

TOWN OF GIBSON, NORTH CAROLINA
FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

TOWN OF GIBSON, NORTH CAROLINA

TOWN OFFICIALS

JUNE 30, 2019

MAYOR

RONNIE HUDSON

TOWN COUNCIL

RANDY PEARSON - MAYOR PRO-TEM

ADAM LILES

STEPHEN HUDSON

KEN HANEY

OTHER OFFICIALS

ANGELA HUNSUCKER

TOWN CLERK

JERRY BRUNER

TOWN ATTORNEY

TOWN OF GIBSON, NORTH CAROLINA
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June 30, 2019

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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of the Town of Gibson, North Carolina as of June 30, 2019, and the respective changes in financial position and cash flows, where appropriate, thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 3 through 9 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions, on pages 33 and 34, 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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



Rockingham, NC
November 22, 2019

Management's Discussion and Analysis

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

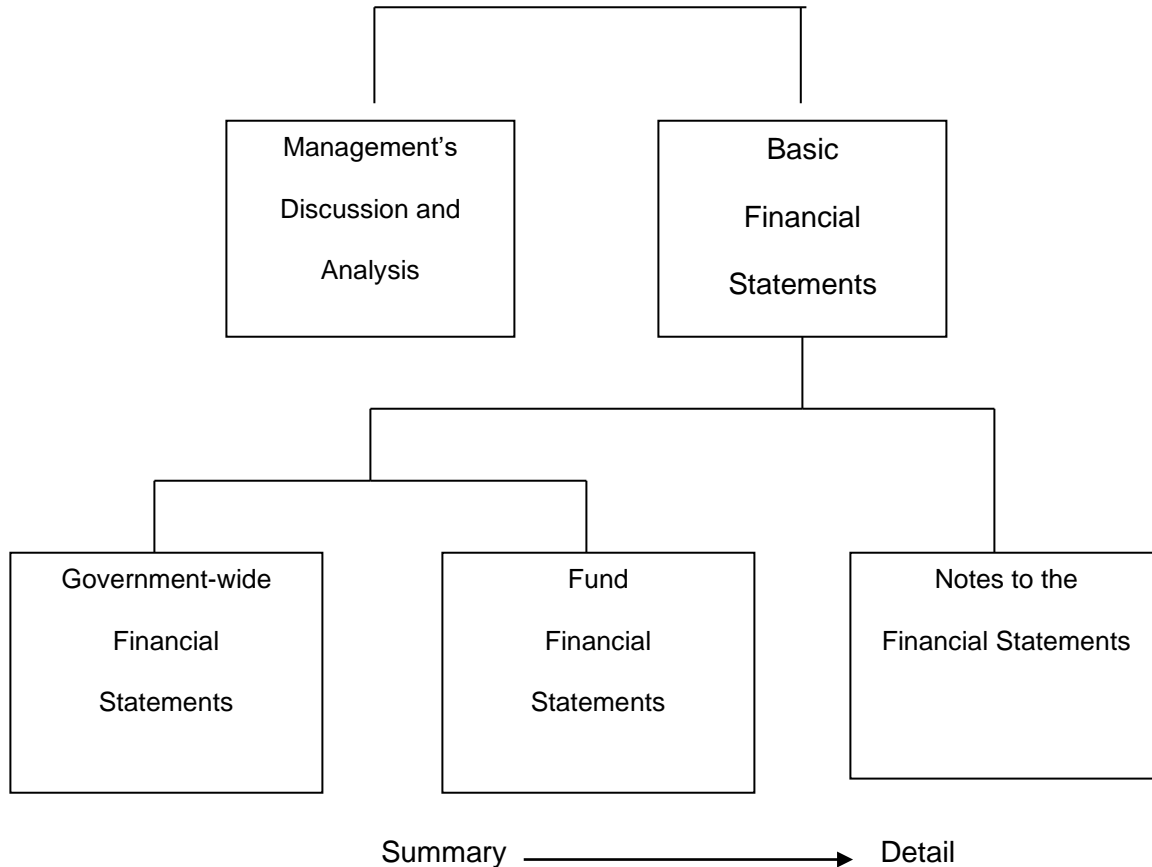
Financial Highlights

- The assets and deferred outflows of resources of the Town of Gibson exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,676,294 (*net position*).
- The government's total net position decreased by \$25,129, primarily due to expenditures exceeding revenues.
- As of the close of the current fiscal year, the Town of Gibson's governmental fund reported an ending fund balance of \$328,001, an increase of \$56,570 in fund balance. Approximately 79.1 percent of this total amount, or \$259,387, 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 \$259,387, or 127.4 percent of the total General Fund expenditures for the fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report



Basic Financial Statements

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

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental fund statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

Government-wide Financial Statements

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

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

The government-wide statements are divided into two categories: governmental activities and business-type activities. The governmental activities include most of the Town's basic services such as general government, public safety, transportation, environmental protection, culture and recreation, and debt service. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. This includes the water and sewer services offered by the Town of Gibson.

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

Fund Financial Statements

The fund financial statements provide a more detailed look at the 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 Gibson, 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 Gibson can be divided into two categories: governmental funds and proprietary funds.

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

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

Proprietary Funds – Town of Gibson has one proprietary fund, an enterprise fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Gibson uses an enterprise fund to account for its water and sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 19 of this report.

The Town of Gibson's Net position

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 344,851	\$ 285,422	\$ 245,601	\$ 263,668	\$ 590,452	\$ 549,090
Capital assets	229,143	241,061	887,670	933,899	1,116,813	1,174,960
Deferred outflows of resources	<u>14,159</u>	<u>-</u>	<u>8,315</u>	<u>-</u>	<u>22,474</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>588,153</u>	<u>526,483</u>	<u>1,141,586</u>	<u>1,197,567</u>	<u>1,729,739</u>	<u>1,724,050</u>
Long-term liabilities outstanding	15,099	908	8,163	-	23,262	908
Other liabilities	8,311	3,731	21,758	18,803	30,069	22,534
Deferred inflows of resources	<u>72</u>	<u>-</u>	<u>42</u>	<u>-</u>	<u>114</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>23,482</u>	<u>4,639</u>	<u>29,963</u>	<u>18,803</u>	<u>53,445</u>	<u>23,442</u>
Net position						
Net investment in capital assets	229,143	241,061	887,670	933,899	1,116,813	1,174,960
Restricted	53,614	39,300	-	-	53,614	39,300
Unrestricted	<u>281,914</u>	<u>241,483</u>	<u>223,953</u>	<u>244,865</u>	<u>505,867</u>	<u>486,348</u>
Total net position	<u>\$ 564,671</u>	<u>\$ 521,844</u>	<u>\$ 1,111,623</u>	<u>\$ 1,178,764</u>	<u>\$ 1,676,294</u>	<u>\$ 1,700,608</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Gibson exceeded liabilities and deferred inflows by \$1,676,294 as of June 30, 2019. The Town's net position decreased by \$25,129 for the fiscal year ended June 30, 2019. The smaller portions 30.2% and 3.2% reflect the Town's unrestricted net position and restricted net position, respectively. The largest portion of the Town of Gibson net position 66.6% reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment) that was issued to acquire those items. The Town of Gibson uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Gibson's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Also, the Town of Gibson implemented GASB Statement 68 this year. With the new reporting change, the Town of allocated its proportionate share of the Local Government Employee's Retirement System's net position liability, deferred outflows of resources, deferred inflows of resources and pension expense. A restatement to record the effects of the new reporting guidance decreased beginning net position by \$815. Decisions regarding the allocations are made by the administrators of the pension plan, not by the Town of Gibson's management.

The Town of Gibson's Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Program revenues:						
Charges for services	\$ 44,046	\$ 47,294	\$ 113,287	\$ 110,040	\$ 157,333	\$ 157,334
Operating grants and contributions	17,328	17,631	13,159	-	30,487	17,631
General revenues:						
Property taxes	113,215	100,538	-	-	113,215	100,538
Other taxes	82,351	80,025	-	-	82,351	80,025
Other	<u>1,786</u>	<u>110</u>	<u>7,554</u>	<u>6,791</u>	<u>9,340</u>	<u>6,901</u>
Total revenues	<u>258,726</u>	<u>245,598</u>	<u>134,000</u>	<u>116,831</u>	<u>392,726</u>	<u>362,429</u>
Expenses						
General governments	179,716	191,302	-	-	179,716	191,302
Public Safety	4,000	4,000	-	-	4,000	4,000
Transportation	3,357	32,105	-	-	3,357	32,105
Environmental protection	28,535	28,892	-	-	28,535	28,892
Sales and services	805	1,991	-	-	805	1,991
Interest on long-term debt	-	-	-	-	-	-
Water and sewer	<u>-</u>	<u>-</u>	<u>201,442</u>	<u>157,488</u>	<u>201,442</u>	<u>157,488</u>
Total expenses	<u>216,413</u>	<u>258,290</u>	<u>201,442</u>	<u>157,488</u>	<u>417,855</u>	<u>415,778</u>
Increase (Decrease) in net position	42,313	(12,692)	(67,442)	(40,657)	(25,129)	(53,349)
Net position, beginning, previously reported	521,844	534,536	1,178,764	1,219,421	1,700,608	1,753,957
Prior period adjustment (Note 5)	<u>514</u>	<u>-</u>	<u>301</u>	<u>-</u>	<u>815</u>	<u>-</u>
Net position, beginning, restated	<u>522,358</u>	<u>534,536</u>	<u>1,179,065</u>	<u>1,219,421</u>	<u>1,701,423</u>	<u>1,753,957</u>
Net position, ending	<u>\$ 564,671</u>	<u>\$ 521,844</u>	<u>\$ 1,111,623</u>	<u>\$ 1,178,764</u>	<u>\$ 1,676,294</u>	<u>\$ 1,700,608</u>

Governmental activities: Governmental activities increased the Town's net position by \$42,313

Key elements of this decrease are as follows:

- Revenues increased by 13,128 and expenditures decreased by \$41,877 over prior year.

Business-type activities: Business-type activities decreased the Town of Gibson's net position by \$67,442. Key elements of this decrease are as follows:

- Revenues increased by 17,169 and expenditures increased by \$43,954 over prior year.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Gibson'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 Gibson'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 Gibson. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$259,387, while total fund balance equaled \$328,001. 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 127.4 percent of total General Fund expenditures, while total fund balance represents 161.1 percent of that same amount.

General Fund Budgetary Highlights: During the fiscal year, the Town revised the budget. 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.

Proprietary Funds. The Town of Gibson's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to 223,953. The total decrease in net position was \$67,442.

Capital Asset and Debt Administration

Capital assets. The Town of Gibson's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$1,116,813 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles. During the year, there were no capital additions and no disposals.

Town of Gibson's Capital Assets (net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land and other non-depreciable assets	\$ 137,220	\$ 137,220	\$ 12,410	\$ 12,410	\$ 149,630	\$ 149,630
Buildings	26,828	30,595	-	-	26,828	30,595
Equipment	60,895	66,089	8,921	11,151	69,816	77,240
Vehicles	4,200	7,157	-	-	4,200	7,157
Infrastructure	-	-	866,339	910,338	866,339	910,338
Total	<u>\$ 229,143</u>	<u>\$ 241,061</u>	<u>\$ 887,670</u>	<u>\$ 933,899</u>	<u>\$ 1,116,813</u>	<u>\$ 1,174,960</u>

Additional information on the Town's capital assets can be found in NOTE 3.A. of the Basic Financial Statements.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Gibson is \$1,342,553.

Additional information regarding the Town of Gibson's long-term debt can be found in NOTE 3.B.5. beginning on page 28 of this report.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities: The governmental funds' primary revenue resources are property taxes and intergovernmental revenues. For the fiscal year ending June 30, 2020, the General Fund budget increased by \$18,201.

Business - type Activities: For the fiscal year ending June 30, 2020, the Water and Sewer Fund budget increased by \$100.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Clerk, Town of Gibson, Post Office Box 256, Gibson, North Carolina 28343.

BASIC FINANCIAL STATEMENTS

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

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 281,499	\$ 209,421	\$ 490,920
Taxes receivables (net)	9,738	-	9,738
Accounts receivable (net)	5,470	23,021	28,491
Due from other governments	17,797	13,159	30,956
Restricted cash	30,347	-	30,347
Total current assets	<u>344,851</u>	<u>245,601</u>	<u>590,452</u>
Capital assets			
Land and other non-depreciable assets	137,220	12,410	149,630
Other capital assets, net of depreciation	91,923	875,260	967,183
Total capital assets	<u>229,143</u>	<u>887,670</u>	<u>1,116,813</u>
Total assets	<u>\$ 573,994</u>	<u>\$ 1,133,271</u>	<u>\$ 1,707,265</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	<u>14,159</u>	<u>8,315</u>	<u>22,474</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 7,112	\$ 4,395	\$ 11,507
Customer deposits	-	17,363	17,363
Compensated absences	1,199	-	1,199
Total current liabilities	<u>8,311</u>	<u>21,758</u>	<u>30,069</u>
Long-term liabilities			
Net pension liability	13,900	8,163	22,063
Compensated absences	1,199	-	1,199
Total noncurrent liabilities	<u>15,099</u>	<u>8,163</u>	<u>23,262</u>
Total liabilities	<u>\$ 23,410</u>	<u>\$ 29,921</u>	<u>\$ 53,331</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	<u>72</u>	<u>42</u>	<u>114</u>
NET POSITION			
Net investment in capital assets	229,143	887,670	1,116,813
Restricted for:			
Stabilization by State Statute	23,267	-	23,267
Powell bill	30,347	-	30,347
Unrestricted	<u>281,914</u>	<u>223,953</u>	<u>505,867</u>
Total net position	<u>\$ 564,671</u>	<u>\$ 1,111,623</u>	<u>\$ 1,676,294</u>

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

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
General government	\$ 179,716	\$ 7,550	\$ -	\$ -	\$ (172,166)	\$ -	\$ (172,166)
Public safety	4,000				(4,000)	-	(4,000)
Transportation	3,357		17,328		13,971	-	13,971
Environmental protection	28,535	36,496			7,961	-	7,961
Sales and service	805	-	-		(805)	-	(805)
Total governmental activities	<u>216,413</u>	<u>44,046</u>	<u>17,328</u>	<u>-</u>	<u>(155,039)</u>	<u>-</u>	<u>(155,039)</u>
Business-type activities							
Water and sewer	<u>201,442</u>	<u>113,287</u>	<u>13,159</u>	<u>-</u>	<u>-</u>	<u>(74,996)</u>	<u>(74,996)</u>
Total business-type activities	<u>201,442</u>	<u>113,287</u>	<u>13,159</u>	<u>-</u>	<u>-</u>	<u>(74,996)</u>	<u>(74,996)</u>
Total primary government	<u>\$ 417,855</u>	<u>\$ 157,333</u>	<u>\$ 30,487</u>	<u>\$ -</u>	<u>\$ (155,039)</u>	<u>\$ (74,996)</u>	<u>\$ (230,035)</u>
General revenues							
Taxes							
Property taxes, levied for general purposes					113,215	-	113,215
Other taxes					82,351	-	82,351
Unrestricted investment earnings					107	517	624
Miscellaneous					<u>1,679</u>	<u>7,037</u>	<u>8,716</u>
Total general revenues					<u>197,352</u>	<u>7,554</u>	<u>204,906</u>
Change in net position					42,313	(67,442)	(25,129)
Net position, beginning as previously reported					521,844	1,178,764	1,700,608
Prior period adjustment (Note 5)					<u>514</u>	<u>301</u>	<u>815</u>
Net position, beginning restated					<u>522,358</u>	<u>1,179,065</u>	<u>1,701,423</u>
Net position, ending					<u>\$ 564,671</u>	<u>\$ 1,111,623</u>	<u>\$ 1,676,294</u>

TOWN OF GIBSON, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUND
6/30/2019

Exhibit 3

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 281,499
Restricted cash	30,347
Receivables, net	
Taxes	9,738
Accounts	5,470
Due from other governments	<u>17,797</u>
Total assets	<u>\$ 344,851</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable and accrued liabilities	<u>\$ 7,112</u>
Total liabilities	<u>7,112</u>
DEFERRED INFLOWS OF RESOURCES	
Property tax receivable	<u>9,738</u>
Total deferred inflows of resources	<u>9,738</u>
Fund balances	
Restricted	
Stabilization by State Statute	23,267
Powell Bill	30,347
Assigned	
Subsequent year's expenditures	15,000
Unassigned	<u>259,387</u>
Total fund balances	<u>328,001</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 344,851</u>
Fund balance as reported in the balance sheet - governmental funds	\$ 328,001
Amounts reported for governmental activities in the statement of net position are different because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	229,143
Liabilities for earned but deferred revenues in fund statements	9,738
Compensated absences	(2,398)
Deferred outflows of resources-pension deferrals	14,159
Net pension liability	(13,900)
Deferred inflows of resources-pension deferrals	<u>(72)</u>
Net position of governmental activities	<u>\$ 564,671</u>

TOWN OF GIBSON, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
For the year ended June 30, 2019

Exhibit 4

	<u>General</u>
REVENUES	
Ad valorem taxes	\$ 114,645
Unrestricted intergovernmental	81,893
Restricted intergovernmental	17,786
Sales and services	36,846
Investment earnings	107
Miscellaneous	<u>8,879</u>
Total revenues	<u>260,156</u>
EXPENDITURES	
Current	
General government	166,889
Public safety	4,000
Transportation	3,357
Environmental protection	28,535
Sales and service	<u>805</u>
Total expenditures	<u>203,586</u>
Net change in fund balance	56,570
Fund balance, beginning	271,431
Fund balance, ending	<u>\$ 328,001</u>

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
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	\$ 56,570
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, the gain/loss on disposal of those assets would also differ between the two statements in an amount equal to the basis of the asset reported on the date of disposal</p>	
Capital outlay	-
Depreciation	(11,918)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds</p>	
Change in deferred revenue for tax revenues	(1,430)
<p>Contributions to the LGERS pension plan in the current fiscal year are not included on the Statement of Activities</p>	
	6,912
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds</p>	
	Pension expense (7,239)
	Compensated absences <u>(582)</u>
Total change in net position of governmental activities	<u>\$ 42,313</u>

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

Exhibit 6

	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 110,400	\$ 110,400	\$ 114,645	\$ 4,245
Unrestricted intergovernmental	73,800	73,800	81,893	8,093
Restricted intergovernmental	32,470	32,470	17,786	(14,684)
Sales and services	39,000	39,000	36,846	(2,154)
Investment earnings	-	110	107	(3)
Miscellaneous	7,795	7,685	8,879	1,194
Total revenues	<u>263,465</u>	<u>263,465</u>	<u>260,156</u>	<u>(3,309)</u>
EXPENDITURES				
Current				
General government	199,995	199,995	166,889	33,106
Public safety	4,000	4,000	4,000	-
Transportation	32,470	32,470	3,357	29,113
Environmental protection	27,500	28,500	28,535	(35)
Sales and service	2,500	1,500	805	695
Total expenditures	<u>266,465</u>	<u>266,465</u>	<u>203,586</u>	<u>62,879</u>
Revenues over (under) expenditures	<u>(3,000)</u>	<u>(3,000)</u>	<u>56,570</u>	<u>59,570</u>
Fund balance appropriated	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>(3,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>56,570</u>	<u>\$ 56,570</u>
Fund balance, beginning			<u>271,431</u>	
Fund balance, ending			<u>\$ 328,001</u>	

TOWN OF GIBSON, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2019

Exhibit 7

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 209,421
Accounts receivable (net)	23,021
Due from other governments	<u>13,159</u>
Total current assets	<u>245,601</u>
Capital assets	
Land	12,410
Other capital assets, net of depreciation	<u>875,260</u>
Capital assets, net	<u>887,670</u>
Total assets	<u>\$ 1,133,271</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	<u>8,315</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 4,395
Customer deposits	17,363
Net pension liability	<u>8,163</u>
Total liabilities	<u>29,921</u>
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	<u>42</u>
NET POSITION	
Net investment in capital assets	887,670
Unrestricted	<u>223,953</u>
Total net position	<u>1,111,623</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,141,586</u>

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

Exhibit 8

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
OPERATING REVENUES	
Charges for services	\$ 111,087
Tap and Reconnection fees	<u>2,200</u>
Total operating revenues	<u>113,287</u>
OPERATING EXPENSES	
Salary and employee benefits	48,792
Water and sewer operating expenses	106,421
Depreciation	<u>46,229</u>
Total operating expenses	<u>201,442</u>
Operating (loss)	(88,155)
NONOPERATING REVENUES	
Investment earnings	517
FEMA grant revenue	13,159
Miscellaneous revenue	<u>7,037</u>
Total nonoperating revenues	<u>20,713</u>
Change in net position	(67,442)
Total net position, beginning as previously reported	1,178,764
Prior period adjustment (Note 5)	<u>301</u>
Total net position, beginning restated	<u>1,179,065</u>
Total net position, ending	<u>\$ 1,111,623</u>

TOWN OF GIBSON, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2019

Exhibit 9

	<u>Enterprise Fund</u> Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 111,087
Cash paid for goods and services	(93,823)
Cash paid to or on behalf of employees for services	<u>(48,601)</u>
Net cash used by operating activities	<u>(31,337)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned on investments	<u>517</u>
Net cash provided from investing activities	<u>517</u>
Net (decrease) in cash and cash equivalents	(30,820)
Balances, beginning	<u>240,241</u>
Balances, ending	<u>\$ 209,421</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating loss	<u>\$ (88,155)</u>
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	46,229
Other operating income	20,196
Changes in assets and liabilities:	
(Increase) in accounts receivable	(12,753)
Increase in accounts payable and accrued liabilities	273
Increase in customer deposits	2,682
(Increase) decrease in deferred outflows of resources-pensions	(2,268)
Increase (decrease) in net pension liability	2,623
Increase (decrease) in deferred inflows of resources-pensions	<u>(164)</u>
Total adjustments	<u>56,818</u>
Net cash used by operating activities	<u>\$ (31,337)</u>

NOTES TO THE FINANCIAL STATEMENTS

These notes are intended to communicate information necessary for a fair presentation of financial position and results of operations that are not readily apparent from, or cannot be included in, the financial statement themselves. The notes supplement the financial statements, and are an integral part thereof, and are intended to be read in conjunction with the financial statements.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Gibson, North Carolina 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 Gibson, North Carolina, is a municipal corporation which is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, the Town would include any component unit for which it is financially accountable. For the year ended June 30, 2019, no component units were included in the financial statements.

B. Basis of Presentation

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

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

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings. The Town had no nonmajor governmental or enterprise 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 general government, public safety, street maintenance and construction, and sanitation services.

The Town reports the following major enterprise fund:

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

C. Measurement Focus and Basis of Accounting

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

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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.

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

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

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

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

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Gibson because the tax is levied by Carolina County and then remitted to and distributed by the State. Most Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. 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 positions 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 they by general revenues.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the general and enterprise funds. All annual appropriations lapse at fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. All amendments 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. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

Deposits and Investments

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

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

Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

Restricted Assets

Powell Bill funds are classified as restricted because it can be expended only for purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136.41.4.

Ad Valorem Taxes Receivable

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

Allowance for Uncollectible Accounts

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: Buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; infrastructure, \$100,000; and furniture and equipment, and vehicles, \$5,000. 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. The road network is reported at historical costs as reported to the North Carolina Department of Transportation under the Powell Bill program and the water and sewer system assets are reported at their historical costs. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	50
Buildings	30
Improvements	25
Vehicles	6
Furniture & Equipment	10
Computer equipment/software	3/5

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, contributions made to the pension plan in the 2019 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has only three items that meet the criterion for this category - prepaid taxes and property taxes receivable and deferreds of pension expense that result from the implementation of GASB Statement 68.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Compensated Absences

The vacation policy of the Town provides for the accumulation of 120 hours earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences are immaterial and are not reflected in the financial statements.

Net position/Fund Balances

Net position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

Assigned fund balance – portion of fund balance that Town of Gibson intends to use for specific purpose

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriations.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Balances (Continued)

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

The Town of Gibson has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 10% of budgeted expenditures. Any portion of the General Fund balance in excess of 10% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of 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 Gibson's employer contributions are recognized when due and the Town of Gibson has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

F. Other

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2019, the expenditures made in the Town's Enterprise Fund exceeded the authorized appropriations made by the governing board for the Water/Sewer operations. Water/Sewer operations exceeded appropriations by \$12,942. Management and the Council will more closely review the budget reports to ensure compliance in future years

NOTE 3 - DETAIL NOTES ON ALL FUNDS

A. Assets

Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agent in the units' name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in their name. The amount of the pledged collateral is based on an approved averaging method for noninterest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

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, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2019, the Town's deposits had a carrying amount of \$520,967 and a bank balance of \$525,489. Of the bank balance, \$250,000 was covered by federal depository insurance and none was covered by collateral held under the pooling method. The Town had petty cash of \$300.

Receivables – Allowances for Doubtful Accounts

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

General Fund:	
Taxes receivable	<u>\$10,000</u>

Due from (to) Other Governmental Agencies

At June 30, 2019, funds due from (to) other governmental agencies consisted of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Local option sales tax	\$ 8,838	\$ -
Excise & Franchise tax	5,775	-
Property & Motor vehicle taxes	1,456	-
Sales tax refund	1,728	-
FEMA grant	-	13,159
Total	<u>\$ 17,797</u>	<u>\$ 13,159</u>

Capital Assets

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

	<u>Beginning</u>			<u>Ending</u>
	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
Governmental Activities:				
Capital assets not being depreciated				
Land and other non-depreciable assets	\$ 137,220	\$ -	\$ -	\$ 137,220
Capital assets being depreciated				
Buildings	124,716	-	-	124,716
Equipment	143,129	-	-	143,129
Vehicles	42,985	-	-	42,985
Infrastructure	53,647	-	-	53,647
Total capital assets being depreciated	<u>364,477</u>	<u>-</u>	<u>-</u>	<u>364,477</u>
Less accumulated depreciation for				
Buildings	94,120	3,768	-	97,888
Equipment	77,041	5,193	-	82,234
Vehicles	35,828	2,957	-	38,785
Infrastructure	53,647	-	-	53,647
Total accumulated depreciation	<u>260,636</u>	<u>11,918</u>	<u>-</u>	<u>272,554</u>
Total capital assets being depreciated, net	<u>103,841</u>	<u>-</u>	<u>-</u>	<u>91,923</u>
Governmental activity capital assets, net	<u>\$ 241,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229,143</u>

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

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

General government	<u>\$ 11,918</u>			
	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
	<u>Balances</u>			<u>Balances</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 12,410	\$ -	\$ -	\$ 12,410
Capital assets being depreciated				
Plant and distribution system	2,337,098	-	-	2,337,098
Equipment	<u>81,308</u>	<u>-</u>	<u>-</u>	<u>81,308</u>
Total assets being depreciated	<u>2,418,406</u>	<u>-</u>	<u>-</u>	<u>2,418,406</u>
Less accumulated depreciation for				
Plant and distribution system	1,426,760	43,999	-	1,470,759
Equipment	<u>70,157</u>	<u>2,230</u>	<u>-</u>	<u>72,387</u>
Total accumulated depreciation	<u>1,496,917</u>	<u>46,229</u>	<u>-</u>	<u>1,543,146</u>
Total capital assets being depreciated, net	<u>921,489</u>	<u>(46,674)</u>	<u>-</u>	<u>875,260</u>
Business-type activity capital assets, net	<u>\$ 933,899</u>	<u>\$ (46,674)</u>	<u>\$ -</u>	<u>\$ 887,670</u>

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Gibson 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

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

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 Gibson 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 Gibson's contractually required contribution rate for the year ended June 30, 2019, was 7.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Gibson were \$6,912 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 60day 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 \$22,063 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 (measurement date), the Town's proportion was 0.00093%, which was a decrease of 0.00005% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$7,437. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,404	\$ 114
Changes of assumptions	5,855	-
Net difference between projected and actual earnings on pension plan investments	3,029	-
Changes in proportion and differences between City contributions and proportionate share of contributions	3,274	-
City contributions subsequent to the measurement date	6,912	-
Total	<u>\$ 22,474</u>	<u>\$ 114</u>

\$6,912 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 7,246
2020	4,800
2021	1,306
2022	2,094
2023	-
Thereafter	-

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

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

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

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

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

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%	

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

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

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

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
City's proportionate share of the net pension liability (asset)	\$ 52,997	\$ 22,063	\$ (3,786)

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

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description

The Town of Gibson does not employ a full-time law enforcement officer. The Town has a contract with Scotland County for law enforcement protection and those officers are covered by the County's Separation Allowance Plan.

2. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability, auto liability, police professional liability, and public officials' liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up to \$1 million. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The 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 carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town does not carry flood insurance as town buildings are not considered located on flood prone areas.

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 (town clerk) is individually bonded for \$50,000. The remaining employees in a position of trust are bonded in a like amount,

3. Claims, Judgments and Contingent Liabilities

At June 30, 2019, the Town was a defendant to various lawsuits. In the opinion of the Town's management and the Town's Attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

4. Long-Term Obligations (Continued)

Changes in long-term liabilities

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

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion of Balance
Governmental activities:					
Net Pension Liability	\$ 9,432	\$ 4,468	\$ -	\$ 13,900	\$ -
Compensated Absences	1,816	812	230	2,398	1,199
Total Governmental activities	<u>\$ 11,248</u>	<u>\$ 5,280</u>	<u>\$ 230</u>	<u>\$ 16,298</u>	<u>\$ 1,199</u>
Business-type activities:					
Net Pension Liability	\$ 5,540	\$ 2,623	-	\$ 8,163	-
Total long-term debt	<u>\$ 16,788</u>	<u>\$ 7,903</u>	<u>\$ 230</u>	<u>\$ 24,461</u>	<u>\$ 1,199</u>

At June 30, 2019, the Town of Gibson had a legal debt margin of \$1,342,553

5. Deferred Outflows and Inflows of Resources

Deferred Outflows of resources at year end is comprised of the following:

<u>Source</u>	<u>Amount</u>
Pension deferrals (General)	\$ 14,159
Pension deferrals (Business-type)	8,315
Total	<u>\$ 22,474</u>

Deferred Inflows of resources at year end is comprised of the following:

Taxes receivable (General)	\$ 9,738
Pension deferrals (General)	72
Pension deferrals (Business-type)	42
Total	<u>\$ 9,852</u>

NOTE 3 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The Town has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant 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.

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

NOTE 4 - FUND BALANCE

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

Total fund balance – General Fund	<u>\$ 328,001</u>
Stabilization by State Statute	23,267
Powell bill	30,347
Subsequent year's expenditures	15,000
Remaining Fund Balance	259,387

NOTE 5 – PRIOR PERIOD ADJUSTMENT

The Town implemented Governmental Accounting Standards Board (GASB) Statement 68, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27), in the fiscal year ending June 30, 2019. The implementation of the statement required the Town to record beginning net pension liability and the effects on net position of contributions made by the Town during the measurement period (fiscal year ending June 30, 2018). As a result, net position for the governmental and business-type activities decreased by \$514 and \$301, respectively.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by the Governmental Accounting Standards Board.

- Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System

TOWN OF GIBSON, NORTH CAROLINA
TOWN OF GIBSON'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
Required Supplementary Information
Last Six Fiscal Years *

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Norwood's proportion of the net pension liability (asset) (%)	0.00093%	0.00098%	0.00103%	0.00098%	0.00096%	0.00120%
Norwood's proportion of the net pension liability (asset) (\$)	\$ 22,063	\$ 14,972	\$ 21,860	\$ 4,398	\$ 5,662	\$ (14,465)
Norwood's covered-employee payroll	\$ 74,656	\$ 74,147	\$ 64,624	\$ 61,619	\$ 60,521	\$ 60,259
Norwood's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	29.55%	20.19%	33.83%	7.14%	9.36%	(24.00%)
Plan fiduciary net position as a percentage of the total pension liability **	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

TOWN OF GIBSON, NORTH CAROLINA
TOWN OF GIBSON'S CONTRIBUTIONS
Required Supplementary Information
Last Six Fiscal Years

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 6,912	\$ 6,672	\$ 6,344	\$ 5,978	\$ 6,113	\$ 6,018
Contributions in relation to the contractually required contribution	<u>6,912</u>	<u>6,672</u>	<u>6,344</u>	<u>5,978</u>	<u>6,113</u>	<u>6,018</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Norwood's covered-employee payroll	\$ 74,006	\$ 74,656	\$ 74,147	\$ 64,624	\$ 61,619	\$ 60,521
Contributions as a percentage of covered-employee payroll	9.34%	8.94%	8.56%	9.25%	9.92%	9.94%

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS**

MAJOR GOVERNMENTAL FUNDS

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

TOWN OF GIBSON, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	2019		Variance Positive (Negative)
	Budget	Actual	
Revenues			
Ad valorem taxes			
Current year	\$ -	\$ 108,277	\$ -
Prior years	-	4,812	-
Penalties and interest	-	1,556	-
Total	<u>110,400</u>	<u>114,645</u>	<u>4,245</u>
Unrestricted intergovernmental revenues			
Local option sales tax	-	50,327	-
Telecommunications tax	-	6,189	-
Utility franchise tax	-	17,482	-
Video franchise fee	-	2,970	-
Beer and wine tax	-	2,234	-
Fuel tax	-	963	-
Sales tax refund	-	1,728	-
Total	<u>73,800</u>	<u>81,893</u>	<u>8,093</u>
Restricted intergovernmental revenue			
Powell Bill allocation	-	17,328	-
Solid waste disposal tax	-	458	-
Total	<u>32,470</u>	<u>17,786</u>	<u>(14,684)</u>
Sales and service			
Sanitation fees	-	36,496	-
Cemetery fees	-	350	-
Total	<u>39,000</u>	<u>36,846</u>	<u>(2,154)</u>
Investment earnings	<u>110</u>	<u>107</u>	<u>(3)</u>
Miscellaneous			
Rental income	-	7,200	-
Miscellaneous	-	1,679	-
Total	<u>7,685</u>	<u>8,879</u>	<u>1,194</u>
Total revenues	<u>263,465</u>	<u>260,156</u>	<u>(3,309)</u>

TOWN OF GIBSON, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

Exhibit A-1
Page 2 of 3

	2019		Variance Positive (Negative)
	Budget	Actual	
Expenditures			
General government			
Governing body			
Salaries and employee benefits	-	12,022	-
Operating expenditures	-	957	-
Total	<u>15,316</u>	<u>12,979</u>	<u>2,337</u>
Administration			
Salaries and employee benefits	-	13,669	-
Operating expenditures	-	721	-
Total	<u>14,719</u>	<u>14,390</u>	<u>329</u>
General services			
General salaries and employee benefits	-	75,620	-
General operating expenditures	-	63,900	-
Total	<u>169,960</u>	<u>139,520</u>	<u>30,440</u>
Total general government	<u>199,995</u>	<u>166,889</u>	<u>33,106</u>
Fire			
Fire service contract	-	4,000	-
Total public safety	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Transportation			
Streets Operating expenditures	-	3,357	-
Total transportation	<u>32,470</u>	<u>3,357</u>	<u>29,113</u>
Environmental protection			
Sanitation			
Operating expenditures	-	28,535	-
Total environmental protection	<u>28,500</u>	<u>28,535</u>	<u>(35)</u>
Sales and service			
Cemetary operations	-	805	-
Total sales and service	<u>1,500</u>	<u>805</u>	<u>695</u>

TOWN OF GIBSON, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	2019		Variance Positive (Negative)
	Budget	Actual	
Total expenditures	<u>266,465</u>	<u>203,586</u>	<u>62,879</u>
Revenues over (under) expenditures	<u>(3,000)</u>	<u>56,570</u>	<u>59,570</u>
Fund balance appropriated	<u>3,000</u>	<u>-</u>	<u>(3,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>56,570</u>	<u>\$ 56,570</u>
Fund balance, beginning		<u>271,431</u>	
Fund balance, ending		<u>\$ 328,001</u>	

ENTERPRISE FUNDS

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

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

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

Exhibit B-1

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Operating revenues			
Charges for services			
Water and Sewer charges	\$ -	\$ 111,087	\$ -
Reconnection fees	-	2,200	-
Total operating revenues	<u>134,080</u>	<u>113,287</u>	<u>(20,793)</u>
Nonoperating revenues			
Interest earnings	-	517	-
FEMA grant	-	13,159	-
Miscellaneous revenue	-	7,037	-
Total nonoperating revenues	<u>8,000</u>	<u>20,713</u>	<u>12,713</u>
Total revenues	<u>142,080</u>	<u>134,000</u>	<u>(8,080)</u>
Expenditures			
Water and sewer administration			
Salaries and employee benefits	-	48,601	-
Operating expenditures	-	106,421	-
Total Water and Sewer administration	<u>142,080</u>	<u>155,022</u>	<u>(12,942)</u>
Revenues over (under) expenditures	<u>-</u>	<u>(21,022)</u>	<u>(21,022)</u>
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>(21,022)</u>	<u>\$ (21,022)</u>
Reconciling items			
Depreciation		(46,229)	
Increase (decrease) in deferred outflows of resources-pensions		2,268	
(Increase) decrease in net pension liability		(2,623)	
(Increase) decrease in deferred inflows of resources-pensions		164	
Total reconciling items		<u>(46,420)</u>	
Change in net position		<u>\$ (67,442)</u>	

Other Schedules

This section includes additional information on property taxes.

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

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

Exhibit C-1

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2018</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018-2019	\$ -	\$ 114,117	108,277	5,840
2017-2018	5,081	-	1,711	3,370
2016-2017	3,868	-	2,344	1,524
2015-2016	1,917	-	834	1,083
2014-2015	1,049	-	85	964
2013-2014	1,363	-	110	1,253
2012-2013	1,174	-	85	1,089
2011-2012	1,202	-	158	1,044
2010-2011	2,358	-	179	2,179
2009-2010	1,552	-	160	1,392
2008-2009	<u>1,604</u>	<u>-</u>	<u>1,604</u>	<u>-</u>
	-			
	<u>\$ 21,168</u>	<u>\$ 114,117</u>	<u>\$ 115,547</u>	19,738
Less: Allowance for uncollectible accounts:				
Ad valorem taxes receivable				<u>(10,000)</u>
Ad valorem taxes receivable - net				<u>\$ 9,738</u>
Reconciliation with revenues:				
Taxes - ad valorem - General Fund				\$ 114,645
Releases and adjustments				854
Penalties and interest				(1,556)
Taxes written off				<u>1,604</u>
Total collections and credits				<u>\$ 115,547</u>

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

Exhibit C-2

	Town-Wide Levy		Total Levy		
	Property	Total	Property	Registered	
	Valuation	Levy	excluding	Motor	
	Rate		Registered	Motor	
			Vehicles	Vehicles	
Original levy:					
Property taxes at current year's rate	\$ 16,845,147	\$.68	\$ 114,547	\$ 99,332	\$ 15,215
Penalties	-		-	-	-
Total	<u>\$ 16,845,147</u>	<u>\$.68</u>	<u>\$ 114,547</u>	<u>\$ 99,332</u>	<u>\$ 15,215</u>
Abatements:	(63,235)	\$.68	(430)	(430)	-
Total property valuation	<u>\$ 16,781,912</u>				
Net levy			114,117	98,902	15,215
Uncollected taxes at June 30, 2019			<u>5,840</u>	<u>5,840</u>	<u>-</u>
Current year's taxes collected			<u>\$ 108,277</u>	<u>\$ 93,062</u>	<u>\$ 15,215</u>
Current levy collection percentage			<u>94.88%</u>	<u>94.10%</u>	<u>100.00%</u>