

TOWN OF BOONVILLE, NORTH CAROLINA

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2019

TOWN OF BOONVILLE, NORTH CAROLINA

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TOWN OF BOONVILLE, NORTH CAROLINA

MEMBERS OF BOARD OF COMMISSIONERS

William Paul Baity

Richard Lasky

Monica Craver

Tony Reece

Justin Phillips

TOWN OFFICIALS

R. Vaughn Benton.....Mayor

Kim WellsFinance Officer



cannon&company
Certified Public Accountants L.L.P.

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Boonville, 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 presentation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller 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 misstatements.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Boonville, North Carolina as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Pages 9 through 18, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 53 and 54, respectively, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 55 through 56, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Boonville's basic financial statements. The introductory information, combining and individual non-major fund financial statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, budgetary schedules, other schedules, and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2019 on our consideration of the Town of Boonville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to 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 Boonville's internal control over financial reporting and compliance.

Cannon & Company, S.P.A.

October 30, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

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

Financial Highlights

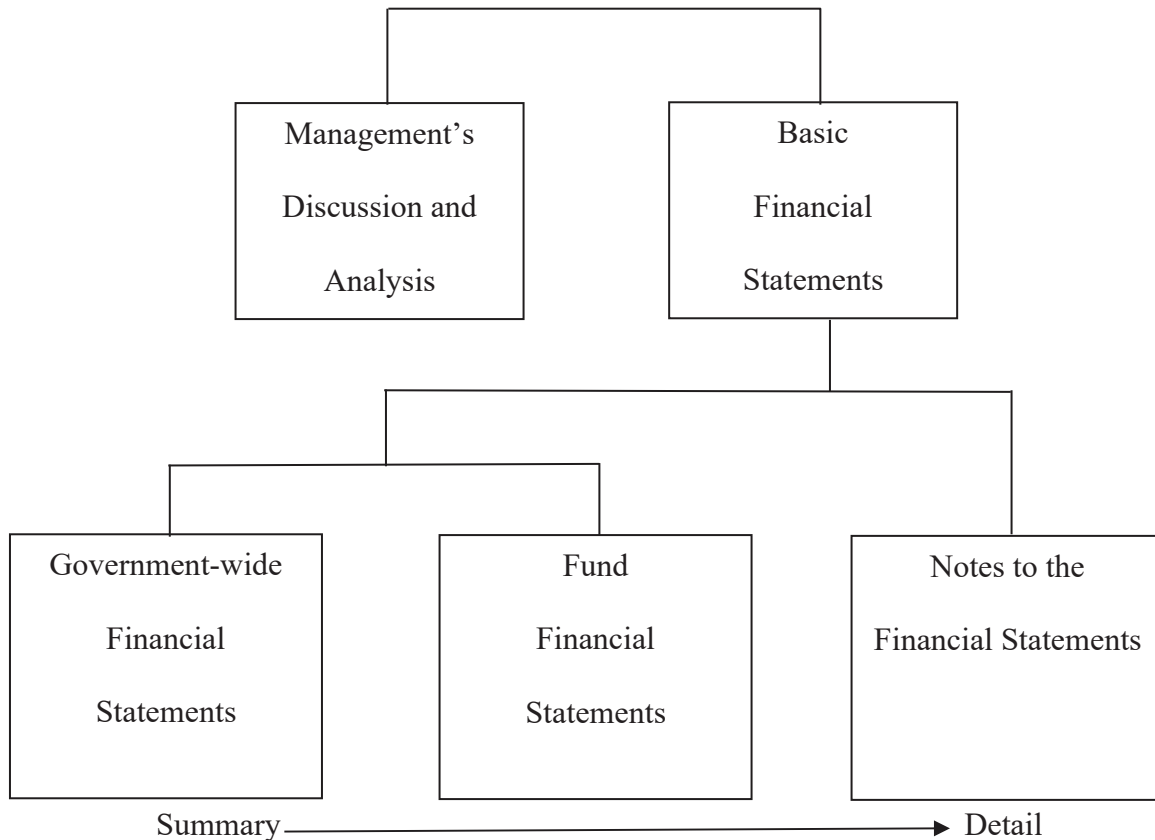
- The assets of the Town of Boonville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$3,336,497 (*net position*).
- The government's total net position increased by \$30,572, due to an increase in net position of the governmental activities (\$103,746) and a decrease in net position of business-type activities (\$73,174).
- As of the close of the current fiscal year, the Town of Boonville's governmental funds reported combined ending fund balances of \$703,901 an increase of \$124,358 in comparison with the prior year. Approximately 65 percent of this total amount, or \$459,331 is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$459,331 or 62 percent of total general fund expenditures for the fiscal year.
- The Town of Boonville's total debt decreased by \$57,685 during the current fiscal year. This decrease was mainly due to making schedule debt payments without many new debt draws for Water and Sewer Fund capital projects.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Boonville's basic financial statements. The Town of Boonville'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 Boonville.

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 of Boonville's financial status.

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are 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 North Carolina General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

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

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. This includes the water and sewer offered by the Town of Boonville.

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Boonville, 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 Boonville 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 Boonville 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.

TOWN OF BOONVILLE, NORTH CAROLINA
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended June 30, 2019

Proprietary Funds – The Town of Boonville has one kind of proprietary fund. The *Enterprise Fund* is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Boonville uses an enterprise fund to account for its water and sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 31 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Boonville's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 52 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.

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TOWN OF BOONVILLE, NORTH CAROLINA
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended June 30, 2019

Government-wide Financial Analysis

Town of Boonville's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 729,505	\$ 621,570	\$ 767,783	\$ 1,075,804	\$ 1,497,288	\$ 1,697,374
Capital assets	440,788	465,185	3,391,204	3,410,004	3,831,993	3,875,189
Deferred outflows of resources	95,570	74,849	47,145	23,671	142,715	98,520
Total assets	1,265,863	1,161,604	4,206,132	4,509,479	5,471,995	5,671,083
Long-term liabilities outstanding	306,691	316,771	1,625,239	1,649,267	1,931,930	1,966,038
Other liabilities	16,984	28,283	150,940	355,929	167,924	384,212
Deferred inflows of resources	32,029	10,137	3,615	4,771	35,644	14,908
Total liabilities	355,704	355,191	1,779,794	2,009,967	2,135,498	2,365,158
Net position:						
Invested in capital assets	440,788	465,185	1,703,752	1,703,752	2,144,540	2,168,937
Restricted	244,570	139,024	230,680	-	475,250	139,024
Unrestricted	224,801	202,204	491,906	795,760	716,707	997,964
Total net position	\$ 910,159	\$ 806,413	\$ 2,426,338	\$ 2,499,512	\$ 3,336,497	\$ 3,305,925

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Boonville exceeded liabilities and deferred inflows by \$3,336,497 as of June 30, 2019. The Town's net position increased by \$30,572 for the fiscal year ended June 30, 2019. However, the largest portion, 64% 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 Boonville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Boonville's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Boonville's net position, 14%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$716,707 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 98.67%.
- Efforts by management to reduce overall expenses.

TOWN OF BOONVILLE, NORTH CAROLINA
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended June 30, 2019

Town of Boonville's Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 77,714	\$ 70,026	\$ 450,101	\$ 646,838	\$ 527,815	\$ 716,864
Operating grants and contributions	37,953	38,432	-	-	37,953	38,432
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	415,607	403,668	-	-	415,607	403,668
Grants and contributions not related to specific programs	324,209	291,853	-	-	324,209	291,853
Sale of equipment	1,272	-	-	-	1,272.00	-
Other	2,879	3,600	27,511	42,195	30,390	45,795
Total revenues	859,634	807,579	477,612	689,033	1,337,246	1,496,612
Expenses:						
General government	159,195	161,905	-	-	159,195	161,905
Public safety	308,161	348,696	-	-	308,161	348,696
Transportation	160,834	129,762	-	-	160,834	129,762
Environmental protection	115,429	105,243	-	-	115,429	105,243
Culture and recreation	12,269	12,527	-	-	12,269	12,527
Water and sewer	-	-	550,786	516,240	550,786	516,240
Total expenses	755,888	758,133	550,786	516,240	1,306,674	1,274,373
Increase (decrease) in net position	103,746	49,446	(73,174)	172,793	30,572	222,239
Net position, beginning	806,413	756,967	2,499,512	2,326,719	3,305,925	3,083,686
Net position, June 30	\$ 910,159	\$ 806,413	\$ 2,426,338	\$ 2,499,512	\$ 3,336,497	\$ 3,305,925

Governmental activities: Governmental activities increased the Town's net position by \$103,746.

Business-type activities: Business-type activities decreased the Town's net position by \$73,174. This decrease is due mainly to a decrease in revenues from the closure of a large industrial customer in FY 2019.

Financial Analysis of the Town of Boonville's Funds

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

TOWN OF BOONVILLE, NORTH CAROLINA
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended June 30, 2019

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

The general fund is the chief operating fund of the Town of Boonville. At the end of the current fiscal year, the Town of Boonville's fund balance available in the General Fund was \$459,331 while total fund balance was \$703,901. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 61 percent of total General Fund expenditures. At June 30, 2019, the governmental funds of Town of Boonville reported a combined fund balance of \$703,901 with a net increase in fund balance of \$124,358.

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. The amendments were in various areas of the government and resulted in an increase in total budget amounts.

Proprietary Funds: The Town of Boonville's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer District at the end of the fiscal year amounted to \$453,021. The total change in net position for the Water and Sewer Fund was a decrease of \$73,174. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Boonville's business-type activities.

Proprietary Fund Budgetary Highlights

During the 2018-2019 fiscal year, the Town revised the budget on several occasions. The amendments were necessary to adjust for certain additional expenditures that were encountered during the year which were not anticipated in the original budget.

TOWN OF BOONVILLE, NORTH CAROLINA
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended June 30, 2019

Capital Asset and Debt Administration

Capital Assets: The Town of Boonville's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$3,831,992 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles. There were \$6,075 of capital purchases for the governmental activities and \$56,117 for the business-type activities during the 2018-2019 budget year. Construction in progress increased \$26,325 for the business-type activities during the 2018-2019 budget year.

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

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 111,795	\$ 111,795	\$ 37,164	\$ 24,631	\$ 148,959	\$ 136,426
Construction in progress	-	-	1,466,777	1,440,452	1,466,777	1,440,452
Buildings	284,387	286,475	-	-	284,387	286,475
Other improvements	-	-	1,762,834	1,846,015	1,762,834	1,846,015
Other equipment	32,112	41,747	122,791	93,991	154,903	135,738
Automotive	12,494	25,168	1,638	4,915	14,132	30,083
Total	\$ 440,788	\$ 465,185	\$ 3,391,204	\$ 3,410,004	\$ 3,831,992	\$ 3,875,189

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

TOWN OF BOONVILLE, NORTH CAROLINA
MANAGEMENT’S DISCUSSION & ANALYSIS
For the Fiscal Year Ended June 30, 2019

Long-term Debt. As of June 30, 2019, the Town of Boonville had total long-term debt outstanding of \$1,648,567 which is backed by the full faith and credit of the Town.

Town of Boonville’s Outstanding Debt

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Amount due State agency	\$ -	\$ -	\$ 1,648,567	\$ 1,706,252	\$ 1,648,567	\$ 1,706,252
Total	\$ -	\$ -	\$ 1,648,567	\$ 1,706,252	\$ 1,648,567	\$ 1,706,252

The Town of Boonville’s total debt decreased by \$57,685 during the past fiscal year primarily due to scheduled payments on outstanding debt, with little new debt draws during the year.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for the Town of Boonville is \$7,361,670.

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

Economic Factors and Next Year’s Budgets and Rates

The following key economic indicators reflect the sustainability of the town:

- There were a couple of small businesses opened in Boonville: Foothills Battery and Shear Inspirations.
- Two businesses closed in Boonville: Future Hair Designs and Parkdale America. Parkdale America was the town’s largest water and sewer customer (averaging 1,140,800 gallons a month).
- Yadkin County’s unemployment rate has increased to 4.0% compared to last year’s rate of 3.6% and is slightly lower than the State average of 4.1%.
- Continued infrastructure upgrades to the town’s water and sewer system for the upcoming year.
- NCDOT improvements on Hwy 601 and US 67 to begin in 2020. This intersection project will bring in additional turning lanes on both highways and pedestrian crossings.
- Continued implementation work of the town’s Strategic Plan by the Steering Committee.
- Continued support by the Boonville Business Downtown Development Association as they continue to grow local events and festivals as well as administer Facade Improvement Grants for local businesses.

TOWN OF BOONVILLE, NORTH CAROLINA
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended June 30, 2019

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities: The General Fund is balanced with a tax rate of \$.49 per \$100 valuation. The property tax rate did not change for the 2019-2020 budget year. The property tax base is estimated to be \$76,257,446, which is a 3.3% decrease from FY2018-2019, and is realistically based on 2019 valuation information from the Yadkin County Tax Administration. The decrease of tax valuation is mainly from the closing of Parkdale America.

The FY 2019-2020 Adopted Budget for the General Fund totals \$935,503, which is approximately 14.5% higher than the FY 2018-2019 Adopted Budget. The main reason for the increase was for the purchase of a new police car that was budgeted at \$41,335.

Business - type Activities: Water and sewer rates were increased by approximately 7% for the 2019-2020 budget year. All water and sewer rates were calculated by the NC Rural Water Association. The reason for the increase was ongoing capital improvements of existing infrastructure and to offset the closing of Parkdale Mills.

The FY 2019-2020 Adopted Budget for the Enterprise Fund totals \$789,080, which is approximately 2.7% higher than the FY 2018-2019 Adopted Budget. This increase is due to the continued infrastructure improvements being done to the entity's water and sewer system as well as debt payments to be made for the Tanyard Creek Outfall line project, the Sewer Plant rehab and the Phase I Water project loans. Continued infrastructure improvements include sewer plant improvement, new well installation, updating well houses for three of the town's existing wells, and line upgrades/installation.

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 Kim Wells, Finance Officer at Town of Boonville, P.O. Box 326, Boonville, NC 27011, or 336-367-7941.

BASIC FINANCIAL STATEMENTS

TOWN OF BOONVILLE, NORTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 566,527	\$ 691,348	\$ 1,257,875
Restricted cash and cash equivalents	22,367	44,713	67,080
Taxes receivables (net)	10,663	-	10,663
Accrued interest receivable on taxes	3,764	-	3,764
Due (to)/from other funds	16,769	(16,769)	-
Accounts receivable (net)	8,365	42,530	50,895
Due from other governments	101,050	5,961	107,011
Total current assets	<u>729,505</u>	<u>767,783</u>	<u>1,497,288</u>
Non-current assets:			
Capital assets (Note I):			
Land, non-depreciable improvements	111,795	37,164	148,959
Construction in progress	-	1,466,777	1,466,777
Other capital assets, net of depreciation	328,993	1,887,263	2,216,256
Total capital assets	<u>440,788</u>	<u>3,391,204</u>	<u>3,831,992</u>
Total assets	<u>1,170,293</u>	<u>4,158,987</u>	<u>5,329,280</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	95,570	47,145	142,715
Total deferred outflows of resources	<u>95,570</u>	<u>47,145</u>	<u>142,715</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	11,177	8,644	19,821
Customer deposits	-	44,713	44,713
Current portion of long-term liabilities	5,807	97,583	103,390
Total current liabilities	<u>16,984</u>	<u>150,940</u>	<u>167,924</u>
Long-term liabilities:			
Net pension liability	112,658	63,370	176,028
Total pension liability	189,967	-	189,967
Due in more than one year	4,066	1,561,869	1,565,935
Total liabilities	<u>323,675</u>	<u>1,776,179</u>	<u>2,099,854</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	32,029	3,615	35,644
Total deferred inflows of resources	<u>32,029</u>	<u>3,615</u>	<u>35,644</u>
NET POSITION			
Net investment in capital assets	440,788	1,703,752	2,144,540
Restricted for:			
Stabilization by State Statute	109,418	-	109,418
Streets	22,367	-	22,367
Subsequent year's expenditures	112,785	230,680	343,465
Unrestricted	224,801	491,906	716,707
Total net position	<u>\$ 910,159</u>	<u>\$ 2,426,338</u>	<u>\$ 3,336,497</u>

TOWN OF BOONVILLE, NORTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 159,195	\$ -	\$ -	\$ -	\$ (159,195)	\$ -	\$ (159,195)
Public safety	308,161	175	-	-	(307,986)	-	(307,986)
Transportation	160,834	-	37,953	-	(122,881)	-	(122,881)
Environmental protection	115,429	77,539	-	-	(37,890)	-	(37,890)
Cultural and recreation	12,269	-	-	-	(12,269)	-	(12,269)
Total governmental activities	755,888	77,714	37,953	-	(640,221)	-	(640,221)
Business-type activities:							
Water and sewer	550,786	450,101	-	-	-	(100,685)	(100,685)
Total business-type activities	550,786	450,101	-	-	-	(100,685)	(100,685)
Total primary government	\$ 1,306,674	\$ 527,815	\$ 37,953	\$ -	\$ (640,221)	\$ (100,685)	\$ (740,906)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					415,607	-	415,607
Grants and contributions not related to specific programs					324,209	-	324,209
Unrestricted investment earnings					599	90	689
Gain on sale of equipment					1,272	-	1,272
Miscellaneous					2,280	27,421	29,701
Total general revenues and transfers					743,967	27,511	771,478
Change in net position					103,746	(73,174)	30,572
Net position, beginning					806,413	2,499,512	3,305,925
Net position, ending					\$ 910,159	\$ 2,426,338	\$ 3,336,497

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

TOWN OF BOONVILLE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	Major Fund General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 566,527	\$ 566,527
Restricted cash	22,367	22,367
Taxes receivable, net	34,941	34,941
Accounts receivable, net	8,365	8,365
Due from other governments	101,050	101,050
Due from Water/Sewer Fund	16,769	16,769
Total assets	<u>\$ 750,019</u>	<u>\$ 750,019</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 11,177	\$ 11,177
Total liabilities	<u>11,177</u>	<u>11,177</u>
DEFERRED INFLOWS OF RESOURCES		
Property taxes receivable	34,941	34,941
Total deferred inflows of resources	<u>34,941</u>	<u>34,941</u>
FUND BALANCES		
Restricted:		
Stabilization by State Statute	109,418	109,418
Streets	22,367	22,367
Subsequent year's expenditures	112,785	112,785
Unassigned	<u>459,331</u>	<u>459,331</u>
Total fund balances	<u>703,901</u>	<u>703,901</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 750,019</u>	
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		\$ 703,901
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 992,904	
Accumulated depreciation	<u>(552,116)</u>	440,788
Deferred outflows of resources related to pensions are not reported in the funds		95,570
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds		3,764
Earned revenues considered inflows of resources in fund statements.		10,663
Net pension liability	(112,658)	
Total pension liability	<u>(189,967)</u>	(302,625)
Deferred inflows of resources related to pensions are not reported in the funds		(32,029)
Liabilities for compensated absences are not due and payable in the current period and therefore are not included in the fund statements		<u>(9,873)</u>
Net position of governmental activities		<u>\$ 910,159</u>

TOWN OF BOONVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	<u>Major Fund</u>	<u>Total</u>
	<u>General Fund</u>	<u>Governmental</u>
		<u>Funds</u>
REVENUES		
Ad valorem taxes	\$ 424,447	\$ 424,447
Unrestricted intergovernmental	324,209	324,209
Restricted intergovernmental	37,953	37,953
Investment earnings	599	599
Miscellaneous	81,260	81,260
Total revenues	<u>868,468</u>	<u>868,468</u>
EXPENDITURES		
Current:		
General government	160,518	160,518
Public safety	307,471	307,471
Transportation	159,240	159,240
Environmental protection	110,172	110,172
Cultural and recreation	6,709	6,709
Total expenditures	<u>744,110</u>	<u>744,110</u>
Excess (deficiency) of revenues over expenditures	<u>124,358</u>	<u>124,358</u>
Net change in fund balance	124,358	124,358
Fund balances, beginning	<u>579,543</u>	<u>579,543</u>
Fund balances, ending	<u>\$ 703,901</u>	<u>\$ 703,901</u>

TOWN OF BOONVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS (CONTINUED)
 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		\$ 124,358
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Capital outlay expenditures which were capitalized	6,075	
Depreciation expense for governmental assets	<u>(30,472)</u>	(24,397)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		20,351
Benefit payments paid and administrative costs made in the current fiscal year are not included in the Statement of Activities		26,568
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in:		
Unavailable revenue for tax revenues	(8,105)	
Interest on taxes receivable	<u>(1,822)</u>	(9,927)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds</p>		
Change in compensated absences	6,650	
Pension expense	<u>(39,857)</u>	(33,207)
Total changes in net position of governmental activities		<u>\$ 103,746</u>

TOWN OF BOONVILLE, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2019

	General Fund			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 398,203	\$ 414,028	\$ 424,447	\$ 10,419
Unrestricted intergovernmental	288,300	319,560	324,209	4,649
Restricted intergovernmental	39,000	37,953	37,953	-
Investment earnings	500	650	599	(51)
Miscellaneous	83,750	97,474	81,260	(16,214)
Total revenues	809,753	869,665	868,468	(1,197)
Expenditures:				
Current:				
General government	196,220	206,365	160,518	45,847
Public safety	316,203	362,589	307,471	55,118
Transportation	177,775	193,393	159,240	34,153
Environmental protection	111,260	112,000	110,172	1,828
Cultural and recreation	15,610	14,500	6,709	7,791
Total expenditures	817,068	888,847	744,110	144,737
Revenues over (under) expenditures	(7,315)	(19,182)	124,358	143,540
Other financing sources:				
Fund balance appropriated	7,315	19,182	-	(19,182)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	124,358	<u>\$ 124,358</u>
Fund balances, beginning			<u>579,543</u>	
Fund balances, ending			<u>\$ 703,901</u>	

TOWN OF BOONVILLE, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2019

	Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 691,348
Restricted cash and cash equivalents	44,713
Accounts receivable (net) - billed	42,530
Due from other governments	5,961
Total current assets	<u>784,552</u>
Noncurrent assets:	
Capital assets:	
Land	37,164
Construction in progress	1,466,777
Other capital assets, net of depreciation	1,887,263
Capital assets	<u>3,391,204</u>
Total noncurrent assets	<u>3,391,204</u>
Total assets	<u>\$ 4,175,756</u>
DEFERRED OUTFLOWS OF RESOURCES	
Contributions to pension plan	\$ 47,145
Total deferred outflows of resources	<u>\$ 47,145</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 8,644
Customer deposits	44,713
Current installments of long-term debt	97,583
Due to General Fund	16,769
Total current liabilities	<u>167,709</u>
Noncurrent liabilities:	
Net pension liability	63,370
Long-term debt, less current installments	1,561,869
Total liabilities	<u>1,792,948</u>
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	<u>3,615</u>
NET POSITION	
Net investment in capital assets	1,742,637
Restricted - subsequent year's expenditures	230,680
Unrestricted	453,021
Total net position	<u>\$ 2,426,338</u>

TOWN OF BOONVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2019

	<u>Water and Sewer Fund</u>
OPERATING REVENUES	
Water and sewer charges	\$ 450,101
Other operating revenues	27,421
Total operating revenues	<u>477,522</u>
OPERATING EXPENSES	
Operating expenses:	
Water department	234,086
Sewer department	162,759
Sewer plant	52,699
Depreciation	101,242
Total operating expenses	<u>550,786</u>
Operating income	<u>(73,264)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	90
Total nonoperating expenses, net	<u>90</u>
Change in net position	(73,174)
Total net position, previously reported	<u>2,499,512</u>
Total net position, ending	<u>\$ 2,426,338</u>

TOWN OF BOONVILLE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2019

	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 467,712
Cash paid for goods and services	(278,376)
Cash paid to or on behalf of employees for services	(165,480)
Customer deposits received	6,109
Customer deposits returned	(3,842)
Other operating revenues	33,170
Net cash provided by operating activities	<u>59,293</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Decrease in due from other governments	203,918
Increase in amount due General Fund	8,457
Increase in debt	26,325
Debt payment	(84,010)
Acquisition of capital assets	(286,360)
Net cash used by capital and related financing activities	<u>(131,670)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	90
Net cash provided by investing activities	<u>90</u>
Net decrease in cash and cash equivalents	(72,287)
Balances, beginning	<u>808,348</u>
Balances, ending	<u><u>\$ 736,061</u></u>

TOWN OF BOONVILLE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND (CONTINUED)
For the Fiscal Year Ended June 30, 2019

	Water and Sewer Fund
Reconciliation of operating earnings to net cash provided by operating activities	
Operating earnings	\$ (73,264)
Adjustments to reconcile operating earnings to net cash provided by operating activities:	
Depreciation	101,242
Changes in assets and liabilities:	
Decrease in accounts receivable	17,611
Decrease in due from other governments - sales tax	5,748
Decrease in deferred outflows of resources - pensions	(23,474)
Decrease in net pension liability	26,509
Decrease in deferred inflows of resources - pensions	(1,156)
Increase in accounts payable and accrued liabilities	532
Increase in customer deposits	2,267
Increase in accrued vacation pay	3,278
Total adjustments	132,557
Net cash provided by operating activities	\$ 59,293

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF BOONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE A- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Town of Boonville is a municipal corporation which is governed by an elected mayor and a five-member council. The accompanying financial statements include all funds and component units required by generally accepted accounting principles. There were no component units for which the Town was financially accountable at June 30, 2019.

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. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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

The Town's governmental fund is the General Fund which is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and sanitation services.

The Town's enterprise fund is the Water and Sewer Fund which is used to account for the Town's water and sewer operations. The following Capital Project Funds have been consolidated into the Water and Sewer Fund for financial reporting purposes – Sewer Plant Upgrade and Water and Sewer Phase 1.

TOWN OF BOONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE A- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting

All funds of the Town are accounted for on the cash basis of accounting during the year, and are converted at year end to the modified accrual or accrual basis of accounting in accordance with North Carolina General Statutes.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town'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 and sewer system. Operating expenses for enterprise funds 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 nonoperating 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 a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property taxes other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes

TOWN OF BOONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE A- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Boonville because the tax is levied by Yadkin County and then remitted to and distributed by the state. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash.

Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. Project ordinances are adopted for the Capital Project Funds. The enterprise fund projects are consolidated with the Water and Sewer Fund for reporting purposes. All annual appropriations lapse at the fiscal year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the 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, some 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 the time until the annual ordinance can be adopted.

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

Deposits and Investments

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

State law [G. S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair value. The NCCMT-Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2019, the Term Portfolio has a duration of 0.11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

TOWN OF BOONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE A- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Town pools money from the general fund and the water and sewer fund 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.

Restricted Assets

Cash in the Water and Sewer Fund is restricted in the amount of \$44,713 for customer deposits. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

Cash in the General Fund is restricted in the amount of \$22,367 for Powell Bill funds. Powell Bill Funds are classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4.

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, 2017. 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.

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.

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

TOWN OF BOONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE A- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	18-50 years
Other improvements	5-40 years
Automotive equipment	5 years
Other equipment	5-10 years

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 which is pension deferrals for the 2019 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meet the criterion for this category - property taxes receivable and pension deferrals.

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.

Compensated Absences

The vacation policy of the Town provides for an accumulation of vacation leave up to 30 days 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 had been designated as a current liability in the government-wide financial statements.

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

TOWN OF BOONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE A- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

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 the "restricted by State statute." *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as 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.

TOWN OF BOONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE A- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote of quorum of the Town of Boonville's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires a majority action by the governing body.

Assigned Fund Balance - portion of fund balance that the Town of Boonville 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 in restricted or committed. The governing body approves the appropriation.

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

Defined Benefit Cost-Sharing Plans

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

NOTE B – DETAIL NOTES ON ALL FUNDS

Assets

Deposits

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

TOWN OF BOONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE B – DETAIL NOTES ON ALL FUNDS (CONTINUED)

and verifying that deposits are properly secured.

At June 30, 2019, the Town’s deposits had a carrying amount of \$1,324,756 and a bank balance of \$1,357,039. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered under the pooling method. At June 30, 2019, the Town’s petty cash fund totaled \$199.

Receivables – Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year June 30, 2019 are net of the following allowance for doubtful accounts:

General Fund - taxes receivable	\$ 24,278
Enterprise Fund - accounts receivable	<u>2,238</u>
 Total	 <u><u>\$ 26,516</u></u>

Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 111,795	\$ -	\$ -	\$ 111,795
Total capital assets not being depreciated	<u>111,795</u>	<u>-</u>	<u>-</u>	<u>111,795</u>
Capital assets being depreciated:				
Buildings	473,427	6,075	-	479,502
Other improvements	2,873	-	-	2,873
Automotive equipment	177,227	-	7,900	169,327
Other equipment	229,407	-	-	229,407
Total capital assets being depreciated	<u>882,934</u>	<u>6,075</u>	<u>7,900</u>	<u>881,109</u>
Less accumulated depreciation for:				
Buildings	186,949	8,166	-	195,115
Other improvements	2,873	-	-	2,873
Automotive equipment	152,059	12,674	7,900	156,833
Other equipment	187,663	9,632	-	197,295
Total accumulated depreciation	<u>529,544</u>	<u>\$ 30,472</u>	<u>\$ 7,900</u>	<u>552,116</u>
Total capital assets being depreciated, net	<u>353,390</u>			<u>328,993</u>
Governmental activity capital assets, net	<u><u>\$ 465,185</u></u>			<u><u>\$ 440,788</u></u>

TOWN OF BOONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE B – DETAIL NOTES ON ALL FUNDS (CONTINUED)

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

General government	\$	3,575
Public safety		13,201
Transportation		3,378
Environmental Protection		4,758
Cultural and Recreation		5,560
Total depreciation expense	\$	<u>30,472</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 24,631	\$ 12,533	\$ -	\$ 37,164
Construction in progress	1,440,452	26,325	-	1,466,777
Total capital assets not being depreciated	<u>1,465,083</u>	<u>38,858</u>	<u>-</u>	<u>1,503,941</u>
Capital assets being depreciated:				
Water and sewer system	3,984,137	-	-	3,984,137
Automotive equipment	57,885	-	-	57,885
Other equipment	292,699	43,584	-	336,283
Total capital assets being depreciated	<u>4,334,721</u>	<u>43,584</u>	<u>-</u>	<u>4,378,305</u>
Less accumulated depreciation for:				
Water and sewer system	2,138,122	83,181	-	2,221,303
Automotive equipment	52,969	3,278	-	56,247
Other equipment	198,709	14,783	-	213,492
Total accumulated depreciation	<u>2,389,800</u>	<u>\$ 101,242</u>	<u>\$ -</u>	<u>2,491,042</u>
Total capital assets being depreciated, net	<u>1,944,921</u>			<u>1,887,263</u>
Water and Sewer fund capital assets, net	<u>3,410,004</u>			<u>3,391,204</u>
Business-type activity capital assets, net	<u>\$ 3,410,004</u>			<u>\$ 3,391,204</u>

NOTE B – DETAIL NOTES ON ALL FUNDS (CONTINUED)

Liabilities

Pension Plan and Postemployment Obligations

Local Governmental Employees' Retirement System

Plan Description. The Town of Boonville 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 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.

TOWN OF BOONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE B – DETAIL NOTES ON ALL FUNDS (CONTINUED)

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Boonville 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 Boonville’s contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Boonville were \$32,926 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 \$176,028 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, the Town’s proportion was .00742% which was a decrease of 0.00012% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$43,557. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 27,157	\$ 911
Changes of assumptions	46,711	-
Net difference between projected and actual earnings on pension plan investments	24,164	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	9,131
Town contributions subsequent to the measurement date	32,926	-
Total	<u>\$ 130,958</u>	<u>\$ 10,042</u>

TOWN OF BOONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE B – DETAIL NOTES ON ALL FUNDS (CONTINUED)

\$32,926 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	42,920
2021	27,321
2022	4,221
2023	13,528
2024	-
Thereafter	-

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:

TOWN OF BOONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE B – DETAIL NOTES ON ALL FUNDS (CONTINUED)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 422,834	\$ 176,028	\$ (30,207)

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.

TOWN OF BOONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE B – DETAIL NOTES ON ALL FUNDS (CONTINUED)

Law Enforcement Officers’ Special Separation Allowance

Plan Description

The Town of Boonville 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	-
Active plan members	<u>5</u>
Total	<u><u>6</u></u>

Summary of Significant Accounting Policies

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

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

TOWN OF BOONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE B – DETAIL NOTES ON ALL FUNDS (CONTINUED)

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, 2018.

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

Contributions

The Town is required by Article 12D of 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 \$26,568 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 \$189,967. 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 \$10,748.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,714	\$ 18,845
Changes of assumptions	6,043	6,757
Benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	<u>\$ 11,757</u>	<u>\$ 25,602</u>

TOWN OF BOONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE B – DETAIL NOTES ON ALL FUNDS (CONTINUED)

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$	(2,485)
2021		(2,485)
2022		(2,202)
2023		(4,506)
2024		(2,167)
Thereafter		-

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%, 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	\$ 202,936	\$ 189,967	\$ 177,995

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

	2019
Beginning balance	\$ 232,529
Service cost	6,305
Interest on the total pension liability	6,928
Changes of benefit terms	-
Differences between expected and actual experience in the measurements of the total pension liability	(23,128)
Changes in assumptions or other inputs	(6,099)
Benefit payments	(26,568)
Other changes	-
Ending balance of the total pension liability	<u>\$ 189,967</u>

TOWN OF BOONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE B – DETAIL NOTES ON ALL FUNDS (CONTINUED)

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 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.

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 43,557	\$ 10,748	\$ 54,305
Pension liability	176,028	189,967	365,995
Proportionate share of the net pension liability	0.00742%	n/a	
Deferred outflow of resources			
Differences between expected and actual experience	27,157	5,714	32,871
Changes in assumptions	46,711	6,043	52,754
Net difference between projected and actual earnings on plan investments	24,164	-	24,164
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-
Benefit payments and administrative costs paid subsequent to the measurement date	32,926	-	32,926
Deferred inflows of resources			
Differences between expected and actual experience	911	18,845	19,756
Changes of assumptions	-	6,757	6,757
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	9,131	-	9,131

TOWN OF BOONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE B – DETAIL NOTES ON ALL FUNDS (CONTINUED)

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 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. The report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410 or by calling (919) 981-5454.

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

The town made contributions of \$7,154 for the reporting year. No amounts were forfeited.

Other Employment Benefits

The Town 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 a death benefit payment is 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 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.

TOWN OF BOONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE B – DETAIL NOTES ON ALL FUNDS (CONTINUED)

Deferred Outflows and Inflows of Resources

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

Contributions to pension plan in current fiscal year	\$ 32,926
Differences between expected and actual experience	32,871
Changes of assumptions	52,754
Net difference between projected and actual earnings on pension plan investments	24,164
Changes in proportion and differences between Town contributions and proportionate share of contributions	<u>-</u>
Total	<u><u>\$ 142,715</u></u>

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Taxes receivable (General Fund)	\$ -	\$ 34,941
Changes in assumptions	6,757	-
Differences between expected and actual experience	19,756	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,131	-
Total	<u><u>\$ 35,644</u></u>	<u><u>\$ 34,941</u></u>

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 has property, general liability, auto liability, worker's compensation and employee health coverages. The finance officer is individually bonded for \$50,000. There have been no significant reductions in insurance coverage in the prior year, and settled claims from these risks have not exceeded the commercial coverage in any of the past three fiscal years.

The Town does not carry flood insurance as the Town limits are not in a designated flood area.

TOWN OF BOONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE B – DETAIL NOTES ON ALL FUNDS (CONTINUED)

Long-Term Obligations

Long-term debt at June 30, 2019 consists of compensated absences and an amount due to a State agency. The amount due to a State agency of \$1,648,567 is non-interest bearing and is payable in annual installments of \$89,407. At June 30, 2019, the Town has a legal debt margin of \$7,361,670.

Changes in Long-Term Liabilities

During the year ended June 30, 2019, the following changes occurred in long-term liabilities:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental Activities:					
Compensated absences	\$ 16,524	\$ 9,873	\$ 16,524	\$ 9,873	\$ 5,807
Net pension liability (LGERS)	78,329	34,329	-	112,658	-
Total pension liability (LEO)	232,529	-	42,562	189,967	-
Total governmental activities	327,382	44,202	59,086	312,498	5,807
Business-type activities:					
Compensated absences	7,607	10,885	7,607	10,885	8,176
Due to State agency	1,706,252	26,325	84,010	1,648,567	89,407
Net pension liability (LGERS)	36,861	26,509	-	63,370	-
Total business-type activities	1,750,720	63,719	91,617	1,722,822	97,583
Total long-term obligations	\$ 2,078,102	\$ 107,921	\$ 150,703	\$ 2,035,320	\$ 103,390

The Town is in the process of upgrading its water and sewer system and has entered into a financing agreement with a state agency, in which annual payments will be required with 0% interest annum.

The annual debt service requirements in proceeds received to date are as follows:

<u>Year ended June 30</u>	<u>Principal</u>
2020	\$ 89,408
2021	89,408
2022	89,408
2023	89,408
2024	89,408
Subsequent years	1,201,527
	<u>\$ 1,648,567</u>

TOWN OF BOONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE C – INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at June 30, 2019, consist of the following:

Due to the General Fund from the Water and Sewer Fund \$16,769

The interfund balance resulted from the time lag between the dates that (1) interfund goods and services are provided or reimburseable expenditure occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The interfund balance occurred in the normal course of business.

NOTE D – FUND BALANCE

Total fund balance-General Fund	\$703,901
Less:	
Stabilization by State Statute	109,418
Streets-Powell Bill	22,367
Subsequent year's expenditures	<u>112,785</u>
Remaining Fund Balance	<u>\$459,331</u>

NOTE E – JOINTLY GOVERNED ORGANIZATION

The Town, in conjunction with twelve counties and seventy-three other municipalities established the Piedmont Triad Regional Council (PTRC). The participating governments established the PRTC to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the PTRC's governing board. The Town paid membership fees of \$716 to PRTC during the fiscal year ended June 30, 2019.

NOTE F – SUMMARY OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The Town has received proceeds from State grant programs. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under 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 Liability for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Changes in Total Pension Liability for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll for the Law Enforcement Officers' Special Separation Allowance

TOWN OF BOONVILLE, NORTH CAROLINA
TOWN OF BOONVILLE'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
 Last Six Fiscal Years*

Local Government Employees' Retirement System	2019	2018	2017	2016	2015	2014
Town of Boonville's proportion of the net pension liability (asset) (%)	0.00742%	0.00754%	0.00782%	0.00879%	0.00846%	0.00850%
Town of Boonville's proportion of the net pension liability (asset) (\$)	\$ 176,028	\$ 115,190	\$ 165,967	\$ 39,448	\$ (49,893)	\$ 102,458
Town of Boonville's covered-employee payroll	\$ 452,085	\$ 435,218	\$ 450,230	\$ 449,213	\$ 406,679	\$ 406,841
Town of Boonville's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	38.94%	26.47%	36.86%	8.78%	-12.27%	25.18%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%	94.35

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

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

TOWN OF BOONVILLE, NORTH CAROLINA
TOWN OF BOONVILLE'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
 Last Six Fiscal Years

	2019	2018	2017	2016	2015	2014
Local Government Employees' Retirement System						
Contractually required contribution	\$ 32,926	\$ 34,561	\$ 33,244	\$ 30,573	\$ 29,117	\$ 29,132
Contributions in relation to the contractually required contribution	32,926	34,561	33,244	30,573	29,117	29,132
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town of Boonville's covered-employee payroll	\$ 407,602	\$ 452,085	\$ 435,218	\$ 450,230	\$ 449,213	\$ 406,679
Contributions as a percentage of covered-employee payroll	8.08%	7.64%	7.64%	6.79%	6.48%	7.16%

TOWN OF BOONVILLE, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
June 30, 2019

Law Enforcement Officers' Special Separation Allowance	2019	2018	2017
Beginning balance	\$ 232,529	\$ 213,148	\$ 216,297
Service cost	6,305	4,927	5,733
Interest on the total pension liability	6,928	7,986	7,498
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement	(23,128)	9,230	-
Changes of assumptions or other inputs	(6,099)	9,761	(3,857)
Benefit payments	(26,568)	(12,523)	(12,523)
Other changes	-	-	-
Ending balance of the total pension liability	\$ 189,967	\$ 232,529	\$ 213,148

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

TOWN OF BOONVILLE, NORTH CAROLINA
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
 June 30, 2019

Law Enforcement Officers' Special Separation Allowance	2019	2018	2017
Total pension liability	\$ 189,967	\$ 232,529	\$ 213,148
Covered payroll	196,712	192,566	187,637
Total pension liability as a percentage of covered payroll	96.57%	120.75%	113.60%

Notes to the schedules:

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

**INDIVIDUAL FUND
FINANCIAL STATEMENTS SECTION**

TOWN OF BOONVILLE, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year, net of discounts		\$ 405,401	
Prior years		12,593	
Penalties and interest		6,453	
Total	<u>\$ 414,028</u>	<u>424,447</u>	<u>\$ 10,419</u>
Unrestricted intergovernmental:			
Local option sales taxes		144,586	
Hold harmless payment		58,036	
Utilities franchise tax		104,545	
Telecommunications sales tax		4,611	
Piped natural gas		136	
Video franchise fee		6,155	
Beer and wine tax		5,284	
Solid waste disposal fee		856	
Total	<u>319,560</u>	<u>324,209</u>	<u>4,649</u>
Restricted intergovernmental:			
Powell Bill allocation	<u>37,953</u>	<u>37,953</u>	<u>-</u>
Investment earnings	<u>650</u>	<u>599</u>	<u>(51)</u>
Other revenues:			
Landfill fees		77,539	
Court officers fees		175	
Zoning fees		380	
Sale of fixed assets		1,272	
Miscellaneous		1,894	
Total	<u>97,474</u>	<u>81,260</u>	<u>(16,214)</u>
Total revenues	<u>869,665</u>	<u>868,468</u>	<u>(1,197)</u>

(continued)

TOWN OF BOONVILLE, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (CONTINUED)
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General government:			
Governing body:			
Salaries		5,850	
Employee benefits		448	
Professional services		24,892	
Utilities		1,399	
Travel		49	
Maintenance and repairs		1,845	
Election expense		500	
Advertising		322	
Dues and subscriptions		3,155	
Supplies		237	
Bank charges		1,414	
Insurance		6,303	
Economic development		7,654	
Miscellaneous		1,420	
	<u>74,525</u>	<u>55,488</u>	<u>19,037</u>
Administration:			
Salaries		51,639	
Employee benefits		20,355	
Telephone		2,958	
Printing and postage		257	
Utilities		4,087	
Travel		1,996	
Training		1,211	
Maintenance and repairs		4,718	
Advertising		100	
Supplies and materials		3,716	
Dues and subscriptions		1,160	
Insurance		2,403	
Computer expense		2,525	
Website		1,262	
Capital outlay		6,075	
Miscellaneous		558	
	<u>130,730</u>	<u>105,020</u>	<u>25,710</u>
Planning and zoning:			
Supplies and materials		10	
	<u>1,110</u>	<u>10</u>	<u>1,100</u>
Total general government	<u>206,365</u>	<u>160,518</u>	<u>45,847</u>

(continued)

TOWN OF BOONVILLE, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (CONTINUED)
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued):			
Public safety:			
Salaries		160,536	
Employee benefits		94,723	
Telephone		4,756	
Utilities		2,156	
Medical expense		540	
Travel		398	
Training		22	
Advertising		400	
Maintenance and repairs		5,875	
Vehicle supplies		10,159	
Printing and postage		169	
Supplies and materials		979	
Uniforms		3,191	
Insurance		11,425	
Miscellaneous		7,915	
Computer expense		4,227	
	<u>362,589</u>	<u>307,471</u>	<u>55,118</u>
Transportation:			
Street department:			
Salaries		42,579	
Employee benefits		19,763	
Telephone		886	
Utilities		20,962	
Maintenance and repairs		4,356	
Vehicle supplies		3,417	
Training		70	
Supplies and materials		1,882	
Uniforms		1,857	
Insurance		4,684	
Miscellaneous		89	
Safety		455	
Travel		141	
	<u>113,133</u>	<u>101,141</u>	<u>11,992</u>
Powell Bill:			
Snow and ice removal		1,550	
Right of way		190	
Other improvements		56,359	
	<u>80,260</u>	<u>58,099</u>	<u>22,161</u>
	<u>193,393</u>	<u>159,240</u>	<u>34,153</u>

(continued)

TOWN OF BOONVILLE, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (CONTINUED)
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued):			
Environmental protection:			
Sanitation:			
Salaries		13,812	
Employee benefits		5,057	
Contract labor		75,564	
Vehicle supplies		271	
Printing and postage		120	
Supplies and materials		227	
Uniforms		628	
Landfill fees		10,293	
Insurance		1,800	
Computer expense		2,400	
Total environmental protection	<u>112,000</u>	<u>110,172</u>	<u>1,828</u>
Cultural and recreation:			
Beautification		830	
Library insurance		561	
Library maintenance		789	
Donations to library		2,500	
Donations to recreation club		1,000	
Donations to school backpack program		500	
Donations to hospice		500	
Parks and recreation		29	
Total	<u>14,500</u>	<u>6,709</u>	<u>7,791</u>
Total expenditures	<u>888,847</u>	<u>744,110</u>	<u>144,737</u>
Revenues over (under) expenditures	(19,182)	124,358	143,540
Fund balance appropriated	<u>19,182</u>	<u>-</u>	<u>(19,182)</u>
Revenues and other financing sources over expenditures and other uses	<u>\$ -</u>	124,358	<u>\$ 124,358</u>
Fund balances, beginning		<u>579,543</u>	
Fund balances, ending		<u>\$ 703,901</u>	

TOWN OF BOONVILLE, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Water and sewer charges		\$ 467,712	
Water and sewer taps		2,500	
Water reconnection and penalties		17,169	
Miscellaneous		7,752	
	<u>568,627</u>	<u>495,133</u>	<u>(73,494)</u>
Total operating revenues			
Nonoperating revenues:			
Interest earnings		90	
	<u>200</u>	<u>90</u>	<u>(110)</u>
Total revenues			
	<u>568,827</u>	<u>495,223</u>	<u>(73,604)</u>
Expenditures:			
Water:			
Salaries		78,478	
Employee benefits		34,234	
Contract services		10,118	
Professional services		5,279	
Telephone		1,202	
School and training		723	
Printing and postage		1,681	
Advertising		1,371	
Utilities		19,344	
Travel		114	
Maintenance and repairs		33,642	
Vehicle supplies		3,638	
Supplies and materials		22,132	
Uniforms		2,010	
Dues and subscriptions		4,303	
Insurance		7,665	
Land lease		1,600	
Computer expense		2,400	
Safety		455	
	<u>289,751</u>	<u>230,389</u>	<u>59,362</u>
Total water operations			

(continued)

TOWN OF BOONVILLE, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP) (CONTINUED)
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued):			
Sewer department:			
Salaries		72,098	
Employee benefits		32,950	
Contract services		5,179	
Telephone		902	
Printing and postage		1,668	
Utilities		8,102	
Travel		152	
Maintenance and repairs		9,598	
Vehicle supplies		3,638	
Supplies and materials		9,103	
Uniforms		1,726	
Dues and subscriptions		4,678	
Insurance		7,848	
Miscellaneous		628	
Computer expense		2,400	
Safety		455	
	<u>175,227</u>	<u>161,125</u>	<u>14,102</u>
Sewer plant:			
Salaries		9,952	
Employee benefits		759	
Contract services		5,450	
Utilities		13,007	
Travel		170	
Maintenance and repairs		9,462	
Supplies and materials		8,184	
Uniforms		940	
Sludge disposal		1,475	
Dues and subscriptions		980	
Insurance		1,641	
Miscellaneous		678	
	<u>75,475</u>	<u>52,698</u>	<u>22,777</u>
Debt service			
Debt payment	<u>94,807</u>	<u>84,010</u>	<u>10,797</u>

(continued)

TOWN OF BOONVILLE, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP) (CONTINUED)
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures (continued):			
Capital outlay:			
Other capital outlay	198,000	56,117	141,883
Total capital outlay	198,000	56,117	141,883
Total expenditures	833,260	584,339	248,921
Revenues over (under) expenditures	(264,433)	(89,116)	175,317
Other financing sources (uses)			
Fund balance appropriated	264,433	-	(264,433)
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ (89,116)</u>	<u>\$ (89,116)</u>

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

Revenues and other sources over expenditures and other uses	\$ (89,116)
Reconciling items:	
Capital outlay	56,117
Debt payment	84,010
Depreciation	(101,242)
Decrease in accounts receivable, net of allowance for doubtful accounts	(17,611)
Increase in accrued vacation pay	(3,453)
Increase in deferred outflows of resources - pension	23,474
Decrease in net pension liability	(26,509)
Decrease in deferred inflows of resources - pension	1,156
Total reconciling items	<u>15,942</u>
Change in net position	<u>\$ (73,174)</u>

TOWN OF BOONVILLE, NORTH CAROLINA
CAPITAL PROJECT FUND - SEWER PLANT UPGRADE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2019

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Variance Positive (Negative)</u>
REVENUES					
Loan proceeds	\$ 856,075	\$ 841,565	\$ 10,932	\$ 852,497	\$ (3,578)
Total revenues	<u>856,075</u>	<u>841,565</u>	<u>10,932</u>	<u>852,497</u>	<u>(3,578)</u>
EXPENDITURES					
Professional services	62,911	59,099	10,933	70,032	(7,121)
Capital outlay	777,612	782,737	-	782,737	(5,125)
Closing costs	17,121	17,121	-	17,121	-
Contingency	15,552	-	-	-	15,552
Total expenditures	<u>873,196</u>	<u>858,957</u>	<u>10,933</u>	<u>10,933</u>	<u>3,306</u>
Revenue over (under) expenditures	<u>(17,121)</u>	<u>(17,392)</u>	<u>(1)</u>	<u>(17,393)</u>	<u>(272)</u>
OTHER FINANCING SOURCES					
Transfer from Water & Sewer Fund	<u>17,121</u>	<u>17,121</u>	<u>-</u>	<u>17,121</u>	<u>-</u>
Total other financing sources	<u>17,121</u>	<u>17,121</u>	<u>-</u>	<u>17,121</u>	<u>-</u>
Total revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (271)</u>	<u>(1)</u>	<u>\$ (272)</u>	<u>\$ (272)</u>
Fund balance, beginning			<u>(271)</u>		
Fund balance (deficit), ending			<u>\$ (272)</u>		

TOWN OF BOONVILLE, NORTH CAROLINA
CAPITAL PROJECT FUND - WATER AND SEWER - PHASE I
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2019

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Variance Positive (Negative)</u>
REVENUES					
Loan proceeds	\$ 501,306	\$ 581,495	\$ 15,393	\$ 596,888	\$ 95,582
Total revenues	<u>501,306</u>	<u>581,495</u>	<u>15,393</u>	<u>596,888</u>	<u>95,582</u>
EXPENDITURES					
Professional services	91,000	96,385	8,313	104,698	(13,698)
Capital outlay - real estate	32,000	-	-	-	32,000
Capital outlay - construction	350,790	475,283	7,080	482,363	(131,573)
Closing costs	9,976	9,827	-	9,827	149
Contingency	17,540	-	-	-	17,540
Total expenditures	<u>501,306</u>	<u>581,495</u>	<u>15,393</u>	<u>15,393</u>	<u>(95,582)</u>
Revenue over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>		
Fund balance (deficit), ending			<u>\$ -</u>		

OTHER SCHEDULES

This section contains additional information on property taxes.

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

TOWN OF BOONVILLE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2019

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2018</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018-2019	\$ -	\$ 423,259	\$ 417,646	\$ 5,613
2017-2018	8,730	-	3,695	5,035
2016-2017	5,619	-	2,848	2,771
2015-2016	3,256	-	953	2,303
2014-2015	2,843	-	553	2,290
2013-2014	5,337	-	1,290	4,047
2012-2013	4,297	-	190	4,107
2011-2012	4,038	-	700	3,338
2010-2011	2,984	-	142	2,842
2009-2010	2,838	-	243	2,595
2008-2009	2,533	-	2,533	-
	<u>\$ 42,475</u>	<u>\$ 423,259</u>	<u>\$ 430,793</u>	<u>34,941</u>

Less: allowance for uncollectible accounts:

General Fund

24,278

Ad valorem taxes receivable - net

\$ 10,663

Reconciliation to revenues:

Ad valorem taxes - General Fund

\$ 424,447

Reconciling items:

Interest collected

(6,453)

Discounts and collection fees

12,282

Adjustments prior year taxes

311

Taxes written off

206

Total collections and credits

\$ 430,793

TOWN OF BOONVILLE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
TOWN-WIDE LEVY
For the Fiscal Year Ending June 30, 2019

	Town - Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy: Property taxed at current year's rate	\$ 92,012,826	0.46	\$ 423,259	\$ 380,733	\$ 42,526
Discoveries	103,043		474	474	-
Abatements	(95,000)		(474)	(474)	-
Total property valuation	<u>\$ 92,020,869</u>				
Net levy			423,259	380,733	42,526
Unpaid (by taxpayer) taxes at June 30, 2019			(5,613)	(5,613)	-
Current year's taxes collected			<u>\$ 417,646</u>	<u>\$ 375,120</u>	<u>\$ 42,526</u>
Current levy collection percentage			<u>98.67%</u>	<u>98.53%</u>	<u>100.00%</u>

COMPLIANCE SECTION



cannon&company
Certified Public Accountants L.L.P.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the Town of Boonville as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises the Town of Boonville's basic financial statements, and have issued our report thereon dated October 30, 2019.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as finding 2019-1 to be a material weakness.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings

and responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Boonville'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 is required to be reported under *Government Auditing Standards*.

Town of Boonville's Response to Findings

The Town of Boonville's response 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

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

Cannon & Company, S.L.P.

October 30, 2019

TOWN OF BOONVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

Section I - Summary of Independent Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u> Yes	<u> </u> No
Significant deficiency(s)	<u> </u> Yes	<u> X </u> None reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Section II - Financial Statement Findings

MATERIAL WEAKNESS

2019-1 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 among Town personnel.

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.

Management Response: The Town agrees there is a lack of segregation of duties due to a small finance staff and has segregated functions when possible. Review procedures are in place that are performed by the Mayor and Council, however, the Town also recognizes that reasonable assurance takes into consideration that the cost of the control should not exceed the benefits.

TOWN OF BOONVILLE, NORTH CAROLINA
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2019

Section II - Financial Statement Findings

2019-1 Segregation of Duties:

Name of contact person: Kim Wells, Town Finance Officer

Corrective Action:

The duties are separated as much as possible with limited staff and alternative controls are used to compensate for lack of segregation of duties. At this time, the Town's work load does not necessitate additional personnel and it would be cost prohibitive to add personnel just for segregation of duties; the Town recognizes that reasonable assurance takes into consideration that the cost of internal control, should not exceed the benefits. Since the Town Finance Officer is the control for the majority of finance functions, she has designated a management team member to perform her function when she is out. The Town will continue to look for possible segregation of duties whenever possible.

Proposed Completion Date:

The Town has implemented the segregation of duties with limited staff and implemented review procedures when segregation isn't possible. The alternative for the Finance Director is in place.

TOWN OF BOONVILLE, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2019

Finding: 2018-1 Segregation of Duties

Status: Duties are being segregated as much as possible at the current time. Client does not have resources to add additional staff to segregate duties to the extent necessary