

TOWN OF FARMVILLE
Farmville, North Carolina

FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2019

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FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2019

Prepared By
BARROW, PARRIS & DAVENPORT, P.A.
Certified Public Accountants
Kinston, North Carolina

TOWN OF FARMVILLE

Robert L. Evans
Mayor

BOARD OF COMMISSIONERS

Jamin Dixon

Brenda Elks

John Moore

David Shackelford

Alma Hobbs

TOWN ADMINISTRATION

David Hodgkins
Town Manager

Donnie D. Greene, Jr.
Police Chief

Amy B. Johnson
Finance Director/Town Clerk

Tommy Brady
Fire Chief

Vacant
Recreation Director

David R. Miller
Library Director

Justin Oakes
Planning Director

Brian Shackelford
Utility Director

Wesley Thomas
Public Works

FINANCIAL SECTION:

Independent Auditor’s Report 1 - 2

Management’s Discussion & Analysis 3 - 12

BASIC FINANCIAL STATEMENTS:

EXHIBIT

Government-wide Financial Statements:

1 Statement of Net Position 13

2 Statement of Activities 14

Fund Financial Statements:

3 Balance Sheet – Governmental Funds..... 15 - 16

4 Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Funds 17 - 18

5 Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and
Actual General Fund..... 19

6 Statement of Net Position – Proprietary Funds 20

7 Statement of Revenues, Expenses, and Changes in Fund Net Position –
Proprietary Funds 21

8 Statement of Cash Flows – Proprietary Funds..... 22 - 23

9 Statement of Fiduciary Net Position – Fiduciary Fund 24

10 Statement of Changes in Fiduciary Net Position – Fiduciary Fund..... 25

Notes to the Financial Statements..... 26 - 60

SUPPLEMENTARY INFORMATION:

STATEMENT

Required Supplementary Financial Data:

1 Schedule of the Proportionate Share of the Net Pension Liability – Local Government
Employees’ Retirement System 61

2 Schedule of Contributions – Local Government Employees’ Retirement System 62

3 Schedule of Changes in Total Pension Liability – Law Enforcement Officers’
Special Separation Allowance 63

4 Schedule of Total Pension Liability as a Percentage of Covered Payroll – Law
Enforcement Officers’ Special Separation Allowance 64

5 Schedule Changes in Total OPEB Liability and Related Ratios 65

STATEMENTS (continued)

Individual Fund Statements and Schedules:

6	Statement of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual – General Fund	66 - 71
7	Combining Balance Sheet – Non major Governmental Funds.....	72
8	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non major Governmental Funds	73

Non Major Governmental Special Revenue Funds:

Statements of Revenues, Expenses, and Changes in Fund Balances – Budget and Actual:

9	Cemeteries Perpetual Care Fund.....	74
10	Subdivision Participation Project Fund.....	75
11	Dogwood Festival Fund	76
12	Library (Trust) Fund	77
13	May Museum and Park (Trust) Fund.....	78

Non-Major Governmental Capital Outlay Funds:

Statements of Revenues, Expenses, and Changes in Fund Balances – Budget and Actual:

14	Library Renovation Project Fund.....	79
15	Wallace Street Drainage Improvements Project Fund.....	80
16	Jones Street Drainage Improvements Project Fund	81

Enterprise Funds:

Electric Fund:

17	Electric Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP).....	82 - 83
18	NCDOT Project - US 258 Widening - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP).....	84

Water Fund:

19	Water Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP).....	85 - 87
20	Greenville Utilities Commission Waterline Project Phase 1B – Non-USDA Eligible - Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP)	88
21	Greenville Utilities Commission Waterline Project Phase 1D – Alternative Water Supply - Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP)	89
22	2016 Water System Improvements Project.....	90
23	Waterline Relocation – Wesley Church Road Project.....	91
24	2017 Water System Improvements Project.....	92

STATEMENTS (continued)

Sewer Fund:

25	Sewer Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	93 - 95
26	2009 CDBG - Dalton's Cove Subdivision Project – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	96
27	09–24” East Sanitary Project – USDA Eligible - Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	97 - 98
28	09–24” East Sanitary Project – Non-USDA Eligible - Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	99
29	Marlboro Baptist Church Sanitary Sewer Pump Station – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	100
30	2013 CDBG Infrastructure Project-Watkins MHP Sewer Project – Statement of Revenues, Expenditures, and Changes in Fund Balance	101
31	Basin 5 Sewer System Improvements Project – Statement of Revenues, Expenditures, and Changes in Fund Balance	102
32	2018 CDBG Sewer Infrastructure Project – Statement of Revenues, Expenditures, and Changes in Fund Balance	103
33	Bonnie's Alley Water & Sanitary Sewer Improvements Project – Statement of Revenues, Expenditures, and Changes in Fund Balance	104
 <u>Fiduciary Funds:</u>		
34	Trust Fund - Fire Supplemental Hospitalization Insurance Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance	105

OTHER SCHEDULES:

SCHEDULE

1	Schedule of Ad Valorem Taxes Receivable	106
2	Analysis of Current Tax Levy	107
3	Taxable Property Valuation Last Ten Years	108
4	Special Revenue Fund – Library (Trust) Fund – Changes in Fund Balance in Detail	109

COMPLIANCE SECTION:

	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	110 - 111
5	Schedule of Findings and Responses	112

FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
and Members of the Board of Commissioners
Town of Farmville, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall 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 and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Farmville, 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 on pages 3 through 12, the Other Postemployment Benefits' Schedule of Changes in the Total OPEB liability and Related Ratios on page 65, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 61 and 62, 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 63 and 64 respectively, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards 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.

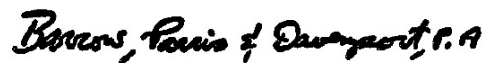
Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Farmville, North Carolina. The introductory information, combining and individual fund statements, budgetary schedules, other schedules, and statistical section 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 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 our opinion, based on our audit, the procedures performed as described above, the combining and individual fund statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2020 on our consideration of Town of Farmville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Farmville's internal control over financial reporting and compliance.



BARROW, PARRIS & DAVENPORT, P.A.
KINSTON, NC

January 27, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Town of Farmville, we offer readers of the Town of Farmville's financial statements this narrative overview and analysis of the financial activities of the Town of Farmville 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 of the Town of Farmville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$44,880,222 (*net position*).
- The government's total net position increased \$931,036 due to an increase in the governmental activities net position. This compares to an increase of \$1,531,118 in 2018.
- As of the close of the current fiscal year, the Town of Farmville's governmental funds reported combined ending fund balances of \$3,565,059 with a net increase of \$327,356 in fund balance. Approximately 47.76% of this total amount, or \$1,702,780 is available for spending at the government's discretion (unassigned fund balance). In 2018, the unassigned fund balance was \$1,449,815, or 44.78% of combined governmental fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,702,780 or approximately 35.22% of total general fund expenditures for the fiscal year. In 2018, unassigned fund balance in the General Fund was \$1,449,815, or 28.92% of total general fund expenditures.
- The Town of Farmville's total debt decreased by a net of \$771,020 (6.09%) during the current fiscal year.

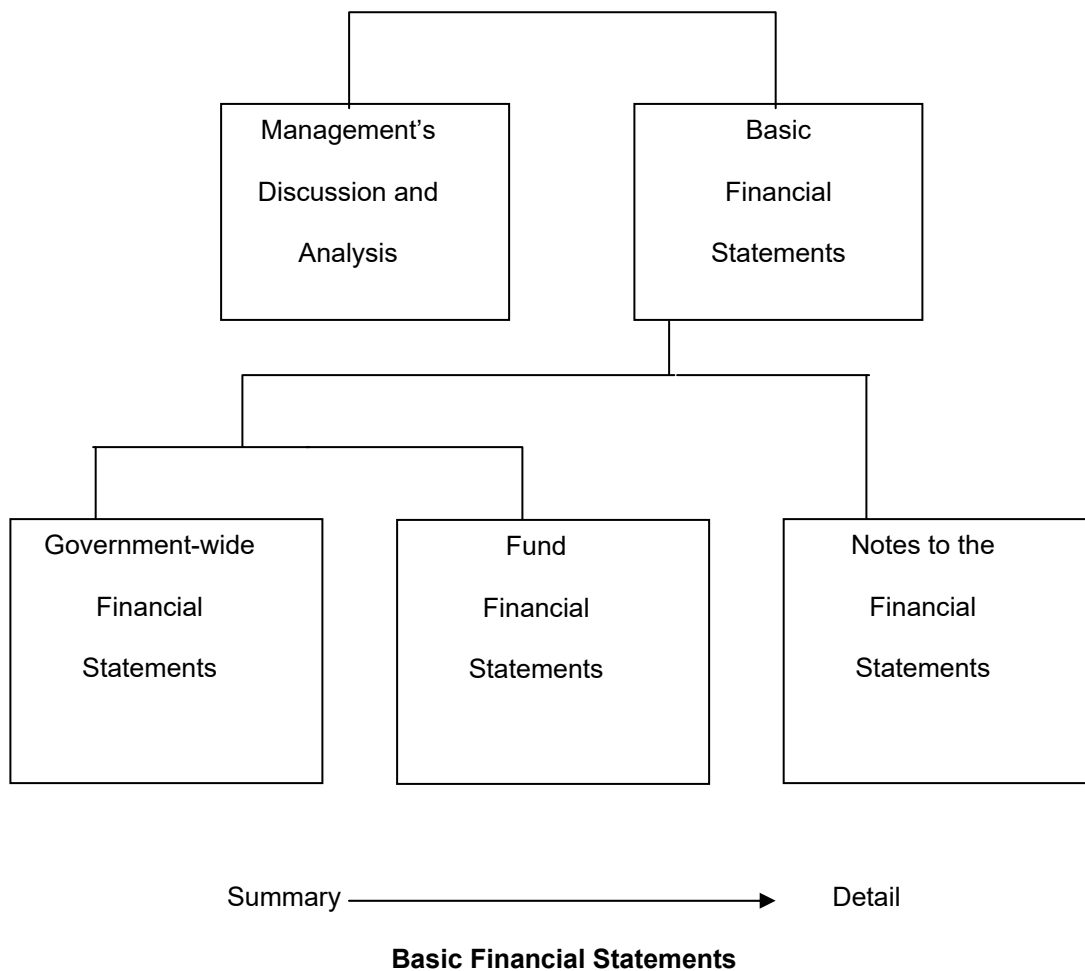
Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Town of Farmville'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 Farmville.

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Required Components of Annual Financial Report

Figure 1



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

The next statements (Exhibits 3 through 10) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

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

Government-wide Financial Statements

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

Management's Discussion and Analysis (Continued)
Town of Farmville

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

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, environmental protection and general administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the electric, water, and sewer services offered by the Town of Farmville.

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

Fund Financial Statements

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

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, 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 government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Farmville 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. 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 – The Town of Farmville has only one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Farmville uses enterprise funds to account for its electric, water and sewer activity operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds – Fiduciary funds are used to account for the resources held for the benefit of parties outside the government. The Town of Farmville has one fiduciary fund.

Management's Discussion and Analysis (Continued)
Town of Farmville

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 begin on page 26 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Farmville's progress in funding its obligation to provide postemployment healthcare benefits to its employees. Required supplementary information can be found beginning on page 61 of this report.

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

Government-Wide Financial Analysis
Town of Farmville's Net Position
Figure 2

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$4,298,827	\$3,799,318	\$6,734,447	\$7,478,056	\$11,033,274	\$11,277,374
Capital assets	6,555,805	6,293,637	44,002,537	44,076,204	50,558,342	50,369,841
Deferred outflows of resources	857,860	553,239	258,980	147,599	1,116,840	700,838
Total assets and deferred outflows of resources	\$11,712,492	\$10,646,194	\$50,995,964	\$51,701,859	\$62,708,456	\$62,348,053
Current liabilities	\$372,078	\$402,925	\$1,932,735	\$2,177,424	\$2,304,813	\$2,580,349
Long-term liabilities	3,395,265	3,134,968	11,932,745	12,531,088	15,328,010	15,666,056
Deferred inflows of resources	155,606	116,555	39,805	35,907	195,411	152,462
Total liabilities and deferred inflows of resources	\$3,922,949	\$3,654,448	\$13,905,285	\$14,744,419	\$17,828,234	\$18,398,867
Net position:						
Net Investment in capital assets	\$6,446,135	\$6,108,089	\$32,228,185	\$31,606,709	\$38,674,320	\$37,714,798
Restricted	1,262,554	1,015,672			1,262,554	1,015,672
Unrestricted	80,854	(132,015)	4,862,494	5,350,731	4,943,348	5,218,716
Total net position	\$7,789,543	\$6,991,746	\$37,090,679	\$36,957,440	\$44,880,222	\$43,949,186

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Farmville exceeded liabilities and deferred inflows by \$44,880,222 as of June 30, 2019. As of June 30, 2018, the net position of The Town of Farmville stood at \$43,949,186. The Town's net position increased by \$931,036 for the current fiscal year. The Town's net position increased by \$1,531,118 for 2018. However, the largest portion \$38,674,320 (86.17%) reflects the Town's net investment in capital assets (e.g. land, buildings, water and sewer distribution lines, machinery, and equipment). The Town of Farmville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Farmville's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Farmville's net position \$1,262,554 (2.81%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,943,348 (11.02%) is unrestricted. In 2018, the net investment in capital assets was \$37,714,798. An additional portion of the Town of Farmville's net position \$1,015,672 represented resources that were subject to external restrictions on how they may be used. The remaining \$5,218,716 was unrestricted net position for the 2018 year.

Management's Discussion and Analysis (Continued)
Town of Farmville

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

- Continued diligence in the collection of property taxes by collecting 96.41%.
- Continued low cost of debt due to the Town's high bond rating.

Town of Farmville Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$1,009,657	\$1,062,699	\$10,508,220	\$10,521,404	\$11,517,877	\$11,584,103
Operating grants and contributions	270,210	86,974			270,210	86,974
Capital grants and contributions	613,648	50,171	755,016	1,527,527	1,368,664	1,577,698
General revenues:						
Property taxes	1,634,940	1,657,734			1,634,940	1,657,734
Other taxes	1,082,997	1,015,948			1,082,997	1,015,948
Grants and contributions not restricted to specific programs	438,190	437,629			438,190	437,629
Other	289,210	212,943	330,700	741,756	619,910	954,699
Special Item						
Total revenues	\$5,338,852	\$4,524,098	\$11,593,936	\$12,790,687	\$16,932,788	\$17,314,785
Expenses:						
General Government	\$820,047	\$596,345			\$820,047	\$596,345
Public Safety	2,213,298	2,237,526			2,213,298	2,237,526
Transportation	102,550	211,362			102,550	211,362
Economic and Physical Development	314,967	299,608			314,967	299,608
Environmental Protection/Public Works	875,828	973,653			875,828	973,653
Public Services/Cultural and Recreation	415,730	792,617			415,730	792,617
Capital Outlay	327,206				327,206	
Interest on long-term debt	2,922	4,662			2,922	4,662
Electric			\$6,302,857	\$6,049,722	6,302,857	6,049,722
Water			2,837,449	2,884,885	2,837,449	2,884,885
Sewer			1,788,898	1,733,287	1,788,898	1,733,287
Total expenses	\$5,072,548	\$5,115,773	\$10,929,204	\$10,667,894	\$16,001,752	\$15,783,667
Increase (Decrease) in net position						
before transfers:	\$266,304	(\$591,675)	\$664,732	\$2,122,793	\$931,036	\$1,531,118
Transfers	531,493	583,102	(531,493)	(583,102)		
Increase (Decrease) in net position	\$797,797	(\$8,573)	\$133,239	\$1,539,691	\$931,036	\$1,531,118
Net position, July 1	6,991,746	8,263,910	36,957,440	35,912,963	43,949,186	44,176,873
Net position, beginning, restated		7,000,319		35,417,749		42,418,068
Net position, June 30	\$7,789,543	\$6,991,746	\$37,090,679	\$36,957,440	\$44,880,222	\$43,949,186

Management's Discussion and Analysis (Continued)
Town of Farmville

Governmental activities. Governmental activities increased the Town's net position by \$797,797 thereby accounting for 85.69% of the total change in net position. Key elements of this increase are as follows:

- The town began a library renovation project in 2018 in which they collected donations/pledges in the current year totaling \$285,115. The Town also recorded an additional \$196,917 of pledged revenues.
- The town received \$84,900 in Golden Leaf Disaster Recovery funds for the Jones Street Drainage Improvements Project.
- The Town received \$128,660 in FEMA funds related to Hurricane Florence.

Business-type activities: Business-type activities increased the Town of Farmville's net position by \$133,239 accounting for 14.17% of the total increase in the government's net position. The key elements of this increase are as follows:

- Sewer sales increased slightly.

Financial Analysis of the Town's Funds

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

Governmental Funds: The focus of the Town of Farmville's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Farmville's financing requirements. Specifically, unreserved 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 Town of Farmville. At the end of the current fiscal year, Town of Farmville's fund balance available in the General Fund was \$1,766,143 while total fund balance increased to \$3,046,860.

At June 30, 2019, the total governmental funds of the Town of Farmville reported a combined fund balance of \$3,565,059 an approximate 10.11% increase from last year; with a net increase in fund balance of \$327,356.

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.

The actual revenue amounts exceeded original budgeted amounts primarily due to an increase in Local Option Sales Tax and FEMA funds. Expenditures were held in check to try and comply with its budgetary requirements.

Proprietary Funds. The Town of Farmville's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Electric Fund at the end of the fiscal year amounted to \$1,453,364, the Water Fund amounted to \$2,786,365; and the Sewer Fund amounted to \$622,765. The total change in net position for the Electric, Water and Sewer Funds were (\$227,480), (\$12,403), and \$373,122, respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the Town of Farmville's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Farmville's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totaled \$50,558,342 (net of accumulated depreciation). These assets include buildings and substations, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

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

Governmental-type Activities:

- Purchase of 3 Dodge Chargers for a total of \$80,556
- New lighting for the multipurpose field for \$134,000
- Wallace street drainage improvement of \$52,313
- Construction in Progress related to the construction of the new library for \$327,206
- Jones street drainage improvement construction of \$84,900

Business-type Activities:

- Purchase of Scada software for \$74,395
- Water line extension at US 264A for \$32,391
- Watkins Mobile Home Park sewer extension of \$2,425,935
- Construction related to 2017 Water Improvements project in the amount of \$410,073
- Construction related to Bonnie' Alley Project in the amount of \$208,274

Town of Farmville's Capital Assets
(Net of depreciation)
Figure 4

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$1,754,894	\$1,772,894	\$248,034	\$248,034	\$2,002,928	\$2,020,928
Buildings and Systems	3,054,886	3,035,988	42,089,907	40,815,858	45,144,793	43,851,846
Equipment	292,048	379,359	370,350	240,667	662,398	620,026
Vehicles/Motorized Equipment	686,355	814,079	593,393	813,183	1,279,748	1,627,262
Infrastructure	239,754	175,555			239,754	175,555
Construction in progress	527,868	115,762	700,853	1,958,462	1,228,721	2,074,224
Total	\$6,555,805	\$6,293,637	\$44,002,537	\$44,076,204	\$50,558,342	\$50,369,841

Additional information on the Town's capital assets can be found in Note III. A. 4 beginning on page 39 of the notes to the Financial Statements.

Management's Discussion and Analysis (Continued)
Town of Farmville

Long-term Debt. As of June 30, 2019, the Town of Farmville had total debt outstanding of \$11,884,022 (not including compensated absences and other postemployment benefits). All of the above debt is backed by the full faith and credit of the Town.

Town of Farmville's Outstanding Debt
Figure 5

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Installment Agreements	\$109,670	\$185,548	\$2,711,352	\$3,252,494	\$2,821,022	\$3,438,042
Revenue Bonds			9,063,000	9,217,000	9,063,000	9,217,000
Total	\$109,670	\$185,548	\$11,774,352	\$12,469,494	\$11,884,022	\$12,655,042

The Town of Farmville's total debt decreased by \$771,020 (6.09%) 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 Town of Farmville is \$26,592,469 of which \$14,708,447 is available. The Town has \$0 in bonds authorized but un-issued at June 30, 2019.

Additional information regarding the Town of Farmville's long-term debt can be found in note III. B. 7. beginning on page 54 of this report in the notes to the basis financial statements.

Economic Factors and Next Year's Budgets and Rates

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

- The Farmville Downtown area remains strong and viable. The mix of tenants in Downtown Farmville includes a variety of locally owned retail establishments as well as restaurants, service businesses, professional offices, governmental offices, and second floor residential apartments and is anchored by Farmville Furniture, which is more than 100 years old, as well as other larger merchants and service businesses that draw customers from throughout the region. A new gift shop, a new vintage and collectables store, a new jewelry store, a new hardware store, a new art gallery, a new coffee shop, and several other small businesses have opened in the downtown area in the past year. A long-closed classic diner that was a downtown institution for decades has been renovated with plans to reopen in early 2020.
- The Town adopted several new policies in recent years targeted at under-used properties. The most popular one is the Building Improvement Incentive Grant Program for Rehabilitation of Vacant Buildings which serves as an incentive to property owners who improve the interior or exterior of a commercial building while making every effort to maintain the property's historic character. It provides matching funds of up to 2% of the permitted and documented construction cost of a building improvements project totaling at least \$5,000. As a catalyst for the recruitment of new business to existing vacant buildings, eligibility is granted to new business projects in any commercial building that has been vacant for three (3) consecutive months and has life safety structural deficiencies, handicapped accessibility issues, or major mechanical deficiencies. The Building Renovation Incentive Grant Program and the long-established Façade Grant Program have proven to be effective catalysts to encourage renovation of several downtown storefronts and building interiors which has leveraged significant amounts of new private investment for downtown. Several long-time vacant buildings have been sold in past years and have been or are currently being renovated for new retail and office tenants.

Management's Discussion and Analysis (Continued)
Town of Farmville

- In recent years, East Carolina University completed its renovation of formerly vacant structures in the downtown area to house classrooms and faculty studios to support graduate classes in the fine arts and working studios producing goods made on site for display and sale. The DeVisconti Charitable Trust, a local non-profit philanthropic organization, completed the renovation of a long vacant commercial building for use as an events space for concerts, parties, receptions, and other gatherings.
- The North Carolina Furniture School has recently located in a newly renovated former auto parts warehouse in the downtown area and is North Carolina's home for classes in furniture making, woodturning, and DIY woodworking classes for all skill levels from beginner to advanced and attracts students from throughout North Carolina and from adjacent states.
- The Lanoca Coffee Institute has recently located in the downtown area in a newly renovated space that used to be a night club. Lanoca is an artisanal coffee micro-roaster specializing in single-origin coffees for restaurants, shops, and individuals and also offers a growing selection of loose leaf teas. The Lanoca Coffee Institute offers classes and workshops to the public on bean selection, brewing techniques, and other topics of interest to coffee connoisseurs.
- The Town is currently building a new 17,000 square foot, state of the art, public library on the edge of the Central Business District. Once completed, the facility will provide expanded reading areas for patrons of all ages, separate rooms for special programs, maker space, a multi-media lab, and public meeting rooms. This facility will allow more partnerships with East Carolina University, Pitt Community College, and local public schools and will be another facility that will attract more visitors to the downtown area.
- These projects, as well as existing antique, art work, dance studio, and fine furniture businesses, have transformed downtown Farmville into a mini fine arts and education district.
- Several apartment units have been established on the second floor of newly renovated downtown buildings in the past year bringing residents downtown to patronize businesses during daytime and nighttime hours thereby making this area more vibrant and alive during traditionally off-peak times.
- US 264, which passes through the northern edge of Farmville, is a 4 lane, limited access highway that provides easy access from Raleigh to Eastern North Carolina. Last year, The Federal Highway Administration designated this roadway as "Future Interstate 587." The Federal Highway Administration's designation means the region will receive prioritized road funding as state and federal transportation officials look to improve this thoroughfare. A shopping center, several fast food establishments, a discount retail store, and a convenience and travel center have been built in recent years on this road. More business ventures, including a hotel, are anticipated in this area due to easy access to major transportation arteries as well as the shovel ready tracts available for immediate development.
- The Farmville Community Arts Council and the May Museum and Park are both located in the Central Business District and continue to provide diverse cultural programs and activities that draw visitors from throughout the region.
- A 5 MW solar farm was constructed on the western edge of the town by Strata Solar. The solar farm is operational and provides a source of clean, renewable energy for the electric grid. As part of the project, Strata constructed approximately \$590,000 in improvements to the Town of Farmville's electric system which provided 3-phase electrical service to the Farmville Industrial Park.
- DR Burton, a medical device manufacturer, purchased an existing 29,000 square foot shell building in the Farmville Corporate Park in 2016. The company has now completed construction and employs approximately 80 individuals. The company is also contemplating constructing a 130,000-square foot addition which would employ another 200 plus individuals when completed.

Management's Discussion and Analysis (Continued)
Town of Farmville

- Carolina Poultry Power, a leader in agricultural waste to energy technologies, has constructed a new \$30,000,000 production facility in Farmville. Poultry litter generated by agricultural operations in eastern North Carolina is converted to high quality fuel through a strictly regulated gasification system that converts the poultry litter into electricity and steam energy to be used by local industry and utilities.

Governmental Activities

- The tax rate for the Town remains at \$.49 per \$100 of assessed valuation and the collection rate remains high.
- Generally, revenue levels are stable. Some increases in revenue have occurred due to growth but also because of occasional rate and fee increases. The local economy continues to be strong and growing.
- The Town has been very successful in seeking out grant funds for capital improvements. In the past year, the Town has received grants for public safety equipment, storm drainage projects, computer software and equipment, and water and sewer improvements.
- The Town continues to pursue an aggressive program to address substandard structures in our jurisdiction. In the last year, several such structures have been condemned and either demolished or renovated. This has had a positive effect on the Town's appearance and has spurred increased interest in investment in the community by private entities.

Business – Type Activities

- The Town's projected revenues from water and sewer appear on track to meet current revenue projections. The Town initiated a water rate increase effective last July to meet operational and capital needs in this fund and to provide sufficient reserves for future needs.
- The North Carolina Eastern Municipal Power Agency (NCEMPA), of which the Town of Farmville is a member, sold its generating assets to Duke Progress Energy in July 2015. The sale relieved Farmville of the vast majority of its electrical debt and enabled the Town of Farmville to reduce its retail electric rates by an average of 6.4%, effective November 1, 2015. The Town instituted another rate reduction in the amount of 4.1%, effective July 1, 2019 to mirror a wholesale rate reduction from NCEMPA. This relief from ongoing electrical debt will enable electric rates to remain unchanged for the foreseeable future, provide for an electrical rate stabilization fund, and make the Town's electric rates more competitive for potential new business and industry to locate in Farmville.
- The Town has completed construction on a major water project that replaced substandard and undersized water lines which addressed water volume and pressure issues in the southern portion of the Farmville Water System. This will assist the Town in lowering utility maintenance costs as new water mains require significantly less maintenance than older lines. The project was funded through a combination of NC Clean Water Bonds and a CDBG grant.
- The Town is nearing completion on a major sanitary sewer project to that replaced substandard sanitary sewer lines in the southern portion of the Farmville Sanitary Sewer System. This will assist the Town in lowering utility maintenance costs as new sanitary sewer lines require significantly less maintenance than older lines. The project is being funded through a CDBG grant.

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 Director of Finance; Town of Farmville; P.O. Box 86; Farmville, N.C. 27828. You can also call (252) 753-6715, visit our website www.farmvillenc.gov or send an email to ajohnson@farmvillenc.gov for more information.

BASIC FINANCIAL STATEMENTS

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2019

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
<u>ASSETS</u>			
Assets:			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$2,688,990	\$3,975,374	\$6,664,364
Taxes Receivables (Net)	258,785		258,785
Accrued Interest Receivable	85,742	45	85,787
Accounts Receivable (Net)	280,342	1,644,356	1,924,698
Due From Other Governments	392,650	18,009	410,659
Internal Balances	(91,124)	91,124	
Inventories	21,086	270,301	291,387
Restricted Cash and Cash Equivalents	662,356	735,238	1,397,594
Total Current Assets	\$4,298,827	\$6,734,447	\$11,033,274
<i>Noncurrent Assets:</i>			
Net Pension Asset			
<i>Capital Assets (Note 4):</i>			
Land, Non-depreciable Improvements, and Construction in Progress	\$2,282,762	\$948,886	\$3,231,648
Other Capital Assets, Net of Depreciation	4,273,043	43,053,651	47,326,694
Total Capital Assets	\$6,555,805	\$44,002,537	\$50,558,342
Total Assets	\$10,854,632	\$50,736,984	\$61,591,616
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension Deferrals	\$765,117	\$166,719	\$931,836
OPEB Deferrals	92,743	92,261	185,004
	\$857,860	\$258,980	\$1,116,840
<u>LIABILITIES</u>			
<i>Current Liabilities:</i>			
Accounts Payable and Accrued Liabilities	\$192,324	\$930,839	\$1,123,163
Accrued Interest Payable	1,617	58,167	59,784
Customer Deposits		283,426	283,426
Current Portion of Long-Term Liabilities	178,137	660,303	838,440
Total Current Liabilities	\$372,078	\$1,932,735	\$2,304,813
<i>Long-term Liabilities:</i>			
Total Pension Liability	\$609,707		\$609,707
Net Pension Liability	849,746	\$211,641	1,061,387
OPEB Liability	1,781,341	566,857	2,348,198
Due in more than one year	154,471	11,154,247	11,308,718
Total Liabilities	\$3,767,343	\$13,865,480	\$17,632,823
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension Deferrals	\$39,043	\$2,713	\$41,756
OPEB Deferrals	116,563	37,092	153,655
	\$155,606	\$39,805	\$195,411
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$6,446,135	\$32,228,185	\$38,674,320
Restricted for:			
Stabilization by State Statute	600,197		600,197
Streets - Powell Bill	515,841		515,841
Fire - Capital Outlay	126,171		126,171
Police Drug Funds	20,345		20,345
Unrestricted	80,854	4,862,494	4,943,348
Total Net Position	\$7,789,543	\$37,090,679	\$44,880,222

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

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$820,047	\$86,239		\$87,006	(\$646,802)		(\$646,802)
Public Safety	2,213,298	51,302	\$129,845	5,000	(2,027,151)		(2,027,151)
Transportation	102,550		136,914		34,364		34,364
Economic and Physical Development	314,967				(314,967)		(314,967)
Environmental Protection/Public Works	875,828	616,472	3,451	5,000	(250,905)		(250,905)
Public Services/Cultural and Recreation	415,730	255,644		516,642	356,556		356,556
Capital Outlay	327,206				(327,206)		(327,206)
Garage							
Interest on Long-Term Debt	2,922				(2,922)		(2,922)
Total Governmental Activities (See Note 1)	\$5,072,548	\$1,009,657	\$270,210	\$613,648	(\$3,179,033)	\$0	(\$3,179,033)
Business-type Activities:							
Electric	\$6,302,857	\$6,355,780				\$52,923	\$52,923
Water	2,837,449	2,540,270		\$205,037		(92,142)	(92,142)
Sewer	1,788,898	1,612,170		549,979		373,251	373,251
Total Business-type Activities	\$10,929,204	\$10,508,220	\$0	\$755,016	\$0	\$334,032	\$334,032
<i>General Revenues:</i>							
<i>Taxes:</i>							
Property Taxes, Levied for General Purpose					\$1,634,940		\$1,634,940
Other Taxes and Licenses					1,082,997		1,082,997
Grants and Contributions Not Restricted to Specific Programs					438,190		438,190
Investment Earnings, Unrestricted					12,673	\$39,735	52,408
Miscellaneous, Unrestricted					276,537	290,965	567,502
Total General Revenues excluding Transfers					\$3,445,337	\$330,700	\$3,776,037
Transfers					531,493	(531,493)	
Total General Revenues and Transfers					\$3,976,830	(\$200,793)	\$3,776,037
Change in Net Position					797,797	133,239	931,036
Net Position, Beginning					6,991,746	36,957,440	43,949,186
NET POSITION, ENDING					\$7,789,543	\$37,090,679	\$44,880,222

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

TOWN OF FARMVILLE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	<u>Major Fund</u>	<u>Total</u>	<u>Total</u>
	<u>General</u>	<u>Non-Major</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
ASSETS:			
Cash and Cash Equivalents	\$1,946,490	\$742,500	\$2,688,990
Restricted Cash	662,356		662,356
Receivables, Net:			
Taxes	258,785		258,785
Accounts	47,162	233,180	280,342
Due From Other Governments	392,650		392,650
Due From Other Funds	157,461		157,461
Inventories	21,086		21,086
TOTAL ASSETS	<u>\$3,485,990</u>	<u>\$975,680</u>	<u>\$4,461,670</u>
LIABILITIES AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts Payable and Accrued Liabilities	\$89,221	\$103,103	\$192,324
Deferred Revenue		196,917	196,917
Due to Other Funds	91,124	157,461	248,585
Total Liabilities	<u>\$180,345</u>	<u>\$457,481</u>	<u>\$637,826</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Receivable	\$258,785		\$258,785
Total Deferred Inflows of Resources	<u>\$258,785</u>	<u>\$0</u>	<u>\$258,785</u>
<i>Fund Balances:</i>			
Non Spendable:			
Inventories	\$21,086		\$21,086
Restricted:			
Stabilization by State Statute	597,274	\$2,923	600,197
Streets	515,841		515,841
Fire - Capital Outlay	126,171		126,171
Police Drug Funds	20,345		20,345
Assigned:			
Cemetery Maintenance		170,525	170,525
Subdivision Participation		58,692	58,692
Dogwood Festival		171,005	171,005
Library and May Museum		273,015	273,015
Library Renovation Project		(157,853)	(157,853)
Wallace Street Drainage Improvements Project		(108)	(108)
Subsequent Year's Expenditures	63,363		63,363
Unassigned, General Fund	1,702,780		1,702,780
Total Fund Balances	<u>\$3,046,860</u>	<u>\$518,199</u>	<u>\$3,565,059</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$3,485,990</u>	<u>\$975,680</u>	

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

TOWN OF FARMVILLE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

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

Total Fund Balance, Governmental Funds	\$3,565,059
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	6,555,805
Deferred outflows of resources related to pensions are not reported in the funds	765,117
Deferred outflows of resources related to OPEB are not reported in the funds	92,743
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds	85,742
Earned revenues considered deferred inflows of resources in fund statements.	258,785
Pledged revenues considered deferred inflows of resources in fund statements	196,917
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds:	
Installment financing	(109,670)
Compensated absences	(222,938)
Net Pension Liability	(849,746)
Total Pension Liability	(609,707)
Total OPEB Liability	(1,781,341)
Deferred inflows of resources related to pensions are not reported in the funds	(39,043)
Deferred inflows of resources related to OPEB are not reported in the funds	(116,563)
Other long term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds	(1,617)
Net Position of Governmental Activities	<u>\$7,789,543</u>

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

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Fiscal Year Ended June 30, 2019

	<u>Major Fund</u> <u>General</u> <u>Fund</u>	<u>Total</u> <u>Non-Major</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
REVENUES:			
Ad Valorem Taxes	\$1,637,958		\$1,637,958
Unrestricted Intergovernmental	1,521,187		1,521,187
Restricted Intergovernmental	294,685		294,685
Licenses and Permits	44,757		44,757
Sales and Services	868,682	\$119,663	988,345
Investment Earnings	8,790	3,883	12,673
Other Revenues	34,772	427,304	462,076
Miscellaneous Revenues	201,272		201,272
TOTAL REVENUES	\$4,612,103	\$550,850	\$5,162,953
EXPENDITURES:			
<i>Current:</i>			
General Government	\$463,384		\$463,384
Public Safety	2,222,998		2,222,998
Transportation	45,297		45,297
Economic and Physical Development	101,362	\$205,108	306,470
Environmental Protection/Public Works	956,286		956,286
Public Services/Cultural and Recreation	965,302	126	965,428
Capital Outlay		327,206	327,206
<i>Debt Service:</i>			
Principal Retirement	75,878		75,878
Interest and Other Charges	4,143		4,143
TOTAL EXPENDITURES	\$4,834,650	\$532,440	\$5,367,090
Excess (Deficiency) of Revenues Over Expenditures	(\$222,547)	\$18,410	(\$204,137)
OTHER FINANCING SOURCES (USES):			
Transfers from Other Funds	\$550,393		\$550,393
Transfers to Other Funds		(\$18,900)	(18,900)
TOTAL OTHER FINANCING SOURCES (USES)	\$550,393	(\$18,900)	\$531,493
Net Change in Fund Balance	\$327,846	(\$490)	\$327,356
<i>Fund Balances, Beginning</i>	2,719,014	518,689	3,237,703
FUND BALANCES, ENDING	\$3,046,860	\$518,199	\$3,565,059

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

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Fiscal Year Ended June 30, 2019

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

Net changes in fund balances - total governmental funds	\$327,356
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital Outlay expenditures which are capitalized	\$737,499	
Depreciation expense for government assets	<u>(457,331)</u>	280,168

Cost of disposed capital assets not recorded in fund statements	(18,000)
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Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	186,003
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Benefit payments paid and administrative expense for LEOSSA are not included on statement of activities	31,439
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OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities	75,375
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in deferred revenue	196,917	
Change in unavailable revenue for tax revenues	(3,018)	

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Principal payments on long-term debt	\$75,878	
Increase in accrued interest payable	<u>1,221</u>	77,099

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

Compensated absences	\$48,258	
Pension Expense	(286,633)	
OPEB Plan Expense	<u>(117,167)</u>	(355,542)

Total Changes in Net Position of Governmental Activities	<u>\$797,797</u>
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The accompanying notes are an integral part of the financial statements.

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2019

	General Fund			Variance with Final Favorable (Unfavorable)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
Ad Valorem Taxes	\$1,671,006	\$1,621,006	\$1,637,958	\$16,952
Unrestricted Intergovernmental	1,416,150	1,416,150	1,521,187	105,037
Restricted Intergovernmental	158,138	155,138	294,685	139,547
Licenses and Permits	28,400	42,400	44,757	2,357
Sales and Services	840,630	863,230	868,682	5,452
Investment Earnings	4,150	4,150	8,790	4,640
Other Revenues	50,670	50,670	34,772	(15,898)
Miscellaneous Revenues	121,984	231,684	201,272	(30,412)
Total Revenues	\$4,291,128	\$4,384,428	\$4,612,103	\$227,675
Expenditures:				
<i>Current:</i>				
General Government	\$534,804	\$512,914	\$463,384	\$49,530
Public Safety	2,217,315	2,277,545	2,222,998	54,547
Transportation	189,200	219,200	45,297	173,903
Economic and Physical Development	155,000	101,150	101,362	(212)
Environmental Protection/Public Works	955,028	1,021,903	956,286	65,617
Public Services	998,822	1,022,687	965,302	57,385
<i>Debt Service:</i>				
Principal Retirement	78,216	76,216	75,878	338
Interest and Other Charges	4,144	4,144	4,143	1
Total Expenditures	\$5,132,529	\$5,235,759	\$4,834,650	\$401,109
Revenues Over (Under) Expenditures	(\$841,401)	(\$851,331)	(\$222,547)	\$628,784
Other Financing Sources (Uses):				
Transfers from Other Funds	\$550,393	\$550,393	\$550,393	
Fund Balance Appropriated	291,008	300,938		(\$300,938)
Total Other Financing Sources (Uses)	\$841,401	\$851,331	\$550,393	(\$300,938)
Net Change in Fund Balance	\$0	\$0	\$327,846	\$327,846
<i>Fund Balances, Beginning</i>			2,719,014	
Fund Balance, Ending			\$3,046,860	

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

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

<u>Assets</u>	<u>Major Enterprise Funds</u>			
	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Current Assets:				
Cash and Cash Equivalents	\$842,022	\$2,468,763	\$664,589	\$3,975,374
Accounts Receivable (Net)	917,896	529,118	197,342	1,644,356
Interest Receivable	15	15	15	45
Due from Other Governments		17,406	603	18,009
Due From Other Funds	290,000	30,563		320,563
Inventories	194,524	72,777	3,000	270,301
Restricted Cash and Cash Equivalents	195,444	492,645	47,149	735,238
Total Current Assets	\$2,439,901	\$3,611,287	\$912,698	\$6,963,886
Noncurrent Assets:				
Capital Assets:				
Land and Construction in Progress	\$58,900	\$613,343	\$276,643	\$948,886
Other Capital Assets, Net of Depreciation	4,192,142	19,112,854	19,748,655	43,053,651
Total Capital Assets	\$4,251,042	\$19,726,197	\$20,025,298	\$44,002,537
Total Noncurrent Assets	\$4,251,042	\$19,726,197	\$20,025,298	\$44,002,537
Total Assets	\$6,690,943	\$23,337,484	\$20,937,996	\$50,966,423
Deferred Outflows of Resources				
Pension Deferrals	\$88,376	\$45,818	\$32,525	\$166,719
OPEB Deferrals	42,680	49,393	188	92,261
Total Deferred Outflows of Resources	\$131,056	\$95,211	\$32,713	\$258,980
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$497,303	\$416,265	\$17,271	\$930,839
Accrued Interest Payable	27,847	22,848	7,472	58,167
Due to Other Funds			229,439	229,439
Long-Term Debt, Current Portion	236,938	205,000	200,365	642,303
Current Portion Compensated Absences	6,000	6,000	6,000	18,000
Customer Deposits	195,444	87,982		283,426
Total Current Liabilities	\$963,532	\$738,095	\$460,547	\$2,162,174
Noncurrent Liabilities:				
Net Pension Liability	\$112,189	\$58,164	\$41,288	\$211,641
Compensated Absences Payable	20,210	1,844	144	22,198
Total OPEB Liability	241,366	306,249	19,242	566,857
Long-Term Debt, Non-Current Portion	503,494	8,220,000	2,408,555	11,132,049
Total Noncurrent Liabilities	\$877,259	\$8,586,257	\$2,469,229	\$11,932,745
Total Liabilities	\$1,840,791	\$9,324,352	\$2,929,776	\$14,094,919
Deferred Inflows of Resources				
Pension Deferrals	\$1,439	\$745	\$529	\$2,713
OPEB Deferrals	15,795	20,036	1,261	37,092
Total Deferred Inflows of Resources	\$17,234	\$20,781	\$1,790	\$39,805
Net Position				
Net Investment in Capital Assets	\$3,510,610	\$11,301,197	\$17,416,378	\$32,228,185
Unrestricted	1,453,364	2,786,365	622,765	4,862,494
Total Net Position	\$4,963,974	\$14,087,562	\$18,039,143	\$37,090,679

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

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2019

	Major Enterprise Funds			Total
	Electric Fund	Water Fund	Sewer Fund	
OPERATING REVENUES:				
Charges for Services	\$6,335,032	\$2,517,359	\$1,490,575	\$10,342,966
Water and Sewer Tap Fees		11,896	100,893	112,789
Other Operating Revenues	78,323	211,516		289,839
Total Operating Revenues	\$6,413,355	\$2,740,771	\$1,591,468	\$10,745,594
OPERATING EXPENSES:				
Administration	\$607,886	\$406,145	\$182,387	\$1,196,418
Electric Operations	984,370			984,370
Electric Power Purchases	4,377,086			4,377,086
Water Treatment and Distribution		1,548,959		1,548,959
Waste Collection and Treatment			933,397	933,397
Depreciation	266,078	590,020	602,450	1,458,548
Total Operating Expenses	\$6,235,420	\$2,545,124	\$1,718,234	\$10,498,778
Operating Income	\$177,935	\$195,647	(\$126,766)	\$246,816
NONOPERATING REVENUES (EXPENSES):				
Investment Earnings	\$10,944	\$23,483	\$5,308	\$39,735
Sale of Materials	20,748	11,015	20,702	52,465
Disaster Expense	(36,211)			(36,211)
Interest and Other Charges	(31,226)	(292,325)	(70,664)	(394,215)
Proceeds from Sale of Fixed Asset		563	563	1,126
Total Nonoperating Revenues (Expenses)	(\$35,745)	(\$257,264)	(\$44,091)	(\$337,100)
Income (Loss) Before Contributions and Transfers	\$142,190	(\$61,617)	(\$170,857)	(\$90,284)
Capital Grant & Developer Contributions		\$205,037	\$549,979	\$755,016
Transfers (To) Other Funds	(\$369,670)	(155,823)	(6,000)	(531,493)
Change in Net Position	(\$227,480)	(\$12,403)	\$373,122	\$133,239
Total Net Position, Beginning	5,191,454	14,099,965	17,666,021	36,957,440
Total Net Position, Ending	\$4,963,974	\$14,087,562	\$18,039,143	\$37,090,679

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

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2019

	Major Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received From Customers	\$6,450,864	\$2,279,751	\$1,589,422	\$10,320,037
Cash Paid for Goods and Services	(5,446,897)	(1,748,741)	(1,031,897)	(8,227,535)
Cash Paid to or on Behalf of Employees for Services	(476,718)	(270,153)	(176,363)	(923,234)
Customer Deposits Received	32,663	8,939		41,602
Customer Deposits Returned	(43,828)	(17,141)	(33,000)	(93,969)
Other Operating Revenues	78,323	211,516		289,839
Net Cash Provided (Used) by Operating Activities	\$594,407	\$464,171	\$348,162	\$1,406,740
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Net Transfers (To) From Other Funds	(\$369,670)	(\$155,823)	(\$6,000)	(\$531,493)
Cash Flows (To) From Noncapital Financing Activities	(\$369,670)	(\$155,823)	(\$6,000)	(\$531,493)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and Construction of Capital Assets	(\$54,340)	(\$254,440)	(\$674,477)	(\$983,257)
Principal Paid on Long - Term Debt	(227,587)	(268,191)	(199,365)	(695,143)
Interest Paid on Long - Term Debt	(39,786)	(294,740)	(71,387)	(405,913)
Sale of Materials	20,748	11,015	20,702	52,465
Disaster Revenue/(Expense)	(36,211)			(36,211)
Proceeds from Sale of Fixed Asset		563	563	1,126
Capital Contributions - State Grants & Developers		205,037	549,979	755,016
Net Cash Provided (Used) by Capital and Related Financing Activities	(\$337,176)	(\$600,756)	(\$373,985)	(\$1,311,917)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on Investments	\$10,944	\$23,483	\$5,308	\$39,735
Net Increase (Decrease) in Cash and Cash Equivalents	(\$101,495)	(\$268,925)	(\$26,515)	(\$396,935)
Cash and Cash Equivalents, July 1	1,138,961	3,230,333	738,253	5,107,547
Cash and Cash Equivalents, June 30	\$1,037,466	\$2,961,408	\$711,738	\$4,710,612
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:				
Cash consists of the following:				
Unrestricted Cash and Cash Equivalents	\$842,022	\$2,468,763	\$664,589	\$3,975,374
Restricted Cash and Cash Equivalents - Customer Deposits	195,444	87,982		283,426
Restricted Cash and Cash Equivalents - Debt Service Reserve		404,663		404,663
Restricted Cash and Cash Equivalents - East Sanitary Projects			47,149	47,149
Cash and Cash Equivalents - June 30, 2019	\$1,037,466	\$2,961,408	\$711,738	\$4,710,612

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

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2019

	Major Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Total
<i>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</i>				
Operating Income	\$177,935	\$195,647	(\$126,766)	\$246,816
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</i>				
Depreciation	\$266,078	\$590,020	\$602,450	\$1,458,548
<i>Changes in Assets, Deferred Outflows of Resources and Liabilities:</i>				
Decrease (Increase) in Accounts Receivable	115,832	(249,504)	(2,046)	(135,718)
Decrease (Increase) in Due From Other Governments		80,357	411,647	492,004
Decrease (Increase) in Due From Other Funds		(563)		(563)
Decrease (Increase) in Inventory	8,654	(17,281)	139	(8,488)
Decrease (Increase) in Deferred Outflows of Resources - Pensions	(36,373)	(16,911)	(8,408)	(61,692)
Decrease (Increase) in Deferred Outflows of Resources - OPEB	(23,828)	(25,821)	(40)	(49,689)
Increase (Decrease) in Due To Other Funds			(561)	(561)
Increase (Decrease) in Net Pension Liability	46,206	16,949	10,688	73,843
Increase (Decrease) in Deferred Inflows of Resources - Pensions	(2,860)	17,351	(1,464)	13,027
Increase (Decrease) in Accounts Payable & Accrued Liabilities	62,483	(92,082)	(499,811)	(529,410)
Increase (Decrease) in Compensated Absences	(6,864)	(5,806)	(6,039)	(18,709)
Increase (Decrease) in Customer Deposits	(11,165)	(8,202)	(33,000)	(52,367)
Increase (Decrease) in Deferred Inflows of Resources - OPEB	4,268	(13,812)	415	(9,129)
Increase (Decrease) in OPEB Liability	(5,959)	(6,171)	958	(11,172)
Total Adjustments	\$416,472	\$268,524	\$474,928	\$1,159,924
Net Cash Provided (Used) by Operating Activities	\$594,407	\$464,171	\$348,162	\$1,406,740

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

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Fiscal Year Ended June 30, 2019

	2019
Assets:	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$26,088
Total Assets	\$26,088
 Liabilities and Net Assets:	
<i>Current Liabilities:</i>	
Accounts Payable and Accrued Liabilities	_____
Total Liabilities	\$0
 Net Position:	
<i>Unrestricted:</i>	
Assets held in trust for benefit payments	\$26,088
Total Liabilities and Net Position	\$26,088

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

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Fiscal Year Ended June 30, 2019

	2019
Additions:	
Investment Earnings	\$153
<i>Total Revenues</i>	\$153
Deductions:	
Claims	
<i>Total Expenditures</i>	\$0
Change in Net Position	\$153
<i>Net Position Beginning of Year</i>	25,935
Net Position End of Year	\$26,088

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

NOTES TO THE
FINANCIAL STATEMENTS

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS INDEX

NOTE

I	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....	26
II	STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY.....	36
III	DETAIL NOTES ON ALL FUNDS	36
IV	JOINTLY GOVERNED ORGANIZATIONS	59
V	RELATED ORGANIZATION	59
VI	FARMVILLE HOUSING DEVELOPMENT CORPORATION.....	59
VII	RELATED PARTY TRANSACTIONS	60
VIII	SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES.....	60
IX	MAJOR ENTERPRISE CUSTOMER.....	60
X	DATE OF MANAGEMENT'S REVIEW	60

TOWN OF FARMVILLE, 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 Farmville 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 Farmville is a municipal corporation that is governed by an elected mayor and a five-member council. The Town of Farmville is located in Pitt County, in the eastern part of North Carolina, and has a population of approximately 4,800 persons within the Town limits. The Town maintains its own police department, and provides substantial financial support, equipment, and supervision to its principal volunteer fire department and rescue squad.

In addition, the Town operates electric, water, and sewer service utilities for paying customers within the Town limits and certain immediate surrounding areas.

B. BASIS OF PRESENTATION

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

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

Fund Financial Statements: The fund financial statements provide information about the Town's funds, including the fiduciary fund. 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 nonmajor 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 nonoperating revenues are ancillary activities such as investment earnings.

The Town reports the following major governmental fund:

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

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

The Town reports the following non-major governmental funds:

Cemeteries Perpetual Care Fund. This fund is used to account for the ongoing care of the municipal cemeteries.

Subdivision Participation Project Fund. This fund is used to account for Subdivision Participation Project moneys.

Dogwood Festival Fund. This fund is used to account for the annual Dogwood Festival.

Library (Trust) Fund. This fund is used to account for contributions restricted for the Library.

May Museum and Park (Trust) Fund. This fund is used to account for contributions restricted for the May Museum and Park.

Library Renovation Capital Project Fund. This fund is used to account for the Library Renovation Project moneys.

Wallace Street Drainage Improvements Capital Project Fund. This fund is used to account for the Wallace Street Drainage Improvements Project.

Jones St. Drainage Improvements Project. This fund is used to account for the Jones Street Drainage Improvements Project.

The Town reports the following major enterprise funds:

Electric Fund. This fund is used to account for the Town's electric fund operations.

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

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

The Town reports the following fiduciary fund, which is a private purpose trust fund:

Fire Supplemental Hospitalization Insurance Fund. This fund is used to hold moneys restricted for supplemental hospitalization benefits for Firefighters.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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

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

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

D. BUDGETARY DATA

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, all Enterprise Funds and certain non-major funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for certain Non-Major Project Funds and the Enterprise Capital Projects Funds. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. During the year, several material budget amendments to the original budgets were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

E. ASSETS, LIABILITIES DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND FUND EQUITY

1. Deposit and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2019, the Term portfolio has a duration of .11 years. Because NCCMT Term Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

In accordance with State law, the Town has invested in securities which are callable, and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

2. Cash and Cash Equivalents

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

The unexpended funds in the water and sewer capital project funds are classified as restricted assets in the enterprise funds because their use is completely restricted to the purpose for which the funds were borrowed or received. Customer Deposits held by the Town before any services were supplied are restricted to the service for which the deposit was collected. Powell Bill funds are classified as restricted cash because they can be expended only for purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. The Fire Department funds are restricted cash because it can be expended only for purposes of the Fire Department. The Police Department has funds for drug money that is also restricted cash because it can only be expended for purposes of the Police Department, as it relates to undercover drug activity.

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TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

<u>Town of Farmville Restricted Cash</u>	
Governmental Activities	
General Fund	
Streets	\$515,841
Fire Department	126,171
Public Safety	20,344
Total governmental activities	<u>\$662,356</u>
Business-type Activities	
Electric Fund	
Customer Deposits	<u>\$195,444</u>
Water Fund	
Customer Deposits	\$87,982
Debt Service	404,663
	<u>\$492,645</u>
Sewer Fund	
Capital Projects	\$47,149
	<u>\$47,149</u>
Total Business-type Activities	<u>\$735,238</u>
Total Restricted Cash	<u>\$1,397,594</u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2018. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventory and Prepaid Items

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

The inventories of the Town's enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

From time to time, certain payments to vendors reflect costs 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.

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND FUND EQUITY
(CONTINUED)

7. 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 cost for all assets is \$5,000. Donated capital assets received prior to June 15, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015, are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

	<u>Estimated Useful Lives</u>
Infrastructure	25 - 50
Buildings	50
Improvements	25
Vehicles	5
Furniture and Equipment	10
Computer Equipment	3
Computer Software	5

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 Town has two items that meet this criterion, pension and OPEB deferrals for 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 Town has the following items that meets the criterion for this category – property taxes receivable, pension deferrals and OPEB deferrals.

9. Long-Term Obligations

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

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND FUND EQUITY
(CONTINUED)

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 or not, are reported as debt service expenditures.

10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Inventories – portion of fund balance that is not an available resource because it represents the year-end 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*

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND EQUITY
(CONTINUED)

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 Fire – Capital Outlay – portion of fund balance that is restricted for fire department capital outlay purchases.

Restricted for Police Drug Funds – portion of fund balance that is restricted for the use of undercover drug activities by the police department.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Farmville’s governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. The Town currently does not have any committed Fund Balance.

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

Cemetery Maintenance – portion of fund balance that has been assigned for cemetery expenses.

Subdivision Participation – portion of fund balance that has been assigned for subdivision participation.

Dogwood Festival – portion of fund balance that has been assigned for dogwood festival expenses.

Library and May Museum – portion of fund balance that has been assigned for contributor related expenses.

Library Renovation Project – portion of fund balance that has been assigned for library renovations.

Wallace Street Drainage Improvements Project– portion of fund balance assigned for Wallace Street.

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.

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

The Town of Farmville has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Director 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 Director has the authority to deviate from this policy if it is in the best interest of the Town.

The Town of Farmville currently does not have an adopted minimum fund balance policy.

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

12. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of 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 Farmville's employer contributions are recognized when due and the Town of Farmville 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.

F. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$4,224,484 consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$12,369,694
Less Accumulated Depreciation	<u>(5,813,889)</u>
Net Capital Assets	\$6,555,805
Assets for expenses deferred but incurred and therefore reported in the fund and are therefore not reported in the funds (net pension asset government-wide statement in governmental activities column)	(849,746)
Total Pension Liability	(609,707)
Pension assets used in governmental activities are not financial resources do not require current resources to pay and are therefore not reported in the fund statements:	
Contributions to Pension Plan	765,117
OPEB Deferrals	92,743
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements	85,742
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	
Unearned revenues	455,702
Pension related	(39,043)
OPEB Related	(116,563)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Installment financing	(109,670)
Compensated absences	(222,938)
Other Postemployment Benefits	(1,781,341)
Accrued interest payable	(1,617)
Total Adjustment	<u>\$4,224,484</u>

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in net position includes a reconciliation between net changes in fund balance – total governmental funds and changes in net position – governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$470,441 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$737,499
Cost of disposed capital assets not recorded in fund statements	(18,000)
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(457,331)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statement of net position	75,878
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	1,221
Deferral of current year pension contributions	186,003
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	48,258
Benefit Payments and administrative costs for LEOSSA are deferred outflows of resources on the statement of net position	31,439
Benefit Payments and administrative costs for OPEB are deferred outflows of resources on the statement of net position	75,375
Pension expenses are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(286,633)
OPEB expenses are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(117,167)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	
Deferred Revenue	196,917
Reversal of deferred tax revenue recorded at 7/1/18	(265,978)
Recording of tax receipts deferred in the fund statements as of 6/30/19	258,785
Increase in accrued taxes receivable for year ended 6/30/19	4,175
Total Adjustment	\$470,441

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. SIGNIFICANT VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

None noted.

B. DEFICIT FUND BALANCE OR NET POSITION OF INDIVIDUAL FUNDS

None noted.

C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

None noted.

III. DETAIL NOTES ON ALL FUNDS

A. ASSETS

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the Town'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 the Town's 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 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 \$5,944,128 and a bank balance of \$5,997,490. Of this balance, \$500,000 was covered by federal depository insurance and \$5,497,490 was covered by collateral held under the Pooling method. At June 30, 2019, the petty cash funds totaled \$1,230.

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TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

2. Investments

At June 30, 2019, the Town's investment balances were as follows:

Investments by Type	Valuation		Maturity	Rating
	Measurements Method	Book Value at 6/30/2019		
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	\$2,142,688	N/A	AAAm
Total Investments		\$2,142,688		

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities benchmark quoted prices.

3. Receivables – Allowances for Doubtful Accounts

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

	Taxes and Related Interest	Other	Accounts	Due from Other Governments	Total
Governmental Activities:					
General	\$337,257	\$85,742	\$47,162	\$392,650	\$862,811
Other Governmental			233,180		233,180
Total Receivables	\$337,257	\$85,742	\$280,342	\$392,650	\$1,095,991
Allowance for Doubtful Accounts	78,472				78,472
Total Governmental Activities	\$258,785	\$85,742	\$280,342	\$392,650	\$1,017,519
Business Type Activities:					
Electric Fund		\$15	\$980,896		\$980,911
Water Fund		15	648,118	\$17,406	665,539
Sewer Fund		15	208,342	603	208,960
Total Receivables		\$45	\$1,837,356	\$18,009	\$1,855,410
Allowance for Doubtful Accounts			193,000		193,000
Total Business Type Activities	\$0	\$45	\$1,644,356	\$18,009	\$1,662,410

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TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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

Local Option Sales Tax	\$193,868
Sales Tax	86,936
Franchise Tax	88,339
Solid Waste Disposal Tax	860
DMV - Tags & Titles	5,293
Vehicle Taxes - Pitt County	17,354
Total General Fund	<u>\$392,650</u>
1/2 Water Project - Greene Co.	\$13,111
Sales Tax	4,898
Total Enterprise Fund	<u>\$18,009</u>
Total Due	<u><u>\$410,659</u></u>

Pledges related to library construction in progress by the Town, consisted of the following at June 30, 2019:

	<u>2019</u>
Unconditional Pledges for Library Construction	<u>\$196,917</u>
Gross Unconditional Pledges	<u>\$196,917</u>
Less: Present Value Discount	\$4,779
Net Unconditional Pledges	<u><u>\$192,138</u></u>
 <i>Net Amounts Due in:</i>	
Less Than One Year	\$96,560
One to Five Years	95,578
Total Amounts Due	<u><u>\$192,138</u></u>

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TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

4. Capital Assets

Primary Government

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$1,772,894		\$18,000	\$1,754,894
Construction in Progress	115,762	\$412,106		527,868
Total Capital Assets Not Being Depreciated	\$1,888,656	\$412,106	\$18,000	\$2,282,762
Capital Assets Being Depreciated:				
Buildings	\$5,556,683	\$134,000		\$5,690,683
Equipment	1,194,293	24,524		1,218,817
Vehicles and Motorized Equipment	2,069,437	80,556	\$112,690	2,037,303
Infrastructure	1,053,816	86,313		1,140,129
Total Capital Assets Being Depreciated	\$9,874,229	\$325,393	\$112,690	\$10,086,932
<i>Less Accumulated Depreciation for:</i>				
Buildings	\$2,520,695	\$115,102		\$2,635,797
Equipment	814,934	111,835		926,769
Vehicles and Motorized Equipment	1,255,358	208,280	\$112,690	1,350,948
Infrastructure	878,261	22,114		900,375
Total Accumulated Depreciation	\$5,469,248	\$457,331	\$112,690	\$5,813,889
<i>Total Capital Assets Being Depreciated, Net</i>	4,363,210			4,273,043
Governmental Activity Capital Assets, Net	\$6,251,866			\$6,555,805

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

General Government	\$257,732
Transportation	57,346
Public Safety	94,230
Public Works	36,421
Public Service	11,602
Total Depreciation Expense	\$457,331

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TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

4. Capital Assets (Continued)

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

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activity:				
Electric Fund:				
Capital assets not being depreciated:				
Land	\$58,900			\$58,900
<i>Total Capital Assets Not Being Depreciated</i>	\$58,900	\$0	\$0	\$58,900
Capital Assets Being Depreciated:				
Substations, Lines and Related	\$6,799,802			\$6,799,802
Furniture and Equipment	1,627,339	\$54,340		1,681,679
Vehicles	733,723			733,723
<i>Total Assets Being Depreciated</i>	\$9,160,864	\$54,340	\$0	\$9,215,204
Less Accumulated Depreciation for:				
Substations, Lines and Related	\$2,871,026	\$130,596		\$3,001,622
Furniture and Equipment	1,227,150	84,179		1,311,329
Vehicles	658,808	51,303		710,111
Total Accumulated Depreciation	\$4,756,984	\$266,078	\$0	\$5,023,062
<i>Total Capital Assets Being Depreciated, Net</i>	4,403,880			4,192,142
Electric Fund Capital Assets, Net	\$4,462,780			\$4,251,042
Water Fund:				
Capital assets not being depreciated:				
Land	\$99,134			\$99,134
Construction in Progress		\$528,201	\$13,991	514,210
<i>Total Capital Assets Not Being Depreciated</i>	\$99,134	\$528,201	\$13,991	\$613,344
Capital Assets Being Depreciated:				
Plant and Distribution Systems	\$25,455,620	\$46,382		\$25,502,002
Vehicles and Construction Equipment	1,097,348	95,472	\$7,350	1,185,470
<i>Total Assets Being Depreciated</i>	\$26,552,968	\$141,854	\$7,350	\$26,687,472
Less Accumulated Depreciation for:				
Plant and Distribution Systems	\$6,442,839	\$492,387		\$6,935,226
Vehicles and Construction Equipment	549,110	97,633	\$7,350	639,393
Total Accumulated Depreciation	\$6,991,949	\$590,020	\$7,350	\$7,574,619
<i>Total Capital Assets Being Depreciated, Net</i>	19,561,019			19,112,853
Water Fund Capital Assets, Net	\$19,660,153			\$19,726,197

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TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

4. Capital Assets (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Sewer Fund:				
Capital assets not being depreciated:				
Land	\$90,000			\$90,000
Construction in Progress	1,958,462	\$654,116	\$2,425,935	186,643
<i>Total Capital Assets Not Being Depreciated</i>	\$2,048,462	\$654,116	\$2,425,935	\$276,643
Capital Assets Being Depreciated:				
Plant and Distribution Systems	\$27,177,430	\$2,425,935	\$7,350	\$29,596,015
Vehicles and Construction Equipment	690,695	20,361		711,056
Total Assets Being Depreciated	\$27,868,125	\$2,446,296	\$7,350	\$30,307,071
Less Accumulated Depreciation for:				
Plant and Distribution Systems	\$9,323,129	\$547,935		\$9,871,064
Vehicles and Construction Equipment	640,187	54,515	\$7,350	687,352
Total Accumulated Depreciation	\$9,963,316	\$602,450	\$7,350	\$10,558,416
<i>Total Capital Assets Being Depreciated, Net</i>	17,904,809			19,748,655
Sewer Fund Capital Assets, Net	\$19,953,271			\$20,025,298
Business-type Activities Capital Assets, Net	\$44,076,204			\$44,002,537

Construction Commitments

The government has active construction projects as of June 30, 2019. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Governmental Project:		
Library Renovation	\$442,968	\$3,724,032
Jones St. Drainage Improvement	84,900	17,800
Water Projects:		
2017 Water System Improvements	410,073	238,926
Bonnie's Alley (50%)	104,137	15,707
Sewer Projects:		
Bonnie's Alley (50%)	104,137	15,707
Basin 5 Sewer System	591	2,630,409
Total	\$1,146,806	\$6,642,581

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TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

B. LIABILITIES

1. Payables

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

	<u>Vendors</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental Activities:			
General	\$192,324	\$1,617	\$193,941
Total Governmental Activities	<u>\$192,324</u>	<u>\$1,617</u>	<u>\$193,941</u>
Business Type Activities:			
Electric Fund	\$497,303	\$27,847	\$525,150
Water Fund	416,265	22,848	439,113
Sewer Fund	17,271	7,472	24,743
Total Business Type Activities	<u>\$930,839</u>	<u>\$58,167</u>	<u>\$989,006</u>

2. Pension Plan and Post Employment Obligations

a. Local Governmental Employees' Retirement System

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

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

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

2. Pension Plan and Post Employment Obligations (continued)

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor'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. Town of Farmville 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 Farmville'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 Town of Farmville were \$239,329 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.

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 \$1,061,387 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018, utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the Town's proportion was .04474%, which was an increase of .00185% from the proportion measured as of June 30, 2017.

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TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

2. Pension Plan and Post Employment Obligations (continued)

For the year ended June 30, 2019, the Town recognized pension expense of \$289,714. 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	\$163,747	\$5,495
Changes of assumptions	281,651	
Net difference between projected and actual earnings on pension plan investments	145,696	
Changes in proportion and differences between Town contributions and proportionate share of contributions	12,679	8,105
Town contributions subsequent to the measurement date	232,329	
Total	\$836,102	\$13,600

\$232,329 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 inflows of resources related to pensions will be recognized in pension expense as follows:

Years ended June 30:

2019	\$279,681
2020	186,928
2021	37,334
2022	86,230
2023	-
Thereafter	-

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.

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

2. Pension Plan and Post Employment Obligations (continued)

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

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

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.

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TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

2. Pension Plan and Post Employment Obligations (continued)

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$2,549,541	\$1,061,387	(\$182,140)

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

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description

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

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

Retirees Receiving Benefits	2
Terminated Plan Members entitled to but not yet Receiving Benefits	0
Active Plan Members	16
Total	18

2. Summary of Significant Accounting Policies

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

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

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

2. Pension Plan and Post Employment Obligations (continued)

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 assumption, applied to all periods included in the measurement:

Inflation	3.64 percent
Salary Increases	3.5 to 7.35 percent, including inflation productivity factor
Discount Rate	2.50 percent

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

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

4. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$25,110 as benefits came due for the reporting period.

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

At June 30, 2019, the Town reported a total pension liability of \$609,707. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the City recognized pension expense of \$54,687.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$58,864	
Changes of assumptions	24,315	\$28,156
County benefit payments and plan administrative expense made subsequent to the measurement date	12,555	
Total	\$95,734	\$28,156

\$12,555 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ended June 30:	
2020	\$11,377
2021	11,377
2022	11,377
2023	12,386
2024	7,909
Thereafter	597
	\$55,023

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

2. Pension Plan and Post Employment Obligations (continued)

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 3.64 percent, as well as what the Town'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	Discount Rate	1% Increase
	(2.64%)	(3.64%)	(4.64%)
Total pension liability	\$663,426	\$609,707	\$560,782

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

	2019
Beginning Balance	\$568,362
Service Cost	25,746
Interest on the total pension liability	17,564
Charges of benefit terms	
Dfferenes between expected and actual experience in the measurement of the total pension liability	48,316
Changes of assumptions or other inputs	(25,171)
Benefit payments	(25,110)
Other changes	
Ending balance of the total pension liability	\$609,707

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.

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.

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TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

2. Pension Plan and Post Employment Obligations (continued)

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>TOTAL</u>
Pension Expense	\$289,714	\$54,687	\$344,401
Pension Liability	1,061,386	609,707	\$1,671,093
Proportionate Share of the Net Pension Liability	0.04474%	n/a	
Deferred Outflows of Resources			
Differences between expected and actual experience	163,747	58,864	\$222,611
Changes of assumptions	281,651	24,315	\$305,966
Net difference between projected and actual earnings on plan investments	145,696		\$145,696
Changes in proportion and differences between contributions and proportionate share of contributions	12,679		\$12,679
Benefit payments and administrative costs paid subsequent to the measurement date	232,329	12,555	\$244,884
Deferred Inflows of Resources			
Differences between expected and actual experience	5,495		\$5,495
Changes of assumptions		28,156	\$28,156
Changes in proportion and differences between contributions and proportionate share of contributions	8,105		\$8,105

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina 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 to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5.00% of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2019, were \$49,938 which consisted of \$43,908 from the Town and \$6,030 from the law enforcement officers.

d. Supplemental Retirement Income Plan for Employees not Engaged in Law Enforcement

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to the general employees not engaged in law enforcement.

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

2. Pension Plan and Post Employment Obligations (continued)

Funding Policy. The Town has elected to contribute each month an amount equal to 2.75% of each employee's salary. Also, the employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2019, were \$97,930, which consisted of \$55,950 from the Town and \$41,980 from the employees not engaged in law enforcement

e. Other Postemployment Benefit (OPEB)

1. Healthcare Benefits

Plan Description. Under the terms of a Town resolution, the Town administers a single employer defined Healthcare Benefits Plan (the HCB plan). As of September 5, 1995, this plan provides postemployment healthcare benefits to retirees of the Town, provided they participate in the Local Government Employees' Retirement System (System) and have at least twenty (20) years of creditable service with the Town (fifteen (15) years for retirees due to disability). Prior to September 5, 1995, employees qualified for similar level benefits after at least ten (10) years of creditable service with the Town (five (5) years for retirees due to disability). The Town pays the full cost of coverage for these benefits through private insurers. The Town's retirees cannot purchase additional coverage for their dependents at the Town's group rates. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

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

	General Employees	Law Enforcement Officers
Retirees and Dependents Receiving Benefits	6	
Active Plan Members	33	
Total	39	0

Total OPEB Liability

The Town's total OPEB liability of \$2,348,198 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%
Salary Increases	
General Employees	3.50% - 7.75%
Law Enforcement Officers	3.50% - 7.35%
Discount Rate	3.89%
Health Care Cost Trend Rates	
Pre-Medicare	7.5% for 2017 decreasing to an ultimate rate of 5.00% by 2023

The discount rate used to measure the TOL was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

2. Pension Plan and Post Employment Obligations (continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2018	\$2,356,465
Changes for the Year	
Service Cost	88,494
Interest	81,903
Changes of Benefit terms	
Differences between expected and actual experience	8,303
Changes in assumptions or other inputs	(74,325)
Benefit Payments	(112,642)
Net Changes	(\$8,267)
Balance at June 30, 2019	\$2,348,198

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.

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

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

	1% Decrease (2.89%)	Current Discount Rate (3.89%)	1% Increase (4.89%)
Total OPEB Liability	\$2,581,422	\$2,348,198	\$2,138,170

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TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

2. Pension Plan and Post Employment Obligations (continued)

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

	1% Decrease	Current	1% Increase
Total OPEB Liability	\$2,068,087	\$2,348,198	\$2,679,528

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

For the year ended June 30, 2019 the Town recognized OPEB expense of \$144,569. At June 30, 2019, the Town 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	\$22,895	
Changes of assumptions or other inputs		\$153,655
Benefit Payments made subsequent to the measurement date	127,827	
Total	\$150,722	\$153,655

\$127,827 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Period Ended June 30:

2019	(\$25,828)
2020	(25,828)
2021	(25,828)
2022	(25,828)
2023	(20,725)
Thereafter	(6,723)
	(\$130,760)

3. Other Employment Benefits

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

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

4. Deferred Outflows and Inflows of Resources

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

Source	Amount
Contributions to pension plan in current fiscal year	\$232,329
Benefit payments and administrative expenses for LEOSSA made subsequent to measurement date	12,555
Benefit payments and administrative expenses for OPEB made subsequent to measurement date	127,827
Differences between expected and actual experience	245,506
Changes of assumptions	305,966
Net difference between projected and actual	145,696
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,679
Total	\$1,082,558

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

	Statement of Net Position	General Fund Balance Sheet
Taxes Receivable, less penalties (general fund)		\$258,785
Changes in assumptions	\$181,812	
Differences between expected and actual experience	5,495	
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,105	
	\$195,412	\$258,785

5. 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 carries commercial insurance for general liability of \$1 million per occurrence and \$3 million aggregate and auto liability of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage up to an unlimited limit.

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

The Town carries flood insurance for coverage up to \$1 million per occurrence.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance director and tax collector are each individually bonded for \$50,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$100,000.

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

6. Claims and Judgements

On March 22, 2011, the Town was notified by the North Carolina Department of Environmental Quality Control (DEQ) of a potential issue associated with soil contamination that was discovered during installation of a waterline along a Town street. As of report date, it has not been determined who is at fault for the contamination. The Town does not feel that it is responsible for the contamination and plans to defend itself against the issue raised by DEQ. The Town's council is unable to predict an outcome in this matter.

7. Long-Term Obligations

Serviced by the Town's General Fund

a. Installment Purchase

On September 18, 2014, the Town entered into an installment purchase contract with Branch Banking & Trust Company for the purchase of a Street Sweeper. The terms of this agreement called for 5 annual payments in the amount of \$47,163 that began on September 18, 2015. The agreement carries an interest rate of 1.97%. The asset and the related liability were recorded in the General Fund. The balance at June 30, 2019 was \$46,326.

On November 19, 2015, the Town entered into an installment purchase contract with Branch Banking & Trust Company for the purchase of new vehicles. The terms of this agreement called for 5 annual payments in the amount of \$32,859 beginning on November 19, 2017. The agreement carries an interest rate of 2.49%. The asset and related liability were recorded in the General Fund. The balance at June 30, 2019, was \$63,344.

Total Long-Term Obligations Serviced by the General Fund at June 30, 2019 was \$109,670.

Serviced by the Town's Electric Fund

On August 1, 2006, the Town entered into an installment purchase contract with Branch Banking & Trust Company for the purpose of constructing a point-of-delivery electric substation and electric transmission line. The terms of this agreement call for 15 annual payments in the amount of \$267,371 that began on August 1, 2007 and continue through August 1, 2021. The agreement carries an interest rate of 4.11%. The asset and the related liability have been recorded in the Electric Fund. The balance at June 30, 2019, was \$740,432.

Total Long-Term Obligations Serviced by the Electric Fund at June 30, 2019 was \$740,432.

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TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

Serviced by the Town's Water Fund

On August 21, 2003, the Town entered into a financing agreement with Branch Banking & Trust Company to aide in the construction of an overhead water storage tank. The financing contract requires 15 annual payments in the amount of \$69,563 that began on August 21, 2004, with an interest rate of 3.53%. The asset and the related liability have been recorded in the Water Fund. The balance was paid off in the 2018/2019 year.

On May 14, 2009, the Town entered into a financing agreement with NC Department of Environment & Natural Resources – Division of Environmental Health to complete a construction project designed to provide an alternative water source to local area residents. The financing contract is part of the American Recovery Reinvestment Act of 2009 (ARRA) and totals \$3,000,000, with a forgiveness principal amount of \$1,500,000. The loan requires 20 annual principal payments in the amount of \$75,000 that began in June 2017. The agreement carries an interest rate of 0%. The project assets and the related liability have been recorded in the Water Fund. The total at June 30, 2019, was \$1,800,000, with ½ to be forgiven of \$900,000, leaving a balance of \$900,000.

Total Long-Term Obligations Serviced by the Water Fund at June 30, 2019 was \$900,000.

Serviced by the Town's Sewer Fund

On December 3, 2003, the Town entered into a financing agreement with NC Department of Environment, Health, and Natural Resources to aide in the construction of a sanitary sewer project. The financing contract requires 20 annual principal payments in the amount of \$100,000 beginning May 2005, with an interest rate of 2.36%. The project assets and the related liability have been recorded in the Sewer Fund. The balance at June 30, 2019, was \$500,000.

On March 27, 2006, the Town entered into a financing agreement with NC Department of Environment & Natural Resources – Division of Water Quality to aide in the purchase of a sewer sludge drying unit. The financing contract requires 20 annual principal payments in the amount of \$72,650 beginning November 2007, and semi-annual interest payments due May 1 and November 1 each year. The agreement carries an interest rate of 2.205%. The project assets and the related liability have been recorded in the Sewer Fund. The balance at June 30, 2019, was \$570,920.

Total Long-Term Obligations Serviced by the Sewer Fund at June 30, 2019 was \$1,070,920.

The future minimum payments of the installment purchases are as follows:

Year Ending June 30,	Governmental Activity		Business-Type Activity					
	General Fund		Electric Fund		Water Fund		Sewer Fund	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$77,608	\$2,414	\$236,939	\$30,432	\$75,000		\$171,365	\$24,389
2021	32,062	798	246,678	20,694	75,000		171,365	20,455
2022			256,815	10,554	75,000		171,365	16,522
2023					75,000		171,365	12,588
2024					75,000		171,365	12,588
2025-2029					375,000		214,095	9,442
2030-2031					150,000			
	\$109,670	\$3,212	\$740,432	\$61,680	\$900,000	\$0	\$1,070,920	\$95,984

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

b. Revenue Bonds

Serviced by the Town's Water Fund:

\$3,802,000 Water Revenue Bonds, Series 2010, issued for water system improvements. Annual installments are due June 1 at an annual interest rate of 4.00%	\$3,452,000
\$2,000,000 Water Revenue Bonds, Series 2010, issued for water system improvements. Annual installments are due June 1 at an annual interest rate of 4.00%	1,790,000
\$2,514,000 Water Revenue Bonds, Series 2010, issued for water system improvements. Annual installments are due June 1 at an annual interest rate of 4.00%	2,283,000
Total	<u><u>\$7,525,000</u></u>

The future payments of the revenue bonds for the years ending June 30, are as follows:

<u>During the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$130,000	\$287,575	\$417,575
2021	136,000	282,630	418,630
2022	141,000	277,453	418,453
2023	147,000	272,083	419,083
2024	152,000	266,488	418,488
2025-2029	854,000	1,240,878	2,094,878
2030-2034	1,028,000	1,065,298	2,093,298
2035-2039	1,239,000	853,531	2,092,531
2040-2044	1,495,000	597,711	2,092,711
2045-2049	1,802,000	299,091	2,101,091
2050	401,000	15,365	416,365
	<u><u>\$7,525,000</u></u>	<u><u>\$5,458,103</u></u>	<u><u>\$12,983,103</u></u>

The Town has been in compliance with the covenants as to rates, fees, rentals and charges in Section 5.01 of the Bond Orders, authorizing the issuance of the Water Revenue Bonds, Series 2010-A, 2010-B and 2010-C, since their adoption in 2010, 2010 and 2010. Section 5.01-C of the Bond Orders requires the debt service coverage ratio to be no less than 110%. The debt service coverage ratio calculation for the year ended June 30, 2019, is as follows:

Operating Revenues	\$2,740,771
Operating Expenses*	<u>1,955,104</u>
Operating Income	\$785,667
Nonoperating Revenues (Expenses)**	<u>35,104</u>
Income Available for Debt Service	\$820,771
Debt Service, Principal and Interest	
Paid (Revenue Bonds Only)	\$418,368
Debt Service Coverage Ratio	196%

* Per rate covenants, this does not include the depreciation expense of \$590,020.

** Per rate covenants, this does not include revenue bond interest paid of \$292,368.

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

b. Revenue Bonds (continued)

Serviced by the Town's Sewer Fund:

\$1,672,000 Water and Sewer Revenue Bonds, Series 2012, issued for water and sewer system improvements. Annual installments are due June 1 at an annual interest rate of 2.75%. \$1,538,000

The future payments of the revenue bonds for the years ending June 30, are as follows:

<u>During the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$29,000	\$42,295	\$71,295
2021	30,000	41,498	71,498
2022	31,000	40,673	71,673
2023	32,000	39,820	71,820
2024	33,000	38,940	71,940
2025-2029	175,000	180,814	355,814
2030-2034	201,000	155,376	356,376
2035-2039	231,000	126,089	357,089
2040-2044	265,000	92,511	357,511
2045-2049	304,000	54,066	358,066
2050-2052	207,000	11,488	218,488
	<u>\$1,538,000</u>	<u>\$823,570</u>	<u>\$2,361,570</u>

The Town has been in compliance with the covenants as to rates, fees, rentals and charges in Section 5.01 of the Bond Order, authorizing the issuance of the Water and Sewer Revenue Bond, Series 2012, since their adoption in 2012. Section 5.01-C of the Bond Orders requires the debt service coverage ratio to be no less than 110%. The debt service coverage ratio calculation for the year ended June 30, 2019, is as follows:

Operating Revenues	\$1,591,468
Operating Expenses*	<u>1,115,784</u>
Operating Income	\$475,684
Nonoperating Revenues (Expenses)**	<u>(1,026)</u>
Income Available for Debt Service	\$474,658
Debt Service, Principal and Interest	
Paid (Revenue Bonds Only)	\$71,065
Debt Service Coverage Ratio	668%

* Per rate covenants, this does not include the depreciation expense of \$602,450.

** Per rate covenants, this does not include revenue bond interest paid of \$43,065.

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TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

8. Changes in Long-Term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental Activities:					
Installment Purchases	\$185,548		\$75,878	\$109,670	\$77,608
Compensated Absences	271,196	\$100,529	148,787	222,938	100,529
Total OPEB Liability	1,778,436	2,905		1,781,341	
Total Pension Liability (LEOSSA)	568,362	41,345		609,707	
Net Pension Liability (LGRS)	517,443	332,303		849,746	
Governmental Activity Long-Term Liabilities	\$3,320,985	\$477,082	\$224,665	\$3,573,402	\$178,137

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Business-type Activities:					
Installment Purchases	\$3,252,494		\$541,142	\$2,711,352	\$483,303
Revenue Bonds	9,217,000		154,000	9,063,000	159,000
Compensated Absences	58,907	\$26,076	44,785	40,198	18,000
Total OPEB Liability	578,029		11,172	566,857	
Net Pension Liability (LGRS)	137,798	73,843		211,641	
Business-type Activity Long-Term Liabilities	\$13,244,228	\$99,919	\$751,099	\$12,593,048	\$660,303

The LGRS plan had a net pension liability as of June 30, 2019.

C. INTERFUND BALANCES AND ACTIVITY

Transfers to/from Other Funds:

Transfers to/from other funds for the year ended June 30, 2019, consisted of the following:

<u>GENERAL</u>	<u>FROM</u>
From the Electric Fund to the General Fund	\$269,833
From the Electric Fund to the General Fund - Payment In Lieu of Taxes	22,337
From the Electric Fund to the General Fund Economic Development	77,500
From the Water Fund to the General Fund	72,323
From the Water Fund to the General Fund-Streets	6,000
From the Water Fund to the General Fund Economic Development	77,500
From the Sewer Fund to the General Fund-Streets	6,000
	\$531,493

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

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

D. FUND BALANCE

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

Total Fund Balance General Fund	\$3,046,860
Less:	
Inventories	21,086
Stabilization by State Statue	597,274
Streets-Powell Bill	515,841
Appropriated in 2020 Budget	63,363
Fire - Capital Outlay	126,171
Police Drug Funds	20,345
Remaining Fund Balance	1,702,780

IV. JOINTLY GOVERNED ORGANIZATION

The Town is a member of the North Carolina Eastern Municipal Power Agency (the "Agency"). The Agency was formed to enable municipalities and town electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. The Town receives power from the Agency and is contractually allocated a 1.29% interest in the Agency, with the balance being shared by the 31 other local governments. Each participating government appoints one commissioner to the Agency's governing board. The Town is billed monthly for 1.29% of the Agency's operating expenditures (including debt service) of the Agency and is obligated to purchase all of its power supply requirements from the Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The Town's purchases of power for the fiscal year ended June 30, 2019, were \$4,377,086.

On July 31, 2015, the NCEMPA completed the sale of most of its electricity generating assets to Duke Energy. These proceeds were used to defease the NCEMPA's outstanding revenue bonds. The NCEMPA entered into contractual arrangements with its member cities and Duke Energy. Under these arrangements, the NCEMPA will supply wholesale power to its members and will purchase this power from Duke Energy. In addition to payments made for electric power, NCEMPA members will make payments for their share of the debt service on the NCEMPA's new revenue bonds.

V. RELATED ORGANIZATION

The mayor of the Town of Farmville appoints the five-member board of the Town of Farmville Housing Authority. The Town is accountable for the Housing Authority because it appoints the governing board; however, the Town is not financially accountable for the Housing Authority. The Town of Farmville is also disclosed as a related organization in the notes to the financial statements for the Town of Farmville Housing Authority.

VI. FARMVILLE HOUSING DEVELOPMENT CORPORATION

The Farmville Housing Development Corporation is a nonprofit organization qualifying as exempt under Section 501(c)(3) of the United States Internal Revenue Code. The Corporation was specifically organized and has been operated exclusively for the purpose of promoting opportunities available to the residents of the Farmville area and groups to obtain adequate low-cost housing accommodations by constructing, rehabilitating, and providing decent, safe, and sanitary housing in Farmville for persons and families of low to moderate income who otherwise would not be able to find or afford a suitable place to live. The Town of Farmville acts as agent in handling moneys for the Corporation.

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

VII. RELATED PARTY TRANSACTIONS

The Town leases approximately 4,300 square feet of commercial space from a real estate company that is partially owned by a Town Commissioner. The property location is 3822 South Main Street and it is used as a police substation. The annual rent is \$3,600.

VIII. 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.

IX. MAJOR ENTERPRISE CUSTOMER

The Town's Electric Fund has one industrial customer who provides a substantial amount of the fund's sales. Billings to this customer comprised 6.63% of total billings.

X. DATE OF MANAGEMENT'S REVIEW

Subsequent events were evaluated through January 27, 2020, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY FINANCIAL DATA

Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System

Schedule of Contributions to Local Government Employees' Retirement System

Schedule of Changes in Total Pension Liability – LEOSA

Schedule of Total Pension Liability as a Percentage of Covered Payroll – LEOSA

Schedule of Changes in the Total OPEB Liability and Related Ratios

TOWN OF FARMVILLE, NORTH CAROLINA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Last Six Fiscal Years

Local Government Employees' Retirement System

	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) (%)	0.04474%	0.04289%	0.04112%	0.04114%	0.04595%	0.04930%
Town's proportion of the net pension liability (asset) (\$)	\$1,061,386	\$655,241	\$872,703	\$253,606	(\$594,254)	\$270,988
Town's covered - employee payroll	2,821,800	2,587,255	2,400,777	2,620,146	2,678,378	2,516,930
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.61%	25.33%	36.35%	9.68%	(22.19%)	10.12%
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 FARMVILLE, NORTH CAROLINA
SCHEDULE OF CONTRIBUTIONS TO LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
For the Last Six Fiscal Years

Local Government Employees' Retirement System

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$239,329	\$217,844	\$193,651	\$163,482	\$180,510	\$181,890
Contributions in relation to the contractually required contribution	239,329	217,844	193,651	163,482	180,510	181,890
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0
Town's covered-employee payroll	\$2,912,950	\$2,821,800	\$2,587,255	\$2,400,777	\$2,620,146	\$2,678,378
Contributions as a percentage of covered-employee payroll	8.22%	7.72%	7.48%	6.81%	6.89%	6.79%

TOWN OF FARMVILLE, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
 Last Two Fiscal Years

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

	<u>2019</u>	<u>2018</u>
Beginning Balance	\$568,362	\$480,953
Service Cost	25,746	22,691
Interest on the total pension liability	17,564	18,265
Charges of benefit terms		
Differences between expected and actual experience in the measurement of the total pension liability	48,316	26,694
Changes of assumptions or other inputs	(25,171)	35,291
Benefit payments	(25,110)	(15,532)
Other changes		
Ending balance of the total pension liability	<u>\$609,707</u>	<u>\$568,362</u>

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

TOWN OF FARMVILLE, NORTH CAROLINA
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
 Last Two Fiscal Years

	<u>2019</u>	<u>2018</u>
Total pension liability	\$609,707	\$568,362
Covered payroll	<u>814,951</u>	<u>853,101</u>
Total pension liability as a percentage of covered payroll	74.82%	66.62%

Notes to the schedules:

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

TOWN OF FARMVILLE, NORTH CAROLINA
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

Total OPEB Liability	2019	2018
Service Cost	\$88,494	\$97,205
Interest	81,903	70,839
Changes of Benefit terms		
Differences between expected and actual experience	8,303	22,601
Changes in assumptions	(74,325)	(129,113)
Benefit Payments	(112,642)	(116,160)
Net Change in total OPEB liability	(\$8,267)	(\$54,628)
Total OPEB Liability - beginning	\$2,356,465	\$2,411,093
Total OPEB Liability - ending	\$2,348,198	\$2,356,465

Covered Payroll	\$1,656,746	\$1,656,746
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Total OPEB Liability as a percentage of covered payroll	141.74%	142.23%
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Notes to Schedule

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

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

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

Resources are provided primarily through taxes and intergovernmental revenue and are expended for services deemed not susceptible to a user charge financing method.

The Fund is accounted for on the modified accrual basis of accounting.

TOWN OF FARMVILLE, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Ad Valorem Taxes:			
Current Year	\$1,571,906	\$1,591,458	\$19,552
Prior Years	34,100	29,010	(5,090)
Penalties and Interest	15,000	17,490	2,490
Total Ad Valorem Taxes	\$1,621,006	\$1,637,958	\$16,952
Unrestricted Intergovernmental Revenues:			
Local Option Sales Tax	\$980,000	\$1,082,997	\$102,997
Payments in Lieu of Taxes	1,000		(1,000)
Piped Natural Gas Sales Tax	19,840	19,876	36
Utility Sales Tax	311,560	312,200	640
Telecommunications Tax	39,120	39,895	775
Vehicle Tag Fees	14,150	17,322	3,172
Video Franchise Fee	29,480	28,827	(653)
Beer & Wine Tax	21,000	20,070	(930)
Total Unrestricted Intergovernmental Revenues	\$1,416,150	\$1,521,187	\$105,037
Restricted Intergovernmental Revenues:			
Powell Bill Allocation	\$137,000	\$136,914	(\$86)
Library State Aid	3,800	3,472	(328)
LSTA Library Grants	11,003	11,003	
Controlled Substance Tax		1,185	1,185
Solid Waste Disposal Tax	3,335	3,451	116
System Betterment Grant	5,000	5,000	
NCLM Safety Grant		5,000	5,000
Smart Communities Grant	4,000		(4,000)
Municipal Support Grant	5,000		(5,000)
Disaster Compensation - Federal Emergency Management Assistance		128,660	128,660
Total Restricted Intergovernmental Revenues	\$169,138	\$294,685	\$125,547
Licenses & Permits:			
Building Permits	\$17,000	\$17,120	\$120
Plumbing Permits	2,000	2,506	506
Electrical Permits	20,000	20,961	961
Other Applications & Permits	3,400	4,170	770
Total Licenses & Permits	\$42,400	\$44,757	\$2,357

TOWN OF FARMVILLE, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Year Ended June 30, 2019

	Budget	Actual	Variance Favorable (Unfavorable)
Sales and Services:			
Garbage Collection	\$568,000	\$532,862	(\$35,138)
Sale of Yard Waste Carts	700		(700)
Fire Protection	83,730	83,610	(120)
Recreation Concessions	4,000	2,935	(1,065)
Recreation Participation	80,500	91,601	11,101
Recreation Other	700	1,454	754
Cemetery Service Fees	28,000	28,569	569
Sale of Baled Materials	8,000	28,102	20,102
Materials and Services	10,000	7,885	(2,115)
Community Center Use Fees	5,200	5,425	225
DMV Fees	74,400	86,239	11,839
Total Sales & Services	\$863,230	\$868,682	\$5,452
Investment Earnings	\$4,150	\$8,790	\$4,640
Other Revenues:			
Library Fees	\$5,500	\$5,997	\$497
Library Donations	26,170	20,135	(6,035)
Court and Arrest Fees	5,000	6,545	1,545
Celebration 2000		250	250
Insurance Settlement		1,845	1,845
Total Other Revenues	\$36,670	\$34,772	(\$1,898)
Miscellaneous Income:			
Sundry	\$32,500	\$23,263	(\$9,237)
Industrial Park Land Lease	1,134	1,134	
Sales of Fixed Assets	65,000	43,705	(21,295)
SRO- Officer Reimbursement	133,050	133,170	120
Total Miscellaneous Income	\$231,684	\$201,272	(\$30,412)
TOTAL REVENUES	\$4,384,428	\$4,612,103	\$227,675

TOWN OF FARMVILLE, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES:			
General Government:			
Legislative:			
Personnel Expenses	\$57,399	\$56,149	\$1,250
Operating Expenses	149,300	144,927	4,373
Professional Services	24,000	24,854	(854)
Reimbursement - Proprietary Funds	(39,736)	(39,736)	
Total Legislative	\$190,963	\$186,194	\$4,769
Administrative:			
Personnel Expenses	\$218,412	\$215,342	\$3,070
Operating Expenses	23,125	20,994	2,131
Professional Services	3,000	852	2,148
Reimbursement - Proprietary Funds	(152,208)	(152,208)	
Total Administrative	\$92,329	\$84,980	\$7,349
Finance:			
Personnel Expenses	\$431,234	\$426,932	\$4,302
Operating Expenses	74,700	58,212	16,488
Professional Services	48,500	47,936	564
Contracted Services	9,000	10,705	(1,705)
Reimbursement - Proprietary Funds	(387,155)	(387,155)	
Total Finance	\$176,279	\$156,630	\$19,649
Information Technology:			
Personnel Expenses	\$87,863	\$88,737	(\$874)
Operating Expenses	33,900	36,962	(3,062)
Capital Outlay (Under Threshold)	40,000	31,301	8,699
Capital Outlay	13,000		13,000
Reimbursement - Proprietary Funds	(121,420)	(121,420)	
Total Information Technology	\$53,343	\$35,580	\$17,763
Total General Government	\$512,914	\$463,384	\$49,530
Public Safety:			
Police Department:			
Personnel Expenses	\$1,671,798	\$1,671,714	\$84
Operating Expenses	177,201	159,998	17,203
Professional Services	400	367	33
Contracted Services	15,000	15,114	(114)
Capital Outlay (Under Threshold)	11,000	10,882	118
Capital Outlay	84,200	80,556	3,644
Reimbursement Proprietary Funds	(30,494)	(30,494)	
Total Police Department	\$1,929,105	\$1,908,137	\$20,968

TOWN OF FARMVILLE, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Fire Department:			
Personnel Expenses	\$11,388	\$10,135	\$1,253
Operating Expenses	166,325	160,237	6,088
Capital Outlay (Under Threshold)	11,059	18,749	(7,690)
Capital Outlay	10,900		10,900
Fire Truck Reserve	60,000		60,000
Reimbursement Proprietary Funds	(3,841)	(3,841)	
Total Fire Department	\$255,831	\$185,280	\$70,551
Code Enforcement:			
Personnel Expenses	\$150,484	\$144,615	\$5,869
Operating Expenses	22,100	17,853	4,247
Professional Services	4,000	2,715	1,285
Contracted Services	4,000	3,180	820
Capital Outlay (Under Threshold)	6,225	6,218	7
Capital Outlay	800		800
Reimbursement - Proprietary Funds	(95,000)	(45,000)	(50,000)
Total Code Enforcement	\$92,609	\$129,581	(\$36,972)
Total Public Safety	\$2,277,545	\$2,222,998	\$54,547
Transportation:			
Streets-Powell Bill:			
Operating Expenses	\$48,200	\$13,797	\$34,403
Professional Services	1,000		1,000
Capital Outlay	170,000	31,500	138,500
Total Streets	\$219,200	\$45,297	\$173,903
Total Transportation	\$219,200	\$45,297	\$173,903
Economic and Physical Development:			
Operating Expenses	\$61,450	\$61,362	\$88
Chamber of Commerce	40,000	40,000	
Total Economic and Physical Development	\$101,450	\$101,362	\$88
Environmental Protection/Public Works:			
Public Works:			
Personnel Expenses	\$684,497	\$664,499	\$19,998
Operating Expenses	266,275	268,932	(2,657)
Professional Services	6,500	4,583	1,917
Contracted Services	30,000	30,146	(146)
Capital Outlay (Under Threshold)	5,000	1,964	3,036
Capital Outlay	59,700	17,999	41,701
Reimbursement Proprietary Funds	(79,741)	(79,741)	
Total Public Works	\$972,231	\$908,382	\$63,849

TOWN OF FARMVILLE, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Favorable (Unfavorable)
Sanitation:			
Contracted Services	\$540,000	\$538,532	\$1,468
Reimbursement - Proprietary Funds	(490,628)	(490,628)	
Total Sanitation	\$49,372	\$47,904	\$1,468
Total Environmental Protection/Public Works	\$1,021,603	\$956,286	\$65,317
Public Services:			
Recreation & Parks:			
Personnel Expenses	\$222,813	\$211,765	\$11,048
Operating Expenses	149,450	125,252	24,198
Professional Services	16,910	1,510	15,400
Capital Outlay (Under Threshold)	10,000	3,613	6,387
Contracted Services	60,000	76,879	(16,879)
Capital Outlay	138,500	134,000	4,500
Total Recreation & Parks	\$597,673	\$553,019	\$44,654
Library:			
Personnel Expenses	\$292,815	\$289,598	\$3,217
Operating Expenses	93,875	91,241	2,634
Professional Services	150	74	76
Total Library	\$386,840	\$380,913	\$5,927
May Museum:			
Personnel Expenses	\$16,624	\$15,019	\$1,605
Operating Expenses	13,550	9,548	4,002
Total May Museum	\$30,174	\$24,567	\$5,607

TOWN OF FARMVILLE, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Dogwood Festival	\$8,000	\$6,803	\$1,197
Total Public Services	\$1,022,687	\$965,302	\$57,385
Debt Service:			
Principal Retirement	\$76,216	\$75,878	\$338
Interest and Other Charges	4,144	4,143	1
Total Debt Service	\$80,360	\$80,021	\$339
TOTAL EXPENDITURES	\$5,235,759	\$4,834,650	\$401,109
Revenues Over (Under) Expenditures	(\$851,331)	(\$222,547)	\$628,784
Other Financing Sources (Uses):			
<i>Operating Transfers-In (Out):</i>			
Cemetery Fund	\$18,900	\$18,900	
Electric Fund	369,670	369,670	
Water Fund	155,823	155,823	
Sewer Fund	6,000	6,000	
Fund Balance Appropriated	300,938		(\$300,938)
Total Other Financing Sources (Uses)	\$851,331	\$550,393	(\$300,938)
Net Change in Fund Balance	\$0	\$327,846	\$327,846
<i>Fund Balances, Beginning</i>		2,719,014	
Fund Balance, June 30		\$3,046,860	

OTHER GOVERNMENTAL FUNDS

The following comprise the Town's Other Governmental Funds:

NON-MAJOR FUNDS

Cemeteries Perpetual Care Fund – This fund is used to account for the ongoing care of the municipal cemeteries.

Subdivision Participation Project Fund – This fund is used to account for Subdivision Participation moneys.

Dogwood Festival Fund – This fund is used to account for the annual Dogwood Festival.

Library (Trust) Fund – This fund is used to account for contributions restricted for the library.

May Museum and Park (Trust) Fund – This fund is used to account for contributions Restricted for the May Museum and Park.

Library Renovation Capital Project Fund – This fund is used to account for the Library Renovation Project moneys.

Wallace Street Drainage Improvements Project Fund – This fund is used to account for The Wallace Street Drainage Improvements Project.

Jones Street Drainage Improvements Project Fund – This fund is used to account for the Jones Street Drainage Improvements Project.

TOWN OF FARMVILLE, NORTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2019

	Special Revenue Funds					Total Non-major Special Revenue Funds	Non-Major Capital Outlay Funds			Total Non-Major Capital Outlay Funds	Total Non-major Governmental Funds
	Cemeteries Perpetual Care Fund	Subdivision Participation Project Fund	Dogwood Festival Fund	Library (Trust) Fund	May Museum and Park (Trust) Fund		Library Renovation Project	Wallace Street Drainage Improvements Project	Jones Street Drainage Improvements Project		
	ASSETS										
<i>Current Assets:</i>											
Cash and Investments	\$170,525	\$58,692	\$171,018	\$238,572	\$34,443	\$673,250		\$69,250	\$69,250	\$742,500	
Accounts Receivable	121		2,802			2,923	\$223,117		7,140	233,180	
TOTAL ASSETS	\$170,646	\$58,692	\$173,820	\$238,572	\$34,443	\$676,173	\$223,117	\$0	\$76,390	\$975,680	
LIABILITIES AND FUND BALANCE											
<i>Other Liabilities:</i>											
Accounts Payable			\$13			\$13	\$26,700		\$76,390	\$103,103	
Deferred Revenue							196,917			196,917	
Due to General Fund							157,353	\$108		157,461	
Total Current Liabilities	\$0	\$0	\$13	\$0	\$0	\$13	\$380,970	\$108	\$76,390	\$457,468	
Total Liabilities	\$0	\$0	\$13	\$0	\$0	\$13	\$380,970	\$108	\$76,390	\$457,481	
<i>Fund Balance:</i>											
Stabilization by State Statute	\$121		\$2,802			\$2,923				\$2,923	
Assigned	170,525	\$58,692	171,005	\$238,572	\$34,443	673,237	(\$157,853)	(\$108)	(\$157,961)	515,276	
Unassigned											
Total Fund Balances	\$170,646	\$58,692	\$173,807	\$238,572	\$34,443	\$676,160	(\$157,853)	(\$108)	\$0	\$518,199	
TOTAL LIABILITIES AND FUND BALANCE	\$170,646	\$58,692	\$173,820	\$238,572	\$34,443	\$676,173	\$223,117	\$0	\$76,390	\$975,680	

TOWN OF FARMVILLE, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2019

	Special Revenue Funds					Total Non-major Special Revenue Funds	Non-Major Capital Outlay Funds			Total Non-Major Capital Outlay Funds	Total Non-major Governmental Funds
	Cemeteries Perpetual Care Fund	Subdivision Participation Project Fund	Dogwood Festival Fund	Library (Trust) Fund	May Museum and Park (Trust) Fund		Library Renovation Project	Wallace Street Drainage Improvements Project	Jones Street Drainage Improvements Project		
Revenues:											
Investment Earnings	\$1,006	\$343	\$960	\$1,373	\$201	\$3,883					\$3,883
Sales and Services	29,125		90,538			119,663					119,663
Other Revenues	169		49,576	5,438		55,183	\$285,115	\$2,106	\$84,900	\$372,121	427,304
Total Revenues	\$30,300	\$343	\$141,074	\$6,811	\$201	\$178,729	\$285,115	\$2,106	\$84,900	\$372,121	\$550,850
Expenditures:											
Economic and Physical Development			\$118,102			\$118,102		\$2,106	\$84,900	\$87,006	\$205,108
Public Services				\$126		126					126
Capital Outlay							\$327,206			327,206	327,206
Total Expenditures	\$0	\$0	\$118,102	\$126	\$0	\$118,228	\$327,206	\$2,106	\$84,900	\$414,212	\$532,440
Revenues Over (Under) Expenditures	\$30,300	\$343	\$22,972	\$6,685	\$201	\$60,501	(\$42,091)	\$0	\$0	(\$42,091)	\$18,410
Other Financing Sources (Uses)											
Transfers In (Out)	(\$18,900)					(\$18,900)					(\$18,900)
Total Other Financing Sources (Uses)	(\$18,900)	\$0	\$0	\$0	\$0	(\$18,900)	\$0	\$0	\$0	\$0	(\$18,900)
Revenues Over (Under) Expenditures and Other Financing Sources	\$11,400	\$343	\$22,972	\$6,685	\$201	\$41,601	(\$42,091)	\$0	\$0	(\$42,091)	(\$490)
Fund Balances:											
Beginning of year, July 1	\$159,246	\$58,349	\$150,835	\$231,887	\$34,242	\$634,559	(\$115,762)	(\$108)		(\$115,870)	\$518,689
End of year, June 30	\$170,646	\$58,692	\$173,807	\$238,572	\$34,443	\$676,160	(\$157,853)	(\$108)	\$0	(\$157,961)	\$518,199

TOWN OF FARMVILLE, NORTH CAROLINA
SPECIAL REVENUE FUND – CEMETERIES PERPETUAL CARE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Annual Budget	2019 Actual	Variance Favorable (Unfavorable)
Revenues:			
Investment Earnings	\$300	\$1,006	\$706
Cemetery Sales	18,000	29,125	11,125
Penalties & Interest	600	169	(431)
Total Revenues	\$18,900	\$30,300	\$11,400
Expenditures:			
Maintenance			
Total Expenditures	\$0	\$0	\$0
Revenues Over (Under) Expenditures	\$18,900	\$30,300	\$11,400
Other Financing Sources (Uses):			
Transfer to General	(\$18,900)	(\$18,900)	
Total Other Financing Sources (Uses)	(\$18,900)	(\$18,900)	\$0
Revenues Over Expenditures and Appropriations	\$0	\$11,400	\$11,400
<i>Beginning Fund Balance, July 1</i>		159,246	
Ending Fund Balance, June 30		\$170,646	

TOWN OF FARMVILLE, NORTH CAROLINA
SPECIAL REVENUE FUND – SUBDIVISION PARTICIPATION PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
From Inception and For the Fiscal Year Ended June 30, 2019

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Favorable (Unfavorable)
Revenues:					
Pitt County Board of Education	\$17,000	\$17,000		\$17,000	
Owner Contributions - Evans	250	250		250	
Owner Contributions - Arrowhead	137,265	119,440		119,440	(\$17,825)
Owner Contributions - Other	230,768	154,112		154,112	(76,656)
Investment Earnings	47,000	13,838	\$343	14,181	(32,819)
Total Revenues	\$432,283	\$304,640	\$343	\$304,983	(\$127,300)
Expenditures:					
Professional Services	\$83,809	\$76,089		\$76,089	\$7,720
Construction Streets	262,341	351,706		351,706	(89,365)
Construction Water and Sewer	285,254	134,453		134,453	150,801
Construction Electric	26,279	26,279		26,279	
Contingency	74,154				74,154
Total Expenditures	\$731,837	\$588,527	\$0	\$588,527	\$143,310
Revenues Over (Under) Expenditures and Appropriations	(\$299,554)	(\$283,887)	\$343	(\$283,544)	\$16,010
Other Financing Sources(Uses):					
Transfer from General Fund	\$19,352	\$19,352		\$19,352	
Transfer from Heritage Farmville		14,508		14,508	\$14,508
Transfer to SARF Fund		(63,624)		(63,624)	(63,624)
Transfer from Electric Fund	104,140	99,000		99,000	(5,140)
Transfer from Water Fund	91,022	143,000		143,000	51,978
Transfer from Sewer Fund	85,040	130,000		130,000	44,960
Total Other Financing Sources (Uses)	\$299,554	\$342,236	\$0	\$342,236	\$42,682
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$0	\$58,349	\$343	\$58,692	\$58,692
<i>Beginning Fund Balance, July 1</i>			58,349		
Ending Fund Balance , June 30			\$58,692		

TOWN OF FARMVILLE, NORTH CAROLINA
SPECIAL REVENUE FUND – DOGWOOD FESTIVAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2019

	Annual Budget	2019 Actual	Variance Favorable (Unfavorable)
Revenues:			
Investment Earnings	\$200	\$960	\$760
Festival Revenues	81,100	90,538	9,438
Donations	40,050	49,576	9,526
Total Revenues	\$121,350	\$141,074	\$19,724
Expenditures:			
Entertainment	\$56,000	\$55,246	\$754
Advertising	27,600	27,592	8
Purchases for Resale	9,000	8,385	615
Rentals	17,000	16,220	780
Miscellaneous Expenses	5,500	5,580	(80)
Kids Cool Fest	1,500	1,345	155
Special Venues	3,000	2,800	200
Travel	250		250
Dues & Subscriptions	250	140	110
Telephone & Postage	1,250	794	456
Total Expenditures	\$121,350	\$118,102	\$3,248
Revenues Over (Under) Expenditures	\$0	\$22,972	\$22,972
<i>Beginning Fund Balance, July 1</i>		150,835	
Ending Fund Balance, June 30		\$173,807	

TOWN OF FARMVILLE, NORTH CAROLINA
SPECIAL REVENUE FUND - LIBRARY (TRUST) FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2019

	2019
Revenues:	
Investment Earnings	\$1,373
Contributions	5,438
<i>Total Revenues</i>	\$6,811
Expenditures:	
Public Services:	
Veteran's Memorial Trust Expenditures	\$126
<i>Total Expenditures</i>	\$126
Revenues Over (Under) Expenditures	\$6,685
<i>Beginning Fund Balance, July 1</i>	231,887
Ending Fund Balance, June 30	\$238,572

TOWN OF FARMVILLE, NORTH CAROLINA
 SPECIAL REVENUE FUND - MAY MUSEUM AND PARK (TRUST) FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 For the Fiscal Year Ended June 30, 2019

	2019
Revenues:	
Investment Earnings	\$201
Total Revenues	\$201
Expenditures:	
Total Expenditures	\$0
Revenues Over (Under) Expenditures	\$201
<i>Beginning Fund Balance, July 1</i>	34,242
Ending Fund Balance, June 30	\$34,443

TOWN OF FARMVILLE, NORTH CAROLINA
NON- MAJOR CAPITAL OUTLAY FUND – LIBRARY RENOVATION PROJECT FUND
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2019

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Favorable (Unfavorable)
Revenues:					
Private Contributions	\$2,000,000		\$285,115	\$285,115	(\$1,714,885)
State Grant Funding	400,000				(400,000)
Contribution from General Fund	1,767,000				(1,767,000)
Total Revenues	\$4,167,000	\$0	\$285,115	\$285,115	(\$3,881,885)
Expenditures:					
Capital Outlay:					
Building Construction/Demolition	\$3,000,000				\$3,000,000
Design & Construction Management	400,000	\$106,800	\$325,956	\$432,756	(32,756)
Printing	4,000				4,000
Furnishings & Technology	500,000				500,000
Site Improvements	150,000				150,000
Survey & Testing	110,000	8,962		8,962	101,038
Advertisement Fees	3,000				3,000
Administration			1,250	1,250	(1,250)
Total Expenditures	\$4,167,000	\$115,762	\$327,206	\$442,968	\$3,724,032
Revenues Over (Under)					
Expenditures	\$0	(\$115,762)	(\$42,091)	(\$157,853)	(\$157,853)
<i>Beginning Fund Balance, July 1</i>			(115,762)		
Ending Fund Balance , June 30			(\$157,853)		

TOWN OF FARMVILLE, NORTH CAROLINA

NON- MAJOR CAPITAL OUTLAY FUND – WALLACE STREET DRAINAGE IMPROVEMENTS PROJECT FUND
 STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
 For the Fiscal Year Ended June 30, 2019

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total To Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Golden Leaf Disaster Recovery Grant	\$75,000	\$50,207	\$2,106	\$52,313	(\$22,687)
Total Revenues	\$75,000	\$50,207	\$2,106	\$52,313	(\$22,687)
Expenditures:					
Legal	\$2,000	\$108		\$108	\$1,892
Engineering	5,900	10,196		10,196	(4,296)
Inspection	5,400				5,400
Construction	35,111	40,011	\$2,106	42,117	(7,006)
Contingency	24,089				24,089
Reimbursables	2,500				2,500
Total Expenditures	\$75,000	\$50,315	\$2,106	\$52,421	\$22,579
Revenues Over (Under) Expenditures and Appropriations	\$0	(\$108)	\$0	(\$108)	(\$108)
<i>Beginning Fund Balance, July 1</i>			(108)		
Ending Fund Balance , June 30			(\$108)		

TOWN OF FARMVILLE, NORTH CAROLINA
NON- MAJOR CAPITAL OUTLAY FUND – JONES STREET DRAINAGE IMPROVEMENTS PROJECT FUND
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2019

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total To Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Golden Leaf Disaster Recovery Grant	\$102,700		\$84,900	\$84,900	(\$17,800)
Total Revenues	\$102,700	\$0	\$84,900	\$84,900	(\$17,800)
Expenditures:					
Legal	\$2,500				\$2,500
Planning & Engineering	8,700		\$15,840	\$15,840	(7,140)
Construction	47,750		69,060	69,060	(21,310)
Construction Administration/Observation	9,000				9,000
Contingency	32,250				32,250
Reimbursables	2,500				2,500
Total Expenditures	\$102,700	\$0	\$84,900	\$84,900	\$17,800
Revenues Over (Under) Expenditures and Appropriations	\$0	\$0	\$0	\$0	\$0
<i>Beginning Fund Balance, July 1</i>					
Ending Fund Balance , June 30			\$0		

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

The following comprise the Town's Enterprise Funds:

Electric Fund - This fund is used to account for the Town's electric operations.

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

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

TOWN OF FARMVILLE, NORTH CAROLINA
ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2019

REVENUES:	Budget	2019 Actual	Variance Favorable (Unfavorable)
Operating Revenues:			
Electric Sales	\$6,730,000	\$6,335,032	(\$394,968)
Other Operating Revenues	90,412	78,323	(12,089)
Total Operating Revenues	\$6,820,412	\$6,413,355	(\$407,057)
Non-Operating Revenues:			
Investment Earnings	\$7,600	\$10,944	\$3,344
Miscellaneous Non-Operating Revenue	6,000	20,748	14,748
Total Non-Operating Revenues	\$13,600	\$31,692	\$18,092
TOTAL REVENUES	\$6,834,012	\$6,445,047	(\$388,965)
EXPENDITURES:			
Administrative:			
Personnel Expenses	\$38,325	\$35,793	\$2,532
Operating Expenses	86,528	89,139	(2,611)
Utility Service Fee	502,736	502,736	
Capital Outlay (Under Threshold)	2,500	1,930	570
Total Administrative	\$630,089	\$629,598	\$491
Electric Distribution:			
Personnel Expenses	\$448,100	\$440,516	\$7,584
Operating Expenses	180,500	214,878	(34,378)
Maintenance	52,663	40,804	11,859
Professional Services	1,000	518	482
Contracted Services	86,500	86,248	252
Utility Service Fee	196,172	196,172	
Capital Outlay (Under Threshold)	281	280	1
Total	\$965,216	\$979,416	(\$14,200)
Electricity Purchased	\$4,500,000	\$4,377,086	\$122,914
Total Electric Distribution	\$6,095,305	\$5,986,100	\$109,205
Debt Service Expenditures:			
Interest and Other Charges	\$39,785	\$39,785	
Debt Principal	227,587	227,586	\$1
Total Debt Service Expenditures	\$267,372	\$267,371	\$1

TOWN OF FARMVILLE, NORTH CAROLINA
ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>2019 Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Capital Outlay:			
Equipment	\$65,453	\$54,340	\$11,113
Total Capital Outlay	\$65,453	\$54,340	\$11,113
Non-Operating Expenditures:			
Hurricane Expense	\$36,212	\$36,211	\$1
Total Non-Operating Expenditures	\$36,212	\$36,211	\$1
TOTAL EXPENDITURES	\$6,464,342	\$6,344,022	\$120,320
Revenues Over (Under) Expenditures	\$369,670	\$101,025	(\$268,645)
Other Financing Sources (Uses):			
Operating Transfers In (Out):			
General Fund	(\$269,833)	(\$269,833)	
General Fund (Payment in Lieu of Taxes)	(22,337)	(22,337)	
General Fund (Economic Development)	(77,500)	(77,500)	
Total Other Financing Sources (Uses)	(\$369,670)	(\$369,670)	\$0
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$0	(\$268,645)	(\$268,645)
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues Over (Under) Expenditures and Other Financing Uses		(\$268,645)	
Reconciling Items:			
Capital Debt Principal Payments		\$227,586	
Capital Outlay		54,340	
Depreciation Expense		(266,078)	
Increase/(Decrease) in Inventory		(8,654)	
(Increase)/Decrease in Compensated Absences Payable		6,865	
(Increase)/Decrease in Accrued Interest		8,559	
Increase/(Decrease) in Deferred Outflows - Pension		36,373	
(Increase)/Decrease in Net Pension Liability		(46,206)	
(Increase)/Decrease in Deferred Inflows - Pension		2,860	
Increase/(Decrease) in Deferred Outflows - OPEB		23,829	
(Increase)/Decrease in Deferred Inflows - OPEB		(4,268)	
(Increase)/Decrease in OPEB Liability		5,959	
Total		\$41,165	
Change in Net Position		(\$227,480)	

TOWN OF FARMVILLE, NORTH CAROLINA
 NCDOT PROJECT - US 258 WIDENING
 SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)
 From Inception and For the Fiscal Year Ended June 30, 2019

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Favorable (Unfavorable)
Revenues:					
NCDOT Contribution	\$170,000	\$70,869		\$70,869	(\$99,131)
Investment Earnings		3		3	3
TOTAL REVENUES	\$170,000	\$70,872	\$0	\$70,872	(\$99,128)
Expenditures:					
Engineering	\$65,000	\$70,869		\$70,869	(\$5,869)
Construction	105,000	4,067		4,067	100,933
TOTAL EXPENDITURES	\$170,000	\$74,936	\$0	\$74,936	\$95,064
Revenues Over (Under) Expenditures	\$0	(\$4,064)	\$0	(\$4,064)	(\$4,064)
<i>Beginning Fund Balance, July 1</i>			(4,064)		
Ending Fund Balance, June 30			(\$4,064)		

TOWN OF FARMVILLE, NORTH CAROLINA
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2019

REVENUES:	Budget	2019 Actual	Variance Favorable (Unfavorable)
Operating Revenues:			
Water Sales	\$2,800,600	\$2,517,359	(\$283,241)
Tap on Fees	11,100	11,896	796
Other Operating Revenues	125,250	211,516	86,266
Total Operating Revenues	\$2,936,950	\$2,740,771	(\$196,179)
Non-Operating Revenues:			
Investment Earnings	\$20,650	\$23,483	\$2,833
Miscellaneous Non-Operating Revenues	3,000	11,578	8,578
Total Non-Operating Revenues	\$23,650	\$35,061	\$11,411
TOTAL REVENUES	\$2,960,600	\$2,775,832	(\$184,768)
EXPENDITURES:			
Administrative:			
Personnel Expenses	\$36,730	\$29,188	\$7,542
Operating Expenses	66,078	66,549	(471)
Professional Services	4,000	2,500	1,500
Utility Service Fee	304,727	304,727	
Capital Outlay (Under Threshold)	3,402	3,402	
Total Administrative	\$414,937	\$406,366	\$8,571
Water Supply:			
Personnel Expenses	\$96,200	\$86,539	\$9,661
Operating Expenses	968,600	968,890	(290)
Maintenance	21,500	29,806	(8,306)
Utility Service Fee	203,152	203,152	
Contracted Services	100,000	95,066	4,934
Total Water Supply	\$1,389,452	\$1,383,453	\$5,999

TOWN OF FARMVILLE, NORTH CAROLINA
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2019

	Budget	2019 Actual	Variance Favorable (Unfavorable)
Water Distribution:			
Personnel Expenses	\$165,800	\$153,531	\$12,269
Operating Expenses	67,250	53,331	13,919
Maintenance	7,000	4,532	2,468
Professional Services	10,100	5,392	4,708
Total Water Distribution	\$250,150	\$216,786	\$33,364
Debt Service Expenditures:			
Bond Interest & Fees	\$294,840	\$294,740	\$100
Bond Principal Payments	268,191	268,191	
Total Debt Service	\$563,031	\$562,931	\$100
Capital Outlay:			
Equipment & Improvements	\$137,870	\$127,863	\$10,007
Total Capital Outlay	\$137,870	\$127,863	\$10,007
TOTAL EXPENDITURES	\$2,755,440	\$2,697,399	\$58,041
Revenues Over (Under) Expenditures	\$205,160	\$78,433	(\$126,727)
Other Financing Sources (Uses) :			
Operating Transfers In (Out):			
General Fund	(\$78,323)	(\$78,323)	
General Fund (Economic Development)	(77,500)	(77,500)	
Fund 68 - GUC Waterline Phase 1B		58,677	\$58,677
Fund 74 - GUC Waterline Phase 1D		1,313	1,313
Reserve GUC Waterline Phase 1A - Primary	(19,632)		19,632
Reserve GUC Waterline Phase 1A - Secondary	(9,225)		9,225
Reserve GUC Waterline Phase 1B	(12,980)		12,980
Reserve GUC Waterline Phase 1D	(7,500)		7,500
Fund Balance Appropriated			
Total Other Financing Sources (Uses)	(\$205,160)	(\$95,833)	\$109,327
Revenues Over (Under) Expenditures and Other Financing Uses	\$0	(\$17,400)	(\$17,400)

TOWN OF FARMVILLE, NORTH CAROLINA
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>2019 Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Reconciliation From Budgetary Basis (Modified Accrual) To Full Accrual:			
Revenues Over (Under) Expenditures and Other Financing Uses		(\$17,400)	
Reconciling Items:			
Capital Debt Principal Payments		\$268,191	
Capital Outlay		127,863	
Depreciation Expense		(590,020)	
Increase/(Decrease) in Inventory		17,281	
(Increase)/Decrease in Compensated Absences Payable		5,805	
(Increase)/Decrease in Accrued Interest		2,415	
Increase/(Decrease) in Deferred Outflows - Pension		13,336	
(Increase)/Decrease in Net Pension Liability		(16,949)	
(Increase)/Decrease in Deferred Inflows - Pension		1,940	
Increase/(Decrease) in Deferred Outflows - OPEB		29,396	
(Increase)/Decrease in Deferred Inflows - OPEB		(5,479)	
(Increase)/Decrease in OPEB Liability		6,171	
Transfer from GUC Waterline Phase 1B Project Fund		(58,677)	
Transfer from GUC Waterline Phase 1D Project Fund		(1,313)	
Contributed Capital - 2017 Water System Improvement Project		205,037	
Total		\$4,997	
Change in Net Position		(\$12,403)	

TOWN OF FARMVILLE, NORTH CAROLINA
GREENVILLE UTILITIES COMMISSION WATERLINE PROJECT
PHASE 1B – NON-USDA ELIGIBLE
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2019

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Favorable (Unfavorable)
Revenues:					
Investment Earnings	\$1,447	\$2,476		\$2,476	\$1,029
Liquidated Damages	160,000	160,000		160,000	
Miscellaneous Revenue	3,850	100		100	(3,750)
TOTAL REVENUES	\$165,297	\$162,576	\$0	\$162,576	(\$2,721)
Expenditures:					
Funding Assistance	\$25,000	\$25,000		\$25,000	
General Project Administration	25,000	25,000		25,000	
Grant Administration	25,000	25,000		25,000	
Contract No. 3 - Inspection from 10/19/10 to 12/15/10 + 12/15/10 thru Substantial Completion	56,301	56,301		56,301	
Contract No. 3 - Administration from 10/19/10 to 01/14/11	10,000	10,000		10,000	
Engineering - Belcher St. Soil Contamination	708	1,489		1,489	(\$781)
Contract No. 3 - Engineering and Inspection from 03/21/10 thru 03/21/12	46,480	46,480		46,480	
Legal - Belcher St. Soil Contamination	19,731	1,648		1,648	18,083
Contingency	46,480			46,480	46,480
TOTAL EXPENDITURES	\$254,700	\$190,918	\$0	\$190,918	\$63,782
Revenues Over (Under) Expenditures	(\$89,403)	(\$28,342)	\$0	(\$28,342)	\$61,061
Other Financing Sources (Uses):					
Transfer from Phase 1A - Sales Tax	\$99,834	\$97,450		\$97,450	(\$2,384)
Transfer Sales Tax to 1B USDA Eligible	(10,431)	(10,431)		(10,431)	
Total Other Sources	\$89,403	\$87,019	\$0	\$87,019	(\$2,384)
Revenues and Other Sources (Uses) Over (Under) Expenditures and Appropriations	\$0	\$58,677	\$0	\$58,677	\$58,677
Other Financing Sources (Uses):					
Transfer to Water			(\$58,677)	(\$58,677)	(\$58,677)
Total Other Financing Sources (Uses)	\$0	\$0	(\$58,677)	(\$58,677)	(\$58,677)
Revenues and Other Sources Over (Under) Expenditures and Appropriations	\$0	\$58,677	(\$58,677)	\$0	\$0
Beginning Fund Balance, July 1			58,677		
Ending Fund Balance, June 30			\$0		

TOWN OF FARMVILLE, NORTH CAROLINA
GREENVILLE UTILITIES COMMISSION WATERLINE PROJECT
PHASE 1D – ALTERNATIVE WATER SUPPLY
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2019

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Favorable (Unfavorable)
Revenues:					
DWSRF Revolving Loan	\$1,500,000	\$1,500,000		\$1,500,000	
Town of Farmville Project Contributions	25,000	23,967		23,967	(\$1,033)
Liquidated Damages	145,000				(145,000)
TOTAL REVENUES	\$1,670,000	\$1,523,967	\$0	\$1,523,967	(\$146,033)
Expenditures:					
Contract No. 7 - Water Line Transmission	\$2,551,868	\$2,338,338		\$2,338,338	\$213,530
Preliminary Engineering Report	17,500	17,500		17,500	
Basic Engineering Fees	167,147	167,147		167,147	
Basic Engineering Fees BLP	10,030	10,030		10,030	
Additional Services Engineering Fees	10,040	10,040		10,040	
Construction Observation	167,348	167,348		167,348	
Construction Observation Beyond Construction Period	66,030	66,030		66,030	
Legal	2,373	2,373		2,373	
Appraisals	1,250	1,250		1,250	
Permanent Land Acquisition	30,600	30,600		30,600	
Accounting	1,700	1,700		1,700	
Administrative	4,277	4,277		4,277	
Project Administrative	85,000	85,000		85,000	
Funding Assistance	25,000	25,000		25,000	
DBE Administration	46,500	46,500		46,500	
Grant Administration	25,000	25,000		25,000	
Reimbursable	8,022	6,421		6,421	1,601
Railroad Maintenance Fee	18,100	18,100		18,100	
Contingency	669				669
TOTAL EXPENDITURES	\$3,238,454	\$3,022,654	\$0	\$3,022,654	\$215,800
Revenues Over (Under) Expenditures	(\$1,568,454)	(\$1,498,687)	\$0	(\$1,498,687)	\$69,767
Other Financing Sources (Uses):					
DWSRF Principal Forgiveness Loan	\$1,500,000	\$1,500,000		\$1,500,000	
Temp. Financing from Town Fund 61	50,000				(\$50,000)
Sales Tax Refund	68,454				(68,454)
Repayment Temp. Financing Loan to Fund 61	(50,000)				50,000
Total Other Sources	\$1,568,454	\$1,500,000	\$0	\$1,500,000	(\$68,454)
Revenues and Other Sources (Uses) Over (Under) Expenditures and Appropriations	\$0	\$1,313	\$0	\$1,313	\$1,313
Other Financing Sources (Uses):					
Transfer to Water			(\$1,313)	(\$1,313)	(\$1,313)
Total Other Financing Sources (Uses)	\$0	\$0	(\$1,313)	(\$1,313)	(\$1,313)
Revenues and Other Sources Over (Under) Expenditures and Appropriations	\$0	\$1,313	(\$1,313)	\$0	\$0
<i>Beginning Fund Balance, July 1</i>			1,313		
Ending Fund Balance, June 30			\$0		

TOWN OF FARMVILLE, NORTH CAROLINA
2016 WATER SYSTEM IMPROVEMENTS PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2019

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total To Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Town of Farmville	\$630,000				(\$630,000)
TOTAL REVENUES	\$630,000	\$0	\$0	\$0	(\$630,000)
Expenditures:					
Construction	\$406,837	\$360,310	\$13,389	\$373,699	\$33,138
Contingency	144,434				144,434
Engineering	34,478	27,685		27,685	6,793
Inspection	28,451	22,225		22,225	6,226
GIS Update	12,500				12,500
Advertisement	1,500	162		162	1,338
Legal	1,000		602	602	398
Permit Fees	800				800
TOTAL EXPENDITURES	\$630,000	\$410,382	\$13,991	\$424,373	\$205,627
Revenues Over (Under) Expenditures	\$0	(\$410,382)	(\$13,991)	(\$424,373)	(\$424,373)
<i>Beginning Fund Balance, July 1</i>			(410,382)		
Ending Fund Balance, June 30			(\$424,373)		

TOWN OF FARMVILLE, NORTH CAROLINA
WATER LINE RELOCATION – WESLEY CHURCH ROAD PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2019

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total To Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
NCDOT - Relocation Funds	\$116,615	\$102,578		\$102,578	(\$14,037)
TOTAL REVENUES	\$116,615	\$102,578	\$0	\$102,578	(\$14,037)
Expenditures:					
GIS	\$3,500	\$3,500		\$3,500	
Engineering	8,840	8,840		8,840	
Inspection	7,300	5,292		5,292	\$2,008
Construction	84,015	84,015		84,015	
Construction Stakeout	1,500	931		931	569
Contingency	8,960				8,960
Reimbursables	2,500				2,500
TOTAL EXPENDITURES	\$116,615	\$102,578	\$0	\$102,578	\$14,037
Revenues Over (Under) Expenditures	\$0	\$0	\$0	\$0	\$0
 <i>Beginning Fund Balance, July 1</i>					
<hr/>					
Ending Fund Balance, June 30					
\$0					

TOWN OF FARMVILLE, NORTH CAROLINA
2017 WATER SYSTEM IMPROVEMENTS PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2019

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total To Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
State Drinking Water Reserve - Loan	\$319,500				(\$319,500)
State Drinking Water Reserve - Grant	319,500		\$205,037	\$205,037	(114,463)
Sales Tax Refund - Restricted	10,000				(10,000)
TOTAL REVENUES	\$649,000	\$0	\$205,037	\$205,037	(\$443,963)
Expenditures:					
Contract No. w - Water System Improvements	\$414,800		\$299,752	\$299,752	\$115,048
Land Closing Cost	2,000				2,000
Appraisal Services	5,000				5,000
Construction Observation	49,300		27,333	27,333	21,967
Construction Administration	38,400		23,511	23,511	14,889
Land/Easement Acquisition - Purchase	5,000				5,000
Basic Engineering Fees	37,330		37,900	37,900	(570)
Additional Services by Engineer	29,125				29,125
Permit Application Fees Paid by Owner	1,000				1,000
Reimbursable Expenses to Engineer	1,000				1,000
Contingency	41,362				41,362
Engineering Report	10,000		10,000	10,000	
Grant Administration	4,793		6,390	6,390	(1,597)
Loan Administration	6,390		4,793	4,793	1,597
Legal Costs	2,000				2,000
Other - Paid by owner	1,500		395	395	1,105
TOTAL EXPENDITURES	\$649,000	\$0	\$410,074	\$410,074	\$238,926
Revenues Over (Under) Expenditures	\$0	\$0	(\$205,037)	(\$205,037)	(\$205,037)
<i>Beginning Fund Balance, July 1</i>					
Ending Fund Balance, June 30			(\$205,037)		

TOWN OF FARMVILLE, NORTH CAROLINA
SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2019

	Budget	2019 Actual	Variance Favorable (Unfavorable)
REVENUES:			
Operating Revenues:			
Sewer Sales	\$1,565,000	\$1,490,575	(\$74,425)
Tap Ons	10,250	100,893	90,643
Other Operating Revenues	200		(200)
Total Operating Revenues	\$1,575,450	\$1,591,468	\$16,018
Non-Operating Revenues:			
Investment Earnings	\$3,325	\$4,872	\$1,547
Miscellaneous Non-Operating Revenues	2,050	21,264	19,214
Total Non-Operating Revenues	\$5,375	\$26,136	\$20,761
TOTAL REVENUES	\$1,580,825	\$1,617,604	\$36,779
EXPENDITURES:			
Administrative:			
Personnel Expenses	\$35,430	\$25,158	\$10,272
Operating Expenses	53,250	65,627	(12,377)
Professional Services	4,000	2,500	1,500
Utility Service Fee	96,718	86,062	10,656
Capital Outlay (Under Threshold)	2,000	1,930	70
Total Administrative	\$191,398	\$181,277	\$10,121
Wastewater Collections:			
Personnel Expenses	\$161,000	\$150,849	\$10,151
Operating Expenses	97,850	88,361	9,489
Maintenance	11,000	4,944	6,056
Professional Services	3,000	2,272	728
Capital Outlay (Under Threshold)		140	(140)
Total Wastewater Collections	\$272,850	\$246,566	\$26,284

TOWN OF FARMVILLE, NORTH CAROLINA
SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2019

	Budget	2019 Actual	Variance Favorable (Unfavorable)
Wastewater Treatment:			
Operating Expenses	\$232,607	\$173,834	\$58,773
Maintenance	81,000	79,983	1,017
Professional Services	2,000	330	1,670
Utility Service Fee	96,718	57,374	39,344
Contracted Services	355,000	360,869	(5,869)
Capital Outlay (Under Threshold)	19,300	19,300	
Total Wastewater Treatment	\$786,625	\$691,690	\$94,935
Debt Service:			
Interest & Fees	\$71,387	\$71,387	
Principal Payments	199,365	199,365	
Total Debt Service	\$270,752	\$270,752	\$0
Capital Outlay:			
Equipment & Improvements	\$53,200	\$20,361	\$32,839
Total Capital Outlay	\$53,200	\$20,361	\$32,839
TOTAL EXPENDITURES	\$1,574,825	\$1,410,646	\$164,179
Revenues Over (Under) Expenditures	\$6,000	\$206,958	\$200,958
Other Financing Sources (Uses):			
Operating Transfers In (Out):			
General Fund - Street Cuts	(\$6,000)	(\$6,000)	
Fund 81 - Marlboro Baptist Church Sanitary Sewer Pump Station		130	(\$130)
Total Other Financing Sources (Uses)	(\$6,000)	(\$5,870)	(\$130)
Revenues Over (Under) Expenditures and Other Financing Uses	\$0	\$201,088	\$201,088

TOWN OF FARMVILLE, NORTH CAROLINA
SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>2019 Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Reconciliation From Budgetary Basis (Modified Accrual) To Full Accrual:			
Revenues Over (Under) Expenditures and Other Financing Uses		\$201,088	
Reconciling Items:			
Capital Debt Principal Payments		\$199,365	
Capital Outlay		20,361	
Depreciation Expense		(602,450)	
Increase/(Decrease) in Inventory		(139)	
(Increase)/Decrease in Compensated Absences Payable		6,038	
(Increase)/Decrease in Accrued Interest		723	
Increase/(Decrease) in Deferred Outflows - Pension		8,408	
(Increase)/Decrease in Pension Liability		(10,688)	
(Increase)/Decrease in Deferred Inflows - Pension		1,464	
Increase/(Decrease) in Deferred Outflows - OPEB		40	
(Increase)/Decrease in Deferred Inflows - OPEB		(415)	
(Increase)/Decrease in OPEB Liability		(958)	
Investment Earnings from 09-24" East Sanitary Project		436	
Transfer from Marlboro Baptist Church Sanitary Sewer Pump Station Proje		(130)	
Contributed Capital - Watkins MHP Sewer Project		549,388	
Contributed Capital - Basin 5 Sewer System Improvement Project		591	
		\$172,034	
Change in Net Position		\$373,122	

TOWN OF FARMVILLE, NORTH CAROLINA
 2009 CDBG – DALTON'S COVE SUBDIVISION PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
 From Inception and For the Fiscal Year Ended June 30, 2019

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Favorable (Unfavorable)
Revenues:					
Town of Farmville	\$178,078				(\$178,078)
Murphrey Development, LLC	50,000				(50,000)
Murphrey Development, LLC (Easement)	15,264				(15,264)
TOTAL REVENUES	\$243,342	\$0	\$0	\$0	(\$243,342)
Expenditures:					
Construction					
CN 1 - Sanitary Sewer Improvements	\$212,912				\$212,912
Inspection	15,330				15,330
AS - Coordination with Dalton's Cove	800				800
Legal	3,500				3,500
Contingency	10,800				10,800
Administration	1,700	\$1,686		\$1,686	14
Professional Services	35,400	35,374		35,374	26
TOTAL EXPENDITURES	\$280,442	\$37,060	\$0	\$37,060	\$243,382
Revenues Over (Under) Expenditures	(\$37,100)	(\$37,060)	\$0	(\$37,060)	\$40
Other Financing Sources (Uses):					
Transfer from Sewer Fund	\$37,100				(\$37,100)
Total Other Financing Sources	\$37,100	\$0	\$0	\$0	(\$37,100)
Revenues and Other Sources Over (Under) Expenditures and Appropriations	\$0	(\$37,060)	\$0	(\$37,060)	(\$37,060)
<i>Beginning Fund Balance, July 1</i>			(37,060)		
Ending Fund Balance, June 30			(\$37,060)		

<u>Supplementary Information</u>	<u>Actual Prior Year</u>	<u>Actual Current Year</u>	<u>Actual Total To Date</u>
Fund Allocation of Project Expenditures:			
General Fund - Streets			
Water Fund			
Sewer Fund	\$37,060		\$37,060
	\$37,060	\$0	\$37,060

TOWN OF FARMVILLE, NORTH CAROLINA
09-24" EAST SANITARY PROJECT – USDA ELIGIBLE
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2019

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total To Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues - Sewer Projects:					
Restricted Intergovernmental:					
Interest		\$2,107	\$436	\$2,543	\$2,543
USDA-Rural Development Grant	\$1,327,500	1,327,500		1,327,500	
Rural Center Supplemental Grant	400,000	388,493		388,493	(11,507)
Town of Farmville Contribution	33,000				(33,000)
TOTAL REVENUES	\$1,760,500	\$1,718,100	\$436	\$1,718,536	(\$41,964)
Expenditures - Sewer Projects:					
24" Outfall Line:					
Construction	\$1,573,062	\$1,528,288		\$1,528,288	\$44,774
Interest	70,000	32,180		32,180	37,820
Legal Fees	16,650	16,650		16,650	
Administration	25,000	25,000		25,000	
Preliminary Engineering Report	22,500	22,500		22,500	
Engineering	175,500	175,500		175,500	
Environmental Report	5,000	5,000		5,000	
USDA Funding Assistance	17,500	17,500		17,500	
Wetlands Consultant	4,810	4,810		4,810	
Redesign Pump Station	15,000	15,000		15,000	
Inspection	110,120	110,120		110,120	
RR Maintenance	26,000	26,000		26,000	
Permit Fees	3,158	3,158		3,158	
Permit Application	3,122	3,122		3,122	
Closing Costs	910	910		910	
Advertising	543	543		543	
Total 24" Outfall Line	\$2,068,875	\$1,986,281	\$0	\$1,986,281	\$82,594
Johnsonfield Pump Station:					
Construction	\$1,123,103	\$1,101,128		\$1,101,128	\$21,975
Engineering	84,800	84,800		84,800	
Easement Acquisition	2,295	2,295		2,295	
Easement Survey	13,500	13,261		13,261	239
Inspection	75,368	75,368		75,368	
Rural Center Grant Administration	20,000	20,000		20,000	
Legal Fees	1,574	1,574		1,574	
Land Easement	1,300	1,300		1,300	
Advertising	1,000	486		486	514
Wetland Survey	500	300		300	200
Wetlands Consultant	3,220	3,220		3,220	
Permit Fees	2,250	2,250		2,250	
GIS As-Built	3,500	3,500		3,500	
Contingency	31,215	20,130		20,130	11,085
Total Johnsonfield Pump Station	\$1,363,625	\$1,329,612	\$0	\$1,329,612	\$34,013
TOTAL EXPENDITURES	\$3,432,500	\$3,315,893	\$0	\$3,315,893	\$116,607

TOWN OF FARMVILLE, NORTH CAROLINA
09-24" EAST SANITARY PROJECT – USDA ELIGIBLE
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2019

Revenues Over (Under) Expenditures	(\$1,672,000)	(\$1,597,793)	\$436	(\$1,597,357)	\$74,643
Other Financing Sources (Uses):					
USDA Rural Development Loan	\$1,672,000	\$1,672,000		\$1,672,000	
Total Other Financing Sources	\$1,672,000	\$1,672,000	\$0	\$1,672,000	\$0
Revenues and Other Sources Over (Under)					
Expenditures and Appropriations	\$0	\$74,207	\$436	\$74,643	\$74,643
<i>Beginning Fund Balance, July 1</i>			74,207		
Ending Fund Balance, June 30			\$74,643		

TOWN OF FARMVILLE, NORTH CAROLINA
 09-24" EAST SANITARY PROJECT – NON-USDA ELIGIBLE
 SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
 From Inception and For the Fiscal Year Ended June 30, 2019

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total To Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Sales Tax Refund - CN 1 Sanitary Sewer	\$44,273				(\$44,273)
Investment Earnings		\$7		\$7	7
TOTAL REVENUES	\$44,273	\$7	\$0	\$7	(\$44,266)
Expenditures:					
Construction					
USDA Grant Administration	\$17,500	\$17,500		\$17,500	
Rural Center Project Administration	5,000	5,000		5,000	
Rural Center Preliminary Engineering Report	5,000	5,000		5,000	
Electrical Allowance	10,000				\$10,000
Contingency	6,773				6,773
TOTAL EXPENDITURES	\$44,273	\$27,500	\$0	\$27,500	\$16,773
Revenues Over (Under) Expenditures	\$0	(\$27,493)	\$0	(\$27,493)	(\$27,493)
<i>Beginning Fund Balance, July 1</i>			(27,493)		
Ending Fund Balance, June 30			(\$27,493)		

TOWN OF FARMVILLE, NORTH CAROLINA
MARLBORO BAPTIST CHURCH SANITARY SEWER PUMP STATION PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2019

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Favorable (Unfavorable)
Revenues:					
Marlboro Baptist Church Phase 1 Design/Permit	\$20,000	\$20,000		\$20,000	
Marlboro Baptist Church Phase 2 Construction	74,378	74,378		74,378	
Tap Fee	600	600		600	
Facility Fee	300	300		300	
Interest Earned		195		195	\$195
TOTAL REVENUES	\$95,278	\$95,473	\$0	\$95,473	\$195
Expenditures:					
Construction	\$74,378	\$74,214		\$74,214	\$164
Tap Installation	600				600
Technical Assistance	9,500	9,500		9,500	
DWQ Sewer Permit Preparation	1,000	1,000		1,000	
DOT Permit Application Preparation	400				400
Easement Survey	1,600	1,600		1,600	
Legal Fees	500				500
Project Coordination/Admin. Assistance	4,500	3,825		3,825	675
Facility Fee	300				300
Advertisement Fee	600	475		475	125
Permit Fee Reimbursable	480				480
Contingency	1,420	732		732	688
Excess Refunded to Marlboro Baptist Church		3,997		3,997	(3,997)
TOTAL EXPENDITURES	\$95,278	\$95,343	\$0	\$95,343	(\$65)
Revenues Over (Under) Expenditures	\$0	\$130	\$0	\$130	\$130
Other Financing Sources (Uses):					
Transfer to Sewer			(\$130)	(\$130)	(\$130)
Total Other Financing Sources (Uses)	\$0	\$0	(\$130)	(\$130)	(\$130)
Revenues and Other Sources Over (Under) Expenditures and Appropriations	\$0	\$130	(\$130)	\$0	\$0
<i>Beginning Fund Balance, July 1</i>			130		
Ending Fund Balance, June 30			\$0		

TOWN OF FARMVILLE, NORTH CAROLINA
 2013 CDBG INFRASTRUCTURE PROJECT- WATKINS MHP SEWER PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
 From Inception and For the Fiscal Year Ended June 30, 2019

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total To Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Restricted Intergovernmental:					
Community Development Block Grant	\$2,426,600	\$1,876,547	\$549,388	\$2,425,935	(\$665)
TOTAL REVENUES	\$2,426,600	\$1,876,547	\$549,388	\$2,425,935	(\$665)
Expenditures:					
Public Sewer Improvements	\$2,165,500	\$1,747,885	\$349,098	\$2,096,983	\$68,517
Housing Rehabilitation- Sewer	40,500		104,267	104,267	(63,767)
Administration	220,600	128,662	38,748	167,410	53,190
House Connections			57,275	57,275	(57,275)
TOTAL EXPENDITURES	\$2,426,600	\$1,876,547	\$549,388	\$2,425,935	\$665
Revenues Over (Under) Expenditures	\$0	\$0	\$0	\$0	\$0
<i>Beginning Fund Balance, July 1</i>					
Ending Fund Balance, June 30			\$0		

TOWN OF FARMVILLE, NORTH CAROLINA
BASIN 5 SEWER SYSTEM IMPROVEMENT PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2019

	Project	Actual	Actual	Actual Total	Variance
	Authorization	Prior Years	Current Year	To Date	Favorable
					(Unfavorable)
Revenues:					
SWWR Grant	\$2,614,000		\$591	\$591	(\$2,613,409)
Sales Tax Refund - Restricted	17,000				(17,000)
TOTAL REVENUES	\$2,631,000	\$0	\$591	\$591	(\$2,630,409)
Expenditures:					
Basic Engineering Fees	\$159,760				\$159,760
Permit Application Fees Paid by Owner	2,000				2,000
Additional Services by Engineer	20,500				20,500
Reimbursable Expenses to Engineer	3,000				3,000
Construction - Basin 5 Sanitary Replacement	1,775,000				1,775,000
Construction Administration	110,180				110,180
Construction Observation	198,660				198,660
Contingency	243,190				243,190
Engineering Report	30,000				30,000
Loan/Grant Administration	44,500				44,500
Grant Administration	39,210				39,210
Legal Costs	3,000				3,000
Other - Paid by owner	2,000		\$591	\$591	1,409
TOTAL EXPENDITURES	\$2,631,000	\$0	\$591	\$591	\$2,630,409
Revenues Over (Under) Expenditures	\$0	\$0	\$0	\$0	\$0
<i>Beginning Fund Balance, July 1</i>					
Ending Fund Balance, June 30			\$0		

TOWN OF FARMVILLE, NORTH CAROLINA
2018 CDBG SEWER INFRASTRUCTURE PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2019

	<u>Project</u> <u>Authorization</u>	<u>Actual</u> <u>Prior Years</u>	<u>Actual</u> <u>Current Year</u>	<u>Actual Total</u> <u>To Date</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:					
Community Development Funds	\$1,625,000				(\$1,625,000)
TOTAL REVENUES	\$1,625,000	\$0	\$0	\$0	(\$1,625,000)
Expenditures:					
Sewer Improvements	\$1,463,000				\$1,463,000
Administration	162,000				162,000
TOTAL EXPENDITURES	\$1,625,000	\$0	\$0	\$0	\$1,625,000
Revenues Over (Under) Expenditures	\$0	\$0	\$0	\$0	\$0
<i>Beginning Fund Balance, July 1</i>					
Ending Fund Balance, June 30			\$0		

TOWN OF FARMVILLE, NORTH CAROLINA
BONNIE'S ALLEY WATER & SANITARY SEWER IMPROVEMENTS PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2019

	<u>Project</u> <u>Authorization</u>	<u>Actual</u> <u>Prior Years</u>	<u>Actual</u> <u>Current Year</u>	<u>Actual Total</u> <u>To Date</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:					
Town of Farmville	\$239,688				(\$239,688)
TOTAL REVENUES	\$239,688	\$0	\$0	\$0	(\$239,688)
Expenditures:					
Construction	\$188,627		\$177,547	\$177,547	\$11,080
Construction Observation	13,770				13,770
Engineering	18,391		30,727	30,727	(12,336)
Contingency	18,900				18,900
TOTAL EXPENDITURES	\$239,688	\$0	\$208,274	\$208,274	\$31,414
Revenues Over (Under) Expenditures	\$0	\$0	(\$208,274)	(\$208,274)	(\$208,274)
 <i>Beginning Fund Balance, July 1</i>					
<hr/>					
Ending Fund Balance, June 30				(\$208,274)	

Supplementary Information

Fund Allocation of Project Expenditures:

Water Fund
Sewer Fund

	<u>Actual</u> <u>Prior Year</u>	<u>Actual</u> <u>Current Year</u>	<u>Actual Total</u> <u>To Date</u>
		\$104,137	\$104,137
		104,137	104,137
	\$0	\$208,274	\$208,274

FIDUCIARY FUND

Fiduciary Funds are used to account for assets held by the Town in a trustee capacity to be used for restricted purposes.

Private Purpose Trust Fund

Fire Supplemental Hospitalization Insurance Fund

TOWN OF FARMVILLE, NORTH CAROLINA
 TRUST FUND – FIRE SUPPLEMENTAL HOSPITALIZATION INSURANCE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 For the Fiscal Year Ended June 30, 2019

Revenues:	
Investment Earnings	<u>\$153</u>
Total Revenues	<u>\$153</u>
Expenditures:	
Claims	
Total Expenditures	<u>\$0</u>
Revenues Over (Under) Expenditures	\$153
<i>Beginning Fund Balance, July 1</i>	<u>25,935</u>
Ending Fund Balance, June 30	<u><u>\$26,088</u></u>

OTHER SCHEDULES

TOWN OF FARMVILLE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
For the Fiscal Year Ended June 30, 2019

Fiscal Year	Uncollected Balance June 30, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2018-19		\$1,628,788	\$1,570,294	\$58,494
2017-18	\$85,082		21,164	63,918
2016-17	43,612		10,083	33,529
2015-16	34,085		6,744	27,341
2014-15	27,504		4,486	23,018
2013-14	22,589		3,418	19,171
2012-13	43,898		1,577	42,321
2011-12	18,599		625	17,974
2010-11	12,143		230	11,913
2009-10	41,252		1,674	39,578
	\$328,764	\$1,628,788	\$1,620,295	\$337,257
<i>Less: Allowance for Uncollected Ad Valorem Taxes Receivable</i>				(78,472)
Ad Valorem Taxes Receivable-Net				\$258,785
<u>Reconciliation With Revenues:</u>				
<i>Taxes-Ad Valorem-General Fund</i>				\$1,637,958
<i>Reconciling Items:</i>				
Interest Collected				(17,490)
Taxes written off				(173)
Total Collections and Credits				\$1,620,295

TOWN OF FARMVILLE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
For the Fiscal Year Ended June 30, 2019

	Town-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property Taxed at Current Year's Rate	\$332,303,212	0.4900	\$1,628,285	\$1,456,771	\$171,514
Total	\$332,303,212		\$1,628,285	\$1,456,771	\$171,514
Discoveries:					
Current Year Taxes	\$105,306	0.4900	\$516	\$516	
Total	\$105,306		\$516	\$516	\$0
Abatements	(\$2,653)		(\$13)	(\$13)	
Total Property Valuation	\$332,405,865				
Net Levy			\$1,628,788	\$1,457,274	\$171,514
Uncollected Taxes at June 30, 2019			58,494	58,494	
Current Year's Taxes Collected			\$1,570,294	\$1,398,780	\$171,514
Current Levy Collection Percentage			96.41%	95.99%	100.00%

TOWN OF FARMVILLE, NORTH CAROLINA
TAXABLE PROPERTY VALUATION LAST TEN YEARS
For the Fiscal Year Ended June 30, 2019

Fiscal Year	Real Property	Personal Property	Public Services Companies	Total Valuation
2018-19	\$233,774,222	\$89,722,248	\$8,909,395	\$332,405,865
2017-18	232,072,806	98,053,945	8,583,166	338,709,917
2016-17	232,848,256	95,290,379	8,188,916	336,327,551
2015-16	227,126,505	86,399,006	7,978,775	321,504,286
2014-15	225,363,125	63,328,418	7,225,600	295,917,143
2013-14	221,218,688	74,503,887	7,412,730	303,135,305
2012-13	221,947,314	66,207,992	7,385,306	295,540,612
2011-12	240,914,463	65,047,782	6,981,224	312,943,469
2010-11	238,427,054	61,637,076	7,905,258	307,969,388
2009-10	248,663,752	61,141,580	8,217,117	318,022,449

TOWN OF FARMVILLE, NORTH CAROLINA
SPECIAL REVENUE FUND - LIBRARY (TRUST) FUND
CHANGES IN FUND BALANCE IN DETAIL
For the Fiscal Year Ended June 30, 2019

	Beginning Balances	Revenues	Expenditures	Ending Balances
Arndt Trust	\$8,464	\$48		\$8,512
Barker Trust	77,602	444		78,046
Cockrell Trust	4,760	27		4,787
Davis Trust	29,449	168		29,617
DeVisconti Trust	84,591	4,429		89,020
Library Friends	13,932	462		14,394
Monk Trust	3,045	1,023		4,068
Veterans Memorial	10,044	210	\$126	10,128
Totals	\$231,887	\$6,811	\$126	\$238,572

COMPLIANCE SECTION



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

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board of Commissioners
Town of Farmville, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of Town of Farmville, North Carolina as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises Town of Farmville's basic financial statements, and have issued our report thereon dated January 27, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Farmville'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 Town of Farmville's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 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 the 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 were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as Finding 19-1 that we consider to be a material weakness.

Compliance and Other Matters

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

Town of Farmville's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entities 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.

Barrow, Parris & Davenport, P.A.

BARROW, PARRIS & DAVENPORT, P.A.
Kinston, NC

January 27, 2020

TOWN OF FARMVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
 For The Fiscal Year Ended June 30, 2019

II. FINANCIAL STATEMENT FINDINGS**FINDING 19-1 - REPORTING****MATERIAL WEAKNESS**

<i>Criteria:</i>	The Town should have personnel in place that have expertise in financial accounting and reporting sufficient to prepare or review financial statements to ensure they are in accordance with generally accepted accounting principles.
<i>Condition:</i>	Although the Town has competent financial personnel to perform the daily functions of the finance department, the staff does not have the technical training and background to prevent, detect, and correct potential misstatements in the financial statements and notes prepared in accordance with generally accepted accounting principles.
<i>Effect:</i>	The financial statements could include material misstatements or inadequate disclosures that are not in accordance with generally accepted accounting principles.
<i>Cause:</i>	Although competent in other financial areas, the Town does not have financial personnel that have the necessary technical training and expertise to ensure financial statements are prepared in accordance with generally accepted accounting principles.
<i>Identification of a Repeat finding:</i>	This is a repeat finding from the immediate previous audit, 18-1.
<i>Recommendation:</i>	The Town may consider providing the necessary training to current personnel or outsourcing the financial statement preparation function.
<i>Views of Responsible Officials and Planned Corrective Action:</i>	Due to the related costs in eliminating this control deficiency, management has determined that we are willing to accept the risks associated with the control deficiency. We will continue to monitor the internal controls over financial reporting and will make attempts to improve the related internal control process when feasible.