

TOWN OF ELLENBORO, NORTH CAROLINA

Financial Statements
(With Supplementary Information)

June 30, 2019

Town Officials

Mayor

Jim Rhyne

Town Council

Lee Allen

Elizabeth Blanton (Mayor Pro Tem)

Pamela Padgett

Charles Smith

Sandra Weeks

Town Clerk/Finance Officer

Teresa Panther

TOWN OF ELLENBORO, NORTH CAROLINA
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Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each fund of the Town of Ellenboro, 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 the Management's Discussion and Analysis, (pages A through I) and the Local Government Employees' Retirement System's schedules of the Proportionate Share of the Net Pension Liability and Contributions (Exhibits I and II, respectively) be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to this required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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



August 16, 2019

TOWN OF ELLENBORO, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

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

Financial Highlights

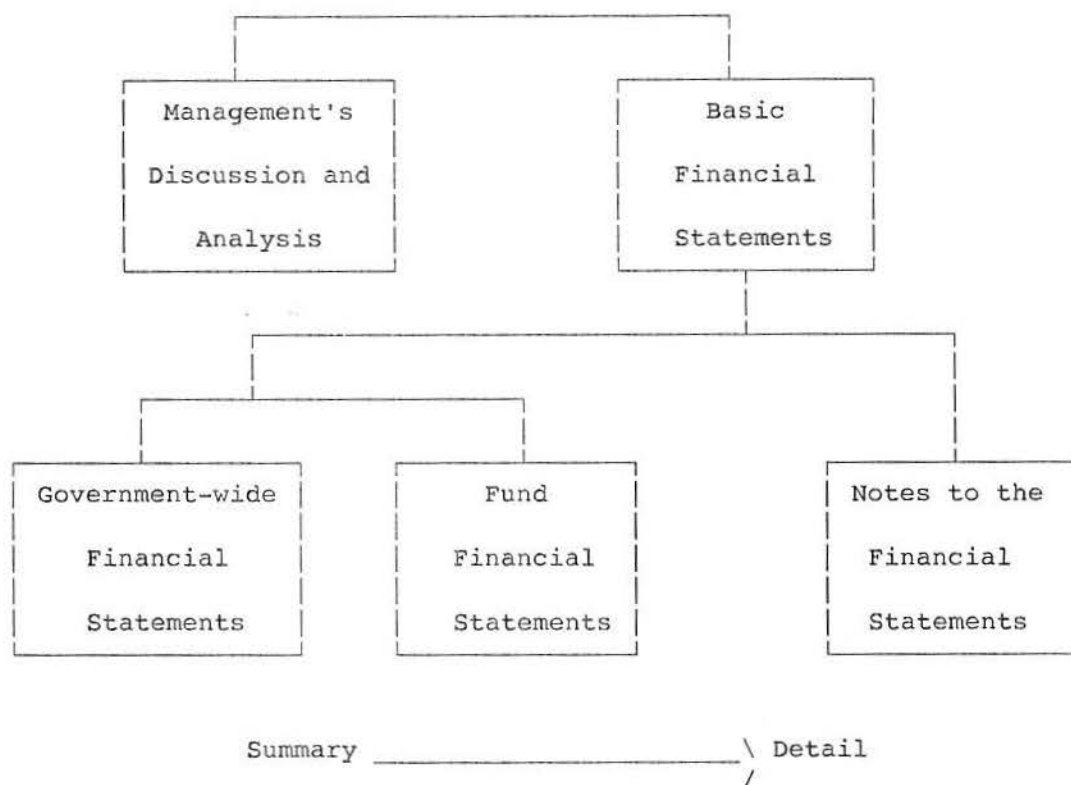
- * The assets plus deferred outflows of resources of the Town of Ellenboro exceeded its liabilities plus deferred inflows of resources at the close of the fiscal year by \$5,537,705 (*net position*).
- * The government's total net position increased by \$16,539. Net position for governmental activities increased by \$35,755 and business type activities decreased by \$19,216.
- * As of the close of the current fiscal year, the Town of Ellenboro's governmental fund reported an ending fund balance of \$1,037,601, with a net change of \$9,884 in fund balance. Approximately 10.23 percent of this total amount, or \$106,111 is restricted.
- * At the end of the current fiscal year, unassigned fund balance for the General Fund was \$767,490 or 406.99% of the fund's total expenditures for the fiscal year.
- * At the end of the current fiscal year, the unrestricted net position for the Water Sewer Fund was \$1,032,924 or 179.15% of the fund's operating expenses (accrual) for the fiscal year.

Overview of the Financial Statements

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

Management Discussion and Analysis
Town of Ellenboro

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

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

The last statements (Exhibits 3 through 8) are Fund Financial Statements. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statement; and 3) the proprietary fund statements.

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

Management Discussion and Analysis
Town of Ellenboro

Government-wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units, if any. The governmental activities include most of the Town's basic services such as environmental protection, streets, and general administration. Property taxes and state grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include water and sewer services offered by the Town of Ellenboro. The Town of Ellenboro has no component units, the third category.

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

Fund Financial Statements

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

Governmental Funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in the governmental fund. This fund's focus is how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental fund is described in reconciliations that are a part of the fund financial statements (Exhibits 3 and 4).

Management Discussion and Analysis
Town of Ellenboro

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

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

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements comprise the last section of the basic financial statements.

Other Information - In addition to the basic financial statements, this report includes certain required supplementary information concerning the Town of Ellenboro's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found after the notes to the financial statements.

Interdependence with Other Entities - The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Government-Wide Financial Analysis

The government-wide financial statements for the fiscal years ended June 30, 2019 and 2018 are summarized in Figures 2 and 3.

Management Discussion and Analysis
Town of Ellenboro

The Town of Ellenboro's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 982 069	\$ 991 673	\$ 943 843	\$ 879 365	\$1 925 912	\$1 871 038
Restricted assets	84 479	62 078	153 692	143 026	238 171	205 104
Capital assets	41 427	16 013	3 410 566	3 514 467	3 451 993	3 530 480
Deferred outflows of resources	4 282	3 178	13 147	9 834	17 429	13 012
Total assets and deferred outflows of resources	<u>1 112 257</u>	<u>1 072 942</u>	<u>4 521 248</u>	<u>4 546 692</u>	<u>5 633 505</u>	<u>5 619 634</u>
Long-term liabilities	3 905	2 719	11 991	8 434	15 896	11 153
Other liabilities	14 083	11 674	65 710	75 320	79 793	86 994
Deferred inflows of resources	<u>54</u>	<u>89</u>	<u>57</u>	<u>232</u>	<u>111</u>	<u>321</u>
Total liabilities and deferred inflows of resources	<u>18 042</u>	<u>14 482</u>	<u>77 758</u>	<u>83 986</u>	<u>95 800</u>	<u>98 468</u>
Net position:						
Net investment in capital assets	41 427	16 013	3 410 566	3 514 467	3 451 993	3 530 480
Restricted	106 111	82 549			106 111	82 549
Unrestricted	<u>946 677</u>	<u>959 898</u>	<u>1 032 924</u>	<u>948 239</u>	<u>1 979 601</u>	<u>1 908 137</u>
Total net position	<u>\$1 094 215</u>	<u>\$1 058 460</u>	<u>\$4 443 490</u>	<u>\$4 462 706</u>	<u>\$5 537 705</u>	<u>\$5 521 166</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Ellenboro exceeded liabilities and deferred inflows by \$5,537,705 as of June 30, 2019. The Town's net position increased by \$16,539 for the fiscal year ended June 30, 2019. The Town of Ellenboro uses its capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Ellenboro's investment in capital assets is reported net of any outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position in the amount of \$106,111 represents resources which are subject to external restrictions as to their use. The remaining balance of \$1,979,601 is unrestricted.

Management Discussion and Analysis
Town of Ellenboro

Town of Ellenboro Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 38 804	\$ 39 461	\$ 550 657	\$ 568 518	\$ 589 461	\$ 607 979
Operating grants and contributions	26 892	27 158			26 892	27 158
Capital grants and contributions	24 461				24 461	
General revenues:						
Property taxes	60 343	58 250			60 343	58 250
Grants not restricted to specific programs	68 936	68 927			68 936	68 927
Investment income	3 968	1 639	6 693	2 334	10 661	3 973
Total revenues	<u>223 404</u>	<u>195 435</u>	<u>557 350</u>	<u>570 852</u>	<u>780 754</u>	<u>766 287</u>
Expenses:						
General government	93 301	87 213			93 301	87 213
Transportation	34 122	24 268			34 122	24 268
Environmental protection	60 226	61 738			60 226	61 738
Water and sewer			576 566	544 713	576 566	544 713
Total expenses	<u>187 649</u>	<u>173 219</u>	<u>576 566</u>	<u>544 713</u>	<u>764 215</u>	<u>717 932</u>
Increase (decrease) in net position before transfers	35 755	22 216	(19 216)	26 139	16 539	48 355
Transfers		688 013		(688 013)	-	-
Increase (decrease) in net position	35 755	710 229	(19 216)	(661 874)	16 539	48 355
Beginning	<u>1 058 460</u>	<u>348 231</u>	<u>4 462 706</u>	<u>5 124 580</u>	<u>5 521 166</u>	<u>5 472 811</u>
Ending	<u>\$1 094 215</u>	<u>\$1 058 460</u>	<u>\$4 443 490</u>	<u>\$4 462 706</u>	<u>\$5 537 705</u>	<u>\$5 521 166</u>

Governmental activities - Governmental activities increased the Town's net position by \$35,755. For the current year, income increased by \$27,969 and expenses increased by \$14,430. These changes resulted from normal operations.

Business-type activities - Business-type activities decreased the Town of Ellenboro's net position by \$19,216. For the current year, revenues decreased over the prior year amounts by \$13,502; and, expenses increased by \$31,853. These changes resulted from normal operations.

Management Discussion and Analysis
Town of Ellenboro

Financial Analysis of the Town's Funds

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

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

The General Fund is the operating fund of the Town of Ellenboro. At the end of the current fiscal year, the Town's fund balance available in the General Fund was \$1,015,969 and the total fund balance was \$1,037,601.

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

Revenues were less than budgeted and expenditures were held below budgeted amounts. The restricted for streets amount of \$84,479 represents the major portion of the unused appropriated fund balance.

Proprietary Fund - The Town of Ellenboro's proprietary fund provides 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 \$1,032,924.

Capital Asset and Debt Administration

Capital assets - The Town of Ellenboro's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$3,451,993 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, vehicles, and water and sewer lines.

Management Discussion and Analysis
Town of Ellenboro

Town of Ellenboro's Capital Assets
(Net of Depreciation)

Figure 4

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Land	\$11 750	\$	\$ 11 750
Buildings	1 824		1 824
Equipment	27 853		27 853
Water lines		901 073	901 073
Sewer lines		<u>2 509 493</u>	<u>2 509 493</u>
	<u>\$41 427</u>	<u>\$3 410 566</u>	<u>\$3 451 993</u>

Long-term Debt - As of June 30, 2019, the Town of Ellenboro had no bonded debt authorized, issued or outstanding. The Town's debt is summarized as follows:

Town of Ellenboro's Long-term Outstanding Debt
Figure 5

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net pension liability (LGERS)	<u>\$3 905</u>	<u>\$11 991</u>	<u>\$15 896</u>

The Town of Ellenboro's long-term debt increased by \$4,743 during the current fiscal year.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Ellenboro is approximately \$2,200,000.

Management Discussion and Analysis
Town of Ellenboro

Next Year's Budget and Rates

Governmental Activities:

The ad valorem tax rate will remain at \$.22 per \$100 for the fiscal year ending June 30, 2020. External revenues are budgeted at \$93,500.

Business-type Activities:

Sewer fees are budgeted at \$94,000; water fees are budgeted at \$460,000; various other revenues are budgeted at \$47,500.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Clerk/Finance Officer, Town of Ellenboro, Post Office Box 456, Ellenboro, NC 28040.

TOWN OF ELLENBORO, NORTH CAROLINA

BASIC FINANCIAL STATEMENTS

TOWN OF ELLENBORO, NORTH CAROLINA
Statement of Net Position
June 30, 2019

Assets	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash and cash equivalents	\$ 945 602	\$ 847 781	\$1 793 383
Taxes receivable - net	6 271		6 271
Accrued interest on taxes	1 300		1 300
Accounts receivable - net	7 264	91 555	98 819
Due from other fund		4 507	4 507
Due from other governments	21 632		21 632
Restricted assets - cash	84 479	153 692	238 171
Total current assets	<u>1 066 548</u>	<u>1 097 535</u>	<u>2 164 083</u>
Noncurrent assets:			
Capital assets:			
Land and non-depreciable assets	11 750		11 750
Other capital assets, net of depreciation	29 677	3 410 566	3 440 243
Total capital assets	<u>41 427</u>	<u>3 410 566</u>	<u>3 451 993</u>
Total assets	<u>1 107 975</u>	<u>4 508 101</u>	<u>3 451 993</u>
Deferred Outflows of Resources			
Pension deferrals	4 282	13 147	17 429
Liabilities			
Current liabilities:			
Accounts payable	9 576	11 169	20 745
Due to other fund	4 507		4 507
Liabilities payable from restricted assets:			
Customer deposits		54 541	54 541
Total current liabilities	14 083	65 710	79 793
Long term liabilities:			
Net pension liability	3 905	11 991	15 896
Total liabilities	<u>17 988</u>	<u>77 701</u>	<u>95 689</u>
Deferred Inflows of Resources:			
Pension deferrals	25	57	82
Prepaid taxes	29		29
	<u>54</u>	<u>57</u>	<u>111</u>
Net position:			
Net investment in capital assets	41 427	3 410 566	3 451 993
Restricted for:			
Stabilization by State Statute	21 632		21 632
Streets	84 479		84 479
Unrestricted	946 677	1 032 924	1 979 601
Total net position	<u>\$1 094 215</u>	<u>\$4 443 490</u>	<u>\$5 537 705</u>

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

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

Functions/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activities	Total
			Grants and Contributions	Grants and Contributions			
Governmental activities:							
General government	\$ 93 301	\$ 254	\$ -	\$ 24 461	\$ (68 586)	\$ -	\$ (68 586)
Transportation	34 122		26 273		(7 849)		(7 849)
Environmental protection	<u>60 226</u>	<u>38 550</u>	<u>619</u>	<u> </u>	<u>(21 057)</u>	<u> </u>	<u>(21 057)</u>
Total							
governmental activities	187 649	38 804	26 892	24 461	(97 492)		(97 492)
Business-type activities:							
Water and sewer	<u>576 566</u>	<u>550 657</u>	<u> </u>	<u> </u>	<u> </u>	<u>(25 909)</u>	<u>(25 909)</u>
Total government	<u>\$764 215</u>	<u>\$589 461</u>	<u>\$ 26 892</u>	<u>\$ 24 461</u>	<u>(97 492)</u>	<u>(25 909)</u>	<u>(123 401)</u>
General revenues:							
Property taxes					60 343		60 343
Unrestricted intergovernmental					68 936		68 936
Unrestricted investment earnings					<u>3 968</u>	<u>6 693</u>	<u>10 661</u>
Total general revenues					<u>133 247</u>	<u>6 693</u>	<u>139 940</u>
Change in net position					35 755	(19 216)	16 539
Net position - beginning					<u>1 058 460</u>	<u>4 462 706</u>	<u>5 521 166</u>
Net position - ending					<u>\$1 094 215</u>	<u>\$4 443 490</u>	<u>\$5 537 705</u>

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

TOWN OF ELLENBORO, NORTH CAROLINA
Balance Sheet
Governmental Fund - General Fund
June 30, 2019

Assets		
Cash		\$ 945 602
Restricted cash		84 479
Receivables:		
Taxes - net	\$ 6 271	
Landfill fee - net	<u>7 264</u>	13 535
Due from other governments		<u>21 632</u>
Total assets		<u>\$1 065 248</u>
Liabilities		
Accounts payable and accrued liabilities:		
Accounts payable	\$ 9 576	
Due to Proprietary Fund	<u>4 507</u>	\$ 14 083
Deferred Inflows of Resources		
Receivables	13 535	
Prepaid taxes	<u>29</u>	13 564
Fund Balances		
Restricted:		
Stabilization by State Statute	21 632	
Streets	84 479	
Assigned:		
Subsequent year's expenditures	164 000	
Unassigned	<u>767 490</u>	<u>1 037 601</u>
Total liabilities, deferred inflows of resources, and fund balances		<u>\$1 065 248</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in fund statements		\$ 41 427
Net pension liability		(3 905)
Deferred outflows of resources related to pensions are not reported in the fund statements		4 282
Other current assets (accrued interest receivable on taxes) not available to pay for current period expenditures are recognized on the unit-wide statements		1 300
Earned revenues considered deferred inflows of resources in fund statements		13 535
Deferred inflows of resources related to pensions are not reported in the fund statements		<u>(25)</u>
Reconciling amount		56 614
Fund balance - June 30, 2019		<u>1 037 601</u>
Net position of governmental activities - June 30, 2019		<u>\$1 094 215</u>

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

TOWN OF ELLENBORO, NORTH CAROLINA

Statement of Revenues, Expenditures

And Changes in Fund Balance

Governmental Fund - General Fund

For the Fiscal Year Ended June 30, 2019

Revenues:

Ad valorem taxes	\$60 143	
Unrestricted intergovernmental	68 936	
Restricted intergovernmental	26 825	
Investment earnings	4 036	
Environmental protection	38 269	
Local sources	<u>254</u>	
		\$ 198 463

Expenditures:

General government	95 011	
Transportation	33 342	
Environmental protection	<u>60 226</u>	
		<u>188 579</u>
Net change in fund balance		9 884

Fund balances:

Beginning - July 1, 2018	<u>1 027 717</u>
Ending June 30, 2019	<u><u>\$1 037 601</u></u>

TOWN OF ELLENBORO, NORTH CAROLINA
Statement of Revenues, Expenditures
And Changes in Fund Balance
Governmental Fund - General Fund

For the Fiscal Year Ended June 30, 2019

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

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

Capital outlay expenditures capitalized	\$ 5 502	
Depreciation for governmental assets	<u>(4 549)</u>	\$ 953

Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities		1 428
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Revenues in the statement of activities that do not provide
current financial resources are not reported as revenues in
the fund statements:

Tax revenues	\$ 199	
Environmental protection revenues	281	
Amount of donated assets	<u>24 461</u>	24 941

Some expenses reported in the statement of activities do not
require the use of current financial resources and,
therefore are not reported as expenditures in governmental
funds:

Pension expense	<u>(1 451)</u>	
Reconciling amount		25 871
Net changes in fund balance - governmental fund	<u>9 884</u>	
Total changes in net position of governmental activities		<u>\$35 755</u>

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

TOWN OF ELLENBORO, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

Governmental Fund - General Fund

For the Fiscal Year Ended June 30, 2019

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 63 800	\$ 63 800	\$ 60 143	\$ (3 657)
Unrestricted intergovernmental	67 000	67 000	68 936	1 936
Restricted intergovernmental	27 500	27 500	26 825	(675)
Investment earnings	500	500	4 036	3 536
Environmental protection	40 000	40 000	38 269	(1 731)
Local sources	1 000	1 000	254	(746)
	<u>199 800</u>	<u>199 800</u>	<u>198 463</u>	<u>(1 337)</u>
Expenditures:				
Current:				
General government	134 322	135 222	95 011	40 211
Transportation	158 800	166 300	33 342	132 958
Environmental protection	57 000	60 278	60 226	52
Contingency	11 678			
	<u>361 800</u>	<u>361 800</u>	<u>188 579</u>	<u>173 221</u>
Revenues over (under) expenditures	<u>(162 000)</u>	<u>(162 000)</u>	<u>9 884</u>	<u>171 884</u>
Other financing sources:				
Fund balance appropriated	<u>162 000</u>	<u>162 000</u>		<u>(162 000)</u>
 Net change in fund balance	 \$ -	 \$ -	 9 884	 \$ 9 884
Fund balance:				
Beginning - July 1, 2018			<u>1 027 717</u>	
Ending - June 30, 2019			<u>\$1 037 601</u>	

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

TOWN OF ELLENBORO, NORTH CAROLINA

Statement of Fund Net Position

Proprietary Fund - Water and Sewer Fund

June 30, 2019

Assets:

Current assets:

Cash and cash equivalents \$ 847 781

Accounts receivable:

Billed - net \$ 66 955
Unbilled 24 600 91 555

Due from governmental fund 4 507

Restricted assets:

Cash 153 692
Current assets 1 097 535

Noncurrent assets:

Capital assets:
Other capital assets, net of depreciation 3 410 566

Total assets 4 508 101

Deferred Outflows of Resources:

Pension deferrals 13 147

Liabilities:

Current liabilities:

Accounts payable and accrued liabilities 11 169

Payable from restricted assets:

Customer deposits 54 541

Current liabilities 65 710

Noncurrent liabilities:

Net pension liability 11 991

Total liabilities 77 701

Deferred Inflows of Resources:

Pension deferrals 57

Net position:

Net investment in capital assets 3 410 566

Unrestricted 1 032 924

Total net position \$4 443 490

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

TOWN OF ELLENBORO, NORTH CAROLINA

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

Proprietary Fund - Water and Sewer Fund

For the Fiscal Year Ended June 30, 2019

Operating revenues:

Water sales	\$437 845	
Sewer fees	88 291	
Taps and connections	11 841	
Late fees	<u>12 680</u>	
		\$ 550 657

Operating expenses:

Administration	125 280	
Operations	102 682	
Water purchased	154 515	
Sewer facility fee	90 189	
Depreciation	<u>103 900</u>	
		<u>576 566</u>

Operating income (25 909)

Nonoperating revenues:

Investment earnings	<u>6 693</u>
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Change in net position \$ (19 216)

Net position:

Beginning - July 1, 2018	<u>4 462 706</u>
Ending - June 30, 2019	<u><u>\$4 443 490</u></u>

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

TOWN OF ELLENBORO, NORTH CAROLINA

Statement of Cash Flows

Proprietary Fund - Water and Sewer Fund

For the Fiscal Year Ended June 30, 2019

Cash flows from operating activities:

Cash received from customers	\$533 425	
Cash paid for goods and services	(405 107)	
Cash paid to or on behalf of employees for services	(81 394)	
Customer deposits paid - net	<u>2 640</u>	\$ 49 564

Cash flows from investing activities:

Interest on investments	<u>6 693</u>	
Net increase in cash		56 257

Cash:

Beginning of year	<u>945 216</u>	
End of year		<u>\$1 001 473</u>

Reconciliation of operating income to net cash provided by operating activities:

Operating income		\$ (25 909)
------------------	--	-------------

Adjustments to reconcile operating income to net cash provided by operating activities:

Depreciation	\$103 900	
Changes in assets, deferred flows of resources, and liabilities:		
Accounts receivable - increase	(17 232)	
Due from General Fund - increase	(1 654)	
Accounts payable - decrease	(12 250)	
Customer deposits - increase	2 640	
Net pension liability - increase	3 557	
Deferred flows of resources for pensions:		
Deferred outflows - increase	(3 313)	
Deferred inflows - decrease	<u>(175)</u>	
		<u>75 473</u>
Net cash provided by operating activities		<u>\$ 49 564</u>

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

TOWN OF ELLENBORO, NORTH CAROLINA

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

I Summary of Significant Accounting Policies

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

(A) Reporting Entity

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

The Town of Ellenboro is located in the eastern section of Rutherford County and has a population of approximately 880. The Town operates a water system for the incorporated and adjacent areas and a sewer system for a portion of the Town.

(B) Basis of Presentation

Government-wide Statements

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

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

TOWN OF ELLENBORO, NORTH CAROLINA

Notes to the Financial Statements

Fund Financial Statements

The fund financial statements provide information about the Town's funds. Separate statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. The Town has no nonmajor or fiduciary funds.

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

The Town reports the following governmental fund:

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

The Town reports the following enterprise fund:

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

(C) Measurement Focus and Basis of Accounting

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

Government-wide and Proprietary Fund Financial Statements

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

TOWN OF ELLENBORO, NORTH CAROLINA

Notes to the Financial Statements

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.

The Proprietary Fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's Enterprise Fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for the Enterprise Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Fund Financial Statements

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

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

TOWN OF ELLENBORO, NORTH CAROLINA

Notes to the Financial Statements

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

(D) Budgetary Data

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

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

Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain nonguaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust

TOWN OF ELLENBORO, NORTH CAROLINA

Notes to the Financial Statements

(NCCMT). The NCCMT - Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. Because the NCCMT Government has a weighted average maturity of less than 90 days, they are presented as cash and cash equivalents.

Cash and Cash Equivalents

The Town utilizes certificates of deposit for investment purposes. Thus cash and investments are essentially demand deposits and certificates of deposit and are considered cash and cash equivalent.

Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected and cash restricted for future sewer maintenance are reported as restricted. 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 and sidewalks per G.S.136-41.1 through 136-41.4.

Town of Ellenboro Restricted Cash:

Governmental Activities:

General Fund:

Streets		\$ 84 479
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Business Type Activities:

Water and Sewer Fund:

Sewer maintenance reserve	\$99 151	
Customer deposits	<u>54 541</u>	<u>153 692</u>
Total restricted cash		<u>\$238 171</u>

Ad Valorem Taxes Receivable

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

Landfill Use Fees Receivable

Landfill use fees are assessed at the rate of \$100 for each business and household within the Town limits. This landfill use fee is

TOWN OF ELLENBORO, NORTH CAROLINA

Notes to the Financial Statements

included in the property tax notice and is accounted for in the same manner as the ad valorem taxes. An amount equal to the fee receivable net of an estimated allowance for doubtful accounts, is included as deferred inflows of resources on the General Fund balance sheet.

Allowance for Doubtful Accounts

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

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are \$5,000 for furniture and equipment, \$25,000 for buildings and land, \$40,000 for street improvements, and \$50,000 for water/sewer system improvements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. General infrastructure assets acquired after July 1, 2003, consisting of the road network, will be capitalized and depreciated per policy. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Equipment	5
Office furniture	10
Vehicles	5
Buildings	40
Water and sewer systems	50
Streets, highways, curbing, and sidewalks	50

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, pension deferrals for the subsequent fiscal year. In

TOWN OF ELLENBORO, NORTH CAROLINA

Notes to the Financial Statements

addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet criterion for this category - prepaid taxes, property taxes receivable and pension deferrals.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Compensated Absences

The Town's vacation policy provides for up to twenty (20) days earned vacation leave per fiscal year determined by the length of service. Effective June 30, 2017, any unused vacation leave will transfer at fiscal year end to sick leave.

The Town's sick leave policy provides for an unlimited accumulation of sick leave days. Sick leave does not vest; any unused sick leave accumulated at the time of retirement will be credited in determining the length of service for regular retirement purposes. Since the Town has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Net Position

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

Fund Balances

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

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

TOWN OF ELLENBORO, NORTH CAROLINA

Notes to the Financial Statements

intact. An example would be inventories which are not in spendable form.

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

Restricted for Stabilization by State statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* RSS is included as a component of Restricted Net position/Restricted fund balance on the face of the statement of net position/balance sheet.

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

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

Assigned Fund Balance - This is the portion of Fund balance which the Town of Ellenboro intends to use for specific purposes.

Subsequent year's expenditures - This portion of fund balance is appropriated in next year's budget and is not already classified in the restricted or committed classifications.

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

TOWN OF ELLENBORO, NORTH CAROLINA

Notes to the Financial Statements

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

Defined Benefit Cost-Sharing Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Ellenboro's employer contributions are recognized when due and the Town 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.

II Detail Notes on All Funds

(A) Current Assets

Deposits

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

TOWN OF ELLENBORO, NORTH CAROLINA

Notes to the Financial Statements

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

At June 30, 2019, the Town's deposits had a carrying amount of \$2,028,383 and a bank balance of \$2,055,869. Of the bank balance \$1,454,252 was covered by federal depository insurance, \$601,617 was collateralized under the Pooling Method. At June 30, 2019, the Town's petty cash fund totaled \$200.

Investments

At June 30, 2019, the Town of Ellenboro had \$2,971 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risks.

Receivables

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

General Fund:			
Taxes receivable	\$4 000		
Accounts receivable	<u>3 100</u>	\$ 7 100	
Water and Sewer Fund:			
Accounts receivable		<u>30 400</u>	
Total		<u>\$37 500</u>	

(B) Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ <u>11 750</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>11 750</u>

TOWN OF ELLENBORO, NORTH CAROLINA

Notes to the Financial Statements

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets being depreciated:				
Equipment	37 166	\$ 29 963	\$ -	\$ 67 129
Vehicles	8 516			8 516
Buildings	74 261			74 261
Infrastructure	-			-
	<u>119 943</u>	<u>\$ 29 963</u>	<u>\$ -</u>	<u>149 906</u>
Less accumulated depreciation:				
Equipment	\$ 36 386	\$ 2 890	\$ -	\$ 39 276
Vehicles	8 516			8 516
Buildings	70 778	1 659		72 437
	<u>115 680</u>	<u>\$ 4 549</u>	<u>\$ -</u>	<u>120 229</u>
Governmental activities capital assets - net	<u>\$ 16 013</u>			<u>\$ 41 427</u>

Depreciation expense is charged to governmental functions/programs in the government-wide statements as follows:

General government	\$3 769
Transportation	<u>780</u>
	<u>\$4 549</u>

Business-Type Activities:

Water and Sewer Fund:

Capital assets being depreciated:

Equipment	\$ 13 293	\$ -	\$ -	\$ 13 293
Lines	5 259 921			5 259 921
	<u>5 273 214</u>	<u>\$ -</u>	<u>\$ -</u>	<u>5 273 214</u>

Less accumulated depreciation:

Equipment	\$ 13 293	\$ -	\$ -	\$ 13 293
Lines	1 745 455	103 900	\$ -	1 849 355
	<u>1 758 748</u>	<u>\$103 900</u>	<u>\$ -</u>	<u>1 862 648</u>

Business-type activities capital assets - net

<u>\$3 514 466</u>	<u>\$3 410 566</u>
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TOWN OF ELLENBORO, NORTH CAROLINA

Notes to the Financial Statements

(C) Liabilities

(a) Payables

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

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 7 761	\$1 815	\$ 9 576
Business-Type Activities:			
Enterprise	\$11 169	\$ -	\$11 169

(b) Pension Plan and Postemployment Obligations

(1) Local Governmental Employees' Retirement System

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

Benefits Provided: LGERS provides retirement and survivor benefits. Retirement benefits are determined at 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

TOWN OF ELLENBORO, NORTH CAROLINA

Notes to the Financial Statements

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. 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 or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

Contributions: Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Ellenboro employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Ellenboro's contractually required contribution rate for the year ended June 30, 2019 was 7.75% for general employees actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Ellenboro were \$5,712 for the year ended June 30, 2019.

Refunds of Contributions: Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By State law, refunds to members with at least five years of service include 4% interest. State law requires 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.

(2) **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2019, the Town reported a liability of \$15,896 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

TOWN OF ELLENBORO, NORTH CAROLINA

Notes to the Financial Statements

utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the Town's proportion was .007%, which was constant with its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$5,804. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2 452	\$ 82
Changes of assumptions	4 218	-
Net differences between projected and actual earnings on pension plan investments	2 182	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	2 865	-
Town contributions subsequent to the measurement date	5 712	-
Total	<u>\$17 429</u>	<u>\$ 82</u>

The \$5,712 reported as deferred outflows of resources related to pensions resulting from Town 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 outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 5 300
2021	3 618

TOWN OF ELLENBORO, NORTH CAROLINA

Notes to the Financial Statements

2022	\$ 1 138
2023	1 579
2024	-
Thereafter	<u>-</u>
	<u>\$11 635</u>

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

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

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to

TOWN OF ELLENBORO, NORTH CAROLINA

Notes to the Financial Statements

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

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

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

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

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate: The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percent

TOWN OF ELLENBORO, NORTH CAROLINA

Notes to the Financial Statements

point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$38 180	\$15 895	\$(2 728)

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.

(c) **Other Postemployment Benefits**

Upon retirement, eligible employees have the option to purchase medical insurance at the Town's group rate for retirees (currently 140% of the basic group rate; or, through provisions of COBRA at 102% of the basic rate for a maximum of 18 months). Extended coverage for dental, vision, and life can be purchased, if allowed by the insurance provider, at the Town's cost for such coverage. The entire cost of any post-employment insurance coverage is borne by the former employee. This post-employment medical coverage is available until the former employee qualifies for Medicare coverage.

No post-employment benefits are provided by the Town other than those provided through participation in the North Carolina Local Government Employees' Retirement System as summarized above. The option to purchase post-employment insurance as provided above is available to all employees who participate in the retirement plan.

(d) **Other Employment Benefits**

Health care benefits are paid by the Town for all full time employees (regularly more than 30 hours weekly). The Town pays the full cost of medical coverage for employees through a private insurer and employees have the option of purchasing spouse and/or dependent coverage at the Town's group rate. Post employment benefits are paid entirely by the former employee as described above.

The Town has elected not to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employees' Retirement System (Death Benefit Plan). The Town does provide each employee participating in

TOWN OF ELLENBORO, NORTH CAROLINA

Notes to the Financial Statements

the state retirement plan (LGERS) term life insurance through a commercial insurer in amounts not to exceed \$25,000.

(D) Deferred Outflows and Inflows of Resources

Deferred outflows of resources is comprised of the following:

Contributions to pension plan in current fiscal year	\$ 5 712
Changes in proportion and differences between employer contributions and proportionate share of contributions	2 865
Differences between expected and actual - experience and earnings	4 634
Changes of assumptions	<u>4 218</u>
Total (Statement of Net Position)	<u>\$17 429</u>

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Receivables (General Fund)	\$	\$13 535
Prepaid taxes (General Fund)	29	29
Pension deferrals	<u>82</u>	
	<u>\$111</u>	<u>\$13 564</u>

(E) Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Town secures insurance coverage for these risks from several commercial insurance companies. The Town's insurance coverage includes (1) general liability, \$2 million; (2) fire coverage on buildings at estimated replacement costs; (3) auto liability, \$1 million and (4) public officials liability, \$1 million. Various deductibles apply to coverage amounts. In addition, the Town secures workers' compensation coverage up to the statutory limits from a commercial insurance company.

The Town does not currently have flood insurance. There are no rivers, streams, or flood plains within the Town limits.

There were no significant reductions in the Town's insurance coverage in the current year; settled claims have not exceeded coverage in any of the past three fiscal years.

TOWN OF ELLENBORO, NORTH CAROLINA

Notes to the Financial Statements

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded, through a commercial surety bond. The Town's Finance Officer is bonded for \$50,000; all other employees are bonded under an umbrella policy for \$50,000 each.

(F) Long-Term Obligations

During the year ended June 30, 2019, the following changes occurred in the long-term debt obligation:

	Balance 06/30/18	Increase	Decrease	Balance 06/30/19	Current Portion
Governmental activities:					
Net pension liability (LGRS)	\$ 2 719	\$ 1 186	\$ -	\$ 3 905	\$ -
Business-type activities;					
Net pension liability (LGRS)	\$ 8 434	\$ 3 557	\$ -	\$11 991	\$ -

At June 30, 2019, the Town of Ellenboro had no bonds which were authorized and unissued; the Town's legal debt margin was approximately \$2,200,000.

(G) Interfund Balances Activity

At June 30, 2019, the governmental fund owed the proprietary fund \$4,507. This represents reimbursements due for payments to vendors.

(H) Fund Balances

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

General Fund - total fund balance		\$1 037 601
Less: Stabilization by State Statute	\$ 21 632	
Streets - Powell Bill	84 479	
Appropriated in 2019-2020 budget	<u>164 000</u>	<u>270 111</u>
Unassigned - available for appropriation		<u>\$ 767 490</u>

TOWN OF ELLENBORO, NORTH CAROLINA

Notes to the Financial Statements

III Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

TOWN OF ELLENBORO, NORTH CAROLINA

REQUIRED SUPPLEMENTARY FINANCIAL DATA

TOWN OF ELLENBORO, NORTH CAROLINA

Town of Ellenboro's Proportionate Share

of Net Pension Liability (Asset) -

Local Government Employees' Retirement System

Last Six Fiscal Years

	<u>2019 *</u>	<u>2018 *</u>	<u>2017 *</u>	<u>2016 *</u>	<u>2015 *</u>	<u>2014 *</u>
Ellenboro's proportion of the net pension liability	.0007%	.0007%	.0007%	.0008%	.0008%	.0008%
Ellenboro's proportion of the net pension liability (asset)	\$15 896	\$11 153	\$15 706	\$ 3 411	\$(4 415)	\$ 9 643
Ellenboro's covered-employee payroll	\$71 740	\$69 700	\$66 450	\$63 439	\$64 683	\$59 982
Ellenboro's proportionate share of of the net pension liability (asset) as a percentage of its covered-employee payroll	22.16%	16.00%	23.64%	5.38%	(6.82%)	16.08%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

TOWN OF ELLENBORO, NORTH CAROLINA

Town of Ellenboro's Contributions -

Local Government Employees' Retirement System

Last Six Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 5 712	\$ 5 380	\$ 5 053	\$ 4 432	\$ 4 485	\$ 4 573
Contributions in relation to the contractually required contribution	<u>\$ 5 712</u>	<u>\$ 5 380</u>	<u>5 053</u>	<u>4 432</u>	<u>4 485</u>	<u>\$ 4 573</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ellenboro's covered-employee payroll	<u>\$73 700</u>	<u>\$71 740</u>	<u>\$69 700</u>	<u>\$66 450</u>	<u>\$63 439</u>	<u>\$64 683</u>
Contributions as a percentage of covered-employee payroll	7.75%	7.50%	7.25%	6.67%	7.07%	7.07%

TOWN OF ELLENBORO, NORTH CAROLINA

INDIVIDUAL FUND STATEMENTS

TOWN OF ELLENBORO, NORTH CAROLINA

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 59 800	\$ 57 031	\$ (2 769)
Prior years	3 000	2 279	(721)
Interest	<u>1 000</u>	<u>833</u>	<u>(167)</u>
	<u>63 800</u>	<u>60 143</u>	<u>(3 657)</u>
Unrestricted intergovernmental:			
Local option sales tax	27 000	26 752	(248)
Telecommunications sales tax	21 800	22 986	1 186
Utilities sales tax	16 800	17 736	936
Video franchise fee	<u>1 400</u>	<u>1 462</u>	<u>62</u>
	<u>67 000</u>	<u>68 936</u>	<u>1 936</u>
Restricted intergovernmental:			
Powell Bill allocation	27 000	26 206	(794)
Solid waste disposal tax	<u>500</u>	<u>619</u>	<u>119</u>
	<u>27 500</u>	<u>26 825</u>	<u>(675)</u>
Investment earnings	<u>500</u>	<u>4 036</u>	<u>3 536</u>
Local sources:			
Landfill use fee	40 000	38 269	(1 731)
Other	<u>1 000</u>	<u>254</u>	<u>(746)</u>
	<u>41 000</u>	<u>38 523</u>	<u>(2 477)</u>
Total revenues	<u>199 800</u>	<u>198 463</u>	<u>(1 337)</u>
Expenditures:			
General government:			
Governing body:			
Salaries	4 200	4 200	
Professional services	7 700	7 693	7
Payroll taxes	<u>322</u>	<u>321</u>	<u>1</u>
	<u>12 222</u>	<u>12 214</u>	<u>8</u>
Administration:			
Salary	18 000	18 000	
Contract services	4 800	4 713	87
Payroll taxes	3 500	3 317	183
Fringe benefits	8 800	8 521	279
Office supplies	1 800	1 563	237
Travel	1 500	240	1 260

TOWN OF ELLENBORO, NORTH CAROLINA

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Favorable (Unfavorable)
Dues and memberships	\$ 3 000	\$ 2 621	\$ 379
Insurance	8 000	7 376	624
Special events	3 100	3 100	
Other	500	189	311
	<u>53 000</u>	<u>49 640</u>	<u>3 360</u>
Public land and buildings:			
Salaries	27 000	25 357	1 643
Vehicle expense	10 000	941	9 059
Maintenance and supplies	6 800	1 357	5 443
Capital outlay	26 200	5 502	20 698
	<u>70 000</u>	<u>33 157</u>	<u>36 843</u>
Total general government	135 222	95 011	40 211
Transportation:			
Street repair and maintenance	166 300	33 342	132 958
Environmental protection:			
Sanitation - solid waste collection and landfill fee	<u>60 278</u>	<u>60 226</u>	<u>52</u>
Total expenditures	<u>361 800</u>	<u>188 579</u>	<u>173 221</u>
Revenues over (under) expenditures	<u>(162 000)</u>	<u>9 884</u>	<u>171 884</u>
Other financing sources:			
Fund balance appropriated	<u>162 000</u>		<u>(162 000)</u>
Net change in fund balance	<u>\$ -</u>	<u>9 884</u>	<u>\$ 9 884</u>
Fund balance:			
Beginning of year - July 1		<u>1 027 717</u>	
End of year - June 30		<u>\$1 037 601</u>	

TOWN OF ELLENBORO, NORTH CAROLINA

Water and Sewer Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Operating revenues:			
Water sales	\$461 500	\$437 845	\$(23 655)
Sewer fees	94 000	88 291	(5 709)
Taps and connection fees	15 000	3 341	(11 659)
Disconnect fees	10 000	8 500	(1 500)
Late fees	<u>16 000</u>	<u>12 680</u>	<u>(3 320)</u>
	596 500	550 657	(45 843)
Nonoperating revenues:			
Interest	<u>3 500</u>	<u>6 693</u>	<u>3 193</u>
Total revenues	<u>600 000</u>	<u>557 350</u>	<u>(42 650)</u>
Expenditures:			
Administration:			
Salaries	55 700	55 700	
Payroll taxes	4 400	4 261	139
Fringe benefits	27 500	25 694	1 806
Supplies	15 300	13 780	1 520
Insurance	7 100	6 763	337
Professional services	9 000	7 612	1 388
Dues and memberships	3 000	2 996	4
Repairs and maintenance	9 000	6 243	2 757
Travel	<u>3 000</u>	<u>2 162</u>	<u>838</u>
	<u>134 000</u>	<u>125 211</u>	<u>8 789</u>
Operations:			
Water purchased	160 000	154 515	5 485
Sewer facility fee	90 200	90 189	11
Repairs and maintenance	73 000	62 309	10 691
Contract services	30 000	28 426	1 574
Operating supplies	30 000	6 366	23 634
Water testing	6 000	3 333	2 667
Pump site lease	3 000	2 248	752
Capital outlay	<u>85 000</u>		<u>85 000</u>
	<u>477 200</u>	<u>347 386</u>	<u>129 814</u>

TOWN OF ELLENBORO, NORTH CAROLINA

Water and Sewer Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Contingency	\$ 6 800	\$	\$ 6 800
Total expenditures	<u>618 000</u>	<u>472 597</u>	<u>145 403</u>
Revenues over (under) expenditures	<u>(18 000)</u>	<u>84 753</u>	<u>102 753</u>
Other financing sources (uses):			
Fund balance appropriated	<u>18 000</u>		<u>(18 000)</u>
Total other financing sources (uses)			
Revenue and other sources over expenditures and other uses	<u>\$ -</u>	<u>84 753</u>	<u>\$ 84 753</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		(103 900)	
Increase in net pension liability		(3 557)	
Increase in deferred outflows of resources - pensions		3 313	
Decrease in deferred inflows of resources - pensions		<u>175</u>	
		<u>(103 969)</u>	
Change in net position		<u>\$ (19 216)</u>	

TOWN OF ELLENBORO, NORTH CAROLINA

OTHER SCHEDULES

TOWN OF ELLENBORO, NORTH CAROLINA

General Fund

Schedule of Ad Valorem Taxes Receivable

June 30, 2019

<u>Year of Levy</u>	<u>Uncollected Balance June 30, 2018</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018	\$	\$60 028	\$57 614	\$ 2 414
2017	2 692		789	1 903
2016	2 073		545	1 528
2015	1 372		249	1 123
2014	851		269	582
2013	885		99	786
2012	699		135	564
2011	641		84	557
2010	499		97	402
2009	424		12	412
2008	336		336	-
	<u>\$10 472</u>	<u>\$60 028</u>	<u>\$60 229</u>	<u>\$10 271</u>

Less allowance for doubtful accounts 4 000

Ad valorem taxes receivable - net \$ 6 271

Reconciliation to revenue:

Ad valorem taxes - General Fund		\$60 143
Interest collected	\$(833)	
Taxes written off	336	
Discounts and releases	<u>583</u>	<u>86</u>
		<u>\$60 229</u>

TOWN OF ELLENBORO, NORTH CAROLINA

Analysis of Current Tax Levy

Town-Wide Levy

For the Fiscal Year Ended June 30, 2019

	<u>Property Valuation</u>	<u>Rate</u>	<u>Levy</u>		
			<u>Total Levy</u>	<u>Other Property</u>	<u>Motor Vehicles</u>
Original levy:					
Property taxed at current year's rate	\$27 285 455	.22	\$60 028	\$51 908	\$8 120
Uncollected taxes at June 30, 2019			(2 414)	(2 414)	-
Current year's taxes collected			\$57 614	\$49 494	\$8 120
Current levy collection percentage			95.98	95.35	100.00