

**REPORT ON
TOWN OF GARYSBURG
GARYSBURG, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019**

TOWN OF GARYSBURG, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

Mayor

Roy Bell

Mayor Pro-Tem/Finance Officer

Lola Ausby

Town Administrator

Diane Gallimore

Town Attorney

Maria Misse'

Board of Commissioners

Woodrow Harding
James Mayo
Semiko Jacobs
Iris Williams
Lola Ausby

TOWN OF GARYSBURG, NORTH CAROLINA
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JUNE 30, 2019

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FINANCIAL SECTION

JOHNSON, McLEAN & COMPANY

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Independent Auditor's Report

To the Honorable Mayor
And Members of the Town of Garysburg
Garysburg, North Carolina

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Garysburg, 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 of Garysburg's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of Town of Garysburg, North Carolina as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 2a through 2h and, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions, on pages 25 and 26, and Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on page 27, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, and 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 to 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 Town of Garysburg's basic financial statements. The introductory information, combining and individual nonmajor fund financial 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 nonmajor fund financial statements, budgetary schedules, and other schedules, are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with audit standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information and the statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.



Johnson, McLean & Company, CPA's
October 3, 2019

Management's Discussion and Analysis

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

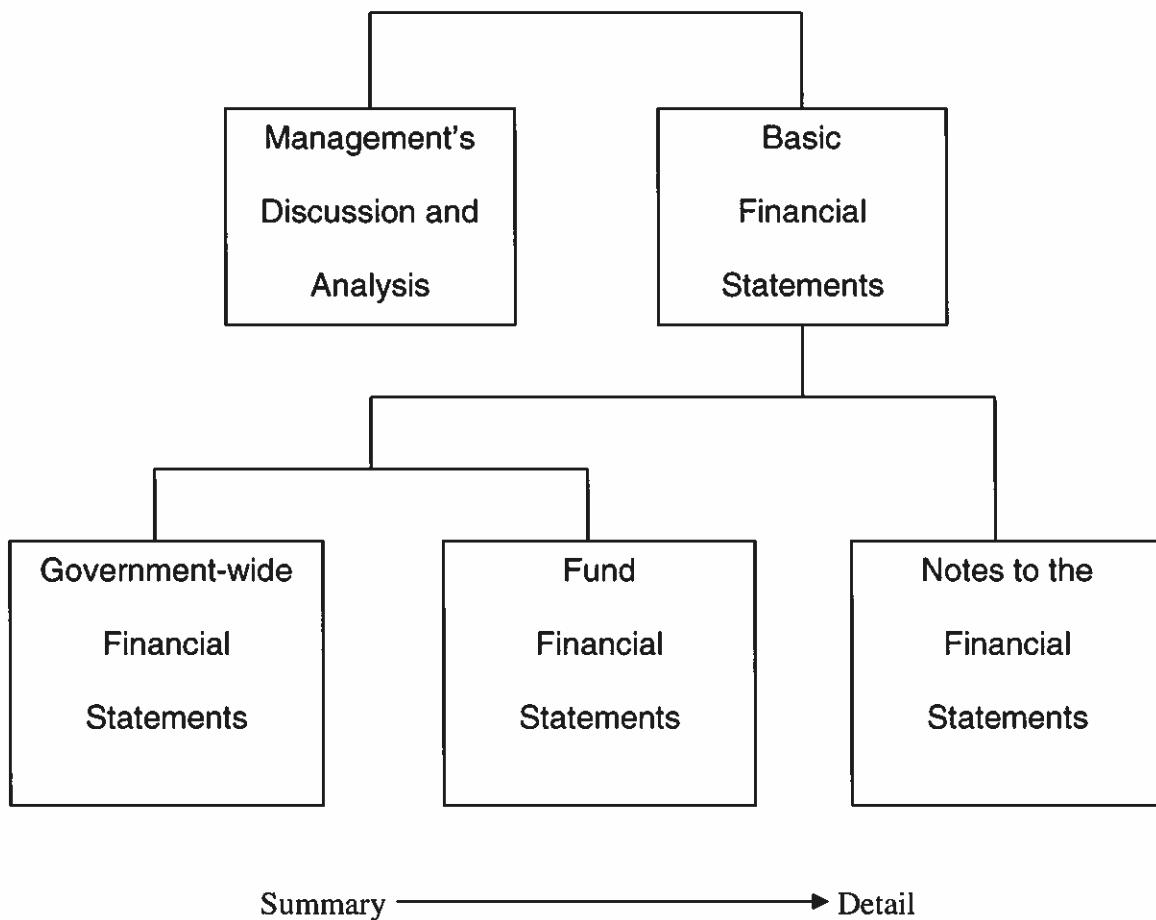
- The assets of the Town of Garysburg exceeded its liabilities at the close of the fiscal year by \$842,236 (*net position*).
- The government's total net position increased by \$24,646 during the year.
- As of the close of the current fiscal year, the Town of Garysburg's governmental funds reported combined ending fund balances of \$510,785 an increase of \$13,130 in comparison with the prior year. Approximately 12.6 percent of this total amount, or \$64,121, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$64,121, or 8.94 percent of total general fund expenditures for the fiscal year.
- Total liabilities decreased by \$44,289 (3.9%). The decrease was due to annual payments made on note payments.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) 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.

Management Discussion and Analysis

Town of Garysburg

The next statements (Exhibits C through E) 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 two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the budgetary comparison statements.

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

Government-wide Financial Statements

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

The two government-wide statements report the Town's net position and how they have changed. Net position are the difference between the Town's total assets and total liabilities. 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, and general administration. Property taxes and state and federal grant funds finance most of these activities. The Town currently does not have a Business-type Activity.

The government-wide financial statements are on Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements (see Figure 2) 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 Garysburg, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Garysburg are governmental funds types.

Management Discussion and Analysis

Town of Garysburg

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are included in this report.

Management Discussion and Analysis
Town of Garysburg

Government-Wide Financial Analysis

The Town of Garysburg's Net Position

Figure 2

	Governmental Activities	
	2019	2018
Assets:		
Current and other assets	\$ 669,308	\$ 654,714
Net pension assets	-	-
Capital assets	1,213,316	1,241,946
Total Assets	1,882,624	1,896,660
Deferred Outflows of Resources:		
Pension deferels	45,154	23,365
LEO deferres	3,122	-
Total deferred outflows of resources	48,276	23,365
Liabilities:		
Long-term liabilities outstanding	1,025,137	1,037,400
Other liabilities	59,927	63,006
	1,085,064	1,100,406
Deferred Inflows of Resources:		
Prepaid taxes	698	698
Pension deferrals	821	821
LEO deferrals	2,081	2,081
Total deferred inflows of resources	3,600	3,600
Net position:		
Invested in capital assets, net of related debt	263,651	259,372
Restricted	127,823	115,820
Unrestricted	450,762	442,395
	<u>\$ 842,236</u>	<u>\$ 817,587</u>

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 Garysburg exceeded liabilities by \$842,236 as of June 30, 2019. The Town's net position increased by \$24,646 for the fiscal year ended June 30, 2019. The Town's investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt still outstanding that was issued to acquire those items was \$263,651, or 31.3% at year end. The Town of Garysburg uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Garysburg's

Management Discussion and Analysis
Town of Garysburg

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 Garysburg's net position (15.2%) or \$115,820 represents resources that are subject to external restrictions on how they may be used. The remaining balance of the Town of Garysburg's net position \$450,762 (53.5%) is unrestricted.

Town of Garysburg Changes in Net Position

Figure 3

	Governmental Activities 2019	Governmental Activities 2018
Revenues:		
Program revenues:		
Charges for services	\$ 102,151	\$ 104,848
Operating grants and contributions	42,468	77,052
Capital grants and contributions	-	-
General revenues:		
Property taxes	249,799	194,079
Other taxes	294,857	278,809
Grants and contributions not restricted to specific programs	-	-
Other	13,079	132,158
Total revenues	<u>702,354</u>	<u>786,946</u>
Expenses:		
General government	199,538	175,272
Public safety	187,485	209,264
Transportation	141,483	132,679
Economic development	17,610	12,858
Environmental protection	69,042	4,685
Culture and recreation	18,918	54,465
Interest	43,632	41,994
Total expenses	<u>677,708</u>	<u>631,217</u>
Increase (decreases) in net position	24,646	155,729
Net position, July 1	817,590	674,889
Restatement	-	(13,028)
Net position, June 30	<u>\$ 842,236</u>	<u>\$ 817,590</u>

Management Discussion and Analysis

Town of Garysburg

Governmental activities. Governmental activities increased the Town's net position by \$24,646. Revenues were \$84,592 less than the previous year. The main reason for the decline in revenue is due to the Town receiving a one-time grant for a solar farm the previous year. Expenditures were \$46,491 more than the previous year. The increase can contributed to the Town increasing spending in Economic and Physical Development.

The Town did not have a Business-type activity during the year.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Garysburg'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 Garysburg'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 Garysburg. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$64,121, while total fund balance was \$510,782. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 8.94 percent of total General Fund expenditures while total fund balance was 71.2 percent of expenditures.

At June 30, 2019, the governmental funds of Town of Garysburg reported a combined fund balance of \$510,782, a 2.6 percent increase from last year.

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.

Budget amendments were made increasing revenues by \$108,047 and expenditures by \$115,067 during the year.

Revenues were \$31,983 more than budgeted. Expenditures were \$168,912 less than budgeted. Revenues and other financing sources were \$13,130 more than expenditures for the year.

Management Discussion and Analysis
Town of Garysburg

Capital Asset and Debt Administration

Capital assets. The Town of Garysburg's investment in capital assets for its governmental type activities and total activities as of June 30, 2019, totals \$1,213,316 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

The Town had acquisitions of \$30,714 for vehicles during the year. The Town did not have any disposals during the year.

Town of Garysburg's Capital Assets

Figure 4

(net of depreciation)

	Governmental Activities	Governmental Activities
	2018	2018
Land	\$ 100,784	\$ 100,784
Buildings and systems	935,061	963,745
Equipment	7,574	12,518
Infrastructure	106,029	113,795
Vehicles and motorized equipment	63,868	51,104
Total	<u>\$ 1,213,316</u>	<u>\$ 1,241,946</u>

Additional information on the Town's capital assets can be found in notes of the Basic Financial Statements.

Long-term Debt. As of June 30, 2019, the Town of Garysburg had total notes payable outstanding of \$949,665 compared to \$982,574 the previous year. The decrease was due to installment payments on the debt.

Management Discussion and Analysis

Town of Garysburg

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Garysburg is \$1,480,319 considering the outstanding debt. The Town does not have any bonds authorized or un-issued at June 30, 2019.

Economic Factors and Next Year's Budgets and Rates

The following indicators reflect Garysburg and the surrounding area economic condition.

- **High unemployment.** The seasonally adjusted unemployment rate is 5.6% compared to the State average of 4.2 % (July 2019).
- **The area is currently seeing increased activity due to the Atlantic Coast Pipeline.** It is hoped this will bring new business and industry to the area once completed.

The Town of Garysburg will continue to work with other agencies and pursue grant revenue to help improve the economic conditions in the Town.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities: Property taxes remained at .60 cents per \$100 valuation.

The beginning 2020 General Fund budget was set at \$849,939 compared to the final 2019 actual expenditures of \$717,536. The increase is due to an economic development project budgeted.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Administrator 504 Old Highway Rd., Garysburg, North Carolina, 27831.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 400,595
Taxes receivables (net)	104,949
Accrued interest receivable on taxes	35,941
Accounts receivable (net)	49,678
Restricted cash and cash equivalents	78,145
Total current assets	<u>669,308</u>
Net pension assets	-
Capital assets (Note 1):	
Land, non-depreciable improvements, and construction in progress	100,784
Other capital assets, net of depreciation	<u>1,112,532</u>
Total capital assets	<u>1,213,316</u>
Total assets	<u>1,882,624</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrels	45,154
LEO deferrels	<u>3,122</u>
Total deferred outflows of resources	<u>48,276</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	16,938
Accrued interest payable	16,341
Notes payable due within one year	26,648
Long-term liabilities:	
Compensated absences	18,255
Net pension liability (LEO)	27,878
Net pension liability	55,987
Notes payable due in more than one year	<u>923,017</u>
Total liabilities	<u>1,085,064</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	698
Pension deferrals	821
LEO deferrals	<u>2,081</u>
Total deferred inflows of resources	<u>3,600</u>
NET POSITION	
Investment in capital assets	263,651
Restricted	
Stabilization by state statute	49,678
Streets	7,523
USDA loans	70,622
Unrestricted	<u>450,762</u>
Total net position	<u>\$ 842,236</u>

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

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Primary Government			Governmental Activities	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental Activities:					
General government	\$ 199,538	\$ 36,367	\$ -	\$ -	\$ (163,171)
Public safety	187,485	42,926	-	-	(144,559)
Transportation	141,483	22,858	33,068	-	(85,557)
Economic and physical development	17,610	-	8,000	-	(9,610)
Environmental protection	69,042	-	-	-	(69,042)
Cultural and recreation	18,918	-	1,400	-	(17,518)
Interest on Long-Term Debt	43,632	-	-	-	(43,632)
Total governmental activities (See Note 1)	677,708	102,151	42,468	-	(533,089)
Total primary government	\$ 677,708	\$ 102,151	\$ 42,468	\$ -	(533,089)
General revenues:					
Taxes:					
Property taxes, levied for general purpose					249,799
Other taxes					294,857
Unrestricted investment earnings					2,906
Miscellaneous					10,173
Total general revenues, special items, and transfers					557,735
Change in net assets					24,646
Net position, beginning - previously reported					817,590
Net position-ending					\$ 842,236

FUND FINANCIAL STATEMENTS

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

	<u>Major Funds</u>	<u>Total Total</u>
	<u>General</u>	<u>Governmental</u>
ASSETS		
Cash and cash equivalents	\$ 400,595	\$ 400,595
Restricted cash	78,145	78,145
Receivables, net:		
Taxes	104,949	104,949
Accounts	49,678	49,678
Total assets	<u>633,367</u>	<u>633,367</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	16,938	16,938
Total liabilities	<u>16,938</u>	<u>16,938</u>
Deferred Inflows of Resources		
Property Taxes Uncollected	104,949	104,949
Property Taxes	698	698
Total deferred inflows of resources	<u>105,647</u>	<u>105,647</u>
Fund balances:		
Restricted		
State statute	49,678	49,678
Streets-Powell Bill	7,523	7,523
USDA Loans	70,622	70,622
Assigned		
Special Projects	134,985	134,985
Designated for subsequent year's expenditures	183,853	183,853
Unassigned	64,121	64,121
Total fund balances	<u>510,782</u>	<u>510,782</u>
Total liabilities and fund balances	<u>\$ 633,367</u>	<u>\$ 633,367</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,213,316
Deferred outflows resources	48,276
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred in the funds.	35,941
Liabilities for earned but deferred inflows in fund statements.	104,949
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds (Note 4).	(966,006)
Pension deferrals	(56,808)
LEO deferrals	(29,959)
Compensated absences	(18,255)
Net position of governmental activities	<u>\$ 842,236</u>

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

TOWN OF GARYSBURG, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	<u>Major Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	
REVENUES		
Ad valorem taxes	\$ 251,015	\$ 251,015
Other taxes & licenses	-	-
Unrestricted intergovernmental	287,371	287,371
Restricted intergovernmental	33,068	33,068
Permits and fees	18,426	18,426
Investment earnings	2,906	2,906
Miscellaneous	137,880	137,880
Total revenues	<u>730,666</u>	<u>730,666</u>
EXPENDITURES		
Current:		
General government	191,551	191,551
Public safety	197,417	197,417
Transportation	139,294	139,294
Environmental protection	5,723	5,723
Economic and physical development	69,042	69,042
Culture and recreation	10,873	10,873
Debt Service:		
Principal Retirement	60,004	60,004
Interest	43,632	43,632
Total expenditures	<u>717,536</u>	<u>717,536</u>
Excess (deficiency) of revenues over expenditures	13,130	13,130
Other financing sources (uses):		
Sale of capital assets	-	-
Insurance recovery	-	-
Total other financing sources (uses):	<u>-</u>	<u>-</u>
Revenue and other sources over (under) expenditures and other uses	13,130	13,130
Fund balances - beginning	<u>497,652</u>	<u>497,652</u>
Fund balances - ending	<u><u>\$ 510,782</u></u>	<u><u>\$ 510,782</u></u>

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

TOWN OF GARYSBURG, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the 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	\$ 13,130
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	(28,630)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	-
Change in deferred inflows for tax revenues	(1,216)
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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	32,908
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	-
Pension expense	11,479
Compensated absences	(3,025)
Total changes in net position of governmental activities	\$ 24,646

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

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

	General Fund			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 182,100	\$ 238,800	\$ 251,015	\$ 12,215
Other taxes & license	-	-	-	-
Unrestricted intergovernmental	247,100	247,100	287,371	40,271
Restricted intergovernmental	38,200	38,200	33,068	(5,132)
Permits and fees	36,200	36,200	18,426	(17,774)
Investment earnings	1,100	1,100	2,906	1,806
Miscellaneous	85,936	137,283	137,880	597
Total revenues	590,636	698,683	730,666	31,983
Expenditures:				
Current:				
General government	188,965	191,740	191,551	189
Public safety	179,545	205,602	197,417	8,185
Transportation	139,359	146,297	139,294	7,003
Environmental protection	5,150	5,725	5,723	2
Economic development	177,603	220,328	69,042	151,286
Cultural and recreation	9,150	11,579	10,873	706
Debt Service:				
Principal retirement	30,369	60,004	60,004	-
Interest and fees	41,240	45,173	43,632	1,541
Total expenditures	771,381	886,448	717,536	168,912
Revenues over (under) expenditures	(180,745)	(187,765)	13,130	200,895
Other financing sources (uses):				
Fund balance appropriated	187,765	187,765	-	(187,765)
Sale of capital assets	-	-	-	-
Insurance recovery	-	-	-	-
Installment obligations issued	-	-	-	-
Total other financing sources (uses)	187,765	187,765	-	(187,765)
Revenues and other sources over (under) expenditures and other uses	\$ 7,020	\$ -	13,130	\$ 13,130
Fund balances, beginning of year			497,652	
Fund balances, end of year			\$ 510,782	

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

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
TOWN OF GARYSBURG, NORTH CAROLINA
JUNE 30, 2019

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Garysburg 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 Garysburg is a municipal corporation, which is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the Town and any component units, a legally separate entity for which the Town is financially accountable. The Town of Garysburg has no component units.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements identify the *governmental activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues 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. Statements for the fund category *governmental* are presented. The emphasis of fund financial statements is on major governmental funds, displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Town reports the following major governmental funds:

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

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

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

TOWN OF GARYSBURG, NORTH CAROLINA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements are offset by deferred inflows of resources.

Sales taxes 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 Garysburg because the tax is levied by Northampton County and then remitted to and distributed by the state. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budget is adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. The Finance officer is authorized by the budget ordinance to transfer appropriations within a fund up to \$2,500; however, any revisions that alter the total expenditures of any fund or change functional appropriations by more than \$2,500 must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material.

A budget calendar is included in the North Carolina General Statutes which prescribes the last day on which certain steps of that budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

- April 30 - Each department head will transmit to the budget officer the budget requests and the revenue estimates for their department for the budget year.
- June 1 - The budget and the budget message shall be submitted to the governing board. The public hearing on the budget shall be scheduled at this time.
- July 1 - The budget ordinance shall be adopted by the governing board.

E. Assets, Liabilities and Fund Equity

1. Deposits and Investments

All deposits of the Town are made in board-designated official depositories and are secured as required by G.S. 159-31. The Town may designate as an official depository any bank or savings and loan 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.

TOWN OF GARYSBURG, NORTH CAROLINA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

State law {G.S. 159-30 (c)} authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a-7) money market mutual fund.

The Town's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, and SEC-registered (2a-7) money market fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost.

2. 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 Cash

Powell Bill funds are classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. USDA loans required cash to be set aside and restricted for future payments per loan agreement.

Government Activities	
General Fund	
Streets	\$ 7,523
USDA Loans	<u>70,622</u>
Total Governmental Activities	<u>\$ 78,145</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 July 1, the beginning of the fiscal year. These taxes are due on September 1; however, interest does not accrue until the following January 6. The taxes levied 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 which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. There were no minimum capitalization costs prior to July 1, 2003. Purchased or constructed capital assets are reported at cost or estimated historical cost. 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, 2002, 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. Also, the Town has elected not to capitalize those interest costs that are incurred during construction period of general capital assets.

TOWN OF GARYSBURG, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

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

Estimated Asset Class	Useful Lives
Infrastructure	30
Buildings	50
Improvements	25
Vehicles	5-10
Furniture and equipment	5-10
Computer equipment	3

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meets this criterion, contributions made to pension plan in the 2019 fiscal year, and pension changes. 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 two items that meets the criterion for this category – property taxes receivable and deferrals of pension expense that result from the implementation of GASB Statement 68.

8. Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In fund financial statements the face amount of debt issued is reported as other financing sources.

9. Compensated Absences

The vacation policies of the Town provide for the accumulation of up to twenty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide 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 unused vacation at the end of the year was \$18,255.

The Town's sick leave policy provides for a maximum accumulation of 45 days 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 the accumulated sick leave until it is actually taken, no accrual for sick leave has been made. Sick leave in the amount of \$14,032 has been earned in the governmental funds.

10. Net Position/Fund Balances

Net Position

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

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 balances can be spent.

TOWN OF GARYSBURG, NORTH CAROLINA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

The governmental fund types classify fund balances as follows:

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

Restricted for Stabilization by State statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which 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 USDA – USDA loans require a portion of each payment to be set aside for future payments.

Assigned – This classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Assigned for Special Projects – portion of fund balance that has been budgeted by the Board for special projects.

Designated for subsequent year's expenditures for the 2019-2020 budget ordinance.

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

II. Pensions

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

III. Stewardship, Compliance, and Accountability

A. Significant Violations of Finance-Related Legal and Contractual Provisions

1. Noncompliance with North Carolina General Statutes

Excess of Expenditures over Appropriations

None.

2. Contractual Violations

None.

TOWN OF GARYSBURG, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

IV. 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 unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in its name. The amount of the pledged collateral is based on an approved averaging method for non-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 undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit risk for deposits.

At June 30, 2019, the Town's deposits had a carrying amount of \$478,440 and a bank balance of \$468,962. The bank balance was covered by federal depository insurance. The Town has \$300 cash on hand at year-end.

2. Receivables - Allowances for Doubtful Accounts

The amounts presented in Exhibit A, the Statement of Net Position, are net of the following allowances for doubtful accounts:

<u>General Fund</u>	<u>June 30, 2019</u>
Taxes Receivable	\$ 2,153

3. Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 100,784	-	\$ -	\$ 100,784
	100,784	-	-	100,784
Capital assets being depreciated:				
Buildings	1,270,271	-	-	1,270,271
Other improvements	41,378	-	-	41,378
Equipment	225,362	-	-	225,362
Vehicles and motorized equipment	207,610	30,714	-	238,324
Infrastructure	280,454	-	-	280,454
Total capital assets being depreciated	2,025,075	30,714	-	2,055,789
Less accumulated depreciation for:				
Buildings	315,343	25,568	-	340,911
Other improvements	32,565	3,112	-	35,677
Equipment	212,840	4,948	-	217,788
Vehicles and motorized equipment	156,505	17,952	-	174,457
Infrastructure	166,661	7,764	-	174,425
Total accumulated depreciation	883,914	\$ 59,344	\$ -	943,258
Total capital assets being depreciated, net	1,141,161			1,112,532
Governmental activity capital assets, net	<u>\$ 1,241,945</u>			<u>\$ 1,213,316</u>

TOWN OF GARYSBURG, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

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

General government	\$ 2,609
Public safety	30,217
Transportation	6,587
Recreation	8,045
Community and economic development	11,884
Total depreciation expense	<u>\$ 59,342</u>

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Garysburg 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, by calling (919) 981-5454, or at www.osc.nc.gov.

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 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 Garysburg 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 Garysburg's contractually required contribution rate for the year ended June 30, 2019, was 7.75% for general employees and 8.50% for law enforcement officers, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees

TOWN OF GARYSBURG, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

during the year. Contributions to the pension plan from the Town of Garysburg were \$12,879 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 \$55,987 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the Town's proportion was 0.00236%, which was a decrease of 0.00015% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$17,663. 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	8,638	\$ 290
Changes of assumptions	14,857	-
Net difference between projected and actual earnings on pension plan investments	7,685	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,094	531
Town contributions subsequent to the measurement date	12,880	-
Total	<u>\$ 45,154</u>	<u>\$ 821</u>

\$12,880 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 15,846
2020	9,569
2021	1,648
2022	4,389
2023	-
Thereafter	-
	<u>\$ 31,452</u>

TOWN OF GARYSBURG, NORTH CAROLINA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100.0%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2016 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 3.0%. 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

TOWN OF GARYSBURG, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.20 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)	\$ 134,486	\$ 55,987	\$ (9,608)

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.

2. Law Enforcement Officers Special Separation Allowance

Plan Description. The Town of Garysburg 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. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance.

At December 31, 2018, the Separation Allowances membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>2</u>
Total	<u>2</u>

Summary of Significant Accounting Policies

Basis of Accounting. The Town of Garysburg 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 basis of accounting. Benefits are recognized as expenses when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. The separation allowance has not accumulated assets in a trust that meets the criteria which are outlined in GASB Statement 73.

TOWN OF GARYSBURG, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

3. Actuarial Assumptions

The entry age actuarial cost method was used in December 31, 2017 valuation. The total pension liability pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Discount rate	2.98 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 benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees. 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 \$0 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 \$27,878. 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 Town recognized pension expense of \$3,967.

	Deferred Outflows of	Deferred Inflows of
Differences between expected and actual experience	\$ 1,161	\$ -
Changes of assumptions	1,961	2,081
County benefit payments and plan administrative expense made subsequent to measurement date	-	-
Total	<u>\$ 3,122</u>	<u>\$ 2,081</u>

TOWN OF GARYSBURG, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

\$0 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Amounts Recognized in Pension Expense as an Increase or (Decrease) to Pension Expense
Year ended June 30:			
2020	\$ 479	\$ 306	\$ 173
2021	479	306	173
2022	479	306	173
2023	479	306	173
2024	479	306	173
Thereafter	568	551	17

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 3.16 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 (2.86 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	\$ 31,722	\$ 27,878	\$ 24,500

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

	2019
Beginning balance	\$ 25,569
Service Cost	2,679
Interest on the total pension liability	808
Changes in benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	607
Changes of assumptions or other inputs	(1,785)
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	<u>\$ 27,878</u>

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

TOWN OF GARYSBURG, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

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.

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>TOTAL</u>
Pension Expense	12,879	3,967	16,846
Pension Liability	55,987	27,878	83,865
Proportionate share of net pension liability	0.00236%	N/A	
Deferred of Outflows of Resources			
Differences between expected and actual expense	8,638	1,161	9,799
Change in assumptions	14,857	1,961	16,818
Net difference between projected and actual earnings on pension plan investments	7,685		7,685
Changes in proportion and differences between Town contributions and proportionate share of contribution	1,094		1,094
Town contribution subsequent to the measurement date	12,880		12,880
Deferred of Inflows of Resources			
Differences between expected and actual expense	290		290
Change in assumptions		2,081	2,081
Changes in proportion and differences between Town contributions and proportionate proportionate share of contribution	531		531

b. 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, NC 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 five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The Town made contributions of \$6,233 for the reporting year, which consisted of \$3,583 from the Town and \$2,650 from the law enforcement officers.

TOWN OF GARYSBURG, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

4. Long-Term Obligations

Notes Payable

Notes payable at June 30, 2019 are comprised of the following individual agreements:

Governmental Activities:

Installment purchase contract for the construction of Town Hall (collateralized by the building) from USDA on February 9, 2005. The note is payable in twenty-six annual equal payments of \$24,731, including interest at a rate of 4.5%.	\$ 374,567
Installment purchase contract for the construction of Town Hall (collateralized by the building) from USDA on February 9, 2005. The note is payable in twenty-six annual equal payments of \$1,537, including interest at a rate of 4.5%.	23,268
Installment contract for construction of Firehouse (collateralized by the building) from the USDA on January 28, 2009. The note is payable in thirty annual installments of \$29,078, including interest at 4.5%.	473,589
Installment contract to purchase Garysburg School from Northampton County Board of Education (collateralized by real estate) on February 3, 2014. Due in fourteen (14) annual installments of \$3,750 with no interest.	52,500
Installment purchase contract,(secured by a police car) from Southern Bank & Trust Company. Payable in 57 monthly installments of \$451.60, plus interest at 4.15%.	25,741
	<u>\$ 949,665</u>

Annual debt service requirements to maturity for long-term obligations are as follows:

Year Ending June 30	Governmental Activities		Total
	Principal	Interest	
2020	\$ 26,648	40,134	\$ 66,782
2021	26,018	39,182	65,200
2022	26,777	38,198	64,975
2023	27,569	37,181	64,750
2024-2028	126,654	171,569	298,223
2029-2033	149,847	145,633	295,480
2034-2038	163,378	113,352	276,730
2039-2043	203,608	73,122	276,730
2044-2048	171,340	26,586	197,926
2048	27,826	1,252	29,078
	<u>\$ 949,665</u>	<u>\$ 686,209</u>	<u>\$ 1,635,874</u>

TOWN OF GARYSBURG, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

Changes in long-term obligations:

Governmental Activities	Beginning Balances	Increases	Decreases	Ending Balance	Current Portion of Balance
Installment Purchases	\$ 982,574	\$ 27,096	\$ (60,005)	\$ 949,665	\$ 26,648
Accrued Vacation Pay	21,280	-	(3,025)	18,255	
Total LEOSSA Liability	25,569	2,309	-	27,878	
Net Pension Liability	38,346	17,641	-	55,987	-
	<u>\$ 1,067,769</u>	<u>\$ 47,046</u>	<u>\$ (63,030)</u>	<u>\$ 1,051,785</u>	<u>\$ 26,648</u>

Compensated absences typically have been liquidated in the General Fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

At June 30, 2019, the Town of Garysburg had a legal debt margin of \$1,802,338.

5. Deferred Outflows and Inflows of Revenues

The balance in deferred outflows of resources at year-end is composed of the following elements:

Contributions to pension plan in current fiscal year	\$ 45,154
LEOSSA	3,122

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

Contributions to pension plan in current fiscal year	\$ 821
LEOSSA	2,081

V. Summary Disclosure Of Significant Contingencies

Post-Employment Health Care Benefits

The Town does not to provide post-employment health care benefits to the Town employees.

Other Employment Benefits

The Town provides death benefits to law enforcement officers 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 month's 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. Because all death benefit payments are made by the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. 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. Contributions are determined as a percentage of monthly payment based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

Risk Management

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

TOWN OF GARYSBURG, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values. The Town does not carry flood insurance.

The Town carries commercial coverage for all other risks of loss. Claims have not exceeded coverage in any of the last three fiscal years.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Finance Officer is bonded for \$60,000 and the Tax Collector is bonded for \$10,000. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

Federal and State Assisted Programs

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

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

VI. Significant Effects of Subsequent Events

There have been no events which occurred between June 30, 2019 and the date of this report which have significant effect on the Town.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF GARYSBURG, NORTH CAROLINA
TOWN OF GARYSBURG'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Years Ended June 30, 2015, 2016, 2017, 2018 & 2019

Local Government Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Garysburg's proportion of the net pension liability (asset) (%)	0.00236%	0.00251%	0.00259%	0.00256%	0.000180%
Garysburg's proportion of the net pension liability (asset) (\$)	\$55,987	\$38,346	\$54,968	(\$11,489)	(\$10,733)
Garysburg's covered-employee payroll	\$159,257	\$158,224	\$150,798	\$143,322	\$146,483
Garysburg's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	35.16%	24.24%	36.45%	-8.02%	-7.33%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%

**TOWN OF GARYSBURG, NORTH CAROLINA
TOWN OF GARYSBURG'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Years Ended June 30, 2015, 2016, 2017, 2018 & 2019**

Local Government Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 12,879	\$ 11,905	\$ 12,023	\$ 7,971	\$ 10,351
Contributions in relation to the contractually required contribution	<u>12,879</u>	<u>11,905</u>	<u>12,023</u>	<u>7,971</u>	<u>10,351</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Garysburg's covered-employee payroll	\$ 159,257	\$ 161,102	\$ 158,224	\$ 150,798	\$ 143,322
Contributions as a percentage of covered-employee payroll	8.08%	7.38%	7.64%	5.28%	7.22%

TOWN OF GARYSBURG, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 25,569	\$ 19,147	\$ 17,034
Service Cost	2,679	2,284	2,285
Interest	808	739	608
Changes in benefit term	-	-	-
Difference between expected and actual experience in the measurement of total pension liability	607	824	-
Changes in assumptions and other inputs	(1,785)	2,575	(780)
Benefit payments	-	-	-
Other changes	-	-	-
Ending balance	<u>\$ 27,878</u>	<u>\$ 25,569</u>	<u>\$ 19,147</u>

TOWN OF GARYSBURG, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 27,878	\$ 25,569	\$ 19,147
Covered payroll	78,616	76,806	73,407
Total pension liability as a percentage of covered payroll	35.46%	33.29%	26.08%

**INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

**TOWN OF GARYSBURG, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	2019		Variance
	Final Budget	Actual	Favorable (Unfavorable)
Revenues:			
Ad Valorem Taxes:			
Current year	\$ -	\$ 223,724	\$ -
Prior years	-	17,063	-
Penalties, interest, & advertising	-	10,228	-
Total ad valorem taxes	238,800	251,015	12,215
Other Taxes and Licenses:			
Privilege licenses	-	-	-
Cable franchise	-	-	-
Total other taxes and licenses	-	-	-
Unrestricted Intergovernmental Revenues:			
Local option sales tax	-	242,176	-
Beer and wine	-	4,347	-
Franchise tax	-	39,139	-
Sales & use tax refund	-	1,709	-
Total unrestricted intergovernmental revenues	247,100	287,371	40,271
Restricted Intergovernmental Revenues:			
Powell Bill allocation	-	33,068	-
Total Restricted Intergovernmental Revenues	38,200	33,068	(5,132)
Permits and Fees:			
Vehicles License	-	7,246	-
Building Permits & Fees	-	190	-
Clerk of Court Fees	-	50	-
Ordinance Violations	-	10,940	-
Total Permits and Fees	36,200	18,426	(17,774)
Investment Earnings	1,100	2,906	1,806
Other:			
Solar Farm	-	-	-
Powell Bill labor reimbursement	-	22,858	-
Contributions	-	1,400	-
Debt Payment from Fire Department	-	31,986	-
Rent	-	36,367	-
Grants	-	8,000	-
Southern Bank loan proceeds	-	27,096	-
Miscellaneous	-	10,173	-
Total Other	137,283	137,880	597
TOTAL REVENUES	\$ 698,683	\$ 730,666	\$ 31,983

TOWN OF GARYSBURG, NORTH CAROLINA
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	2019		Variance
	Budget	Actual	Favorable (Unfavorable)
Expenditures:			
General Government:			
Administration:			
Salaries and employee benefits	\$ -	\$ 45,030	\$ -
Operating Expenses	-	7,776	-
Total	53,071	52,806	265
Governing Body:			
Salaries and employee benefits	-	84,969	-
Operating Expenses	-	53,776	-
Total	138,669	138,745	(76)
Total General Government	191,740	191,551	189
Public Safety:			
Police:			
Salaries and Employee Benefits	-	127,880	-
Operating Expenses	-	33,322	-
Capital Outlay	-	30,715	-
Total	200,102	191,917	8,185
Fire:			
Contribution to Fire Department	5,000	5,000	-
Rescue:			
Contribution to Rescue Squad	500	500	-
Total Public Safety	205,602	197,417	8,185
Transportation:			
Streets and Highways			
Salaries and Employee Benefits	-	64,763	-
Operating Expenses	-	74,531	-
Capital Outlay	-	-	-
Total Transportation	146,297	139,294	7,003
Environmental Protection:			
Sanitation:			
Operating Expenses	-	5,723	-
Total Environmental Protection	5,725	5,723	2
Economic and Physical Development:			
Operating expenses	-	56,056	-
Salaries & employment development	-	12,986	-
Total Economic and Physical Development	220,328	69,042	151,286
Cultural and Recreational:			
Parks and Recreation:			
Operating expenses	-	10,873	-
Total Cultural and Recreational	11,579	10,873	706
Debt Service:			
Principal retirement	-	57,188	-
Interest and fees	-	46,448	-
Total Debt Service	105,177	103,636	1,541
Total Expenditures	\$ 886,448	\$ 717,536	\$ 168,912

TOWN OF GARYSBURG, NORTH CAROLINA
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	2019		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues over (under) expenditures	(187,765)	13,130	200,895
Other Financing Sources (Uses):			
Appropriated fund balance	187,765	-	-
Sale of capital assets	-	-	-
Insurance recovery	-	-	-
Total other financing sources (uses)	187,765	-	(187,765)
Revenues and other financing sources over (under) expenditures and other financing uses	-	13,130	\$ 13,130
Fund Balance:			
Beginning of year, July 1		497,652	
End of year, June 30		<u>\$ 510,782</u>	

OTHER SCHEDULES

TOWN OF GARYSBURG, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2019

	Uncollected Balance June 30, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2018-2019	\$ -	\$ 240,298	\$ 220,081	\$ 20,217
2017-2018	21,734	-	5,615	16,119
2016-2017	18,825	-	4,260	14,565
2015-2016	13,996	-	2,560	11,436
2014-2015	14,289	-	2,742	11,547
2013-2014	12,067	-	2,311	9,756
2012-2013	9,959	-	1,254	8,705
2011-2012	9,335	-	1,036	8,299
2010-2011	4,351	-	565	3,786
2009-2010	3,034	-	362	2,672
2008-2009	2,338	-	2,338	-
TOTALS	\$ 109,928	\$ 240,298	\$ 243,124	107,102
LESS: Allowance for Uncollectible Ad Valorem Taxes Receivable				(2,153)
Ad valorem taxes receivable, net				\$ 104,949
Reconciliation with Revenues				
Taxes-Ad Valorem-General Fund				\$ 251,015
Plus amount written off per Statute of Limitations				2,338
Less penalties, interest, & advertising collected				<u>(10,229)</u>
Total collections and credits				\$ 243,124

TOWN OF GARYSBURG, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
June 30, 2019

	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original Levy					
Property taxed at current year's rate	\$ 34,784,667	0.60%	\$ 208,708	\$ 208,708	\$ -
Registered motor vehicles taxed at current year's rate	5,265,000	0.60%	31,590	-	31,590
	<u>\$ 40,049,667</u>		<u>\$ 240,298</u>	<u>\$ 208,708</u>	<u>\$ 31,590</u>
Net Levy			240,298	208,708	31,590
Uncollected taxes at June 30, 2019			(20,217)	(20,217)	-
Current Year's Taxes Collected			<u>\$ 220,081</u>	<u>\$ 188,491</u>	<u>\$ 31,590</u>
Current Levy Collection Percentage			<u>91.59%</u>	<u>90.31%</u>	<u>100.00%</u>