

TOWN OF DOVER, NORTH CAROLINA

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED JUNE 30, 2019

GREGORY T. REDMAN, CPA
TARBORO, NORTH CAROLINA

Financial Statements

Town of Dover, North Carolina

June 30, 2019

Board of Commissioners

John Wetherington, Mayor
Randy Mitchell
Gilbert Moore
Bobby Pollard
Gary Whitley

Administrative Staff

Brenda Ingram, Town Clerk

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Financial Section



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Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the Town of Dover as of June 30, 2019, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund 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, 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated February 27, 2020 on my consideration of Town of Dover's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Dover's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Gregory T. Redman, CPA". The signature is written in a cursive style.

Gregory T. Redman, CPA
Tarboro, North Carolina
February 27, 2020

Management's Discussion and Analysis

**Town of Dover, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2019**

As management of the Town of Dover, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Dover 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

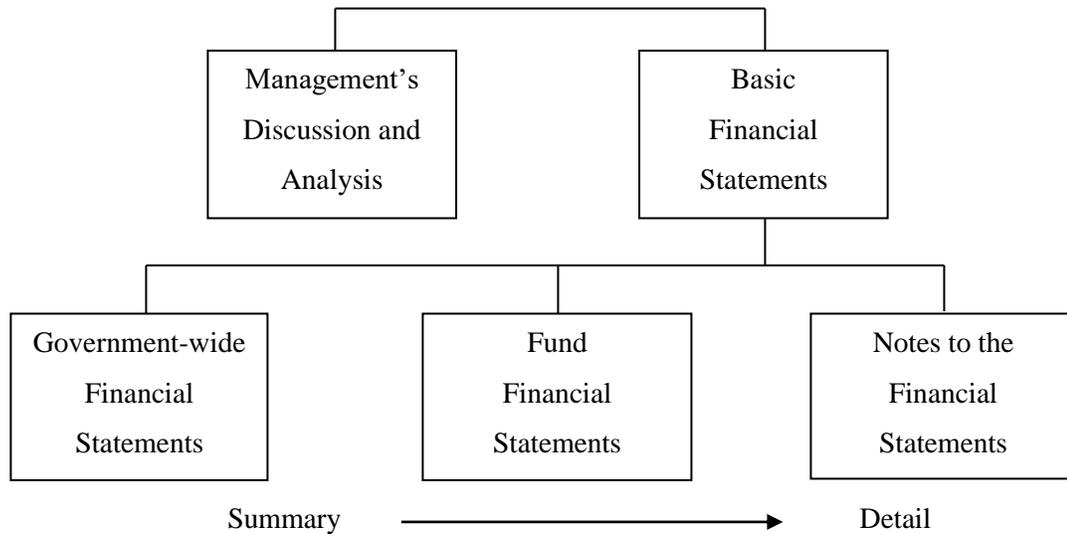
- The assets and deferred outflows of resources of the Town of Dover exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$8,817,904 (net position).
- The government's total net position increased by \$288,198 due to water and sewer improvements in the business-type activities.
- At the close of the current fiscal year, the Town of Dover's governmental funds reported combined ending fund balances of \$327,097, with a net increase of \$41,883 in fund balance. Approximately 36 percent of this total amount, or \$117,810 is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$209,287 or 185 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

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

**Town of Dover, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2019**

Required Components of Annual Financial Report



Basic Financial Statements

The first two statements 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 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 they have changed. Net position is the difference between the Town's total assets and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

Town of Dover, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2019

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 service such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer services offered by the Town of Dover.

Fund Financial Statements

The fund financial statements 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 Dover, like all other government 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 Dover can be divided into two categories: governmental funds and proprietary funds.

Governmental Fund. *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 Dover 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's, 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 Dover 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 Dover uses an enterprise fund to account for its water and sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Town of Dover, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2019**

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.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Dover's ad valorem tax receivable and current tax levy.

Government-wide Financial Analysis

The Town of Dover's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 343,422	\$ 298,525	\$ 79,137	\$ 51,794	\$ 422,559	\$ 350,319
Capital assets	357,460	374,199	8,342,395	8,116,724	8,699,855	8,490,923
Total Assets and Deferred						
Outflows of Resources	700,882	672,724	8,421,532	8,168,518	\$ 9,122,414	\$ 8,841,242
Long-term liabilities outstanding	-	-	227,804	250,584	\$ 227,804	\$ 250,584
Other liabilities	11,636	8,390	65,070	52,563	76,706	60,953
Deferred inflows of resources	-	-	-	-	-	-
Total Liabilities and Deferred						
Inflows of Resources	11,636	8,390	292,874	303,147	304,510	311,537
Net Position:						
Net investment in capital assets	357,460	374,199	8,091,811	7,843,360	\$ 8,449,271	\$ 8,217,559
Restricted	117,810	149,680	-	-	117,810	149,680
Unrestricted	213,976	140,455	36,847	22,011	250,823	162,466
Total Net Position	\$ 689,246	\$ 664,334	\$ 8,128,658	\$ 7,865,371	\$ 8,817,904	\$ 8,529,705

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Dover exceeded liabilities and deferred inflows by \$8,817,904 as of June 30, 2019. The Town's net position increased by \$288,198 for the fiscal year ended June 30, 2019. However, the largest portion (96%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Dover uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Dover's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Dover's net position, \$117,810 represents resources that are subject to external restrictions in how they may be used. The remaining balance of the Town of Dover's net position \$250,823 is unrestricted.

**Town of Dover, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2019**

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

- Continued diligence in the collection of property taxes by achieving a tax collection percentage of 93.22%.

Town of Dover Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 34,518	\$ 34,489	\$ 205,026	\$ 164,484	\$ 239,544	\$ 198,973
Operating grants and contributions	12,563	12,832	-	-	12,563	12,832
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	55,998	55,865	-	-	55,998	55,865
Other taxes	-	-	-	-	-	-
Grants and contributions not restricted	48,558	46,511	411,116	827,239	459,674	873,750
Other	3,057	27,629	16	15	3,073	27,644
Total Revenues	<u>\$ 154,694</u>	<u>\$ 177,326</u>	<u>\$ 616,158</u>	<u>\$ 991,738</u>	<u>\$ 770,852</u>	<u>\$ 1,169,064</u>
Expenses:						
General government	\$ 39,705	\$ 62,223	\$ -	\$ -	\$ 39,705	\$ 62,223
Public safety	-	-	-	-	-	-
Transportation	37,503	30,533	-	-	37,503	30,533
Environmental protection	27,864	27,854	-	-	27,864	27,854
Economic and physical development	-	-	-	-	-	-
Cultural and recreation	24,710	16,127	-	-	24,710	16,127
Interest	-	-	-	-	-	-
Water and sewer	-	-	352,872	311,417	352,872	311,417
Total Expenses	<u>\$ 129,782</u>	<u>\$ 136,737</u>	<u>\$ 352,872</u>	<u>\$ 311,417</u>	<u>\$ 482,654</u>	<u>\$ 448,154</u>
Increase(decrease) in net position before transfers	24,912	40,589	263,286	680,321	288,198	720,910
Transfers	-	-	-	-	-	-
Increase(decrease) in net position	24,912	40,589	263,286	680,321	288,198	720,910
Net position, July 1	664,334	623,745	7,865,372	7,185,051	8,529,706	7,808,796
Net position, June 30	<u>\$ 689,246</u>	<u>\$ 664,334</u>	<u>\$ 8,128,658</u>	<u>\$ 7,865,372</u>	<u>\$ 8,817,904</u>	<u>\$ 8,529,706</u>

Governmental Activities. Governmental activities increased the Town's net position by \$24,912.

Business-type Activities. Business-type activities increased the Town of Dover's net position by \$263,286. The reason for the increase is the Town currently has two capital projects for water system improvements and sewer system improvements.

**Town of Dover, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2019**

Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town of Dover. At the end of the current fiscal year, Town of Dover's fund balance available in the General Fund was \$209,287, while total fund balance reached \$327,097. The Governing Body of the Town of Dover 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 185% of general fund expenditures, while total fund balance represents 289% of the same amount.

At June 30, 2019, the governmental fund of Town of Dover reported a combined fund balance of \$327,097 with a net increase in fund balance of \$41,883.

General Fund Budgetary Highlights: During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and 3) increases in appropriations that became necessary to maintain/increase services.

Proprietary Funds: The Town of Dover'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 \$36,847. 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 Dover's investments in capital assets for its governmental and business-type activities as of June 30, 2019 totals \$8,699,854 (net of accumulated depreciation). These assets include buildings, land, a sewer system, a water system, machinery and equipment, computer equipment, and vehicles.

Major capital asset transactions during the year include the following additions and demolitions:

- In the Business-type Activities, the Town continued two projects. The first project, 2014 CDBG Infrastructure Program is a sewer improvement project and the second project, 2015 CDBG Infrastructure Program is a water improvement project.

**Town of Dover, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2019**

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 39,026	\$ 39,026	\$ 163,450	\$ 163,450	\$ 202,476	\$ 202,476
Buildings and systems	54,958	56,163	5,828,877	6,013,503	5,883,835	6,069,666
Other improvements	5,662	6,676	-	-	5,662	6,676
Machinery and equipment	256,762	270,911	5,945	6,765	262,707	277,676
Computer equipment	-	-	-	-	-	-
Vehicles and motorized equipment	932	1,214	-	-	932	1,214
Furniture	120	209	-	-	120	209
Construction in progress	-	-	2,344,122	1,933,006	2,344,122	1,933,006
Total	\$ 357,460	\$ 374,199	\$ 8,342,394	\$ 8,116,724	\$ 8,699,854	\$ 8,490,923

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

Long-term Debt: As of June 30, 2019, the Town of Dover had \$250,584 in outstanding debt.

Economic Factors and Next Year's Budgets and Rates

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

- The town is not expecting any economic growth in the next year.
- The Town anticipates the finalization of the Water and Sewer Capital Project in 2019.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities: The Town has adopted a balanced budget that does not include any fund balance appropriations for the 2019-2020 fiscal year. Property taxes remained at 0.35 cents per \$100 valuation.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town of Dover, Brenda Ingram, Town Finance Officer, Post Office 128, Dover, NC 28526 or by calling the Town at (252) 523-9610.

Financial Section

Basic Financial Statements

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 191,822	\$ 112,497	\$ 304,319
Taxes receivables (net)	3,771	-	3,771
Accrued interest receivable on taxes	918	-	918
Accounts receivable (net)	4,720	31,589	36,309
Grant income receivable	-	-	-
Due from other governments	11,037	503	11,540
Internal balances	80,514	(80,514)	-
Restricted cash and cash equivalents	50,640	15,062	65,702
Total Current Assets	<u>\$ 343,422</u>	<u>\$ 79,137</u>	<u>\$ 422,559</u>
Non-current Assets:			
Capital assets:			
Land, non-depreciable improvements and construction in progress	\$ 39,026	\$ 2,507,573	\$ 2,546,599
Other capital assets, net of depreciation	318,434	5,834,822	6,153,256
Total capital assets	<u>\$ 357,460</u>	<u>\$ 8,342,395</u>	<u>\$ 8,699,855</u>
Total Assets	<u>\$ 700,882</u>	<u>\$ 8,421,532</u>	<u>\$ 9,122,414</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 5,141	\$ 27,228	\$ 32,369
Current portion of long-term liabilities	-	22,780	22,780
Payable from restricted assets	6,495	15,062	21,557
Long-term liabilities:			
Due in more than one year	-	227,804	227,804
Total Liabilities	<u>\$ 11,636</u>	<u>\$ 292,874</u>	<u>\$ 304,510</u>
Deferred Inflows of Resources			
Prepaid taxes	\$ -	\$ -	\$ -
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Position			
Net investment in capital assets	\$ 357,460	\$ 8,091,811	\$ 8,449,271
Restricted for:			
Stabilization by State Statute	96,271	-	96,271
Transportation	21,539	-	21,539
Unrestricted	213,976	36,847	250,823
Total Net Position	<u>\$ 689,246</u>	<u>\$ 8,128,658</u>	<u>\$ 8,817,904</u>

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

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

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Primary Government							
Governmental Activities:							
General government	\$ 39,705	\$ -	\$ -	\$ -	\$ (39,705)	\$ -	\$ (39,705)
Public safety	-	-	-	-	-	-	-
Transportation	37,503	-	12,296	-	(25,207)	-	(25,207)
Economic and physical development	-	-	-	-	-	-	-
Environmental protection	27,864	34,518	267	-	6,921	-	6,921
Cultural and recreation	24,710	-	-	-	(24,710)	-	(24,710)
Interest on long-term debt	-	-	-	-	-	-	-
Total Governmental Activities	<u>\$ 129,782</u>	<u>\$ 34,518</u>	<u>\$ 12,563</u>	<u>\$ -</u>	<u>\$ (82,701)</u>	<u>\$ -</u>	<u>\$ (82,701)</u>
Business-type activities:							
Water and Sewer	352,872	205,026	-	411,116	-	263,270	263,270
Total business-type activities	<u>\$ 352,872</u>	<u>\$ 205,026</u>	<u>\$ -</u>	<u>\$ 411,116</u>	<u>\$ -</u>	<u>\$ 263,270</u>	<u>\$ 263,270</u>
Total Primary Government	<u>\$ 482,654</u>	<u>\$ 239,544</u>	<u>\$ 12,563</u>	<u>\$ 411,116</u>	<u>\$ (82,701)</u>	<u>\$ 263,270</u>	<u>\$ 180,569</u>
General Revenues							
Taxes:							
Property taxes, levied for general purpose					\$ 55,998	\$ -	\$ 55,998
Other taxes					-	-	-
Grants and contributions not restricted to specific programs					48,558	-	48,558
Unrestricted investment earnings					-	16	16
Miscellaneous					3,057	-	3,057
FEMA proceeds					-	-	-
Total General Revenues, not including transfers					<u>\$ 107,613</u>	<u>\$ 16</u>	<u>\$ 107,629</u>
Change in Net Position					24,912	263,286	288,198
Net Position, previously reported					664,334	7,865,372	8,529,706
Net Position, end of year					<u>\$ 689,246</u>	<u>\$ 8,128,658</u>	<u>\$ 8,817,904</u>

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

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

	Major Funds
	General
Assets	
Cash and cash equivalents	\$ 191,822
Restricted cash	50,640
Receivables, net:	
Taxes	3,771
Accounts	4,720
Due from other governments	11,037
Due from other funds	80,514
Total Assets	\$ 342,504
Liabilities	
Liabilities:	
Accounts payable and accrued liabilities	\$ 5,141
Due to other funds	-
Liabilities Payable from Restricted Assets:	
Customer deposits	6,495
Total Liabilities	\$ 11,636
Deferred Inflows of Resources	
Property taxes receivable	\$ 3,771
Prepaid taxes	-
Total Deferred Inflows of Resources	\$ 3,771
Fund Balances	
Restricted:	
Stabilization by State Statute	\$ 96,271
Streets	21,539
Unassigned	209,287
Total fund balance	\$ 327,097
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 342,504

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

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

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

Ending Fund Balance - Governmental Funds	\$	327,097
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		357,460
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred in the funds.		918
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		3,771
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.		-
Net Position of Governmental Activities	\$	689,246

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

Town of Dover, North Carolina
Statement of Revenues, Expenditures And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	Major Funds
	General
Revenues	
Ad valorem taxes	\$ 56,229
Other taxes and licenses	-
Unrestricted intergovernmental	48,558
Restricted intergovernmental	12,563
Permits and fees	-
Sales and services	34,518
Investment earnings	-
Miscellaneous	3,057
Total Revenues	\$ 154,925
Expenditures	
Current:	
General government	\$ 38,661
Transportation	34,367
Economic and physical development	-
Environmental Protection	27,852
Cultural and recreation	12,162
Total Expenditures	\$ 113,042
Excess of Revenues Over (Under) Expenditures	\$ 41,883
Net Change in Fund Balance	\$ 41,883
Fund Balances	
Beginning of year	285,214
End of year	\$ 327,097

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

Town of Dover, North Carolina
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement Activities
For the Year Ended June 30, 2019

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

Net Change in Fund Balance - Total Governmental Funds	\$	41,883
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>		
Capital outlay expenditures which were capitalized	\$	-
Depreciation expense for governmental assets	<u>(16,740)</u>	(16,740)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in unavailable revenue for tax revenues		(231)
<p>The issuance of long-term debt provides current financial resources to governmental funds, which the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal payments on long-term debt		-
Increase in accrued interest payable		<u>-</u>
Total Changes in Net Position of Governmental Activities	<u>\$</u>	<u>24,912</u>

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

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

	General Fund			Variance with
	Original	Final	Actual	Final Budget
			Amounts	Positive
				(Negative)
Revenues				
Ad valorem taxes	\$ 56,660	\$ 56,660	\$ 56,229	\$ (431)
Other taxes and licenses	-	-	-	-
Unrestricted intergovernmental	43,751	43,751	48,558	4,807
Restricted intergovernmental	12,957	24,957	12,563	(12,394)
Permits and fees	-	-	-	-
Sales and services	34,605	34,605	34,518	(87)
Investment earnings	-	-	-	-
Miscellaneous	27,680	27,680	3,057	(24,623)
Total Revenues	\$ 175,653	\$ 187,653	\$ 154,925	\$ (32,728)
Expenditures				
Current				
General government	\$ 71,702	\$ 71,702	\$ 38,661	\$ 33,041
Transportation	28,233	28,233	34,367	(6,134)
Economic and physical development	-	-	-	-
Environmental protection	28,000	28,000	27,852	148
Cultural and recreation	3,488	15,488	12,162	3,326
Total Expenditures	\$ 131,423	\$ 143,423	\$ 113,042	\$ 30,381
Revenues Over (Under) Expenditures	\$ 44,230	\$ 44,230	\$ 41,883	\$ (2,347)
Other Financing Sources (Uses)				
General fund increase	\$ (44,230)	\$ (44,230)	\$ -	\$ 44,230
Total Other Financing Sources (Uses)	\$ (44,230)	\$ (44,230)	\$ -	\$ 44,230
Revenues and other sources over (under) expenditures and other uses			41,883	
Fund Balances				
Beginning of year			285,214	
End of year			\$ 327,097	

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

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

	Water and Sewer Fund
Assets	
Current assets:	
Cash and cash equivalents	\$ 112,497
Accounts receivable (net)	31,589
Grant income receivable	-
Due from other funds	-
Sales tax refunds receivable	503
Restricted cash and cash equivalents	15,062
Total Current Assets	\$ 159,651
Noncurrent assets:	
Capital assets:	
Land and other non-depreciable assets	2,507,573
Other capital assets, net of depreciation	5,834,822
Capital assets (net)	\$ 8,342,395
Total Noncurrent Assets	\$ 8,342,395
Total Assets	\$ 8,502,046
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 27,228
Due to other funds	80,514
ARRA loan - current	22,780
Liabilities payable from restricted assets:	
Customer deposits	15,062
Total Current Liabilities	\$ 145,584
Noncurrent liabilities:	
Advances from other funds	
ARRA loan - noncurrent	227,804
Total Noncurrent Liabilities	\$ 227,804
Total Liabilities	\$ 373,388
Net Position	
Net investment in capital assets	\$ 8,091,811
Unrestricted	36,847
Total Net Position	\$ 8,128,658

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

Town of Dover, North Carolina
Statement of Revenues, Expenses, And Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Water and Sewer Fund
Operating Revenues	
Charges for services	\$ 166,538
Water and sewer taps	34,000
Other operating revenues	4,488
Total Operating Revenues	\$ 205,026
Operating Expenses	
General operations	\$ 162,426
Depreciation	190,446
Total Operating Expenses	\$ 352,872
Operating income (loss)	\$ (147,846)
Non-operating Revenues (Expenses)	
Investment earnings	\$ 16
Miscellaneous revenue	-
Total Non-Operating Revenues (expenses)	\$ 16
Income (loss) Before Contributions and Transfers	\$ (147,830)
Capital contributions	411,116
Transfers	-
Total Income (Loss) After Contributions and Transfers	\$ 263,286
Change in Net Position	\$ 263,286
Net Position, beginning	7,865,372
Net Position, ending	\$ 8,128,658

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

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

	Water and Sewer Fund
Cash Flows From Operating Activities	
Cash received from customers	\$ 184,718
Cash paid for goods and services	(163,848)
Cash paid to or on behalf of employees for services	(5,317)
Other revenue received	4,488
Net Cash Provided (used) by Operating Activities	\$ 20,041
Cash Flows From Noncapital Financing Activities	
Transfers to/from other funds	\$ -
Cash received from/paid for interfund repayments/borrowings	26,539
Net Cash Provided by Noncapital Financing Activities	\$ 26,539
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	\$ (416,116)
Capital grants-federal grants	411,116
Principal paid on ARRA loan	(22,780)
Other nonoperating revenues	-
Net Cash Provided (used) by Capital and Related Financing Activities	\$ (27,780)
Cash Flows From Investing Activities	
Interest and dividends	\$ 16
Net Increase (decrease) in Cash and Cash Equivalents	\$ 18,816
Balances - Beginning of year	108,743
Balances - End of year	\$ 127,559
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ (147,846)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	\$ 190,446
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(15,820)
(Increase) decrease in sales tax receivable	550
Increase (decrease) in accounts payable and accrued liabilities	(7,289)
Increase (decrease) in customer deposits	-
Total adjustments	\$ 167,887
Net Cash Provided by Operating Activities	\$ 20,041

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

Town of Dover, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019

I. Summary of Significant Accounting Policies

The accounting policies of Town of Dover 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 Dover is a municipal corporation that is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the Town of Dover, North Carolina.

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.

Town of Dover, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019

The Town reports the following major governmental funds:

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

The Town reports the following major enterprise funds:

Water Fund and Sewer Fund - This fund is used to account for the Town's water and sewer operations. Two Water and Sewer Capital Projects Funds have been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparison for the Water and Sewer Capital Projects Funds has been included in the supplemental information.

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

Town of Dover, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019

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

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

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

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 Funds. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. All amendments must be approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

**Town of Dover, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019**

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. 15-31]. The Town may designate, as an official depository, and 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). As of June 30, 2019 the Town did not have any of these investments.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and equivalents.

3. Restricted Assets

Customer deposits held by the Town before any services are supplied, are restricted to the service for which the deposit was collected. Powell Bill funds are classified as restricted cash because it can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4. The Town also has Department of Transportation funds – Construction – Eliminate Unsafe Railroad Crossings – that can only be used for highway transportation safety improvements. The Town also has project funds for a Revitalization project.

Town of Dover Restricted Cash

Governmental Activities	
General Fund	
Customer deposits	\$ 6,495
Streets	21,539
Unsafe RR Crossings	22,500
Project Funds	106
Total Government Activities	<u>\$ 50,640</u>
Business-type Activities	
Water and Sewer Fund	
Customer deposits	\$ 15,062
Total Business-type Activities	<u>\$ 15,062</u>
Total Restricted Cash	<u><u>\$ 65,702</u></u>

Town of Dover, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019

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, 2018.

5. Allowances for Doubtful Accounts

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

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$500; buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; infrastructure, \$5,000; furniture and equipment, \$500; computer equipment and computer software, \$500; and vehicles, \$2,000. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Class	Estimated Useful Lives
Infrastructure	20
Buildings	50-100
Improvements	15
Equipment	10-25
Vehicles	15-60
Furniture and equipment	10-40
Computer software	3-10
Computer equipment	3-10

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.

Town of Dover, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019

The Town currently does not have deferred outflows. 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 only two items that meet the criterion for this category – prepaid taxes and property taxes receivables.

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.

9. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

Restricted for Stabilization by State statute – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

**Town of Dover, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019**

Restricted for Streets – Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds. It also includes the unexpected Department of Transportation funds – Construction – Eliminate Unsafe Railroad Crossings – that can only be used for highway transportation safety improvements.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Dover’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. Any changes or removal of specific purpose requires majority action by the governing body.

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

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

The Town of Dover 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.

II. Stewardship, Compliance, and Accountability

A. Material Violations of Finance-related Legal and Contractual Provisions

There were no Material Violations of Finance-related Legal and Contractual Provisions.

**Town of Dover, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019**

III. 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 agents in their names. The amount of the pledged collateral is based on an approved averaging method for noninterest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2019, the Town's deposits had a carrying amount of \$369,921 and a bank balance of \$374,335. Of the bank balance, \$250,000 was covered by federal depository insurance and \$124,335 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 Dover held no investments.

3. Receivables – Allowances for Doubtful Accounts

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

<u>Governmental Activities:</u>	<u>Accounts</u>	<u>Business-type Activities:</u>	<u>Accounts</u>
General	\$ 5,295	Water and Sewer	\$ 42,966
Total Receivables	<u>\$ 5,295</u>	Total Receivables	<u>\$ 42,966</u>
Allowance for doubtful accounts	\$ (575)	Allowance for doubtful accounts	\$(11,377)
Total Business-type Activities	<u>\$ 4,720</u>	Total Business-type Activities	<u>\$ 31,589</u>

**Town of Dover, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019**

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

Governmental Activities	
Local option sales tax	\$ 5,199
Utilities sales tax	3,885
Other receivable-Craven County	1,369
Other receivable-NC sales tax refund	584
Total Government Activities	\$ 11,037
Business-type Activities	
Other receivable-NC sales tax refund	\$ 503

4. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 39,026	\$ -	\$ -	\$ 39,026
Construction in progress	-	-	-	-
Total capital assets not being depreciated	\$ 39,026	\$ -	\$ -	\$ 39,026
Capital assets being depreciated:				
Buildings	\$ 92,040	\$ -	\$ -	\$ 92,040
Other improvements	8,906	-	-	8,906
Equipment	312,189	-	-	312,189
Vehicles and motorized equipment	20,498	-	-	20,498
Furniture and equipment	1,775	-	-	1,775
Computer software and equipment	3,904	-	-	3,904
Total capital assets being depreciated	\$ 439,312	\$ -	\$ -	\$ 439,312
Less accumulated depreciation for:				
Buildings	\$ 35,877	\$ 1,205	\$ -	\$ 37,082
Other improvements	2,230	1,014	-	3,244
Equipment	41,278	14,149	-	55,427
Vehicles and motorized equipment	19,283	283	-	19,566
Furniture and equipment	1,566	89	-	1,655
Computer software and equipment	3,904	-	-	3,904
Total accumulated depreciation	\$ 104,138	\$ 16,740	\$ -	\$ 120,878
Total capital assets being depreciated, net	\$ 335,174			\$ 318,434
Governmental activity capital assets, net	\$ 374,200			\$ 357,460

**Town of Dover, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019**

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

General government	\$ 1,044
Public safety	-
Transportation	3,136
Environmental protection	12
Cultural and recreation	12,548
Total Depreciation Expense	\$ 16,740

Capital asset activity for the Town's business-type activities for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water and Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 163,450	\$ -	\$ -	\$ 163,450
Construction in progress	1,933,006	411,116	-	2,344,122
Total capital assets not being depreciated	\$2,096,456	\$411,116	\$ -	\$2,507,572
Capital assets being depreciated:				
Plant and distributions systems	\$7,801,398	\$ 5,000	\$ -	\$7,806,398
Substations, lines, and related equipment	-	-	-	-
Furniture and maintenance equipment	23,762	-	-	23,762
Buildings	-	-	-	-
Total capital assets being depreciated	\$7,825,160	\$ 5,000	\$ -	\$7,830,160
Less accumulated depreciation for:				
Plant and distributions systems	\$1,787,895	\$189,626	\$ -	\$1,977,521
Substations, lines, and related equipment	-	-	-	-
Furniture and maintenance equipment	16,997	820	-	17,817
Buildings	-	-	-	-
Total capital assets being depreciated	\$1,804,892	\$190,446	\$ -	\$1,995,338
Total capital assets being depreciated, net	\$6,020,268			\$5,834,822
Business-type activities capital assets, net	\$8,116,724			\$8,342,394

Construction Commitments

The Town has two active water and sewer construction projects as of June 30, 2017. The projects are accounted for in two capital project funds: 2014 CDBG Infrastructure Program and 2015 CDBG Infrastructure Program. At year-end, the Town's commitments with contractors are as follows:

	Spent-to-Date	Remaining Commitment
2014 CDBG Infrastructure Program	\$ 1,812,305	\$ -
2015 CDBG Infrastructure Program	\$ 528,769	\$ 259,172

The 2014 CDBG project is for sewer improvements and the 2015 CDBG project is for water improvements.

**Town of Dover, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019**

B. Liabilities

1. Payables

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

	Vendors	Payroll Liabilities	Total
Governmental Activities:			
General	\$ 3,337	\$ 1,804	\$ 5,141
Total Governmental Activities	\$ 3,337	\$ 1,804	\$ 5,141
Business-type Activities:			
Water and sewer	\$ 27,228	\$ -	\$ 27,228
Total Business-type Activities	\$ 27,228	\$ -	\$ 27,228

Deferred Inflows of Resources

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

Prepaid taxes (General Fund)	\$	-
Taxes receivables, less penalties (General Fund)		3,771
	\$	3,771

2. 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 two 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 insured values of the property policy, and worker's compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

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

The Town has automatic flood coverage through their property insurance with the League of Municipalities. The property is insured up to \$5,000,000 with a per occurrence deductible of \$50,000.

**Town of Dover, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019**

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

3. Claims, Judgements, and Contingent Liabilities

No claims or judgements existed at June 30, 2019.

4. Long-Term Obligations

a. Notes Payable

Loans payable consists of the following promissory notes:

ARRA-Capitalization Grants for State Revolving Funds-Sewer Capital Project Fund: 2009 Sewer System Improvements. The Town borrowed \$ 457,939 for the remainder of the funding required to complete the sewer construction in the Town. The loan is payable over a maximum twenty-year period and the interest rate on this note is 0%. The Town has made six payments and has fourteen remaining payments of \$22,780 each.

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

	<u>Liabilities</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Liabilities</u> <u>June 30, 2019</u>	<u>Current</u> <u>Portion</u>
Business-type Activities:					
Water and Sewer:					
Loans payable	\$ 273,364	\$ -	\$ 22,780	\$ 250,584	\$ 22,780

The following table summarizes the annual requirements to amortize all long-term debt outstanding:

Water and Sewer: <u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 22,780	\$ -
2021	22,780	-
2022	22,780	-
2023	22,780	-
2024	22,780	-
2025-2029	113,900	-
2030-2034	22,784	-
Total	<u>\$ 250,584</u>	<u>\$ -</u>

**Town of Dover, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019**

5. Interfund Balances and Activities

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

Due To	Due From	Amount
General Fund	Water and Sewer Fund	\$ 80,514

The interfund balances are a result of current and prior year's borrowings between the Water and Sewer Enterprise Fund and Governmental Funds due to the General Fund paying expenses of the Water and Sewer Enterprise Fund. The Town intends on the Water and Sewer Enterprise Fund paying the General Fund during the 18-19 fiscal year as funds become available.

There were no transfers to/from other funds at June 30, 2019.

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

8. Fund Balance

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

Total fund balance - General Fund	\$ 327,097
Less:	
Stabilization by State Statute	96,271
Streets-Powell Bill & Railroad	21,539
Working Capital/Fund Balance Policy	28,685
Remaining Fund Balance	180,602

The Town of Dover 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.

IV. Jointly Governed Organization

The Town, in conjunction with nine counties and forty-five other municipalities established the Eastern Carolina Council. The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The Town paid membership fees of \$240 to the Council during the fiscal year ended June 30, 2019.

**Town of Dover, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019**

V. Related Party Transaction

The Town has participated in no related party transactions for the year ended June 30, 2019.

VI. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

VII. Subsequent Events

As of February 27, 2020, the date of the completion of the financial statements, there were no material subsequent events that were required to be reported.

Individual Fund Statements and Schedules

Town of Dover, North Carolina
General Fund
Schedule of Revenues, Expenditures, And
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues			
Ad valorem taxes:			
Current year	\$ 56,660	\$ 53,528	\$ (3,132)
Prior years	-	2,146	2,146
Penalties and interest	-	555	555
Total	<u>\$ 56,660</u>	<u>\$ 56,229</u>	<u>\$ (431)</u>
Unrestricted intergovernmental:			
Local option sales taxes	\$ 25,000	\$ 28,893	\$ 3,893
Utilities sales tax	17,000	18,023	1,023
Beer and wine tax	1,751	1,642	(109)
Total	<u>\$ 43,751</u>	<u>\$ 48,558</u>	<u>\$ 4,807</u>
Restricted intergovernmental:			
Powell Bill allocation	\$ 12,687	\$ 12,296	\$ (391)
Craven County	-	-	-
Solid waste disposal tax	270	267	(3)
Total	<u>\$ 12,957</u>	<u>\$ 12,563</u>	<u>\$ (394)</u>
Sales and services:			
Grass cutting	\$ 25	-	\$ (25)
Garbage fees	34,580	34,518	(62)
Total	<u>\$ 34,605</u>	<u>\$ 34,518</u>	<u>\$ (87)</u>
Investment earnings			
General	\$ -	\$ -	\$ -
Powell Bill	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Miscellaneous:			
Recreation grant	\$ 2,500	\$ 2,820	\$ 320
Revitalization grant	25,000	-	25,000
Miscellaneous revenue	180	237	57
Total	<u>\$ 27,680</u>	<u>\$ 3,057</u>	<u>\$ (24,623)</u>
Total Revenues	<u>\$ 175,653</u>	<u>\$ 154,925</u>	<u>\$ (20,728)</u>

Town of Dover, North Carolina
General Fund
Schedule of Revenues, Expenditures, And
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures			
General Government:			
Professional services	\$ 10,000	\$ 9,660	\$ 340
Total	<u>\$ 10,000</u>	<u>\$ 9,660</u>	<u>\$ 340</u>
Administration:			
Salaries and employee benefits	\$ 13,271	\$ 8,206	\$ 5,065
Other operating expenditures	35,461	20,795	14,666
Capital outlay	2,670	-	2,670
Total	<u>\$ 51,402</u>	<u>\$ 29,001</u>	<u>\$ 22,401</u>
Elections:			
Other operating expenditures	\$ 2,600	\$ -	\$ 2,600
Total	<u>\$ 2,600</u>	<u>\$ -</u>	<u>\$ 2,600</u>
Zoning:			
Other operating expenditures	\$ -	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total General Government	<u>\$ 64,002</u>	<u>\$ 38,661</u>	<u>\$ 25,341</u>
Transportation:			
Streets and Highways:			
Salaries and employee benefits	\$ 7,700	\$ 7,683	\$ (17)
Street lights	7,500	9,040	(1,540)
Other operating expenditures	20,733	17,644	3,089
Capital outlay	-	-	-
Total Transportation	<u>\$ 35,933</u>	<u>\$ 34,367</u>	<u>\$ 1,566</u>
Environmental Protection:			
Solid Waste:			
Other operating expenditures	\$ 28,000	\$ 27,852	\$ 148
Capital outlay	-	-	-
Total Environmental Protection	<u>\$ 28,000</u>	<u>\$ 27,852</u>	<u>\$ 148</u>
Cultural and Recreational:			
Parks and Recreation			
Other operating expenditures	\$ 2,800	\$ 12,162	\$ (9,362)
Capital outlay	688	-	(688)
Total	<u>\$ 3,488</u>	<u>\$ 12,162</u>	<u>\$ (8,674)</u>
Library:			
Other operating expenditures	\$ -	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Cultural and Recreational	<u>\$ 3,488</u>	<u>\$ 12,162</u>	<u>\$ (8,674)</u>
Total Expenditures	<u>\$ 131,423</u>	<u>\$ 113,042</u>	<u>\$ 18,381</u>

Town of Dover, North Carolina
General Fund
Schedule of Revenues, Expenditures, And
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues Over (Under) Expenditures	\$ 44,230	\$ 41,883	\$ (2,347)
Other Financing Sources (uses):			
Transfers out	\$ -	\$ -	\$ -
Transfers in	-	-	-
Powell fund appropriation	-	-	-
Increase in fund balance	(44,230)	-	44,230
Total	<u>\$ (44,230)</u>	<u>\$ -</u>	<u>\$ 44,230</u>
 Revenues and other financing sources over expenditures and other financing uses	 <u>\$ -</u>	 \$ 41,883	 <u>\$ -</u>
 Fund Balances			
Beginning of year		<u>285,214</u>	
End of year		<u>\$ 327,097</u>	

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating Revenues:			
Charges for services	\$ 170,000	\$ 166,538	\$ (3,462)
Water and sewer taps	30,000	34,000	4,000
Other operating revenues	8,265	4,488	(3,777)
Total	<u>\$ 208,265</u>	<u>\$ 205,026</u>	<u>\$ (3,239)</u>
Nonoperating Revenues:			
Miscellaneous revenue	\$ -	\$ -	\$ -
Interest earnings	15	16	1
Total	<u>\$ 15</u>	<u>\$ 16</u>	<u>\$ 1</u>
Total Revenues	<u>\$ 208,280</u>	<u>\$ 205,042</u>	<u>\$ (3,237)</u>
Expenditures:			
Operating Expenditures:			
Service contracts	\$ 4,000	\$ 3,780	\$ 220
Sewage treatment costs	99,000	85,994	13,006
Bank charges	120	37	83
Repairs and maintenance	10,000	9,813	187
Salaries and benefits	14,000	13,899	101
Pump station utilities	18,000	17,464	536
Telephone	2,200	2,145	55
Insurance	6,900	6,859	41
Mileage and travel	235	235	-
Office supplies	2,500	2,496	4
Well operator	-	-	-
Lab fees	100	86	14
Dues and subscriptions	700	685	15
Miscellaneous expense	1,721	887	834
Operating supplies	3,850	2,585	1,265
Computer support and training	3,000	2,151	849
Professional services	1,000	-	1,000
Contracted services	15,000	13,310	1,690
Total	<u>\$ 182,326</u>	<u>\$ 162,426</u>	<u>\$ 19,900</u>
Capital Outlay:			
Water equipment	\$ 3,174	\$ 5,000	\$ (1,826)
Total	<u>\$ 3,174</u>	<u>\$ 5,000</u>	<u>\$ (1,826)</u>
Debt Service:			
Principal retirement	\$ 22,780	\$ 22,780	\$ -
Interest and other charges	-	-	-
Total	<u>\$ 22,780</u>	<u>\$ 22,780</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 208,280</u>	<u>\$ 190,206</u>	<u>\$ 18,074</u>
Revenues over expenditures	\$ -	\$ 14,836	\$ 14,837

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other financing sources (uses):			
Water fund appropriation	\$ -	\$ -	\$ -
Transfers out	-	-	-
Transfers in	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -
Revenues and Other Sources Over (Under)			
Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 14,836</u>	<u>\$ 14,836</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other sources over expenditures and other uses		14,836	
Reconciling items:			
Capital contributions		411,116	
Principal retirement		22,780	
Capital outlay		5,000	
Depreciation		(190,446)	
Total		<u>\$ 248,450</u>	
Change in Net Position		<u>\$ 263,286</u>	

Town of Dover, North Carolina
2014 CDBG Infrastructure Program
Schedule of Revenues And Expenditures
Budget and Actual (Non - GAAP)
From Inception and For the Fiscal Year Ended June 30, 2019

	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Actual</u> <u>Current</u> <u>Year</u>	<u>Total to</u> <u>Date</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:					
Restricted Intergovernmental:					
Federal grant-CDBG	\$ 1,847,131	\$ 1,494,574	\$ 317,731	\$ 1,812,305	\$ (34,826)
Total Revenues	<u>\$ 1,847,131</u>	<u>\$ 1,494,574</u>	<u>\$ 317,731</u>	<u>\$ 1,812,305</u>	<u>\$ (34,826)</u>
Expenditures:					
Planning & design	\$ -	\$ 129,895	\$ -	\$ 129,895	\$ -
Construction - admin	-	64,903	18,968	83,871	-
Construction - inspection	-	64,184	19,146	83,330	-
Legal-appraisal-acquisition	-	61,698	-	61,698	-
Permit fees	-	11,422	-	11,422	-
Miscellaneous	-	788	-	788	-
Construction	-	1,039,482	269,617	1,309,099	-
Sewer Improvements	<u>\$ 1,680,418</u>	<u>\$ 1,372,372</u>	<u>\$ 307,731</u>	<u>\$ 1,680,103</u>	<u>\$ 315</u>
Administration					
General administration	\$ -	\$ 80,764	\$ 10,000	\$ 90,764	\$ -
Environmental review	-	16,400	-	16,400	-
Engineering report	-	25,000	-	25,000	-
Reimbursables	-	38	-	38	-
Total Administration	<u>181,713</u>	<u>122,202</u>	<u>10,000</u>	<u>132,202</u>	<u>49,511</u>
Total Expenditures	<u>\$ 1,862,131</u>	<u>\$ 1,494,574</u>	<u>\$ 317,731</u>	<u>\$ 1,812,305</u>	<u>\$ 49,826</u>
Revenues Over (Under) Expenditures	<u>\$ (15,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,000</u>
Other Financing Sources:					
Local contribution	\$ 15,000	\$ -	\$ -	\$ -	\$ (15,000)
Total Other Financing Sources (Uses)	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,000)</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Town of Dover, North Carolina
2015 CDBG Infrastructure Program
Schedule of Revenues And Expenditures
Budget and Actual (Non - GAAP)
From Inception and For the Fiscal Year Ended June 30, 2019

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted Intergovernmental:					
Federal grant-CDBG	\$ 737,200	\$ 435,384	\$ 93,385	\$ 528,769	\$ (208,431)
Total Revenues	<u>\$ 737,200</u>	<u>\$ 435,384</u>	<u>\$ 93,385</u>	<u>\$ 528,769</u>	<u>\$ (208,431)</u>
Expenditures:					
Planning & design	\$ -	\$ 55,782	\$ -	\$ 55,782	\$ -
Construction - admin	-	25,958	5,158	31,116	-
Construction - inspection	-	30,142	4,917	35,059	-
Easements-permits-advertising	-	17,346	-	17,346	-
Property acquisition	-	11,662	-	11,662	-
Construction	-	244,626	83,310	327,936	-
Water Improvements	<u>\$ 663,600</u>	<u>\$ 385,516</u>	<u>\$ 93,385</u>	<u>\$ 478,901</u>	<u>\$ 184,699</u>
Administration					
General administration	\$ -	\$ 20,912	\$ -	\$ 20,912	\$ -
Environmental review	-	13,900	-	13,900	-
Engineering report	-	15,056	-	15,056	-
	-	-	-	-	-
Total Administration	<u>\$ 73,600</u>	<u>\$ 49,868</u>	<u>\$ -</u>	<u>\$ 49,868</u>	<u>\$ 23,732</u>
Total Expenditures	<u>\$ 737,200</u>	<u>\$ 435,384</u>	<u>\$ 93,385</u>	<u>\$ 528,769</u>	<u>\$ 208,431</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other Financing Sources:					
Local contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Town of Dover, North Carolina
2018 CDBG Neighborhood Revitalization Program
Schedule of Revenues And Expenditures
Budget and Actual (Non - GAAP)
From Inception and For the Fiscal Year Ended June 30, 2019

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues:					
Restricted Intergovernmental:					
Federal grant-CDBG	\$ 750,000	\$ -	\$ -	\$ -	\$ (750,000)
Total Revenues	<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (750,000)</u>
Expenditures:					
Rehabilitation	\$ 750,000	\$ -	\$ 402	\$ 402	\$ (749,598)
Total Expenditures	<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ 402</u>	<u>\$ 402</u>	<u>\$ (749,598)</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (402)</u>	<u>\$ (402)</u>	<u>\$ (402)</u>

Other Schedules

This section contains additional information on property taxes.

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

Town of Dover, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
For the Year Ended June 30, 2019

Fiscal Year	Uncollected Balance June 30, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2017-2018	\$ -	\$ 55,648	\$ 53,515	\$ 2,133
2016-2017	1,902	-	1,682	220
2015-2016	431	-	239	192
2014-2015	245	-	125	120
2013-2014	136	-	50	86
2012-2013	443	-	62	381
2011-2012	282	-	-	282
2010-2011	107	-	-	107
2009-2010	111	-	-	111
2008-2009	139	-	-	139
2007-2008	146	-	146	-
Total	\$ 3,942	\$ 55,648	\$ 55,819	\$ 3,771

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 56,229
Reconciling items:	
Interest collected	(555)
Discounts, write-offs and releases	145
Total collections and credits	<u>\$ 55,819</u>

Town of Dover
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2019

	Town - Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 15,882,636	0.35	\$ 55,648	\$ 46,877	\$ 8,771
Discoveries:					
Current year taxes	-	0.35	-	-	-
Releases	-	0.35	-	-	-
Total Property Valuation	<u><u>\$ 15,882,636</u></u>				
Net levy			\$ 55,648	\$ 46,877	\$ 8,771
Uncollected taxes at June 30, 2019			<u>3,771</u>	<u>3,771</u>	<u>-</u>
Current year's taxes collected			<u><u>\$ 51,877</u></u>	<u><u>\$ 43,106</u></u>	<u><u>\$ 8,771</u></u>
Current levy collection percentage			<u><u>93.22%</u></u>	<u><u>91.96%</u></u>	<u><u>100.00%</u></u>

Compliance Section



Member
North Carolina Association of
Certified Public Accountants

Member
American Institute of
Certified Public Accountants

Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance with
Government Auditing Standards

Independent Auditor's Report

To the Members of the Board of Commissioners
Town of Dover
Dover, North Carolina

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund and the aggregate remaining fund information of the Town of Dover as of and for the year ended June 30, 2019, the related notes to the financial statements, which collectively comprise the Town of Dover's basic financial statements, and have issued my report thereon dated February 27, 2020.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town of Dover's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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

My consideration of internal control was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that I consider to be significant deficiencies and is reported as Finding 2019-001.

Compliance and Other Matters

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

Town's Response to Findings

Town of Dover's responses to the finding identified in my audit is described in the accompanying schedule of finding and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

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



Tarboro, North Carolina
February 27, 2020

Town of Dover
Dover, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section II – Financial Statement Findings

Significant Deficiency

Finding 2019-001

Segregation of Duties

Criteria: Duties should be segregated to provide reasonable assurance that transactions are handled appropriately.

Condition: There is lack of segregation of duties among Town personnel.

Effect: Transactions could be mishandled.

Cause: There are limited number of personnel for certain functions.

Recommendation: The duties should be separated as much as possible, and alternative controls should be used to compensate for lack of separation. The governing board should provide some of these controls.

Views of responsible officials and planned corrective actions: The Town agrees with this finding.

This is a repeat finding from June 30, 2018.

Town of Dover
PO Box 128
Dover, North Carolina, 28526

John P. Wetherington, Jr.

Mayor

William Randy Mitchell

Mayor Pro Tem

Town of Dover
Dover, North Carolina
Corrective Action Plan
For the Year Ended June 30, 2019

Section II – Financial Statement Findings

Finding 2019-001

Name of Contact Person:

Brenda Ingram
Finance Officer

Corrective Action:

The duties will be separated as much as possible and alternative controls will be used to compensate for lack of separation. The governing board will become more involved in providing some of these controls.

Proposed Completion Date:

The Board will implement the above procedure immediately.

Phone: (252) 523-9610 mayorofdover@embarqmail.com Fax: (252) 523-0239

Town of Dover
Dover, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2019

Finding 2018-001 Segregation of Duties

This is reported as Finding 2019-001 in the current year