

TOWN OF BOSTIC, NORTH CAROLINA
Financial Statements
(With Supplementary Information)

June 30, 2019

TOWN OFFICIALS

Mayor

Mitch Harrill

Town Council

Keith Dobbins

Rodger Hall

Mike Hollifield

Billy Lattimore

Jeff Swink - Mayor Pro-Tem

Town Clerk

Angie Ownbey

TOWN OF BOSTIC, NORTH CAROLINA
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June 30, 2019

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Independent Auditor's Report

To the Honorable Mayor and
Members of Town Council
Bostic, North Carolina

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each fund of the Town of Bostic, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, based on this audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each fund of the Town of Bostic, North Carolina as of June 30, 2019, and the respective changes in financial

position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund and Fire District 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, (A-H) and the Firefighters' and Rescue Squad Workers' Pension Fund's Schedule of the Proportionate Share of Net Pension Liability (I) 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 which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on this information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Bostic, North Carolina. The individual fund statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund statements and other schedules 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 my opinion, based on my audit, the procedures performed as described above, the individual fund statements and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



September 25, 2019

TOWN OF BOSTIC, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Town of Bostic, we offer readers of the Town of Bostic's financial statements this narrative overview and analysis of the financial activities of the Town of Bostic for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

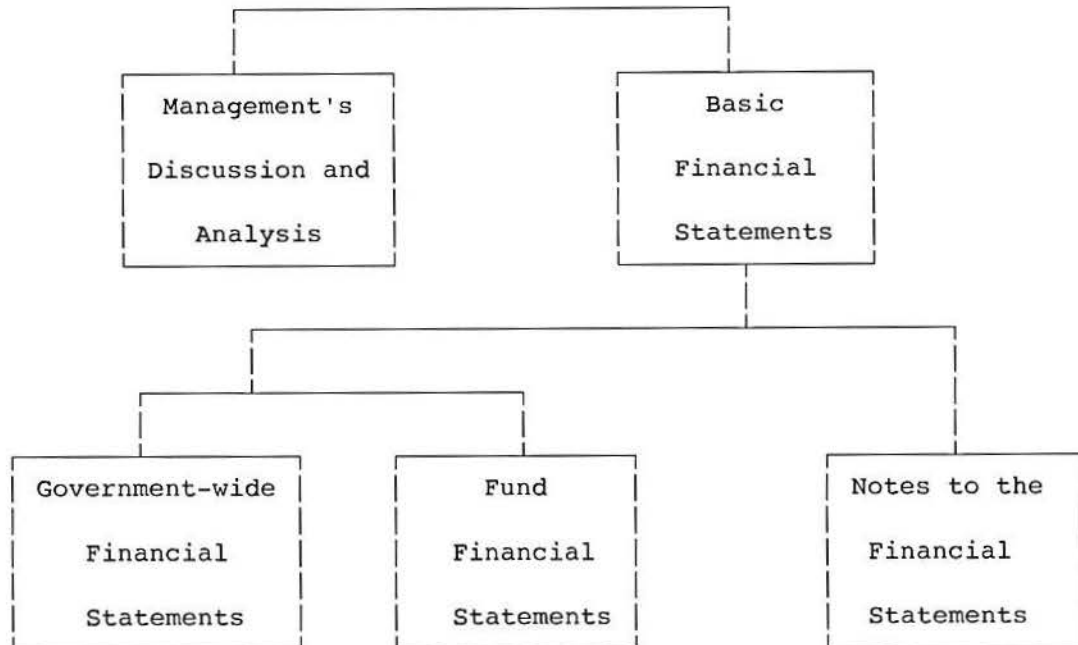
- * The assets of the Town of Bostic exceeded its liabilities and deferred inflow of resources at the close of the fiscal year by \$4,677,128 (*net position*).
- * The government's total net position increased by \$314,208; 60.08% due to operation of its utilities.
- * As of the close of the current fiscal year, the Town of Bostic's governmental funds reported combined ending fund balances of \$669,733, with a net decrease of \$42,382 in fund balances. Approximately 65.39 percent of this total amount, \$437,932, is nonspendable or restricted.
- * At the end of the current fiscal year unassigned fund balance for the General Fund was \$231,801, or 133.93 percent of total General Fund expenditures for the fiscal year.
- * The Town of Bostic's total long-term debt decreased by \$78,674 (26.56%) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Town of Bostic's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Bostic.

Management Discussion and Analysis
Town of Bostic

Required Components of Annual Financial Report
Figure 1



Summary _____ \ Detail
/

Basic Financial Statements

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

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government and 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.

Management Discussion and Analysis
Town of Bostic

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 plus net outflows of resources, if any, and the total of liabilities plus deferred inflows of resources, if any. 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, environmental protection, streets, and general administration. Property taxes and state grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include water and electric services offered by the Town of Bostic.

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Bostic, 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 Bostic can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Bostic adopts an annual budget for its General Fund and Special Revenue 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,

Management Discussion and Analysis

Town of Bostic

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 and Special Revenue 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 Special Revenue Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds - Town of Bostic has two proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Bostic uses enterprise funds to account for its water and electric operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions. The Town of Bostic does not utilize an Internal Service Fund.

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 comprise the last section of the basic financial statements.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Bostic's proportionate share of pension liability for its firefighters. This Required Supplemental Financial Data is presented in the section following the notes.

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/or appropriations.

Government-Wide Financial Analysis

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 Bostic exceeded liabilities and deferred inflow of resources by \$4,677,128 as of June 30, 2019. The Town's net position increased by \$314,208 for the fiscal year ended June 30, 2019. A portion of net position (41.97 percent) 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 Bostic uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Bostic's net

Management Discussion and Analysis
Town of Bostic

investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Bostic's net position, \$301,546 (6.45 percent), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,412,429 (51.58 percent) is unrestricted.

The Town of Bostic's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 686 874	\$ 728 898	\$2 113 844	\$1 902 167	\$2 800 718	\$2 631 065
Capital assets	1 000 087	880 847	1 180 633	1 233 440	2 180 720	2 114 287
Total assets	1 686 961	1 609 745	3 294 477	3 135 607	4 981 438	4 745 352
Long-term liabilities						
outstanding	127 567	176 241	90 000	120 000	217 567	296 241
Other liabilities	8 629	8 109	78 113	78 018	86 742	86 127
Deferred inflow of resources	1	64			1	64
Total liabilities and deferred inflow of resources	136 197	184 414	168 113	198 018	304 310	382 432
Net position:						
Net investment in capital assets	872 520	704 606	1 090 633	1 113 440	1 963 153	1 818 046
Restricted	301 546	319 508			301 546	319 508
Unrestricted	376 698	401 217	2 035 731	1 824 149	2 412 429	2 225 366
Total net position	\$1 550 764	\$1 425 331	\$3 126 364	\$2 937 589	\$4 677 128	\$4 362 920

Town of Bostic Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 51 970	\$ 51 976	\$ 603 633	\$ 602 292	\$ 655 603	\$ 654 268
Operating grants and contributions	125 423	124 734	5 000	5 000	130 423	129 734
Capital grants and contributions	68 226				68 226	

Management Discussion and Analysis
Town of Bostic

Town of Bostic Changes in Net Position (Continued)
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General revenues:						
Property taxes	\$ 47 182	\$ 44 354	\$	\$	\$ 47 182	\$ 44 354
Grants not restricted						
to specific programs	45 372	45 978			45 372	45 978
Other	1 754	1 365	14 551	10 658	16 305	12 023
Total revenues	339 927	268 407	623 184	617 950	963 111	886 357
Expenses:						
General government	109 967	90 988			109 967	90 988
Public Safety	84 553	59 916			84 553	59 916
Transportation	6 536	2 546			6 536	2 546
Environmental protection	22 294	21 568			22 294	21 568
Interest on long-term debt	4 144	5 434			4 144	5 434
Water			141 549	132 444	141 549	132 444
Electric			279 860	314 726	279 860	314 726
Total expenses	227 494	180 452	421 409	447 170	648 903	627 622
Increase in net position before transfers	112 433	87 955	201 775	170 780	314 208	258 735
Transfers	13 000	18 000	(13 000)	(18 000)		
Increase in net position	125 433	105 955	188 775	152 780	314 208	258 735
Net position, July 1	1 425 331	1 319 376	2 937 589	2 784 809	4 362 920	4 104 185
Net position June 30	\$1 550 764	\$1 425 331	\$3 126 364	\$2 937 589	\$4 677 128	\$4 362 920

Governmental activities - Governmental activities increased the Town's net position by \$125,433 thereby accounting for 39.92 percent of the total growth in the net position of the Town of Bostic.

Business-type activities - Business-type activities increased the Town of Bostic's net position by \$188,775, accounting for 60.08 percent of the total growth in the government's net position. Before transfers, business type operations provided 64.22% of the Town's net position growth. This growth resulted from normal operations.

Financial Analysis of the Town's Funds

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

Management Discussion and Analysis
Town of Bostic

Governmental Funds - The focus of the Town of Bostic's governmental funds is to provide information on near-term inflows, outflows, and balances of useable resources. Such information is useful in assessing the Town's financing requirements.

The General Fund is the chief operating fund of the Town of Bostic. At the end of the current fiscal year, the Town of Bostic's fund balance available in the General Fund was \$231,801, while total fund balance was \$303,485. The Town of Bostic currently has an available fund balance of 133.93% of General Fund expenditures, while total fund balance represents 175.35% of the same amount.

At June 30, 2019, the governmental funds of the Town of Bostic reported a combined fund balance of \$669,733 with a net decrease in fund balance of \$42,382. Included in this change in fund balance are decreases in fund balance for the General Fund, \$981, and a decrease in fund balance for the Fire District Fund, \$41,401.

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; and 3) increases in appropriations that become necessary to maintain services.

Proprietary Funds - The Town of Bostic'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 Fund at the end of the fiscal year amounted to \$689,637 and that for the Electric Fund amounted to \$1,346,094. The total change in net position for both funds was \$51,054 and \$137,721 respectively.

Capital Asset and Debt Administration

Capital assets - The Town of Bostic's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$2,180,720 (net of accumulated depreciation). These assets include land, buildings, machinery and equipment, vehicles, water lines, electric lines and improvements.

**Town of Bostic's Capital Assets
(Net of Depreciation)**

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land and nondepreciable assets	\$ 342 763	\$ 251 316	\$	\$	\$ 342 763	\$ 251 316
Buildings	564 190	586 122			564 190	586 122
Substations, lines, and related equipment			1 148 248	1 198 752	1 148 248	1 198 752
Machinery and equipment	88 472	35 639			88 472	35 639
Vehicles and motorized equipment	4 662	7 770			4 662	7 770
Improvements			32 385	34 688	32 385	34 688
Total	\$1 000 087	\$ 880 847	\$1 180 633	\$1 233 440	\$2 180 720	\$2 114 287

Management Discussion and Analysis
Town of Bostic

Long-term Debt - As of June 30, 2019, the Town of Bostic owed \$127,567 to finance the construction of an EMS satellite station and fire bays and \$90,000 to finance the construction of water lines. This debt decreased by \$78,674 during the current fiscal year.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Bostic is approximately \$1,421,000. The Town has no bonds authorized and unissued at June 30, 2019.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities:

The property tax and fire district tax rates will remain unchanged at \$.26 and \$.06 per \$100 valuation respectively.

Business-type Activities:

The water and supplier costs are expected to remain unchanged; electric rates will increase for residential (5.9%) and commercial (15.9%) and are passed on to the Town's customers.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Clerk, Town of Bostic, Post Office Box 158, Bostic, NC 28018.

TOWN OF BOSTIC, NORTH CAROLINA

BASIC FINANCIAL STATEMENTS

TOWN OF BOSTIC, NORTH CAROLINA

Statement of Net Position

June 30, 2019

Assets	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash and cash equivalents	\$ 235 660	\$1 984 946	\$2 220 606
Taxes receivable - net	4 494		4 494
Accrued interest on taxes	960		960
Accounts receivable - net	3 057	79 264	82 321
Due from other governments	15 474		15 474
Prepaid items	1 088		1 088
Restricted assets:			
Cash and cash equivalents	409 212	49 634	458 846
Due from other governments	16 929		16 929
	<u>686 874</u>	<u>2 113 844</u>	<u>2 800 718</u>
Capital assets:			
Land and non-depreciable assets	342 763		342 763
Other capital assets, net of depreciation	657 324	1 180 633	1 837 957
	<u>1 000 087</u>	<u>1 180 633</u>	<u>2 180 720</u>
Total assets	<u>1 686 961</u>	<u>3 294 477</u>	<u>4 981 438</u>
Liabilities			
Current liabilities:			
Accounts payable	3 858	28 479	32 337
Current portion of long-term liabilities	50 000	30 000	80 000
Liabilities payable from restricted assets:			
Customer deposits		49 634	49 634
Accounts payable	4 771		4 771
	<u>58 629</u>	<u>108 113</u>	<u>166 742</u>
Long term liabilities:			
Due in more than one year	77 567	60 000	137 567
Total liabilities	<u>136 196</u>	<u>168 113</u>	<u>304 309</u>
Deferred Inflow of Resources			
Prepaid taxes	<u>1</u>	<u>-</u>	<u>1</u>
Net Position:			
Net investment in capital assets	872 520	1 090 633	1 963 153
Restricted for:			
Stabilization by State Statute	32 403		32 403
Streets	55 228		55 228
Fire protection	213 915		213 915
Unrestricted	<u>376 698</u>	<u>2 035 731</u>	<u>2 412 429</u>
Total net position	<u>\$1 550 764</u>	<u>\$3 126 364</u>	<u>\$4 677 128</u>

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

TOWN OF BOSTIC, NORTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for	Operating	Capital	Governmental	Business-Type	Total
		Services	Grants and	Grants and	Activities	Activities	
			Contributions	Contributions			
Governmental activities:							
General government	\$109 967	\$ 38 465	\$ -	\$ -	\$ (71 502)	\$ -	\$ (71 502)
Public safety	84 553		112 705	68 226	96 378		96 378
Transportation	6 536		12 428		5 892		5 892
Environmental protection	22 294	13 505	290		(8 499)		(8 499)
Interest on long-term debt	4 144				(4 144)		(4 144)
Total governmental activities	227 494	51 970	125 423	68 226	18 125	-	18 125
Business-type activities:							
Electric	279 860	411 061	5 000			136 201	136 201
Water	141 549	192 572				51 023	51 023
Total business-type activities	421 409	603 633	5 000	-	-	187 224	187 224
Total government	\$648 903	\$655 603	\$130 423	\$68 226	18 125	187 224	205 349
General revenues:							
Property taxes					47 182		47 182
Unrestricted intergovernmental					45 372		45 372
Unrestricted investment earnings					1 754	14 551	16 305
Total general revenues					94 308	14 551	108 859
Transfers					13 000	(13 000)	
Total general revenues and transfers					107 308	1 551	108 859
Change in net position					125 433	188 775	314 208
Net position - July 1, 2018					1 425 331	2 937 589	4 362 920
Net position - June 30, 2019					\$1 550 764	\$3 126 364	\$4 677 128

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

TOWN OF BOSTIC, NORTH CAROLINA

Balance Sheet

Governmental Funds

June 30, 2019

Assets	General Fund	Fire District	Total
Cash and cash equivalents	\$235 660	\$	\$235 660
Restricted cash	55 228	353 984	409 212
Receivables net:			
Taxes	4 494		4 494
Landfill fee	3 057		3 057
Due from other governments	15 474	16 929	32 403
Prepaid items	<u>982</u>	<u>106</u>	<u>1 088</u>
Total assets	<u>\$314 895</u>	<u>\$371 019</u>	<u>\$685 914</u>
Liabilities			
Accounts payable and accrued liabilities:			
Accounts payable	\$ 3 221	\$ 4 771	\$ 7 992
Payroll taxes	<u>637</u>	<u></u>	<u>637</u>
	<u>3 858</u>	<u>4 771</u>	<u>8 629</u>
Deferred Inflows of Resources			
Receivables	7 551		7 551
Prepaid taxes	<u>1</u>	<u></u>	<u>1</u>
	<u>7 552</u>	<u></u>	<u>7 552</u>
Fund Balances			
Nonspendable:			
Prepaid items	982	106	1 088
Restricted:			
Stabilization by State statute	15 474	16 929	32 403
Streets	55 228		55 228
Fire protection		349 213	349 213
Unassigned	<u>231 801</u>	<u></u>	<u>231 801</u>
	<u>303 485</u>	<u>366 248</u>	<u>669 733</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$314 895</u>	<u>\$371 019</u>	<u>\$685 914</u>

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

TOWN OF BOSTIC, NORTH CAROLINA

Balance Sheet

Governmental Funds

June 30, 2019

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Gross capital assets at historical cost	\$2 034 865	
Accumulated depreciation	<u>(1 034 778)</u>	\$1 000 087

Other current assets (accrued interest receivable on taxes) not available to pay for current period expenditures are recognized on the unit-wide statements		960
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Earned revenues considered deferred inflows of resources in fund statements		7 551
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Some long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		<u>(127 567)</u>
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Reconciling amount		881 031
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Fund balance - June 30, 2019		<u>669 733</u>
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Net position of governmental activities - June 30, 2019		<u><u>\$1 550 764</u></u>
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TOWN OF BOSTIC, NORTH CAROLINA
Statement of Revenues, Expenditures
And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	<u>General Fund</u>	<u>Fire District</u>	<u>Total</u>
Revenues:			
Ad valorem taxes	\$ 47 401	\$	\$ 47 401
Unrestricted intergovernmental	45 372	109 587	154 959
Restricted intergovernmental	12 302	68 226	80 528
Investment earnings	2 170	3 118	5 288
Local sources	<u>51 850</u>		<u>51 850</u>
Total revenues	<u>159 095</u>	<u>180 931</u>	<u>340 026</u>
Expenditures:			
Current:			
General government	91 428		91 428
Public safety		222 332	222 332
Transportation	6 536		6 536
Environmental protection	22 294		22 294
Debt service:			
Principal	48 674		48 674
Interest	<u>4 144</u>		<u>4 144</u>
Total expenditures	<u>173 076</u>	<u>222 332</u>	<u>395 408</u>
Excess (deficiency) of revenues over expenditures	<u>(13 981)</u>	<u>(41 401)</u>	<u>(55 382)</u>
Other financing sources:			
Transfer from Electric Fund	8 000		8 000
Transfer from Water Fund	<u>5 000</u>	<u>-</u>	<u>-</u>
	<u>13 000</u>	<u>-</u>	<u>13 000</u>
Net changes in fund balances	(981)	(41 401)	(42 382)
Fund balances:			
Beginning - July 1, 2018	<u>304 466</u>	<u>407 649</u>	<u>712 115</u>
Ending - June 30, 2019	<u>\$303 485</u>	<u>\$366 248</u>	<u>\$669 733</u>

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

TOWN OF BOSTIC, NORTH CAROLINA
Statement of Revenues, Expenditures
And Changes in Fund Balances
Governmental Funds

For the Year Ended June 30, 2019

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures capitalized:

General Fund	\$ -	
Fire District	<u>161 339</u>	\$161 339

Depreciation expense for governmental assets	<u>(42 099)</u>	\$119 240
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue for tax revenues	(199)	
Change in unavailable revenue for environmental protection	120	
Change in accrued interest on taxes	<u>(20)</u>	(99)

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.

48 674

Reconciling amount		167 815
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Net changes in fund balances - total governmental funds	<u>(42 382)</u>	
Total changes in net position of governmental activities		<u>\$125 433</u>

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

TOWN OF BOSTIC, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

General Fund and Annually Budgeted Special Revenue Fund

For the Year Ended June 30, 2019

	General Fund				Fire District			
	Original	Final	Actual	Variance With Final Budget- Positive (Negative)	Original	Final	Actual	Variance With Final Budget- Positive (Negative)
Revenues:			Amounts				Amounts	
Ad valorem taxes	\$ 45 800	\$ 46 355	\$ 47 401	\$ 1 046	\$	\$	\$	\$
Unrestricted intergovernmental	44 300	44 300	45 372	1 072	109 587	109 587	109 587	
Restricted intergovernmental	12 250	12 250	12 302	52		68 226	68 226	
Investment earnings	11 200	15 945	2 170	(13 775)		3 096	3 118	22
Local sources	51 461	52 268	51 850	(418)				
Total revenues	165 011	171 118	159 095	(12 023)	109 587	180 909	180 931	22
Expenditures:								
Current:								
General government	90 493	93 900	91 428	2 472				
Public safety					109 587	237 899	222 332	15 567
Transportation	12 800	15 045	6 536	8 509				
Environmental protection	21 900	22 355	22 294	61				
Debt service:								
Principal	48 674	48 674	48 674					
Interest	4 144	4 144	4 144					
Total expenditures	178 011	184 118	173 076	11 042	109 587	237 899	222 332	15 567
Revenues over (under) expenditures	(13 000)	(13 000)	(13 981)	(981)	-	(56 990)	(41 401)	15 589
Other financing sources (uses):								
Transfer from Electric Fund	8 000	8 000	8 000					
Transfer from Water Fund	5 000	5 000	5 000					
Fund balance appropriated						56 990		(56 990)
	13 000	13 000	13 000	-	-	-	-	-
Net change in fund balance	\$ -	\$ -	(981)	\$ (981)	\$ -	\$ -	(41 401)	\$(41 401)
Fund balances:								
Beginning - July 1, 2018			304 466				407 649	
Ending - June 30, 2019			303 485				366 248	

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

TOWN OF BOSTIC, NORTH CAROLINA

Statement of Fund Net Position

Proprietary Funds

June 30, 2019

	Electric Fund	Water Fund	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$1 321 677	\$ 663 269	\$1 984 946
Accounts receivable:			
Billed - net	35 726	24 938	60 664
Unbilled	13 300	5 300	18 600
Restricted cash	<u>31 065</u>	<u>18 569</u>	<u>49 634</u>
	1 401 768	712 076	2 113 844
Capital assets:			
Capital assets, net of depreciation	<u>273 865</u>	<u>906 768</u>	<u>1 180 633</u>
Total assets	<u>1 675 633</u>	<u>1 618 844</u>	<u>3 294 477</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	24 609	3 870	28 479
Current maturities of long term debt		30 000	30 000
Liabilities payable from restricted assets - customer deposits	<u>31 065</u>	<u>18 569</u>	<u>49 634</u>
	55 674	52 439	108 113
Long term liabilities:			
Due after one year	<u> </u>	<u>60 000</u>	<u>60 000</u>
Total liabilities	<u>55 674</u>	<u>112 439</u>	<u>168 113</u>
Net Position:			
Net investment in capital assets	273 865	816 768	1 090 633
Unrestricted	<u>1 346 094</u>	<u>689 637</u>	<u>2 035 731</u>
Net position of business-type activities	<u>\$1 619 959</u>	<u>\$1 506 405</u>	<u>\$3 126 364</u>

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

TOWN OF BOSTIC, NORTH CAROLINA

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

For the Fiscal Year Ended June 30, 2019

	Electric Fund	Water Fund	Total
Operating revenues:			
Charge for service	\$ 408 775	\$ 188 553	\$ 597 328
Connection fees and late charges	2 286	4 019	6 305
Operating grant	5 000		5 000
	<u>416 061</u>	<u>192 572</u>	<u>608 633</u>
Operating expenses:			
Operations	36 951	36 614	73 565
Electricity purchased	223 221		223 221
Water purchased		69 128	69 128
Depreciation	<u>19 688</u>	<u>33 118</u>	<u>52 806</u>
	<u>279 860</u>	<u>138 860</u>	<u>418 720</u>
Operating income	<u>136 201</u>	<u>53 712</u>	<u>189 913</u>
Nonoperating revenues (expenses):			
Investment earnings	9 520	5 031	14 551
Interest paid		(2 689)	(2 689)
	<u>9 520</u>	<u>2 342</u>	<u>11 862</u>
Income before contributions and transfers	145 721	56 054	201 775
Transfer to General Fund	<u>(8 000)</u>	<u>(5 000)</u>	<u>(13 000)</u>
Change in net position	137 721	51 054	188 775
Total net position - beginning	<u>1 482 238</u>	<u>1 455 351</u>	<u>2 937 589</u>
Total net position - ending	<u>\$1 619 959</u>	<u>\$1 506 405</u>	<u>\$3 126 364</u>

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

TOWN OF BOSTIC, NORTH CAROLINA

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2019

	Electric Fund	Water Fund	Total
Cash flows from operating activities:			
Cash received from customers	\$ 412 030	\$190 495	\$ 602 525
Cash paid to or on behalf of employees for services	(10 663)	(10 663)	(21 326)
Cash paid for goods and services	(250 033)	(95 759)	(345 792)
Customer deposits - net	700	600	1 300
Other operating revenue	5 000		5 000
	<u>157 034</u>	<u>84 673</u>	<u>241 707</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	<u>(8 000)</u>	<u>(5 000)</u>	<u>(13 000)</u>
Cash flows from capital and related financing activities:			
Principal paid on installment contracts		(30 000)	(30 000)
Interest paid on installment contracts		(2 689)	(2 689)
	<u>-</u>	<u>(32 689)</u>	<u>(32 689)</u>
Cash flows from investing activities:			
Interest	<u>9 520</u>	<u>5 031</u>	<u>14 551</u>
Net increase in cash and cash equivalents	158 554	52 015	210 569
Cash and cash equivalents:			
Beginning of year - July 1	<u>1 194 188</u>	<u>629 823</u>	<u>1 824 011</u>
End of year - June 30	<u>\$1 352 742</u>	<u>\$681 838</u>	<u>\$2 034 580</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	<u>136 201</u>	<u>53 712</u>	<u>189 913</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	19 688	33 118	52 806
Decrease (increase) in assets:			
Accounts receivable	969	(2 077)	(1 108)
Increase (decrease) in liabilities:			
Accounts payable	(524)	(680)	(1 204)
Customer deposits	700	600	1 300
	<u>20 833</u>	<u>30 961</u>	<u>51 794</u>
Cash flows from operating activities	\$ 157 034	\$ 84 673	\$ 241 707

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

TOWN OF BOSTIC, NORTH CAROLINA

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

I Summary of Significant Accounting Policies

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

(A) Reporting Entity

The Town of Bostic is a municipal corporation which is governed by an elected mayor and a five-member council. The Town of Bostic has no component unit, a legally separate entity for which the Town is financially responsible.

The Town of Bostic is located in the eastern section of Rutherford County and has a population of approximately 400. The Town operates an electric system and a water system for the incorporated and adjacent areas.

(B) Basis of Presentation

Government-wide Statements

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

TOWN OF BOSTIC, NORTH CAROLINA

Notes to the Financial Statements

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. The Town has no non-major funds.

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

The Town reports the following governmental funds:

General Fund - The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, intergovernmental revenues, and various service fees. The primary expenditures are for general government, street maintenance, and sanitation services.

Fire District Fund - This Special Revenue Fund is used to account for the Town's fire district tax used for fire protection services.

The Town reports the following proprietary/enterprise funds:

Electric Fund - This fund is used to account for the Town's electric operations.

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

Capital Project Fund - This fund is used to account for the construction projects, if any, which extend beyond a fiscal year.

(C) **Measurement Focus and Basis of Accounting**

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

Government-wide and Proprietary Fund Financial Statements

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual

TOWN OF BOSTIC, NORTH CAROLINA

Notes to the Financial Statements

basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from 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 funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water 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 revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the

TOWN OF BOSTIC, NORTH CAROLINA

Notes to the Financial Statements

procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Rutherford County levies and collects a special fire district tax for the local fire district. The county remits these tax funds based upon the fire department's budget as approved by the Town Council and accepted by the Board of County Commissioners. This revenue is recognized in the Fire District Fund as it is received and is reported as unrestricted intergovernmental revenue.

Sales taxes and certain intergovernmental revenues, such as the utilities sales tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Bostic because the tax is levied by Rutherford County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

(D) **Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Fire District Fund and each enterprise fund. All annual appropriations lapse at the fiscal-year end. Project ordinances, either annual or multi-year as appropriate, are adopted for the capital project funds and are consolidated with their operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Amendments to the original budget are made, as appropriate, by the governing board. The budget ordinance has historically been adopted by the Town Council on or before July 1.

TOWN OF BOSTIC, NORTH CAROLINA

Notes to the Financial Statements

(E) Assets, Liabilities, Deferred Inflows of Resources, and Fund Equity

Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The NCCMT - Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. Since the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as a cash equivalent.

Cash and Cash Equivalents

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

Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

Within the Governmental Activities and General Fund, Powell Bill (Streets) funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets and sidewalks per G.S.136-41.1 through 136-41.4.

Town of Bostic Restricted Cash

Governmental Activities:

General Fund - Streets	\$ 55 228	
Fire District Fund	<u>353 984</u>	\$409 212

Business-Type Activities:

Electric Fund - Customer deposits	\$ 31 065	
Water Fund - Customer deposits	<u>18 569</u>	<u>49 634</u>
Total restricted cash		<u>\$458 846</u>

TOWN OF BOSTIC, NORTH CAROLINA

Notes to the Financial Statements

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; however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1 prior to date of levy. As allowed by State law, the Town periodically establishes 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.

Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated based on amounts written off in prior years.

Prepaid Items

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

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a specified amount and an estimated useful life in excess of two years. Minimum capitalization costs are \$5,000 for furniture and equipment; \$25,000 for buildings; \$10,000 for building improvements; \$40,000 for streets; and \$50,000 for water and electric system improvements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired after July 1, 2003, consisting of the road network, will be capitalized and depreciated per policy. Distribution lines for the water and electric systems acquired prior to July 1, 2003 will continue to be depreciated at the composite rates of 2 percent and 4 percent respectively. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized.

TOWN OF BOSTIC, NORTH CAROLINA

Notes to the Financial Statements

Capital assets acquired after July 1, 2003 are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Office and maintenance equipment	5
Office furniture and recreation equipment	10
Vehicles - fire trucks	10
Vehicles - other	5
Buildings	40
Building improvements	25
Streets, highways, curbing, and sidewalks	50
Water distribution system	50
Electric distribution system	25

Deferred Inflows of Resources

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 three items that meet the criterion for this category - prepaid taxes, property taxes receivable and solid waste fee receivable.

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 Town has no established policy for employee vacations, sick leave or other benefits. All employees are part-time.

Net Position/Fund Balances

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.

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The governmental fund types classify fund balances as follows:

TOWN OF BOSTIC, NORTH CAROLINA

Notes to the Financial Statements

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.

Prepaid items - This portion of fund balance shows that prepaid items do not represent available spending resources even though they are a component of current assets.

Restricted Fund Balance - This classification includes amounts that are restricted to specific purposes externally imposed either by creditors or 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. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S.159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* RSS is included as a component of Restricted Net position/Restricted fund balance on the face of the statement of net position/balance sheet.

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

Restricted for Fire Protection - This portion of fund balance is restricted by revenue source for fire protection expenditures.

Committed Fund Balance - This portion of fund balance can only be used for specific purposes imposed by majority vote by quorum of the Town of Bostic's Town Council (highest level of decision-making authority). The Town Council can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned Fund Balance - This is the portion of fund balance which the Town of Bostic intends to use for specific purposes. Fund balance can be assigned or rescinded by majority vote of the Bostic Town Council.

TOWN OF BOSTIC, NORTH CAROLINA

Notes to the Financial Statements

Unassigned Fund Balance - This is the portion of fund balance which is not nonspendable and has not been restricted, committed, or assigned to specific purposes or other funds.

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

Pensions

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (the Fund) and additions to/deductions from the Fund's fiduciary net position have been determined on the same basis as they are reported by the Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

II Detail Notes on All Funds

(A) 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 agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization; this risk may increase in periods of high cash flows. However, the State Treasurer of North

TOWN OF BOSTIC, NORTH CAROLINA

Notes to the Financial Statements

Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2019, the Town's deposits had a carrying amount of \$2,659,822 and a bank balance of \$2,662,862. Of the bank balance \$485,674 was covered by federal depository insurance and \$2,177,188 was collateralized under the Pooling Method. At June 30, 2019, the Town's petty cash fund totaled \$125. The amount invested with the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's, was \$19,505. The Town has no policy regarding credit risk.

Receivables

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

	Taxes & Accrued Interest	Accounts	Due From Other Governments
Governmental			
Activities:			
General	\$7 639	\$ 3 557	\$15 474
Fire District			16 929
Allowance for doubtful accounts	<u>2 185</u>	<u>500</u>	
	<u>\$5 454</u>	<u>\$ 3 057</u>	<u>\$32 403</u>
Business-Type			
Activities:			
Electric	\$ -	\$50 326	\$ -
Water		<u>31 138</u>	
		81 464	
Allowance for doubtful accounts		<u>2 200</u>	
	<u>\$ -</u>	<u>\$79 264</u>	<u>\$ -</u>

The "Due From Other Governments" that is owed to the Town consists of the following:

	<u>Governmental</u>
Sales tax refund	\$ 8 226
Property taxes unremitted	1 800
County allocation	9 132
Local option sales tax	3 555
Utilities sales tax	1 985
Sales tax on telecommunications services	4 027
Sales tax on video programming	401
Solid waste	72
Rents	<u>3 205</u>
	<u>\$32 403</u>

TOWN OF BOSTIC, NORTH CAROLINA

Notes to the Financial Statements

The amounts presented in the Balance Sheet and Statement of Net Position are net of the following allowances for doubtful accounts:

	General Fund	Enterprise Funds
Taxes receivable	\$2 185	\$
Accounts receivable - sanitation	500	
Accounts receivable - electric		1 300
Accounts receivable - water		900
	<u>\$2 685</u>	<u>\$2 200</u>

Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 251 316	\$ -	\$ -	\$ 251 316
Construction in progress		91 447		91 447
	<u>251 316</u>	<u>91 447</u>	<u>-</u>	<u>342 763</u>
Capital assets being depreciated:				
Equipment	163 322	69 892		233 214
Vehicles	521 678			521 678
Buildings	937 210			937 210
	<u>\$1 622 210</u>	<u>\$ 69 892</u>	<u>\$ -</u>	<u>1 692 102</u>
Less accumulated depreciation:				
Equipment	\$ 127 683	\$ 17 059	\$ -	\$ 144 742
Vehicles	513 908	3 108		517 016
Buildings	351 088	21 932		373 020
	<u>992 679</u>	<u>\$ 42 099</u>	<u>\$ -</u>	<u>1 034 778</u>
Governmental activities capital assets - net	<u>\$ 880 847</u>			<u>\$1 000 087</u>

Depreciation expense is charged to functions/programs as follows:

General government	\$18 539
Public safety	23 560
	<u>\$42 099</u>

TOWN OF BOSTIC, NORTH CAROLINA

Notes to the Financial Statements

Business-Type Activities:

Electric Fund:

Capital assets
being depreciated:

Lines	\$ 708 768	\$ -	\$ -	\$ 708 768
Improvements	<u>21 279</u>	<u>-</u>	<u>-</u>	<u>21 279</u>
	<u>730 047</u>	<u>-</u>	<u>-</u>	<u>730 047</u>

Less accumulated
depreciation:

Lines	\$ 434 600	\$ 18 037	\$ -	\$ 452 637
Improvements	<u>1 894</u>	<u>1 651</u>	<u>-</u>	<u>3 545</u>
	<u>436 494</u>	<u>19 688</u>	<u>-</u>	<u>456 182</u>

Electric Fund capital

assets - net	<u>293 553</u>			<u>273 865</u>
--------------	----------------	--	--	----------------

Water Fund:

Capital assets
being depreciated:

Lines	\$1 561 413	\$ -	\$ -	\$1 561 413
Improvements	<u>16 279</u>	<u>-</u>	<u>-</u>	<u>16 279</u>
	<u>1 577 692</u>	<u>-</u>	<u>-</u>	<u>1 577 692</u>

Less accumulated
depreciation:

Lines	\$ 636 829	\$ 32 467	\$ -	\$ 669 296
Improvements	<u>977</u>	<u>651</u>	<u>-</u>	<u>1 628</u>
	<u>637 806</u>	<u>33 118</u>	<u>-</u>	<u>670 924</u>

Water Fund capital

assets - net	<u>939 886</u>			<u>906 768</u>
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Business-type

activities capital

assets - net	<u>\$1 233 439</u>			<u>\$1 180 633</u>
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Construction Commitments:

The Town has an active capital project as of June 30, 2019. At year end, the Town's commitment to the manufacturer is as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Fire truck	\$91,447	\$237,908

TOWN OF BOSTIC, NORTH CAROLINA

Notes to the Financial Statements

(B) Liabilities

Firefighters' and Rescue Squad Workers' Pension Fund

Plan Description: The State of North Carolina contributes, on behalf of the Town of Bostic, to the Firefighters' and Rescue Squad Workers' Pension Fund (The Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the Fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the Local Government Employees Pension System (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 Firefighters' and Rescue Squad Workers' Pension Fund 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 The Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919)981-5454, or at www.osc.nc.gov.

Benefits Provided: The Fund provides retirement and survivor benefits. The present retirement benefit is \$170 per month. Plan members are eligible to receive the monthly benefit at age 55 with 20 years of creditable service as a firefighter or rescue squad worker, and have terminated duties as a firefighter or rescue squad worker. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member and contributions paid on the member's behalf into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

Contributions: Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The Town does not contribute to the plan. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2018, the State contributed \$17,952,000 to the Plan. The Town of Bostic's proportionate share of the State's contribution is \$-0-.

Refunds of Contributions: Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's

TOWN OF BOSTIC, NORTH CAROLINA

Notes to the Financial Statements

contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by The Fund.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2019, the Town reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the Town through its appropriations to The Fund. The total portion of the net pension liability that was associated with the Town and supported by the State was \$-0-. 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 updated 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 contributions to the pension plan relative to the projected contributions of all participating employers. As the Town is not projected to make any future contributions to the plan, its proportionate share at June 30, 2018 and at June 30, 2017 was 0%. For the year ended June 30, 2019, the Town recognized pension expense of \$ -0- and revenue of \$ -0- for support provided by the State. At June 30, 2019, the Town reported no deferred outflows of resources and deferred inflows of resources related to pensions.

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	Not applicable
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) 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.

TOWN OF BOSTIC, NORTH CAROLINA

Notes to the Financial Statements

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 weighing 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:

<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	100%	

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

Discount Rate: The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available

TOWN OF BOSTIC, NORTH CAROLINA

Notes to the Financial Statements

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.

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.

Payables

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

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General Fund	\$ 3 221	\$ 637	\$ 3 858
Fire District Fund	<u>4 771</u>		<u>4 771</u>
Total government activities	<u>\$ 7 992</u>	<u>\$ 637</u>	<u>\$ 8 629</u>
Business-Type Activities:			
Electric	\$24 609	\$ -	\$24 609
Water	<u>3 870</u>		<u>3 870</u>
Total business-type activities	<u>\$28 479</u>	<u>\$ -</u>	<u>\$28 479</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 participates in self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability coverage of \$5 million and auto liability coverage of \$5 million per occurrence, property coverage up to the total insured value of the property, workers' compensation coverage up to statutory limits, and flood coverage up to \$5 million per occurrence. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Specific information on the limits of the reinsurance and excess policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

TOWN OF BOSTIC, NORTH CAROLINA

Notes to the Financial Statements

There have been no other significant changes in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Town Clerk is bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

Long-Term Obligations

Installment Purchases

The Town executed a direct borrowing contract in December 2006 in the original amount of \$630,000 to finance the construction of a new Emergency Medical Service satellite station and fire station bay. The contract required 180 equal monthly payments of \$4,714 with interest at 4.17% per annum. This contract was refinanced in March 2012 requiring 117 equal monthly payments of \$4,401.51 with interest at 2.69% per annum. Annual debt service payments for this installment purchase as of June 30, 2019 are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 50 000	\$2 818	\$ 52 818
2021	51 362	1 456	52 818
2022	<u>26 205</u>	<u>204</u>	<u>26 409</u>
	<u>\$127 567</u>	<u>\$4 478</u>	<u>\$132 045</u>

In June 2012, the Town executed a direct borrowing contract in the amount of \$300,000 to finance the construction of water lines. This financing contract requires principal payments beginning in the fiscal year ending 2013 with an interest rate of 2.39%. Annual debt service payments as of June 30, 2019 are as follows:

<u>Year Ending June 30</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$30 000	\$1 972	\$31 972
2021	30 000	1 255	31 255
2022	<u>30 000</u>	<u>\$ 538</u>	<u>30 538</u>
	<u>\$90 000</u>	<u>\$3 765</u>	<u>\$93 765</u>

At June 30, 2019, the Town of Bostic had no bonds which were authorized and unissued; the Town's legal debt margin was approximately \$1,421,000.

TOWN OF BOSTIC, NORTH CAROLINA
Notes to The Financial Statements

Changes in Long-Term Liabilities

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion Of Balance
Governmental Activities:					
Direct borrowing:					
EMS Station	\$176 241	\$ -	\$48 674	\$127 567	\$50 000
Business-type Activities:					
Direct borrowing:					
Water Lines	\$120 000	\$ -	\$30 000	\$ 90 000	\$30 000

(C) Deferred Inflows of Resources

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes	\$ 1	\$ 1
Property taxes receivable - net		4 494
Solid waste fee receivable - net		3 057
	\$ 1	\$7 552

(D) Interfund Balances and Activity

Transfers to/from other funds for the year ended June 30, 2019 consist of the following:

From the Water Fund to the General Fund	\$ 5 000
From the Electric Fund to the General Fund	8 000
	<u>\$13 000</u>

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

(E) Net Investment in Capital Assets

	Governmental	Business-Type
Capital assets	\$1 000 087	\$1 180 633
Less: Long term debt	<u>127 567</u>	<u>90 000</u>
Net investment in capital assets	<u>\$ 872 520</u>	<u>\$1 090 633</u>

TOWN OF BOSTIC, NORTH CAROLINA

Notes to the Financial Statements

(F) Fund Balance

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

Total fund balance - General Fund		\$303 485
Less: Prepaid items	\$ 982	
Stabilization by State Statute	15 474	
Streets - Powell Bill	<u>55 228</u>	<u>71 684</u>
Unassigned - available for appropriation		<u>\$231 801</u>

III Jointly Governed Organization

The Town in conjunction with twenty other local governments, is a member of the North Carolina City Electric Agency (Electric Agency). The Electric Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Electric Agency's governing board. The twenty-one members, which receive power from the Electric Agency, have signed power sales agreements to purchase a specified share of the power generated by the Electric Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The Town's purchases of power for the fiscal year ended June 30, 2019 were \$223,221; purchases from the Electric Agency totaled \$180,609.

IV Joint Ventures

The Town and the members of the Town's fire department each appoint two members to the five-member local board of trustees for the Firefighter's Relief Fund (Fund). The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firefighter's Relief Fund is funded by a portion of the fire and lightning insurance premiums that insurers remit to the State. The State passes these moneys to the local board of the Firefighter's Relief Fund. The funds are to be used to assist firefighters in various ways. The Town obtains no ongoing financial benefit from the Fund. The participating government has no equity interest in the joint venture, so no equity has been reflected in these financial statements. The Firefighter's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

TOWN OF BOSTIC, NORTH CAROLINA

Notes to the Financial Statements

V Summary Disclosures of Significant Contingencies

Federal and State Assisted Programs

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

TOWN OF BOSTIC, NORTH CAROLINA

REQUIRED SUPPLEMENTARY FINANCIAL DATA

TOWN OF BOSTIC, NORTH CAROLINA

Proportionate Share of Net Pension Liability -
Firefighters' and Rescue Squad Workers' Pension

Last Five Fiscal Years

	<u>2019 *</u>	<u>2018 *</u>	<u>2017 *</u>	<u>2016.*</u>	<u>2015.*</u>
Bostic's proportionate share of the net pension liability	<u>0.0000%</u>	<u>0.0000%</u>	<u>0.0000%</u>	<u>0.0000%</u>	<u>0.0000%</u>
Bostic's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with Town of Bostic	<u>-</u>	<u>11 429</u>	<u>7 642</u>	<u>8 429</u>	<u>3 425</u>
Total	<u>\$ -</u>	<u>\$11 429</u>	<u>\$7 642</u>	<u>\$8 429</u>	<u>\$3 425</u>
Bostic's covered-employee payroll	\$ -	\$ 9 155	\$8 156	\$7 636	\$4 130
Bostic's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	124.84%	93.70%	110.39%	82.93%
Plan fiduciary net position as a percentage of the total pension liability	89.69%	89.35%	84.94%	91.40%	93.42%

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

TOWN OF BOSTIC, NORTH CAROLINA

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

TOWN OF BOSTIC, NORTH CAROLINA

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Current year	\$	\$ 44 427	\$
Prior years		2 044	
Interest		930	
	<u>46 355</u>	<u>47 401</u>	1 046
Unrestricted intergovernmental:			
Telecommunications sales tax	17 000	15 087	
Utilities sales tax	7 500	8 331	
Video franchise fee	1 500	1 784	
Local option sales taxes	<u>18 300</u>	<u>20 170</u>	
	<u>44 300</u>	<u>45 372</u>	1 072
Restricted intergovernmental:			
Powell Bill allocation	12 000	12 012	
Solid waste disposal tax	<u>250</u>	<u>290</u>	
	<u>12 250</u>	<u>12 302</u>	52
Investment earnings	<u>15 945</u>	<u>2 170</u>	(13 775)
Local sources:			
Sanitation fees	13 807	13 385	
Rents	<u>38 461</u>	<u>38 465</u>	
	<u>52 268</u>	<u>51 850</u>	(418)
Total revenues	<u>171 118</u>	<u>159 095</u>	<u>(12 023)</u>
Expenditures:			
General government:			
Governing body:			
Salaries and benefits		6 644	
Professional services		<u>16 278</u>	
	22 930	<u>22 922</u>	8
Administration:			
Salaries and benefits		5 197	
Office expense		4 646	
Dues and memberships		6 306	
Insurance		8 183	
Repairs and maintenance		1 391	
Other		<u>4 432</u>	
	31 494	<u>30 155</u>	1 339

TOWN OF BOSTIC, NORTH CAROLINA

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Public buildings:			
Repairs and maintenance	\$ 7 863	\$ 7 497	\$ 366
Beautification:			
Repairs and maintenance	31 200	30 521	679
Recreation:			
Supplies	413	333	80
Total general government	93 900	91 428	2 472
Transportation:			
Street repairs and maintenance	15 045	6 536	8 509
Environmental protection:			
Sanitation - solid waste collection and landfill fee	22 355	22 294	61
Debt service:			
Principal retirement	48 674	48 674	
Interest	4 144	4 144	
	52 818	52 818	-
Total expenditures	184 118	173 076	11 042
Revenues over (under) expenditures	(13 000)	(13 981)	(981)
Other financing sources:			
Transfer from Electric Fund	8 000	8 000	
Transfer from Water Fund	5 000	5 000	
	13 000	13 000	-
Net change in fund balance	-	(981)	\$ (981)
Fund balance:			
Beginning - July 1, 2018		304 466	
Ending - June 30, 2019		\$303 485	

TOWN OF BOSTIC, NORTH CAROLINA

Fire District Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Fiscal Year Ended June 30, 2019

	<u>Budget (1)</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Unrestricted intergovernmental	\$109 587	\$109 587	\$
Restricted intergovernmental	68 226*	68 226	
Investment earnings	3 096*	3 118	22
Total revenues	<u>180 909</u>	<u>180 931</u>	<u>22</u>
Expenditures:			
Public safety:			
Supplies	2 950*	2 947	3
Telephone	600	407	193
Utilities	7 500	5 894	1 606
Insurance	2 032*	2 032	
Dues	2 700	2 052	648
Travel & training	1 500	28	1 472
Contract services	4 650	4 641	9
Bank service charges	372*	371	1
Vehicle maintenance	11 800*	11 793	7
Vehicle fuel	2 393*	2 148	245
Equipment maintenance	3 000	1 319	1 681
Turnout gear	15 000	6 819	8 181
Portable equipment	18 000	17 089	911
First responder supplies	1 500	1 129	371
Other	2 563*	2 324	239
Capital outlay	<u>161 339*</u>	<u>161 339</u>	
Total expenditures	<u>237 899</u>	<u>222 332</u>	<u>15 567</u>
Revenues over (under) expenditures	(56 990)	(41 401)	15 589
Other financing sources:			
Fund balance appropriated	<u>56 990*</u>		<u>(56 990)</u>
Net change in fund balance	<u>\$ -</u>	<u>(41 401)</u>	<u>\$(41 401)</u>
Fund balance:			
Beginning - July 1, 2018		<u>407 649</u>	
Ending - June 30, 2019		<u>\$366 248</u>	

(1) As signed by Fire Chief, accepted by County Commission, and amended (*).

TOWN OF BOSTIC, NORTH CAROLINA

Electric 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>	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Electricity sales	\$411 091	\$408 775	\$ (2 316)
Connection and late fees	2 206	2 286	80
Operating grant	<u>5 000</u>	<u>5 000</u>	
	418 297	416 061	(2 236)
Nonoperating revenues:			
Interest earnings	<u> </u>	<u>9 520</u>	<u>9 520</u>
Total revenues	<u>418 297</u>	<u>425 581</u>	<u>7 284</u>
Expenditures:			
Operations:			
Salaries and benefits	12 600	10 663	1 937
Power purchased	280 000	223 221	56 779
Materials and supplies	3 200	1 563	1 637
Repairs and maintenance	30 797	8 061	22 736
Contract services	80 000	15 429	64 571
Other	<u>3 700</u>	<u>1 235</u>	<u>2 465</u>
Total expenditures	<u>410 297</u>	<u>260 172</u>	<u>150 125</u>
Revenues over expenditures	8 000	165 409	157 409
Other financing sources (uses):			
Transfer to General Fund	<u>(8 000)</u>	<u>(8 000)</u>	
Revenues over expenditures and other financing uses	<u>\$ -</u>	<u>157 409</u>	<u>\$157 409</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		<u>(19 688)</u>	
Change in net position		<u>\$137 721</u>	

TOWN OF BOSTIC, NORTH CAROLINA

Water 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>	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Water sales	\$189 841	\$188 553	\$(1 288)
Connection fees and late charges	<u>7 190</u>	<u>4 019</u>	<u>(3 171)</u>
	197 031	192 572	(4 459)
Nonoperating revenues:			
Interest earnings		<u>5 031</u>	<u>5 031</u>
Total revenues	<u>197 031</u>	<u>197 603</u>	<u>572</u>
Expenditures:			
Operations:			
Salaries and benefits	12 600	10 663	1 937
Water purchased	70 000	69 128	872
Materials and supplies	2 551	2 057	494
Repairs and maintenance	42 630	6 951	35 679
Contract services	22 000	14 266	7 734
Other	<u>9 550</u>	<u>2 677</u>	<u>6 873</u>
	159 331	105 742	53 589
Debt service:			
Principal retirement	30 000	30 000	
Interest	<u>2 700</u>	<u>2 689</u>	<u>11</u>
	32 700	32 689	11
Total expenditures	<u>192 031</u>	<u>138 431</u>	<u>53 600</u>
Revenues over expenditures	5 000	59 172	54 172
Other financing uses:			
Transfer to General Fund	<u>(5 000)</u>	<u>(5 000)</u>	
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>54 172</u>	<u>\$54 172</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		(33 118)	
Principal retirement		<u>30 000</u>	
		<u>(3 118)</u>	
Change in net position		<u>\$ 51 054</u>	

TOWN OF BOSTIC, NORTH CAROLINA

OTHER SCHEDULES

TOWN OF BOSTIC, NORTH CAROLINA

General Fund

Schedule of Ad Valorem Taxes Receivable

June 30, 2019

Year of Levy	Uncollected Balance June 30, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2018	\$ -	\$46 172	\$44 544	\$1 628
2017	1 688		630	1 058
2016	1 398		210	1 188
2015	1 213		149	1 064
2014	833		321	512
2013	772		221	551
2012	425		170	255
2011	230		94	136
2010	248		94	154
2009	232		99	133
2008	<u>281</u>	<u> </u>	<u>281</u>	<u> </u>
	\$7 320	\$46 172	\$46 813	\$6 679
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Less allowance for uncollectible accounts				<u>(2 185)</u>
Ad valorem taxes receivable - net				<u>\$4 494</u>

Reconciliation with revenue:

Ad valorem taxes - General Fund		47 401
Penalties and interest collected	\$(930)	
Taxes written off	225	
Discounts and releases	<u>117</u>	<u>(588)</u>
		<u>\$46 813</u>

TOWN OF BOSTIC, NORTH CAROLINA

Analysis of Current Tax Levy

Town-Wide Levy

For the Fiscal Year Ended June 30, 2019

	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Levy Other Property</u>	<u>Motor Vehicles</u>
Original levy:					
Property taxed at current year's rate	\$17 758 462	\$.26	\$46 172	\$38 585	\$7 587
Uncollected taxes at June 30, 2019			1 628	1 628	
Current year's taxes collected			\$44 544	\$36 957	\$7 587
Current levy collection percentage			96.47%	95.78%	100%