

Town of Columbia Financial Statements June 30, 2019



Jeff Best, CPA, P.L.L.C.
Certified Public Accountants



Town of Columbia
Table of Contents
June 30, 2019

REPORT

Independent Auditors' Report 1

Management's Discussion and Analysis 4

FINANCIAL STATEMENTS

Basic Financial Statements

Government-Wide Financial Statements

Exhibit 1 – Statement of Net Position 13

Exhibit 2 – Statement of Activities 14

Fund Financial Statements

Exhibit 3 – Balance Sheet – Governmental Fund 15

Exhibit 4 – Reconciliation of the Balance Sheet to the Statement of Net
Position – Governmental Fund 16

Exhibit 5 – Statement of Revenues, Expenditures, and Changes in Fund
Balance – Governmental Fund 17

Exhibit 6 – Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance to the Statement of Activities
– Governmental Fund 18

Exhibit 7 – General Fund Statement of Revenues, Expenditures, and
Change in Fund Balance – Annual Budget and Actual 19

Exhibit 8 – Statement of Fund Net Position – Proprietary Fund 20


Exhibit 9 – Statement of Revenues, Expenditures, and Changes in Fund Net
Position – Proprietary Fund 21

Exhibit 10 – Statement of Cash Flows – Proprietary Fund 22

Notes to Financial Statements 23

Required Supplemental Financial Data

Schedule 1 – Other Postemployment Benefits
Required Supplementary Information – Schedule of Changes in the Total
OPEB Liability and Related Ratios 45



**Town of Columbia
Table of Contents
June 30, 2019**

Schedule 2 – Local Government Employees’ Retirement System Schedule of Proportionate Share of Net Pension Liability (Asset) – Last Six Fiscal Years	46
Schedule 3 – Local Government Employees’ Retirement System Schedule of Town Contributions – Last Six Fiscal Years	47
Individual Fund Statements	
Schedule 4 – General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	48
Schedule 5 – Water and Sewer Fund Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	51
Other Schedules	
Schedule 6 – Schedule of Ad Valorem Taxes Receivable	52
Schedule 7 – Analysis of Current Tax Levy – Town-Wide Levy	53

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
The Board of Aldermen
Town of Columbia, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary information

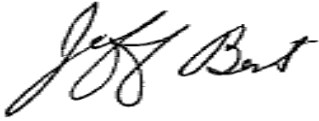
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 12, the Other Postemployment Benefits' Schedules of Changes in the Total OPEB Liability and Related Ratios, on page 45, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 46 and 47, respectively, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards general accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The individual fund statements and other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the individual fund financial statements and other schedules are fairly stated in all material

respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Jeff Best". The signature is written in a cursive, flowing style.

Jeff Best, CPA, PLLC

Belhaven, North Carolina

November 18, 2019

Town of Columbia Management's Discussion and Analysis

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

Financial Highlights

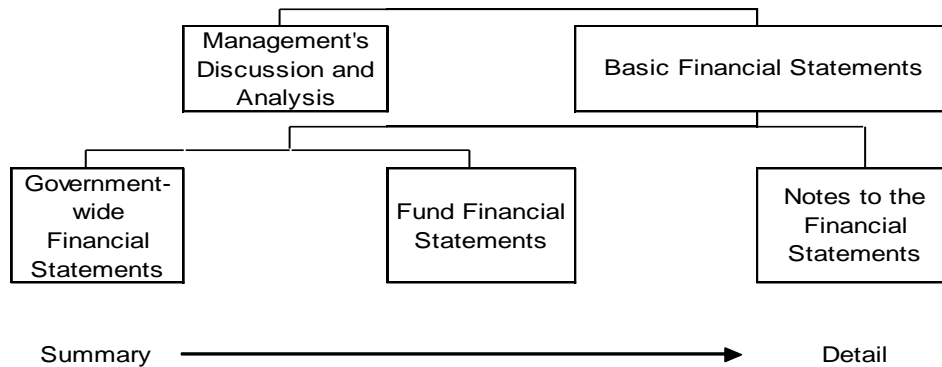
- The assets and deferred outflows of resources of the Town of Columbia exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$11,224,429 (*net position*).
- The government's total net position decreased by \$277,261, primarily due to the decrease in the business-type activities net position.
- As of the close of the current fiscal year, the Town of Columbia's governmental funds reported combined ending fund balances of \$843,249 with a net change of \$86,417 in fund balance. Approximately 6.71 percent of this total amount, or \$56,617, is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$786,632, or 147.81 percent of total general fund expenditures for the fiscal year.
- The Town of Columbia's total debt decreased by \$45,199 (1.65%) during the current fiscal year. The key factor in this decrease was principal payments on installment purchases and revenue bonds.

Overview of the Financial Statements

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

Town of Columbia Management's Discussion and Analysis

**Required Components of Annual Financial Report
Figure 1**



Basic Financial Statements

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

The next statements (Exhibits 3 through 10) are Fund Financial Statements. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

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

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

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, cultural and recreation, and general administration. Property taxes and state

Town of Columbia Management's Discussion and Analysis

and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer services offered by the Town of Columbia.

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

Fund financial statements. The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Columbia, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Columbia can be divided into two categories: governmental funds and proprietary funds.

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

The Town of Columbia adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

Town of Columbia Management's Discussion and Analysis

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 23-44 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Columbia's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 45 of this report.

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

Government-Wide Financial Analysis

**The Town of Columbia's Net Position
Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 877,080	\$ 790,855	\$ 2,885,277	\$ 2,921,730	\$ 3,762,357	\$ 3,712,585
Capital assets	459,692	487,859	9,734,614	10,116,967	10,194,306	10,604,826
Deferred outflows of resources	56,390	38,064	42,918	29,026	99,308	67,090
Total assets and deferred outflows of resources	1,393,162	1,316,778	12,662,809	13,067,723	14,055,971	14,384,501
Long-term liabilities outstanding	309,063	266,328	2,380,904	2,501,772	2,689,967	2,768,100
Other liabilities	5,603	9,460	85,742	108,237	91,345	117,697
Deferred inflows of resources	30,154	20,334	20,077	18,399	50,231	38,733
Total liabilities and deferred inflows of resources	344,820	296,122	2,486,723	2,628,408	2,831,543	2,924,530
Net position:						
Net investment in capital assets	459,692	487,859	7,526,429	7,863,583	7,986,121	8,351,442
Restricted	56,617	52,009	-	-	56,617	52,009
Unrestricted	532,034	480,788	2,649,657	2,575,732	3,181,691	3,056,520
Total net position	\$ 1,048,343	\$ 1,020,656	\$ 10,176,086	\$ 10,439,315	\$ 11,224,429	\$ 11,459,971

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Columbia exceeded liabilities and deferred inflows by \$11,224,429 as of June 30, 2019. The Town's net position decreased by \$277,261 for the fiscal year ended June 30, 2019. However, the largest portion, 71.15%, reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Columbia uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Columbia's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Columbia's net position, \$56,617 represents resources that are

Town of Columbia Management's Discussion and Analysis

subject to external restrictions on how they may be used. The remaining balance of \$3,181,691 is unrestricted.

Several particular aspects of the Town financial operations positively influenced the total unrestricted governmental net position:

- Continued efforts to seek grants such as Community Development Block Grants, grants for repairs and renovations to the town water and wastewater system, sewer line rehabilitation, waterfront access and boating access grants, and State and federal funds to advance planning efforts and defray local costs of infrastructure projects.
- Efforts to work with the NC Department of Transportation and Tyrell County to resolve street flooding issues, develop multi-use paths and to secure discretionary funds for sidewalks as well as resurfacing, curb, and guttering of streets located within the Town.
- Non-developed annexed areas will eventually add to the tax base, especially as they are developed for planned residential or repurposed commercial activity, resulting in new business properties that add to Columbia's tax base.

**Town of Columbia Changes in Net Position
Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues						
Charges for services	\$ 33,725	\$ 8,574	\$ 607,008	\$ 754,205	\$ 640,733	\$ 762,779
Operating grants and contributions	23,727	23,988	-	-	23,727	23,988
General revenues:						
Property taxes	338,034	327,661	-	-	338,034	327,661
Other taxes	1,780	1,565	-	-	1,780	1,565
Other	222,903	198,798	21,631	20,290	244,534	219,088
Total revenues	620,169	560,586	628,639	774,495	1,248,808	1,335,081
Expenses:						
General government	304,034	267,447	-	-	304,034	267,447
Public safety	126,250	136,250	-	-	126,250	136,250
Highways/streets	150,572	107,819	-	-	150,572	107,819
Environmental protection	5,405	5,507	-	-	5,405	5,507
Culture and recreation	6,221	7,117	-	-	6,221	7,117
Water and sewer	-	-	933,587	1,006,682	933,587	1,006,682
Total expenses	592,482	524,140	933,587	1,006,682	1,526,069	1,530,822
Increase (decrease) in net position	27,687	36,446	(304,948)	(232,187)	(277,261)	(195,741)
Net position, July 1	1,020,656	1,077,855	10,439,315	10,898,639	11,459,971	11,976,494
Restatement	-	(93,645)	41,719	(227,137)	41,719	(320,782)
Net position, beginning, restated	1,020,656	984,210	10,481,034	10,671,502	11,501,690	11,655,712
Net position, June 30	\$ 1,048,343	\$ 1,020,656	\$ 10,176,086	\$ 10,439,315	\$ 11,224,429	\$ 11,459,971

Governmental activities: Governmental activities increased the Town net position by \$27,687. The key elements of the increase are as follows:

- The Town's ability to control expenditures during the fiscal year compiled with aggressive collection of past due taxes.

Town of Columbia Management's Discussion and Analysis

Business-type activities: Business-type activities decreased the Town of Columbia's net position by \$304,948. Key elements of this decrease are as follows:

- The efficient operation of the water and sewer systems helps control operational costs. The Town's staff makes repairs wherever possible, rather than using outside contractors which helps control operational costs. Recent increases in water and sewer rates brought revenues in line with the increasing costs of providing these utilities and expanded water and sewer facilities, while allowing the Town to expand the wastewater and water systems of the Town.
- Paying down of wastewater system debt continues to increase the Town's business-type activity net position, which includes a USDA loan used to expand the Town's waste water treatment plant.
- The Town will continue to use grants such as the CDBG-Infrastructure program to upgrade sewer collection facilities throughout the Town, providing for even more efficient and cost-effective operations. The Town is contracting with Tyrrell County to treat raw sewage from their Alligator Community sewer service made possible because of the recent expansion of the Columbia Waste Water Treatment Plant.

Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town of Columbia. At the end of the current fiscal year, the Town of Columbia's fund balance available in the General Fund was \$786,632, while total fund balance reached \$843,249. The Governing Body of the Town of Columbia has determined that the Town should maintain an available fund balance of 20% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 147.81% of general fund expenditures, while total fund balance represents 158.45% of the same amount.

At June 30, 2019, the governmental funds of the Town of Columbia reported a combined fund balance of \$843,249 with a net increase in fund balance of \$86,417.

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)

Town of Columbia Management's Discussion and Analysis

amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Expenditures were held in check to comply with the Town's budgetary requirements.

Proprietary funds. The Town of Columbia'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 \$2,649,657. The total change in net position for the fund was (\$304,948). Other factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Columbia's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$10,194,306 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

**Town of Columbia's Capital Assets
Figure 4
(net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 148,345	\$ 148,345	\$ 32,652	\$ 32,652	\$ 180,997	\$ 180,997
Buildings and systems	18,496	19,919	9,688,740	10,067,126	9,707,236	10,087,045
Improvements other than buildings	261,782	282,474	-	-	261,782	282,474
Machinery and equipment	22,057	37,120	13,222	17,189	35,279	54,309
Vehicles and motorized equipment	9,012	-	-	-	9,012	-
Total	\$ 459,692	\$ 487,858	\$ 9,734,614	\$ 10,116,967	\$ 10,194,306	\$ 10,604,825

Additional information on the Town's capital assets can be found in Note II.A.4 of the Basic Financial Statements.

Long-term Debt. The Town of Columbia's total debt decreased by \$45,199 (1.65%) during the past fiscal year, primarily due to principle payments on installment purchase and revenue bonds.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Columbia is \$4,318,656.

Town of Columbia Management's Discussion and Analysis

Additional information regarding the Town of Columbia's long-term debt can be found in Note II.B.5 beginning on page 41 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- Annexed areas that have not been developed will eventually increase the Town of Columbia's tax base and potential for business and residential growth.
- New businesses continue to increase sales tax revenue and attract other new business to the Town from surrounding areas. The Pocosin Arts educational building and lodge provides housing for East Carolina University students and faculty that undertake research projects in northeastern North Carolina while allowing expansion of that non-profit's educational programs. As of the end of the fiscal year, only four downtown business locations were vacant.
- Improvements to the boardwalk and a new waterfront shower facility made Columbia more attractive for transient boaters exploring the inner Albemarle Sound and its tributaries, bringing additional customers to downtown businesses. Repairs to these facilities are ongoing to maintain use and Columbia's desirability as a stop on the Albemarle Sound.
- The multi-lane US-64 through Columbia continues to attract business and recreational travelers who stop and visit the downtown businesses and historic areas. The expanded parking lot at the Tyrrell County Visitor's Center provides an attractive stop-over to the Town and encourages travelers to stop and visit in Columbia.
- Announced plans by the State of North Carolina to close the Tyrrell Prison Work Farm will result in a \$220,000 annual loss in revenues. This will be devastating to the water/sewer fund and significantly impact day-to-day operations and the ability to act quickly when repairs are needed as well as meet debt obligations. The Town continues to lobby State officials to reverse this decision.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities: The distressed economy continues to require a cautious approach to fiscal management. Property taxes resulting from revalued properties and revenues from permits and fees are expected to lead to no increase in budgeted revenue. The Town will continue to finance programs currently in place and to administer added cost of reviewing subdivision submissions and planning activities. No new initiatives are planned.

Budgeted expenditures in the General Fund are expected to rise slightly. The largest increments are in law enforcement, fire protection, utilities, insurance, employee compensation, including funding compensation and benefits adjustments. Health insurance costs will continue to increase significantly providing reason for concern in the budgeting process.

Unknown factors may influence the Town of Columbia budget, including actions that have been discussed by the North Carolina General Assembly that may reduce or eliminate additional revenue



Town of Columbia Management's Discussion and Analysis

sources to municipalities. As a coastal community the threat of hurricane damage looms over the town. The Tyrrell County property tax re-evaluation completed in 2019, resulted in as much as a 30% decrease in property values. The Town has stretched to keep the tax rate at a revenue neutral rate.

Business – type Activities: Increases in the Town's water and sewer rates have helped make construction of an expanded wastewater treatment plant possible. Even with the down economy, costs continue to increase almost monthly, reflecting increased costs of utilities, chemical supplies and materials. The Town will continue to seek State economic development and infrastructure grants as well as Federal funds to reduce the amounts of the water and sewer renovations that will have to be shouldered by water and sewer customers.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed by mail to the Town Manager of the Town of Columbia, P.O. Box 361, Columbia, N.C. 27925, by telephone (252) 796-2781, or by email at rhett_townofcolumbia@yahoo.com.

Town of Columbia
Statement of Net Position
June 30, 2019
Exhibit 1

Primary Government			
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 792,123	\$ 2,713,066	\$ 3,505,189
Taxes receivables (net)	29,976	-	29,976
Accounts receivable (net)	-	89,941	89,941
Due from other governments	54,981	-	54,981
Restricted cash and cash equivalents	-	82,270	82,270
Total current assets	877,080	2,885,277	3,762,357
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements, and construction in progress	148,345	32,652	180,997
Other capital assets, net of depreciation	311,347	9,701,962	10,013,309
Total capital assets	459,692	9,734,614	10,194,306
Total non-current assets	459,692	9,734,614	10,194,306
Total assets	1,336,772	12,619,891	13,956,663
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	40,140	31,488	71,628
OPEB deferrals	16,250	11,430	27,680
Total deferred outflows of resources	56,390	42,918	99,308
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	3,855	7,456	11,311
Customer deposits	-	31,390	31,390
Current portion of long-term liabilities	1,748	46,896	48,644
Total current liabilities	5,603	85,742	91,345
Long-term liabilities:			
Due in more than one year	309,063	2,380,904	2,689,967
Total liabilities	314,665	2,466,646	2,781,311
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	198	156	354
OPEB deferrals	28,320	19,921	48,241
Prepaid taxes	1,636	-	1,636
Total deferred inflows of resources	30,154	20,077	50,231
NET POSITION			
Net investment in capital assets	459,692	7,526,429	7,986,121
Restricted for:			
Stabilization by State Statute	56,617	-	56,617
Unrestricted	532,034	2,649,657	3,181,691
Total net position	\$ 1,048,343	\$ 10,176,086	\$ 11,224,429

The accompanying notes are an integral part of these financial statements.

Town of Columbia
Statement of Activities
For the Fiscal Year Ended June 30, 2019
Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	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	\$ 304,034	\$ 33,725	\$ -	\$ -	\$ (270,309)	\$ -	\$ (270,309)
Public safety	126,250	-	-	-	(126,250)	-	(126,250)
Transportation	150,572	-	23,727	-	(126,845)	-	(126,845)
Environmental protection	5,405	-	-	-	(5,405)	-	(5,405)
Cultural and recreation	6,221	-	-	-	(6,221)	-	(6,221)
Total governmental activities	592,482	33,725	23,727	-	(535,030)	-	(535,030)
Business-type activities:							
Water and sewer	933,587	607,008	-	-	-	(326,579)	(326,579)
Total business-type activities	933,587	607,008	-	-	-	(326,579)	(326,579)
Total primary government	\$ 1,526,069	\$ 640,733	\$ 23,727	\$ -	\$ (535,030)	\$ (326,579)	\$ (861,609)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					338,034	-	338,034
Other taxes					1,780	-	1,780
Grants and contributions not restricted to specific program					201,482		201,482
Unrestricted investment earnings					21,421	16,684	38,105
Miscellaneous					-	4,947	4,947
Total general revenues not including transfers					562,717	21,631	584,348
Change in net position					27,687	(304,948)	(277,261)
Net position, beginning					1,020,656	10,439,315	11,459,971
Restatement					-	41,719	41,719
Net position, beginning, restated					1,020,656	10,481,034	11,501,690
Net position, ending					\$ 1,048,343	\$ 10,176,086	\$ 11,224,429

The accompanying notes are an integral part of these financial statements.

Town of Columbia
Balance Sheet – Governmental Fund
June 30, 2019
Exhibit 3

	Major Funds	
	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 792,123	\$ 792,123
Receivables, net:		
Taxes	29,976	29,976
Due from other governments	54,981	54,981
Total assets	\$ 877,080	\$ 877,080
LIABILITIES		
Liabilities:		
Accounts payable and accrued liabilities	\$ 3,855	\$ 3,855
Total liabilities	3,855	3,855
DEFERRED INFLOWS OF RESOURCES		
Property taxes receivable	28,340	28,340
Prepaid taxes	1,636	1,636
Total deferred inflows of resources	29,976	29,976
FUND BALANCES		
Restricted		
Stabilization by State Statute	56,617	56,617
Unassigned	786,632	786,632
Total fund balances	843,249	843,249
Total liabilities, deferred inflows of resources and fund balances	\$ 877,080	

The accompanying notes are an integral part of these financial statements.

Town of Columbia
Reconciliation of the Balance Sheet to the
Statement of Net Position – Governmental Fund
June 30, 2019
Exhibit 4

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

Total fund balances, governmental funds		843,249
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost		914,587
Accumulated depreciation		454,895
<hr/>		459,692
Deferred outflows of resources related to OPEB are not reported in the funds		16,250
Deferred outflows of resources related to pensions are not reported in the funds		40,140
Earned revenues considered deferred inflows of resources in fund statements		28,340
Deferred inflows of resources related to pensions are not reported in the funds		(198)
Deferred inflows of resources related to OPEB are not reported in the funds		(28,320)
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
OPEB liability		(265,398)
Compensated absences		(6,990)
Net pension liability		(38,422)
<hr/>		
Net position of governmental activities		\$ 1,048,343
<hr/>		

The accompanying notes are an integral part of these financial statements.

Town of Columbia
Statement of Revenues, Expenditures, and Changes
in Fund Balance –Governmental Fund
For the Fiscal Year Ended June 30, 2019
Exhibit 5

Major Funds		Total
	General Fund	Governmental Funds
REVENUES		
Ad valorem taxes	\$ 336,467	\$ 336,467
Other taxes and licenses	1,780	1,780
Unrestricted intergovernmental	201,482	201,482
Restricted intergovernmental	23,727	23,727
Permits and fees	6,441	6,441
Sales and services	27,284	27,284
Investment earnings	21,421	21,421
Total revenues	618,602	618,602
EXPENDITURES		
Current:		
General government	249,788	249,788
Public safety	126,250	126,250
Transportation	146,566	146,566
Environmental protection	5,405	5,405
Cultural and recreational	4,176	4,176
Total expenditures	532,185	532,185
Net change in fund balance	86,417	86,417
Fund balance, beginning	756,832	756,832
Fund balance, ending	\$ 843,249	\$ 843,249

The accompanying notes are an integral part of these financial statements.

Town of Columbia

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balance to the Statement of Activities – Governmental Fund
For Fiscal Year Ended June 30, 2019
Exhibit 6**

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

Net changes in fund balances - total governmental funds	\$ 86,417
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	
Depreciation expense for governmental assets	(28,166)
	(28,166)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	
	11,658
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities	
	12,759
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in unavailable revenue for tax revenues	1,567
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds	
Compensated absences	8,395
Pension expense	(14,737)
OPEB Expense	(50,206)
Total	(56,548)
Total changes in net position of governmental activities	\$ 27,687

The accompanying notes are an integral part of these financial statements.

Town of Columbia

**General Fund Statement of Revenues, Expenditures, and Change in Fund
Balance – Annual Budget and Actual
For the Fiscal Year Ended June 30, 2019
Exhibit 7**

General Fund				
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 307,607	\$ 271,767	\$ 336,467	\$ 64,700
Other taxes and licenses	1,500	1,500	1,780	280
Unrestricted intergovernmental	182,957	155,247	201,482	46,235
Restricted intergovernmental	24,032	24,032	23,727	(305)
Permits and fees	4,850	4,850	6,441	1,591
Sales and services	5,400	5,400	27,284	21,884
Investment earnings	9,000	9,000	21,421	12,421
Total revenues	535,346	471,796	618,602	146,806
EXPENDITURES				
Current:				
General government	354,324	277,505	249,788	27,717
Transportation	136,318	149,267	146,566	2,701
Public safety	129,000	128,500	126,250	2,250
Environmental protection	6,850	6,850	5,405	1,445
Cultural and recreational	36,500	37,320	4,176	33,144
Total expenditures	662,992	599,442	532,185	67,257
Revenues over (under) expenditures	(127,646)	(127,646)	86,417	214,063
Fund balance appropriated	127,646	127,646	-	(127,646)
Net change in fund balance	\$ -	\$ -	86,417	\$ 86,417
Fund balance, beginning			756,832	
Fund balance, ending			\$ 843,249	

The accompanying notes are an integral part of these financial statements.

Town of Columbia
Statement of Fund Net Position – Proprietary Fund
June 30, 2019
Exhibit 8

	Major Enterprise Fund
	Water and Sewer Fund
ASSETS	
Current assets:	
Cash and equivalents	\$ 2,713,066
Restricted cash and cash equivalents	82,270
Accounts receivables (net)	89,941
Total current assets	2,885,277
Noncurrent assets:	
Capital assets:	
Land and construction in progress	32,652
Other capital assets, net of depreciation	9,701,962
Capital assets (net)	9,734,614
Total noncurrent assets	9,734,614
Total assets	\$ 12,619,891
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	31,488
OPEB deferrals	11,430
Total deferred outflows of resources	42,918
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 7,456
Customer deposits	31,390
Compensated absences payable - current	697
Installment purchase - current	12,199
Revenue bond payable - current	34,000
Total current liabilities	85,742
Noncurrent liabilities:	
Compensated absences payable - noncurrent	2,090
Other postemployment benefits	186,689
Net pension liability	30,139
Revenue bonds payable - noncurrent	2,040,000
Installment purchase - noncurrent	121,986
Total noncurrent liabilities	2,380,904
Total liabilities	2,466,646
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	156
OPEB deferrals	19,921
Total deferred inflows of resources	20,077
NET POSITION	
Net investment in capital assets	7,526,429
Unrestricted	2,649,657
Total net position	\$ 10,176,086

The accompanying notes are an integral part of these financial statements.

Town of Columbia
Statement of Revenues, Expenditures, and Changes in Fund Net Position –
Proprietary Fund
For the Fiscal Year Ended June 30, 2019
Exhibit 9

	Major Enterprise Fund
	Water and Sewer Fund
OPERATING REVENUES	
Charges for service	\$ 603,536
Water and sewer taps	3,472
Total operating revenues	607,008
OPERATING EXPENSES	
Administration	147,011
Water treatment plant	335,755
Depreciation	382,353
Total operating expenses	865,119
Operating income (loss)	(258,111)
NONOPERATING REVENUES (EXPENSES)	
Miscellaneous income	4,947
Interest and fees	(68,468)
Investment earnings	16,684
Total nonoperating revenues (expenses)	(46,837)
Change in net position	(304,948)
Net position, beginning	10,439,315
Prior period adjustment	41,719
Net position, beginning, restated	10,481,034
Net position, ending	\$ 10,176,086

The accompanying notes are an integral part of these financial statements.

Town of Columbia
Statement of Cash Flows – Proprietary Fund
For the Fiscal Year Ended June 30, 2019
Exhibit 10

	Major Enterprise Fund	
	Water and Sewer Fund	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$	644,827
Cash paid for goods and services		(398,099)
Cash paid to or on behalf of employees for services		(196,507)
Customer deposits, net		1,460
Net cash provided (used) by operating activities		51,681
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Miscellaneous income		4,947
Net cash provided (used) by noncapital financing activities		4,947
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on long-term borrowings		(45,199)
Interest paid on long-term borrowings		(68,468)
Net cash provided (used) by capital and related financing activities		(113,667)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments		16,684
Net increase (decrease) in cash and cash equivalents		(40,355)
Balances, beginning		2,835,691
Balances, ending	\$	2,795,336
 Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$	(258,111)
 Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		382,353
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable		37,819
(Increase) decrease in deferred outflows of resources - pensions		(10,157)
(Increase) decrease in deferred outflows of resources - OPEB		(3,735)
Increase (decrease) in net pension liability		12,541
Increase (decrease) in deferred inflows of resources - pensions		(342)
Increase (decrease) in deferred inflows of resources - OPEB		2,020
Increase (decrease) in accounts payable and accrued liabilities		(9,870)
Increase (decrease) in customer deposits		1,460
Increase (decrease) in compensated absences		(60,348)
Increase (decrease) in OPEB liability		(41,949)
Total adjustments		309,792
Net cash provided by operating activities	\$	51,681

The accompanying notes are an integral part of these financial statements.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Columbia 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 Columbia is a municipal corporation that is governed by an elected mayor and a five-member board.

B. Basis of Presentation

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

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

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

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

The Town reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another

Town of Columbia Notes to the Financial Statements

fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and sanitation services.

The Town reports the following major enterprise fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from 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 enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as 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



Town of Columbia Notes to the Financial Statements

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

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal-year end. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year fund. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. The Town Manager is authorized by the budget ordinance to transfer appropriations between line items within a department without limitation. These changes should not result in increases in recurring obligations such as salaries. During the year amendments to the budget were necessary.

Town of Columbia
Notes to the Financial Statements

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)], authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT-Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at 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.

3. Restricted Assets

The Town is required by USDA to set aside ten percent (10%) of the current year's note payment as restricted cash in a separate account for ten years or until one payment has accrued or the note is paid out. For the fiscal year ended June 30, 2019, the Town has accumulated \$50,880 in this account and it is shown as restricted assets for 'USDA Reserve'. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

<u>Town of Columbia Restricted Cash</u>		
Business-type Activities:		
Water and Sewer Fund		
USDA Reserve	\$	50,880
Customer deposits		31,390
Total business-type restricted cash		82,270
Total restricted cash	\$	82,270

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2015. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. 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 two years. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Infrastructure	50 years
Buildings	30 years
Other improvements	25 years
Equipment and furniture	10 years
Vehicles and motorized equipment	5 years
Computer equipment	3 years

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, pension deferrals and OPEB deferrals. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net

position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category- prepaid taxes, property taxes receivable, pension deferrals, and OPEB deferrals.

8. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. 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 other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to twenty (20) days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out, method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

10. Net Position/Fund Balances

Net Position

Net position in government-wide 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 or regulations of other governments or imposed by law through state statute.

Town of Columbia Notes to the Financial Statements

Fund Balances

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

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. There was no nonspendable fund balance at June 30, 2019.

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. 15-8(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 of Columbia'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. There was no committed fund balance at June 30, 2019.

Assigned Fund Balance – portion of fund balance that the Town of Columbia intends to use for specific purposes. There was no assigned fund balance at June 30, 2019.

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

The Town of Columbia has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond

Town of Columbia Notes to the Financial Statements

proceeds, federal funds, State funds, local non-town funds, and town funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

The Town of Columbia 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 20% of budgeted expenditures. Any portion of the general fund balance in excess of 20% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

11. Subsequent Events – Date of Management Evaluation

Management has evaluated subsequent events through November 18, 2019, the date on which the financial statements were available to be issued.

12. Defined Benefit Cost-Sharing Plan

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

NOTE II – DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

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

Town of Columbia
Notes to the Financial Statements

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

At June 30, 2019, the Town's deposits had a carrying amount of \$3,270,944 and a bank balance of \$3,280,296. Of the bank balance, \$293,713 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2019, the Town's petty cash fund totaled \$100.

2. Investments

At June 30, 2019, the Town of Columbia had \$316,415 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no formal policy regarding credit risk of its investments.

3. Receivables – Allowance for Doubtful Accounts

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

Fund	June 30, 2019
General Fund:	
Taxes receivable	\$ 20,707
Total	20,707
Enterprise Funds:	
Water and Sewer Fund - Accounts receivable	40,607
Total	\$ 61,314

4. Capital Assets

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

Town of Columbia
Notes to the Financial Statements

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 148,345	\$ -	\$ -	\$ 148,345
Total capital assets not being depreciated	148,345	-	-	148,345
Capital assets being depreciated:				
Buildings	71,138	-	-	71,138
Other improvements	504,866	-	-	504,866
Equipment	133,889	-	-	133,889
Vehicles and motorized equipment	56,349	-	-	56,349
Total capital assets being depreciated	766,242	-	-	766,242
Less accumulated depreciation for:				
Buildings	51,219	1,423	-	52,642
Other improvements	222,392	20,692	-	243,084
Equipment	109,787	2,045	-	111,832
Vehicles and motorized equipment	43,331	4,006	-	47,337
Total accumulated depreciation	426,729	28,166	-	454,895
Total capital assets being depreciated, net	339,513			311,347
Governmental activity capital assets, net	<u>\$ 487,858</u>			<u>\$ 459,692</u>

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

General government	\$ 7,751
Culture and recreational	20,415
Total depreciation expense	<u>\$ 28,166</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water and Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 32,652	\$ -	\$ -	\$ 32,652
Total capital assets not being depreciated	32,652	-	-	32,652
Capital assets being depreciated:				
Substations, lines, and related equipment	14,001,566	-	-	14,001,566
Furniture and maintenance equipment	127,827	-	-	127,827
Vehicles	56,354	-	-	56,354
Total capital assets being depreciated	14,185,747	-	-	14,185,747
Less accumulated depreciation for:				
Substations, lines, and related equipment	3,934,440	378,386	-	4,312,826
Furniture and maintenance equipment	110,638	3,967	-	114,605
Vehicles	56,354	-	-	56,354
Total accumulated depreciation	4,101,432	382,353	-	4,483,785
Total capital assets being depreciated, net	10,084,315			9,701,962
Business-type activities capital assets, net	<u>\$ 10,116,967</u>			<u>\$ 9,734,614</u>

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Columbia 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 Columbia's contractually required contribution rate for the year ended June 30, 2019, was 7.75% of compensation for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Columbia were \$20,804 for the year ended June 30, 2019.

Town of Columbia
Notes to the Financial Statements

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

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

At June 30, 2019, the Town reported a liability of \$68,561 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 0.00289%, which was an increase of 0.0001% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$25,979. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,577	\$ 354
Changes of assumptions	18,193	-
Net difference between projected and actual earnings on pension plan investments	9,411	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	12,643	-
Town contributions subsequent to the measurement date	20,804	-
Total	\$ 71,628	\$ 354

\$20,804 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Town of Columbia
Notes to the Financial Statements

Year Ended June 30:		
2020	\$	23,823
2021		15,390
2022		4,438
2023		6,819
2024		-
Thereafter		-
Total		
	\$	50,470

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

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

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

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

Town of Columbia
Notes to the Financial Statements

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	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 (asset) to changes in the discount rate. The following presents the Town’s proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the Town’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town’s proportionate share of the net pension liability (asset)	\$ 164,689	\$ 68,561	\$ (11,765)

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

Town of Columbia
Notes to the Financial Statements

b. Other Post employment Benefit

Healthcare Benefits

Plan Description. Under the terms of a Town resolution, the Town administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The Board of Alderman has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. This plan provides postemployment healthcare benefits to retirees of the Town, provided they participate in the North Carolina Local Governmental Employees' Retirement System and have at least five years of creditable service with the Town. The Town pays the full cost of coverage for these benefits through private insurers. The Town Board may amend the benefit provisions. A separate report was not issued for the plan. Also, the Town's retirees can purchase coverage for their dependents at the Town's group rates.

Membership of the HCB Plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

	General Employees
Retirees and dependents receiving benefits	3
Active plan members	7
Total	10

Total OPEB Liability

The Town's total OPEB liability of \$452,087 was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2018.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	1.00 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	
General employees	3.50 percent to 7.75 percent
Municipal bond index	3.89 percent
Healthcare trends	
Pre Medicare	7.50 percent for 2017 decreasing to an ultimate rate of 5.00 percent by 2023
Medicare	5.50 percent for 2017 decreasing to an ultimate rate of 5.00 percent by 2020

Town of Columbia
Notes to the Financial Statements

The discount rate is based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

Changes in the Total OPEB Liability

Balance at June 30, 2018	\$	458,402
Changes for the year		
Service Cost		14,720
Interest		16,074
Differences between expected and actual experience		1,172
Changes in assumptions or other inputs		(24,415)
Benefit payments and implicit subsidy credit		(13,866)
Net changes		(6,315)
Balance at June 30, 2019	\$	452,087

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56% to 3.89%.

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results for an actuarial experience study for the period January 2010 through December 2014.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

	1% Decrease	Discount Rate 3.89%	1% Increase
Total OPEB liability	\$ 532,480	\$ 452,087	\$ 388,621

Sensitivity of the total OPEB liability to changes in the healthcare cost trends. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 381,783	\$ 452,087	\$ 543,429

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the Town recognized OPEB expense of \$19,275. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Town of Columbia
Notes to the Financial Statements

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,189	\$ -
Changes of assumptions	-	48,241
Benefit payments and administrative costs made subsequent to the measurement date	25,491	-
Total	\$ 27,680	\$ 48,241

\$25,491 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total 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:

2020	\$ (11,519)
2021	(11,519)
2022	(11,519)
2023	(8,857)
2024	(2,638)
Thereafter	-
Total	\$ (46,052)

2. Other Employment Benefit

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The Town considers these contributions to be immaterial.

Town of Columbia
Notes to the Financial Statements

3. Deferred Outflows and Inflows of Resources

Deferred outflows of resources is comprised of the following:

Contributions to pension plan in current fiscal year	\$	20,804
Benefit payments and administrative expenses for OPEB made subsequent to measurement date		25,491
Differences between expected and actual experience		12,766
Changes of assumptions		18,193
Net difference between projected and actual earnings on pension plan investments		9,411
Changes in proportion and differences between employer contributions and proportionate share of contributions		12,643
Total	\$	99,308

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable (General Fund), less penalties	\$ -	\$ 28,340
Prepaid taxes (General Fund)	1,636	1,636
Changes of assumptions	48,241	-
Differences between expected and actual experience	354	-
Total	\$ 50,231	\$ 29,976

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to the statutory limits, and employee health coverage up to a \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has as aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

Town of Columbia
Notes to the Financial Statements

The Town does not carry any flood insurance because the benefit of carrying flood insurance does not outweigh the costs of carrying flood insurance.

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 commercial surety bond. The finance officer and tax collector are each individually bonded for \$125,000. The remaining employees that have access to funds are bonded under a blanket bond for \$150,000.

5. Long-Term Obligations

a. Installment Purchase

In March 2011, the Town entered into a \$245,701 direct placement contract to finance construction of a water well. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract requires 20 annual principal payments of \$12,199 beginning in May 2011. The interest rate is 0%.

Annual debt payments of the installment purchase as of June 30, 2019 are as follows:

Year Ending June 30	Business-type Activities Principal
2020	\$ 12,199
2021	12,199
2022	12,199
2023	12,199
2024	12,199
2025-2029	60,993
2030	12,197
Total	\$ 134,185

At June 30, 2019, the Town of Columbia had a legal debt margin of \$4,318,656.

b. Revenue Bonds

\$2,200,000 Water and Sewer Revenue Bonds, Series 2014, issued for water and sewer system improvements. Principal installments are due annually on June 1 with annual interest payments due on June 1, at an annual interest rate of 3.25%.

\$ 2,074,000

Town of Columbia
Notes to the Financial Statements

The future payments of the revenue bond are as follows:

Year Ending June 30	Principal	Interest
2020	\$ 34,000	\$ 67,405
2021	35,000	66,300
2022	36,000	65,162
2023	38,000	63,993
2024	39,000	62,758
2025-2029	214,000	294,027
2030-2034	252,000	256,848
2035-2039	295,000	213,200
2040-2044	346,000	162,014
2045-2049	407,000	101,984
2040-2053	378,000	31,199
Total	\$ 2,074,000	\$ 1,384,890

The Town is not in compliance with the covenants as to service charges in Section 5.01 of the Bond Order, authorizing the issuance of the Water and Sewer Revenue Bonds, Series, 2014. Section 5.01 of the Bond Order requires the debt service coverage ratio to be no less than 110%. The debt service coverage ratio calculation for the year ended June 30, 2019, is as follows:

Operating revenues	\$ 607,008
Operating expenses	584,736
Operating income	22,272
Nonoperating revenues (expenses)	21,631
Income available for debt service	43,903
Debt service, principal and interest paid (revenue bond only)	101,468
Debt service coverage ratio	43%

The Town has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$2,200,000 in water and sewer revenue bonds issued in May 2014. Proceeds from the bonds provided financing for improvements to the water and sewer system. The bonds are payable solely from water and sewer customer net revenues and are payable through 2053. Annual principal and interest payments on the bonds are expected to require less than 6% net revenues. The total principal and interest remaining to be paid on the bonds is \$3,458,890. Principal and interest paid for the current year and total customer net revenues were \$101,468 and \$22,272, respectively.

Town of Columbia
Notes to the Financial Statements

c. Changes in Long-Term Liabilities

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion of Balance
Governmental activities:					
Compensated absences	\$ 15,385	\$ -	\$ 8,395	\$ 6,990	\$ 1,748
Other postemployment benefits	229,764	35,634	-	265,398	-
Net pension liability	25,025	13,397	-	38,422	-
Governmental activity long-term liabilities	\$ 270,174	\$ 49,031	\$ 8,395	\$ 310,810	\$ 1,748
Business-type activities:					
Direct placement installment purchase	\$ 146,384	\$ -	\$ 12,199	\$ 134,185	\$ 12,199
Compensated absences	63,135	-	60,348	2,787	697
Other postemployment benefits	228,638	-	41,949	186,689	-
Revenue bonds	2,107,000	-	33,000	2,074,000	34,000
Net pension liability	17,598	12,541	-	30,139	-
Business-type activity long-term liabilities	\$ 2,562,755	\$ 12,541	\$ 147,496	\$ 2,427,800	\$ 46,896

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

C. Net Investment in Capital Assets

	Governmental	Business-type
Capital Assets	\$ 459,692	\$ 9,734,614
less: long-term debt	-	2,208,185
Net investment in capital assets	\$ 459,692	\$ 7,526,429

D. Fund Balance

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

Total fund balance - General Fund	\$ 843,249
Less:	
Stabilization by State Statute	56,617
Working Capital / Fund Balance Policy	119,888
Remaining Fund Balance	666,744

The Town of Columbia has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 20% of budgeted expenditures.

NOTE III –SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant 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.

NOTE IV –DISCLOSURE OF CONTINGENT RECEIVABLE

Through a CDBG-SBEA grant, the town has provided funding to a business to expand its operations. According to the grant, if the expansion does not result in the creation of a given amount of jobs, certain portions of the funds must be repaid to the town. The probability of this occurring cannot be determined at this time and cannot be reasonably estimated. Therefore, this has not been reflected in the financial statements.

NOTE V –RESTATEMENTS

A. Prior Period Adjustment

During the fiscal year ended June 30, 2019, the Town determined that unbilled revenues were material to the financial statements and needed to be recorded in the Water and Sewer Fund and the business-type activities. Therefore, an adjustment to beginning position has been recorded to account for those accruals, the net effect of which increased beginning net position by \$41,719.

Town of Columbia
Other Postemployment Benefits
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability and Related Ratios
Schedule 1

Total OPEB Liability	2019	2018
Service cost	\$ 14,720	\$ 16,942
Interest	16,074	14,323
Changes of benefit terms	-	-
Differences between expected and actual experience	1,172	1,899
Changes of assumptions	(24,415)	(43,625)
Benefit payments	(13,866)	(13,866)
Net change in total OPEB liability	(6,315)	(24,327)
Total OPEB liability - beginning	458,402	482,729
Total OPEB liability - ending	\$ 452,087	\$ 458,402
Covered payroll	\$ 268,437	\$ 268,437
Total OPEB liability as a percentage of covered payroll	168.41%	170.77%

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period.

<u>Fiscal Year</u>	<u>Rate</u>
2019	3.89%
2018	3.56%

Town of Columbia
Local Government Employees' Retirement System
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability (Asset)
Last Six Fiscal Years
Schedule 2

	2019	2018	2017	2016	2015	2014
Columbia's proportion of the net pension liability (asset) (%)	0.00289%	0.00279%	0.00286%	0.00259%	-0.00206%	-0.00230%
Columbia's proportion of the net pension liability (asset) (\$)	\$ 68,561	\$ 42,623	\$ 60,699	\$ 11,624	\$ (11,370)	\$ 27,724
Columbia's covered-employee payroll	\$ 267,290	\$ 247,858	\$ 194,328	\$ 184,578	\$ 168,853	\$ 168,853
Columbia's proportionate share of the net position liability (asset) as a percentage of its covered-employee payroll	25.65%	17.20%	31.24%	6.30%	-6.73%	16.42%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

Town of Columbia
Local Government Employees' Retirement System
Required Supplementary Information
Schedule of Town Contributions
Last Six Fiscal Years
Schedule 3

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 20,804	\$ 19,991	\$ 17,970	\$ 16,395	\$ 16,972	\$ 15,788
Contributions in relation to the contractually required contribution	20,804	19,991	17,970	16,395	16,972	15,788
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Columbia's covered-employee payroll	\$ 268,437	\$ 267,290	\$ 247,858	\$ 194,328	\$ 184,578	\$ 168,853
Contributions as a percentage of covered-employee payroll	7.75%	7.48%	7.25%	8.44%	9.20%	9.35%

Town of Columbia
General Fund Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2019
Schedule 4

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes		\$ 328,836	
Interest		7,631	
Total	\$ 271,767	336,467	\$ 64,700
Other taxes and licenses:			
Privilege licenses		1,780	
Total	1,500	1,780	280
Unrestricted intergovernmental:			
Local option sales taxes		115,832	
Payments in lieu of taxes		4,072	
Telecommunications sales tax		8,158	
Utility sales tax		45,710	
Piped natural gas sales tax		2,482	
Video franchise fee		21,466	
Road tax refund		111	
Beer and wine tax		3,651	
Total	155,247	201,482	46,235
Restricted intergovernmental:			
Powell Bill allocation		23,727	
Total	24,032	23,727	(305)
Permits and fees:			
Building and inspection permits		3,965	
Tax collection fees		2,476	
Total	4,850	6,441	1,591
Sales and services:			
Miscellaneous		27,284	
Total	5,400	27,284	21,884
Investment earnings	9,000	21,421	12,421
Total revenues	471,796	618,602	146,806

Town of Columbia
General Fund Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2019
Schedule 4

	Budget	Actual	Variance Positive (Negative)
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits		18,350	
Board member expenses		2,275	
Total	21,100	20,625	475
Administration:			
Salaries and employee benefits	224,205	217,586	
Professional fees	32,345	30,573	
Operating expenditures	50,355	37,004	
Reimbursement - proprietary funds	(80,000)	(80,000)	
Total	227,905	205,163	22,742
Public building and grounds:			
Operating expenditures		24,000	
Total	28,500	24,000	4,500
Total general government	277,505	249,788	27,717
Transportation:			
Street and highways:			
Salaries and employee benefits		33,567	
Street lights		41,258	
Operating expenditures		71,741	
Total	149,267	146,566	2,701
Total transportation	149,267	146,566	2,701
Public Safety:			
Fire:			
Fire Department		29,884	
Total	31,884	29,884	2,000
Animal control:			
Salaries and employee benefits		-	
Total	250	-	250
Sheriff:			
Sheriff Department		96,366	
Total	96,366	96,366	-
Total public safety	128,500	126,250	2,250
Environmental protection:			
Mosquito control:			
Operating expenditures		5,405	
Total	6,850	5,405	1,445
Total environmental protection	6,850	5,405	1,445

Town of Columbia
General Fund Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2019
Schedule 4

	Budget	Actual	Variance Positive (Negative)
Culture and recreation:			
Parks and recreation:			
Operating expenditures		4,176	
Total	37,320	4,176	33,144
Total cultural and recreational	37,320	4,176	33,144
Total expenditures	599,442	532,185	67,257
Revenues over (under) expenditures	(127,646)	86,417	214,063
Fund balance appropriated	127,646	-	(127,646)
Net change in fund balance	\$ -	86,417	\$ 86,417
Fund balance, beginning		756,832	
Fund balance, ending		\$ 843,249	

Town of Columbia

**Water and Sewer Fund Schedule of Revenues and Expenditures – Budget
and Actual (Non- GAAP)
For the Year Ended June 30, 2019
Schedule 5**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services		\$ 603,536	
Water and sewer taps		3,472	
Total operating revenues	\$ 695,500	607,008	\$ (88,492)
Nonoperating revenues:			
Miscellaneous		4,947	
Investment earnings		16,684	
Total nonoperating revenues	20,000	21,631	1,631
Total revenues	715,500	628,639	(86,861)
Expenditures:			
Water and sewer administration:			
Postage and telephone		6,665	
Office supplies		1,966	
Operating supplies		58,380	
Other operating expenditures		80,000	
Total water and sewer administration	153,327	147,011	6,316
Waste treatment plant:			
Salaries and employee benefits		196,507	
Electricity		90,063	
Supplies and repairs		72,379	
Other expenses		78,776	
Total waste treatment plant	469,559	437,725	31,834
Debt service:			
Bond principal and other debt retirements		45,199	
Interest and other charges		68,468	
Total debt service	114,717	113,667	1,050
Capital outlay:			
	7,641	-	7,641
Total expenditures	745,244	698,403	46,841
Revenues over (under) expenditures	(29,744)	(69,764)	(40,020)
Fund balance appropriated	29,744	-	(29,744)
Revenues and fund balance appropriated over (under) expenditures	\$ -	\$ (69,764)	\$ (69,764)

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

Revenues over (under) expenditures	(69,764)
Reconciling items:	
Bond principal and other debt retirements	45,199
(Increase) decrease in compensated absences	60,348
Increase (decrease) in deferred outflows of resources - OPEB	3,735
(Increase) decrease in deferred inflows of resources - OPEB	(2,020)
(Increase) decrease in OPEB liability	41,949
Increase (decrease) in deferred outflows of resources - pensions	10,157
(Increase) decrease in net pension liability	(12,541)
(Increase) decrease in deferred inflows of resources - pensions	342
Depreciation	(382,353)
Total reconciling items	(235,184)
Changes in net position	\$ (304,948)

Town of Columbia
Schedule of Ad Valorem Taxes Receivable
June 30, 2019
Schedule 6

Fiscal Year	Uncollected Balance June 30, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2018-2019	\$ -	\$ 324,439	\$ 312,099	\$ 12,340
2017-2018	9,727	7,000	5,078	11,649
2016-2017	5,677	-	4,081	1,596
2015-2016	6,761	-	2,811	3,950
2014-2015	5,332	-	2,723	2,609
2013-2014	2,642	-	445	2,197
2012-2013	1,142	-	-	1,142
2011-2012	3,937	-	-	3,937
2010-2011	6,420	-	-	6,420
2009-2010	4,960	-	117	4,843
2008-2009	2,450	-	2,450	-
Totals	\$ 49,048	\$ 331,439	\$ 329,804	\$ 50,683

Less allowance for uncollectible accounts:

General Fund	20,707
--------------	--------

Ad valorem taxes receivable - net	\$ 29,976
-----------------------------------	-----------

Reconcilement with revenues:

Ad valorem taxes - General Fund	\$ 336,467
Reconciling items:	
Interest collected	(7,631)
Adjustment	(1,389)
Taxes written off	2,357
Subtotal	(6,663)
Total collections and credits	\$ 329,804

Town of Columbia
Analysis of Current Tax Levy – Town Wide Levy
For the Fiscal Year Ended June 30, 2019
Schedule 7

	Town-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year rate	\$ 51,924,459	0.601	\$ 312,066	\$ 292,833	\$ 19,233
<u>Total</u>	<u>51,924,459</u>		<u>312,066</u>	<u>292,833</u>	<u>19,233</u>
Discoveries	2,058,735	0.601	12,373	12,373	-
<u>Total property valuation</u>	<u>53,983,195</u>				
Net levy			324,439	305,206	19,233
Unpaid (by taxpayer) taxes at June 30, 2019			12,340	12,340	-
Current year's taxes collected			<u>\$ 312,099</u>	<u>\$ 292,866</u>	<u>\$ 19,233</u>
Current levy collection percentage			<u>96.20%</u>	<u>95.96%</u>	<u>100.00%</u>