

TOWN OF BRYSON CITY
BRYSON CITY, NORTH CAROLINA

FINANCIAL STATEMENTS

JUNE 30, 2019

S. Eric Bowman, P.A.

CERTIFIED PUBLIC ACCOUNTANT

Morganton, North Carolina

TOWN OF BRYSON CITY

JUNE 30, 2019

BOARD OF ALDERMEN

Tom Sutton
Mayor

Ben King

Janine Crisp

James Gribble

Heidi Ramsey - Woodard

OFFICIALS

Regina Mathis

Town Manager

Lynn Thomas

Town Clerk

Carla Passmore

Tax Collector

Tom Shook

Superintendent
of Public Works

Greg Jones

Police Chief

Charles Bryson

Fire Chief

Fred Moody, Jr.

Town Attorney

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S. Eric Bowman, P.A.

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Independent Auditor's Report

To the Honorable Mayor
and Members of the Board of Aldermen
Town of Bryson City, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Town of Bryson City ABC Board which represents 5 percent, 5 percent and 32 percent, respectively, of the assets, net position and revenues of the opinion units. Those statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town of Bryson City ABC Board, is based solely on the report of the another auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Town of Bryson City ABC Board were not audited in accordance with *Government Auditing Standards*. Those standards require that we 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

To the Honorable Mayor
and Members of the Board of Aldermen
Town of Bryson City
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assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, on page 4 through 11 and the Local Government Employee's Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 49 and 50 respectively and the Law Enforcement Officer's Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 51 and 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Honorable Mayor
and Members of the Board of Aldermen
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Supplementary and Other Information

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

The individual fund financial statements, budgetary schedules 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 by us and other auditors. In our opinion, based on our audit, and the procedures performed as described above, and the report of other auditors, the individual fund financial statements, budgetary schedules and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2019 on our consideration of the Town of Bryson City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Bryson City's internal control over financial reporting and compliance.



S. Eric Bowman, P.A.
Certified Public Accountant

Morganton, North Carolina
October 3, 2019

TOWN OF BRYSON CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Town of Bryson City's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of Town of Bryson City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$12 814 050 (*net position*).
- The Government's total net position increased by \$424 690 due to increases in both governmental and business-type activities net position.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2 240 305, or 151 percent of total general fund expenditures for the fiscal year.
- Town of Bryson City's debt on bonds, loans and capital leases decreased by \$169 323 or 7 percent during the current fiscal year. The key factors in this decrease was due to principal payments with no borrowings.
- The Town does not maintain a bond rating because all of the bonds are issued through USDA.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts - *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and an optional section that presents *statements* for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Town's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Town's government, reporting the Town's operations in *more detail* than the government-wide statements.
 - The *government funds* statements tell how *general government* services like public safety were financed in the *short term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short and long term* financial information about the activities the government operates *like businesses*, such as the water and sewer operation.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with statements that provide details about our non-major governmental fund, which is presented in single columns in the basic financial statements.

Figure A-1 summarizes the major features of the Town's financial statements, including the portion of the Town government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

FIGURE A-1

MAJOR FEATURES OF TOWN OF BRYSON CITY’S GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire Town government (except fiduciary funds) and the Town’s component unit	The activities of the Town that are not proprietary or fiduciary, such as police, fire, and parks	Activities the Town operates similar to private businesses: the water and sewer operations
Required financial statements	<ul style="list-style-type: none">• Statement of net position• Statement of activities	<ul style="list-style-type: none">• Balance sheet• Statement of revenues, expenditures, and changes in fund balances	<ul style="list-style-type: none">• Statement of net position• Statement of revenues, expenses, and changes in net position• Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town’s *net position* and how they have changed. Net position-the difference between the Town’s assets and total liabilities and deferred outflows and inflows of resources - is one way to measure the Town’s financial health, or position.

- Over time, increases or decreases in the Town’s *net position* are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town you need to consider additional nonfinancial factors such as changes in the Town’s property tax base.

The government-wide financial statements of the Town are divided into three categories:

- *Governmental activities* - Most of the Town's basic services are included here, such as public safety, transportation and general administration. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* - The Town charges fees to customers to help cover the costs of certain services it provides. The Town's water and sewer activities are included here.
- *Component Unit* - The Town includes one other entity in its report-the Town of Bryson City ABC Board. Although, legally separate, the "component unit" is important because the Town is financially accountable for them.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant *funds*-not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Aldermen establishes other funds to control and manage money for particular purposes.

The Town has two kinds of funds:

- *Governmental funds* - Most of the Town's basic services are included in governmental funds, which focus on (1) how cash and *other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary funds* - Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information.
 - In fact, the Town's *enterprise fund* (one type of proprietary fund) is the same as its business-type activities, but provides more detail and additional information, such as cash flows.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Also included in this section are budgetary comparison statements for all major governmental funds.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain Required supplementary information concerning the Town of Bryson City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on pages 49-52 of this report.

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

Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of Town of Bryson City assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$12 814 050 at the close of the most recent fiscal year (Table 1).

TABLE 1
NET POSITION

	Governmental Activities		Business - Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 2 635 121	\$2 443 919	\$ 1 109 095	\$ 890 170	\$ 3 744 216	\$ 3 334 089
Capital Assets	3 464 428	3 579 743	8 542 563	8 631 693	12 006 991	12 211 436
Deferred Outflows of Resources	179 284	124 227	116 600	79 301	295 884	203 528
Total Assets and Deferred Outflows of Resources	6 278 833	6 147 889	9 768 258	9 601 164	16 047 091	15 749 053
Long-Term Debt Outstanding			2 401 171	2 570 494	2 401 171	2 570 494
Other Liabilities	469 003	386 785	294 860	348 159	763 863	734 944
Deferred Inflows of Resources	54 710	44 528	13 297	9 727	68 007	54 255
Total Liabilities and Deferred Inflows of Resources	523 713	431 313	2 709 328	2 928 380	3 233 041	3 359 693
Net Position:						
Net Investment in Capital Assets	3 464 428	3 579 743	6 141 392	6 061 199	9 605 820	9 640 942
Restricted	137 160	174 718			137 160	174 718
Unrestricted (Deficit)	2 153 532	1 962 115	917 538	611 585	3 071 070	2 573 700
Total Net Position	\$ 5 755 120	\$5 716 576	\$ 7 058 930	\$6 672 784	\$12 814 050	\$12 389 360

Town of Bryson City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Town of Bryson City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Change in Net Position

The Town's total revenues were \$3 689 440 at June 30, 2019 (see Table 2). Charges for services made up 43% of revenues. Property taxes and other taxes made up 15% and 13% of revenues respectively. The Town's expenses cover a range of services with 20% of those expenditures being related to public safety.

TABLE 2
CHANGE IN NET POSITION

	Governmental Activities		Business - Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
<u>Revenues</u>						
Program Revenues:						
Charges for Services	\$ 178 606	\$ 161 616	\$1 421 352	\$1 380 962	\$ 1 599 958	\$ 1 542 578
Operating Grants	73 255	48 399			73 255	48 399
Capital Grants and Contributions	26 080	23 587	261 053	274 346	287 133	297 933
General Revenues:						
Property Taxes	571 743	564 783			571 743	564 783
Other Taxes	487 217	473 043			487 217	473 043
Other	577 570	649 725	92 564	64 524	670 134	714 249
Total Revenues	1 914 471	1 921 153	1 774 969	1 719 832	3 689 440	3 640 985
<u>Expenditures</u>						
General Government	448 415	388 446			448 415	388 446
Public Safety	662 390	739 714			662 390	739 714
Environmental Protection	204 256	233 200			204 256	233 200
Transportation	192 406	211 465			192 406	211 465
Cultural and Recreational	114 324	42 401			114 324	42 401
Water and Sewer			1 642 959	1 529 604	1 642 959	1 529 604
Total Expenses	1 621 791	1 615 226	1 642 959	1 529 604	3 264 750	3 144 830
Increase (Decrease) in Net Position Before Transfers	292 680	305 927	132 010	190 228	424 690	496 155
Transfers	(254 136)	(90 000)	254 136	90 000		
Increase (Decrease) in Net Position	38 544	215 927	386 146	280 228	424 690	496 155
Net Position, July 1	5 716 576	5 500 649	6 672 784	6 392 556	12 389 360	11 893 205
Net Position, June 30	<u>\$5 755 120</u>	<u>\$5 716 576</u>	<u>\$7 058 930</u>	<u>\$6 672 784</u>	<u>\$12 814 050</u>	<u>\$12 389 360</u>

Table 3 presents the cost of each of the Town's six largest programs-general government, public safety, environmental protection, economic and physical development, transportation and recreation-as well as each program's *net cost* (total cost less fees generated by activities and intergovernmental aid). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

- The cost of all *governmental* activities this year was \$1 622 thousand.
- However, the amount that our taxpayers paid for these activities through Town taxes was \$1 344 thousand. Some of the cost was paid by:
 - Those who directly benefited from the programs (179 thousand), or
 - Other governments and organizations that subsidized certain programs with grants and contributions (99 thousand).
- The Town paid for the \$1 344 thousand "public benefit" portion with \$1 059 thousand in taxes, and with other revenues.

TABLE 3
NET COST OF TOWN OF BRYSON CITY'S GOVERNMENTAL ACTIVITIES
(In Thousands of Dollars)

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
General Government	\$ 449	\$ 388	\$ 422	\$ 384
Public Safety	662	740	633	716
Environmental Protection	204	233	30	76
Transportation	193	211	145	163
Recreation	114	43	114	43
Total	<u>\$1 622</u>	<u>\$1 615</u>	<u>\$1 344</u>	<u>\$1 382</u>

Business-type Activities

Revenues of the Town's business-type activities totaled \$1 774 969 with expenses totaling \$1 642 959 (see Table 2). This produced a surplus of \$132 010 excluding transfers. The surplus was caused by the Town's receiving capital grants.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of Town of Bryson City's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing Town of Bryson City's financing requirements. Specifically, available fund balances can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of Town of Bryson City. At the end of the current fiscal year, available fund balance of the General Fund was \$2 240 305, while total fund balance was \$2 497 882. As a measure of the general fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 151 percent of total General Fund expenditures, while total fund balance represents 168 percent of that same amount.

At June 30, 2019, the governmental funds of Town of Bryson City reported a combined fund balance of \$2 514 296. Approximately 5 percent of this amount or \$137 160 is nonspendable or restricted. The net change in fund balance was \$177 774.

General fund Budgetary Highlights: During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain service. Total amendments increased the General Fund's budget by \$282 504.

Proprietary Funds. Town of Bryson City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$917 538.

Capital Asset and Debt Administration

Capital assets. Town of Bryson City's investment in capital assets for its governmental and business-type activities as of June 30, 2019 totals \$12 006 991 (net of accumulated depreciation). These assets include land, buildings, infrastructure, equipment, and distribution systems.

Major capital asset transactions during the year include:

- Fencing
- Work Stations
- Air Packs
- Pump Station and Line Replacements

Town of Bryson City's Capital Assets
(net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 596 405	\$ 596 405	\$ 294 397	\$ 294 397	\$ 890 802	\$ 890 802
Construction in Progress			67 822	431 385	67 822	431 385
Infrastructure	892 715	916 903			892 715	916 903
Buildings	1 722 461	1 800 188			1 722 461	1 800 188
Equipment	252 847	266 247	350 980	399 931	603 827	666 178
Distribution Systems			7 829 364	7 505 980	7 829 364	7 505 980
Total	<u>\$3 464 428</u>	<u>\$3 579 743</u>	<u>\$8 542 563</u>	<u>\$8 631 693</u>	<u>\$12 006 991</u>	<u>\$12 211 436</u>

Long-term Debt. As of June 30, 2019, Town of Bryson City had total debt outstanding of \$2 401 171, of which General Obligation Bonds are backed by the full faith and credit of the Town and all other debt is covered by pledged collateral and is subject to appropriation.

Town of Bryson City's Outstanding Debt
General Obligation Bonds, Loans and Capitalized Leases

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Direct Placement General Obligation Bonds	\$	\$	\$ 887 000	\$ 926 000	\$ 887 000	\$ 926 000
Direct Placement Capital Lease Obligations			154 682	191 150	154 682	191 150
Direct Placement ARRA Loan			45 794	49 957	45 794	49 957
Direct Placement Clean Water Loan			443 699	475 391	443 699	475 391
Direct Placement Drinking Water Loan			869 996	927 996	869 996	927 996
Total	<u>\$</u>	<u>\$</u>	<u>\$2 401 171</u>	<u>\$2 570 494</u>	<u>\$2 401 171</u>	<u>\$2 570 494</u>

The State of North Carolina limits 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 the government's boundaries. The legal debt margin for Town of Bryson City at June 30, 2019 was \$10 874 989.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities: Governmental expenditures should increase slightly with the Town using approximately \$55 000 of fund balance.

Business-type Activities: The Town will raise rates approximately 3% to cover the costs of a SCADA computer system. The Town will spend approximately \$550 000 on water and sewer line replacements. This will be funded by an ARC grant of \$500 000 and local funding of \$50 000.

Request 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 Director of Finance, Town of Bryson City, P. O. Box 726, Bryson City, NC 28713.

TOWN OF BRYSON CITY
STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Primary Government</u>			<u>Component</u>
	<u>Governmental</u>	<u>Business -</u>		<u>Unit</u>
<u>Assets</u>	<u>Activities</u>	<u>Type</u>	<u>Total</u>	<u>Town of</u>
		<u>Activities</u>		<u>Bryson City</u>
				<u>ABC Board</u>
Current Assets:				
Cash and Cash Equivalents	\$ 2 422 886	\$ 418 692	\$ 2 841 578	\$ 159 111
Restricted Cash and Cash Equivalents	65 367	449 896	515 263	
Receivables (Net of Allowance for Uncollectibles)	146 868	185 058	331 926	
Inventories		55 449	55 449	307 766
Prepaid Expenses				543
Total Current Assets	<u>2 635 121</u>	<u>1 109 095</u>	<u>3 744 216</u>	<u>467 420</u>
Non Current Assets:				
Capital Assets:				
Land and Construction in Progress	596 405	362 219	958 624	47 665
Other Capital Assets, Net of Depreciation	<u>2 868 023</u>	<u>8 180 344</u>	<u>11 048 367</u>	<u>235 930</u>
Total Non Current Assets	<u>3 464 428</u>	<u>8 542 563</u>	<u>12 006 991</u>	<u>283 595</u>
Total Assets	<u>6 099 549</u>	<u>9 651 658</u>	<u>15 751 207</u>	<u>751 015</u>
Deferred Outflows of Resources	<u>179 284</u>	<u>116 600</u>	<u>295 884</u>	<u>37 661</u>
Liabilities:				
Current Liabilities:				
Accounts Payable	111 117	27 536	138 653	54 937
Customer Deposits		82 216	82 216	
Compensated Absences	28 946	26 825	55 771	
Current Portion of Long Term Obligations		<u>172 133</u>	<u>172 133</u>	
Total Current Liabilities	<u>140 063</u>	<u>308 710</u>	<u>448 773</u>	<u>54 937</u>
Non Current Liabilities:				
Non Current Portion of Long Term Obligations		2 229 038	2 229 038	
Total Pension Liability	91 516		91 516	
Net Pension Liability	<u>237 424</u>	<u>158 283</u>	<u>395 707</u>	<u>46 498</u>
Total Non Current Liabilities	<u>328 940</u>	<u>2 387 321</u>	<u>2 716 261</u>	<u>46 498</u>
Total Liabilities	<u>469 003</u>	<u>2 696 031</u>	<u>3 165 034</u>	<u>101 435</u>
Deferred Inflows of Resources	<u>54 710</u>	<u>13 297</u>	<u>68 007</u>	<u>2 241</u>
Net Position				
Net Investment in Capital Assets	3 464 428	6 141 392	9 605 820	283 595
Restricted for:				
Stabilization by State Statute	137 160		137 160	
Unrestricted	<u>2 153 532</u>	<u>917 538</u>	<u>3 071 070</u>	<u>401 405</u>
Total Net Position	<u>\$ 5 755 120</u>	<u>\$7 058 930</u>	<u>\$12 814 050</u>	<u>\$ 685 000</u>

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

TOWN OF BRYSON CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit 2

Functions/Programs	Expenses	Program Revenues			(Net Expense) Revenues and Changes in Net Position			Component Unit
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business - Type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government	\$ 448 415	\$ 4 687	\$ 21 943	\$ 26 080	\$ (421 785)	\$	\$ (421 785)	\$
Public Safety	662 390		3 707		(632 603)		(632 603)	
Environmental Protection	204 256	173 919			(30 337)		(30 337)	
Transportation	192 406		47 605		(144 801)		(144 801)	
Cultural and Recreational	114 324				(114 324)		(114 324)	
Total Governmental Activities	1 621 791	178 606	73 255	26 080	(1 343 850)		(1 343 850)	
Business-Type Activities:								
Water and Sewer	1 642 959	1 421 352		261 053		39 446	39 446	
Total Primary Government	\$ 3 264 750	\$1 599 958	\$ 73 255	\$ 287 133	(1 343 850)	39 446	(1 304 404)	
Component Unit:								
Bryson City ABC Board	\$ 1 764 531	\$1 746 271						(18 260)
General Revenues:								
Taxes:								
Property Taxes					571 743		571 743	
Local Option Sales					487 217		487 217	
Investment Earnings					17 824	6 236	24 060	144
Miscellaneous					365 146	86 328	451 474	
Payment from ABC Board					194 600		194 600	
Transfers					(254 136)	254 136		
Total General Revenues					1 382 394	346 700	1 729 094	144
Change in Net Position					38 544	386 146	424 690	(18 116)
Net Position - Beginning					5 716 576	6 672 784	12 389 360	703 116
Net Position - Ending					\$ 5 755 120	\$ 7 058 930	\$12 814 050	\$ 685 000

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

TOWN OF BRYSON CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>General Fund</u>	<u>Non-Major Governmental Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$2 406 472	\$ 16 414	\$ 2 422 886
Restricted Cash and Cash Equivalents	65 367		65 367
Receivables, Net	137 160		137 160
Property Tax Receivable, Net	<u>9 708</u>		<u>9 708</u>
Total Assets	<u>\$2 618 707</u>	<u>\$ 16 414</u>	<u>\$ 2 635 121</u>
 <u>Liabilities:</u>			
Accounts Payable and Accrued Liabilities	<u>111 117</u>		<u>111 117</u>
 <u>Deferred Inflows of Resources:</u>			
Property Taxes Receivable	<u>9 708</u>		<u>9 708</u>
 <u>Fund Balances:</u>			
Restricted For:			
Stabilization by State Statute	137 160		137 160
Committed to LEO Retirement	65 367		65 367
Assigned To:			
Future Capital Projects		16 414	16 414
Subsequent Year's Expenditures	55 050		55 050
Unassigned	<u>2 240 305</u>		<u>2 240 305</u>
Total Fund Balances	<u>2 497 882</u>	<u>16 414</u>	<u>2 514 296</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$2 618 707</u>	<u>\$ 16 414</u>	<u>\$ 2 635 121</u>

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

TOWN OF BRYSON CITY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Amounts reported for governmental activities in the
Statement of Net Position are different because:

Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds		\$3 464 428
Deferred outflows of resources related to pensions are not reported in the funds		179 284
Liabilities for earned revenues are considered deferred inflows of resources in fund statements		9 708
Certain liabilities, are not due and payable in the current period and therefore are not reported in the funds:		
Total Pension Liability	\$ (91 516)	
Net Pension Liability	(237 424)	
Deferred inflows of resources related to pensions are not reported in the funds	(54 710)	
Compensated Absences	(28 946)	(412 596)
Fund Balance - Governmental Funds (Exhibit 3)		<u>2 514 296</u>
Net Position of Governmental Activities (Exhibit 1)		<u>\$5 755 120</u>

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

TOWN OF BRYSON CITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Non-Major Governmental Fund	Total Governmental Funds
<u>Revenues</u>			
Taxes:			
Property	\$ 576 340	\$	\$ 576 340
Local Option Sales	487 217		487 217
Intergovernmental	513 212		513 212
Charges for Services	178 606		178 606
Investment Earnings	17 823	1	17 824
Miscellaneous	145 869		145 869
Total Revenues	<u>1 919 067</u>	<u>1</u>	<u>1 919 068</u>
<u>Expenditures</u>			
Current:			
General Government	365 466		365 466
Public Safety	638 261		638 261
Transportation	149 978		149 978
Environmental Protection	219 129		219 129
Cultural and Recreational	114 324		114 324
Total Expenditures	<u>1 487 158</u>		<u>1 487 158</u>
Revenues Over (Under) Expenditures	431 909	1	431 910
Other Financing Sources (Users):			
Transfers In (Out)	<u>(181 243)</u>	<u>(72 893)</u>	<u>(254 136)</u>
Net Change in Fund Balances	250 666	(72 892)	177 774
Fund Balances:			
Beginning of Year	<u>2 247 216</u>	<u>89 306</u>	<u>2 336 522</u>
End of Year	<u>\$ 2 497 882</u>	<u>\$ 16 414</u>	<u>\$ 2 514 296</u>

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

TOWN OF BRYSON CITY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Net change in fund balances - total Governmental Funds (Exhibit 4)			\$ 177 774
Amounts reported for <i>Governmental Activities</i> in the Statement of Activities (Exhibit 2) 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 \$48 473 was less than depreciation \$163 788 in the current period.		(115 315)	
Contributions to the Pension Plan in the current fiscal year are not included in the Statement of Activities		42 679	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		(4 597)	
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds			
	Pension Expense	\$ (64 887)	
	Compensated Absences	<u>2 890</u>	<u>(61 997)</u>
Change in Net Position of Governmental Activities (Exhibit 2)			<u>\$ 38 544</u>

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

TOWN OF BRYSON CITY
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

EXHIBIT 5

General Fund				
	Original Budget	Final Budget	Actual	Variances With Final Favorable (Unfavorable)
Revenues:				
Ad Valorem Taxes	\$ 534 500	\$ 544 500	\$ 576 340	\$ 31 840
Local Option Sales Tax	380 000	419 764	487 217	67 453
Unrestricted Intergovernmental	214 000	389 000	362 080	(26 920)
Restricted Intergovernmental	108 700	138 440	151 132	12 692
Sales and Services	165 300	165 300	178 606	13 306
Investment Earnings	7 000	15 000	17 823	2 823
Miscellaneous	97 701	117 701	145 869	28 168
Total Revenues	<u>1 507 201</u>	<u>1 789 705</u>	<u>1 919 067</u>	<u>129 362</u>
Expenditures:				
Current:				
General Government	342 050	387 050	365 466	21 584
Public Safety	665 550	703 290	638 261	65 029
Transportation	139 300	164 064	149 978	14 086
Environmental Protection	267 301	267 301	219 129	48 172
Cultural and Recreational	93 000	93 000	114 324	(21 324)
Total Expenditures	<u>1 507 201</u>	<u>1 614 705</u>	<u>1 487 158</u>	<u>127 547</u>
Revenues Over (Under) Expenditures		175 000	431 909	256 909
Other Financing Sources (Uses)				
Transfers (to) from Other Funds		(175 000)	(181 243)	(6 243)
Net Changes in Fund Balance	<u>\$</u>	<u>\$</u>	\$ 250 666	<u>\$ 250 666</u>
Fund Balance:				
Beginning of Year, July 1			<u>2 247 216</u>	
End of Year, June 30			<u>\$ 2 497 882</u>	

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

TOWN OF BRYSON CITY
STATEMENT OF NET POSITION-PROPRIETARY FUND
JUNE 30, 2019

<u>ASSETS</u>	<u>June 30, 2019</u>
Current Assets:	
Cash and Cash Equivalents	\$ 418 692
Restricted Cash and Cash Equivalents	449 896
Accounts Receivable	185 058
Inventories	55 449
Total Current Assets	<u>1 109 095</u>
NonCurrent Assets:	
Fixes Assets - Net	<u>8 542 563</u>
Total Assets	<u>\$9 651 658</u>
<u>Deferred Outflows of Resources</u>	<u>116 600</u>
 <u>LIABILITIES AND NET POSITION</u>	
Current Liabilities:	
Accounts Payable and Accrued Expenses	27 536
Customer Deposits	82 216
Accrued Compensated Absences	26 825
Long Term Debt - Current Portion	172 133
Total	<u>308 710</u>
NonCurrent Liabilities:	
Long Term Debt - Noncurrent Portion	2 229 038
Net Pension Liability	158 283
Total Noncurrent Liabilities	<u>2 387 321</u>
Total Liabilities	<u>2 696 031</u>
<u>Deferred Inflows of Resources</u>	<u>13 297</u>
Net Position:	
Net Investment in Capital Assets	6 141 392
Unrestricted	<u>917 538</u>
Total Net Position	<u>\$7 058 930</u>

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

TOWN OF BRYSON CITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Enterprise Fund <u>Water and Sewer</u>
<u>Operating Revenues</u>	
Charges for Services	\$1 421 352
<u>Operating Expenses</u>	
Water and Sewer Operations	1 130 805
Depreciation	<u>454 571</u>
Total Operating Expenses	<u>1 585 376</u>
Operating Income (Loss)	<u>(164 024)</u>
Non-Operating Revenues (Expenses):	
Interest Earned on Investments	6 236
Interest Expense on Debt	(57 583)
Other	<u>86 328</u>
Total Nonoperating Revenues (Expenses)	<u>34 981</u>
Income (Loss) Before Transfers and Contributions	(129 043)
Capital Contributions	<u>261 053</u>
Transfers In (Out)	<u>254 136</u>
Change in Net Position	386 146
Net Position - Beginning of Year	<u>6 672 784</u>
Net Position - End of Year	<u>\$7 058 930</u>

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

TOWN OF BRYSON CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Proprietary Fund
	Water and Sewer
Cash Flows From Operating Activities:	
Cash Received From Customers and Users	\$1 393 736
Cash Paid For Goods and Services	(551 607)
Cash Payments To Employees for Services	(550 066)
Customer Deposits Received (Refund)	816
Net Cash Provided From Operating Activities	<u>292 879</u>
Cash Flows From Capital and Related Financing Activities:	
Capital Contributions	535 399
Debt Principal Paid	(169 323)
Interest Paid	(57 583)
Acquisition of Capital Assets	(439 065)
Other Income	86 328
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(44 244)</u>
Cash Flows for Non Capital Activities:	
Interfund Activity - Transfers	<u>209 507</u>
Cash Flows From Investing Activities:	
Interest Income	<u>6 236</u>
Net Increase (Decrease) in Cash and Cash Equivalents	464 378
Cash and Cash Equivalents - Beginning of Year	404 210
Cash and Cash Equivalents, End of Year	<u>\$ 868 588</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ (164 024)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	454 571
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable - Customers	(27 616)
(Increase) Decrease in Inventory	(1 278)
Increase (Decrease) in Compensated Absences	(6 096)
Increase (Decrease) in Accounts Payable	24 210
Increase (Decrease) in Customer Deposits	816
(Increase) Decrease in Deferred Outflows -Pensions	(37 299)
Increase (Decrease) in Deferred Inflows-Pensions	3 570
Increase (Decrease) in Net Pension Liability	46 025
Net Cash Provided by Operating Activities	<u>\$ 292 879</u>

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

TOWN OF BRYSON CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Town of Bryson City ABC Board

The members of the ABC Board's governing board are appointed by the Town. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the Town. The ABC Board, which has a June 30 year end, is presented as if it were a proprietary fund. Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at the Town of Bryson City ABC Board, Bryson City, N. C. 28713

B. Basis of Presentation

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

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

I. Summary of Significant Accounting Policies - Continued

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

The Town reports the following major governmental fund:

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

The Town reports the following non-major governmental fund:

Capital Project Fund. This fund is used to account for expenditures for general capital projects.

The Town reports the following major enterprise fund:

Water and Sewer Fund. The Water and Sewer Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Water and sewer capital projects are included in the Water and Sewer Capital Project Fund.

C. Measurement Focus, Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise 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 and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

I. Summary of Significant Accounting Policies - Continued

D. Budgetary Data

Budget - Budgets are adopted as required by the North Carolina General Statutes. An annual budget ordinance is adopted for the general and enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for all capital project funds.

All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds and at the object level for the capital projects fund. During the year several board approved amendments to the original budget were necessary.

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

1. Deposits:

Deposits - All deposits of the Town and ABC Board are made in board-designated official depositories and are collateralized as required by G.S. 159-31. Official depositories may be established with any bank or savings and loan association whose principal office is located in North Carolina. Also, the Town and ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

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

2. Cash and Cash Equivalents:

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

3. Restricted Assets:

Enterprise Capital Projects Fund cash is restricted for future expenditures on capital projects. Customer deposits held by the Town are also shown as restricted cash. Committed LEO cash is restricted for separation allowance benefits payable in the future.

I. Summary of Significant Accounting Policies - Continued

Town of Bryson City Restricted Cash

Governmental Activities

General Fund

Public Safety- LEO \$ 65 367

Business-type Activities

Water and Sewer Fund

Customer Deposits 82 216

Unexpended Capital Projects 367 680

Total Business-type Activities \$ 449 896

Total Restricted Cash \$ 515 263

4. Ad Valorem Taxes Receivable:

In accordance with [G.S. 105-347 and G.S 159-13(a)], ad valorem taxes are levied on July 1, the beginning of the fiscal year and 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, 2018.

5. Allowances for Doubtful Accounts:

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

6. Inventory

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

7. Capital Assets:

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5 000 and an estimated useful life in excess of one year. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Beginning July 1, 2003 general infrastructure costs are capitalized as incurred. The capitalization threshold for capitalizing infrastructure assets is \$25 000. Property, plant and equipment of the ABC Board are recorded at original cost at the time of acquisition.

I. Summary of Significant Accounting Policies - Continued

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

<u>Assets Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	40
Buildings	40
Improvements	40
Furniture and Equipment	5-7
Computer equipment	5

Other assets of the Town's Water and Sewer Fund are depreciated on a class life basis at the following rate:

	<u>Years</u>
Well, Pump and Pumping Station	30
Water and Sewer Lines, Hydrants and Meters	25-40
Water Improvement Facility	50
Water and Sewer Treatment Plant	30
Settlement Tank	50
Equipment and Motor Vehicles	5-10

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

	<u>Years</u>
Building	40
Furniture and Equipment	5-10

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, contributions made to the pension plan in the 2019 fiscal year. In addition to liabilities, the statement of net 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 one item that meet the criterion for this category -deferrals of pension expense that result from the implementation of GASB Statement 68 and 73. The funds statements also reports an additional deferred inflow - property taxes receivable.

I. Summary of Significant Accounting Policies - Continued

9. Long-Term Obligations:

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of Net Position. Bond premiums and discounts as well as issuance cost, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt services expenditures.

10. Compensated Absences:

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

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

The ABC Board's vacation policy provides for employees to earn up to two weeks of vacation each year; however, any unused vacation may not be carried over and is canceled.

The ABC Board's sick leave policy provides for employees to accumulate twelve days per year of sick leave, which is not vested. Since the ABC Board has no obligation for sick leave until it is actually taken, no accrual has been made.

11. Net Position/Fund Balances:

Net Position

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

I. Summary of Significant Accounting Policies - Continued

Fund Balance

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

The governmental fund types classify fund balances as follows:

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

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

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

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. The Town has committed certain costs for the payment of future law enforcement separation allowance benefits.

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

Assigned for Capital Projects - portion of fund balance that has been budgeted by the Board for future capital projects.

I. Summary of Significant Accounting Policies - Continued

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

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

For purposes of fund balance classifications, funds are to be spent from restricted fund balance first followed by committed fund balance, assigned fund balance and last unassigned fund balance. The Town of Bryson City has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 48% of budgeted expenditures.

12. Uses of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

13. Defined Benefit Cost Sharing Plans

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

II. Detail Notes on All Funds

A. Assets:

1. Deposits: - All the deposits of the Town and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's or the ABC Board's agents in the units' name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and the ABC Board, these deposits are considered to be held by the Town's and the ABC Board's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town or the ABC Board under the Pooling Method, the potential exists for

undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town and the ABC Board have no policy regarding custodial credit risk for deposits.

At June 30, 2019 the Town's deposits had a carrying amount of \$2 332 457 and a bank balance of \$2 336 354. The carrying amount of deposits for the ABC Board was \$159 111 and the bank balance was \$348 422. The bank balances of the Town and the ABC Board were fully covered by federal depository insurance or other sufficient collateral held under the pooling method.

2. Investments - At June 30, 2019, the Town of Bryson City had \$1 024 384 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poors. The Town has no policy regarding credit risk.
3. Receivables - Allowances for Doubtful Accounts - The receivables shown in the balance sheet and Statement of Net Position are presented net of the following allowances for doubtful accounts:

<u>Fund</u>	<u>June 30,</u> <u>2019</u>
General Fund - Revolving Loans	\$ 23 662
General Fund - Property Taxes	20 883
Utility Fund - Utilities	5 000
Total	<u>\$ 49 545</u>

Receivables - Net of Allowances for Doubtful Accounts:

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

	<u>Accounts</u>	<u>Customers</u>	<u>Taxes</u>	<u>Local Option</u>	<u>Revolving Loans</u>	<u>Total</u>
Governmental Activities:						
General	\$ 40 612	\$ 18 548	\$ 30 591	\$ 78 000	\$ 23 662	\$ 191 413
Less Allowance for doubtful accounts			20 883		23 662	44 545
Total-governmental activities	<u>\$ 40 612</u>	<u>\$ 18 548</u>	<u>\$ 9 708</u>	<u>\$ 78 000</u>	<u>\$</u>	<u>\$ 146 868</u>
Business-type Activities:						
Water and Sewer	\$ 44 786	\$ 145 272	\$	\$	\$	\$ 190 058
Less Allowance for doubtful accounts		5 000				5 000
Total business-type activities	<u>\$ 44 786</u>	<u>\$ 140 272</u>		<u>\$</u>	<u>\$</u>	<u>\$ 185 058</u>

4. Capital Assets

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

Primary Government:	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 596 405	\$	\$	\$ 596 405
Total	<u>596 405</u>			<u>596 405</u>
Capital assets being depreciated:				
Infrastructure	1 209 405			1 209 405
Buildings	3 174 017			3 174 017
Equipment	<u>1 701 101</u>	<u>48 473</u>		<u>1 749 574</u>
Total capital assets being depreciated	<u>6 084 523</u>	<u>48 473</u>		<u>6 132 996</u>
Less accumulated depreciation for:				
Infrastructure	292 502	24 188		316 690
Building	1 373 829	77 727		1 451 556
Equipment	<u>1 434 854</u>	<u>61 873</u>		<u>1 496 727</u>
Total accumulated depreciation	<u>3 101 185</u>	<u>163 788</u>		<u>3 264 973</u>
Total capital assets being depreciated, net	<u>2 983 338</u>	<u>(115 315)</u>		<u>2 868 023</u>
Governmental activity capital assets, net	<u>\$3 579 743</u>	<u>\$(115 315)</u>	<u>\$</u>	<u>\$3 464 428</u>

Depreciation expense was charged to function/programs as follows:

Governmental activities:	
General government	\$ 79 274
Public safety	41 426
Transportation	42 428
Environmental Protection	<u>660</u>
Total depreciation expense - governmental activities	<u>\$ 163 788</u>

II. Detail Notes on All Funds - Continued

	Beginning Balances	Increases	Decreases	Reclassification	Ending Balances
Business-type activities:					
Water & Sewer Fund					
Capital assets not being depreciated:					
Land	\$ 294 397	\$	\$	\$	\$ 294 397
Construction in Progress	431 385	346 187		(709 750)	67 822
Total Capital Assets					
Not Being Depreciated	725 782	346 187		(709 750)	362 219
Capital assets being depreciated:					
Distribution Systems	13 508 578			709 750	14 218 328
Equipment	1 156 878	19 254			1 176 132
Total capital assets being depreciated	14 665 456	19 254		709 750	15 394 460
Less accumulated depreciation for:					
Distribution Systems	6 002 598	386 366			6 388 964
Equipment	756 947	68 205			825 152
Total accumulated depreciation	6 759 545	454 571			7 214 116
Total capital assets being depreciated, net	7 905 911	(435 317)		709 750	8 180 344
Water & Sewer fund capital assets, net	\$ 8 631 693	\$ (89 130)	\$	\$	\$ 8 542 563

Discretely presented component unit:
Capital asset activity for the ABC Board
for the year ended June 30, 2019 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business - type activity:				
Capital assets, not being depreciated:				
Land	\$ 47 665	\$	\$	\$ 47 665
Capital assets being depreciated				
Building	415 065			415 065
Equipment	86 748			86 748
Total Capital Assets being depreciated	501 813			501 813
Less accumulated depreciation for:				
Building	182 701	13 450		196 151
Equipment	65 691	4 041		69 732
Total accumulated depreciation	248 392	17 491		265 883
Total capital assets being depreciated - net	253 421	(17 491)		235 930
Business Type Capital Assets - net	\$ 301 086	\$ (17 491)	\$	\$ 283 595

II. Detail Notes on All Funds - Continued

B. Liabilities

1. Pension Plan Obligations

a. Local Government Employee's Retirement System

Plan Description - The Town of Bryson City is a participating employer in the statewide Local Governmental Employee's Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Government Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided - LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor' Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age,

or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor' Alternate Benefit for life or a return of the member's contributions.

Contributions - Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Bryson City employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Bryson City's contractually required contribution rate for the year ended June 30, 2019, was 7.84% of compensation for general employees, and 8.50% for law enforcement officers, actuarially as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Bryson City were \$71 131 for the year ended June 30, 2019.

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

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

At June 30, 2019, The Town reported a liability of \$395 707 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the Town's proportion was 0.0167%, which was an decrease of 0.00017% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$101 868. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 61 048	\$ 2 048
Changes of assumptions	105 005	
Net difference between projected and actual earnings on pension plan investments	54 318	
Changes in proportion and differences between Town contributions and proportionate share of contributions		31 195
Town contributions subsequent to the Measurement date	71 131	
Total	<u>\$ 291 502</u>	<u>\$ 33 243</u>

\$71 131 reported as deferred outflows of resources related to Pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase in the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$ 95 360
2021	59 991
2022	5 270
2023	26 506
Total	<u>\$ 187 127</u>

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

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

<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	100.0%	

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

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

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease <u>(6.00%)</u>	Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Town's proportionate share of the net pension liability (asset)	\$950 522	\$ 395 707	\$ (67 905)

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

b. Law Enforcement Officers Special Separation Allowance

- (1) Plan Description - Town of Bryson City administers a public employee retirement system the *Separation Allowance*, a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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

Retirees receiving benefits	- 0 -
Terminated plan members entitled to but not yet receiving benefits	- 0 -
Active plan members	<u>8</u>
Total	<u><u>8</u></u>

II. Detail Notes on All Funds - Continued

(2) Summary of Significant Accounting Policies

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

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

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

Inflation	2.5 percent
Salary Increases	3.50 to 8.10 percent, including inflation and productivity factor
Discount rate	2.98 percent

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

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

- (4) Contributions - The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$-0- as no benefits came due for the reporting period.

II. Detail Notes on All Funds - Continued

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

At June 30, 2019, the Town reported a total pension liability of \$91 516. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of \$3 767.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 30 255
Changes of assumptions	4 382	4 509
Total	<u>\$ 4 382</u>	<u>\$ 34 764</u>

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

Year ended June 30:	
2020	\$ (6 119)
2021	(6 119)
2022	(6 119)
2023	(5 994)
2024	(5 325)
Thereafter	(706)

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total Pension Liability	\$ 99 542	\$ 91 516	\$ 84 169

II. Detail Notes on All Funds - Continued

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

	<u>2019</u>
Beginning balance	\$ 93 472
Service Cost	6 932
Interest on the total pension liability	2 954
Changes of benefit terms	
Differences between expected and actual experience in the measurement of the total pension liability	(8 078)
Changes of assumptions or other inputs	(3 764)
Benefit payments	
Other Changes	
Ending balance of the total pension liability	<u>\$ 91 516</u>

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on 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.

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

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

	LGERS	LEOSSA	TOTAL
Pension Expense	\$ 101 868	\$ 3 767	\$105 635
Pension Liability	395 707	91 516	487 223
Proportionate share of the net pension liability	.0182	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	61 048		61 048
Changes of Assumptions	105 005	4 382	109 387
Net difference between projected and actual earnings on plan investments	54 318		54 318
Changes in proportion and differences between contributions and proportionate share of contributions			
Benefit payments and administrative costs paid subsequent to the measurement date	<u>71 131</u>	<u> </u>	<u>71 131</u>
Total Deferred Outflows of Resources	<u>\$291 502</u>	<u>\$ 4 382</u>	<u>\$295 884</u>

Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 2 048	\$30 255	\$ 32 303
Changes of Assumptions		4 509	4 509
Net differences between projected and actual earnings on plan investments			
Changes in proportionate and differences between contributions and proportionate share of contributions	<u>31 195</u>	<u> </u>	<u>31 195</u>
Total Deferred Inflows of Resources	<u>\$33 243</u>	<u>\$34 764</u>	<u>\$ 68 007</u>

Supplemental Retirement Income Plan for Law Enforcement Officers -

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

Funding Policy - Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The Town made contributions of \$14 214 for the reporting year. No amounts were forfeited.

c. ABC Board - Local Government Employees' Retirement System

- (1) Plan Description - Town of Bryson City ABC Board contributes to the statewide Local Government Employees' Retirement System (LGERS), a cost sharing, multiple-employer, defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Government Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699.

- (2) Funding Policy - Plan members are required to contribute six percent of their annual covered salary. The ABC Board is required to contribute at an actuarially determined rate. The ABC Board's current rate for employees is 7.83% of annual covered payroll. The contribution requirements of members and the ABC Board are established and may be amended by the North Carolina General Assembly. The Board's contribution for the years ending June 30, 2019, and 2018 were \$10 837 and \$8 947 respectively.

2. Payables - Payables and accrued liabilities at June 30, 2019 were as follows at the government-wide level:

	<u>Vendors</u>	<u>Other</u>	<u>Total</u>
Governmental Activities	<u>\$ 96 312</u>	<u>\$14 805</u>	<u>\$111 117</u>
Business-type Activities	<u>\$ 17 843</u>	<u>\$ 9 693</u>	<u>\$ 27 536</u>

3. Deferred Outflows/Inflows of Resources

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

Contribution to LGERS made subsequent to measurement dates	\$ 71 131
Differences between expected and actual experience	61 048
Changes of assumptions	109 387
Net difference between projected and actual	54 318
Total	<u>\$295 884</u>

Deferred Inflows of Resources at year-end is comprised as follows:

	<u>Fund Statement</u>	<u>Government Wide</u>
Changes in assumptions	\$	\$ 4 509
Taxes receivable, less penalties (General Fund)	9 708	
Differences between expected and actual experience		32 303
Changes in proportion and differences between employer contributions and proportionate share of contributions		31 195
Total	<u>\$ 9 708</u>	<u>\$ 68 007</u>

4. Risk Management - The Town is exposed to various risks of losses related to torts; theft of; damage to; and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools

II. Details on All Funds - Continued:

administered by the North Carolina League of Municipalities. The Town does not carry any type of flood insurance at this time.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are each individually bonded for \$125 000 and \$10 000 respectively.

Through these pools, the Town has property coverage up to \$10 682 435, worker's compensation coverage of up to statutory limits, and employee health coverage up to \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims of \$500 000 for property and \$300 000 up to statutory limit, for worker's compensation. The pools are reinsured for annual employee health claims in excess of \$150 000. The property liability pool has an aggregated limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values. The town carries commercial coverage for all other risks of loss. Claims have not exceeded coverage in any of the past three years.

The ABC Board is exposed to various risks of lost related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The ABC Board has property, general liability, worker's compensation and employee health coverage. The ABC Board also has liquor legal liability. Claims have not exceeded coverage in any of the last three years.

5. Long-Term Obligations:

a. Capital Leases:

Capital lease for the purchase of vehicles and equipment are treated as purchases at the inception of the contract and are carried in the General Fund. Capital leases for the acquisition of water and sewer assets are carried in the Enterprise Fund. The Town had the following capital leases at June 30, 2019:

<u>Description</u>	<u>Cost</u>	<u>Date</u>	<u>Term</u>	<u>Rate</u>	<u>Payment Amount</u>
Enterprise Fund:					
Camera System	\$ 98 000	10-18-17	5 Yrs.	2.22%	\$17 439 Ann.
Vac Con Truck	\$131 000	11-18 17	6 Yrs.	2.22%	\$23 292 Ann.

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

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$ 98 000	\$ 14 700	\$ 83 300
Vehicles	131 250	19 688	111 562
Total	<u>\$229 250</u>	<u>\$ 34 388</u>	<u>\$194 862</u>

II. Detail Notes on All Funds - Continued:

- b. Bonded Indebtness
Direct placement general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer systems and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All bonds are collateralized by the faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.
- c. ARRA Loan
The Town has been awarded an American Recovery and Reinvestment Act of 2018 direct placement loan. The loan is for 20 years at zero interest with annual payments of \$4 163, balance \$45 794.
- d. Clean Water Loan
The Town received a \$633 855 direct placement Clean Water Revolving Loan. The loan is for 20 years at 2.46% interest. Annual principle payments are \$31 693. The balance at June 30, 2019 was \$443 699.
- e. Drinking Water Loan
The Town has received a \$1 043 996 direct placement Drinking Water Revolving Loan. The loan is for 20 years at zero interest. Annual payments are \$58 000, balance \$869 996.
- f. Bonds payable at June 30, 2019 are comprised of the following issues:

Serviced by the Water and Sewer Fund:
\$1 499 000 direct placement water and sewer bonds issued on August 7, 1995 due in annual installments ranging from \$16 000 to \$64 000 through June 1, 2035; interest at 4.5 percent. \$ 887 000

In the event of default on bonded debt, the Town agrees to pay USDA, on demand, interest on any amounts due under the related agreement.

The Town's legal debt margin at June 30 2019, was \$10 874 989.

The following table summarizes the annual requirement to amortize all long-term obligations.

	Direct Placement Water and Sewer Bonds		Direct Placement Water and Sewer ARRA Loan		Direct Placement Water and Sewer Clean Water Loan		Direct Placement Water and Sewer Drinking Water Loan		Water and Sewer Capital Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Year:												
2020	\$ 41 000	\$ 39 915	\$ 4 163	\$	\$ 31 693	\$ 10 893	\$ 58 000	\$	\$ 37 277	\$ 3 454	\$ 172 133	\$ 54 262
2021	43 000	38 070	4 163		31 693	10 115	58 000		38 104	2 607	174 960	50 792
2022	45 000	36 135	4 163		31 693	9 337	58 000		38 950	1 961	177 806	47 433
2023	47 000	34 110	4 163		31 693	8 559	58 000		40 351	359	181 207	43 028
2024	49 000	31 995	4 163		31 693	7 781	58 000				142 856	39 776
2025 - 2029	279 000	124 965	20 815		158 465	27 232	290 000				748 280	152 197
2030 - 2034	319 000	57 555	4 164		126 769	7 779	289 996				739 929	65 336
2035 - 2039	64 000	2 880									64 000	2 880
Total	<u>\$ 887 000</u>	<u>\$ 365 625</u>	<u>\$ 45 794</u>	<u>\$</u>	<u>\$ 443 699</u>	<u>\$ 81 696</u>	<u>\$ 869 996</u>	<u>\$</u>	<u>\$ 154 682</u>	<u>\$ 8 381</u>	<u>\$ 2 401 171</u>	<u>\$ 455 704</u>

f. Changes in Long-Term Obligations - The following is a summary of changes in long-term obligations for the year ended June 30,2019:

<u>Governmental Activity:</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2019</u>	<u>Current Portion</u>
Net Pension Liability (LGERS)	\$ 168 385	\$ 69 039	\$	\$ 237 424	
Total Pension Liability (LEO)	93 472		1 956	91 516	
Compensated Absences	<u>31 836</u>	<u>32 400</u>	<u>35 290</u>	<u>28 946</u>	<u>28 946</u>
Totals	<u>\$ 293 693</u>	<u>\$ 101 439</u>	<u>\$ 37 246</u>	<u>\$ 357 886</u>	<u>\$ 28 946</u>
<u>Business Type Activity:</u>					
Net Pension Liability (LGERS)	\$ 112 258	\$ 46 025	\$	\$ 158 283	\$
Capital Leases	191 150		36 468	154 682	37 277
Direct Placement General Obligation Bonda	926 000		39 000	887 000	41 000
Direct Placement ARRA Loan	49 957		4 163	45 794	4 163
Direct Placement Clean Water Revolving Loan	475 391		31 692	443 699	31 693
Direct Placement Drinking Water Revolving Loan	927 996		58 000	869 996	58 000
Compensated Absences	<u>32 921</u>	<u>33 250</u>	<u>39 346</u>	<u>26 825</u>	<u>26 825</u>
Totals	<u>\$ 2 715 673</u>	<u>\$ 79 275</u>	<u>\$ 208 669</u>	<u>\$ 2 586 279</u>	<u>\$ 198 958</u>

6. Construction Commitments:

The town has one active construction project as of June 30, 2019.
At year end, the Town’s commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Water and Sewer Line Replacement	<u>\$</u>	<u>\$ 595 440</u>

7. Individual Balances and Activity

Transfers to and from funds are as follows:

	Transfers To	Transfers From
General Fund	\$	\$ 181 243
Capital Projects		72 893
Enterprise	254 136	
Total	<u>\$ 254 136</u>	<u>\$ 254 136</u>

Transfer of funds was primarily to the enterprise fund to help with matching costs for grant projects.

8. 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	\$ 2 497 882
Less:	
Stabilization by State Statute	(137 160)
Committed - Leo Retirement	(65 367)
Appropriated to 2019-20 Budget	<u>(55 050)</u>
Remaining Fund Balance	<u>\$ 2 240 305</u>

III. Stewardship, Compliance and Accountability:

Excess Expenditures

For the year ended June 30, 2019 expenditures exceeded appropriations as follows:

General Fund:	
Agency Appropriations	\$ 21 324
Transfers	6 243
Total	<u>\$ 27 567</u>
Enterprise Fund:	
Water & Sewer Distribution	<u>\$ 53 593</u>

These over expenditures were approved subsequent to year end. It is the Town's intention to amend their budget on a more timely basis in the future.

IV. Subsequent Events:

Subsequent events have been evaluated through October 3, 2019, which is the date the financial statements were available to be issued.

V. Summary Disclosure of Significant Contingencies:

Federal and State Assisted Programs - The Town has received proceeds over the year 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 monies 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 monies.

VI. Changes in Accounting Principle

The Town implemented Governmental Accounting Standards Board (GASB) No. Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, in the fiscal year ending June 30, 2019. The implementation of the statement required the Town to make changes to note disclosures related to debt.

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

Local Government Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Bryson City's proportion of the net pension liability (asset) (%)	.01668%	.01837%	.01804%	.01759%	.01734%	.01610%
Bryson City's proportion of the net pension liability (asset) (\$)	\$ 395 707	\$ 280 643	\$ 382 869	\$ 78 943	\$ (102 262)	\$ 194 067
Bryson City's covered-employee payroll	\$ 931 926	\$ 946 465	\$ 925 743	\$ 716 540	\$ 612 801	\$ 518 200
Bryson City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	42.46%	29.65%	41.36%	11.02%	(16.69%)	37.45%
Plan fiduciary net position as a percentage of the total pension liability **	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

Town of Bryson City, North Carolina
Town of Bryson City's Contributions
Required Supplementary Information
Last Six Fiscal Years

Local Government Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 71 131	\$ 72 624	\$ 71 633	\$ 63 733	\$ 50 946	\$ 43 754
Contributions in relation to the contractually required contribution	<u>71 131</u>	<u>72 624</u>	<u>71 633</u>	<u>63 733</u>	<u>50 946</u>	<u>43 754</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Bryson City's covered-employee payroll	\$ 978 814	\$ 931 926	\$ 946 465	\$ 925 743	\$ 716 540	\$ 612 801
Contributions as a percentage of covered-employee payroll	7.27%	7.79%	7.57%	6.88%	7.11%	7.14%

Town of Bryson City
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Last three Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 93 472	\$ 109 769	\$ 103 044
Service Cost	6 932	6 323	5 476
Interest on the total pension liability	2 954	4 237	3 679
Changes of benefit terms			
Differences between expected and actual experience			
in the measurement of the total pension liability	(8 078)	(33 031)	
Changes of assumptions or other inputs	(3 764)	6 174	(2 430)
Benefit payments			
Other Changes			
	<hr/>	<hr/>	<hr/>
Ending balance of the total pension liability	<u>\$ 91 516</u>	<u>\$ 93 472</u>	<u>\$ 109 769</u>

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

Town of Bryson City
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
Last three Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability	\$ 91 516	\$ 93 472	\$ 109 769
Covered Payroll	285 511	320 670	300 698
Total pension liability as a percentage of covered payroll	32.1%	29.2%	36.5%

Notes to the schedules:

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

TOWN OF BRYSON CITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2018

	<u>2019</u>		<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>2018</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Ad Valorem Taxes:				
Current Year	\$ 520 000	\$ 563 482	\$ 43 482	\$ 546 018
Prior Years	17 000	8 500	(8 500)	17 316
Penalties and Interest	7 500	4 358	(3 142)	6 916
Total	544 500	576 340	31 840	570 250
Other Taxes and Licenses:				
Local Option Sales Tax	419 764	373 376	(46 388)	385 265
Hold Harmless		113 841	113 841	87 778
Total	419 764	487 217	67 453	473 043
Unrestricted				
Intergovernmental:				
Payments in Lieu of Taxes	7 000	7 860	860	7 259
Utilities Sales Tax	150 000	153 048	3 048	153 537
Beer and Wine Taxes	7 000	6 572	(428)	6 614
ABC Distribution	225 000	194 600	(30 400)	293 200
Total	389 000	362 080	(26 920)	460 610
Restricted Intergovernmental:				
Federal and State Grants	49 740	51 730	1 990	23 587
Facility Fees	200	122	(78)	125
Powell Bill Allocation	48 000	47 605	(395)	48 399
Swain County Reimbursement	40 000	50 610	10 610	44 146
Solid Waste Disposal Tax	500	1 065	565	1 045
Total	138 440	151 132	12 692	117 302
Sales and Service:				
Permits	300	575	275	255
Garbage Fee	165 000	173 919	8 919	157 249
Interest & Principal				
Received-Building Facade		4 112	4 112	4 112
Total	165 300	178 606	13 306	161 616
Interest Earned	15 000	17 823	2 823	12 215

TOWN OF BRYSON CITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		Variance	2018
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Miscellaneous:				
Building Lease	\$ 75 201	\$ 77 590	\$ 2 389	\$ 76 903
Contributions	18 000	16 295	(1 705)	31 955
Other	24 500	51 984	27 484	22 560
Total	<u>117 701</u>	<u>145 869</u>	<u>28 168</u>	<u>131 418</u>
Total Revenues	<u>1 789 705</u>	<u>1 919 067</u>	<u>129 362</u>	<u>1 926 454</u>
Expenditures:				
General Government:				
Governing Body:				
Salaries		14 153		12 105
Insurance		2 220		2 187
FICA		1 064		1 024
Travel and Miscellaneous		3 836		3 223
Total	<u>22 500</u>	<u>21 273</u>	<u>1 227</u>	<u>18 539</u>
Administration:				
Salaries		147 840		111 753
Professional Services		22 514		20 792
FICA		10 976		8 325
Group Insurance		27 974		26 900
Retirement		11 744		8 624
Telephone and Postage		9 543		7 201
Travel and Seminars		2 646		2 438
Equipment Rental		6 208		4 096
Advertising		1 215		874
Departmental Supplies		2 753		3 251
Dues and Subscriptions		5 467		5 277
Insurance and Bonds		25 472		15 170
Miscellaneous		552		948
Capital Outlay		4 500		7 616
Total	<u>279 500</u>	<u>279 404</u>	<u>96</u>	<u>223 265</u>
Legal and Finance:				
Professional Services		15 422		6 553
Total	<u>20 350</u>	<u>15 422</u>	<u>4 928</u>	<u>6 553</u>
Elections:				
Professional Services				7 654
Total				<u>7 654</u>

TOWN OF BRYSON CITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2018

	2019			
	Budget	Actual	Variance Favorable (Unfavorable)	2018 Actual
Expenditures:				
Public Buildings:				
Salaries	\$	\$ 15 104	\$	\$ 18 062
FICA		1 123		1 367
Group Insurance		6 003		5 878
Retirement		1 168		1 381
Utilities		14 982		17 453
Repairs and Maintenance		1 581		5 664
Telephone and Postage		2 904		2 553
Supplies and Other		6 502		4 015
Total	<u>64 700</u>	<u>49 367</u>	<u>15 333</u>	<u>56 373</u>
Total General Government	<u>387 050</u>	<u>365 466</u>	<u>21 584</u>	<u>312 384</u>
Public Safety:				
Police Department:				
Salaries	\$	\$ 310 590	\$	\$ 318 846
Professional Services		4 816		1 037
FICA		22 783		24 155
Group Insurance		65 557		75 818
Retirement		37 982		38 175
Telephone and Postage		10 681		12 328
Repairs and Maintenance -				
Radios and Equipment		227		1 585
Autos		10 032		8 198
Automotive Supplies		19 663		22 442
Departmental Supplies		9 119		9 592
Uniforms		8 883		8 839
General Insurance		9 505		13 821
Other		5 672		7 547
Capital Outlay		2 360		44 017
Total	<u>580 950</u>	<u>517 870</u>	<u>63 080</u>	<u>586 400</u>

TOWN OF BRYSON CITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2018

	2019		Variance	2018
	Budget	Actual	Favorable (Unfavorable)	Actual
Expenditures:				
Fire and Rescue:				
Salaries	\$	\$ 4 290	\$	\$
FICA		328		
Repairs and Maintenance -				
Radio and Vehicles		14 225		17 757
Travel and Seminars		500		
Automotive Supplies		2 775		3 197
Departmental Supplies		56 221		73 057
Other		2 430		3 014
Professional Services		13 542		
Capital Outlay		26 080		5 775
Total	122 340	120 391	1 949	102 800
Total Public Safety	703 290	638 261	65 029	689 200
Transportation:				
Street Department:				
Salaries		13 225		12 380
FICA		932		892
Group Insurance		4 426		4 821
Retirement		1 043		971
Street Lighting		25 745		41 485
Repairs and Maintenance		3 054		5 747
Automotive Supplies		3 604		3 826
Departmental Supplies		8 862		9 738
Telephone and Postage		503		
Paving		81 764		61 984
Contract Services		4 848		24 150
General Insurance		677		905
Other		1 295		5 641
Total Transportation	164 064	149 978	14 086	172 540
Environmental Protection:				
Sanitation:				
Salaries		105 586		99 332
FICA		7 728		7 415
Group Insurance		33 539		36 954
Retirement		8 348		7 769
Repairs and Maintenance		3 636		17 156
Automotive Supplies		7 572		10 708
Departmental Supplies		1 093		924
General Insurance		5 418		7 244
Telephone and Postage		686		1 492
Uniforms and Miscellaneous		989		212
Fees Paid to State		1 710		2 107
Total	213 000	176 305	36 695	191 313

TOWN OF BRYSON CITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2018

	2019		Variance	2018
	Budget	Actual	Favorable (Unfavorable)	Actual
Public Lands:				
Salaries		15 963		20 738
FICA		1 190		1 584
Group Insurance		6 003		9 659
Retirement		1 245		1 620
General Insurance		808		1 511
Departmental Supplies		1 020		1 753
Repairs and Maintenance		689		1 714
Other		373		751
Capital Outlay		15 533		200 000
Total	54 301	42 824	11 477	239 330
Total Environmental Protection	267 301	219 129	48 172	430 643
Cultural and Recreational:				
Various Agency Appropriations	93 000	114 324	(21 324)	85 000
Total Expenditures	1 614 705	1 487 158	127 547	1 689 767
Revenues Over (Under) Expenditures	175 000	431 909	256 909	236 687
Other Financing Sources (Uses):				
Transfers (to) from Other Funds	(175 000)	(181 243)	(6 243)	
Total Other Financing Sources (Uses)	(175 000)	(181 243)	(6 243)	
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$	\$ 250 666	\$ 250 666	\$ 236 687
Fund Balance, Beginning of Year		2 247 216		
End of Year		\$ 2 497 882		

TOWN OF BRYSON CITY
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2018

	2019		Variance	2018
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Nonoperating Revenues:				
Interest Earned	\$	\$ 1	\$ 1	\$ 166
Expenditures:				
Future Capital Outlay				
Revenue Over (Under)				
Expenditures		1	1	166
Other Financing Sources (Uses)				
Appropriated Fund Balance	75 000		(75 000)	
Transfer From (To) Other Funds	(75 000)	(72 893)	2 107	(90 000)
Total Other Financing Sources (Uses)		(72 893)	(72 893)	(90 000)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$	\$ (72 892)	\$ (72 892)	\$ (89 834)
Fund Balance - Beginning of Year		89 306		179 140
Fund Balance - End of Year		\$ 16 414		\$ 89 306

TOWN OF BRYSON CITY
WATER AND SEWER FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2018

	2019			
	Budget	Actual	Variance Favorable (Unfavorable)	2018 Actual
Operating Revenues:				
Water and Sewer Charges	\$1 336 121	\$1 386 402	\$ 50 281	\$1 343 887
Taps and Connection Fees	28 500	34 950	6 450	37 075
Total	<u>1 364 621</u>	<u>1 421 352</u>	<u>56 731</u>	<u>1 380 962</u>
Nonoperating Revenues:				
Interest Income	5 010	6 055	1 045	3 393
Sales Tax Refund	12 000	30 300	18 300	12 955
Miscellaneous	<u>46 320</u>	<u>56 028</u>	<u>9 708</u>	<u>47 961</u>
Total	<u>63 330</u>	<u>92 383</u>	<u>29 053</u>	<u>64 309</u>
Other Financing Sources:				
Financing Proceeds				229 000
Transfers from Other				
Funds	160 000	6 175	(153 825)	
Appropriated Fund Balance	<u>50 000</u>		<u>(50 000)</u>	
Total	<u>210 000</u>	<u>6 175</u>	<u>(203 825)</u>	<u>229 000</u>
Total Revenues	<u>1 637 951</u>	<u>1 519 910</u>	<u>(118 041)</u>	<u>1 674 271</u>
Expenditures:				
Water and Sewer Distribution:				
Salaries		229 888		211 886
Professional Services		43 877		12 096
Retirement		18 077		16 616
FICA		16 821		16 009
Group Insurance		62 000		65 762
Distribution and Collection		71 851		75 832
Contract Work		5 800		5 000
Other Insurance		15 632		16 377
Repairs and Maintenance		41 081		19 689
Departmental Supplies		32 839		33 191
Telephone and Postage		16 842		16 821
Utilities		31 967		27 984
Dues and Subscriptions		3 235		6 828
Other		<u>2 113</u>		<u>4 447</u>
Total	<u>538 430</u>	<u>592 023</u>	<u>(53 593)</u>	<u>528 538</u>
Water Treatment Plant:				
Salaries		166 342		159 302
Professional Services		45 159		34 349
Telephone and Postage		6 931		5 817
Utilities		90 517		96 937
Retirement		12 877		11 802
FICA		12 404		12 185
Group Insurance		38 687		39 685
Other Insurance		15 015		16 327
Repairs and Maintenance		48 009		15 242
Contract Work		22 051		16 286
Departmental Supplies		67 963		73 229
Other		<u>7 905</u>		<u>5 863</u>
Total	<u>542 450</u>	<u>533 860</u>	<u>8 590</u>	<u>487 024</u>

TOWN OF BRYSON CITY
WATER AND SEWER FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2018

	2019		Variance	2018
	Budget	Actual	Favorable (Unfavorable)	Actual
Non-Operating Expenditures:				
Budgetary Expenditures:				
Interest Expense	\$ 63 169	\$ 57 583	\$ 5 586	\$ 58 644
Principal Paid	166 652	169 323	(2 671)	168 706
Capital Outlay	327 250	19 254	307 996	315 378
Total	557 071	246 160	310 911	542 728
Other Financing Uses:				
Transfers To Other Funds				10 000
Total Expenditures and Other Financing Uses	1 637 951	1 372 043	265 908	1 568 290
Revenues and Other Sources Over (Under) Expenditures	\$	\$ 147 867	\$ 147 867	\$ 105 981

Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:

Revenue and Other Sources Over (Under) Expenditures		\$ 147 867	
Reconciling Items:			
Add:			
Increase in Inventory	\$ 1 278		
Decrease in Vacation Pay	6 096		
Transfers - Capital Projects	247 961		
Interest Earned - Capital Projects	181		
Principal Paid	169 323		
Capital Outlay	19 254		
Increase in Deferred Outflows	37 299		
Grants Received	261 053	742 445	
Less:			
Depreciation	\$ 454 571		
Increase in Net Pension Liability	46 025		
Increase in Deferred Inflows	3 570	(504 166)	
Change in Net Position (Exhibit 7)		\$ 386 146	

TOWN OF BRYSON CITY
WATER AND SEWER CAPITAL PROJECTS FUND - WASTEWATER PUMP STATION REPLACEMENT
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE FISCAL YEAR JUNE 30, 2019

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Favorable (Unfavorable)
Revenues:					
ARC Grant	\$ 535 400	\$ 274 346	\$ 261 053	\$ 535 399	\$ (1)
Investment Earnings		375	144	519	519
Total Revenues	535 400	274 721	261 197	535 918	518
Expenditures:					
Engineering	94 810	66 031	27 180	93 211	1 599
Construction	619 539	339 625	276 914	616 539	3 000
Total Expenditures	714 349	405 656	304 094	709 750	4 599
Revenues Over (Under) Expenditures	(178 949)	(130 935)	(42 897)	(173 832)	5 117
Other Financing Sources (Uses):					
Transfer From (To) Other Funds	178 949	335 607	(161 775)	173 832	(5 117)
Revenue and Other Financing Sources Over (Under) Expenditures and Other Uses	\$	\$ 204 672	\$ (204 672)	\$	\$

TOWN OF BRYSON CITY
WATER AND SEWER CAPITAL PROJECTS FUND - WATER AND SEWER LINES REPLACEMENT
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE FISCAL YEAR JUNE 30, 2019

		Actual			Variance
	Project	Prior	Current	Total	Favorable
	Authorization	Years	Year	to Date	(Unfavorable)
Revenues:					
ARC Grant	\$ 500 000	\$	\$	\$	\$ (500 000)
Investment Earnings			37	37	37
Total Revenues	500 000		37	37	(499 963)
Expenditures:					
Administration	47 000				47 000
Engineering	68 200	25 729	42 093	67 822	378
Construction	509 800				509 800
Total Expenditures	625 000	25 729	42 093	67 822	557 178
Revenues Over (Under) Expenditures	(125 000)	(25 729)	(42 056)	(67 785)	57 215
Other Financing Sources (Uses):					
Transfer From (To) Other Funds	125 000	25 729	409 736	435 465	310 465
Revenue and Other Financing Sources Over (Under) Expenditures and Other Uses	\$	\$	\$ 367 680	\$ 367 680	\$ 367 680

TOWN OF BRYSON CITY
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2019

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2018</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018-2019	\$	\$ 580 832	\$ 563 482	\$ 17 350
2017-2018	13 374		7 144	6 230
2016-2017	7 238		5 738	1 500
2015-2016	479		139	340
2014-2015	400		115	285
2013-2018	1 372		146	1 226
2012-2013	1 350		57	1 293
2011-2012	1 150		60	1 090
2010-2011	877		194	683
2009-2010	818		224	594
2008-2009	<u>874</u>		<u>874</u>	
Total	<u>\$ 27 932</u>	<u>\$ 580 832</u>	<u>\$ 578 173</u>	\$ 30 591
Less Allowance for Uncollectible Accounts				<u>20 883</u>
Ad Valorem Taxes Receivable - Net				<u>\$ 9 708</u>
Reconciliation with Revenues:				
Ad Valorem Taxes - General Fund			\$ 576 340	
Less Interest and Penalties			<u>4 358</u>	\$ 571 982
Reconciling Items:				
Amount Written Off - Per				
Statute of Limitations				1 029
Releases - Prior Years				<u>5 162</u>
Total Collections and Credits				<u>\$ 578 173</u>

TOWN OF BRYSON CITY
ANALYSIS OF CURRENT TAX LEVY
JUNE 30, 2019

	<u>Total Property Valuation</u>	<u>Rate</u>	<u>Amount of Levy</u>	<u>Excluding Vehicles</u>	<u>Motor Vehicles</u>
Tax Levy:					
Valuation Subject to Full Rate	\$ 150 633 714	.35	\$ 527 218	\$ 527 218	
Vehicle Taxes	10 235 143	.35	35 823		\$ 35 823
Discoveries	5 324 857	.35	18 637	18 637	
Releases	(241 714)	.35	(846)	(846)	
Net Levy	<u>\$ 165 952 000</u>		580 832	545 009	35 823
Uncollected at June 30, 2019			<u>17 350</u>	<u>17 350</u>	
Current Year's Taxes Collected			<u>\$ 563 482</u>	<u>\$ 527 659</u>	<u>\$ 35 823</u>
Percent Current Year Collected			<u>97.01%</u>	<u>96.82%</u>	<u>100.00%</u>

TOWN OF BRYSON CITY
STATEMENT OF NET POSITION
WATER AND SEWER FUND BY FUNCTION
JUNE 30, 2019

	Water	Sewer	Total
<u>Assets</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 1 233 431	\$ (814 739)	\$ 418 692
Restricted Cash and Cash Equivalents	45 219	404 677	449 896
Accounts Receivable (net)	101 782	83 276	185 058
Inventories	30 497	24 952	55 449
Total Current Assets	1 410 929	(301 834)	1 109 095
Non Current Assets:			
Capital Assets:			
Land and Construction in Progress	89 219	273 000	362 219
Other Capital Assets, Net of Depreciation	2 246 617	5 933 727	8 180 344
Total Non Current Assets	2 335 836	6 206 727	8 542 563
Total Assets	3 746 765	5 904 893	9 651 658
<u>Deferred Outflows of Resources</u>	34 130	82 470	116 600
<u>Liabilities:</u>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	15 145	12 391	27 536
Compensated Absences-Current	14 754	12 071	26 825
Long Term Debt - Current	35 856	136 277	172 133
Liabilities payable from restricted Assets:			
Customer Deposits	45 219	36 997	82 216
Total Current Liabilities	110 974	197 736	308 710
Non Current Liabilities:			
Net Pension Liability	117 056	41 227	158 283
Long Term Debt - Noncurrent portion	453 637	1 775 401	2 229 038
Total Non Current Liabilities	570 693	1 816 628	2 387 321
Total Liabilities	681 667	2 014 364	2 696 031
<u>Deferred Inflows of Resources</u>	7 313	5 984	13 297
<u>Net Position</u>			
Net Investment in Capital Assets	1 846 343	4 295 049	6 141 392
Unrestricted	1 245 572	(328 034)	917 538
Total Net Position	\$ 3 091 915	\$ 3 967 015	\$ 7 058 930

TOWN OF BRYSON CITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
WATER AND SEWER FUND BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues			
Charge for Services	\$ 782 353	\$ 604 049	\$ 1 386 402
Water and Sewer Taps	<u>19 223</u>	<u>15 727</u>	<u>34 950</u>
Total Operating Revenues	<u>801 576</u>	<u>619 776</u>	<u>1 421 352</u>
Operating Expenses			
Water Treatment and Distribution	592 023		592 023
Waste Collection and Treatment		538 782	538 782
Depreciation	<u>295 471</u>	<u>159 100</u>	<u>454 571</u>
Total Operating Expenses	<u>887 494</u>	<u>697 882</u>	<u>1 585 376</u>
Operating Income (Loss)	<u>(85 918)</u>	<u>(78 106)</u>	<u>(164 024)</u>
Nonoperating Revenues (Expenses)			
Investment Earnings	4 989	1 247	6 236
Interest and Other Charges	(11 671)	(45 912)	(57 583)
Other	<u>47 480</u>	<u>38 848</u>	<u>86 328</u>
Total Nonoperating Revenues (Expenses)	<u>40 798</u>	<u>(5 817)</u>	<u>34 981</u>
Capital Contributions	<u> </u>	<u>261 053</u>	<u>261 053</u>
Income (Loss) Before Transfers	(45 120)	177 130	132 010
Transfers In	<u> </u>	<u>254 136</u>	<u>254 136</u>
Change in Net Position	(45 120)	431 266	386 146
Total Net Position - Beginning of Year	<u>3 137 035</u>	<u>3 535 749</u>	<u>6 672 784</u>
Total Net Position - End of Year	<u>\$ 3 091 915</u>	<u>\$ 3 967 015</u>	<u>\$ 7 058 930</u>

TOWN OF BRYSON CITY
SCHEDULE OF CASH FLOWS
WATER AND SEWER FUND BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Cash Received From Customers	\$ 766 555	\$ 627 181	\$ 1 393 736
Cash Paid for Goods and Services	(259 255)	(292 352)	(551 607)
Cash Paid To or On Behalf of			
Employees for Services	(258 531)	(291 535)	(550 066)
Customer Deposits Received	450	366	816
	<u>249 219</u>	<u>43 660</u>	<u>292 879</u>
Net Cash Provided (Used) by Operating Activities			
Cash Flows From Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets		(439 065)	(439 065)
Principal Paid on Debt	(35 856)	(133 467)	(169 323)
Interest Paid on Debt	(11 671)	(45 912)	(57 583)
Other Income	47 480	38 848	86 328
Capital Contributions		535 399	535 399
	<u>(47)</u>	<u>(44 197)</u>	<u>(44 244)</u>
Net Cash Provided (Used) By Capital and Related Financing Activities			
Cash Flow from Non Capital Activities			
Interfund Activity	115 229	94 278	209 507
Cash Flows From Investing Activities:			
Interest Earned	4 989	1 247	6 236
Net Increase (Decrease) in Cash and Cash Equivalents	369 390	94 988	464 378
Balances - Beginning	909 260	(505 050)	404 210
Balances - Ending	<u>\$ 1 278 650</u>	<u>\$ (410 062)</u>	<u>\$ 868 588</u>

TOWN OF BRYSON CITY
SCHEDULE OF CASH FLOWS
WATER AND SEWER FUND BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ (85 918)	\$ (78 106)	\$ (164 024)
Adjustments to reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	295 471	159 100	454 571
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(9 189)	(18 427)	(27 616)
(Increase) Decrease in Inventory	(703)	(575)	(1 278)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	19 316	4 894	24 210
Increase in Customer Deposits	449	367	816
Increase in Accrued Vacation Pay	(1 971)	(4 125)	(6 096)
(Increase) Decrease in Deferred Outflows - Pensions	(12 514)	(24 785)	(37 299)
Increase (Decrease) in Deferred Inflows-Pensions	2 964	606	3 570
Increase (Decrease) in Net Pension Liability	41 314	4 711	46 025
Total Adjustments	335 137	121 766	456 903
Net Cash Provided by Operating Activities	<u>\$ 249 219</u>	<u>\$ 43 660</u>	<u>\$ 292 879</u>

S. Eric Bowman, P.A.

CERTIFIED PUBLIC ACCOUNTANT

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Report On Internal Control Over Financial Reporting
And on Compliance and Other Matters Based on an Audit of
Financial Statements Performed In Accordance With
Government Auditing Standards

Independent Auditor's Report

To the Honorable Mayor and
Members of the Board Aldermen
Bryson City, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Bryson City, North Carolina, as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprises the Town of Bryson City's basic financial statements, and have issued our report thereon dated October 3, 2019. Our report includes a reference to other auditors who audited the financial statements of the Town of Bryson City ABC Board, as described in our report on the Town of Bryson City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Town of Bryson City ABC Board were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

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

To the Honorable Mayor and
Members of the Board of Aldermen
Bryson City, North Carolina

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and responses that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as 2019-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Bryson City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as 2019-001.

Town of Bryson City's Response to Findings

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

To the Honorable Mayor and
Members of the Board of Aldermen
Bryson City, North Carolina

Purpose of this Report

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

A handwritten signature in black ink, reading "S. Eric Bowman". The signature is written in a cursive style with a large initial "S" and a long horizontal stroke at the end.

S. Eric Bowman, P.A.
Certified Public Accountant

Morganton, North Carolina
October 3, 2019

TOWN OF BRYSON CITY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019

Findings Related to the Audit of the Basic
Financial Statements of Town of Bryson City:

Finding:	2019-001	<u>Internal Controls Over Financial Reporting -</u> <u>Material Weakness and Material Non Compliance</u>
Criteria:		All Local Governments are to adopt a balanced budget and make necessary amendments to the original budget as conditions dictate.
Condition:		The Town overexpended two departments in the General Fund totaling \$27 567 and one Department in the Enterprise Fund totaling \$53 593.
Effect:		Funds were expended out of the General and Enterprise funds before the appropriate budget amendments were made.
Cause:		Oversight.
Recommendation:		The Town should not expend any funds unless there is adequate amounts in the particular department budget.
Management Response:		The Town agrees with this finding
Uncorrected Finding:		This finding was not totally corrected primarily because of unforeseen payables and oversight concerning amendments.



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TOWN OF BRYSON, NORTH CAROLINA

CORRECTIVE ACTION PLAN

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Finding: 2019-001

- | | | |
|----|---------------------------|--|
| A. | Name of Contact Person: | Regina Mathis, Finance Officer |
| B. | Corrective Action: | Budget amendments will be approved by the Board before expenditures are made out of departments which have exceeded the original budget. |
| C. | Proposed Completion Date: | The Board will implement the above procedure immediately. |

Mayor Tom Sutton Board of Aldermen Jim Gribble, Janine Crisp, Ben King, & Heidi Ramsey-Woodard
Regina Mathis, Town Manager Fred Moody Jr., Town Attorney Carla Passmore, Tax Collector Lynn Thomas, Town Clerk
Tom Shook, Public Works Supervisor

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Town of Bryson City

Summary Schedule of Prior Year Audit Findings

For the Year Ended June 30, 2018

Finding 2018-001

There was one audit finding relative to overexpenditures. This finding was not totally corrected even though budget amendments were made.