

City of Eden

Financial Statements

June 30, 2019

**Rouse, Rouse, Rouse & Gardner, LLP
Certified Public Accountants
Eden, North Carolina**

City of Eden, North Carolina
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June 30, 2019

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COUNCIL MEMBERS

Neville Hall, Mayor
Jim Burnette, Mayor Pro Tem

Bernie Moore
Darryl Carter
Jerry Epps

Sylvia Grogan
Angela Hampton
Jerry Ellis

OFFICIALS

Brad Corcoran
Deanna F. Hunt
Erin Gilley
Tammie B. McMichael

City Manager
City Clerk
City Attorney
**Director of Finance
and Personnel**

Rouse, Rouse, Rouse & Gardner, L.L.P.

Certified Public Accountants



R. Rex Rouse, Jr., CPA
Judy G. Rouse, CPA
Victor B. Rouse, CPA/PFS
Trevor C. Gardner, CPA

Independent Auditor's Report

To the Honorable Mayor
and Members of the City Council
Eden, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the City of Eden ABC Board were not audited in accordance with Government Auditing Standards.

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, 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 financial statement 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Eden, North Carolina as of June 30, 2019, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 14, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 87 and 88, respectively, the Firefighters' and Rescue Squad Workers' Pension Fund's Schedule of the Proportionate Share of Net Pension Liability on page 89, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes In Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 90 and 91 and the Other Post Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, on page 92 are to 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 generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Eden, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules, and Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and 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 us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund statements, budgetary schedules, Schedule of Expenditures of Federal and State Awards, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2019 on our consideration of City of Eden's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Eden's internal control over financial reporting and compliance.

Rouse, Rouse, Rouse & Gardner, LLP
Eden, North Carolina
October 31, 2019

Management's Discussion and Analysis

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

Financial Highlights

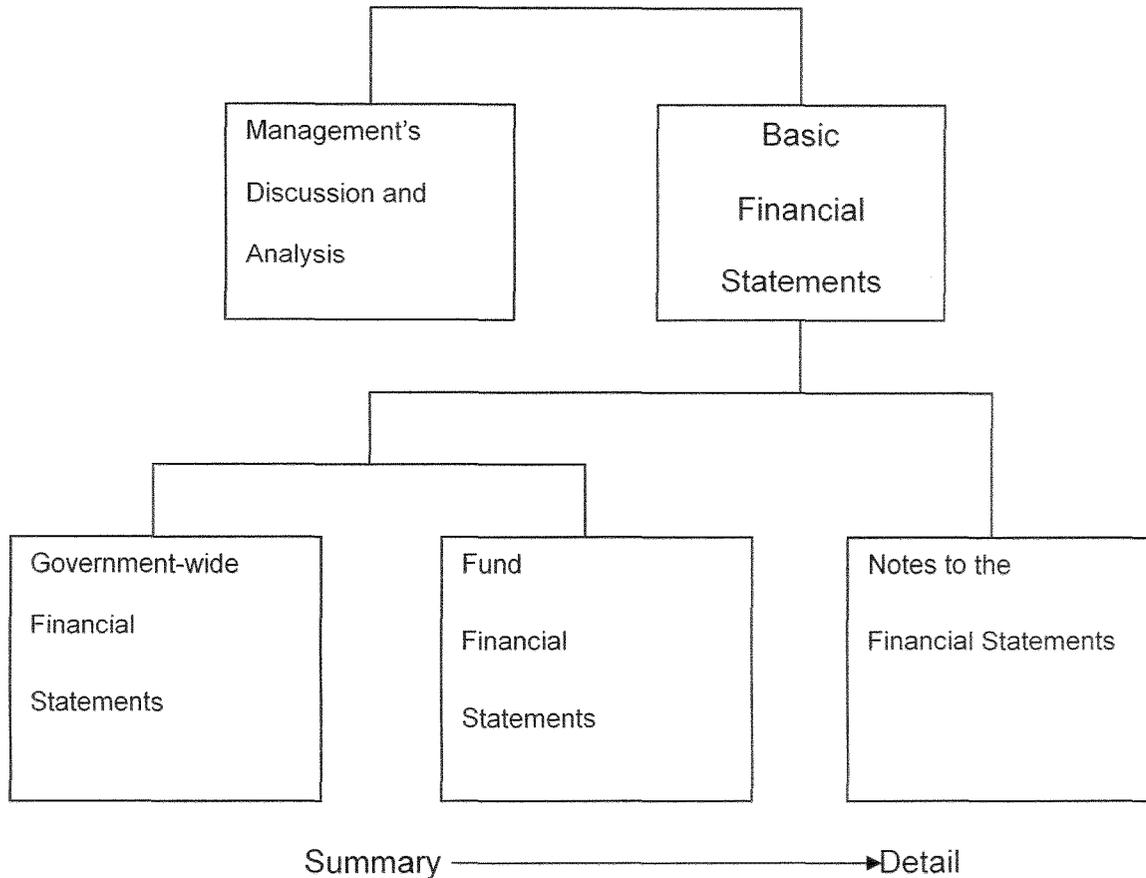
- The assets and deferred outflows of resources of the City of Eden exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$73,868,371 (Net Position).
- The government's total net position increased by \$5,877,982 primarily due to the increase in business-type activities net position.
- On June 30, 2019, the governmental funds reported combined ending fund balances of \$10,230,411, an increase of \$786,360 in comparison with the prior year. Approximately 66.31% of this total amount, or \$6,783,552, is available for spending (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,783,552, or 40.87% of the total general fund expenditures for the fiscal year.
- The City of Eden's total liabilities increased by \$1,511,682 from \$31,580,380 to \$33,092,062 during the current fiscal year. The key factor in this change was the increase in long term liabilities.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to City of Eden's basic financial statements. The City'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 City through the use of government-wide statements and fund financial statements (see Figure 1). In addition to the basic financial statements, this audit report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Eden.

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 City'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 City's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the notes. These notes explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the City'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 City'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 City's financial status as a whole.

The two government-wide statements report the City's net position and how they have changed. Net position is the difference between the City's total assets and total liabilities. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the water and sewer offered by the City of Eden. The final category is the component unit. Although legally separate from the City, the ABC Board is important to the City because the City exercises control over the Board by appointing its members and because the Board is required to distribute its profits to the City.

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

Fund Financial Statements

The fund financial statements provide a more detailed look at the City'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 City of Eden, 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 City's budget ordinance. All of the funds of City of Eden 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 City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an

accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City'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 City of Eden 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 City, the management of the City, and the decisions of the City Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City 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 City Council; 2) the final budget as amended by the City Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds

City of Eden has two different kinds of proprietary funds:

Enterprise Funds

Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. City of Eden uses enterprise funds 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.

Internal Service Funds

Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the functions of City of Eden. The City uses an internal service fund to account for one activity – its self-insurance operations. Because this operation benefits predominantly governmental rather than business-type activities, the internal service fund has been included within the governmental activities in the government-wide financial statements.

Notes to the Financial Statements & Other Information

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 29 - 85 of this report.

In addition to the basic financial statements and accompanying notes, this audit report includes certain required supplementary information concerning the City of Eden's progress in funding its obligation to provide pension benefits and other post employee benefits to its employees.

Government-Wide Financial Analysis

The City of Eden's Net Position

Figure 2

	Governmental Activities		Business-type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	11,510,872	10,994,587	9,206,630	7,884,461	20,717,502	18,879,048
Capital assets	24,571,722	22,848,036	59,349,428	56,177,330	83,921,150	79,025,366
Deferred outflows of resources	<u>2,444,775</u>	<u>1,883,669</u>	<u>630,152</u>	<u>440,775</u>	<u>3,074,927</u>	<u>2,324,444</u>
Total assets and deferred outflows of resources	<u>38,527,369</u>	<u>35,726,292</u>	<u>69,186,210</u>	<u>64,502,566</u>	<u>107,713,579</u>	<u>100,228,858</u>
Long-term liabilities	13,637,339	12,551,091	14,090,920	14,136,126	27,728,259	26,687,217
Other liabilities	2,305,081	2,369,068	3,058,722	2,524,095	5,363,803	4,893,163
Deferred inflows of resources	<u>621,436</u>	<u>585,232</u>	<u>131,710</u>	<u>72,857</u>	<u>753,146</u>	<u>658,089</u>
Total liabilities and deferred inflows of resources	<u>16,563,856</u>	<u>15,505,391</u>	<u>17,281,352</u>	<u>16,733,078</u>	<u>33,845,208</u>	<u>32,238,469</u>
Net Position:						
Invested in capital assets, net of related debt	20,093,930	18,931,753	45,406,807	42,082,823	65,500,737	61,014,576
Restricted	2,670,742	2,087,164			2,670,742	2,087,164
Unrestricted	<u>(801,159)</u>	<u>(798,016)</u>	<u>6,498,051</u>	<u>5,686,665</u>	<u>5,696,892</u>	<u>4,888,649</u>
Total Net Assets	<u>21,963,513</u>	<u>20,220,901</u>	<u>51,904,858</u>	<u>47,769,488</u>	<u>73,868,371</u>	<u>67,990,389</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the City of Eden exceeded liabilities and deferred inflows by \$73,868,371 as of June 30, 2019. The City's net position increased by \$5,877,982 for the fiscal year ended June 30, 2019. However, the largest portion reflects the City's investment in capital assets (e.g. land, buildings, machinery, and equipment); less any debt still outstanding that was issued to acquire those items. The City of Eden uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Eden's 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 City of Eden's net position 3.62% represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$5,696,892 is unrestricted.

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

- Grants from the Connect NC Grant for EPA/AOC expenditures and contributions not restricted to specific programs, and positively influenced the business-type activities and a special legislatively directed grant from the NC Department of Natural and Cultural Resources positively influenced the governmental activities.

City of Eden
Changes in Net Position

Figure 3

	Governmental Activities 2019	Governmental Activities 2018	Business-type Activities 2019	Business-type Activities 2018	Total 2019	Total 2018
Revenues:						
Program revenues:						
Charges for services	2,423,108	2,495,170	12,900,326	10,241,441	15,323,434	12,736,611
Operating grants and Contributions	451,846	325,910			451,846	325,910
Capital grants and Contributions	1,370,302	607,876	1,820,247	579,412	3,190,549	1,187,288
General revenues:						
Property taxes	6,054,371	5,996,385			6,054,371	5,996,385
Other taxes	4,511,261	4,430,618			4,511,261	4,430,618
Grants and contributions not restricted to specific programs	1,106,916	1,056,211			1,106,916	1,056,211
Other	173,559	97,101	120,870	65,354	294,429	162,455
Total revenues	16,091,363	15,009,271	14,841,443	10,886,207	30,932,806	25,895,478
Expenses:						
General government	1,181,589	1,220,103			1,181,589	1,220,103
Public safety	6,525,719	6,356,849			6,525,719	6,356,849
Transportation	1,852,769	1,692,598			1,852,769	1,692,598
Sanitation	1,914,298	2,061,539			1,914,298	2,061,539
Economic and physical development	313,606	8,628			313,606	8,628
Cultural and recreation	839,240	958,415			839,240	958,415
Public works	919,785	967,308			919,785	967,308
Special appropriations	707,673	404,714			707,673	404,714
Interest on long-term debt	94,072	50,220			94,072	50,220
Water and sewer			10,706,073	10,519,790	10,706,073	10,519,790
Total expenses	14,348,751	13,720,374	10,706,073	10,519,790	25,054,824	24,240,164
Increases (decreases) in net position	1,742,612	1,288,897	4,135,370	366,417	5,877,982	1,655,314
Net position-Beginning of Year Previously Reported	20,220,901	23,348,714	47,769,488	48,325,221	67,990,389	71,673,935
Restatement		(4,416,710)		(922,150)		(5,338,860)
Net position-Beginning of Year	20,220,901	18,932,004	47,769,488	47,403,071	67,990,389	66,335,075
Net position-End of Year	21,963,513	20,220,901	51,904,858	47,769,488	73,868,371	67,990,389

Governmental activities. Governmental activities increased the City's net position by \$1,742,612. Key element of this increase is as follows:

- An increase in operating and capital grants, contributions, and unrestricted investment earnings.

Business-type activities: Business-type activities increased the City of Eden's net position by \$4,135,370. Key elements of this increase are as follows:

- An increase in capital grants and contributions.
- An increase in charges for services.
- An increase in unrestricted investment earnings.

Financial Analysis of the City's Funds

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

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

The general fund is the chief operating fund of the City of Eden. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,783,552 while total fund balance reached \$10,189,842. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 40.87% of total General Fund expenditures, while total fund balance represents 61.39% of that same amount.

At June 30, 2019, the governmental funds of City of Eden reported a combined fund balance of \$10,230,411 a 8.33% increase compared with last year. Included in this change in fund balance is an increase in fund balance in the General Fund in the amount of \$781,097 and a increase in other governmental funds of \$5,263.

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

Revenues were greater than the budgeted amounts primarily because of increases in permits and fees, sales and services, interest on investments, and miscellaneous revenues.

Proprietary Funds. The City of Eden'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 \$6,498,051. The total increase in net position for the fund was \$4,135,370. Other factors concerning the finances of this fund have already been addressed in the discussion of the City of Eden's business-type activities.

Capital Asset and Debt Administration

Capital assets. The City of Eden's investment in capital assets for its governmental and business-type activities as of June 30, 2019 totals \$83,921,150. These assets include buildings, roads, and bridges, land, machinery and equipment, park facilities, and vehicles.

City of Eden's Capital Assets

Figure 4
(net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	1,306,702	834,649	1,786,182	272,634	3,092,884	1,107,283
Buildings and systems	3,655,270	3,506,766	49,071,439	49,556,564	52,726,709	53,063,330
Improvements other than buildings	4,145,312	3,864,097			4,145,312	3,864,097
Machinery and equipment	629,028	354,921	3,497,564	3,534,304	4,126,592	3,889,225
Infrastructure	12,021,311	11,492,995			12,021,311	11,492,995
Vehicles and motorized equipment	1,763,814	2,141,424	238,356	81,568	2,002,170	2,222,992
Construction in progress	<u>1,050,285</u>	<u>653,184</u>	<u>4,755,887</u>	<u>2,732,260</u>	<u>5,806,172</u>	<u>3,385,444</u>
Total	<u>24,571,722</u>	<u>22,848,036</u>	<u>59,349,428</u>	<u>56,177,330</u>	<u>83,921,150</u>	<u>79,025,366</u>

Additional information on the City's capital assets can be found on pages 41 and 42 in the notes to the financial statements.

Long-term Debt. As of June 30, 2019, the City of Eden had total bonded debt outstanding of \$0.

City of Eden's Outstanding Debt General Obligation Bonds

The City of Eden's total debt increased by \$1,511,682 from \$31,580,380 to \$33,092,062 during the past fiscal year.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for City of Eden is \$71,761,909.

Budget Highlights for the Fiscal Year Ending June 30, 2019

Governmental Activities: Property taxes (benefiting from the economic growth) and revenues from operating charges for services are expected to lead the increase in budgeted revenue. The City will use these increases in revenues to finance programs currently in place.

Business-type Activities: Charges for water and sewer are expected to lead the increase in budgeted revenue.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance & Personnel or City Manager, City of Eden, PO Box 70, Eden, NC 27289.

City of Eden
Statement of Net Position
June 30, 2019

Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets				
Current Assets				
Cash and cash equivalents	8,732,165	4,550,216	13,282,381	293,160
Cash and cash equivalents - restricted deposits	25,318	334,520	359,838	
Taxes receivable, net of allowance for uncollectible	77,483		77,483	
Unbilled water and sewer receivables		1,177,428	1,177,428	
Customer receivables, net of allowance for uncollectibles	830,274	492,321	1,322,595	
Due from other governmental agencies	1,537,501		1,537,501	
Accrued interest receivable	3,812		3,812	
Due from component unit	16,273		16,273	
Other receivables		2,379,140	2,379,140	
Internal balance	11,929	(11,929)	-	
Inventories	193,065	272,070	465,135	118,802
Prepaid items	83,052	12,864	95,916	4,882
Total Current Assets	11,510,872	9,206,630	20,717,502	416,844
Capital Assets:				
Land and construction in progress	2,356,987	6,542,069	8,899,056	95,335
Other capital assets, net of depreciation	22,214,735	52,807,359	75,022,094	47,561
Total Capital Assets	24,571,722	59,349,428	83,921,150	142,896
Total Assets	36,082,594	68,556,058	104,638,652	559,740
Deferred Outflows of Resources				
Contributions to Pension Plan in Current Fiscal Year	1,731,186	527,800	2,258,986	42,273
Contributions to Pension Plan in Current Fiscal Year - Police Separation	277,246		277,246	
OPEB Deferrals	436,343	102,352	538,695	
Total Deferred Outflows of Resources	2,444,775	630,152	3,074,927	42,273
Liabilities				
Accounts payable and retainage payable	862,605	681,629	1,544,234	79,609
Customer deposits		334,520	334,520	
Due to Primary Government			-	16,273
Due to other governments			-	
Current Portion of Long Term Liabilities	796,070	1,881,118	2,677,188	
Total Current Liabilities	1,658,675	2,897,267	4,555,942	95,882
Long-term liabilities:				
Compensated absences payable	646,406	161,455	807,861	
Total OPEB Liability	5,781,222	1,356,089	7,137,311	
Net Pension Liability	2,132,205	673,328	2,805,533	40,805
Net Pension Liability - Police Separation Allowance	2,042,190		2,042,190	
Due in more than one year	3,681,722	12,061,503	15,743,225	
Total Long Term Liabilities	14,283,745	14,252,375	28,536,120	40,805
Total Liabilities	15,942,420	17,149,642	33,092,062	136,687
Deferred Inflows of Resources:				
Prepaid items	58,828	44,039	102,867	
OPEB Deferrals	358,801	84,163	442,964	
Pension Deferrals - Separation Allowance	192,695		192,695	
Pension Deferrals	11,112	3,508	14,620	677
Total Deferred Inflows of Resources	621,436	131,710	753,146	677
Net Position				
Net investment in capital assets	20,093,930	45,406,807	65,500,737	142,896
Restricted for:				
Stabilization by State Statute	2,479,028		2,479,028	
Other purposes	18,015		18,015	321,753
Transportation	1,739		1,739	
Public safety	32,551		32,551	
Economic Development	139,409		139,409	
Unrestricted	(801,159)	6,498,051	5,696,892	
Total Net Position	21,963,513	51,904,858	73,868,371	464,649

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

City of Eden
Statement of Activities
For the Year Ended June 30, 2019

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Governmental Activities:								
General Government	1,181,589	79,313			(1,102,276)		(1,102,276)	
Public Safety	6,525,719	247,324	304,690		(5,973,705)		(5,973,705)	
Transportation	1,852,769	65,323	127,796	462,904	(1,196,746)		(1,196,746)	
Economic and Physical Development	313,606		19,360	307,398	13,152		13,152	
Environmental Protection	1,914,298	1,849,528			(64,770)		(64,770)	
Cultural and Recreation	839,240	175,268		600,000	(63,972)		(63,972)	
Public Works	919,785	6,352			(913,433)		(913,433)	
Special Appropriations	707,673				(707,673)		(707,673)	
Interest on Long-Term Debt	94,072				(94,072)		(94,072)	
Total Governmental Activities	14,348,751	2,423,108	451,846	1,370,302	(10,103,495)		(10,103,495)	
Business-Type Activities:								
Water and Sewer	10,706,073	12,900,326		1,820,247		4,014,500	4,014,500	
	<u>25,054,824</u>	<u>15,323,434</u>	<u>451,846</u>	<u>3,190,549</u>	<u>(10,103,495)</u>	<u>4,014,500</u>	<u>(6,088,995)</u>	
Component Unit:								
ABC Board	<u>1,511,248</u>	<u>1,520,346</u>						<u>9,098</u>
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purpose					6,054,371		6,054,371	
Local Sales Tax					2,722,085		2,722,085	
Franchise Tax					927,234		927,234	
Other Taxes					861,217		861,217	
Privilege License Tax					725		725	
Grants and Contributions Not Restricted to Specific Programs					1,106,916		1,106,916	
Unrestricted Investment Earnings					173,559	120,870	294,429	2,144
Total General Revenues and Transfers					<u>11,846,107</u>	<u>120,870</u>	<u>11,966,977</u>	<u>2,144</u>
Change in Net Position					1,742,612	4,135,370	5,877,982	11,242
Net Position - Beginning of Year					20,220,901	47,769,488	67,990,389	453,407
Net Position - End of Year					<u>21,963,513</u>	<u>51,904,858</u>	<u>73,868,371</u>	<u>464,649</u>

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

City of Eden
Balance Sheet
Governmental Funds
June 30, 2019

Exhibit 3

<u>Assets</u>	<u>Major Fund General</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	8,176,989	40,569	8,217,558
Cash and cash equivalents - restricted deposits	25,318		25,318
Taxes receivable, net of allowance for uncollectibles of \$243,194	77,483		77,483
Accounts receivable, net of allowance for uncollectibles of \$376,213	830,274		830,274
Due from other governmental agencies	1,537,501		1,537,501
Due from other funds	11,929		11,929
Due from Component Unit	16,273		16,273
Inventories	193,065		193,065
Prepaid Expenses	83,052		83,052
Total Assets	10,951,884	40,569	10,992,453
Liabilities:			
Accounts payable and accrued liabilities	625,731		625,731
Total Liabilities	625,731	-	625,731
Deferred Inflows of Resources:			
Property taxes receivable	77,483		77,483
Prepaid items	58,828	-	58,828
	136,311	-	136,311
Fund Balances:			
Non Spendable			
Inventories	193,065		193,065
Prepaid Expenses	83,052		83,052
Restricted			
Stabilization by State Statute	2,479,028		2,479,028
Streets	1,739		1,739
Public Safety	23,579	8,972	32,551
Historic Preservation	7,825		7,825
Economic Development	107,812	31,597	139,409
Cultural & Recreational	10,190		10,190
Assigned			
Subsequent year's expenditures	500,000		500,000
Unassigned reported in:			
General fund	6,783,552		6,783,552
Total Fund Balance	10,189,842	40,569	10,230,411
Total Liabilities, Deferred Inflows of Resources and Fund Balances	10,951,884	40,569	10,992,453

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

City of Eden
Balance Sheet
Governmental Funds
June 30, 2019

Exhibit 3

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total Fund Balance, Governmental Funds	10,230,411
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds. (Land and construction in progress - \$2,356,987 ; capital assets being depreciated, net - \$22,214,735)	24,571,722
The prepaid pension obligation resulting from contributions in excess of the annual required contribution are not financial resources and therefore are not reported in the funds.	(2,042,190)
Net pension liability	(2,132,205)
Net OPEB liability	(5,781,222)
Contributions to pension plan in current fiscal year and not included in the statement of activities	2,008,431
Contributions to OPEB in current fiscal year and not included in the statement of activities	436,343
Internal service funds are used by management to charge the costs of certain activities, such as risk management, equipment replacement and print services to individual funds. The Position and liabilities of certain internal service funds are included in governmental activities in the statement of net Position.	277,733
Taxes receivable (\$77,483) and accrued interest receivable (\$3,812) will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenue in the funds	81,295
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (Notes payable (\$4,477,792); earned vacation pay - (\$646,405)	(5,124,197)
Pension deferrals - Local Government Retirement	(11,112)
Pension deferrals - Police Separation Allowance	(192,695)
OPEB deferrals	(358,801)
Net Position of governmental activities	<u><u>21,963,513</u></u>

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

City of Eden
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

Exhibit 4

Revenues	Major Fund General	Total Non-Major Funds	Total Governmental Funds
Ad valorem taxes	6,066,063	10,830	6,076,893
Privilege licenses	725		725
Other taxes and licenses	861,217		861,217
Local sales tax	2,722,085		2,722,085
Franchise tax	927,234		927,234
Other unrestricted intergovernmental revenues	1,106,916		1,106,916
Restricted intergovernmental revenues	1,822,148		1,822,148
Permits and fees	160,161		160,161
Sales and services	2,171,632		2,171,632
Interest on investments	173,486	73	173,559
Miscellaneous	91,315		91,315
Total revenues	16,102,982	10,903	16,113,885
Expenditures			
Current:			
General government	3,021,004		3,021,004
Public safety	6,149,580		6,149,580
Cultural and recreational	1,773,201		1,773,201
Transportation	2,741,883		2,741,883
Economic and physical development		5,640	5,640
Environmental protection	1,691,560		1,691,560
Public Works	1,579,881		1,579,881
Special appropriations	970,312		970,312
Non Departmental	37,361		37,361
Debt service:			
Principal	713,838		713,838
Interest	94,072		94,072
Total expenditures before charge-out	18,772,692	5,640	18,778,332
Less: Administrative cost charged to water and sewer fund	2,175,460		2,175,460
Total expenditures	16,597,232	5,640	16,602,872
Excess (deficiency) of revenues over expenditures	(494,250)	5,263	(488,987)
Other financing Sources (Uses)			
Proceeds from installment purchase	1,275,347		1,275,347
Total other financing sources and uses	1,275,347	-	1,275,347
Net change in fund balance	781,097	5,263	786,360
Fund balances - beginning of year	9,408,745	35,306	9,444,051
Fund balances - ending of year	10,189,842	40,569	10,230,411

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

City of Eden
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

Exhibit 4

	Total
Net change in fund balances - total governmental funds	786,360
<p>The change in net position reported for governmental activities in the statement of activities is different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those Position is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$3,119,529) net of disposals exceeded depreciation (\$1,266,436) in the current period.</p>	1,723,686
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (accrued interest receivable from property taxes - \$478).</p>	(478)
<p>Liability for earned but deferred revenues in fund statements</p>	(22,044)
<p>Installment loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net Position. This is the amount by proceeds (\$1,275,347) exceeded repayments (\$713,838).</p>	(561,509)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Earned vacation pay \$24,812, net pension obligation \$301,099, other post-employment benefits (\$203,900), and pension expense (\$84,351).</p>	(262,322)
<p>Internal service funds are used by management to charge the costs of certain activities such as risk management, print shop services and equipment replacement to individual funds. The (expense) of certain internal services funds is reported with governmental activities.</p>	78,919
Change in net position of governmental activities	1,742,612

City of Eden
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2019

Exhibit 5

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Ad valorem taxes	6,071,000	6,071,000	6,066,063	(4,937)
Privilege licenses	800	800	725	(75)
Other taxes and licenses	875,900	875,900	861,217	(14,683)
Local sales tax	2,721,500	2,721,500	2,722,085	585
Franchise tax	878,300	878,300	927,234	48,934
Other unrestricted intergovernmental revenues	1,105,500	1,105,500	1,106,916	1,416
Restricted intergovernmental revenues	985,200	1,838,100	1,822,148	(15,952)
Permits and fees	123,500	123,500	160,161	36,661
Sales and services	2,094,600	2,135,400	2,171,632	36,232
Interest on investments	70,800	70,800	173,486	102,686
Miscellaneous	89,100	89,300	91,315	2,015
Total revenues	<u>15,016,200</u>	<u>15,910,100</u>	<u>16,102,982</u>	<u>192,882</u>
EXPENDITURES				
General government:				
Governing body	106,200	111,000	101,983	9,017
Administration & Legal	263,900	254,400	203,044	51,356
Finance/Human Resources	643,000	682,700	668,042	14,658
Planning	625,400	703,200	679,072	24,128
Business Development	465,500	494,400	433,087	61,313
Engineering	320,000	324,100	291,243	32,857
Information Technology	657,900	674,500	644,533	29,967
Total general government	<u>3,081,900</u>	<u>3,244,300</u>	<u>3,021,004</u>	<u>223,296</u>
Public works:				
Facilities & Grounds	906,100	1,151,500	1,109,322	42,178
City Garage	448,400	542,700	470,559	72,141
Total public works	<u>1,354,500</u>	<u>1,694,200</u>	<u>1,579,881</u>	<u>114,319</u>
Public safety:				
Police department	4,712,700	4,762,900	4,587,637	175,263
Fire department	1,582,100	1,618,600	1,561,943	56,657
Total public safety	<u>6,294,800</u>	<u>6,381,500</u>	<u>6,149,580</u>	<u>231,920</u>
Transportation:				
Streets	2,088,700	2,065,600	1,890,796	174,804
Powell Bill	476,700	476,700	471,187	5,513
Streets - Resurfacing	380,000	380,000	379,900	100
Total Transportation	<u>2,945,400</u>	<u>2,922,300</u>	<u>2,741,883</u>	<u>180,417</u>

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

City of Eden
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2019

Exhibit 5

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Environmental protection	<u>1,755,400</u>	<u>1,764,200</u>	<u>1,691,560</u>	<u>72,640</u>
Cultural and recreational	<u>1,481,600</u>	<u>1,910,300</u>	<u>1,773,201</u>	<u>137,099</u>
Special Appropriations	<u>1,039,700</u>	<u>1,269,300</u>	<u>970,312</u>	<u>298,988</u>
Non Departmental - Bad Debt Expense	<u>-</u>	<u>50,000</u>	<u>37,361</u>	<u>12,639</u>
Debt Service:				
Principal	720,700	716,700	713,838	2,862
Interest	99,400	95,600	94,072	1,528
Total debt service	<u>820,100</u>	<u>812,300</u>	<u>807,910</u>	<u>4,390</u>
Contingency	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures before charge-out	19,273,400	20,048,400	18,772,692	1,275,708
Less: administrative cost charged to water and sewer fund	<u>2,201,400</u>	<u>2,281,400</u>	<u>2,175,460</u>	<u>(105,940)</u>
Total expenditures	<u>17,072,000</u>	<u>17,767,000</u>	<u>16,597,232</u>	<u>1,169,768</u>
Excess (deficiency) of revenues over expenditures	<u>(2,055,800)</u>	<u>(1,856,900)</u>	<u>(494,250)</u>	<u>1,362,650</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from installment purchase and capital lease	1,555,800	1,355,800	1,275,347	(80,453)
Fund balance appropriated	500,000	501,100	-	(501,100)
Total other financing sources (uses)	<u>2,055,800</u>	<u>1,856,900</u>	<u>1,275,347</u>	<u>(581,553)</u>
Net changes in fund balances	<u>-</u>	<u>-</u>	781,097	<u>781,097</u>
Fund balances - beginning of year			<u>9,408,745</u>	
Fund balances - end of year			<u>10,189,842</u>	

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

City of Eden
Statement of Fund Net Position
Proprietary Funds
6/30/2019

Exhibit 6

	Enterprise Fund	Internal Service Fund
	Water and Sewer Fund	Self Insured Insurance Fund
Assets:		
Current Assets:		
Cash and Cash Equivalents	4,550,216	514,607
Cash and Cash Equivalents - Restricted Deposits	334,520	
Customer Receivables, net of allowance for uncollectibles of \$682,593	492,321	
Unbilled Water Receivable	1,177,428	
Other Receivables	2,379,140	
Inventory	272,070	
Prepaid Expenses	12,864	
	<u>9,218,559</u>	<u>514,607</u>
Total Current Assets		
Noncurrent Assets:		
Capital Assets:		
Land	1,786,182	
Construction in Progress	4,755,887	
Water and Sewer Systems	86,659,161	
Furniture, Machinery, Equipment	15,671,731	
Vehicles	1,312,520	
Less Accumulated Depreciation	(50,836,053)	
	<u>59,349,428</u>	<u>-</u>
Capital Assets (Net)		
	<u>68,567,987</u>	<u>514,607</u>
Total Assets		
Deferred Outflows of Resources - Contributions to		
Pension Plan	527,800	
OPEB	102,352	
	<u>630,152</u>	<u>-</u>
Total Deferred Outflows of Resources		
	<u>630,152</u>	<u>-</u>

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

City of Eden
Statement of Fund Net Position
Proprietary Funds
June 30, 2019

Exhibit 6

	Enterprise Fund	Internal Service Fund
	Water and Sewer Fund	Self Insured Insurance Fund
Liabilities:		
Current Liabilities:		
Accounts Payable	681,629	236,874
Due from other funds	11,929	
Customer Deposits	334,520	
Bonds and Installment Purchases Payable - Current Maturities	1,881,118	
Total Current Liabilities	2,909,196	236,874
Noncurrent Liabilities:		
Accrued Vacation Pay	161,455	
Bonds and Installment Purchases Payable - Long-Term Portion	12,061,503	
Net Pension Liability	673,328	
Net OPEB Liability	1,356,089	
Total Noncurrent Liabilities	14,252,375	-
Total Liabilities	17,161,571	236,874
Deferred Inflows of Resources:		
Other Deferred Inflows of Resources	44,039	
OPEB Deferrals	84,163	
Pension Deferrals	3,508	
Total Deferred Inflows of Resources	131,710	-
Net Position		
Net Investment in Capital Assets	45,406,807	
Unrestricted	6,498,051	277,733
Total Net Position	51,904,858	277,733

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

City of Eden
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2019

Exhibit 7

	Enterprise Fund	Internal Service Fund
	Water and Sewer Fund	Self Insured Insurance Fund
Operating Revenue		
User Charges	12,900,326	3,496,349
Operating Expenses		
W/S Administration	648,665	
Billing and Collections	491,419	
Water Filtration	1,209,010	
Maintenance	1,774,079	
Waste Treatment	1,149,146	
Water and Sewer Resources	551,939	
Depreciation Expense	2,306,835	
Pension Expense	26,637	
Non-Departmental	2,175,460	
OPEB Expense	47,829	
Bad Debt Expense	49,246	
Settlement Payment	77,993	
Water Construction Maintenance	6,216	
Sewer Construction Maintenance	1,295	
Gross Insurance Fixed Cost		547,740
Insurance Claims		2,870,686
Total Operating Expenses	10,515,769	3,418,426
Net Operating Income (Loss)	2,384,557	77,923
Non-Operating Revenues (Expenses)		
Interest on Investments	120,870	996
Other Revenues	19,447	
Interest Expense	(209,751)	
Total Non-Operating Revenue (Expense)	(69,434)	996
Income (Loss) Before Contributions and Transfers	2,315,123	78,919
Capital Contributions/Grants		
Duke Energy Reimbursement	100,961	
Rock County Reimbursement - Land Purchase	750,000	
NC Connect Bond	969,286	
	1,820,247	
Change in Net Position	4,135,370	78,919
Total Net Position, Previously Reported	47,769,488	198,814
Net Position - End of Year	51,904,858	277,733

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

City of Eden
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2019

Exhibit 8

	Enterprise Fund	Internal Service Fund
	Water and Sewer Fund	Self Insured Insurance Fund
Cash Flows from Operating Activities:		
Cash Received from Customers	10,977,676	3,496,349
Cash Paid for Goods and Services	(5,281,343)	(3,298,032)
Cash Paid to Employees	(2,456,726)	
Customer Deposits Received	96,095	
Customer Deposits Returned	(87,585)	
	3,248,117	198,317
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Capital Assets	(5,478,934)	
Principal Paid on Bond and Installment Purchases	(1,738,769)	
Interest Paid on Bond and Installment Purchases	(209,751)	
Miscellaneous	65	
Insurance Proceeds	4,627	
Proceeds from Sale of Capital Assets	10,367	
Proceeds from Sale of Surplus Property	4,388	
Proceeds from NC Connect Bond Grant	969,286	
Proceeds from Rockingham County - Land Purchase	750,000	
Proceeds from Duke Energy Reimbursement	100,961	
Proceeds from Installment Loan	1,586,883	
	(4,000,877)	-
Cash Flows from Non-Capital (Use of Funds)		
Due to/from Other Funds	113	
Cash Flows from Investing Activities:		
Interest on Investments	120,870	996
Net Increase (Decrease) in Cash and Cash Equivalents	(631,777)	199,313
Cash and Cash Equivalents:		
Beginning of Year, July 1	5,516,512	315,294
End of Year, June 30	4,884,735	514,607

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

City of Eden
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2019

Exhibit 8

	Enterprise Fund	Internal Service Fund
	Water and Sewer Fund	Self Insured Insurance Fund
Cash Flows from Operating Activities:		
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	2,384,557	77,923
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	2,306,835	
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(28,349)	
(Increase) Decrease in Unbilled Water Receivables and Assessments Receivable	15,243	
(Increase) Decrease in Other Receivables	(1,953,583)	
(Increase) Decrease in Prepaid Expenses	13,257	
(Increase) Decrease in Inventories	(626)	
(Increase) Decrease in Deferred Outflows of Resources	(189,377)	
Increase (Decrease) in Accounts Payable, Retainage Payable, and Accrued Liabilities	396,210	120,394
Increase (Decrease) in Customer Deposits	8,510	
Increase (Decrease) in Accrued Vacation Pay	(12,442)	
Increase (Decrease) in Net Pension Liability	217,174	
Increase (Decrease) in Deferred Inflows of Resources	58,853	
Increase (Decrease) in Post Employment Benefits	31,855	
Net Cash Provided by Operating Activities	3,248,117	198,317

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

City of Eden
Statement of Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2019

Exhibit 9

	Agency
	Runabout Travel Club
Assets:	
Cash and Cash Equivalents	16,629
Accounts Payable and Accrued Liabilities	16,629
Net Position:	-
Total Liabilities and Net Position	16,629

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

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

I. Summary of Significant Accounting Policies

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

City of Eden ABC Board

The members of the ABC Board's governing board are appointed by the City. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the City. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at City of Eden ABC Board, 319 N. Pierce St., Eden, NC 27288.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. 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 City and for each function of the City'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

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category - Governmental, Proprietary, and Fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

The City reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, transportation, environmental protection, and general government.

The City reports the following non-major governmental funds:

The City reports one capital project fund - Fire Training Facility.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. The city had one Special Revenue Fund, the Municipal Service District Tax Fund.

The City reports the following major enterprise fund:

Water and Sewer Fund. This fund is used to account for the City's water and sewer operation. Two water and sewer capital projects funds, Mega Park Water Line and EPA/AOC Sewer Project, have been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparisons for the water and sewer capital projects funds have been included in the supplemental information.

The City reports the following fund types:

Internal Service Fund - Internal Service Funds account for the financing of goods or services provided by one department to other

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

departments of the governmental unit, on a cost-reimbursement basis. The City of Eden has one Internal Service Fund, the Self Insured Insurance Fund which provides hospital and disability insurance coverage to city employees.

Agency Funds - Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the City holds on behalf of others. The City maintains one Agency Fund, the Runabout Travel Club Fund, which accounts for moneys deposited with the City of Eden Recreation Department for those individuals participating in the programs of its department sponsored club.

C. Measurement Focus and Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City enterprise funds are charges to customers for sales and services. The City 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

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The City 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 revenues 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 utilities franchise tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City of Eden because the tax is levied by Rockingham County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Under the terms of grant agreements, the City 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 City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

D. Budgetary Data

The City'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. Project ordinances are adopted for Special Revenue Funds and Capital Projects Funds. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. The City's Self Insured Insurance Fund, an internal service fund, operates under a financial plan that was adopted by the governing board at the time the City's budget ordinance was approved, as is required by the General Statutes. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds.

The budget ordinance states that the City Manager, by authority of this ordinance, may transfer/reallocate between departments up to a maximum of ten percent (10%) of the moneys appropriated within any of the above stated funds, including any transfers/or reallocations between funds.

Appropriations are amended as necessary by the governing board. The amended budget ordinance as of June 30, 2019 is included in the financial statements but has been restructured to conform with the actual data. 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.

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the City and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The NCCMT - Term Portfolio is bond fund, has no rating

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

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 60 months.

2. Cash and Cash Equivalents

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

City of Eden Restricted Cash

Governmental Activities

General Fund

Streets 1,739

Police Protection 23,579

Total Governmental Activities 25,318

Business-type Activities

Water and Sewer Fund

Customer Deposits 334,520

Total Business-type Activities 334,520

Total Restricted Cash 359,838

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles July, 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2018.

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

5. Allowances for Doubtful Accounts

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

6. Inventory and Prepaid Items

The inventories of the City and the ABC Board are valued at cost (first-in, first-out), which approximates market. The City's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased.

The inventories of the City's enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is recorded as an expense as the inventories are consumed. The ABC Board inventory consists of alcoholic beverages for resale and is recorded as cost of sales when sold.

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000.00 and an estimated useful life in excess of two years. The City's capital assets are recorded at original cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the time of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. General infrastructure assets acquired prior to July 1, 2002, consist of the road network that were acquired or that received substantial improvements subsequent to July 1, 1980 and are reported at historical cost less accumulated depreciation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset's lives are not capitalized.

Property, plant, and equipment in the proprietary funds of the City and of the ABC Board are recorded at original cost at the time of acquisition. Prior to June 15, 2015, property, plant, and equipment donated to these proprietary fund type operations are recorded at the estimated fair market value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. Capital assets of the City are depreciated on a composite straight-line basis for the entire plant, regardless of the year of acquisition, at a 2% annual rate. In the composite rate, gain or loss on dispositions is not calculated except in extraordinary circumstances. Other assets of the City are depreciated on a class life basis at the following rates:

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Infrastructure	50 years
Buildings	50 years
Improvements	50 years
Furniture and office equipment	10 years
Maintenance and construction equipment	8 years
Motor vehicles	6 years

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

	<u>Useful Life</u>
Buildings	31 1/2 years
Furniture/equipment	10 years
Computers	5 years

During the year 2018-2019 the City of Eden continued the policy to capitalize capital assets costing \$5,000 or more. Purchases of capital assets costing between \$1,000 - \$4,999 are expensed and inventoried. Capital assets costing less than \$1,000 are expensed.

8. 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 City has two items that meet this criterion, contributions made to the pension plan and Other Post Employment Benefit Plan (OPEB) in the 2019 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet the criterion for this category - prepaid taxes, property taxes receivable, deferrals of pension expense and OPEB.

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts 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 discounts. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

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.

10. Compensated Absences

The vacation policy of the City of Eden provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded within the funds as the leave is earned.

Vacation time for the employees of the Eden ABC Board runs by the calendar year, beginning January 1 and ending December 10 each year. Since vacation earned during the calendar year must be taken before December 10 each year, and any vacation not so taken will be canceled, the current portion of accumulated vacation is not considered to be material.

Both the City and the ABC Board's sick leave policies provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither the City nor the ABC Board has any obligation for the accumulated sick leave until it is actually taken, no accrual for the sick leave has been made.

11. Net Position/Fund Balances

Net Position

Net positions 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.

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

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.

Inventories - portion of fund balance that is not an available resource because it represents the year-end fund balance of ending inventories, which are not spendable resources.

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

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

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.

Restricted for Public Safety - portion of fund balance that is restricted by revenue source for certain police expenditures and equipment cost.

Restricted for Historic Preservation - portion of fund balance that is restricted by revenue source for historic preservation.

Restricted for Economic Development - portion of fund balance that is restricted by revenue source for economic development.

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Restricted for Cultural & Recreational - portion of fund balance that is restricted by revenue source (public donation) for cultural and recreational.

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of City of Eden'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.

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

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to transfer or reallocate between and within departments up to a maximum of 10% of the moneys appropriated, not including any transfers between funds.

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

The City of Eden has also adopted a Cash Management Policy for the general fund which instructs management to conduct the business of the City in such a manner that the available fund balance is equal to at least three months of operating expenses.

12. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension 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 City of Eden's employer contributions are recognized when due and the City of Eden 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.

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

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

II. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the City and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's or the ABC Board's agents in these units' names. 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 City and the ABC Board, these deposits are considered to be held by the City's and the ABC Board's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City, the ABC Board, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City or the ABC Board 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 City 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 City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2019, the City's deposits had a carrying amount of \$1,143,350 and a bank balance of \$1,637,149. Of the bank balance, \$250,000 was covered by federal insurance and the remainder covered by collateral held under the pooling method. At June 30, 2019, the City's petty cash fund totaled \$5,960. The carrying amount of deposits for the ABC Board was \$290,935 and the bank balance was \$318,794. The ABC Boards deposits above the amount covered by the federal depository insurance coverage are collateralized by the pooling method.

2. Investments

At June 30, 2019 the City of Eden had \$12,509,538 (Amortized Cost) invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The City does not have a formal investment policy or credit risk policy.

City of Eden
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

3. Receivables - Allowances for Doubtful Accounts

The amounts presented in Exhibit 1, the Combined 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	6/30/2019
General Funds - Taxes Receivable	243,194
Accounts Receivable	376,213
Enterprise Fund - Water & Sewer Fund	
Customers	682,593
Miscellaneous Accounts Receivable	281
	<u>1,302,281</u>

4. Capital Assets

Primary Government

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

	Balance June 30, 2018	Additions Year Ending 6/30/2019	Reductions Year Ending 6/30/2019	Transfers Year Ending 6/30/2019	Balance June 30, 2019
Governmental Activities					
Capital Assets Not Being Depreciated:					
Land	834,649	476,156	(4,103)	-	1,306,702
Construction in Progress*	653,184	886,499	(205,998)	(283,400)	1,050,285
	<u>1,487,833</u>	<u>1,362,655</u>	<u>(210,101)</u>	<u>(283,400)</u>	<u>2,356,987</u>
Capital Assets Being Depreciated:					
Municipal Park	2,068,344	13,650	363,288	-	2,445,282
Land Improvements	3,394,470	140,555	(163,787)	31,746	3,402,984
Buildings	2,658,235	-	-	-	2,658,235
Building Improvements	4,609,208	319,740	(118,231)	58,454	4,869,171
Vehicles	8,000,377	-	(151,794)	14,282	7,862,865
Furniture	39,303	-	-	-	39,303
Off Road Equipment	534,499	201,847	(28,515)	-	707,831
Other Equipment	2,713,072	229,994	(116,231)	193,200	3,020,035
Infrastructure	15,785,235	851,088	-	-	16,636,323
Radios	656,291	-	-	-	656,291
Total Capital Assets Being Depreciated	<u>40,459,034</u>	<u>1,756,874</u>	<u>(215,270)</u>	<u>297,682</u>	<u>42,298,320</u>
Less: Accumulated Depreciation For:					
Municipal Park	490,543	42,105	-	-	532,648
Land Improvements	1,108,321	61,985	-	-	1,170,306
Buildings	2,084,896	20,909	-	-	2,105,805
Building Improvements	1,675,781	92,213	(1,663)	-	1,766,331
Vehicles	5,851,463	590,571	(151,794)	14,282	6,304,522
Furniture	39,156	147	-	-	39,303
Off Road Equipment	541,990	23,994	(63,623)	-	502,361
Other Equipment	2,358,151	111,740	(78,884)	-	2,391,007
Infrastructure	4,292,240	322,772	-	-	4,615,012
Radios	656,290	-	-	-	656,290
Total Accumulated Depreciation	<u>19,098,831</u>	<u>1,266,436</u>	<u>(295,964)</u>	<u>14,282</u>	<u>20,083,585</u>
Total Capital Assets Being Depreciated Net	<u>21,360,203</u>				<u>22,214,735</u>
Governmental Activities Capital Assets Net	<u>22,848,036</u>				<u>24,571,722</u>

*Construction in Progress	
Matrimony Creek Nature Trail	200,958
Klyce St/Draper Landings	92,334
Splash Pad	756,993
	<u>1,050,285</u>

The net book value of assets sold was \$129,407.

City of Eden
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

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

General Government	163,224
Public Safety	337,444
Transportation	429,757
Environmental Protection	239,029
Cultural and Recreational	96,982
	<u>1,266,436</u>

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Business-type activities:					
Water and Sewer Fund					
Capital assets not being depreciated:					
Land	272,634	1,513,548	-	-	1,786,182
Construction in process	<u>2,732,260</u>	<u>2,760,188</u>	<u>(736,561)</u>	<u>-</u>	<u>4,755,887</u>
Total capital assets not being depreciated	<u>3,004,894</u>	<u>4,273,736</u>	<u>(736,561)</u>	<u>-</u>	<u>6,542,069</u>
Capital assets being depreciated:					
Plant and distribution systems	85,614,399	308,951	736,561	-	86,659,911
Furniture and maintenance equipment	15,018,728	681,062	-	(43,353)	15,656,437
Vehicles	<u>1,137,107</u>	<u>215,184</u>	<u>(14,282)</u>	<u>(10,945)</u>	<u>1,327,064</u>
Total capital assets being depreciated	<u>101,770,234</u>	<u>1,205,197</u>	<u>722,279</u>	<u>(54,298)</u>	<u>103,643,412</u>
Less accumulated depreciation for:					
Plant and distribution systems	36,057,835	1,529,887	-	-	37,587,722
Furniture and maintenance equipment	11,484,424	733,096	-	(43,353)	12,174,167
Vehicles	<u>1,055,539</u>	<u>43,852</u>	<u>-</u>	<u>(25,227)</u>	<u>1,074,164</u>
Total accumulated depreciation	<u>48,597,798</u>	<u>2,306,835</u>	<u>-</u>	<u>(68,580)</u>	<u>50,836,053</u>
Total capital assets being depreciated, net	<u>53,172,436</u>				<u>52,807,359</u>
Water and Sewer Fund capital assets, net	<u>56,177,330</u>				<u>59,349,428</u>

City of Eden
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Construction Commitments

The City of Eden has active construction projects as of June 30, 2019.

Note	Project	Estimated Date of Completion	Total for Project Ordinance	Spent To Date	Remaining Commitment
1	Mega Park Water Improvements	July 2020	7,138,900	358,291	6,780,609
2	Remediation Plan Expenditures EPAAOC	April 2022*	<u>35,725,600</u>	<u>4,322,929</u>	<u>31,402,671</u>
			<u>42,864,500</u>	<u>4,681,220</u>	<u>38,183,280</u>

* The EPAAOC project is projected to be bid out by October 29, 2019 subject to bids being acceptable.

Note

1 The following revenues are anticipated to complete this Mega Park Project:

	Original Budget	Amended Budget
Drinking Water Reserve Grant	1,886,700	1,018,225
Loan Proceeds 0% Interest	3,000,000	3,000,000
Loan Proceeds	12,002,900	54,675
Water & Sewer Fund	1,600,000	66,000.00
EDA Grant	-	2,000,000
N.C. General Assembly Legislative Grant	-	1,000,000
	<u>18,489,600</u>	<u>7,138,900</u>

2 Remediation Plan Expenditures have the following anticipated revenues:

Connect NC Grant	16,666,000
DENR Loan 0% Interest	15,000,000
Water and Sewer Fund	2,059,600
Loan from Water and Sewer Fund	<u>2,000,000</u>
	<u>35,725,600</u>

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Discretely presented component unit

Activity for the ABC Board for the year ended June 30, 2019, was as follows:

	Balance June 30, 2018	Additions Year Ending 6/30/2019	Reductions Year Ending 6/30/2019	Balance June 30, 2019
Capital assets not being depreciated:				
Land	95,335			95,335
Capital assets being depreciated:				
Building	230,130			230,130
Parking lot improvements	20,794			20,794
Furniture/equipment	61,916			61,916
Total capital assets being depreciated	312,840	-	-	312,840
Less accumulated depreciation for:				
Building	195,296	7,026		202,322
Parking lot improvements	12,620	860		13,480
Furniture/equipment	47,371	2,105		49,476
Total accumulated depreciation	255,287	9,991	-	265,278
Capital assets being depreciated, net	57,553			47,562
ABC capital assets, net	152,888			142,897

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The City of Eden and the ABC Board are participating employers 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.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed 5 years of creditable service as a LEO and have reached the age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Eden employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Eden's contractually required contribution rate for the year ended June 30, 2019 was 8.50% of compensation for law enforcement officers and 7.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Eden were \$676,131 for the year ended June 30, 2019.

Refund of Contributions. City 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 City reported a liability of \$2,805,532 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 City's proportion of the net pension liability was based on a projection of the City'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 City's proportion was 0.11826%, which was a decrease of 0.00615% from its proportion measured as of June 30, 2017.

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

For the year ended June 30, 2019, the City recognized pension expense of \$787,119. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual Experience	432,827	14,524
Changes of assumptions	744,480	-
Net difference between projected and actual earnings on pension plan investments	385,116	-
Changes in proportion and difference between City contributions and proportionate share of contributions	20,429	100
City contributions subsequent to the measurement date	<u>676,131</u>	<u>-</u>
Total	<u><u>2,258,983</u></u>	<u><u>14,624</u></u>

\$676,131 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2020	758,100
2021	493,222
2022	93,331
2023	223,575
<i>Thereafter</i>	-
	<u><u>1,568,228</u></u>

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

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

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

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

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

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 City's proportionate share of the net pension liability to changes in the discount rate. The following present the City's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the City'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%)
City's proportionate share of net pension liability (asset)	\$6,739,130	\$2,805,532	(\$481,445)

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.

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description.

The City of Eden administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly.

Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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

Retirees receiving benefits	8
Active plan members	<u>45</u>
Total	<u>53</u>

A separate report was not issued for the plan.

2. Summary of Significant Accounting Policies:

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

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

3. Actuarial Assumptions

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

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Inflation	2.5 percent
Salary Increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount Rate	3.64 percent

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2014.

4. Contributions.

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made from the General Fund operating budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

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

At June 30, 2019, the City reported a total pension liability of \$2,042,190. The total pension liability was measured as of December 31, 2017 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the City recognized pension expense of \$152,301.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	129,439	117,057
Changes of assumptions and other inputs	68,907	75,638
Benefit payments and administrative expenses subsequent to the measurement date	78,900	
Total	<u>277,246</u>	<u>192,695</u>

\$78,900 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

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

Year Ended June 30:

2020	\$ 14,677
2021	14,677
2022	19,031
2023	(39,328)
2024	(3,406)
Thereafter	-

Sensitivity of the City's total pension liability to changes in the discount rate. The following presents the City's total pension liability calculated using the discount rate of 3.64 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Current Discount Rate (3.64%)	1% Increase (4.64%)
Total Pension Liability	\$2,192,135	\$2,042,190	\$1,902,398

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

Beginning balance as of December 31, 2017	2,258,738
Service Cost	67,933
Interest on the total pension liability	69,205
Change in benefit terms	-
Difference between expected and actuarial experience	(145,747)
Changes of assumptions and other inputs	(70,549)
Benefit payments	(137,390)
Other	-
Net Changes	\$ (216,548)
Total Pension Liability as of December 31, 2018	<u>\$2,042,190</u>

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

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an experience study completed by the actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2014.

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

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

	LGERS	LEOSSA	Total
Pension Expense	787,119	152,301	939,420
Pension Liability	2,805,532	2,042,190	4,847,722
Proportionate share of the net pension liability			
Deferred Outflows of Resources			
Differences between expected and actual experience	432,827	129,439	562,266
Changes of assumptions	744,480	68,907	813,387
Net difference between projected and actual earnings on plan investments	385,116	-	385,116
Changes in proportion and differences between contributions and proportionate share of contributions	20,429	-	20,429
Benefit payments and administrative costs paid subsequent to the measurement date	676,131	78,900	755,031
Deferred of Inflows of Resources			
Differences between expected and actual experience	14,524	117,057	131,581
Changes of assumptions	-	75,638	75,638
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	100	-	100

c. Supplemental Retirement Income Plan for Law Enforcement Officers and All Other Full-Time Employees

Plan Description. The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City and all other full-time employees if the

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

City contributes for those employees. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary and all full-time employees, and all amounts contributed are vested immediately. Also, the law enforcement officers and full-time employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2019 were \$595,562 which consisted of \$426,594 from the City and \$168,968 from the employees.

d. Firefighter's and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the City of Eden, to the Firefighter's and Rescue Squad Workers' Pension Fund (FRSWPF), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Firefighters' and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454 or at www.osc.nc.gov.

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

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Contributions. Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The City does not contribute to the plan. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2017, the State contributed \$17,952,000 to the plan.

Refund of Contributions. Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by FRSWPF.

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

At June 30, 2018 the city reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the City through its appropriations to the FRSWPF. The total portion of the net pension liability that was associated with the City and supported by the State was \$54,974. 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 City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. As the City is not projected to make any future contributions to the plan, its proportionate share at June 30, 2017 and at June 30, 2016 was 0%.

For the year ended June 30, 2019, the City recognized pension expense of \$15,634 and revenue of \$15,634 for support provided by the State. At June 30, 2019, the City reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

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

Inflation	3.0 percent
Salary increases	Not applicable
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term investment returns, and the asset allocation policy, refer to the

City of Eden, North Carolina
Notes to the Financial Statements
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discussion of actuarial assumptions for the LGERS plan in Section a. of this note.

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.

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.

e. Other Postemployment Benefits

1. Postemployment Health Care Benefits

Plan Description On July 1, 1995, the City began a self-insured insurance coverage. The City pays the total cost up to a maximum of \$550 per month of health and dental insurance up to age 65 for employees with 30 or more years of service, 15 of which must have been with the City of Eden. The City also pays 75% of health and dental insurance up to a maximum of \$412.50 per month up to age 65 for employees with 25 to 29 years of service, 12.5 of which must have been with the City of Eden. The City also pays 50% of health and dental insurance up to a maximum of \$275 per month up to age 65 for employees with 20 to 25 years of service, 10 of which must have been with the City of Eden. Also, the City's retirees can purchase coverage for their dependents at the City's group rates as long as their dependents were already on the City's plan at least 12 months prior to the employee's retirement date. Retiree's not eligible for City subsidized premium payments are not eligible to stay on the plan.

Health care, prescription drug, and dental coverage are provided by the City. In addition a \$5,000 retiree life insurance benefit is provided by the City.

Membership of the HCB Plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

	<u>General Employees</u>
Retirees and dependents receiving benefits	119
Active plan members	<u>173</u>
Total	<u>292</u>

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Total OPEB Liability

The City's OPEB liability of \$7,137,311 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

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 %
Real wage growth	1.00 %
Wage inflation	3.50 %
Salary Increases, including wage inflation	
General Employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law Enforcement Officers	3.50% - 7.35%
Municipal Bond Index Rate	
Prior Measurement Date	3.56%
Measurement Date	3.89%
Healthcare Cost Trends	
Pre-Medicare and Medical And Prescription Drug	7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023

The City selected a Municipal Bond Index Rate equal to the June average of The Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer. The discount rate used to measure TOL is the Municipal Bond Index Rate as of the measurement date.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	<u>\$6,969,655</u>
Changes for the year	
Service Cost	426,793
Interest	240,721
Changes of benefit terms	-
Differences between expected and actual experience	132,702
Changes in assumptions	(213,216)
Benefits payments	<u>(419,344)</u>
Net Changes	<u>167,656</u>
Balance at June 30, 2018	<u><u>\$7,137,311</u></u>

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 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

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The actuarial assumptions used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

Sensitivity of the Total OPEB Liability to changes in the discount rate. The following presents the total OPEB liability at the City, as well as what the City'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 (2.89%)	Discount Rate (3.89%)	1% Increase (4.89%)
Total OPEB Liability	\$ 7,807,342	\$ 7,137,311	\$ 6,535,053

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

	(Pre-Medicare 6.50%)	(Pre-Medicare 7.5%)	(Pre-Medicare 8.50%)
Total OPEB Liability	\$ 6,345,105	\$ 7,137,311	\$ 8,078,158

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$618,186. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$166,189	-
Changes of assumptions	-	\$ 442,964
Benefit payments and administrative costs made subsequent to the measurement date	372,506	
Total	\$ 538,695	\$ 442,964

\$372,506 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Year Ended June 30:	
2019	\$(49,328)
2020	\$(49,328)
2021	\$(49,328)
2022	\$(49,328)
2023	\$(49,328)
Thereafter	\$(30,135)

Funding Policy The City has chosen to fund the healthcare benefits on a pay as you go basis. Current retirees that retired prior to November 20, 2001 may continue their coverage by paying 100% of the premium. The City pay the premium for current retirees that retired after November 20, 2001 and prior to August 29, 2009 based on the following schedule:

Years of Service at Retirement	City Contribution	Maximum Monthly City Contribution
30 or more	100%	\$550.00
25 - 29	50%	\$275.00
Less than 25	N/A	Not Eligible

The City will pay the premium for employees that retire on or after August 29, 2009 based on the following schedule:

Years of Service at Retirement	City Contribution	Maximum Monthly City Contribution
30 or more	100%	\$550.00
25 - 29	75%	\$412.50
20 - 24	50%	\$275.00
Less than 20	N/A	Not Eligible

*Also requires at least half of the years of service are with the City of Eden.

Retirees contribute the difference of the premium coverage and the coverage cap. Coverage will continue until retiree becomes Medicare eligible at which time the City's subsidized retiree health care benefits will end.

Any employee hired after April 17, 2018 shall not qualify for payment of all or part of the health care and dental care insurance premium upon retirement and shall not qualify for participation in the City's health and dental insurance policy.

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The city's payment of premiums for group health and dental coverage for retirees will be discontinued in accordance with City of Eden Ordinance 10-6.3 (Retiree Life, Health and Dental Insurance) when:

1. The retiree begins to draw social security benefits and becomes eligible for Medicare; or
2. The retiree becomes eligible for 100% of social security benefits; whichever event occurs first between items 1 and 2; or
3. The retiree becomes eligible for social security disability.

2. Other Employment Benefits

The City has elected not to provide death benefits to employees other than those engaged in law enforcement 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 engaged in law enforcement who die in active service after one year of contributing membership to 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 may not be less than \$25,000 and more than \$50,000. All death benefit payments are made from the Death Benefit Plan. The City 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. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the state. The City considers these contributions to be immaterial.

Also the City of Eden provides additional group-term life insurance to all full-time employees through Lincoln Financial. The benefits paid are equal to twice the employee's yearly salary. The benefits in excess of \$50,000 are considered taxable to the employee as a fringe benefit.

City of Eden, North Carolina
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3. Deferred Outflows and Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contribution to Pension plan Subsequent to measurement date	755,031	
Contribution to OPEB plan Subsequent to measurement date	372,506	
Prepaid privilege licenses (General Fund)		410
Prepaid property and motor vehicle taxes (General Fund)		4,401
Other miscellaneous receivable (General Fund)		54,017
Difference between expected and actual experience	728,455	131,581
Change in assumption	813,387	518,602
Net difference between projected and actual earnings on pension plan investments	385,116	
Changes in proportion and differences between employer contributions and proportionate share of contribution	20,429	100
Total	<u>3,074,924</u>	<u>709,111</u>

4. Risk Management

The City is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in two self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the City obtains public officials liability and employment practices liability coverage of \$5 million per claim and police professional liability coverage of \$5 million per occurrence, employee benefit liability coverage of \$5,000,000 per claim, property coverage up to the total insurance values and workers' compensation coverage up to the statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability and auto liability, police professional liability and public official liability in excess of \$1,000,000, property in excess of \$500,000 and \$1,000,000 up to the statutory limits for workers' compensation.

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The City of Eden, since it is located in Flood Zone C, has limited flood coverage through its property insurance administered by the North Carolina League of Municipalities. The flood limit of insurance is \$5,000,000 for single occurrence with an annual aggregate limit of \$5,000,000. The policy has a \$50,000 deductible. There is no flood coverage outside zones B, C, or X.

On July 1, 1995 the City began a self-insured insurance coverage. The City carries a reinsurance policy for payment of all specific claims above \$55,000 (effective May 1, 2016) and for aggregate claims above a minimum attachment point. The excess above \$55,000 in claims on any one individual is reimbursed by the reinsurance carrier once the aggregate specific corridor has been met annually. The aggregate specific corridor is as follows: \$155,000 for the period May 1, 2018 until April 30, 2019. The lifetime maximum per covered individual is currently unlimited. The maximum reimbursement for the aggregate coverage is \$1,000,000 annually. There is a combined additional liability of \$100,000 for claims that might, or might not, be incurred in addition to the \$55,000 specific deductible.

In accordance with GS 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are fidelity bonded through the Interlocal Risk Financing Fund of North Carolina. The finance officer and tax collector are each individually bonded for \$100,000 and \$50,000 respectively. The remaining employees that have access to funds are bonded for \$50,000 per occurrence. There have been no significant reductions in insurance coverage in the prior years and settled claims have not exceeded coverage in any of the past three fiscal years.

The Eden ABC Board 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 ABC Board has property, general liability, auto liability, workmen's compensation, and employee health coverage's. The Board also has liquor legal liability. There have been no significant reductions in insurance coverage from coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years. In accordance with G.S. 18B-700(i), each board member and employer designated as the general manager and finance officer are bonded in the amount of \$50,000 secured by a corporate surety.

City of Eden, North Carolina
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5. Long Term Obligations
a. Installment Purchases
Governmental Activities
General Fund

On March 31, 2015 the City of Eden entered into a direct borrowing installment purchase contract to finance the purchase of (11) 2014 Dodge Chargers, (2) 2015 Chevrolet Tahoes, and (1) 2014 Ford F-150 truck in the amount of \$466,000 for the use of the Police department. The financing contract requires principal payments beginning in the fiscal year 2015-2016 with interest rate of 1.50%. The vehicles are pledged collateral for the debt.

The future minimum payments of the installment purchase as of June 30, 2019 including \$1,398 of interest are as follows:

	<u>Governmental Activities</u>	
<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	<u>93,200</u>	<u>1,398</u>
Present Value of Installment Purchase Payments	<u>93,200</u>	
Total Interest Payments		<u>1,398</u>

On August 24, 2015 the City of Eden entered into a direct borrowing installment purchase contract to finance the purchase of a 2016 Freightliner Street Sweeper in the amount of \$248,785 for the use of the Street department. The financing contract requires principal payments beginning in the fiscal year 2015-2016 with interest rate of 1.65%. The street sweeper is pledged as collateral for the debt.

The future minimum payments of the installment purchase as of June 30, 2019 including \$821 of interest are as follows:

	<u>Governmental Activities</u>	
<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	<u>49,757</u>	<u>821</u>
Present Value of Installment Purchase Payments	<u>49,757</u>	
Total Interest Payments		<u>821</u>

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On November 3, 2015 the City of Eden entered into a direct borrowing installment purchase contract to finance the purchase of a 2016 Freightliner Leaf Truck in the amount of \$169,275 for the use of the Solid Waste department. The financing contract requires principal payments beginning in the fiscal year 2015-2016 with interest rate of 1.65%. The leaf truck is pledged as collateral for the debt.

The future minimum payments of the installment purchase as of June 30, 2019 including \$559 of interest are as follows:

	<u>Governmental Activities</u>	
Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	<u>33,855</u>	<u>559</u>
Present Value of Installment Purchase Payments	<u>33,855</u>	
Total Interest Payments		<u>559</u>

On March 2, 2016 the City of Eden entered into a direct borrowing installment purchase contract to finance the purchase of a 2015 Chevrolet 1500 Truck in the amount of \$24,935 for the use of the Street department. The financing contract requires principal payments beginning in the fiscal year 2015-2016 with interest rate of 1.65%. The truck is pledged as collateral for the debt.

The future minimum payments of the installment purchase as of June 30, 2019 including \$82 of interest are as follows:

	<u>Governmental Activities</u>	
Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	<u>4,987</u>	<u>82</u>
Present Value of Installment Purchase Payments	<u>4,987</u>	
Total Interest Payments		<u>82</u>

City of Eden, North Carolina
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On March 2, 2016 the City of Eden entered into a direct borrowing installment purchase contract to finance the purchase of a 2015 Chevrolet 3500 Truck in the amount of \$47,393 for the use of the Street department. The financing contract requires principal payments beginning in the fiscal year 2015-2016 with interest rate of 1.65%. The truck is pledged as collateral for the debt.

The future minimum payments of the installment purchase as of June 30, 2019 including \$156 of interest are as follows:

	<u>Governmental Activities</u>	
Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	<u>9,479</u>	<u>156</u>
Present Value of Installment Purchase Payments	<u>9,479</u>	
Total Interest Payments		<u>156</u>

On May 3, 2016 the City of Eden entered into a direct borrowing installment purchase contract to finance the purchase of a 2016 Transit Van in the amount of \$35,668 for the use of the Facilities & Grounds department. The financing contract requires principal payments beginning in the fiscal year 2015-2016 with interest rate of 1.65%. The van is pledged as collateral for the debt.

The future minimum payments of the installment purchase as of June 30, 2019 including \$118 of interest are as follows:

	<u>Governmental Activities</u>	
Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	<u>7,133</u>	<u>118</u>
Present Value of Installment Purchase Payments	<u>7,133</u>	
Total Interest Payments		<u>118</u>

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On June 28, 2016 the City of Eden entered into a direct borrowing installment purchase contract to finance the purchase of a 2017 International Dump Truck in the amount of \$61,538 for the use of the Street department. The financing contract requires principal payments beginning in the fiscal year 2016-2017 with interest rate of 1.55%. The dump truck is pledged as collateral for the debt.

The future minimum payments of the installment purchase as of June 30, 2019 including \$239 of interest are as follows:

	<u>Governmental Activities</u>	
Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	<u>15,384</u>	<u>239</u>
Present Value of Installment Purchase Payments	<u>15,384</u>	
Total Interest Payments		<u>239</u>

On November 7, 2016 the City of Eden entered into a direct borrowing installment purchase contract to finance the purchase of a 2016 Hino Knuckleboom Truck in the amount of \$134,617 for the use of the Solid Waste department. The financing contract requires principal payments beginning in the fiscal year 2016-2017 with interest rate of 1.65%. The truck is pledged as collateral for the debt.

The future minimum payments of the installment purchase as of June 30, 2019 including \$1,332 of interest are as follows:

	<u>Governmental Activities</u>	
Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	26,924	888
2021	<u>26,924</u>	<u>444</u>
Present Value of Installment Purchase Payments	<u>53,848</u>	
Total Interest Payments		<u>1,332</u>

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On April 5, 2017 the City of Eden entered into a direct borrowing installment purchase contract to finance the purchase of a 2016 Sutphen Aerial Ladder Truck in the amount of \$690,000 for the use of the Fire department. The financing contract requires principal payments beginning in the fiscal year 2017-2018 with interest rate of 2.28%. The fire truck is pledged as collateral for the debt.

The future minimum payments of the installment purchase as of June 30, 2019 including \$101,830 of interest are as follows:

<u>Governmental Activities</u>		
Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	40,906	13,925
2021	41,839	12,992
2022	42,793	12,038
2023	43,769	11,062
2024	44,766	10,065
2024-2029	239,616	34,538
2029-2032	<u>157,043</u>	<u>7,210</u>
Present Value of Installment Purchase Payments	<u>610,732</u>	
Total Interest Payments		<u>101,830</u>

On October 2, 2017 the City of Eden entered into a direct borrowing installment purchase contract to finance the purchase of (8) 2017 Ford Explorers in the amount of \$314,400 for the use of the Police department. The financing contract requires principal payments beginning in the fiscal year 2018-2019 with interest rate of 2.04%. The vehicles are pledged as collateral for the debt.

The future minimum payments of the installment purchase as of June 30, 2019 including \$13,086 of interest are as follows:

<u>Governmental Activities</u>		
Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	61,598	5,182
2021	62,854	3,926
2022	64,137	2,643
2023	<u>65,445</u>	<u>1,335</u>
Present Value of Installment Purchase Payments	<u>254,034</u>	
Total Interest Payments		<u>13,086</u>

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On October 19, 2017 the City of Eden entered into a direct borrowing installment purchase contract to finance Street Improvements in the amount of \$1,100,000. The financing contract requires principal payments beginning in the fiscal year 2018-2019 with interest rate of 2.63%. The streets are pledged as collateral for the debt.

The future minimum payments of the installment purchase as of June 30, 2019 including \$216,806 of interest are as follows:

	<u>Governmental Activities</u>	
Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	62,523	27,412
2021	64,168	25,768
2022	65,855	24,080
2023	67,587	22,348
2024	69,365	20,571
2024-2029	375,167	74,510
2029-2033	<u>337,625</u>	<u>22,117</u>
Present Value of Installment Purchase Payments	<u>1,042,290</u>	
Total Interest Payments		<u>216,806</u>

On October 31, 2017 the City of Eden entered into a direct borrowing installment purchase contract to finance the purchase of a 2017 Autocar Garbage Truck in the amount of \$286,759 for the use of the Solid Waste department. The financing contract requires principal payments beginning in the fiscal year 2018-2019 with interest rate of 1.71%. The garbage truck is pledged as collateral for the debt.

The future minimum payments of the installment purchase as of June 30, 2019 including \$9,973 of interest are as follows:

	<u>Governmental Activities</u>	
Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	56,371	3,956
2021	57,335	2,992
2022	58,316	2,011
2023	<u>59,313</u>	<u>1,014</u>
Present Value of Installment Purchase Payments	<u>231,335</u>	
Total Interest Payments		<u>9,973</u>

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On April 10, 2018 the City of Eden entered into a direct borrowing installment purchase contract to finance a Trane Heat/Air Upgrade in the amount of \$292,500 for the City Hall. The financing contract requires principal payments beginning in the fiscal year 2018-2019 with interest rate of 2.28%. The equipment is pledged as collateral for the debt.

The future minimum payments of the installment purchase as of June 30, 2019 including \$13,555 of interest are as follows:

<u>Governmental Activities</u>		
Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	56,819	5,362
2021	58,115	4,066
2022	59,440	2,741
2023	<u>60,795</u>	<u>1,386</u>
Present Value of Installment Purchase Payments	<u>235,169</u>	
Total Interest Payments		<u>13,555</u>

On May 2, 2018 the City of Eden entered into a direct borrowing installment purchase contract to finance the purchase of a 2018 NuLife Knuckleboom Truck in the amount of \$145,575 for the use of the Solid Waste department. The financing contract requires principal payments beginning in the fiscal year 2018-2019 with interest rate of 2.04%. The knuckleboom truck is pledged as collateral for the debt.

The future minimum payments of the installment purchase as of June 30, 2019 including \$5,863 of interest are as follows:

<u>Governmental Activities</u>		
Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	27,597	2,322
2021	28,160	1,759
2022	28,735	1,184
2023	<u>29,321</u>	<u>598</u>
Present Value of Installment Purchase Payments	<u>113,813</u>	
Total Interest Payments		<u>5,863</u>

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On June 27, 2018 the City of Eden entered into a direct borrowing installment purchase contract to finance the purchase of a 2018 Pinnacle Trash Compactor in the amount of \$171,760 for the use of the Solid Waste department. The financing contract requires principal payments beginning in the fiscal year 2018-2019 with interest rate of 3.24%. The trash compactor is pledged as collateral for the debt.

The future minimum payments of the installment purchase as of June 30, 2019 including \$11,485 of interest are as follows:

<u>Governmental Activities</u>		
Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	33,240	4,522
2021	34,317	3,445
2022	35,429	2,333
2023	<u>36,577</u>	<u>1,185</u>
Present Value of Installment Purchase Payments	<u>139,563</u>	
Total Interest Payments		<u>11,485</u>

On August 23, 2018 the City of Eden entered into a direct borrowing installment purchase contract to finance the purchase of a 2018 Kubota Skid Steer in the amount of \$55,554 for the use of the Solid Waste department. The financing contract requires principal payments beginning in the fiscal year 2019-2020 with interest rate of 2.89%. The skid steer is pledged as collateral for the debt.

The future minimum payments of the installment purchase as of June 30, 2019 including \$4,908 of interest are as follows:

<u>Governmental Activities</u>		
Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	10,487	1,605
2021	10,790	1,302
2022	11,102	991
2023	11,422	670
2024	<u>11,753</u>	<u>340</u>
Present Value of Installment Purchase Payments	<u>55,554</u>	
Total Interest Payments		<u>4,908</u>

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On November 15, 2018 the City of Eden entered into a direct borrowing installment purchase contract to finance the purchase of a 2018 John Deere 410L Backhoe Loader in the amount of \$146,293 for the use of the Streets department. The financing contract requires principal payments beginning in the fiscal year 2019-2020 with interest rate of 3.19%. The backhoe loader is pledged as collateral for the debt.

The future minimum payments of the installment purchase as of June 30, 2019 including \$14,293 of interest are as follows:

	<u>Governmental Activities</u>	
Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	27,451	4,667
2021	28,326	3,791
2022	29,230	2,887
2023	30,162	1,955
2024	<u>31,124</u>	<u>993</u>
Present Value of Installment Purchase Payments	<u>146,293</u>	
Total Interest Payments		<u>14,293</u>

On January 30, 2019 the City of Eden entered into a direct borrowing installment purchase contract to finance the purchase of a Public Works Communication System in the amount of \$127,800. The financing contract requires principal payments beginning in the fiscal year 2019-2020 with interest rate of 3.19%. The communication system is pledged as collateral for the debt.

The future minimum payments of the installment purchase as of June 30, 2019 including \$12,486 of interest are as follows:

	<u>Governmental Activities</u>	
Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	23,981	4,077
2021	24,745	3,312
2022	25,535	2,522
2023	26,349	1,708
2024	<u>27,190</u>	<u>867</u>
Present Value of Installment Purchase Payments	<u>127,800</u>	
Total Interest Payments		<u>12,486</u>

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Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

On March 15, 2019 the City of Eden entered into a direct borrowing installment purchase contract to finance the purchase of Recreation and Street Improvements in the amount of \$945,700. The financing contract requires principal payments beginning in the fiscal year 2019-2020 with interest rate of 3.63%. The splash pad, tennis court, Matrimony Creek Phase II, and the Klyce Street and Draper Landings are pledged as collateral for the debt.

The future minimum payments of the installment purchase as of June 30, 2019 including \$297,371 of interest are as follows:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	48,543	34,329
2021	50,305	32,567
2022	52,131	30,741
2023	54,023	28,848
2024	55,984	26,887
2024-2029	311,919	102,437
2029-2034	<u>372,795</u>	<u>41,562</u>
Present Value of Installment Purchase Payments	<u>945,700</u>	
Total Interest Payments		<u>297,371</u>

On June 25, 2008, the City of Eden entered into a direct borrowing installment financing agreement to finance Water and Sewer Improvements and Greenway and Downtown Revitalization in the amount of \$8,103,755. The installment contract requires principal payments beginning December 25, 2008 with interest rate of 3.58%. Mebane Bridge, Dry Creek pump station, and the Dan River Raw Water Intake are pledged as collateral for the debt.

The future minimum payments of the installment purchase as of June 30, 2019 including \$112,849 of interest are as follows:

Year Ending	<u>Governmental Activities</u>		<u>Enterprise Fund</u>		<u>Total</u>	
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	105,835	10,083	536,021	50,996	641,856	61,079
2021	109,658	6,260	555,382	31,635	665,040	37,895
2022	<u>92,373</u>	<u>2,300</u>	<u>465,898</u>	<u>11,575</u>	<u>558,271</u>	<u>13,875</u>
	<u>307,866</u>	<u>18,643</u>	<u>1,557,301</u>	<u>94,206</u>	<u>1,865,167</u>	<u>112,849</u>

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Proprietary Funds

On May 17, 2007, the City of Eden entered into a direct borrowing installment purchase contract to finance water and sewer improvements in the amount of \$7,500,000. The financing contract requires principal payments beginning in the fiscal year 2008 with interest rate of 3.87%. Any pipes, valves, fittings and any other utility-type property are pledged as collateral for the debt.

The future minimum payments of the installment purchase as of June 30, 2019 including \$128,196 of interest are as follows:

	<u>Water and Sewer Fund</u>	
Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	597,399	66,379
2021	620,742	43,036
2022	<u>644,996</u>	<u>18,781</u>
Present Value of Installment Purchase Payments	<u>1,863,137</u>	
Total Interest Payments		<u>128,196</u>

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

On May 26, 2009 the City of Eden accepted an offer for a State Loan for a Wastewater Treatment works project under the North Carolina Clean Water Revolving Loan and Grant Act of 1987, the Federal Clean Water Act Amendments of 1987 and American Recovery and Reinvestment Act of 2009. The total ARRA assistance offered was \$714,303 to be used for Sewer Rehabilitation (Dry Creek and Smith River Phase I). The total loan to be repaid shall be one-half of the total project costs reimbursed. Principal forgiveness shall be one-half of the total project costs reimbursed. At June 30, 2011, the total loan/grant received by the City was \$569,704. According to the agreement one-half of the amount will be forgiven and one-half will be repaid. The maximum term of this loan shall not exceed 20 years at an interest rate of zero percent (0%) per annum. This note is payable solely from the revenues of the Project or benefited systems, or other available funds.

Water and Sewer Fund

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	15,507	
2021	15,507	
2022	15,507	
2023	15,507	
2024	15,507	
2024-2029	77,533	
2029-2030	<u>15,506</u>	
Present Value of Installment Purchase Payments	<u>170,574</u>	
Total Interest Payments		<u>0</u>

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

At June 30, 2013, the City of Eden had received \$2,154,934 from the Clean Water State Revolving Fund, of which \$1,154,934 was a loan and \$1,000,000 was loan forgiveness. The maximum term of the loan shall not exceed 20 years at an interest rate of 2.445%. The first interest payment will be due beginning November 1, 2013 and the first principal payment due beginning May 1, 2014. The note is payable solely from the revenues of the Project or benefited systems, or other available funds.

The future minimum payments of the installment purchase as of June 30, 2019 including \$148,250 of interest are as follows:

Year Ending <u>June 30</u>	<u>Water and Sewer Fund</u>	
	<u>Principal</u>	<u>Interest</u>
2020	57,747	19,767
2021	57,747	18,354
2022	57,747	16,943
2023	57,747	15,531
2024	57,747	14,119
2024-2029	288,733	49,417
2029-2033	<u>230,986</u>	<u>14,119</u>
Present Value of Installment Purchase Payments	<u>808,454</u>	
Total Interest Payments		<u>148,250</u>

At June 30, 2015, the City of Eden had received \$2,969,397 from the Clean Water State Revolving Fund, of which \$1,969,397 was a loan and \$1,000,000 was loan forgiveness. The maximum term of the loan shall not exceed 20 years at an interest rate of 0.00%. The first principal payment due beginning May 1, 2015. The note is payable solely from the revenues of the Project or benefited systems, or other available funds.

Year Ending <u>June 30</u>	<u>Water and Sewer Fund</u>	
	<u>Principal</u>	<u>Interest</u>
2020	98,470	
2021	98,470	
2022	98,470	
2023	98,470	
2024	98,470	
2024-2029	492,349	
2029-2034	<u>492,349</u>	
Present Value of Installment Purchase Payments	<u>1,477,048</u>	
Total Interest Payments		<u>0</u>

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

At June 30, 2016, the City of Eden had received \$4,229,128 from the Clean Water State Revolving Fund, of which \$3,229,128 was a loan and \$1,000,000 was loan forgiveness. The maximum term of the loan shall not exceed 20 years at an interest rate of 0.00%. The first principal payment due beginning May 1, 2016. The note is payable solely from the revenues of the Project or benefited systems, or other available funds.

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	161,457	
2021	161,457	
2022	161,457	
2023	161,457	
2024	161,457	
2024-2029	807,282	
2029-2034	807,282	
2034-2035	<u>161,456</u>	
Present Value of Installment Purchase Payments	<u>2,583,305</u>	
Total Interest Payments		<u>0</u>

At June 30, 2016, the City of Eden had received \$3,967,483 from the Clean Water State Revolving Fund, of which \$2,967,483 was a loan and \$1,000,000 was loan forgiveness. The maximum term of the loan shall not exceed 20 years at an interest rate of 0.00%. The first principal payment due beginning May 1, 2017. This note is payable solely from the revenues of the Project or benefited systems, or other available funds.

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	148,374	
2021	148,374	
2022	148,374	
2023	148,374	
2024	148,374	
2024-2029	741,871	
2029-2034	741,871	
2034-2036	<u>296,748</u>	
Present Value of Installment Purchase Payments	<u>2,522,360</u>	
Total Interest Payments		<u>0</u>

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

On March 2, 2016 the City of Eden entered into a direct borrowing installment purchase contract to finance the purchase of a 2015 Chevrolet 1500 Truck in the amount of \$24,647 for the use of the Collections & Distributions department. The financing contract requires principal payments beginning in the fiscal year 2015-2016 with an interest rate of 1.65%. The truck is pledged as collateral for the debt.

The future minimum payments of the installment purchase as of June 30, 2019 including \$81 of interest are as follows:

<u>Water and Sewer Fund</u>		
Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	<u>4,929</u>	<u>81</u>
Present Value of Installment Purchase Payments	<u>4,929</u>	
Total Interest Payments		<u>81</u>

On May 3, 2016 the City of Eden entered into a direct borrowing installment purchase contract to finance the purchase of a 2015 Chevrolet 3500 Truck in the amount of \$57,020 for the use of the Collections & Distributions department. The financing contract requires principal payments beginning in the fiscal year 2015-2016 with an interest rate of 1.65%. The truck is pledged as collateral for the debt.

The future minimum payments of the installment purchase as of June 30, 2019 including \$188 of interest are as follows:

<u>Water and Sewer Fund</u>		
Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	<u>11,404</u>	<u>188</u>
Present Value of Installment Purchase Payments	<u>11,404</u>	
Total Interest Payments		<u>188</u>

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

On May 19, 2016 the City of Eden entered into a direct borrowing installment purchase contract to finance various Water/Sewer improvement projects in the amount of \$1,500,000. The financing contract requires principal payments beginning in the fiscal year 2016-2017 with an interest rate of 2.49%. Any pipes, valves, fittings and any other utility-type property are pledged as collateral for the debt.

The future minimum payments of the installment purchase as of June 30, 2019 including \$204,738 of interest are as follows:

Year Ending <u>June 30</u>	<u>Water and Sewer Fund</u>	
	<u>Principal</u>	<u>Interest</u>
2020	89,959	30,464
2021	92,199	28,224
2022	94,495	25,928
2023	96,848	23,575
2024	99,260	21,163
2024-2029	534,627	67,489
2029-3031	<u>216,048</u>	<u>7,895</u>
Present Value of Installment Purchase Payments	<u>1,223,436</u>	
Total Interest Payments		<u>204,738</u>

On June 27, 2017 the City of Eden entered into a direct borrowing installment purchase contract to finance the purchase of a 2017 John Deere 511M Tractor and a 2017 John Deere 410L Backhoe in the amount of \$218,230 for the use of the Collections & Distributions department. The financing contract requires principal payments beginning in the fiscal year 2017-2018 with an interest rate of 2.21%. The tractor and backhoe are pledged as collateral for the debt.

The future minimum payments of the installment purchase as of June 30, 2019 including \$5,957 of interest are as follows:

Year Ending <u>June 30</u>	<u>Water and Sewer Fund</u>	
	<u>Principal</u>	<u>Interest</u>
2020	43,625	2,957
2021	44,589	1,993
2022	<u>45,575</u>	<u>1,007</u>
Present Value of Installment Purchase Payments	<u>133,789</u>	
Total Interest Payments		<u>5,957</u>

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

On October 24, 2018 the City of Eden entered into a direct borrowing installment purchase contract to finance the purchase of a 2018 Ford F-150 truck in the amount of \$25,869 for the use of the Billing & Collections department. The financing contract requires principal payments beginning in the fiscal year 2019-2020 with interest rate of 2.98%. The truck is pledged as collateral for the debt.

The future minimum payments of the installment purchase as of June 30, 2019 including \$2,358 of interest are as follows:

<u>Water and Sewer Fund</u>		
Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	4,875	771
2021	5,020	626
2022	5,169	476
2023	5,323	322
2024	<u>5,482</u>	<u>163</u>
Present Value of Installment Purchase Payments	<u>25,869</u>	
Total Interest Payments		<u>2,358</u>

On October 24, 2018 the City of Eden entered into a direct borrowing installment purchase contract to finance the purchase of a Vactor 2112 Vacuum Jet Rodding Machine in the amount of \$404,718 for the use of the Collection & Distribution department. The financing contract requires principal payments beginning in the fiscal year 2019-2020 with interest rate of 2.98%. The equipment is pledged as collateral for the debt.

The future minimum payments of the installment purchase as of June 30, 2019 including \$36,890 of interest are as follows:

<u>Water and Sewer Fund</u>		
Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	76,261	12,060
2021	78,533	9,788
2022	80,874	7,448
2023	83,284	5,038
2024	<u>85,766</u>	<u>2,556</u>
Present Value of Installment Purchase Payments	<u>404,718</u>	
Total Interest Payments		<u>36,890</u>

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

On December 30, 2018 the City of Eden entered into a direct borrowing installment purchase contract to finance the purchase of a 2019 International Dump Truck in the amount of \$108,632 for the use of the Collection & Distribution department. The financing contract requires principal payments beginning in the fiscal year 2019-2020 with interest rate of 3.19%. The dump truck is pledged as collateral for the debt.

The future minimum payments of the installment purchase as of June 30, 2019 including \$10,613 of interest are as follows:

<u>Water and Sewer Fund</u>		
Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	20,384	3,465
2021	21,034	2,815
2022	21,705	2,144
2023	22,397	1,452
2024	<u>23,112</u>	<u>737</u>
Present Value of Installment Purchase Payments	<u>108,632</u>	
Total Interest Payments		<u>10,613</u>

On January 30, 2019 the City of Eden entered into a direct installment purchase contract to finance the purchase of a 2019 Ford F-550 Truck in the amount of \$78,378 for the use of the Collection & Distribution department. The financing contract requires principal payments beginning in the fiscal year 2019-2020 with interest rate of 3.19%. The truck is pledged as collateral for the debt.

The future minimum payments of the installment purchase as of June 30, 2019 including \$7,657 of interest are as follows:

<u>Water and Sewer Fund</u>		
Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	14,707	2,500
2021	15,176	2,031
2022	15,660	1,547
2023	16,160	1,047
2024	<u>16,675</u>	<u>532</u>
Present Value of Installment Purchase Payments	<u>78,378</u>	
Total Interest Payments		<u>7,657</u>

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

At June 30, 2019, the City of Eden had received \$1,938,572 from the Department of Environmental Quality - Division of Water Infrastructure, of which \$969,286 was a loan and \$969,286 was loan forgiveness. The maximum term of the loan shall not exceed 20 years at an interest rate of 0.00%. The first principal payment due not earlier than six months nor later than twelve months after the estimated date of completion of the project which is April 9, 2020. The note is payable solely from the revenues of the Project or benefited systems, or other available funds.

Year Ending <u>June 30</u>	<u>Water and Sewer Fund</u>	
	<u>Principal</u>	<u>Interest</u>
2021	48,464	
2022	48,464	
2023	48,464	
2024	48,464	
2025	48,464	
2026-2030	242,322	
2031-2035	242,322	
2036-2040	242,322	
Present Value of Installment Purchase Payments	969,286	

b. General Obligation Indebtedness

The City of Eden has no general obligation bonds serviced by the governmental funds. Those general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system were retired by the resources of the Water and Sewer Fund during 2008-2009.

At June 30, 2019 the City of Eden had a legal debt margin of \$71,761,909.

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

c. The following table summarizes the City's annual requirements to repay all long-term debts outstanding (excluding vacation pay and claims and judgments):

	Installment Purchases		Total Due
	Principal	Interest	Principal and Interest
<u>Governmental Activities</u>			
2019-2020	796,070	121,703	917,773
2020-2021	597,535	102,624	700,159
2021-2022	565,077	86,471	651,548
2022-2023	484,763	72,109	556,872
2023-2024	240,182	59,723	299,905
2024-2029	926,702	211,485	1,138,187
2029-2034	867,463	70,889	938,352
2034-2039	-	-	-
	<u>4,477,792</u>	<u>725,004</u>	<u>5,202,796</u>
<u>Water and Sewer</u>			
2019-2020	1,881,118	189,629	2,070,747
2020-2021	1,962,694	138,502	2,101,196
2021-2022	1,904,391	85,848	1,990,239
2022-2023	754,031	46,965	800,996
2023-2024	760,313	39,271	799,584
2024-2029	3,184,719	116,906	3,301,625
2029-2034	2,746,365	22,013	2,768,378
2034-2039	700,526	-	700,526
2039-2040	48,464	-	48,464
	<u>13,942,621</u>	<u>639,134</u>	<u>14,581,755</u>

City of Eden
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

d. Changes in Long-Term Liabilities

	<u>General Long Term Debt June 30, 2018</u>	<u>Additions</u>	<u>Retirement</u>	<u>General Long Term Debt June 30, 2019</u>	<u>Current Portion of Balance</u>
Governmental Activities					
By type of debt:					
Direct Placement					
Installment purchases	3,916,283	1,275,347	713,838	4,477,792	796,070
Compensated absences	671,217		24,812	646,405	
Other Post Employment Benefits	<u>5,645,421</u>	<u>648,175</u>	<u>512,374</u>	<u>5,781,222</u>	
Governmental Activities Long-Term Liabilities	<u>10,232,921</u>	<u>1,923,522</u>	<u>1,251,024</u>	<u>10,905,419</u>	<u>796,070</u>
Business-type Activities					
Direct Placement					
Installment Purchases	14,094,507	1,586,883	1,738,769	13,942,621	1,881,118
Compensated absences	173,897		12,442	161,455	
Other Post Employment Benefits	<u>1,324,234</u>	<u>152,041</u>	<u>120,186</u>	<u>1,356,089</u>	
	<u>15,592,638</u>	<u>1,738,924</u>	<u>1,871,397</u>	<u>15,460,165</u>	<u>1,881,118</u>

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

C. Interfund Balances and Activity

Balance due to/from other funds:

Balance due to/from other funds at June 30, 2019, consists of the following:

Due to the General Fund from the Water and Sewer Fund	<u>11,929</u>
Due to General Fund from Component Unit - Eden ABC Board	<u>16,273</u>

The interfund balances resulted from the time lag between the dates that (1) transactions are recorded in the accounting system and (2) payments between funds are made.

D. Revenues, Expenditures, and Expenses

On-Behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2019, the City of Eden has recognized on-behalf payments for pension contributions made by the State as a revenue and an expenditure of \$15,634 for the 27 volunteer firemen and 16 employed firemen who perform firefighting duties for the City's fire department. The volunteers and employees elected to be members of the Firefighters' and Rescue Squad Workers' Pension Fund, a cost-sharing, multiple-employer public employee retirement system established and administered by the State of North Carolina. The plan is funded by a \$10.00 monthly contribution paid by each member, investment income, and State appropriation.

E. Fund Balance

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

<u>Total fund balance-General Fund</u>	<u>10,951,884</u>
Less:	
Inventories	193,065
Prepaid Expenses	83,052
Stabilization by State Statute	2,479,028
Streets - Powell Bill	1,739
Public Safety	23,579
Historic Preservation	7,825
Economic Development	107,812
Cultural& Recreational	10,190
Working Capital/Fund Policy (3 months operating expenditures)	<u>4,149,308</u>
Remaining Fund Balance	<u>3,896,286</u>

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

III. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The City 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 covered by security interests held by the City of Eden. During 2018-2019, the City of Eden repaid to the NC Department of Commerce \$300,000 as a result of an industry not meeting the terms of a job creation agreement with the City. The repayment was covered by foreclosure of liens on property located in Eden. No other provisions has been made in the accompanying financial statements for the refund of grant moneys.

IV. Change in Accounting Principle

The City implemented Governmental Accounting Standards Board (GASB) No. Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in fiscal year ending June 30, 2018. The implementation of the statement required the City to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the City related to OPEB during the measurement period (fiscal year ending June 30, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for the governmental activities decreased \$4,416,710 and \$922,150 for the business-type activities.

V. EPA Administrative Order of Consent

On April 22, 2017, the Environmental Protection Agency (EPA) issued an Administrative Order of Consent to the City related to sewer overflows based on requirements of the Clean Water Act. The EPA mandated that the City had five years to remediate the sewer overflows to satisfy the administrative order, ending February 28, 2022. If the city does not meet the deadline then the City would have daily civil penalties as high as \$37,500 per day for each violation and also could potentially face additional criminal penalties. It is not anticipated, as of the date of this report, that any penalties or charges will be levied against the City, as the City has been active in remediating the sewer overflows and satisfying the administrative order. The City anticipates meeting all requirements by the deadline of February 28, 2022. Please see page 43 of this report for a summary of anticipated revenues and expenditures related to the EPA Administrative Order of Consent.

Required Supplemental Financial Data

City of Eden, North Carolina
City of Eden's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary information
Last Six Fiscal Years
Local Government Employees' Retirement System

Exhibit A-1

	2019	2018	2017	2016	2015	2014
Eden's proportion of the net pension liability (asset) (%)	0.1183%	0.1244%	0.1250%	0.1284%	0.1284%	0.1333%
Eden's proportion of the net pension liability (asset) (\$)	\$2,805,532	\$1,900,640	\$2,652,282	\$ 576,341	\$ (756,998)	\$1,606,777
Eden's covered-employee payroll	\$8,514,649	\$8,276,740	\$8,070,074	\$7,527,490	\$7,444,410	\$7,169,405
Eden's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	32.95%	22.96%	32.86%	7.66%	(10.17)%	22.41%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

City of Eden, North Carolina
City of Eden's Contributions
Required Supplementary Information
Last Six Fiscal Years
Local Government Employees' Retirement System

Exhibit A-2

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 676,131	\$ 637,051	\$ 601,752	\$ 548,531	\$ 539,473	\$ 530,626
Contributions in relation to the contractually required contribution	<u>676,131</u>	<u>637,051</u>	<u>601,752</u>	<u>548,531</u>	<u>539,473</u>	<u>530,626</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Eden's covered-employee payroll	\$8,514,649	\$8,276,740	\$8,070,074	\$8,048,476	\$ 7,527,490	\$7,444,410
Contributions as a percentage of covered-employee payroll	7.94%	7.70%	7.46%	6.82%	7.17%	7.13%

City of Eden, North Carolina
City of Eden's Proportionate Share of Net Pension Liability
Required Supplementary Information
Last Five Fiscal Years
Firefighters' and Rescue Squad Workers' Pension

Exhibit A-3

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Eden's proportion of the net pension liability (%)	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Eden's proportion of the net pension liability (\$)	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with City of Eden	<u>54,974</u>	<u>51,432</u>	<u>40,756</u>	<u>42,989</u>	<u>38,291</u>
	<u>\$ 54,974</u>	<u>\$ 51,432</u>	<u>\$ 40,756</u>	<u>\$ 42,989</u>	<u>\$ 38,291</u>
Eden's covered-employee payroll	\$ 871,961	\$ 860,761	\$ 837,751	\$ 797,284	\$ 819,370
Eden's proportionate share of the net pension liability as a percentage of its covered-employee payroll	6.30%	5.98%	4.86%	5.39%	4.67%
Plan fiduciary net position as a percentage of the total pension liability	89.69%	89.35%	84.94%	91.40%	93.42%

City of Eden, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2019

Exhibit A-4

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 2,258,738	\$ 1,902,543	\$ 1,895,625
Service Cost	67,933	63,496	64,111
Interest on the total pension liability	69,205	71,371	66,226
Change in benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(145,747)	214,317	-
Changes of assumptions or other inputs	(70,549)	114,093	(42,308)
Benefit payments	(137,390)	(107,082)	(81,111)
Other changes	-	-	-
Ending balance of the total pension liability	<u>\$ 2,042,190</u>	<u>\$ 2,258,738</u>	<u>\$ 1,902,543</u>

City of Eden, North Carolina
 Schedule of Total Pension Liability as a Percentage of Covered Payroll
 Law Enforcement Officers' Special Separation Allowance
 June 30, 2019

Exhibit A-5

	2019	2018	2017
Total pension liability	\$2,042,190	\$2,258,738	\$1,902,543
Covered payroll	\$2,268,621	\$2,426,635	\$2,312,713
Total pension liability as a percentage of covered payroll	90.02%	93.08%	82.26%

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

City of Eden, North Carolina
Schedule of Changes in Total OPEB Liability and Related Ratios
June 30, 2019

Exhibit A-6

	2019	2018
Total OPEB Liability		
Service Cost	\$ 426,793	\$ 455,720
Interest	240,721	203,624
Change in benefit terms	-	-
Differences between expected and actual experience	132,702	70,534
Changes of assumptions	(213,216)	(354,556)
Benefit payments	(419,344)	(338,627)
Net change in total OPEB liability	167,656	36,695
Total OPEB liability - beginning	6,969,655	6,932,960
Total OPEB liability - ending	\$ 7,137,311	\$ 6,969,655
Covered payroll	\$ 7,708,822	\$ 7,708,822
Total OPEB Liability as a percentage of covered payroll	92.59%	90.41%

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

Fiscal Year	Rate
2019	3.89%
2018	3.56%

Individual Fund Statements & Schedules

City of Eden, North Carolina
 General Fund
 Comparative Balance Sheets
 As of June 30, 2019 and June 30, 2018

Exhibit B-1

	<u>June 30,</u> <u>2019</u>	<u>June 30,</u> <u>2018</u>
Assets:		
Cash and Cash Equivalents	8,176,989	8,473,756
Cash and Cash Equivalents - Restricted Deposits	25,318	29,384
Receivables (net):		
Taxes	77,483	99,527
Accounts Receivable	830,274	538,070
Due from Other Governmental Units	1,537,501	1,225,514
Due from Component Unit	16,273	25,962
Due from Other Funds	11,929	11,816
Inventories	193,065	165,294
Prepaid Expenses	83,052	70,374
	<u>10,951,884</u>	<u>10,639,697</u>
Total Assets		
	<u>10,951,884</u>	<u>10,639,697</u>
Liabilities and Fund Balances:		
Liabilities:		
Accounts Payable and Accrued Liabilities	625,731	867,532
Deferred Inflows of Resources	136,311	363,420
	<u>762,042</u>	<u>1,230,952</u>
Total Liabilities		
	<u>762,042</u>	<u>1,230,952</u>
Fund Balances:		
Non Spendable		
Inventories	193,065	165,294
Prepaid Expenses	83,052	70,374
Restricted		
Stabilization by State Statute	2,479,028	1,928,746
Streets - Powell Bill	1,739	4,106
Police Protection	23,579	36,204
Economic Development	107,812	75,431
Historic Preservation	7,825	7,825
Cultural & Recreational	10,190	8,518
Assigned		
Subsequent Year Expenditures	500,000	500,000
Unassigned	6,783,552	6,612,247
	<u>10,189,842</u>	<u>9,408,745</u>
Total Fund Balances		
	<u>10,189,842</u>	<u>9,408,745</u>
Total Liabilities and Fund Balances		
	<u>10,951,884</u>	<u>10,639,697</u>

City of Eden, North Carolina
 General Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit B-2

	2019			2018
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Revenues:				
Ad Valorem Taxes:				
Current Year	5,951,000	(45,204)	5,905,796	5,871,791
Prior Years	87,400	44,397	131,797	72,558
Penalties and Interest on Taxes	38,400	(1,015)	37,385	33,527
Rockingham County Collection Fee				
- Vehicle Tax	(22,200)	(5,042)	(27,242)	(25,466)
Short-Term Rental Vehicle Tax	16,400	1,927	18,327	16,013
	<u>6,071,000</u>	<u>(4,937)</u>	<u>6,066,063</u>	<u>5,968,423</u>
Other Taxes & Licenses:				
Payments in Lieu of Taxes	491,700	(10,941)	480,759	608,425
Dog Taxes	1,000	(100)	900	974
Municipal Vehicle Tax	186,400	(4,330)	182,070	144,480
Franchise Fees	121,500	(9,817)	111,683	121,672
Privilege Licenses	800	(75)	725	770
Penalties on Privilege Licenses	-	1	1	4
Occupancy Tax	75,300	10,504	85,804	71,084
	<u>876,700</u>	<u>(14,758)</u>	<u>861,942</u>	<u>947,409</u>
Unrestricted Intergovernmental Revenues:				
Wine and Beer Tax	65,900	(854)	65,046	66,229
Utilities Sales Tax	878,300	48,934	927,234	917,223
Solid Waste Disposal Tax	10,600	585	11,185	10,159
State Hold Harmless Payment	926,400	(9,065)	917,335	884,060
Local Options Sales Tax	1,109,800	6,813	1,116,613	1,040,680
Local Options Sales Tax-1/2 Cent	1,611,700	(6,228)	1,605,472	1,525,306
ABC Profit Distribution	102,600	10,750	113,350	95,763
	<u>4,705,300</u>	<u>50,935</u>	<u>4,756,235</u>	<u>4,539,420</u>
Restricted Intergovernmental Revenues:				
Powell Bill	473,900	(10,996)	462,904	473,929
Rockingham County	2,400	-	2,400	2,484
Controlled Substance Tax	2,200	1,382	3,582	198
On-Behalf of Payments				
- Fire and Rescue	15,600	34	15,634	18,661
Federal Drug Forfeiture	-	-	-	406
School Resource Officers:				
Rockingham County	159,200	(16)	159,184	158,545
Governor's Crime Commission Grant	24,200	(24,200)	-	-
Project Safe Rockingham County	20,500	(477)	20,023	19,070
Bulletproof Vest Grant	-	2,879	2,879	2,839
Dan River Basin Fund	-	-	-	24,975
Duke Energy Water Resources Grant	100,000	-	100,000	100,000
COPS Grant	83,100	14,051	97,151	-
SGRTEX Foreclosure Sale	300,000	-	300,000	-
Get Fit Grant	19,300	60	19,360	-
NC Community Foundation Grant	7,400	(2)	7,398	-
NCDCCR Spash Pad Grant	500,000	-	500,000	-
RCATS Transportation Grant	127,800	(4)	127,796	120,889
ABC Revenue for Law Enforcement	2,500	1,337	3,837	2,818
	<u>1,838,100</u>	<u>(15,952)</u>	<u>1,822,148</u>	<u>924,814</u>
Total	<u>1,838,100</u>	<u>(15,952)</u>	<u>1,822,148</u>	<u>924,814</u>

City of Eden, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -- Budget and Actual
For Fiscal Year Ended June 30, 2019
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit B-2

	2019			2018
	<u>Budget</u>	Variance Favorable (Unfavorable)	<u>Actual</u>	<u>Actual</u>
Permits and Fees:				
Building Permits	37,300	(20,235)	17,065	45,090
Plumbing Permits	6,200	(794)	5,406	7,121
Mechanical Permits	14,900	(955)	13,945	18,350
Sign Permits	400	(40)	360	460
Planning Department Applications	800	150	950	750
Electrical Permits	20,000	(8,690)	11,310	9,916
Planning Department Permits	700	550	1,250	1,410
Engineering Testing Fees	8,200	(8,200)	-	-
Building Fees	500	(500)	-	450
Nuisance Fees	33,000	75,950	108,950	64,027
Fire Department Permits	1,500	(575)	925	2,075
Total	<u>123,500</u>	<u>36,661</u>	<u>160,161</u>	<u>149,649</u>
Sales and Services:				
Concessions	28,400	(6,909)	21,491	34,219
Court Costs	3,000	2,840	5,840	3,293
Parking Violations	400	330	730	210
Fire Protection Charges	3,700	1,052	4,752	5,324
League Entrance Fees	5,800	(3,834)	1,966	3,940
County User Fees	1,500	(580)	920	1,367
Pool Admissions	14,300	1,173	15,473	15,882
Recreation Revenues:				
Lessons	600	(268)	332	545
Dixie Youth Tournament	25,500	(9,772)	15,728	16,249
Building Use	14,000	2,781	16,781	14,930
Field Use & Lights	9,500	(4,599)	4,901	9,851
Miscellaneous	17,400	(1,213)	16,187	14,363
Police Security	71,000	5,799	76,799	49,803
Police Security - Fringe Benefits	8,400	5,926	14,326	9,766
Restitution	2,300	22,438	24,738	1,524
Dog Fines	2,400	70	2,470	2,935
Police Revenues	18,000	(13,917)	4,083	15,957
Historic Preservation Book Sales	500	(158)	342	690
Pottery Festival Fees	5,000	(1,514)	3,486	5,035
Riverfest	38,000	(3,200)	34,800	55,401
Oink & Ale Festival	10,500	(2,950)	7,550	10,250
Shaggin' on Fieldcrest	9,200	1,665	10,865	6,624
Touch-A-Truck	3,100	23	3,123	-
Grown & Gathered	6,700	3,974	10,674	-
Vending Machine Proceeds	8,500	(999)	7,501	5,935
T-Shirt/Book Sales	-	30	30	1,821
Street Mowing and Cleaning	9,000	741	9,741	9,505
Driveway Cuts	1,500	5,344	6,844	1,711
Solid Waste Fees - Residential	1,352,000	9,439	1,361,439	1,366,187
Solid Waste Fees - Commercial	453,500	18,593	472,093	457,489
Dumpster Late Fees	2,500	570	3,070	2,470
Solid Waste Demolition & Abatement	2,200	2,367	4,567	2,261
Fuel Purchases/County Agencies	5,000	1,190	6,190	5,685
Fire Dept Rental - Draper Rural	1,200	-	1,200	1,200
Police - Fingerprinting Fee	800	(200)	600	735
Total	<u>2,135,400</u>	<u>36,232</u>	<u>2,171,632</u>	<u>2,133,157</u>
Investment Earnings:				
Investment Earnings	70,800	102,686	173,486	97,090
Miscellaneous Revenue:				
Miscellaneous Revenue	3,300	6,297	9,597	10,654
Cash Discounts Earned	100	(68)	32	59
Sale of Materials	12,100	(3,452)	8,648	5,037
Insurance Proceeds and Refunds	20,000	30,279	50,279	7,699
Donations	200	390	590	3,850
Donations to Recreation	3,600	1,093	4,693	4,188
Tornado Reimbursement	-	-	-	102,466
Sale of Surplus Property	50,000	(48,062)	1,938	-
Sale of Fixed Assets	-	15,538	15,538	78,411
Total	<u>89,300</u>	<u>2,015</u>	<u>91,315</u>	<u>212,364</u>
Total Revenues	<u>15,910,100</u>	<u>192,882</u>	<u>16,102,982</u>	<u>14,972,326</u>

City of Eden, North Carolina
 General Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit B-2

	2019		2018	
	<u>Budget</u>	Variance Favorable (Unfavorable)	<u>Actual</u>	<u>Actual</u>
Expenditures:				
General Government:				
Governing Board:				
Salaries & Wages:				
Regular Salaries	45,200	80	45,120	45,120
FICA	3,500	48	3,452	3,452
Insurance & Bonds/WC	800	19	781	793
Office Supplies	2,000	1,775	225	1,071
Departmental Supplies	1,000	241	759	2,210
Citizens Academy	2,000	377	1,623	1,487
Youth Council	4,000	1,732	2,268	1,561
Miscellaneous Expense	3,400	435	2,965	1,975
Travel	16,000	828	15,172	9,805
Advertising	1,700	107	1,593	1,021
Insurance and Bonds	3,400	82	3,318	3,425
Dues & Subscriptions	28,000	3,293	24,707	22,846
Reimbursement - Proprietary Fund	<u>(58,400)</u>	<u>(2,309)</u>	<u>(56,091)</u>	<u>(52,121)</u>
Total	<u>52,600</u>	<u>6,708</u>	<u>45,892</u>	<u>42,645</u>
Administration:				
Salaries & Wages:				
Regular Salaries	126,900	16,758	110,142	109,651
FICA	10,500	3,276	7,224	7,666
Retirement Expense	15,400	3,624	11,776	11,500
Group Insurance	51,300	-	51,300	38,400
Life/AD&D/Disability Insurance	1,500	457	1,043	1,078
Insurance & Bonds/WC	800	19	781	813
Employee Incentives	200	133	67	136
401(k) Contributions	6,900	1,774	5,126	5,131
Professional Services	5,500	5,484	16	6,730
Uniforms/Laundry	400	342	58	-
Safety Equipment	500	417	83	83
Gas	5,000	3,213	1,787	2,239
Tires	500	500	-	-
Maintenance & Repair:				
Vehicles	1,500	948	552	56
Office Supplies	2,500	1,418	1,082	1,614
Departmental Supplies	1,500	489	1,011	567
Miscellaneous	1,000	873	127	685
Travel	5,000	2,320	2,680	1,354
Advertising	500	433	67	-
Contracted Services	2,000	2,000	-	-
Training	3,000	1,767	1,233	636
Insurance & Bonds	6,000	328	5,672	4,540
Dues & Subscriptions	6,000	4,783	1,217	2,209
Reimbursement - Proprietary Fund	<u>(52,800)</u>	<u>(14,501)</u>	<u>(38,299)</u>	<u>(47,837)</u>
Total	<u>201,600</u>	<u>36,855</u>	<u>164,745</u>	<u>147,251</u>

City of Eden, North Carolina
 General Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit B-2

	2019			2018
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Finance/Human Resources:				
Salaries & Wages:				
Regular Salaries	330,700	3,910	326,790	314,506
Overtime	2,500	106	2,394	-
Total Salaries & Wages	333,200	4,016	329,184	314,506
FICA	24,700	455	24,245	23,115
Retirement Expense	26,100	468	25,632	23,612
Group Insurance	68,100	-	68,100	65,000
Life/AD&D/Disability Insurance	3,300	40	3,260	3,169
Unemployment Insurance	1,000	100	900	
Insurance & Bonds/WC	3,000	397	2,603	2,870
Employee Incentive	500	367	133	175
401(k) Contributions	17,200	741	16,459	15,726
Professional Services	44,200	585	43,615	41,478
Credit Card Charges	10,400	1,085	9,315	8,307
Bank Service Charge	3,900	1,227	2,673	388
HR Special Incentive	15,800	1,492	14,308	12,616
Office Supplies	7,000	1,093	5,907	4,962
Departmental Supplies	6,000	736	5,264	4,706
Wellness Program	15,000	(2,181)	17,181	17,474
Miscellaneous	4,500	(1,874)	6,374	559
Travel	3,200	1,636	1,564	1,376
Postage	8,500	713	7,787	7,424
Printing	5,500	339	5,161	-
Advertising	6,000	728	5,272	5,280
Contracted Services	65,000	496	64,504	51,252
Training	5,000	1,161	3,839	6,075
Equipment Rental	1,000	17	983	1,218
Insurance & Bonds	2,900	85	2,815	2,549
Dues & Subscriptions	1,400	528	872	848
Purchases for Inventory	12,200	9,627	2,573	13,726
Issues from Inventory	(11,900)	(9,419)	(2,481)	(13,871)
Reimbursement - Proprietary Fund	(450,100)	(1,900)	(448,200)	(415,591)
Total	232,600	12,758	219,842	198,949

City of Eden, North Carolina
 General Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit B-2

	2019			2018
	<u>Budget</u>	Variance Favorable (Unfavorable)	<u>Actual</u>	<u>Actual</u>
Planning:				
Salaries & Wages:				
Regular Salaries	292,500	4,008	288,492	282,598
Overtime	-	-	-	249
Part-Time	4,500	561	3,939	681
Total Salaries & Wages	297,000	4,569	292,431	283,528
FICA	22,200	773	21,427	20,741
Retirement Expense	23,000	537	22,463	21,235
Group Insurance	66,000	-	66,000	65,000
Life/AD&D/Disability Insurance	3,300	461	2,839	2,771
Insurance & Bonds/WC	6,100	893	5,207	5,595
Employee Incentive	500	500	-	-
401(k) Contributions	15,000	575	14,425	14,142
Professional Services	1,600	1,441	159	10,800
Laundry/Uniforms	500	122	378	140
Safety Equipment	600	385	215	100
Mapping Supplies	100	100	-	-
Gas	1,600	143	1,457	1,093
Tires	500	500	-	-
Maintenance & Repair:				
Copier	2,700	996	1,704	2,952
Building	800	598	202	1,680
Vehicles	3,400	1,006	2,394	573
Office Supplies	4,500	553	3,947	4,440
Departmental Supplies	4,000	109	3,891	3,863
Small Tools	300	211	89	-
Miscellaneous	1,500	233	1,267	1,556
Historic Preservation Expense	500	500	-	5,223
Community Appearance Expense	1,000	766	234	983
Tree Board Expense	1,500	400	1,100	-
Downtown Revitalization Project	-	-	-	3,843
Travel	2,000	1,863	137	1,084
Advertising	8,000	373	7,627	5,800
Professional Services/Programming	6,500	346	6,154	6,852
Contracted Services	154,250	(2,736)	156,986	51,572
Training	1,500	564	936	1,638
Insurance & Bonds	3,650	31	3,619	3,106
Dues & Subscriptions	2,800	795	2,005	2,419
C/O Land Improvements	66,300	6,521	59,779	64,949
Reimbursement-Proprietary Fund	(137,100)	(3,145)	(133,955)	(114,838)
Total	566,100	20,983	545,117	472,840

City of Eden, North Carolina
 General Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit B-2

	2019			2018
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Economic Development:				
Salaries & Wages:				
Regular Salaries	185,700	1,840	183,860	176,715
FICA	14,000	411	13,589	13,080
Retirement Expense	14,700	377	14,323	13,283
Group Insurance	41,000	-	41,000	39,000
Life/AD&D/Disability Insurance	2,100	34	2,066	1,905
Insurance & Bonds/WC	3,000	397	2,603	3,139
Employee Incentive	300	225	75	50
401(k) Contributions	9,700	507	9,193	8,846
Professional Services	1,000	964	36	24
Consultant Fees	500	500	-	-
Gas	2,100	123	1,977	1,530
Tires	500	77	423	-
Maintenance & Repair:				
Vehicles	1,600	523	1,077	608
Equipment	100	100	-	-
Office Supplies	2,200	129	2,071	2,842
Departmental Supplies	600	522	78	2,628
Pottery Festival	9,000	517	8,483	9,303
Riverfest - Donation	-	-	-	8,000
Miscellaneous	5,500	(286)	5,786	10,602
Eden Downtown Dev Corp	3,000	-	3,000	3,000
Riverfest	44,000	26,360	17,640	46,115
Oink & Ale Festival	13,000	(302)	13,302	12,118
Shaggin' on Fieldcrest	12,000	1,124	10,876	2,152
Touch-A-Truck	3,600	196	3,404	-
Grown & Gathered	16,200	265	15,935	-
Travel	1,500	812	688	3,241
Printing	-	-	-	1,410
Signs	12,000	819	11,181	-
RCC Project	12,000	-	12,000	12,000
Certified Retirement Community Project	-	-	-	500
Advertising	12,000	1,056	10,944	11,451
Professional Services/Programming	-	-	-	150
Contracted Services	300	-	300	174
Training	1,800	262	1,538	3,999
Insurance & Bonds	1,600	470	1,130	956
Dues & Subscriptions	1,200	364	836	1,077
C/O Buildings	-	-	-	7,631
C/O Land Improvements	-	-	-	10,121
C/O Equipment	5,100	-	5,100	-
Façade Improvements	21,200	18,200	3,000	21,575
Occupancy Tax Expenditures	40,300	4,727	35,573	39,371
Reimbursement-Proprietary Fund	(69,800)	(6,282)	(63,518)	(69,197)
Total	424,600	55,031	369,569	399,399

City of Eden, North Carolina
 General Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit B-2

	2019			2018
	<u>Budget</u>	Variance Favorable (Unfavorable)	<u>Actual</u>	<u>Actual</u>
Engineering:				
Salaries & Wages:				
Regular Salaries	180,800	2,707	178,093	175,855
Overtime	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>62</u>
Total Salaries & Wages	182,800	4,707	178,093	175,917
FICA	13,900	733	13,167	13,053
Retirement Expense	14,100	233	13,867	13,207
Group Insurance	40,900	-	40,900	39,000
Life/AD&D/Disability Insurance	1,800	25	1,775	1,753
Insurance & Bonds/WC	5,600	383	5,217	5,350
Employee Incentive	300	300	-	-
401(k) Contributions	9,100	195	8,905	8,796
Professional Services	26,000	16,231	9,769	36
Laundry/Uniforms	400	360	40	36
Safety Equipment	500	500	-	273
Mapping Supplies	1,000	493	507	288
Gas	3,500	920	2,580	2,685
Tires	900	597	303	567
Maintenance & Repair:				
Equipment	1,500	1,500	-	-
Vehicles	3,500	460	3,040	600
Office Supplies	900	705	195	829
Departmental Supplies	2,300	1,098	1,202	1,048
Small Tools & Equipment	100	100	-	13
Miscellaneous	200	180	20	-
Travel	100	100	-	-
Professional Services/Programming	1,500	670	830	2,566
Contracted Services	8,500	731	7,769	7,381
Training	400	400	-	-
Insurance & Bonds	2,800	86	2,714	2,310
Dues & Subscriptions	1,000	650	350	613
Easements	500	500	-	-
C/O Equipment - Depreciable	-	-	-	10,518
C/O Equipment - Nondepreciable	-	-	-	1,749
Reimbursement - Proprietary Fund	<u>(288,000)</u>	<u>(32,439)</u>	<u>(255,561)</u>	<u>(253,910)</u>
 Total	 <u>36,100</u>	 <u>418</u>	 <u>35,682</u>	 <u>34,678</u>

City of Eden, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -- Budget and Actual
For Fiscal Year Ended June 30, 2019
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit B-2

	2019			2018
	<u>Budget</u>	Variance Favorable (Unfavorable)	<u>Actual</u>	<u>Actual</u>
Information Technology:				
Salaries & Wages:				
Regular Salaries	122,100	5,380	116,720	113,083
Temporary	<u>10,000</u>	<u>1,735</u>	<u>8,265</u>	<u>9,805</u>
Total Salaries & Wages	132,100	7,115	124,985	122,888
FICA	9,700	957	8,743	8,558
Retirement Expense	10,000	912	9,088	8,490
Group Insurance	27,300	-	27,300	26,000
Life/AD&D/Disability Insurance	1,200	71	1,129	1,097
Insurance & Bonds/WC	600	79	521	1,070
Employee Incentives	300	300	-	-
401(k) Contributions	6,300	464	5,836	5,654
Professional Services	100	44	56	24
Gas	200	200	-	104
Tires	500	500	-	-
Maintenance & Repair:				
Equipment	1,500	990	510	1,128
Vehicles	500	192	308	77
Office Supplies	1,500	291	1,209	1,047
Departmental Supplies	7,500	956	6,544	5,025
Other Department Supplies	24,000	195	23,805	20,110
Miscellaneous	200	137	63	-
Travel	2,700	155	2,545	5,952
Telephone	74,000	2,837	71,163	78,114
Data Transmission/WAN	50,200	5,204	44,996	43,577
Professional Services/Programming	20,500	1,954	18,546	1,412
Contracted Services	51,000	213	50,787	84,310
Training	2,000	752	1,248	3,035
Insurance & Bonds	700	97	603	478
Dues/Subscriptions	-	-	-	150
Software License Fees	23,100	129	22,971	20,736
C/O Equipment - Depreciable	172,000	3,781	168,219	41,030
C/O Equipment - Nondepreciable	54,800	1,442	53,358	28,049
Reimbursement - Proprietary Fund	<u>(230,300)</u>	<u>(18,493)</u>	<u>(211,807)</u>	<u>(175,194)</u>
Total	<u>444,200</u>	<u>11,474</u>	<u>432,726</u>	<u>332,921</u>
Total General Government	<u>1,957,800</u>	<u>144,227</u>	<u>1,813,573</u>	<u>1,628,683</u>

City of Eden, North Carolina
 General Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit B-2

	2019			2018
	<u>Budget</u>	Variance Favorable (Unfavorable)	<u>Actual</u>	<u>Actual</u>
Public Safety:				
Police Department:				
Salaries & Wages:				
Regular Salaries	2,256,800	26,771	2,230,029	2,232,018
Overtime	45,800	19,763	26,037	56,742
Uniforms	6,100	50	6,050	3,993
Police Security	78,000	2,628	75,372	47,331
Specialist Pay	26,400	2,238	24,162	23,336
Part-Time & Temporary	25,000	1,321	23,679	22,253
Police Pension	162,100	9,167	152,933	114,716
Total Salaries & Wages	2,600,200	61,938	2,538,262	2,500,389
State Retirement Expense	194,100	6,910	187,190	181,812
FICA	197,900	18,961	178,939	176,902
Retirement Expense	13,100	874	12,226	11,412
Group Insurance	912,600	-	912,600	767,000
Life/AD&D/Disability Insurance	28,500	3,379	25,121	24,633
Insurance & Bonds/WC	71,600	(586)	72,186	74,522
Employee Incentive	4,100	938	3,162	4,698
401(k) Contributions	122,000	3,660	118,340	117,998
Professional Services	3,200	(77)	3,277	4,155
OSHA Hepatitis B	500	500	-	-
Informants Fees	10,000	1,550	8,450	11,925
Laundry & Dry Cleaning	1,300	207	1,093	936
Safety Equipment	54,200	32,939	21,261	27,947
Gas	95,000	3,421	91,579	83,658
Tires	17,000	272	16,728	11,634
Maintenance & Repair:				
Equipment	5,000	1,780	3,220	3,877
Vehicles	59,900	5,395	54,505	50,153
Radios	5,000	1,089	3,911	1,864
Copier	7,000	725	6,275	6,072
Firing Range	500	179	321	-
Other Supplies - Vehicles	200	167	33	28
Office Supplies	4,700	897	3,803	4,790
Departmental Supplies	44,000	11,346	32,654	21,213
Firing Range Supplies	500	145	355	237
K-9	8,500	1,448	7,052	5,903
Humane Officer Supplies	40,000	7,872	32,128	34,204
DARE Program Supplies	13,000	1,548	11,452	7,094
Small Tools	200	200	-	6
Miscellaneous	5,000	1,321	3,679	9,051
Travel	12,000	47	11,953	15,373
Tow Charges	6,500	670	5,830	1,150
Printing	700	29	671	450
Advertising	200	200	-	-
Professional Services/Programming	200	200	-	-
Contracted Services	70,000	786	69,214	60,467
Contracted Serv - Project Safe Rock. Co.	24,400	24	24,376	23,215
Training	13,200	166	13,034	6,034
Insurance & Bonds - Deductible	500	-	500	-
Insurance & Bonds	46,200	274	45,926	53,903
Dues & Subscriptions	2,500	284	2,216	1,421

City of Eden, North Carolina
 General Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit B-2

	2019			2018
	<u>Budget</u>	Variance Favorable (Unfavorable)	<u>Actual</u>	<u>Actual</u>
Public Safety: (Continued)				
Police Department : (Continued)				
Capital Outlay:				
Vehicles - Depreciable	-	-	-	306,338
Equipment - Depreciable	23,100	3,432	19,668	-
Equipment - NonDepreciable	42,600	115	42,485	39,244
Equip - Drug Forf - Non-Depreciable	<u>2,000</u>	<u>38</u>	<u>1,962</u>	<u>-</u>
Total Police Department	<u>4,762,900</u>	<u>175,263</u>	<u>4,587,637</u>	<u>4,651,708</u>
Fire Department:				
Salaries & Wages:				
Regular Salaries	752,600	6,870	745,730	733,015
Specialist Pay	4,800	1,968	2,832	3,177
Part-Time	123,000	3,234	119,766	120,792
Volunteers	<u>3,800</u>	<u>167</u>	<u>3,633</u>	<u>3,777</u>
Total Salaries & Wages	884,200	12,239	871,961	860,761
Firemen & Rescue Squad Workers				
Pension Fund	15,600	(34)	15,634	18,661
FICA	67,200	3,694	63,506	62,508
Retirement Expense	60,200	1,952	58,248	55,160
Group Insurance	245,200	-	245,200	247,000
Life/AD&D/Disability Insurance	8,000	247	7,753	7,966
Insurance & Bonds/WC	61,000	398	60,602	61,906
Employee Incentives	1,600	1,325	275	250
401 (k) Contributions	38,600	1,193	37,407	36,831
Professional Services	10,300	(362)	10,662	7,861
Uniforms	7,200	1,468	5,732	6,448
Safety Equipment	3,000	2,064	936	3,022
Gas	12,000	787	11,213	11,000
Tires	3,000	2,730	270	1,362
Maintenance & Repair:				
Radios	2,300	409	1,891	1,169
Building	12,500	4,424	8,076	17,336
Equipment	10,000	6,085	3,915	9,237
Vehicles	39,000	6,408	32,592	35,141
Office Supplies	2,300	398	1,902	2,038
Departmental Supplies	13,200	1,166	12,034	11,061
Fire Prevention Program	3,000	1,147	1,853	3,476
Miscellaneous	2,000	573	1,427	511
Travel	1,000	1,000	-	1,246
Utilities - Gas	8,500	499	8,001	7,950
- Power	20,200	2,158	18,042	19,785
Printing	300	280	20	215
Advertising	200	200	-	-
Contracted Services	16,000	1,016	14,984	15,633
Training	1,200	1,038	162	1,285
Insurance & Bonds	25,300	369	24,931	23,737
Dues & Subscriptions	6,500	221	6,279	4,330
Capital Outlay:				
Equipment Depreciable	11,500	1,496	10,004	-
Equipment Non-Depreciable	<u>26,500</u>	<u>69</u>	<u>26,431</u>	<u>30,993</u>
Total Fire Department	<u>1,618,600</u>	<u>56,657</u>	<u>1,561,943</u>	<u>1,565,879</u>
Total Public Safety	<u>6,381,500</u>	<u>231,920</u>	<u>6,149,580</u>	<u>6,217,587</u>

City of Eden, North Carolina
 General Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit B-2

	2019			2018
	<u>Budget</u>	Variance Favorable (Unfavorable)	<u>Actual</u>	<u>Actual</u>
Transportation:				
Street Department:				
Regular Salaries	624,400	1,573	622,827	608,849
Overtime	21,000	(1,701)	22,701	17,961
Temporary Salaries	<u>27,200</u>	<u>2,544</u>	<u>24,656</u>	<u>6,655</u>
Total Salaries & Wages	672,600	2,416	670,184	633,465
FICA	52,100	3,154	48,946	46,111
Retirement Expense	50,700	339	50,361	47,070
Group Insurance	204,300	-	204,300	195,000
Life/AD&D/Disability Insurance	6,800	120	6,680	6,561
Insurance & Bonds/WC	24,400	(115)	24,515	25,619
Employee Incentives	1,500	467	1,033	877
401 (k) Contributions	33,100	824	32,276	31,340
Professional Services	2,200	22	2,178	3,711
Laundry & Dry Cleaning	6,500	5,005	1,495	3,485
Safety Equipment	10,000	6,180	3,820	8,453
Landscaping Supplies	6,500	870	5,630	2,864
Gas	48,000	6,958	41,042	43,383
Tires	14,000	(286)	14,286	6,560
Maintenance & Repair:				
Building	2,000	942	1,058	1,085
Equipment	3,000	316	2,684	569
Vehicles	65,700	6,068	59,632	55,586
Driveway Pipe	13,000	6,038	6,962	2,798
Patching	93,000	7,227	85,773	64,235
Sidewalks	12,200	7,745	4,455	8,307
Signs	10,000	1,880	8,120	8,976
Storm Drains	11,500	3,855	7,645	4,429
Curb and Gutter	9,000	2,844	6,156	3,086
Office Supplies	1,000	760	240	588
Departmental Supplies	2,500	1,505	995	2,077
Small Tools & Equipment	5,000	596	4,404	2,784
Miscellaneous	10,000	528	9,472	8,053
Travel	600	504	96	170
Utilities - Gas	1,200	562	638	489
- Power	13,000	2,326	10,674	12,616
Street Lights	297,000	20,638	276,362	314,911
Advertising	1,200	418	782	669
Contracted Services	8,000	3,156	4,844	238
Training	4,400	801	3,599	1,084
Equipment Rental	5,000	100	4,900	163
Insurance & Bonds	22,500	94	22,406	18,754
Easements	5,000	825	4,175	2,200
C/O Improvements	115,100	68,429	46,671	-
C/O Off Road Equipment - Depreciable	208,800	6,953	201,847	-
C/O Equipment - Depreciable	-	-	-	5,290
C/O Equipment - Non-Depreciable	8,300	3,336	4,964	2,975
Purchases for Inventory - Snow Removal	4,900	404	4,496	4,377
Reimbursement - Proprietary Fund	<u>(314,700)</u>	<u>(28,227)</u>	<u>(286,473)</u>	<u>(240,454)</u>
Total	1,750,900	146,577	1,604,323	1,340,554
Street Department				
Powell Bill - Contracted Services	476,700	5,513	471,187	567,891
Street Resurfacing - Contracted Services	<u>380,000</u>	<u>100</u>	<u>379,900</u>	<u>1,098,159</u>
Total Transportation	<u>2,607,600</u>	<u>152,190</u>	<u>2,455,410</u>	<u>3,006,604</u>

City of Eden, North Carolina
 General Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit B-2

	2019			2018
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
City Garage:				
Salaries & Wages:				
Regular Salaries	244,500	1,784	242,716	236,149
Overtime	2,000	1,666	334	-
Total Salaries & Wages	246,500	3,450	243,050	236,149
FICA	18,800	1,801	16,999	16,465
Retirement Expense	20,100	1,154	18,946	17,734
Group Insurance	95,400	-	95,400	91,000
Life/AD&D/Disability Insurance	3,000	96	2,904	2,847
Insurance & Bonds/WC	5,600	393	5,207	6,785
Employee Incentives	2,100	197	1,903	1,582
401 (k) Contributions	13,300	1,147	12,153	11,808
Professional Services	800	589	211	676
Shop Supplies	1,000	647	353	174
Uniforms/Laundry	2,300	967	1,333	381
Safety Equipment	2,500	264	2,236	1,755
Gas	3,300	584	2,716	2,585
Tires	1,200	397	803	-
Maintenance & Repair:				
Building	5,200	4,326	874	3,610
Body - Building	1,500	945	555	-
Equipment	7,000	221	6,779	19,674
Vehicles	1,000	521	479	602
Office Supplies	1,000	430	570	640
Departmental Supplies	500	211	289	101
Small Tools	1,500	143	1,357	4,558
Miscellaneous	1,000	289	711	1,136
Travel	900	261	639	538
Utilities:				
Electric	3,500	271	3,229	3,381
Body Utilities	2,500	(30)	2,530	1,821
Gas	2,500	504	1,996	1,614
Printing	500	200	300	215
Hazardous Disposal	1,000	170	830	447
Advertising	500	374	126	-
Contracted Services	5,000	191	4,809	2,127
Training	1,500	687	813	700
Insurance & Bonds	4,200	78	4,122	3,345
Dues & Subscriptions	1,500	434	1,066	2,309
C/O Building Improvements	-	-	-	39,816
C/O Equipment - Nondepreciable	2,500	50	2,450	4,342
Inventory Purchases - Fuel	400,000	94,092	305,908	282,995
Issues Fuel Inventory	(350,000)	(64,538)	(285,462)	(268,040)
Inventory Purchases - Tires	82,000	10,654	71,346	61,405
Issues Tire Inventory	(75,000)	(3,557)	(71,443)	(36,711)
Inventory Purchases - Parts	300,000	123,718	176,282	126,711
Issues Parts Inventory	(275,000)	(110,190)	(164,810)	(148,230)
Reimbursement - Proprietary Fund	(112,100)	5,680	(117,780)	(124,942)
Total	430,600	77,821	352,779	374,105

City of Eden, North Carolina
 General Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit B-2

	2019			2018
	<u>Budget</u>	Variance Favorable (Unfavorable)	<u>Actual</u>	<u>Actual</u>
Facilities & Grounds:				
Facilities & Grounds:				
Regular Salaries	264,800	4,684	260,116	256,456
Overtime	3,500	1,996	1,504	2,669
Temporary/Part-Time	45,000	1,615	43,385	41,276
Total Salaries & Wages	313,300	8,295	305,005	300,401
FICA	24,000	1,944	22,056	21,589
Retirement Expense	21,200	813	20,387	19,455
Group Insurance	95,400	-	95,400	91,000
Life/AD&D/Disability Insurance	3,400	870	2,530	2,840
Unemployment Insurance	500	500	-	-
Insurance & Bonds/WC	7,300	46	7,254	8,116
Employee Incentives	700	314	386	631
401 (k) Contributions	13,700	623	13,077	12,952
Professional Services	700	314	386	630
Laundry & Dry Cleaning	2,700	1,182	1,518	1,344
Safety Equipment	2,500	483	2,017	3,075
Landscaping Supplies	21,400	4,089	17,311	11,505
Gas	17,000	1,098	15,902	12,009
Tires	4,000	1,771	2,229	677
Maintenance & Repair:				
Vehicles	12,000	7,589	4,411	6,223
Equipment	7,700	(1,952)	9,652	5,970
Building	90,000	1,394	88,606	88,256
Parking Lots	49,100	23	49,077	-
Greenways	6,000	3,014	2,986	-
Office Supplies	600	168	432	405
Departmental Supplies	24,000	505	23,495	15,987
Vending Supplies	8,500	1,426	7,074	5,870
Small Tools & Equipment	3,000	1,788	1,212	2,232
Miscellaneous	800	607	193	587
Travel	500	500	-	-
Utilities - Gas	22,000	216	21,784	17,530
- Electric	65,200	1,610	63,590	62,282
Advertising	300	300	-	50
Contracted Services	107,000	2,007	104,993	92,730
Training	500	500	-	140
Insurance & Bonds	7,600	60	7,540	6,929
Dues/ Subscriptions	200	42	158	27
C/O Building Improvement	218,700	39	218,661	340,682
C/O Equipment - Depreciable	-	-	-	34,913
C/O Equipment - Nondepreciable	-	-	-	4,131
Reimbursement - Proprietary Fund	(568,100)	(4,324)	(563,776)	(577,310)
Total	583,400	37,854	545,546	593,858

City of Eden, North Carolina
 General Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit B-2

	2019			2018
	<u>Budget</u>	Variance Favorable (Unfavorable)	<u>Actual</u>	<u>Actual</u>
Environmental Protection:				
Solid Waste:				
Regular Salaries	397,900	9,575	388,325	394,011
Overtime	10,000	1,593	8,407	8,851
Temporary/Part-Time	24,600	1,234	23,366	20,226
Total Salaries & Wages	432,500	12,402	420,098	423,088
FICA	33,100	2,466	30,634	30,721
Retirement Expense	31,900	1,213	30,687	30,252
Group Insurance	149,900	-	149,900	143,000
Life/AD&D/Disability Insurance	4,600	470	4,130	4,552
Insurance & Bonds/WC	19,600	55	19,545	19,039
Employee Incentives	2,200	311	1,889	827
401 (k) Contributions	20,600	763	19,837	20,143
Professional Services	1,100	(6)	1,106	971
Laundry & Dry Cleaning	3,800	1,236	2,564	1,093
Safety Equipment	3,500	286	3,214	2,587
Refuse Collection Supplies	15,000	230	14,770	11,788
Gas	78,000	10,544	67,456	62,642
Tires	21,000	410	20,590	13,324
Maintenance & Repair:				
Vehicles	96,000	20,861	75,139	145,512
Equipment	5,100	541	4,559	1,926
Building	17,500	238	17,262	7,167
Office Supplies	800	306	494	109
Departmental Supplies	3,600	1,041	2,559	253
Storm Damage	-	-	-	75,000
Small Tools & Equipment	1,000	526	474	529
Miscellaneous	5,600	409	5,191	7,189
Travel	-	-	-	1,454
Utilities:				
Gas	1,200	562	638	489
Power	5,500	589	4,911	3,397
Printing	800	535	265	225
Advertising	4,500	358	4,142	4,195
Contracted Services	299,200	10,976	288,224	371,501
Training	2,500	142	2,358	430
Equipment Rental	200	200	-	345
Containers - Commercial	451,900	4,207	447,693	427,758
Insurance Deductibles - Damages	500	-	500	-
Insurance & Bonds	22,000	19	21,981	21,758
Dues/ Subscriptions	2,100	31	2,069	1,736
Capital Outlay:				
Building Improvement	16,400	-	16,400	37,369
Vehicles	-	-	-	427,618
Equipment - Nondepreciable	4,000	620	3,380	-
Equipment - Depreciable	7,000	99	6,901	193,200
Total	1,764,200	72,640	1,691,560	2,493,187

City of Eden, North Carolina
 General Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit B-2

	2019			2018
	<u>Budget</u>	Variance Favorable (Unfavorable)	<u>Actual</u>	<u>Actual</u>
Cultural and Recreational:				
Recreation Department:				
Salaries - Regular	383,800	4,954	378,846	367,539
Overtime	800	606	194	690
Part-Time	11,000	592	10,408	9,725
Temporary	59,000	7,664	51,336	58,224
Total Salaries & Wages	454,600	13,816	440,784	436,178
FICA	36,000	3,631	32,369	32,004
Retirement Expense	31,400	1,897	29,503	27,526
Group Insurance	136,300	-	136,300	130,000
Life/AD&D/Disability Insurance	4,100	298	3,802	3,645
Unemployment Insurance	700	700	-	480
Insurance & Bonds/WC	7,400	291	7,109	7,097
Employee Incentives	800	650	150	125
401 (k) Contributions	20,000	1,054	18,946	18,331
Professional Services - Medical	700	348	352	361
Laundry & Dry Cleaning	300	194	106	-
Safety Equipment	2,500	724	1,776	274
Gas	4,700	2,567	2,133	2,979
Tires	1,000	216	784	-
Maintenance & Repair:				
Building	21,500	8,615	12,885	5,569
Pool	2,000	2,000	-	4,404
Equipment	1,000	738	262	7,402
Vehicles	3,000	1,530	1,470	1,288
Office Supplies	4,000	824	3,176	3,801
Departmental Supplies	3,000	793	2,207	400
Pool Supplies	7,000	103	6,897	7,759
Dixie Youth Tournament	16,000	645	15,355	14,893
Program Activities	21,500	1,960	19,540	16,274
Senior Citizens	18,000	1,191	16,809	15,963
Small Tools & Equipment	200	185	15	35
Miscellaneous	1,700	(342)	2,042	617
Travel	1,000	177	823	637
Utilities:				
Gas	13,000	(159)	13,159	11,177
Power	60,000	2,027	57,973	57,512
Pool	3,500	697	2,803	2,798
Dumpster	2,600	1,806	794	4,621
Printing	-	-	-	765
Advertising	3,000	(20)	3,020	1,877
Contracted Services	2,200	639	1,561	861
Training	500	360	140	205
Rents	2,100	175	1,925	950
Insurance & Bonds	9,200	118	9,082	7,487
Dues & Subscriptions	1,200	176	1,024	889
Fourth of July Celebration	5,000	-	5,000	5,000
Purchases for Inventory:				
Bridge Street	3,000	638	2,362	278
Draper Center	4,000	1,883	2,117	3,967
Mill Avenue Pool	3,500	2,387	1,113	2,086
Freedom Park	13,000	3,747	9,253	13,889
Total Operating Expenses	926,200	59,279	866,921	852,404
Capital Outlay:				
Land Improvements	979,100	72,820	906,280	410,623
Building Improvements	5,000	5,000	-	-
Equipment - Non-Depreciable	-	-	-	4,771
Capital Outlay	984,100	77,820	906,280	415,394
Total Cultural & Recreation	1,910,300	137,099	1,773,201	1,267,798

City of Eden, North Carolina
 General Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit B-2

	2019			2018
	<u>Budget</u>	Variance Favorable (Unfavorable)	<u>Actual</u>	<u>Actual</u>
Special Appropriations:				
Contributions to Library	2,600	-	2,600	2,600
Contributions to Chamber of Commerce	15,000	-	15,000	10,000
Contributions - Undesignated	9,500	7,000	2,500	-
Contributions to Rescue Squad	12,000	-	12,000	12,000
Contributions to Board of Elections	-	-	-	13,903
Contributions to RCATS Transport	142,000	-	142,000	134,324
Matrimony Creek Nature Trail	75,000	64,058	10,942	-
Klyce Str/Draper Landing River Access	139,000	46,666	92,334	-
Karastan Trail	50,000	50,000	-	-
Downtown Parking - Leaksville	7,900	518	7,382	-
Public Space - Draper	24,120	2,021	22,099	-
Contributions to Rockingham County Arts Council	2,000	-	2,000	2,000
Contribution to Eden Historical Museum	3,600	-	3,600	3,600
Contribution to Eden Preservation Society	1,000	-	1,000	3,000
Contribution to Get Fit Eden	19,300	2,656	16,644	4,889
Strategic Plan	169,780	108,825	60,955	43,626
Contribution to Morehead High School	500	407	93	1,000
Contribution to Charlie Poole Festival	500	500	-	-
Grogan Park	1,300	56	1,244	-
Building Reuse Grant Repayment	300,000	-	300,000	-
Refund - Payment in Lieu	157,900	61	157,839	-
Performance/Incentive Agreements	136,300	16,220	120,080	125,224
Total Special Appropriations	1,269,300	298,988	970,312	356,166
Debt Service				
Principal Retirement - Planning	5,000	71	4,929	4,929
Interest	100	26	74	148
Principal Retirement - Street	79,700	93	79,607	79,607
Interest	2,800	204	2,596	3,894
Principal Retirement - Powell Bill	57,800	90	57,710	-
Interest	32,300	75	32,225	-
Principal Retirement - Police	153,600	34	153,566	166,589
Interest	9,300	1,955	7,345	7,311
Principal Retirement - Fire	40,000	6	39,994	39,274
Interest	14,900	63	14,837	15,557
Principal Retirement - Facilities & Grnds	63,100	414	62,686	8,912
Interest	7,000	136	6,864	353
Principal Retirement - Solid Waste	213,300	99	213,201	153,135
Interest	16,400	42	16,358	5,458
Principal Retirement - Recreation	-	-	-	8,941
Interest	-	-	-	165
Principal Retirement - 2008 Loan	104,200	2,055	102,145	98,585
Interest	12,800	(973)	13,773	17,334
	812,300	4,390	807,910	610,192
Non Departmental				
Salary Adjustments	-	-	-	-
Contingency	-	-	-	-
Bad Debt Expense	50,000	12,639	37,361	48,548
	50,000	12,639	37,361	48,548
Total Expenditures	17,767,000	1,169,768	16,597,232	16,596,728
Revenues Over (Under) Expenditures	(1,856,900)	1,362,650	(494,250)	(1,624,402)
Other Financing Sources (Uses):				
Operating Transfers to Other Funds: Self-Insurance Fund	-	-	-	-
Operating Transfers from Other Funds: Grogan Park Fund	-	-	-	-
Total	-	-	-	-
Proceeds from Installment Purchases	1,355,800	(80,453)	1,275,347	2,310,995

City of Eden, North Carolina
 General Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit B-2

	2019			2018
	<u>Budget</u>	Variance Favorable (Unfavorable)	<u>Actual</u>	<u>Actual</u>
Fund Balance Appropriated	<u>501,100</u>	<u>(501,100)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,856,900</u>	<u>(581,553)</u>	<u>1,275,347</u>	<u>2,310,995</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>-</u>	<u>781,097</u>	<u>781,097</u>	<u>686,593</u>
Fund Balances:				
Beginning of Year, July 1			<u>9,408,745</u>	<u>8,722,152</u>
End of Year, June 30			<u>10,189,842</u>	<u>9,408,745</u>

City of Eden, North Carolina
 Combining Balance Sheets
 Non-Major Governmental Funds
 For the Fiscal Year Ended June 30, 2019
 (With Comparative Total Amounts as of June 30, 2018)

Exhibit B-3

	Capital Project Fund <u>Fire Training Facility</u>	Special Revenue Fund	Total Non-Major Governmental Funds	
			<u>June 30 2019</u>	<u>June 30 2018</u>
Assets				
Current Assets:				
Cash and Cash Equivalents	8,972	31,597	40,569	35,306
Total Assets	<u>8,972</u>	<u>31,597</u>	<u>40,569</u>	<u>35,306</u>
 Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	-	-	-	-
Fund Balances:				
Restricted -				
Public Safety	8,972		8,972	8,972
Economic Development		31,597	31,597	26,334
	<u>8,972</u>	<u>31,597</u>	<u>40,569</u>	<u>35,306</u>
Total Liabilities and Fund Balances	<u>8,972</u>	<u>31,597</u>	<u>40,569</u>	<u>35,306</u>

City of Eden, North Carolina
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2019
(With Comparative Total Amounts as of June 30, 2018)

Exhibit B-4

	Capital Project Fund Fire Training Facility	Total Special Revenue Funds	Total Non-Major Governmental Funds	
			June 30 2019	June 30 2018
Revenues:				
Ad Valorem Taxes		10,830	10,830	10,331
Restricted Public Contributions			-	8,972
Investment Earnings		73	73	11
Total Revenues	-	10,903	10,903	19,314
Expenditures:				
Public Safety			-	-
Recreation			-	-
Economic & Physical Development		5,640	5,640	8,023
Total Expenditures	-	5,640	5,640	8,023
Revenues and other Sources Over (Under) Expenditures	-	5,263	5,263	11,291
Transfer from/to funds			-	-
Net change in fund balance	-	5,263	5,263	11,291
Fund Balances:				
Beginning of Year, July 1	8,972	26,334	35,306	24,015
End of Year, June 30	8,972	31,597	40,569	35,306

City of Eden, North Carolina
 Capital Projects Fund - Fire Training Facility
 Comparative Balance Sheets
 Governmental Funds
 June 30, 2019 and 2018

Exhibit B-5

	June 30, 2019	June 30, 2018
Assets:		
Cash and Cash Equivalents	8,972	8,972
Accounts Receivable	-	-
 Total Assets	 8,972	 8,972
 Liabilities and Fund Balance:		
Liabilities		
Accounts Payable	-	-
 Fund Balances:		
Restricted - Public Safety	8,972	8,972
 Total Liabilities and Fund Balances	 8,972	 8,972

City of Eden, North Carolina
 Capital Projects Fund - Fire Training Facility
 Schedule of Revenues and Expenditures
 Budget and Actual (NON GAAP)
 From Inception and For Fiscal Year Ended June 30, 2019

Exhibit B-6

	<u>Project Authorization</u>	<u>Total Inception to June 30, 2018</u>	<u>Year Ended June 30, 2019</u>	<u>Total Inception to June 30, 2019</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Fire Training Facility Donations	9,000	8,972	-	8,972	(28)
Total Revenues	9,000	8,972	-	8,972	(28)
Expenditures:					
Capital Outlay	9,000	-	-	-	9,000
Total Expenditures	9,000	-	-	-	9,000
Revenues Over (Under) Expenditures	-	8,972	-	8,972	8,972
Other Financing Sources/(Uses):					
Transfer from General Fund for Public Contributions	-	-	-	-	-
Net Change in fund balance	<u>-</u>	<u>8,972</u>	<u>-</u>	<u>8,972</u>	<u>8,972</u>
Fund Balance					
Beginning of Year, July 1			<u>8,972</u>		
End of Year, June 30			<u>8,972</u>		

City of Eden, North Carolina
Municipal Service District Tax
Comparative Balance Sheets
As of June 30, 2019 and 2018

Exhibit C-1

	June 30, 2019	June 30, 2018
Assets:		
Cash and Investments	31,597	26,334
Total Assets	31,597	26,334
Liabilities and Fund Balance:		
Liabilities:		
Accounts Payable and Retainage Payable	-	-
Deferred Revenue	-	-
	-	-
Fund Balance:		
Restricted for Municipal Services	31,597	26,334
Total Liabilities and Fund Equity	31,597	26,334

City of Eden, North Carolina
Special Revenue Fund - Municipal Service District Tax
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -- Budget and Actual
For Fiscal Year Ended June 30, 2019
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit C-2

	2019			2018
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Revenues:				
Ad Valorem Taxes:				
Current Year - Leaksville	7,300	490	7,790	7,732
Current Year - Draper	2,000	(170)	1,830	1,720
Prior Year - Leaksville		89	89	539
Prior Year - Draper		116	116	119
Interest Income from Tax Collections:				
Current Year - Leaksville		34	34	38
Current Year - Draper		10	10	14
Prior Year - Leaksville		583	583	137
Prior Year - Draper		378	378	32
Interest Income		73	73	11
Total Revenues	9,300	1,603	10,903	10,342
Expenditures:				
Economic & Physical Development:				
Leaksville	7,100	3,600	3,500	8,023
Draper	2,200	60	2,140	-
Total Expenditures	9,300	3,660	5,640	8,023
Revenues Over (Under) Expenditures	-	5,263	5,263	2,319
Other Financing Sources (Uses):				
Fund Balance Appropriated		-	-	-
Transfers from (to) General Fund	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures	-	5,263	5,263	2,319
Fund Balance				
Beginning of Year, July 1			26,334	24,015
End of Year, June 30			31,597	26,334

City of Eden, North Carolina
Water and Sewer Fund
Comparative Balance Sheets
As of June 30, 2019 and 2018

Exhibit D-1

	<u>June 30,</u> <u>2019</u>	<u>June 30,</u> <u>2018</u>
Assets:		
Current Assets:		
Cash and Investments	4,550,216	5,190,502
Cash - Restricted Deposits	334,520	326,010
Accounts Receivable (net of estimated uncollectible accounts in the amount of \$682,593 and \$632,992 respectively)	492,321	463,972
Other Receivables	2,379,140	425,557
Inventory	272,070	271,444
Unbilled Water Receivables	1,177,428	1,192,671
Prepaid Expenses	<u>12,864</u>	<u>26,121</u>
Total Current Assets	9,218,559	7,896,277
Non Current Assets:		
Capital Assets Net of Accumulated Depreciation	<u>59,349,428</u>	<u>56,177,330</u>
Total Assets	<u>68,567,987</u>	<u>64,073,607</u>
Deferred Outflows of Resources - Contribution to Pension Plan	527,800	348,362
Deferred Outflows of Resources - OPEB	<u>102,352</u>	<u>92,413</u>
Total Deferred Outflows of Resources	<u>630,152</u>	<u>440,775</u>
Total Assets and Deferred Outflows of Resources	<u><u>69,198,139</u></u>	<u><u>64,514,382</u></u>
Liabilities and Net Position:		
Current Liabilities:		
Accounts Payable and Retainage Payable	681,629	285,419
Bonds and Installment Purchases Payable - Current Maturities	1,881,118	1,738,769
Due to Other Funds	11,929	11,816
Customer Deposits	<u>334,520</u>	<u>326,010</u>
Total Current Liabilities	<u>2,909,196</u>	<u>2,362,014</u>
Other Liabilities:		
Accrued Vacation Pay	161,455	173,897
Total OPEB Liability	1,356,089	1,324,234
Net Pension Liability	673,328	456,154
Bonds and Installment Purchases Payable - Long-Term Portion	<u>12,061,503</u>	<u>12,355,738</u>
Total Other Liabilities	<u>14,252,375</u>	<u>14,310,023</u>
Total Liabilities	<u>17,161,571</u>	<u>16,672,037</u>
Deferred Inflows of Resources:		
Other Deferred Inflows of Resources	44,039	-
OPEB Deferrals	84,163	58,250
Pension Deferrals	<u>3,508</u>	<u>14,607</u>
Total Deferred Inflows of Resources	<u>131,710</u>	<u>72,857</u>
Net Position in Water & Sewer Fund	<u>51,904,858</u>	<u>47,769,488</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>69,198,139</u></u>	<u><u>64,514,382</u></u>

City of Eden, North Carolina
Water and Sewer Fund
Schedule of Revenues, Expenses, and Changes in Net Position
For Fiscal Year Ended June 30, 2019
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit D-2

	2019	2018
Operating Revenue:		
Water Sales	4,447,702	4,534,274
Sewer Charges	8,169,291	5,537,742
Water Tap Fees	2,380	4,134
Reconnection Fees	266,395	227,460
Sewer Tap Fees	2,395	1,129
Pretreatment Sewer Charges	44,700	39,000
Other Operating Income	51,950	53,970
Application Fees	18,430	18,715
	13,003,243	10,416,424
Less: Discounts and Leak Adjustments	(102,917)	(174,983)
Total Operating Revenue	12,900,326	10,241,441
Operating Expenses		
W/S Administration	648,665	617,895
Billing and Collections	491,419	401,824
Water Filtration	1,209,010	1,160,272
Maintenance	1,774,079	1,814,150
Waste Treatment	1,149,146	1,094,460
Water and Sewer Resources	551,939	390,580
Depreciation Expense	2,306,835	2,572,825
Pension Expense	26,637	2,804
Non-Departmental	2,175,460	2,071,393
OPEB Expense	47,829	(27,191)
Bad Debt Expense	49,246	139,181
Settlement Payment	77,993	-
Water Construction Maintenance	6,216	-
Sewer Construction Maintenance	1,295	19,656
EPA/AOC Project	-	-
Total Operating Expenses	10,515,769	10,257,849
Net Operating Income (Loss)	2,384,557	(16,408)
Non-Operating Income:		
Interest Income:		
Water and Sewer Operating Fund	120,870	65,354
Cash Discounts Earned	65	122
Sale of Fixed Assets	10,367	7,740
Sale of Surplus Property	4,388	-
Insurance Proceeds	4,627	-
	140,317	73,216
Non-Operating Deductions:		
Interest Expense	209,751	269,803
Capital Contributions:		
Duke Energy Reimbursement	100,961	-
Rock County Reimbursement - Land Purchase	750,000	-
NC Connect Bond Grant	969,286	-
Special Legislative Grant	-	495,576
Tornado Reimbursement	-	83,836
	1,820,247	579,412
Change in Net Position	4,135,370	366,417
Net Position in Water and Sewer, Previously Reported	47,769,488	48,325,221
Restatement	-	(922,150)
Total Net Position in Water and Sewer, Restated	47,769,488	47,403,071
Net Position in Water and Sewer, End of Year	51,904,858	47,769,488

City of Eden, North Carolina
Water and Sewer Fund
Schedule of Cash Flows
For Fiscal Year Ended June 30, 2019
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit D-3

	2019	2018
Cash Flows from Operating Activities:		
Cash Received from Customers	10,977,676	9,841,301
Cash Paid for Goods and Services	(5,281,343)	(5,582,207)
Cash Paid to Employees	(2,456,726)	(2,223,506)
Customer Deposits Received	96,095	104,690
Customer Deposits Returned	(87,585)	(91,635)
Net Cash Provided by Operating Activities	3,248,117	2,048,643
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Capital Assets	(5,478,934)	(2,714,160)
Principal Paid on Bond and Installment Purchases	(1,738,769)	(1,725,090)
Interest Paid on Bond and Installment Purchases	(209,751)	(269,803)
Miscellaneous	65	122
Insurance Proceeds	4,627	-
Proceeds from Sale of Capital Assets	10,367	7,740
Proceeds from Sale of Surplus Property	4,388	-
Proceeds from Special Legislative Grant - Cov Branch	-	495,576
Proceeds from NC Connect Bond Grant	969,286	-
Proceeds from Rockingham County - Land Purchase	750,000	-
Proceeds from Duke Energy Reimbursement	100,961	-
Proceeds from Tornado Reimbursement	-	83,836
Proceeds from Installment Loan	1,586,883	-
	(4,000,877)	(4,121,779)
Cash Flows from Non-Capital (Use of Funds)		
Due to/from Other Funds	113	1,211
Cash Flows from Investing Activities:		
Interest on Investments	120,870	65,354
Net Increase (Decrease) in Cash and Cash Equivalents	(631,777)	(2,006,571)
Cash and Cash Equivalents:		
Beginning of Year, July 1	5,516,512	7,523,083
End of Year, June 30	4,884,735	5,516,512

City of Eden, North Carolina
Water and Sewer Fund
Schedule of Cash Flows
For Fiscal Year Ended June 30, 2019
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit D-3

	2019	2018
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	2,384,557	(16,408)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Restatement of OPEB Liability	-	(922,150)
Depreciation	2,306,835	2,572,825
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(28,349)	11,499
(Increase) Decrease in Unbilled Water Receivables and Assessments Receivable	15,243	(25,462)
(Increase) Decrease in Other Receivables	(1,953,583)	(386,177)
(Increase) Decrease in Inventories	(626)	(10,057)
(Increase) Decrease in Prepaid Expense	13,257	(19,724)
(Increase) Decrease in Deferred Outflows of Resources	(189,377)	101,891
Increase (Decrease) in Net Pension Liability	217,174	(180,394)
Increase (Decrease) in Accounts Payable, Retainage Payable, Accrued Liabilities	396,210	(89,380)
Increase (Decrease) in Customer Deposits	8,510	13,055
Increase (Decrease) in Accrued Vacation Pay	(12,442)	22,859
Increase (Decrease) in Post Employment Benefits	31,855	929,122
Increase (Decrease) in Deferred Inflows of Resources	58,853	47,144
Net Cash Provided by Operating Activities	3,248,117	2,048,643

City of Eden, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (NON GAAP)
For Fiscal Year Ended June 30, 2019
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit D-4

	2019			2018
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Revenues:				
Charges for Services:				
Water Sales	4,808,600	(360,898)	4,447,702	4,534,274
Sewer Charges	6,084,900	2,084,391	8,169,291	5,537,742
Water Tap Fees	5,100	(2,720)	2,380	4,134
Reconnection Fees	216,000	50,395	266,395	227,460
Sewer Tap Fees	1,700	695	2,395	1,129
Pretreatment Sewer Charges	32,000	12,700	44,700	39,000
Water Service Application Fees	19,500	(1,070)	18,430	18,715
Total Charges for Services	11,167,800	1,783,493	12,951,293	10,362,454
Other Operating Revenues:				
Sale of Materials	1,500	1,251	2,751	400
Miscellaneous Revenue	2,400	(2,641)	(241)	1,654
Miscellaneous Returned Check Fees	3,000	(756)	2,244	2,625
Equipment Rental	54,100	(4,849)	49,251	50,783
One-Time Pool Adjustments	(1,500)	(655)	(2,155)	(1,442)
Civil Penalties	-	100	100	(50)
Total Other Operating Revenues	59,500	(7,550)	51,950	53,970
Total Operating Revenues before Leak Adjustments	11,227,300	1,775,943	13,003,243	10,416,424
Less: Leak Adjustments	147,800	44,883	102,917	174,983
Total Operating Revenues	11,079,500	1,820,826	12,900,326	10,241,441
Non-Operating Revenues:				
Spec Legislative Grant - Cov Branch	-	-	-	495,576
NC Rural Center Grant - New Street	997,000	(997,000)	-	-
Duke Energy Reimbursement	145,000	(44,039)	100,961	-
Rockingham Co Reimb - Land Purchase	750,000	-	750,000	-
Tornado Cleanup Reimbursement	-	-	-	83,836
Interest Earned on Investments	56,400	64,470	120,870	65,354
Cash Discounts Earned	200	(135)	65	122
Sales of Capital Assets	-	10,367	10,367	7,740
Sales of Surplus Property	-	4,388	4,388	-
Insurance Proceeds	-	4,627	4,627	-
Total Non-Operating Revenues	1,948,600	(957,322)	991,278	652,628
Total Revenue	13,028,100	863,504	13,891,604	10,894,069

City of Eden, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (NON GAAP)
For Fiscal Year Ended June 30, 2019
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit D-4

	2019			2018
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Expenditures:				
Water and Sewer Administration:				
Salaries & Wages:				
Regular Salaries	364,500	(31,714)	396,214	362,554
Overtime	4,000	3,310	690	5,204
Part-Time	45,000	408	44,592	42,261
Total Salaries & Wages	413,500	(27,996)	441,496	410,019
FICA	31,700	4,029	27,671	27,413
Retirement Expense	47,800	(1,084)	48,884	44,487
Group Insurance	67,900	36	67,864	78,700
Life/AD&D/Disability Insurance	4,000	954	3,046	3,092
Insurance & Bonds W/C	3,000	280	2,720	2,643
Employee Incentives	500	313	187	57
401(k) Contribution	18,500	914	17,586	15,997
Professional Services	4,500	4,456	44	1,699
Laundry & Dry Cleaning	500	468	32	-
Safety Equipment	1,000	805	195	195
Gas	8,000	1,499	6,501	5,960
Tires	1,000	1,000	-	-
Maintenance and Repair:		-		
Vehicles	2,000	1,703	297	30
Office Supplies	4,500	2,553	1,947	3,839
Departmental Supplies	3,500	2,229	1,271	2,397
Miscellaneous	2,000	1,366	634	1,367
Travel	11,500	606	10,894	8,193
Advertising	3,700	1,352	2,348	-
Contracted Services	2,500	2,500	-	-
Training	6,000	1,038	4,962	2,344
Insurance & Bonds	5,500	474	5,026	3,983
Dues & Subscriptions	6,000	940	5,060	5,480
Total	649,100	435	648,665	617,895

City of Eden, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (NON GAAP)
For Fiscal Year Ended June 30, 2019
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit D-4

	2019			2018
	<u>Budget</u>	Variance Favorable (Unfavorable)	<u>Actual</u>	<u>Actual</u>
Water and Sewer Resources:				
Salaries & Wages:				
Regular Salaries	330,500	(1,642)	332,142	230,508
Overtime	11,200	2,534	8,666	3,543
Total Salaries & Wages	341,700	892	340,808	234,051
FICA	24,600	872	23,728	17,015
Retirement Expense	26,900	1,091	25,809	17,220
Group Insurance	109,000	-	109,000	78,000
Life/AD&D/Disability Insurance	3,800	523	3,277	2,417
Insurance & Bonds W/C	3,000	163	2,837	3,334
Employee Incentives	700	625	75	125
401(k) Contribution	18,100	1,544	16,556	11,465
Professional Services	1,200	218	982	880
Laundry & Dry Cleaning	2,700	2,163	537	363
Safety Equipment	2,300	810	1,490	2,037
Gas	4,000	1,515	2,485	2,315
Tires	1,250	18	1,232	-
Maintenance and Repair:				
Vehicles	2,500	1,320	1,180	3,271
Equipment	200	108	92	167
Building	500	366	134	430
Office Supplies	800	502	298	24
Departmental Supplies	3,000	324	2,676	2,418
Small Tools and Equipment	1,500	197	1,303	1,023
Miscellaneous	200	28	172	7
Utilities - Electric	8,000	3,698	4,302	4,256
Utilities - Gas	2,600	634	1,966	2,162
Training	5,200	1,451	3,749	1,839
Insurance & Bonds	7,150	113	7,037	5,576
Dues & Subscriptions	500	286	214	185
Total	571,400	19,461	551,939	390,580

City of Eden, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (NON GAAP)
For Fiscal Year Ended June 30, 2019
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit D-4

	2019			2018
	<u>Budget</u>	Variance Favorable (Unfavorable)	<u>Actual</u>	<u>Actual</u>
Billing and Collections:				
Salaries & Wages:				
Regular Salaries	217,600	10,896	206,704	161,698
Overtime	4,000	2,813	1,187	937
Part-Time	<u>23,200</u>	<u>1,696</u>	<u>21,504</u>	<u>21,836</u>
Total Salaries & Wages	244,800	15,405	229,395	184,471
FICA	18,100	1,321	16,779	13,381
Retirement Expense	18,600	2,319	16,281	12,385
Group Insurance	88,600	-	88,600	65,000
Life/AD&D/Disability Insurance	2,500	265	2,235	1,625
Unemployment Insurance	1,000	684	316	3,984
Insurance & Bonds W/C	3,000	102	2,898	2,870
Employee Incentives	500	445	55	70
401(k) Contributions	10,800	351	10,449	8,246
Professional Services	500	194	306	294
Credit Card Charges	39,000	3,356	35,644	31,596
Bank Service Charges	4,500	1,917	2,583	387
Uniforms/Laundry	2,200	651	1,549	110
Safety Equipment	1,800	1,235	565	251
Gas	8,000	2,515	5,485	4,757
Tires	1,100	404	696	-
Maintenance & Repair:				
Vehicles	3,400	1,463	1,937	2,390
Office Supplies	5,600	1,741	3,859	2,431
Departmental Supplies	2,500	729	1,771	1,247
Small Tools and Equipment	600	426	174	257
Miscellaneous	1,300	318	982	566
Travel	600	600	-	-
Postage	39,000	2,040	36,960	32,906
Printing	4,000	455	3,545	3,615
Dan River Water - Annexation	5,000	33	4,967	2,654
Training	900	404	496	-
Contracted Services	1,400	1,039	361	354
Equipment Rental	2,000	174	1,826	2,262
Insurance & Bonds	2,000	334	1,666	1,195
Dues and Subscriptions	100	100	-	-
C/O Equipment - Non-Depreciable	15,000	765	14,235	17,998
Warehouse Inventory	82,800	6,136	76,664	83,474
Issues from Inventory	<u>(79,000)</u>	<u>(7,140)</u>	<u>(71,860)</u>	<u>(78,952)</u>
Total	<u>532,200</u>	<u>40,781</u>	<u>491,419</u>	<u>401,824</u>

City of Eden, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (NON GAAP)
For Fiscal Year Ended June 30, 2019
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit D-4

	2019			2018
	<u>Budget</u>	Variance Favorable (Unfavorable)	<u>Actual</u>	<u>Actual</u>
Water Filtration:				
Salaries & Wages:				
Regular Salaries	385,800	13,144	372,656	366,457
Overtime	<u>41,000</u>	<u>4,287</u>	<u>36,713</u>	<u>22,188</u>
Total Salaries & Wages	426,800	17,431	409,369	388,645
FICA	33,400	2,068	31,332	28,884
Retirement Expense	34,800	2,213	32,587	29,080
Group Insurance	136,200	-	136,200	107,217
Life/AD&D/Disability Insurance	4,400	405	3,995	3,488
Insurance & Bonds W/C	13,050	33	13,017	13,254
Employee Incentives	150	25	125	100
401(k) Contribution	22,500	1,589	20,911	19,363
Professional Services	30,800	13,556	17,244	33,557
Laundry & Dry Cleaning	3,400	2,568	832	397
Safety Equipment	3,000	1,737	1,263	2,585
Gas	1,300	424	876	1,043
Tires	500	300	200	-
Maintenance & Repair:				
Building	3,600	561	3,039	4,528
Equipment	81,600	5,020	76,580	91,103
Vehicles	500	396	104	129
Office Supplies	400	325	75	244
Departmental Supplies	50,000	4,874	45,126	37,528
Chemicals	237,100	13,654	223,446	188,276
Small Tools and Equipment	700	573	127	-
Miscellaneous	600	534	66	49
Travel	1,650	47	1,603	574
Utilities:				
Electric	200,000	31,728	168,272	185,054
Advertising	100	100	-	-
Contracted Services	4,000	3,542	458	3,120
Employee Training	2,300	582	1,718	1,244
Insurance & Bonds	17,100	10	17,090	14,019
Dues & Subscriptions	4,500	1,145	3,355	2,905
C/O Equipment - Non-Depreciable	-	-	-	3,886
 Total	 <u>1,314,450</u>	 <u>105,440</u>	 <u>1,209,010</u>	 <u>1,160,272</u>

City of Eden, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (NON GAAP)
For Fiscal Year Ended June 30, 2019
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit D-4

	2019			2018
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Maintenance:				
Salaries & Wages:				
Regular Salaries	659,600	30,375	629,225	669,700
Overtime	37,000	5,307	31,693	36,147
Specialist	1,000	160	840	720
Part-Time	10,000	10,000	-	-
Total Salaries & Wages	707,600	45,842	661,758	706,567
FICA	56,900	5,670	51,230	52,320
Retirement Expense	56,100	3,213	52,887	52,516
Group Insurance	224,400	-	224,400	208,000
Life/AD&D/Disability Insurance	8,600	837	7,763	8,337
Insurance & Bonds W/C	15,900	(19)	15,919	16,930
Employee Incentive	1,500	453	1,047	877
401(k) Contribution	36,200	2,293	33,907	35,100
Professional Services	6,200	280	5,920	6,352
Laundry & Dry Cleaning	5,700	4,432	1,268	1,545
Safety Equipment	14,000	1,538	12,462	13,765
Maintenance & Repair:				
Collection	95,000	18,398	76,602	144,048
Equipment	45,000	25,336	19,664	10,466
System	1,200	675	525	1,100
Building	5,000	2,372	2,628	3,208
Vehicles	55,000	7,403	47,597	41,334
Hydrants	7,000	1,163	5,837	5,620
Distribution System	61,280	16,100	45,180	61,264
Metering	16,500	1,467	15,033	16,059
Outfalls	18,500	5,425	13,075	7,406
Taps	25,000	3,727	21,273	22,097
Gas	45,000	7,517	37,483	37,093
Tires	15,000	2,594	12,406	3,475
Off-Road Tires	1,420	11	1,409	-
Office Supplies	1,000	536	464	616
Departmental Supplies	5,000	3,004	1,996	1,109
Chemicals	95,000	26,303	68,697	69,539
Small Tools & Equipment	15,000	7,535	7,465	8,610
Miscellaneous	11,500	(561)	12,061	3,846
Travel	7,000	6,938	62	4,896
Utilities	152,000	(352)	152,352	118,604
Gas	1,200	562	638	489
Printing	3,000	1,801	1,199	110
Advertising	500	318	182	162
Contracted Services	110,000	12,789	97,211	108,104
Employee Training	7,000	1,134	5,866	5,590
Equipment Rental	4,500	1,904	2,596	313
Insurance & Bonds	30,400	124	30,276	24,821
Insurance/Deductibles	600	100	500	-
Dues and Subscriptions	2,500	384	2,116	1,213
Water Lines	3,000	2,335	665	474
C/O Equipment - Non-Depreciable	2,800	116	2,684	6,985
Mission Telemetry	20,000	224	19,776	3,190
Rock/Sand	600	600	-	-
Total	1,996,600	222,521	1,774,079	1,814,150

City of Eden, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (NON GAAP)
For Fiscal Year Ended June 30, 2019
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit D-4

	2019			2018
	<u>Budget</u>	Variance Favorable (Unfavorable)	<u>Actual</u>	<u>Actual</u>
Wastewater Treatment:				
Salaries & Wages:				
Regular Salaries	359,300	3,174	356,126	335,240
Overtime	12,000	1,633	10,367	10,577
Specialist	<u>300</u>	<u>100</u>	<u>200</u>	<u>440</u>
Total Salaries & Wages	371,600	4,907	366,693	346,257
FICA	29,000	2,762	26,238	24,464
Retirement Expense	29,400	984	28,416	25,436
Group Insurance	122,600	-	122,600	104,000
Life/AD&D/Disability Insurance	3,950	23	3,927	3,721
Insurance & Bonds/WC	15,650	45	15,605	15,612
Employee Incentives	200	80	120	50
401(k) Contributions	19,500	1,276	18,224	16,937
Professional Services	25,000	1,701	23,299	22,888
Laundry & Dry Cleaning	2,600	1,001	1,599	787
Safety Equipment	4,550	1,029	3,521	2,273
Gas	3,100	1,109	1,991	1,250
Tires	1,500	1,006	494	-
Maintenance & Repair:				
Building	3,150	873	2,277	2,865
Equipment	108,000	2,420	105,580	99,727
Vehicles	3,000	1,046	1,954	714
Office Supplies	800	545	255	516
Departmental Supplies	17,800	252	17,548	14,297
Chemicals	37,300	4,441	32,859	21,687
Small Tools & Equipment	600	545	55	50
Miscellaneous	-	-	-	31
Travel	2,500	49	2,451	1,856
Utilities	141,850	10,439	131,411	145,791
Printing	150	45	105	-
Contracted Services	234,200	20,233	213,967	215,060
Employee Training	2,700	40	2,660	1,880
Insurance & Bonds	17,800	7	17,793	14,816
Dues & Subscriptions	7,900	1,945	5,955	7,197
C/O Equipment - Non-Depreciable	<u>1,600</u>	<u>51</u>	<u>1,549</u>	<u>4,298</u>
 Total	 <u>1,208,000</u>	 <u>58,854</u>	 <u>1,149,146</u>	 <u>1,094,460</u>

City of Eden, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (NON GAAP)
For Fiscal Year Ended June 30, 2019
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit D-4

	2019			2018
	<u>Budget</u>	Variance Favorable (Unfavorable)	<u>Actual</u>	<u>Actual</u>
Water Construction:				
Water Improvements	6,300	84	6,216	-
Severe Water Line Replacement	2,500	2,500	-	-
	<u>8,800</u>	<u>2,584</u>	<u>6,216</u>	<u>-</u>
Sewer Construction:				
Professional Services	5,000	3,705	1,295	19,656
Sewer Fix It Program	5,000	5,000	-	-
Maintenance & Repair - Sewer System	5,000	5,000	-	-
	<u>15,000</u>	<u>13,705</u>	<u>1,295</u>	<u>19,656</u>
Non-Departmental:				
Utility Service Fee - General Fund	2,251,400	75,940	2,175,460	2,071,393
Settlement Payment	-	(77,993)	77,993	-
Bad Debt Expense	50,000	754	49,246	139,181
	<u>2,301,400</u>	<u>(1,299)</u>	<u>2,302,699</u>	<u>2,210,574</u>
Total Operating Expenses	<u>8,596,950</u>	<u>462,482</u>	<u>8,134,468</u>	<u>7,709,411</u>
Capital Outlay:				
Billing & Collections:				
Vehicles	29,000	826	28,174	-
Water Filtration:				
Building Improvements	9,350	-	9,350	-
Equipment	146,900	14,483	132,417	85,052
Maintenance:				
Off Road Equipment				
Vehicles	189,000	1,990	187,010	-
Equipment	446,000	4,042	441,958	-
Wastewater Treatment:				
Buildings	-	-	-	34,094
Equipment	107,000	312	106,688	28,005
Water Construction:				
Caleb St/Caleb Ln WL Upgrade	-	-	-	61,322
W Arbor Ln WL Upgrade	-	-	-	98,732
Victor St WL Upgrade	-	-	-	67,424
West Ave WL Upgrade	120,000	26,625	93,375	-
Ridge Ave WL Upgrade	40,000	13,138	26,862	-
Glovenia St WL Upgrade	6,000	6,000	-	-
N Byrd St WL Upgrade	-	-	-	23,560
Jackson St/Farrell St WL Upgrade	7,000	856	6,144	92,023
Wildflower Ln WL Upgrade	-	-	-	23,500
Sunset Dr WL Upgrade	-	-	-	105,731
Jackson St WL Upgrade	187,000	47,560	139,440	4,900
Morehead St WL Upgrade	112,000	13,715	98,285	-
Sewer Construction:				
Covenant Branch/Meadow Greens FM	2,000	2,000	-	431,995
Sewer Force Main - NC DOT	40,000	25,283	14,717	-
New Street Sewer Improvements	997,000	964,312	32,688	-
Harris Place Pump Station	5,000	5,000	-	-
Sewer Improvements Resurfacing	29,300	430	28,870	-
Force Main Stabilization	305,000	31,214	273,786	-
W/S Land Purchase	1,513,600	52	1,513,548	-
Tanyard Branch Supplemental Paving	-	-	-	192,068
	<u>4,291,150</u>	<u>1,157,838</u>	<u>3,133,312</u>	<u>1,268,892</u>
Total Capital Outlay	<u>4,291,150</u>	<u>1,157,838</u>	<u>3,133,312</u>	<u>1,268,892</u>

City of Eden, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (NON GAAP)
For Fiscal Year Ended June 30, 2019
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit D-4

	2019			2018
	<u>Budget</u>	Variance Favorable (Unfavorable)	<u>Actual</u>	<u>Actual</u>
Debt Service:				
Principal Retirement - Water Resources	-	-	-	5,585
Interest - Water Resources	-	-	-	112
Principal Retirement - Billing & Collections	-	-	-	4,924
Interest - Billing & Collections	-	-	-	100
Principal Retirement - Maintenance	70,200	235	69,965	90,000
Interest - Maintenance	4,800	197	4,603	6,324
Principal - 2007 Loan	575,000	66	574,934	553,313
Interest - 2007 Loan	88,900	56	88,844	110,464
Principal - 2008 Loan	526,800	9,465	517,335	499,300
Interest - 2008 Loan	60,300	(9,383)	69,683	87,718
Principal - Clean Water Loan	15,600	93	15,507	15,507
Principal - CWSRF Dry Creek	57,800	53	57,747	57,747
Interest - CWSRF Dry Creek	21,200	21	21,179	22,590
Principal - CWSRF Kuder Street	98,500	30	98,470	98,470
Principal - CWSRF Tanyard Branch	161,500	44	161,456	161,456
Principal - CWSRF Matrimony Creek	148,400	26	148,374	148,374
Principal - 2016 Loan	95,000	19	94,981	90,414
Interest - 2016 Loan	25,500	58	25,442	42,495
	<u>1,949,500</u>	<u>980</u>	<u>1,948,520</u>	<u>1,994,893</u>
Total Expenditures	<u>14,837,600</u>	<u>1,621,300</u>	<u>13,216,300</u>	<u>10,973,196</u>
Revenues Over (Under) Expenditures	<u>(1,809,500)</u>	<u>2,484,804</u>	<u>675,304</u>	<u>(79,127)</u>
Other Financing Sources (Uses)				
Fund Balance Reimb - Capital Projects	33,500	(33,500)	-	-
Loan - to EPA/AOC Project Fund	(1,000,000)	-	(1,000,000)	(1,000,000)
Loan Proceeds	1,276,000	(658,403)	617,597	-
	309,500	(691,903)	(382,403)	(1,000,000)
Fund Balance Appropriated	<u>1,500,000</u>	<u>(1,500,000)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,809,500</u>	<u>(2,191,903)</u>	<u>(382,403)</u>	<u>(1,000,000)</u>
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>-</u>	<u>292,901</u>	<u>292,901</u>	<u>(1,079,127)</u>

City of Eden, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (NON GAAP)
For the Fiscal Year Ended June 30, 2019
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit D-4

	<u>Actual</u>	<u>Actual Prior Year</u>
Reconciliation from financial plan basis (modified accrual) to full accrual		
Expenditures Over Revenues and Other Financing Sources	<u>292,901</u>	<u>(1,079,127)</u>
Reconciling Items:		
Loan - EPA/AOC Sewer Project	1,000,000	1,000,000
Debt Principal	1,738,769	1,725,090
Capital Outlay	3,133,312	1,268,892
Loan Proceeds	(617,597)	-
NC Connect Bond Loan	969,286	
Depreciation	(2,306,835)	(2,572,825)
Pension Expense	(26,637)	(2,804)
Other Post Employment Benefits	<u>(47,829)</u>	<u>27,191</u>
Total Reconciling Items	<u>3,842,469</u>	<u>1,445,544</u>
Change in Net Assets	<u><u>4,135,370</u></u>	<u><u>366,417</u></u>

City of Eden, North Carolina
Mega Park Waterline Project Fund
Comparative Balance Sheets
As of June 30, 2019 and 2018

Exhibit D-5

	June 30, 2019	June 30, 2018
Assets:		
Cash and Cash Equivalents	224,751	366,155
 Total Assets	 224,751	 366,155
Liabilities and Fund Equities:		
Current Liabilities		
Accounts Payable	83,042	106
Fund Equities	141,709	366,049
 Total Liabilities and Fund Equities	 224,751	 366,155

City of Eden, North Carolina
Capital Projects Fund - Mega Park Water Line
Schedule of Revenues and Expenditures
Budget and Actual (NON GAAP)
From Inception and For Fiscal Year Ended June 30, 2019

Exhibit D-6

	<u>Project Authorization</u>	<u>Total Inception to June 30, 2018</u>	<u>Year Ended June 30, 2019</u>	<u>Total Inception to June 30, 2019</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Drinking Water Reserve Grant	1,018,225	-	-	-	(1,018,225)
EDA Grant	2,000,000				(2,000,000)
General Assembly Appropriation	1,000,000				(1,000,000)
Loan Proceeds - 0% Interest	3,000,000	-	-	-	(3,000,000)
Loan Proceeds	<u>54,675</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(54,675)</u>
 Total Revenues	 <u>7,072,900</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>(7,072,900)</u>
Expenditures:					
Mega Park Water Line - Inside City	66,000	65,307	-	65,307	693
Mega Park Water Line - Outside City	<u>7,072,900</u>	<u>68,644</u>	<u>224,340</u>	<u>292,984</u>	<u>6,779,916</u>
 Total Expenditures	 <u>7,138,900</u>	 <u>133,951</u>	 <u>224,340</u>	 <u>358,291</u>	 <u>6,780,609</u>
 Revenues Over (Under) Expenditures	 (66,000)	 (133,951)	 (224,340)	 (358,291)	 (292,291)
Other Financing Sources:					
Contribution for W/S Fund	<u>66,000</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>434,000</u>
 Net Change in fund balance	 <u>-</u>	 <u>366,049</u>	 (224,340)	 <u>141,709</u>	 <u>141,709</u>
Fund Balance					
Beginning of Year, July 1			<u>366,049</u>		
End of Year, June 30			<u>141,709</u>		

City of Eden, North Carolina
 EPA/AOC Sewer Project Fund
 Comparative Balance Sheets
 As of June 30, 2019 and 2018

Exhibit D-7

	June 30, 2019	June 30, 2018
Assets:		
Cash and Cash Equivalents	(54,187)	924,572
Other Receivables	1,955,960	-
 Total Assets	 1,901,773	 924,572
Liabilities and Fund Equities:		
Current Liabilities		
Accounts Payable	226,530	66,619
Fund Equities	1,675,243	857,953
 Total Liabilities and Fund Equities	 1,901,773	 924,572

City of Eden, North Carolina
 Capital Projects Fund - EPA AOC Sewer Project
 Schedule of Revenues and Expenditures
 Budget and Actual (NON GAAP)
 From Inception and For Fiscal Year Ended June 30, 2019

Exhibit D-8

	<u>Project Authorization</u>	<u>Total Inception to June 30, 2018</u>	<u>Year Ended June 30, 2019</u>	<u>Total Inception to June 30, 2019</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
NC Connect Bond Grant	16,666,000	-	969,286	969,286	(15,696,714)
NC Connect Bond Loan	<u>15,000,000</u>	<u>-</u>	<u>969,286</u>	<u>969,286</u>	<u>(14,030,714)</u>
 Total Revenues	 <u>31,666,000</u>	 <u>-</u>	 <u>1,938,572</u>	 <u>1,938,572</u>	 <u>(29,727,428)</u>
Expenditures:					
Temp Rainfall/Flow Monitoring	15,000	-	-	-	15,000
Professional Services	1,500,000	1,462,871	1,275,911	2,738,782	(1,238,782)
Post Constructin Rainfall/Flow Monitoring	35,000	-	-	-	35,000
Junction/Bridge St Pump Station Rehab	3,708,600	262,736	147,820	410,556	3,298,044
I/I Reductions	2,246,900	-	-	-	2,246,900
Bridge St Basin Rehab	9,355,600	45,640	-	45,640	9,309,960
Junction Basin Rehab	4,425,700	-	-	-	4,425,700
Kuder St Basin Rehab	4,027,200	-	-	-	4,027,200
Dry Creek Basin Rehab	2,507,000	-	-	-	2,507,000
Dogwood/Fourth St Pump Station Rehab	300,000	-	-	-	300,000
Bear Slide/Indian Hills Pumb Station	150,000	-	-	-	150,000
Mebane Bridge WWTP Improvements	3,625,600	430,400	697,551	1,127,951	2,497,649
Contingency	1,829,000	-	-	-	1,829,000
W/S Loan Repayment	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>
 Total Expenditures	 <u>35,725,600</u>	 <u>2,201,647</u>	 <u>2,121,282</u>	 <u>4,322,929</u>	 <u>31,402,671</u>
 Revenues Over (Under) Expenditures	 <u>(4,059,600)</u>	 <u>(2,201,647)</u>	 <u>(182,710)</u>	 <u>(2,384,357)</u>	 <u>1,675,243</u>
Other Financing Sources:					
Contribution for W/S Fund	2,059,600	2,059,600	-	2,059,600	-
Loan from W/S Fund	<u>2,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>2,000,000</u>	<u>-</u>
	<u>4,059,600</u>	<u>3,059,600</u>	<u>1,000,000</u>	<u>4,059,600</u>	<u>-</u>
 Net Change in fund balance	 <u>-</u>	 <u>857,953</u>	 817,290	 <u>1,675,243</u>	 <u>1,675,243</u>
Fund Balance					
Beginning of Year, July 1			<u>857,953</u>		
End of Year, June 30			<u>1,675,243</u>		

City of Eden, North Carolina
 Self Insured Insurance
 Comparative Balance Sheets
 As of June 30, 2019 and 2018

Exhibit E-1

	June 30, 2019	June 30, 2018
Assets:		
Cash and Cash Equivalents	514,607	315,294
Due from Other Agencies	-	-
 Total Assets	 514,607	 315,294
Liabilities and Fund Equities:		
Current Liabilities		
Claims Payable	236,874	116,480
 Fund Equities	 277,733	 198,814
 Total Liabilities and Fund Equities	 514,607	 315,294

City of Eden, North Carolina
Self Insured Insurance
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -- Budget and Actual
For Fiscal Year Ended June 30, 2019 and 2018

Exhibit E-2

	Budget	Variance Favorable (Unfavorable)	June 30, 2019	June 30, 2018
Revenues:				
Charges for Services:				
General Fund	2,290,900	266,825	2,557,725	2,343,840
Water & Sewer Fund	744,100	64,815	808,915	700,006
Refunds	16,800	112,909	129,709	13,423
Total Revenues	3,051,800	444,549	3,496,349	3,057,269
Expenditures:				
Group Insurance Fixed Costs	547,800	60	547,740	477,316
Insurance Claims	2,702,900	(167,786)	2,870,686	2,553,221
Total Expenditures	3,250,700	(167,726)	3,418,426	3,030,537
Operating Income (Loss)	(198,900)	276,823	77,923	26,732
Non-Operating Revenue:				
Investment Earnings	100	896	996	109
Other Financing Sources (Uses):				
Transfer from(to) General Fund	-	-	-	-
Transfer from(to) Water & Sewer Fund	-	-	-	-
Total Other Financing Sources(Uses)	-	-	-	-
Fund Balance Appropriated	198,800	(198,800)	-	-
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	-	78,919	78,919	26,841
Fund Balance				
Beginning of Year, July 1			198,814	171,973
End of Year, June 30			277,733	198,814

City of Eden, North Carolina
Self Insured Insurance
Comparative Schedule of Cash Flows
For Fiscal Year Ended June 30, 2019
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

Exhibit E-3

	<u>June 30,</u> <u>2019</u>	<u>June 30,</u> <u>2018</u>
Cash Flows from Operating Activities:		
Cash Received from Users	3,496,349	3,057,356
Cash Paid for Insurance Claims	(2,750,292)	(2,592,019)
Cash Paid for Fixed Costs	<u>(547,740)</u>	<u>(477,316)</u>
Net Cash Provided by Operating Activities	<u>198,317</u>	<u>(11,979)</u>
 Cash Flows from Investing Activities	 <u>996</u>	 <u>109</u>
Cash Flows from Financing Activities:		
Transfer from General Fund	-	-
Transfer from Water & Sewer Fund	<u>-</u>	<u>-</u>
Total Cash Flows from Financing Activities	<u>-</u>	<u>-</u>
Net (Decrease) Increase in Cash and Cash Equivalents	199,313	(11,870)
Cash and Cash equivalents, Beginning of Year	<u>315,294</u>	<u>327,164</u>
Cash and Cash equivalents, End of Year	<u>514,607</u>	<u>315,294</u>
Reconciliation of Operating Incomes to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	<u>77,923</u>	<u>26,732</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Changes in Assets and Liabilities:		
(Increase) Decrease in Due from Other Agencies	-	87
Increase (Decrease) in Accounts Payable	<u>120,394</u>	<u>(38,798)</u>
Total Adjustments	<u>120,394</u>	<u>(38,711)</u>
Net Cash Provided by Operating Activities	<u>198,317</u>	<u>(11,979)</u>

City of Eden, North Carolina
 Agency Funds - Runabout Travel Club
 Schedule of Changes in Assets and Liabilities
 For Fiscal Year Ended June 30, 2019

Exhibit F-1

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
Assets:				
Cash and Cash Equivalents	<u>19,533</u>	<u>10,628</u>	<u>13,532</u>	<u>16,629</u>
Liabilities				

City of Eden, North Carolina
 General Fund
 Schedule of Ad Valorem Taxes Receivable
 June 30, 2019

Exhibit G-1

Fiscal Year	Uncollected Balance June 30, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2018-2019		6,156,484	6,066,578	89,906
2017-2018	109,434	65,543	92,081	82,896
2016-2017	50,171		16,090	34,081
2015-2016	33,771		8,505	25,266
2014-2015	24,238		5,159	19,079
2013-2014	20,265		2,706	17,559
2012-2013	16,376		1,677	14,699
2011-2012	14,373		2,050	12,323
2010-2011	12,945		1,094	11,851
2009-2010	13,315		1,369	11,946
2008-2009	15,066		14,676	390
2007-2008	779		98	681
	<u>310,733</u>	<u>6,222,027</u>	<u>6,212,083</u>	<u>320,677</u>
Less Allowance for Uncollectible Taxes				<u>243,194</u>
Ad Valorem Taxes Receivable - Net				<u>77,483</u>
Reconciliation with Revenues:				
Ad Valorem Taxes - General Fund				6,066,063
Reconciling Items:				
Rockingham County Collection Fee - Vehicle Tax				27,242
Short-Term Vehicle Tax				(18,327)
Interest Collected				(37,385)
Releases and Other Adjustments				(17,185)
Municipal Vehicle Tax				182,070
Municipal Service District Tax				9,605
				<u>6,212,083</u>

City of Eden, North Carolina
 Analysis of Current Tax Levy
 City-Wide Levy
 For Fiscal Year Ended June 30, 2019

Exhibit G-2

	<u>City-Wide</u>		<u>Total Levy</u>		
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property Taxed at Current Year's Rate	896,369,343	\$ 0.609	5,458,890	5,458,890	
Motor Vehicles Taxes Collected by DMV			780,695		780,695
	<u>896,369,343</u>		<u>6,239,585</u>	<u>5,458,890</u>	<u>780,695</u>
Discoveries:					
Current Year Taxes	554,301		3,375	3,375	
Prior Year Taxes			33,497	33,497	
Penalties			18,984	18,984	
	<u>554,301</u>		<u>55,856</u>	<u>55,856</u>	<u>-</u>
Municipal Service District Tax			9,888	9,888	
Other Adjustments	100,222		(645)	(645)	
Less: Insolvents			(148,200)	(148,200)	-
	<u>100,222</u>		<u>(148,845)</u>	<u>(148,845)</u>	<u>-</u>
Total Property Valuation	<u>897,023,866</u>				
Net Levy			6,156,484	5,375,789	780,695
Uncollected Taxes at June 30, 2019			89,906	89,906	-
Current Year's Taxes Collected			<u>6,066,578</u>	<u>5,285,883</u>	<u>780,695</u>
Current Levy Collections Percentage			<u>98.54%</u>	<u>98.33%</u>	<u>100.00%</u>

City of Eden, North Carolina
 Schedule of Transfers
 For the Fiscal Year Ended June 30, 2019

Exhibit G-3

	Transfers	
	From	To
Operating Transfers From/To Component Units		
City of Eden General Fund		117,187
Eden ABC Board	117,187	
Total operating transfers - component units	117,187	117,187

Compliance Section

Rouse, Rouse, Rouse & Gardner, L.L.P.

Certified Public Accountants



R. Rex Rouse, Jr., CPA

Judy G. Rouse, CPA

Victor B. Rouse, CPA/PFS

Trevor C. Gardner, CPA

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

To the Honorable Mayor and
Members of the City Council
Eden, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Eden, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Eden, North Carolina's basic financial statements, and have issued our report thereon dated October 31, 2019. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *General Auditing Standards* issued by the Comptroller General of the United States. The financial statements of the Eden ABC Board were not audited in accordance with the *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Eden ABC Board.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned cost, we identified a certain deficiency in internal control that we consider to be a material weakness, listed as 2019-1.

Compliance and Other Matters

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

Purpose of this Report

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

Rouse, Rouse, Rouse and Gardner, LLP
Rouse, Rouse, Rouse & Gardner, LLP
October 31, 2019

Rouse, Rouse, Rouse & Gardner, L.L.P.

Certified Public Accountants



R. Rex Rouse, Jr., CPA
Judy G. Rouse, CPA
Victor B. Rouse, CPA/PFS
Trevor C. Gardner, CPA

Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; In accordance with OMB Uniform Guidance; and the State Single Audit Implementation Act

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Eden, North Carolina

Report on Compliance for Each Major State Program

We have audited the City of Eden, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the City of Eden's major state programs for the year ended June 30, 2019. The City of Eden's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Eden's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City of Eden's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the City of Eden's compliance.

Opinion on Each Major State Program

In our opinion, the City of Eden complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the City of Eden is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Eden's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rouse, Rouse, Rouse & Gardner, LLP
October 31, 2019

City of Eden, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct and Pass Through Expenditures)	State Expenditures	Local Expenditures
Federal Grants:					
Cash Programs:					
<u>US Department of Transportation</u>					
Passthrough NC Department of Transportation/Nonurban Area Public Transportation Grant for Elderly Individuals With Disabilities	20.513	16-ED-929	113,600	14,200	14,200
<u>US Department of Justice</u>					
Bulletproof Vest Partnership	16.607		2,879		
Community Oriented Policing Services	16.710		97,151		37,781
Total assistance -Federal programs			213,630	14,200	51,981
State Grants:					
<u>NC Department of Environmental Quality</u>					
Connect NC Bond Grant - Collection System Project		E-SRP-W-17-0026		986,731	73,910
Connect NC Bond Loan - Collection System Project				986,731	73,910
<u>N.C. Department of Transportation</u>					
Powell Bill		38570		471,187	
<u>NC Department of Natural and Cultural Resources</u>					
Special Appropriation - Legislatively Directed Grant/Splash Pad at Freedom Park				500,000	
Total assistance - State programs				2,944,649	147,820
Total assistance			213,630	2,958,849	199,801

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the City of Eden under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the SEFSA presents only a select portion of the operations of the City of Eden, it is not intended to and does not present the financial position, changes in net positions or cash flows of the City of Eden.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

Note 3: Loans Outstanding

City of Eden had the following loan balances outstanding at June 30, 2019 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans made during the year are included in the SEFSA. The balance of the loans outstanding at June 30, 2019 consist of:

Program Title:

Connect NC Bond Loan - Collection System Project \$ 969,286

CITY OF EDEN, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2019

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance to GAAP: unmodified.

Internal control over financial reporting:

- Material weakness identified? X yes no
- Significant deficiencies yes X none reported
- Noncompliance material to financial
Statement noted yes X no

Federal Awards

None.

State Awards

Internal control over major State programs:

- Material weakness identified? yes X no
- Significant deficiencies yes X none reported

Type of auditor's report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act yes X no

Identification of major State programs:

Program Names

NC Department of Natural and Cultural Resources – Special Appropriation –
Legislatively Directed Grant/Splash Pad at Freedom Park

Connect NC Bond Grant – Collection System Project

Connect NC Bond Loan – Collection System Project

CITY OF EDEN, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2019

Section II. Financial Statement Findings

2019-1

Material Weakness:

Criteria: Per the Internal Control Policy in the City of Eden's Administrative Policies and Procedure Manual, timesheet submission is required for all employees and each individual's pay record per pay cycle is approved by Department Heads and Superintendents prior to posting.

Condition: The City Manager was altering and approving timesheets thus overriding the approval of time records by department heads and superintendents.

Effects: The City Manager was approving hours not worked by employees thus overstating payments to employees. Per investigation, this was a systematic problem.

Cause: Management was overriding controls set in the City's Internal Control Policy.

Recommendation: The City Manager should never be allowed to override controls set in the Internal Control Policy. The governing board should actively review and monitor the actions of the City Manager.

Views of responsible officials and planned corrective actions: See attachment.

Section III. Federal Award Findings and Questioned Costs

No Federal Awards

Section IV. State Award Findings and Questioned Costs

None.



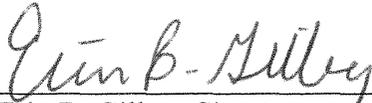
City of Eden

P.O. Box 70
Eden, NC 27289-0070
(336) 623-2110
Fax (336) 623-4041

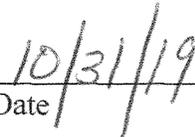


Official Response from the City of Eden's Attorney, related to the Material Weakness in Internal Control:

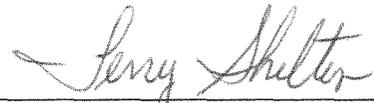
The City Council has been and will continue to review and enact policies to address the material weaknesses in the internal controls revealed in the current audit report. Specifically, policies that address increased City Council oversight of the City Manager administration will be voted on at the November 2019 City Council meeting. The Council will ensure training to be held for department heads and superintendents that they be reeducated in their role for approving timesheets. Under no circumstances will the City Manager override their role.



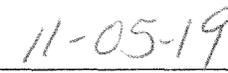
Erin B. Gilley, City Attorney



Date



Terry Shelton, Interim City Manager



Date