							
Water and sewer	829,810	648,358			(181,452)	(181,452)	
Total business-type activ.	829,810	648,358	0	0	(181,452)	(181,452)	
Total primary government	1,970,451	\$ 827,547	\$ 145,225	\$ (816,227)	(181,452)	(997,679)	
Component Unit:							
Phillip Leff Mem. Library	-	0	-	0			0
Total component unit	\$ -	0	-	0			0
General revenues:							
Taxes:							
Property taxes, levied for general purposes				480,274		480,274	
Other taxes				120		120	
Grants and contributions not restricted to specific programs				460,348		460,348	
Unrestricted investment earnings				4,203	2,104	6,307	
Sales of capital assets				20		20	
Contributions - donated assets				0		0	
Miscellaneous				24,356	4,958	29,314	
Total general revenues, special items				969,321	7,062	976,383	0
Change in net position				153,094	(174,390)	(21,296)	0
Net position - beginning				3,863,057	5,419,567	9,282,624	8,258
Net position - ending				\$ 4,016,151	\$ 5,245,177	\$ 9,261,328	\$ 8,258

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

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

	Major Funds		
	General	Community Development Grant Project	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 999,938		\$ 999,938
Restricted cash	174	430,898	431,072
Receivables, net:			
Taxes	38,899		38,899
Interest	1,712	856	2,568
Accounts	46,816		46,816
Due from other government	91,645		91,645
Due from other funds		283,178	283,178
Total assets	<u>\$ 1,179,184</u>	<u>\$ 714,932</u>	<u>\$ 1,894,116</u>
LIABILITIES			
Liabilities:			
Accounts payable and accrued liabilities	1,985		1,985
Due to other funds	283,178		283,178
Total liabilities	<u>285,163</u>	<u>0</u>	<u>285,163</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	1,582		1,582
Property taxes receivable	38,899		38,899
Community Development receivable	24,500		24,500
Total deferred inflows of resources	<u>64,981</u>	<u>0</u>	<u>64,981</u>
FUND BALANCES			
Non Spendable			
Inventories			
Perpetual maintenance			
Restricted			
Stabilization by State Statute	115,673		115,673
Streets	174		174
Economic Development		714,932	714,932
Assigned			
Subsequent year's expenditures			0
Unassigned	713,193		713,193
Total fund balances	<u>829,040</u>	<u>714,932</u>	<u>1,543,972</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,179,184</u>	<u>\$ 714,932</u>	

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

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

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

Total Fund Balance, Governmental Funds		1,543,972
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Gross capital assets at historical cost	4,091,539	
Accumulated depreciation	<u>(1,449,235)</u>	2,642,304
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position		
		120,066
Other long term assets (accrued interest receivable from taxes) are not available to pay current period expenditures and therefore are deferred.		
		10,011
Earned revenues considered deferred inflows of resources in fund statements.		
		38,899
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year).		(18,325)
Net pension liability		(124,999)
Total pension liability		(131,200)
Pension related deferrals		(37,119)
Other long-term liabilities (accrued interest and compensated absences) are not due and payable in the current period and therefore are not reported in the funds.		
		(27,458)
Net position of governmental activities		<u><u>\$ 4,016,151</u></u>

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

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

	Major Funds		
	General Fund	Community Development Grant Project	Total Governmental Funds
RVENUES:			
Ad valorem taxes	\$ 477,534		\$ 477,534
Other taxes and licenses	120		120
Unrestricted intergovernmental	460,348		460,348
Restricted intergovernmental	48,370		48,370
Permits and fees	891		891
Sales and services	178,298		178,298
Investment earnings	3,218	985	4,203
Other/Miscellaneous	16,405		16,405
Total revenues	<u>1,185,184</u>	<u>985</u>	<u>1,186,169</u>
EXPENDITURES:			
Current:			
General government	197,686		197,686
Public safety	388,230		388,230
Transportation	283,867		283,867
Environmental protection	157,592		157,592
Cultural and recreation	30,099		30,099
Economical and physical developm.	0		0
Debt services			0
Principal	18,095		18,095
Interest and other changes	2,149		2,149
Total expenditures	<u>1,077,718</u>	<u>0</u>	<u>1,077,718</u>
Excess (deficiency) of revenues over expenditures	<u>107,466</u>	<u>985</u>	<u>108,451</u>
OTHER FINANCING SOURCES (USES)			
Insurance recovery	7,951		7,951
FEMA proceeds	96,855		96,855
Sale of capital assets	20		20
Capital lease obligations issued	0		0
Total other financing sources	<u>104,826</u>	<u>0</u>	<u>104,826</u>
Fund balance appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	212,292	985	213,277
Fund balance, beginning	616,748	713,947	1,330,695
Fund balance, ending	<u>\$ 829,040</u>	<u>\$ 714,932</u>	<u>\$ 1,543,972</u>

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

Town of Beulaville, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
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		\$ 213,277
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.		
Capital outlay expenditures which were capitalized	11,458	
Depreciation expense for governmental assets	<u>(77,935)</u>	(66,477)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		25,351
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		4,747
Benefit payments for LEOSSA included on Statement of Activities		(15,642)
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	2,740	
Amount of donated assets	<u>0</u>	2,740
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal payments on long term debt	18,095	
New long-term debt issued	<u>0</u>	18,095
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences	1,088	
Pension expense	<u>(30,085)</u>	(28,997)
Total changes in net position of governmental activities		<u>\$ 153,094</u>

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

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

	General Fund			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Ad valorem taxes	\$ 418,100	\$ 422,979	\$ 477,534	\$ 54,555
Other taxes and licenses	200	120	120	-
Unrestricted intergovernmental	407,500	411,045	460,348	49,303
Restricted intergovernmental	47,100	48,096	48,370	274
Permits and fees	1,000	1,000	891	(109)
Sales and services	182,000	177,930	178,298	368
Investment earnings	1,000	1,000	3,218	2,218
Miscellaneous/other	12,700	17,946	16,405	(1,541)
Total revenues	<u>1,069,600</u>	<u>1,080,116</u>	<u>1,185,184</u>	<u>105,068</u>
EXPENDITURES:				
Current:				
General government	249,875	247,635	197,686	49,949
Public safety	428,275	441,313	388,230	53,083
Transportation	240,400	321,863	283,867	37,996
Environmental protection	165,000	165,000	157,592	7,408
Cultural and recreation	31,200	37,736	30,099	7,637
Debt service:				
Principal retirement	15,150	18,125	18,095	30
Interest and other charges	2,700	2,200	2,149	51
Total expenditures	<u>1,132,600</u>	<u>1,233,872</u>	<u>1,077,718</u>	<u>156,154</u>
Revenues over (under) expenditures	(63,000)	(153,756)	107,466	261,222
Other financing sources (uses):				
Insurance recovery		7,951	7,951	0
FEMA proceeds		95,805	96,855	1,050
Sale of capital assets		0	20	20
Capital lease obligations issued				0
Total other financing sources (uses)	<u>0</u>	<u>103,756</u>	<u>104,826</u>	<u>1,070</u>
Fund balance appropriated	<u>63,000</u>	<u>50,000</u>	<u>0</u>	<u>(50,000)</u>
Net change in fund balance	<u>\$ 0</u>	<u>\$ 0</u>	212,292	<u>\$ 212,292</u>
Fund balance - beginning			616,748	
Fund balance - end of year			<u>\$ 829,040</u>	

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

Town of Beulaville, North Carolina
General Fund and Annually Budgeted Major Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Year Ended June 30, 2019

	Community Development Fund			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses				-
Unrestricted intergovernmental				-
Restricted intergovernmental				-
Permits and fees				-
Sales and services				-
Investment earnings	200	200	985	785
Miscellaneous/other				-
Total revenues	<u>200</u>	<u>200</u>	<u>985</u>	<u>785</u>
EXPENDITURES:				
Current:				
General government				-
Public safety				-
Transportation				-
Environmental protection				-
Cultural and recreation				-
Community Development	200	200	0	200
Debt service:				
Principal retirement				-
Interest and other charges				-
Total expenditures	<u>200</u>	<u>200</u>	<u>0</u>	<u>200</u>
Revenues over (under) expenditures	0	0	985	985
Other financing sources (uses):				
Insurance recovery				0
FEMA proceeds				0
Sale of capital assets				0
Capital lease obligations issued				0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	<u>\$ 0</u>	<u>\$ 0</u>	985	<u>\$ 985</u>
Fund balance - beginning			713,947	
Fund balance - end of year			<u>\$ 714,932</u>	

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

Town of Beulaville, North Carolina
Statement of Fund Net Position
Proprietary Funds
June 30, 2019

	Major Enterprise Funds Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 720,895
Accounts receivable (net) - billed	87,268
Accounts receivable (net) - unbilled	27,914
Interest receivable	1,713
Due from other governments	7,936
Inventories	7,597
Restricted cash and cash equivalents	111,586
Total current assets	<u>964,909</u>
Noncurrent Assets:	
Capital assets:	
Land and construction in process	39,975
Other capital assets, net of depreciation	7,257,356
Capital assets, net	<u>7,297,331</u>
Total noncurrent assets	<u>7,297,331</u>
Total assets	<u>\$ 8,262,240</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	15,928
Total deferred outflows of resources	<u>15,928</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	8,923
Capitalized lease payable - current	3,988
Compensated absences - current	1,047
General obligation bonds payable- current	29,779
Revenue bond payable - current	39,000
Liabilities payable from restricted assets:	
Customer deposits	53,621
Total current liabilities	<u>136,358</u>
Noncurrent Liabilities:	
Compensated absences	4,388
Net pension liability	20,900
Revenue bond payable - noncurrent	2,376,000
General obligation bonds payable - noncurrent (net)	493,824
Total noncurrent liabilities	<u>2,895,112</u>
Total liabilities	<u>3,031,470</u>
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	1,521
NET POSITION	
Net Investment in capital assets	4,354,740
Restricted - USDA reserve	57,965
Unrestricted	832,472
Total net position	<u>5,245,177</u>

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

Town of Beulaville, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
All Proprietary Fund Types
For the Year Ended June 30, 2019

	Major Enterprise Funds
	Water and Sewer Fund
OPERATING REVENUES:	
Charge for services	\$ 646,107
Water and sewer taps	600
Other operating revenues	1,651
Total operating revenues	<u>648,358</u>
OPERATING EXPENSES:	
Water and sewer / Public works	185,606
Treatment plant	232,465
Depreciation	313,192
Total operating expenses	<u>731,263</u>
Operating income (loss)	(82,905)
NON-OPERATING REVENUES (EXPENSES):	
Other non-operating revenues	4,958
Investment earnings	2,104
Interest and other charges	(98,547)
Total non-operating revenues (expenses)	<u>(91,485)</u>
Income (loss) before contributions and transfers	(174,390)
Capital contributions	<u>-</u>
Change in net position	(174,390)
Total net position - beginning	5,419,567
Total net position - ending	<u><u>\$ 5,245,177</u></u>

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

Town of Beulaville, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2019

	<u>Major</u>
	<u>Enterprise Fund</u>
	<u>Water and Sewer</u>
	<u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 625,317
Cash paid for goods and services	(327,124)
Cash paid to employees	(90,070)
Customers deposits (net)	(82)
Other operating revenue	1,651
Net cash provided (used) by operating activities	<u>209,692</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest paid on bonds and leases	(98,727)
Other non-operating	4,958
Capital asset additions	(24,189)
Principal paid on bonds & leases	<u>(74,142)</u>
Net cash used for capital and related financing activities	<u>(192,100)</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES	
Interest on investments	<u>2,104</u>
Net increase/(decrease) in cash and cash equivalents	19,696
Balances - beginning of the year	812,785
Balances - end of the year	<u><u>\$ 832,481</u></u>

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

Town of Beulaville, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2019

	Major Enterprise Funds Water and Sewer Fund
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ (82,905)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	313,192
Changes in assets and liabilities:	
(Increase) decrease in inventory	(470)
(Increase) decrease in accounts/interest receivable	(16,969)
(Increase) decrease in sales tax receivable	(3,469)
Decrease in deferred outflows of resources - pensions	(6,776)
Decrease in net pension liability	8,830
Increase in deferred inflows of resources - pensions	(1,142)
Increase (decrease) in accrued vacation pay	(34)
Increase (decrease) in accounts payable and accrued liabilities	(483)
Increase (decrease) in customer deposits	(82)
Total adjustments	<u>292,597</u>
Net cash provided by operating activities	<u>\$ 209,692</u>

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

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

Phillip Leff Memorial Library Foundation, Inc.

Two members of the Phillip Leff Memorial Library Foundation, Inc.'s governing board are appointed by the Town of Beulaville and one member is appointed by the Phillip Leff Family. The Phillip Leff Memorial Library Foundation, Inc. which has a June 30 year-end, is presented as if it were a proprietary fund. Complete financial statements for the Phillip Leff Memorial Library Foundation, Inc. may be obtained from the entity's administrative offices in Beulaville, P.O. Box 130, Beulaville, NC 28518.

B. Basis of Presentation

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular

program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, 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 primary expenditures are for public safety, street maintenance and construction, and sanitation services.

Special Revenue Fund. The Town has one Special Revenue Fund: Economic Development Special Revenue Fund. This fund is used to account for grant funds the Town received from a Community Development Block Grant. The Town received grant funds that it in turn loaned to area businesses. These funds are restricted and can only be used for economic development.

The Town reports the following major enterprise fund:

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

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. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable 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 prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Beulaville because the tax is levied by Duplin 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 positions 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, the Special Revenue Fund, and the Enterprise Fund. All annual appropriations lapse at the fiscal-year end. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$ 2,500. All amendments must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

All deposits of the Town and of the Phillip Leff Memorial Library Foundation, Inc. are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town and the Phillip Leff Memorial Library Foundation, Inc. may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town and the Phillip Leff Memorial Library Foundation, Inc. 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 and the Phillip Leff Memorial Library Foundation, Inc. to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months. The Phillip Leff Memorial Library Foundation, Inc. did not have any investments.

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 Phillip Leff Memorial Library Foundation, Inc. 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

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 Beulaville Restricted Cash

Governmental Activities

General Fund	Streets	\$ 174
Special Revenue Fund	Economic Development	<u>430,898</u>
Total governmental activities		<u>431,072</u>
Water and Sewer Fund		
	Customer deposits	53,621
	USDA Reserve	<u>57,965</u>
Total business-type activities		<u>111,586</u>
Total Restricted Cash		<u>\$ 542,658</u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2018. As allowed by State law, the Town has established a schedule of discounts that apply to taxes which 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

The inventories of the Town are valued at cost (first-in, first-out) which approximates market. The inventories of the Town's enterprise fund 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 a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs is \$ 1,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Class	Estimated Useful Lives
Infrastructure	30
Buildings	50–100
Improvements	25
Vehicles	6
Furniture and equipment	10
Computer software	5
Computer equipment	3–5

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 several items that meet the criterion for this category – prepaid taxes, property taxes receivable, and pension deferrals.

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 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.

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

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements 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 the 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. Examples of nonspendable fund balance include inventory or perpetual maintenance resources. The Town does not maintain either of these.

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 that are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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

Restricted for Economic Development – portion of fund balance restricted for economic development [G.S. Chapter 159, Article 3, Part 2].

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

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

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

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

The Town of Beulaville 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.

The Town of Beulaville has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 10% of budgeted expenditures. Any portion of the general

fund balance in excess of 10% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

12. 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 Beulaville's employer contributions are recognized when due and the Town of Beulaville 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. Material Violations of Finance-Related Legal and Contractual Provisions

None

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town and the Phillip Leff Memorial Library Foundation, Inc. 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 Phillip Leff Memorial Library Foundation, Inc.'s agents in these unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and the Phillip Leff Memorial Library Foundation, Inc., these deposits are considered to be held by the Town's and Phillip Leff Memorial Library Foundation, Inc.'s agents in their name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town, the Library, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town or the Phillip Leff Memorial Library Foundation, Inc. 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 and Phillip Leff Memorial Library have 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, 2019, the Town's deposits had a carrying amount of \$ 1,262,690 and a bank balance of \$ 1,311,695. 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 carrying amount of deposits for the Phillip Leff Memorial Library Foundation, Inc. was \$ 8,258 and the bank balance was \$ 8,258 . The bank balances of the Library were fully covered by the federal depository insurance. At June 30, 2019, the Town's petty cash fund totaled \$ 800.

2. Investments

At June 30, 2019, the Town of Beulaville had \$ 1,000,000 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.

3. Receivables - Allowances for Doubtful Accounts

Receivables at the government-wide level at June 30, 2019, were as follows:

	Accounts	Taxes and Related Accrued Interest	Due from Other Governments	Interest Rec.	Total
Governmental Activities:					
General	\$ 46,816	\$ 48,910	\$ 91,645	\$ 1,712	\$ 189,083
Other Governmental	-	-	-	856	856
Total receivables	46,816	48,910	91,645	2,568	189,939
Allowance for doubtful accounts	-	-	-	-	-
Total-governmental activities	\$ 46,816	\$ 48,910	\$ 91,645	\$ 2,568	\$ 189,939
Business-type Activities					
Water and Sewer	\$ 146,156	\$ -	\$ 7,936	\$ 1,713	\$ 155,805
Total receivables	146,156	-	7,936	1,713	155,805
Allowance for doubtful accounts	(30,974)	-	-	-	(30,974)
Total - business-type activities	\$ 115,182	\$ -	\$ 7,936	\$ 1,713	\$ 124,831

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

Governmental Activities	
Local option sales tax	\$ 63,628
Utilities franchise tax	21,176
Sales tax refund receivable	3,176
Duplin County	<u>3,665</u>
Total	<u>\$ 91,645</u>

Business-Type Activities	
Sales tax refund receivable	<u>\$ 7,936</u>

4. Capital Assets

Primary Government

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	\$ 306,945	\$ -	\$ -	\$ 306,945
Construction in process	-	-	-	-
Total capital assets not being depreciated	<u>306,945</u>	<u>-</u>	<u>-</u>	<u>306,945</u>
Capital assets being depreciated:				
Buildings	2,559,602		-	2,559,602
Other improvements	272,812	-	-	272,812
Equipment	665,380	11,458	318	676,520
Vehicles and motorized equipment	148,153	-	-	148,153
Computer software	29,942	-	-	29,942
Computer equipment	97,566		-	97,566
Total capital assets being depreciated	<u>3,773,455</u>	<u>11,458</u>	<u>318</u>	<u>3,784,595</u>
Less accumulated depreciation for:				
Buildings	510,989	37,219	-	548,208
Other improvements	52,041	7,480	-	59,521
Equipment	568,954	21,143	318	589,779
Vehicles and motorized equipment	115,588	10,597	-	126,185
Computer software	29,942	-	-	29,942
Computer equipment	94,105	1,496		95,601
Total accumulated depreciation	<u>1,371,619</u>	<u>77,935</u>	<u>318</u>	<u>1,449,236</u>
Total capital assets being depreciated, net	<u>2,401,836</u>			<u>2,335,359</u>
Governmental activity capital assets, net	<u>\$ 2,708,781</u>			<u>\$ 2,642,304</u>

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

General government	\$ 35,238
Public safety	20,657
Transportation	7,654
Environmental protection	-
Cultural and recreational	14,386
Total depreciation expense	<u>\$ 77,935</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
<i>Water and Sewer Fund</i>				
Capital assets not being depreciated:				
Land	\$ 39,975	\$ -	\$ -	\$ 39,975
Construction in progress	-	-	-	-
Total capital assets not being depreciated	39,975	-	-	39,975
Capital assets being depreciated:				
Plant and distributions systems	11,858,289	-	-	11,858,289
Computer equipment	40,765	-	-	40,765
Furniture and maintenance equipment	302,460	24,189	10,403	316,246
Vehicles	42,751	-	-	42,751
Total capital assets being depreciated	12,244,265	24,189	10,403	12,258,051
Less accumulated depreciation for:				
Plant and distributions systems	4,335,751	304,299	-	4,640,050
Computer equipment	35,268	894	-	36,162
Furniture and maintenance equipment	284,136	7,999	10,403	281,732
Vehicles	42,751	-	-	42,751
Total accumulated depreciation	4,697,906	313,192	10,403	5,000,695
Total capital assets being depreciated, net	7,546,359			7,257,356
Business-type activities capital assets, net	\$ 7,586,334			\$ 7,297,331

Construction commitments

At year-end the government had no construction commitments.

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2019, were as follows:

	Vendors	Payroll Liabilities	Accrued Interest	Total
Governmental Activities:				
General	\$ -	\$ 1,985		\$ 1,985
Total-governmental activities	\$ -	\$ 1,985		\$ 1,985
Business-type Activities				
Water and Sewer	\$ -	\$ 1,230	\$ 7,693	\$ 8,923
Total - business-type activities	\$ -	\$ 1,230	\$ 7,693	\$ 8,923

2. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Beulaville is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or 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 (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of Beulaville employees are

required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Beulaville's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.80% 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 of Beulaville were \$ 29,838 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 \$ 145,899 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 0.00615%, which was an increase of 0.00030% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$ 35,484. 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	22,508	\$ 755
Changes of assumptions	38,716	-
Net difference between projected and actual earnings on pension plan investments	20,027	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	609	9,926
Town contributions subsequent to the measurement date	29,838	
Total	\$ 111,698	\$ 10,681

\$ 29,838 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension

liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	34,255
2021	22,372
2022	2,773
2023	11,781
2024	0

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 pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 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	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	<u>100%</u>	

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 (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's Proportionate share of the net Pension liability (asset)	\$350,462	\$145,899	\$(25,037)

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

b. Law Enforcement Officers Special Separation Allowance

1. *Plan Description.*

The Town of Beulaville administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	4
Total	<u>5</u>

2. *Summary of Significant Accounting Policies:*

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

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

3. *Actuarial Assumptions*

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

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017.

Mortality rates are based on the RP-2014 Mortality tables with adjustments for mortality improvements based on Scale AA.

4. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$ 10,443 as benefits came due for the reporting period.

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

At June 30, 2019, the Town reported a total pension liability of \$ 131,200. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of \$ 10,895.

	Deferred Outflows of	Deferred Inflows of
Differences between expected and actual experience	\$ 13,073	\$ 20,712
Changes of assumptions	6,476	7,247
Benefit payments and plan administrative expense made subsequent to the measurement date	4,747	
Total	<u>\$ 24,296</u>	<u>\$ 27,959</u>

\$ 4,747 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred inflows and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$ 5,241
2021	5,241
2022	5,245
2023	4,482
2024	(660)
Thereafter	0

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 3.64 percent, as well

as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	\$ 146,336	\$ 131,200	\$ 117,563

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

	2019
Beginning balance	\$ 136,442
Service Cost	6,269
Interest on the total pension liability	4,132
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	2,822
Changes of assumptions or other inputs	(7,072)
Benefit payments	(11,393)
Other changes	-
Ending balance of the total pension liability	<u>\$ 131,200</u>

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2011 through December 31, 2014.

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

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

	LGERS	LEOSSA	Total
Pension Expense	35,484	10,895	46,379
Pension Liability	145,899	131,200	277,099
Proportionate share of the net pension liability	0.00615%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	22,508	13,073	35,581
Changes of assumptions	38,716	6,476	45,192
Net difference between projected and actual earnings on plan investments	20,027	-	20,027
Changes in proportion and differences between contributions and proportionate share of contributions	609	-	609
Benefit payments and administrative costs paid subsequent to the measurement date	29,838	4,747	34,585
Deferred of Inflows of Resources			
Differences between expected and actual experience	755	20,712	21,467
Changes of assumptions	-	7,247	7,247
Net difference between projected and actual earnings on plan investments	0	0	0
Changes in proportion and differences between contributions and proportionate share of contributions	9,926	-	9,926

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and the Town has elected to contribute five percent for general employees as well. All amounts contributed are vested immediately. Also, the law enforcement officers and non-law enforcement employees may make voluntary contributions to the plan. The Town made contributions of \$ 18,367 for the reporting year. No amounts were forfeited.

d. Other Post-employment Benefits

At retirement, all employees have the option to purchase basic medical insurance at the Town's group rate. The entire cost of this insurance is borne by the employees. The retirees are asked to pay retiree specific amounts offered through the Municipal Insurance Trust. Retiree specific premiums are higher than premium rates for actives only or actives blended with retirees and are developed to be self-supporting. This means that the retiree premiums are designed to cover the cost of retiree health claims with no explicit or implicit subsidy. Since there is no explicit or implicit cost to the Town for retiree health coverage, the Town incurs no GASB 45 liability.

3. Other Employment Benefit

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

4. Deferred Outflows and Inflows of Resources

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

Source	Amount
Contributions to pension plan in current fiscal year	\$ 29,838
Benefit payments made and administrative expenses for LEOSA	4,747
Differences between expected and actual experience	35,581
Changes of assumptions	45,192
Changes in proportion and differences between contributions and proportionate share of contributions	609
Net difference between projected and actual	<u>20,027</u>
Total	\$ 135,994

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ 1,582	\$ 1,582
Taxes receivable, less penalties (General Fund)	-	38,899
Community Development receivable	24,500	24,500
Changes in assumptions	7,247	
Differences between expected and actual experience	21,467	
Changes in proportion and differences between employer contributions and proportionate share of of contributions	9,926	
Total	<u>\$ 64,722</u>	<u>\$ 64,981</u>

5. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries insurance for the above with independent insurance agencies. Through these agencies, the Town has property, general liability, and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, worker's compensation coverage of up to statutory limits, and employee health coverage up to \$1 million lifetime limit.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. The Town does not carry flood insurance because it is not in a designated flood zone.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are each individually bonded for \$50,000.

6. Claims, Judgments and Contingent Liabilities

As of June 30, 2019, no claims or judgments existed.

7. Long-Term Obligations

a. Capital Lease

The Town entered into agreements to lease certain vehicles and equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

On July 1, 2014, an agreement was executed to lease a vehicle for the police department and a financial software package and computer server for administration and the water department. The lease requires five annual payments of \$17,981.20 which will be divided proportionately between the water fund and the general fund.

On July 1, 2016, an agreement was executed to lease a vehicle, two radar units, and a side mount mower for public safety and street maintenance. The lease requires five annual payment of \$ 12,262.76 beginning August 15, 2016.

The following is an analysis of the assets recorded under capital leases at June 30, 2019:

Class of Property	Cost	Accumulated Depreciation	Net Book Value
Vehicles	\$ 52,912	\$30,792	\$ 22,120
Software & Equipment	84,088	65,291	18,797

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 are as follows:

Year Ending June 30	General Fund	Water/Sewer Fund
2020	16508	4,246
2021	<u>3,771</u>	<u>0</u>
Total minimum lease payments	20,279	4,246
Less: amount representing interest	<u>1,954</u>	<u>258</u>
Present value of the minimum lease payments	<u>18,325</u>	<u>3,988</u>

b. Revenue Bonds

\$2,304,000 Water and Sewer Revenue Bonds, Series 2014 A for sewer system expansion and improvements. Principal installments due annually beginning 06/01/17. Interest payments are due annually on June 1, at an annual interest rate of 3.25%.

\$ 2,205,000

The future payments of the revenue bond are as follows:

Year Ending June 30	Principal	Interest
2020	\$ 35,000	\$ 71,663
2021	36,000	70,525
2022	37,000	69,355
2023	38,000	68,152
2024	40,000	66,918
2025 – 2029	218,000	314,340
2030 – 2034	255,000	276,607
2035 – 2039	300,000	232,375
2040 – 2044	352,000	180,343
2045 – 2049	413,000	119,307
2050 - 2054	<u>481,000</u>	<u>47,807</u>
	<u>\$ 2,205,000</u>	<u>\$ 1,517,392</u>

The Town has pledged future water and sewer customer revenues, net of specified operating expenses to repay \$2,304,000 in water and sewer system revenue bonds issued in September 2014. Proceeds from the bonds provided financing for the expansion of the waste water treatment system. The bonds are payable solely from water and sewer customer net revenues and are payable through 2054. The total principal and interest remaining to be paid on the bonds is \$ 3,722,392. Interest paid for the current year was \$ 72,768.

Revenue Bonds

\$220,000 Water and Sewer Revenue Bonds, Series 2014B, issued for sewer system improvements. Principal payments will be due annually beginning 06/01/17. Interest payments are due annually on June 1, at an interest rate of 2.75%. \$ 210,000

The future payments of the revenue bond are as follows:

Year Ending June 30	Principal	Interest
2020	\$ 4,000	\$ 5,775
2021	4,000	5,665
2022	4,000	5,555
2023	4,000	5,445
2024	4,000	5,335
2025 – 2029	22,000	24,998
2030 – 2034	25,000	21,725
2035 – 2039	29,000	18,122
2040 – 2044	33,000	13,943
2045 – 2049	38,000	9,130
2050 – 2054	43,000	3,630
	<u>\$ 210,000</u>	<u>\$ 119,323</u>

The Town has pledged future water and sewer customer revenues, net of specified operating expenses to repay \$ 220,000 in water and sewer system revenue bonds issued in September 2014. Proceeds from the bonds provided financing for the expansion of the sewer treatment plant. The bonds are payable solely from water and sewer customer net revenues and are payable through 2054. The total principal and interest remaining to be paid on the bonds is \$ 329,323. Interest paid for the current year was \$ 5,885.

The Town is in compliance with the covenants as to rates, fees, and charges in Section 5.01 of the Bond Order, authorizing the issuance of the Water and Sewer Revenue Bonds Series 2014. Section 5.01 (c)(2) of the Bond Order requires the debt service coverage ratio to be no less than 110%. The debt service coverage ratio calculation for the year ended June 30, 2019, is as follows:

Operating revenues	\$ 648,358
Operating expenses*	<u>418,071</u>
Operating income	230,287
Nonoperating revenues (expenses)**	<u>(12,832)</u>
Income available for debt service	217,455
Debt service, principal and interest paid	
(Revenue bond only)	116,653
Debt service coverage ratio	186%

*Per rate covenants, this does not include the depreciation expense of \$ 313,192.

**Per rate covenants, this does not include revenue bond interest paid of \$ 78,653.

c. General Obligation Indebtedness

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

On July 12, 2013, the Town of Beulaville issued general obligation refunding bonds to refinance all of the Town's general obligation sewer bonds that were originally issued in 1982 and 1998. Two separate fully registered bonds were issued in the amounts of \$220,902.16 and \$683,204.04. The smaller bond was paid off in a prior year.

Bonds payable at June 30, 2019 are comprised of the following individual issues:

General Obligation Bonds

Serviced by the Water and Sewer Fund:

\$ 220,902.16 2013 Refunding Bond (RA-1) due in varying annual installments through June 1, 2021; interest 2.19%	\$ 0.00
\$ 683,204.04 2013 Refunding Bond (RB-1) due in varying annual installments through June 1, 2033; interest 3.59%	<u>523,604.00</u>
Totals	<u>\$ 523,604.00</u>

The following is a summary of the changes in the Town's debt for the year ended June 30, 2019:

	Liabilities June 30, 2018	Additions	Retirements	Liabilities June 30, 2019	Current Portion
<i>Governmental activities:</i>					
<i>By the type of debt:</i>					
Total pension liability (LEO)	\$ 136,442	\$ -	\$ 5,242	\$ 131,200	\$ -
Net pension liability (LGERS)	77,302	47,697	-	124,999	-
Compensated absences	28,547	-	1,089	27,458	5,660
Capitalized lease	36,420	-	18,095	18,325	15,129
Installment purchase	-	-	-	-	-
Total	<u>\$ 278,711</u>	<u>\$ 47,697</u>	<u>\$ 24,426</u>	<u>\$ 301,982</u>	<u>\$ 20,789</u>
<i>Business-type activities:</i>					
<i>Water/Sewer Fund:</i>					
Net pension liability (LGERS)	\$ 12,070	\$ 8,830	\$ -	\$ 20,900	\$ -
Compensated absences	5,063	372	-	5,435	1,047
Revenue bonds	2,453,000	-	38,000	2,415,000	39,000
Capitalized lease	11,463	-	7,475	3,988	3,988
General obligation bonds	552,270	-	28,666	523,604	29,779
Total	<u>\$ 3,033,866</u>	<u>\$ 9,202</u>	<u>\$ 74,141</u>	<u>\$ 2,968,927</u>	<u>\$ 73,814</u>

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

Annual debt service requirements to maturity for general long-term obligation bonds are as follows:

	Business-Type Activities	
	Principal	Interest
Year Ended June 30		
2020	29,779	18,530
2021	30,885	17,451
2022	31,982	16,332
2023	33,071	15,175
2024	34,152	13,978
2025-2029	189,127	50,424
2030-2033	174,608	14,297
Total	<u>523,604</u>	<u>146,187</u>

C. Interfund Balances and Activity

Interfund loan – On October 1, 2014 the General Fund borrowed \$ 298,178 from the Community Development Special Revenue Fund to fund the renovations at the old school for the new town hall. The old town hall has been put up for sale and once it is sold, the community development fund will be repaid.

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

There were no transfers for fiscal year ending 06/30/19.

D. Prior Period Adjustment

None

E. Fund Balance

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

Total fund balance-General Fund	\$ 829,040
Less:	
Stabilization by State Statute	115,673
Streets-Powell Bill	174
Appropriated Fund Balance in 2019 Budget	0
Remaining Fund Balance	713,193

The Town of Beulaville has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 10% of budgeted expenditures.

IV. Jointly Governed Organization

The Town, in conjunction with nine counties and forty five other municipalities established the Eastern Carolina Council. The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The Town paid membership fees of \$ 468 to the Council during the fiscal year ended June 30, 2019.

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.

Required Supplementary Financial Data

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

- Schedule of Proportionate Share of Net Pension Assets for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Changes in Total Pension Liability
- Schedule of Total Pension Liability as a Percentage of Covered Payroll

Town of Beulaville, North Carolina
Town of Beulaville'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
Beulaville's proportion of the net pension liability (asset) (%)	0.00615%	0.00585%	0.00708%	0.00737%	0.00785%	0.00770%
Beulaville's Proportion of the net pension liability (asset) (\$)	\$ 145,899	\$ 89,372	\$ 150,261	\$ 33,076	\$ (46,295)	\$ 92,815
Beulaville's covered-employee payroll	\$ 368,339	\$ 363,314	\$ 364,029	\$ 363,348	\$ 358,506	\$ 376,808
Beulaville's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	39.61%	24.60%	41.28%	9.10%	-12.91%	24.63%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

Local Government Employee's Retirement System

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 29,838	\$ 28,517	\$ 27,501	\$ 25,037	\$ 26,378	\$ 26,983
Contributions in relation to the contractually required contribution	29,838	28,517	27,501	25,037	26,378	26,983
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Beulaville's covered-employee payroll	\$ 368,339	\$ 363,314	\$ 364,029	\$ 363,348	\$ 358,506	\$ 376,808
Contributions as a percentage of covered-employee payroll	8.10%	7.85%	7.55%	6.89%	7.36%	7.16%

Town of Beulaville, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2019

	2019	2018	2017
Beginning balance	\$ 136,442	\$ 101,815	\$ 112,365
Service Cost	6,269	5,025	5,043
Interest on the total pension liability	4,132	3,710	3,716
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	2,822	27,411	-
Changes of assumptions or other inputs	(7,072)	9,874	(2,744)
Benefit payments	(11,393)	(11,393)	(16,565)
Other changes	-	-	-
Ending balance of the total pension liability	<u>\$ 131,200</u>	<u>\$ 136,442</u>	<u>\$ 101,815</u>

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

Town of Beulaville, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 131,200	\$ 136,442	\$ 101,815
Covered payroll	158,114	128,199	177,687
Total pension liability as a percentage of covered payroll	82.98%	106.43%	57.30%

Notes to the schedules:

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

***Individual Fund Statements
and Schedules***

General Fund

**Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Current year	\$ 406,979	\$ 461,076	\$ 54,097
Prior year	12,000	12,393	393
Penalties and interest	4,000	4,065	65
Total	<u>422,979</u>	<u>477,534</u>	<u>54,555</u>
Othe taxes and licenses:			
Privilege licenses	120	120	-
Total	<u>120</u>	<u>120</u>	<u>0</u>
Unresricted inter- governmental revenues:			
Video franchise fee	7,765	6,844	(921)
Payment in lieu of taxes	3,200	3,221	21
Utilities sales tax	78,400	79,039	639
Beer and wine tax	5,700	5,768	68
Telecommunications sales tax	8,280	8,652	372
Local option sales tax	307,700	356,824	49,124
Total	<u>411,045</u>	<u>460,348</u>	<u>49,303</u>
Restricted inter-governmental revenues:			
Powell Bill allocations	44,235	44,238	3
Solid waste disposal tax	936	995	59
NC Dept of Justice - grant	2,825	2,825	0
Controlled substance tax	100	312	212
Total	<u>\$ 48,096</u>	<u>\$ 48,370</u>	<u>\$ 274</u>

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

	Budget	Actual	Variance Positive (Negative)
Permits and fees:			
Court	\$ 1,000	\$ 891	\$ (109)
Sales and services:			
Recreation department fees	10,930	10,955	25
Sanitation fees	167,000	167,343	343
Total	177,930	178,298	368
Investment earnings:			
Regular	1,000	3,215	2,215
Powell bill funds	0	3	3
Total	1,000	3,218	2,218
Miscellaneous:			
Machine hire	0	0	0
Miscellaneous	17,946	16,405	(1,541)
Total	17,946	16,405	(1,541)
Total Revenues	1,080,116	1,185,184	105,068
Expenditures:			
General government:			
Governing Board	8,400	8,300	100
Administration:			
Salaries and benefits	105,350	104,535	815
Other operating expenditures	77,825	77,326	499
Professional services	7,600	7,525	75
Capital outlay	48,460	0	48,460
Total General Government	247,635	197,686	49,949

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

	Budget	Actual	Variance Positive (Negative)
Public Safety:			
Police:			
Salaries and benefits	\$ 296,793	\$ 266,051	\$ 30,742
Vehicle maintenance	18,250	18,171	79
Operating expenditures	46,770	44,550	2,220
Capital outlay	31,500	11,458	20,042
Total	393,313	340,230	53,083
Fire:			
Operating expenses	48,000	48,000	0
Total Public Safety	441,313	388,230	53,083
Transportation:			
Streets:			
Salaries and benefits	129,818	129,663	155
Vehicle maintenance	5,850	5,817	33
Operating expenses	22,985	15,669	7,316
Street lights	19,000	18,508	492
Contracted services	114,210	114,210	-
Capital outlay	30,000	-	30,000
Total Transportation	321,863	283,867	37,996
Environmental protection:			
Sanitation:			
Contracted services	165,000	157,592	7,408
Total environmental protection	165,000	157,592	7,408
Cultural and recreation:			
Recreation:			
Salaries and benefits	-	-	-
Contracted services	1,000	25	975
Capital outlay	-	-	-
Operating expenses	24,884	18,235	6,649
Total recreation	25,884	18,260	7,624

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

	Budget	Actual	Variance Positive (Negative)
Library:			
Operating expenses	11,852	11,839	13
Capital outlay	0	0	0
Total library	11,852	11,839	13
Total Cultural and recreation	37,736	30,099	7,637
Debt service:			
Principal	18,125	18,095	30
Interest	2,200	2,149	51
Total debt service	20,325	20,244	81
Total expenditures	1,233,872	1,077,718	156,154
Revenues over (under) expenditures	(153,756)	107,466	261,222
Other financing sources:			
Insurance recovery	7,951	7,951	0
FEMA proceeds	95,805	96,855	1,050
Sale of capital assets	-	20	20
Proceeds from lease obligations	-	-	-
Total	103,756	104,826	1,070
Fund balance appropriated	50,000	0	(50,000)
Net change in fund balance	\$ -	212,292	\$ 212,292
Fund balances-beginning		616,748	
Fund balances - ending		\$ 829,040	

Town of Beulaville, North Carolina
Special Revenue Funds - Grant Project Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

Page 1 of 1

	Budget	Actual Current Year	Variance Positive (Negative)
Revenues:			
Investment earnings			
Regular	\$ 200	\$ 985	\$ 785
Principal repayments:	0	0	\$ -
Miscellaneous	0	0	-
Total revenues	<u>200</u>	<u>985</u>	<u>785</u>
Expenditures:			
Professional/legal	0		0
Reserve for future loans	<u>200</u>	<u>0</u>	<u>200</u>
Total expenditures	<u>200</u>	<u>0</u>	<u>200</u>
Revenues over (under) expenditures	<u>-</u>	<u>985</u>	<u>985</u>
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u><u>0</u></u>	<u>985</u>	<u><u>985</u></u>
Fund balances - beginning		<u>713,947</u>	
Fund balances - ending		<u><u>\$ 714,932</u></u>	

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

Page 1 of 2

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Water sales	\$ 666,235	\$ 646,107	\$ (20,128)
Water and sewer taps	600	600	-
Other operating revenues	1,650	1,651	1
Total operating revenues	668,485	648,358	(20,127)
Non-operating revenues:			
Miscellaneous	4,954	4,958	4
Interest on investments	390	2,104	1,714
Total	5,344	7,062	1,718
Total revenues	673,829	655,420	(18,409)
Expenditures:			
Public works/water & sewer admin:			
Salaries and benefits	90,540	90,070	470
Professional services	9,000	7,525	1,475
Utilities	9,550	8,473	1,077
Contracted services	22,799	22,622	177
Purchases - parts	6,705	6,174	531
Insurance	8,000	7,960	40
Supplies and fuel	10,385	10,219	166
Repairs and maint	24,018	23,585	433
Other-operating	8,380	8,101	279
Total	189,377	184,729	4,648
Treatment Plant:			
Utilities	70,380	70,300	80
Repairs and maintenance	11,200	11,146	54
Supplies	5,410	5,366	44
Chemicals	42,500	42,254	246
Contracted Services	89,445	89,305	140
Insurance	8,220	8,218	2
Other	5,896	5,876	20
Total	233,051	232,465	586
Debt services:			
Interest and other charges	88,876	98,727	(9,851)
Principal retirement	84,094	74,142	9,952
Total debt service	172,970	172,869	101
Capital outlay:			
Miscellaneous equipment	24,800	24,189	611
Total capital outlay	24,800	24,189	611
Total expenditures	620,198	614,252	5,946
Revenues over expenditures	53,631	41,168	(12,463)

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

Page 2 of 2

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses)			
Transfer from capital project fund	\$ -	\$ -	\$ -
Capital project reserve	(53,631)	-	53,631
Total other financing	(53,631)	0	53,631
Appropriated retained earnings	0	0	0
Revenues and other sources over expenditures and other uses	\$ 0	\$ 41,168	\$ 41,168
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other sources over expenditures and other uses			\$ 41,168
Reconciling Items:			
Principal retirement			74,142
Capital outlay			24,189
Decrease in bond interest accrued			181
Decrease in accrued vacation pay			34
Increase in deferred outflows of resources			6,776
Increase in Net Pension Liability			(8,830)
Decrease in deferred inflows of pensions			1,142
Depreciation			(313,192)
Total Reconciling Items			(215,558)
Change in net position			\$ (174,390)

Other Schedules

This section contains additional information required on property taxes.

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

Town of Beulaville, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2019

Fiscal Year	Uncollected Balance June 30, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2018-2019	-	480,293	466,192	14,101
2017-2018	14,342		7,414	6,928
2016-2017	6,292		1,951	4,341
2015-2016	3,906		592	3,314
2014-2015	2,638		640	1,998
2013-2014	3,085		384	2,701
2012-2013	2,290		381	1,909
2011-2012	1,709		21	1,688
2010-2011	1,335		121	1,214
2009-2010	784		79	705
2008-2009	667		667	-
Totals	<u>37,048</u>	<u>480,293</u>	<u>478,442</u>	<u>38,899</u>
Ad valorem taxes receivable - net				<u>\$ 38,899</u>
Reconciliation with revenues:				
Ad valorem taxes - General Fund				\$ 477,534
Discounts allowed				4,653
Amounts written off for tax year 2008-2009				<u>320</u>
Subtotal				482,507
Less interest and penalties collected				<u>4,065</u>
Total collections and credits				<u>\$ 478,442</u>

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

			<u>Total Levy</u>		
	<u>Town - Wide</u>		Property excluding Registered Motor Vehicles	Registered Motor Vehicles	
	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>		
Original levy:					
Property taxed at current years rate	99,012,901	0.44	\$ 435,657	\$ 435,657	
Motor vehicles taxed at current years rate	7,874,318	0.44	34,647		34,647
Penalties	2,572	0.44	11	11	
Total	<u>106,889,791</u>		<u>470,315</u>	<u>435,668</u>	<u>34,647</u>
Discoveries					
Current year taxes	2,967,799	0.44	13,058	13,058	0
Abatements	<u>(700,090)</u>	0.44	<u>(3,080)</u>	<u>(3,080)</u>	<u>0</u>
Total property valuation	<u>\$ 109,157,500</u>				
Net levy			480,293	445,646	34,647
Uncollected taxes at June 30, 2019			<u>(14,101)</u>	<u>(14,101)</u>	<u>0</u>
Current year taxes collected			<u>\$ 466,192</u>	<u>\$ 431,545</u>	<u>\$ 34,647</u>
Current levy collection percentage			<u>97.06%</u>	<u>96.84%</u>	<u>100.00%</u>

Compliance Section

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Beulaville, 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 of Beulaville, North Carolina's basic financial statements and have issued our report thereon dated November 25, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Beulaville, North Carolina's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Beulaville, North Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Beulaville, North Carolina's internal control..

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies (Finding 19-1).

Compliance and Other Matters

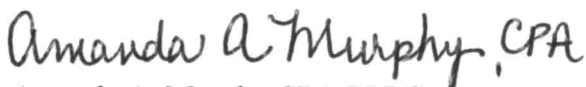
As part of obtaining reasonable assurance about whether the Town of Beulaville, North Carolina's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Beulaville's Response to Findings

The Town of Beulaville, North Carolina's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Amanda A. Murphy CPA PLLC.

Kenansville, North Carolina

November 25, 2019

**Town of Beulaville
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2019**

Finding 19-1	Segregation of Duties
Criteria:	Duties should be segregated to provide reasonable assurance that transactions are handled appropriately.
Condition:	There is a lack of segregation of duties.
Effect:	Transactions could be mishandled.
Cause:	There are a limited number of personnel for certain functions.
Recommendation:	The duties should be separated as much as possible, and alternative controls should be used to compensate for lack of separation. The governing board should provide some of these controls.
Views of responsible officials and planned corrective actions:	The Town agrees with this finding and will adhere to the corrective action plan in this audit report.

**Town of Beulaville
Corrective Action Plan
For the Fiscal Year Ended June 30, 2019**

Finding 19-1 Segregation of Duties

Name of Contact Person:	Lori Williams, Finance Officer and Interim Town Manager
Corrective Action:	The duties will be separated as much as possible and alternative controls will be used to compensate for lack of separation. The governing board will become more involved in providing some of these controls.
Proposed Completion Date:	Immediately

Town of Beulaville
Summary of Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2019

Finding 18-1

Status: Duties are being segregated as much as possible and alternative controls are being implemented to compensate for lack of segregation. The governing board remains involved in providing some of these controls.