

***TOWN OF LONG VIEW, NORTH CAROLINA***

Financial Statements, Supplemental Schedules,  
Independent Auditors' Report and Compliance Report  
For the Year Ended June 30, 2019

**Lowdermilk Church & Co., L.L.P.**  
*Certified Public Accountants*

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**TOWN OF LONG VIEW, NORTH CAROLINA**

**For the Year Ended June 30, 2019**

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**Mayor:** Marla Thompson

**Aldermen:** Randall Mays  
Gary Lingerfelt  
Thurman VanHorn, Jr.  
David Elder  
Dallas Tester

**Town Administrator:** David Draughn

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## TOWN OF LONG VIEW, NORTH CAROLINA

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**Lowdermilk Church & Co., L.L.P.**  
***Certified Public Accountants***

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**Independent Auditors' Report**

To the Honorable Mayor and  
Members of the Board of Aldermen  
Town of Long View, North Carolina

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Long View, 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.

**Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 the 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, 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, each major fund, and the aggregate remaining fund information of the Town of Long View, North Carolina, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Postemployment Benefit Schedule of Changes in the Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System Schedules of the Proportionate Share of the Net Pension Liability and Contributions and the Law Enforcement Officers' Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, on pages 4–12 and 55-59, to 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 Town of Long View, North Carolina's basic financial statements. The individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal and State awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act.

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



### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated November 12, 2019, on our consideration of the Town of Long View, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Long View, North Carolina's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Long View, North Carolina's internal control over financial reporting and compliance.

*Low Smith Church & Co., L.L.P.*

Morganton, North Carolina  
November 12, 2019

## **Management's Discussion and Analysis**

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

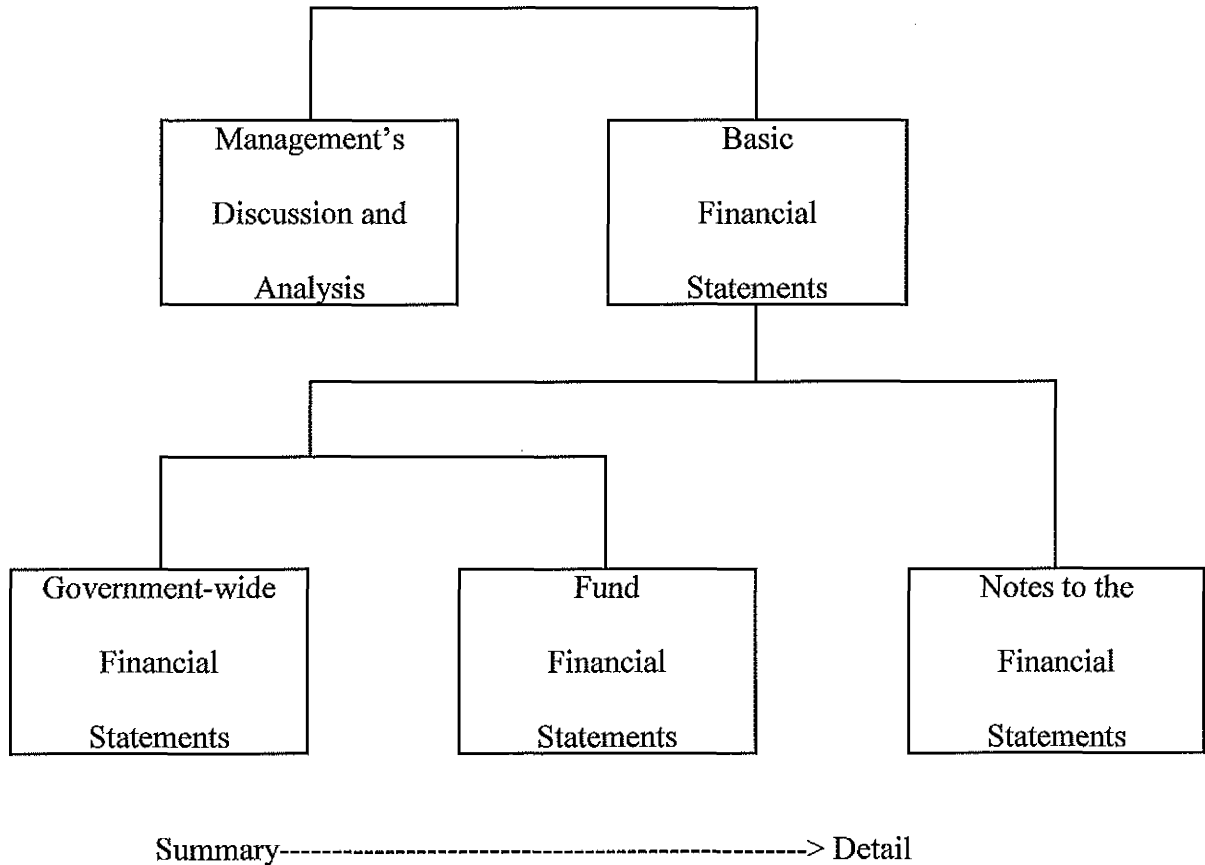
### **Financial Highlights**

- The assets and deferred outflows of resources of Town of Long View exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$13,208,503 (net position).
- The government's total net position increased by \$1,384,726.
- As of the close of the current fiscal year, Town of Long View's governmental fund reported an ending fund balance of \$2,690,095, an increase of \$443,066 in comparison with the prior year. Approximately 39 percent of this total amount, or \$1,058,677, is restricted or non-spendable.
- At the end of the current fiscal year, available fund balance for the General Fund was \$1,631,418, or 40.79 percent, of total General Fund expenditures for the fiscal year.
- Town of Long View's total debt increased by \$405,461 (87.83%) during the current fiscal year.

### **Overview of the Financial Statements**

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

**Required Components of Annual Financial Report**  
**Figure 1**



**Basic Financial Statements**

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

The next statements (Exhibits 3 through 10) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds 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 total of the Town's total assets and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

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

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. Town of Long View, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Long View can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in 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. This method also has a current financial resources 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.

Town of Long View 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 Long View has one kind of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Long View uses enterprise funds to account for its water and sewer operations. This fund is the same as the separate activity 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 follow Exhibit 10 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Town of Long View's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found following the notes to the financial statements of this report.

### **Interdependence with Other Entities**

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

### **Government-Wide Financial Analysis**

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 resources of Town of Long View exceeded liabilities and deferred inflows of resources by \$13,208,503 as of June 30, 2019. The Town's net position increased by \$1,384,725 for the fiscal year ended June 30, 2019. The largest portion of net position (78.64%) reflects the Town's net investment in capital assets (e.g., land, buildings, and equipment). Town of Long View uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Town of Long View's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Town of Long View's net position (7.96%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,768,385 is unrestricted.

**Town of Long View's Net Position**

**Figure 2**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Assets:</b>						
Current and other assets	\$2,819,709	\$2,401,426	\$ 878,752	\$ 565,350	\$ 3,698,461	\$ 2,966,776
Capital assets, net	2,740,479	2,469,086	8,515,018	7,653,490	11,255,497	10,122,576
Deferred outflows of resources	<u>482,421</u>	<u>314,330</u>	<u>99,396</u>	<u>60,114</u>	<u>581,817</u>	<u>374,444</u>
Total assets	<u>\$6,042,609</u>	<u>\$5,184,842</u>	<u>\$9,493,166</u>	<u>\$8,278,953</u>	<u>\$15,535,775</u>	<u>\$13,463,795</u>
<b>Liabilities:</b>						
Current liabilities	\$ 65,838	\$ 70,927	\$ 96,343	\$ 91,317	\$ 162,181	\$ 162,244
Other liabilities	<u>1,747,733</u>	<u>1,074,817</u>	<u>350,102</u>	<u>364,147</u>	<u>2,097,835</u>	<u>1,438,964</u>
Total liabilities	<u>\$1,813,571</u>	<u>\$1,145,744</u>	<u>\$ 446,445</u>	<u>\$ 455,465</u>	<u>\$ 2,260,016</u>	<u>\$ 1,601,208</u>
<b>Deferred Inflows of Resources</b>	<u>\$ 57,190</u>	<u>\$ 31,980</u>	<u>\$ 10,067</u>	<u>\$ 6,829</u>	<u>\$ 67,257</u>	<u>\$ 38,809</u>
<b>Net Position:</b>						
Net investment in capital assets	\$2,067,312	\$2,258,185	\$8,321,088	\$7,402,755	\$ 10,388,400	\$ 9,660,940
Restricted	1,051,718	1,002,692	-	-	1,051,718	1,002,692
Unrestricted	<u>1,052,819</u>	<u>746,242</u>	<u>715,566</u>	<u>413,904</u>	<u>1,768,385</u>	<u>1,160,146</u>
Total net position	<u>\$4,171,849</u>	<u>\$4,007,119</u>	<u>\$9,036,654</u>	<u>\$7,816,659</u>	<u>\$13,208,503</u>	<u>\$11,823,778</u>

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

- Continued diligence in the collection of property taxes.
- Continued low cost of debt due to low interest rates.
- Diligence in maximizing interest on investments.

**Town of Long View**  
**Changes in Net Position**

Figure 3

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 352,608	\$ 354,176	\$2,084,019	\$1,887,772	\$ 2,436,627	\$ 2,241,948
Operating grants and contributions	201,358	230,145	-	-	201,358	230,145
Capital grants and contributions	-	-	1,343,439	289,289	1,343,439	289,289
General revenues:						
Property taxes	1,605,452	1,443,295	-	-	1,605,452	1,443,295
Other taxes	1,308,515	1,252,309	-	-	1,308,515	1,252,309
Grants and contributions not restricted to specific programs	340,726	332,836	-	-	340,726	332,836
Investment earnings, unrestricted	27,939	9,953	13,964	6,089	41,903	16,042
Miscellaneous	<u>27,550</u>	<u>16,041</u>	<u>-</u>	<u>-</u>	<u>27,550</u>	<u>16,041</u>
Total revenues	<u>3,864,148</u>	<u>3,638,755</u>	<u>3,441,422</u>	<u>2,183,150</u>	<u>7,305,570</u>	<u>5,821,905</u>
<b>Expenses:</b>						
General government	912,414	714,854	-	-	912,414	714,854
Public Safety	1,692,063	1,517,867	-	-	1,692,063	1,517,867
Transportation	998,806	983,631	-	-	998,806	983,631
Culture and recreation	90,635	90,400	-	-	90,635	90,400
Interest on long-term debt	5,501	3,126	-	-	5,501	3,126
Water and sewer	<u>-</u>	<u>-</u>	<u>2,221,427</u>	<u>2,046,227</u>	<u>2,221,427</u>	<u>2,046,227</u>
Total expenses	<u>3,699,419</u>	<u>3,309,878</u>	<u>2,221,427</u>	<u>2,046,227</u>	<u>5,920,846</u>	<u>5,356,105</u>
Increase (decrease) in net position before transfer	164,730	328,877	1,219,995	136,923	1,384,726	465,800
Transfers	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position after transfer	<u>164,730</u>	<u>343,878</u>	<u>1,219,995</u>	<u>121,923</u>	<u>1,384,726</u>	<u>465,800</u>
<b>Net Position:</b>						
Beginning balance July 1	4,007,119	3,678,442	7,816,659	7,698,537	11,823,778	11,376,979
Restatement	<u>-</u>	<u>(15,201)</u>	<u>-</u>	<u>(3,800)</u>	<u>-</u>	<u>(19,001)</u>
Beginning balance - July 1, as restated	<u>4,007,119</u>	<u>3,663,241</u>	<u>7,816,659</u>	<u>7,694,737</u>	<u>11,823,778</u>	<u>11,357,978</u>
Ending balance - June 30	<u>\$ 4,171,849</u>	<u>\$ 4,007,119</u>	<u>\$ 9,036,654</u>	<u>\$ 7,816,659</u>	<u>\$ 13,208,503</u>	<u>\$ 11,823,778</u>

**Governmental Activities** - Governmental activities increased the Town's net position by \$164,730. Key element of this increase is as follows:

- Increase in revenues.
- Minimizing expenses.

**Business-type Activities** - Business-type activities increased Town of Long View's net position by \$1,219,995. Key element of this increase is as follows:

- Increases in capital grants and contributions over the prior year.

## **Financial Analysis of the Town's Funds**

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

**Governmental Funds** - The focus of Town of Long View's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Town of Long View's financing requirements. Specifically, fund balance available for appropriation 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 Town of Long View. At the end of the current fiscal year, available fund balance in the General Fund was \$1,631,418. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 41 percent of total General Fund expenditures, while total fund balance represents 67 percent of that same amount.

At June 30, 2019, the governmental funds of Town of Long View reported a fund balance of \$2,690,095, a 20 percent increase from last year.

**General Fund Budgetary Highlights** - During the fiscal year, the Town revised the budget on a few 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. Total amendments to the General Fund increased expenditures by \$582,195. Amendments were necessary due to conservatism used in compiling the original budget.

**Proprietary Funds** - Town of Long View'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 totaled \$715,566 for the year ended June 30, 2019. The increase in net position for the Water and Sewer Fund was \$1,219,995. Factors concerning the finances of the Enterprise Fund have already been addressed in the discussion of Town of Long View's business-type activities.

### **Capital Asset and Debt Administration**

**Capital Assets** - Town of Long View's capital assets for its governmental and business-type activities as of June 30, 2019, total \$11,255,497 (net of accumulated depreciation). These assets include buildings, land, improvements, equipment, and construction in progress.



Major capital asset transactions during the year include:

- Police Department Vehicles
- Recreation Center ice machine
- Fire Truck Purchase

**Town of Long View's Capital Assets**

**Figure 4**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 445,071	\$ 468,071	\$ -	\$ -	\$ 445,071	\$ 468,071
Construction in progress	-	-	541,472	830,761	541,472	830,761
Buildings	2,493,571	2,493,571	-	-	2,493,571	2,493,571
Other improvements	203,669	203,669	-	-	203,669	203,669
System assets	-	-	18,117,607	16,625,337	18,117,607	16,625,337
Street vehicles and equipment	1,370,997	1,370,997	-	-	1,370,997	1,370,997
Fire vehicles and equipment	2,142,073	1,832,936	-	-	2,142,073	1,832,936
Police vehicles and equipment	969,167	910,669	-	-	969,167	910,669
Admin vehicles and equipment	391,994	391,994	-	-	391,994	391,994
Ground storage and storm drains	190,173	190,173	-	-	190,173	190,173
Recreation vehicles and equipment	162,916	162,916	-	-	162,916	162,916
Accumulated depreciation	<u>(5,629,152)</u>	<u>(5,555,910)</u>	<u>(10,144,061)</u>	<u>(9,802,608)</u>	<u>(15,773,213)</u>	<u>(15,358,518)</u>
Capital assets, net	<u>\$ 2,740,479</u>	<u>\$ 2,469,086</u>	<u>\$ 8,515,018</u>	<u>\$ 7,653,490</u>	<u>\$ 11,255,497</u>	<u>\$ 10,122,576</u>

Additional information on the Town's capital assets can be found in Note I and II of these Basic Financial Statements.

**Long-Term Debt** - As of June 30, 2019, Town of Long View had total debt outstanding from direct borrowing notes payable and water bonds of \$867,097, all of which is secured by assets of the Town.

**Town of Long View's Outstanding Debt**

**Figure 5**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Note Payable	<u>\$673,167</u>	<u>\$210,901</u>	<u>\$193,930</u>	<u>\$250,735</u>	<u>\$867,097</u>	<u>\$461,636</u>

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 Long View is \$21,659,107.

Additional information regarding Town of Long View's long-term debt can be found in Note II of this audited financial report.

**Economic Factors and Next Year's Budgets and Rates**

The following are economic indicators affecting the Town:

- Commercial development continues to be a priority for the I-40 interchange.
- Town of Long View's industrial base has remained stable despite the overall downturn in industry in the Unifour region.

## **Budget Highlights for the Fiscal Year Ending June 30, 2020**

**Governmental Activities:** General Fund revenues are projected to increase in the 2019-2020 fiscal year due to an increase in the property tax rate and a high property tax collection percentage.

**Business-Type Activities:** Water and sewer revenues are expected to remain steady as compared to 2019.

### **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 following:

Town Administrator  
Town of Long View  
2404 First Avenue, Southwest  
Hickory, N. C. 28602

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# TOWN OF LONG VIEW, NORTH CAROLINA

**Exhibit 1**

## Statement of Net Position June 30, 2019

	Primary Government		
	Governmental	Business-	
<u>Assets</u>	<u>Activities</u>	<u>type</u> <u>Activities</u>	<u>Total</u>
Current assets:			
Cash and investments	\$ 1,715,339	\$ 507,602	\$ 2,222,941
Restricted cash	737,829	68,198	806,027
Taxes receivable, net	63,778	-	63,778
Accounts receivable, net	14,250	168,068	182,318
Internal balances	(18,084)	18,084	-
Due from other governmental agencies	299,638	44,039	343,677
Prepaid expenses	6,959	4,178	11,137
Inventories	-	68,583	68,583
Total current assets	<u>2,819,709</u>	<u>878,752</u>	<u>3,698,461</u>
Non-current assets:			
Land, non-depreciable assets and construction in progress	445,071	541,472	986,543
Other capital assets, net of depreciation	2,295,408	7,973,546	10,268,954
Total capital assets	<u>2,740,479</u>	<u>8,515,018</u>	<u>11,255,497</u>
Total non-current assets	<u>2,740,479</u>	<u>8,515,018</u>	<u>11,255,497</u>
Total assets	<u>\$ 5,560,189</u>	<u>\$ 9,393,770</u>	<u>\$ 14,953,959</u>
<u>Deferred Outflows of Resources</u>			
Pension deferrals	\$ 481,535	\$ 99,169	\$ 580,704
OPEB deferrals	886	227	1,113
Total deferred outflows of resources	<u>482,421</u>	<u>99,396</u>	<u>581,817</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable and accrued expenses	65,838	28,145	93,983
Payable from restricted assets	-	68,198	68,198
Long-term liabilities:			
Due within one year	63,116	39,983	103,099
Due in more than one year	<u>1,684,617</u>	<u>310,119</u>	<u>1,994,736</u>
Total liabilities	<u>1,813,571</u>	<u>446,445</u>	<u>2,260,016</u>
<u>Deferred Inflows of Resources</u>			
Pension deferrals	23,216	1,573	24,789
OPEB deferrals	<u>33,974</u>	<u>8,494</u>	<u>42,468</u>
Total deferred inflows of resources	<u>57,190</u>	<u>10,067</u>	<u>67,257</u>
<u>Net Position</u>			
Net investment in capital assets	2,067,312	8,321,088	10,388,400
Restricted for stabilization by state statute	313,889	-	313,889
Restricted for streets	657,747	-	657,747
Restricted for public safety - police department	80,082	-	80,082
Unrestricted	<u>1,052,819</u>	<u>715,566</u>	<u>1,768,385</u>
Total net position	<u>\$ 4,171,849</u>	<u>\$ 9,036,654</u>	<u>\$ 13,208,503</u>

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

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**TOWN OF LONG VIEW, NORTH CAROLINA**

**Statement of Activities  
For the Year Ended June 30, 2019**

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Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 912,414	\$ 346,938	\$ -	\$ -
Public safety	1,692,063	-	60,617	-
Transportation	998,806	-	140,741	-
Recreation	90,635	5,670	-	-
Interest on long-term debt	5,501	-	-	-
Total governmental activities	<u>3,699,419</u>	<u>352,608</u>	<u>201,358</u>	<u>-</u>
Business-type activities:				
Water and sewer utility	<u>2,221,427</u>	<u>2,084,019</u>	<u>-</u>	<u>1,343,439</u>
Total business-type activities	<u>2,221,427</u>	<u>2,084,019</u>	<u>-</u>	<u>1,343,439</u>
Total primary government	<u>\$ 5,920,846</u>	<u>\$ 2,436,627</u>	<u>\$ 201,358</u>	<u>\$ 1,343,439</u>

Functions/Programs	Primary Government		
	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business- type Activities	Total
Governmental activities:			
General government	\$ (565,476)	\$ -	\$ (565,476)
Public safety	(1,631,446)	-	(1,631,446)
Transportation	(858,065)	-	(858,065)
Recreation	(84,965)	-	(84,965)
Interest on long-term debt	(5,501)	-	(5,501)
Total governmental activities	<u>(3,145,453)</u>	<u>-</u>	<u>(3,145,453)</u>
Business-type activities:			
Water and sewer utility	-	1,206,032	1,206,032
Total business-type activities	<u>-</u>	<u>1,206,032</u>	<u>1,206,032</u>
Total primary government	<u>(3,145,453)</u>	<u>1,206,032</u>	<u>(1,939,421)</u>
General revenues:			
Ad valorem taxes	1,605,452	-	1,605,452
Local option sales tax	1,308,185	-	1,308,185
Other taxes and licenses	330	-	330
Unrestricted intergovernmental revenues	340,726	-	340,726
Unrestricted investment and earnings	27,939	13,964	41,903
Miscellaneous	27,550	-	27,550
Total general revenues and transfers	<u>3,310,182</u>	<u>13,964</u>	<u>3,324,146</u>
Change in net position	164,730	1,219,995	1,384,726
Net position - beginning, restated	<u>4,007,119</u>	<u>7,816,659</u>	<u>11,823,778</u>
Net position - ending	<u>\$ 4,171,849</u>	<u>\$ 9,036,654</u>	<u>\$ 13,208,503</u>

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

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**TOWN OF LONG VIEW, NORTH CAROLINA****Exhibit 3****Balance Sheet  
Governmental Fund  
June 30, 2019**

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**Major Fund****General  
Fund****Assets**

Cash and investments	\$ 1,715,339
Restricted cash	737,829
Taxes receivable, net	63,778
Accounts receivable, net	14,250
Due from other governments	299,638
Prepaid expenses	6,959
Total assets	<u>\$ 2,837,794</u>

**Liabilities, Deferred Inflows of Resources, and Fund Balance****Liabilities:**

Accounts payable and accrued liabilities	\$ 65,838
Due to other funds	18,084
Total liabilities	<u>83,921</u>

**Deferred inflows of resources:**

Unavailable revenue -property taxes	<u>63,778</u>
-------------------------------------	---------------

**Fund balance:****Nonspendable:**

Prepaid expenses	6,959
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**Restricted:**

Stabilization by State Statute	313,889
Public safety	80,082
Streets	657,747

**Assigned:**

Unassigned	1,631,418
Total fund balance	<u>2,690,095</u>

Total liabilities, deferred inflows of resources and fund balance	<u>\$ 2,837,794</u>
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*The notes to the financial statements are an integral part of this statement.*

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**TOWN OF LONG VIEW, NORTH CAROLINA****Exhibit 4****Reconciliation of the Governmental Fund  
Balance Sheet to the Statement of Net Position  
June 30, 2019**

---

Total governmental fund balances	\$ 2,690,095
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	2,740,479
Net pension liability LGERS	(502,557)
Total pension liability LEOSSA	(413,921)
Total OPEB liability	(86,937)
Deferred outflows of resources related to pensions are not reported in the funds	481,535
Deferred outflows of resources related to OPEB are not reported in the funds	886
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, not reported in the funds.	(744,318)
Deferred inflows of resources related to pensions are not reported in the funds	(23,216)
Deferred inflows of resources related to OPEB are not reported in the funds	(33,974)
Unavailable revenues in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end. These receivables are a component of net position in the Statement of Net Position.	<u>63,777</u>
Net position of governmental activities	<u>\$ 4,171,849</u>

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



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**TOWN OF LONG VIEW, NORTH CAROLINA****Exhibit 5****Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Fund  
For the Year Ended June 30, 2019**

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	<u>Major Fund</u>
	<u>General Fund</u>
<b>Revenues:</b>	
Ad valorem taxes	\$ 1,625,146
Other taxes and licenses	1,308,515
Unrestricted intergovernmental revenues	340,726
Restricted intergovernmental revenues	201,358
Permits and fees	3,059
Sales and services	349,550
Investment earnings	27,939
Other revenues	50,552
Total revenues	<u>3,906,844</u>
<b>Expenditures:</b>	
Current:	
General government	766,916
Public safety	2,103,362
Transportation	963,831
Recreation	86,435
Debt service:	
Principal	72,735
Interest and other charges	5,501
Total expenditures	<u>3,998,779</u>
Revenues over (under) expenditures	<u>(91,935)</u>
Proceeds from long term debt	<u>535,000</u>
Total other financing sources (uses)	<u>535,000</u>
Net change in fund balances	<u>443,066</u>
Fund balance, beginning	<u>2,247,029</u>
Fund balance, ending	<u>\$ 2,690,095</u>

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

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**TOWN OF LONG VIEW, NORTH CAROLINA****Exhibit 6****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 due to the following items:

Net changes in fund balance - total governmental funds	\$ 443,066
Revenues in the statement of activities that do not provide current financial are not reported as revenues in the governmental fund statement.	(42,696)
Capital outlays are reported as expenditures in the governmental funds statement. However, in the statement of activities, capital outlay is not an expense rather it is an increase in capital assets	543,636
Depreciation expense allocates the cost of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(249,242)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	140,046
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities	7,732
OPEB benefit payments and administrative cost made in the current fiscal year are not included on the Statement of Activities	(7,281)
Principal repayments are reported as expenditures in the governmental fund statement. However, in the statement of activities, these transactions are not an expense, rather they are a decrease in liabilities.	72,734
The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net position	(535,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Compensated absences	(11,104)
Pension expense	(192,637)
OPEB plan expenses	<u>(4,524)</u>
Total changes in net position of governmental activities	<u>\$ 164,730</u>

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

**TOWN OF LONG VIEW, NORTH CAROLINA**

**Exhibit 7**

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

	<b>General Fund</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	
<b>Revenues:</b>				
Ad valorem taxes	\$ 1,502,000	\$ 1,502,000	\$ 1,625,146	\$ 123,146
Other taxes and licenses	1,262,291	1,262,291	1,308,515	46,224
Unrestricted intergovernmental revenues	284,000	284,000	340,726	56,726
Restricted intergovernmental revenues	196,614	196,814	201,358	4,544
Permits and fees	2,500	2,500	3,059	559
Sales and services	344,865	344,865	349,550	4,685
Investment earnings	2,500	2,500	27,939	25,439
Other revenues	6,200	6,500	50,552	44,052
Total revenues	<u>3,600,970</u>	<u>3,601,470</u>	<u>3,906,844</u>	<u>305,374</u>
<b>Expenditures:</b>				
Current:				
General government	787,491	799,221	766,916	32,305
Public safety	1,610,649	2,159,514	2,103,362	56,152
Transportation	1,005,715	1,022,315	963,831	58,484
Recreation	84,588	89,588	86,435	3,153
Debt service:				
Principal	137,026	137,026	72,735	64,291
Interest and other charges	5,501	5,501	5,501	-
Total expenditures	<u>3,630,970</u>	<u>4,213,165</u>	<u>3,998,779</u>	<u>214,386</u>
Revenues over (under) expenditures	<u>(30,000)</u>	<u>(611,695)</u>	<u>(91,934)</u>	<u>519,761</u>
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	-	46,695	-	(46,695)
Proceeds from long term debt	-	535,000	535,000	-
Transfer from water and sewer fund	30,000	30,000	-	(30,000)
Total other financing sources (uses)	<u>30,000</u>	<u>611,695</u>	<u>535,000</u>	<u>(76,695)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>443,066</u>	<u>\$ 443,066</u>
Fund balance, beginning			<u>2,247,029</u>	
Fund balance, ending			<u>\$ 2,690,095</u>	

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

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**TOWN OF LONG VIEW, NORTH CAROLINA****Exhibit 8****Statement of Fund Net Position  
Proprietary Fund  
June 30, 2019**

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	<b><u>Enterprise Fund</u></b>
	<b><u>Utility</u></b>
	<b><u>Fund</u></b>
<b><u>Assets</u></b>	
Current assets:	
Cash and investments	\$ 507,602
Accounts receivable, net	168,068
Intergovernmental receivable	44,039
Due from other funds	18,084
Inventories	68,583
Prepaid expenses	4,178
Restricted cash and cash equivalents	68,198
Total current assets	<u>878,752</u>
Non-current assets:	
Construction in progress	541,472
Other capital assets, net of depreciation	<u>7,973,546</u>
Total capital assets	<u>8,515,018</u>
Total non-current assets	<u>8,515,018</u>
Total assets	<u>\$ 9,393,770</u>
<b><u>Deferred Outflows of Resources</u></b>	<u>\$ 99,396</u>
<b><u>Liabilities</u></b>	
Current liabilities:	
Accounts payable and accrued liabilities	28,145
Installment notes payable - current	39,983
Liabilities payable from restricted assets - Utility deposits	<u>68,198</u>
Total current liabilities	<u>136,326</u>
Noncurrent liabilities:	
Installment notes payable - non-current	153,947
Other postemployment benefits liability	21,743
Net pension liability	125,639
Accrued compensated absences	<u>8,790</u>
Total liabilities	<u>446,445</u>
<b><u>Deferred Inflows of Resources</u></b>	<u>10,067</u>
<b><u>Net Position</u></b>	
Net investment in capital assets	8,321,088
Unrestricted	<u>715,566</u>
Total net position	<u>9,036,654</u>
Net position of business-type activities	<u>\$ 9,036,654</u>
<i>The notes to the financial statements are an integral part of this statement.</i>	

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**TOWN OF LONG VIEW, NORTH CAROLINA****Exhibit 9****Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Fund  
For the Year Ended June 30, 2019**

---

	<u>Enterprise Fund</u> <u>Utility</u> <u>Fund</u>
<b>Operating Revenues:</b>	
Charges for services	\$ 2,084,019
Total operating revenues	<u>2,084,019</u>
<b>Operating Expenses:</b>	
Water and sewer operations	1,874,242
Depreciation	<u>341,453</u>
Total operating expenses	<u>2,215,695</u>
Operating income (loss)	<u>(131,676)</u>
<b>Nonoperating Revenues (Expenses):</b>	
Investment earnings	13,964
Interest and fees paid	<u>(5,732)</u>
Nonoperating revenues (expenses), net	<u>8,232</u>
Capital contributions	<u>1,343,439</u>
Change in net position	1,219,995
Total net position - beginning,	<u>7,816,659</u>
Total net position- ending	<u>\$ 9,036,654</u>

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

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**TOWN OF LONG VIEW, NORTH CAROLINA****Exhibit 10  
Page 1 of 2****Statement of Cash Flows  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2019**

---

	<b><u>Enterprise Fund</u></b> <b><u>Utility</u></b> <b><u>Fund</u></b>
<b>Cash Flows From Operating Activities:</b>	
Cash received from customers	\$ 2,063,587
Cash paid for goods and services	(1,550,793)
Cash paid to employees for services	<u>(304,937)</u>
Net cash provided (used) by operating activities	<u>207,857</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Acquisition of capital assets	(1,202,981)
Principal paid on long-term debt	(56,805)
Interest paid on long-term debt	(5,732)
Due to (from) other funds	12,432
Capital contributions	<u>1,343,439</u>
Net cash provided (used) for capital and related financing activities	<u>90,353</u>
<b>Cash Flows From Investing Activities:</b>	
Interest on investments	<u>13,964</u>
Net cash provided (used) by investing activities	<u>13,964</u>
Net increase (decrease) in cash and cash equivalents	312,174
Cash and cash equivalents at beginning of year	<u>263,626</u>
Cash and cash equivalents at end of year	<u>\$ 575,800</u>
	cont.

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**TOWN OF LONG VIEW, NORTH CAROLINA****Exhibit 10, cont.****Page 2 of 2****Statement of Cash Flows  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2019**

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**Enterprise Fund  
Utility  
Fund****Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)  
by Operating Activities:**

Operating income (loss)	\$ (131,676)
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**Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided  
(Used) by Operating Activities:**

Depreciation	341,453
Changes in assets and liabilities:	
(Increase) decrease in receivables	(22,159)
(Increase) decrease in prepaid expenses	(3,238)
(Increase) decrease in inventories	11,737
(Increase) decrease in deferred outflows of resources - pensions	(39,055)
(Increase) decrease in deferred outflows of resources - OPEB	(227)
Increase (decrease) in net pension liability	48,214
Increase (decrease) in deferred inflows of resources - pensions	(3,561)
Increase (decrease) in deferred inflows of resources - OPEB	6,799
Increase (decrease) in accounts payable and accrued liabilities	3,297
Increase (decrease) in other postemployment benefits	(5,437)
Increase (decrease) in compensated absences payable	(17)
Increase (decrease) in customer deposits	1,727
Total adjustments	<u>339,533</u>
Net cash provided (used) by operating activities	<u>\$ 207,857</u>

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

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## TOWN OF LONG VIEW, NORTH CAROLINA

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

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#### I. Summary of Significant Accounting Policies

The accounting policies of Town of Long View (the "Town") conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

##### A. Reporting Entity

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

**Fund Financial Statements:** The fund financial statements provide information about the Town's funds. 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. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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



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## TOWN OF LONG VIEW, NORTH CAROLINA

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

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The Town reports the following major governmental fund:

#### **General Fund**

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and State-shared revenues and various other taxes and licenses. The primary expenditures are for public safety, streets and highways, sanitation service, parks and recreation, and general governmental services.

#### **The City Reports the Following Major Enterprise Fund:**

#### **Proprietary Fund**

#### **Enterprise Fund**

Enterprise funds are used to account for those operations that are (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town has one Enterprise Fund, the Water and Sewer Utility Fund. The Water and Sewer Capital Project Funds, Line Loopage and Small Projects Fund, Southern Annex Sewer, Shuford Area Water and Sewer and Maple Springs Economic Development Project Fund, have been consolidated with the Water and Sewer Utility Fund for financial reporting purposes. The Town reports the Water and Sewer Utility Fund as a major enterprise fund.

#### **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 and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions are transactions in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, 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, entitlements 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.

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## TOWN OF LONG VIEW, NORTH CAROLINA

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

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Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's Enterprise Fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the Enterprise Fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating 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 long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. 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. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements and are offset by deferred inflows of resources.

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

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## TOWN OF LONG VIEW, NORTH CAROLINA

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

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#### **D. Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for the Enterprise Fund Capital Projects. 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 Town Administrator is authorized to transfer appropriations between functional areas within a fund up to \$2,500; however, any revisions that alter the total expenditures of any fund, or exceed \$2,500, must be approved by the governing board. During the year, several amendments to the original budget were necessary, most of which were immaterial. 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 to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT).

The Town's and the ABC Board's investments are reported at fair value. Non-participating, interest earning investment contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) investment pool, is measured at fair value. The NCCMT-Term Portfolio is a bond fund, has no rating, and is measured at fair value. As of June 30, 2019, the Term Portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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

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## TOWN OF LONG VIEW, NORTH CAROLINA

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

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#### 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. The Town considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

#### Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because 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. The Town also has forfeiture money that is restricted for use with public safety.

Restricted cash at June 30, 2019 consists of the following:

##### Governmental Activities:

General Fund:

Public Safety \$ 80,082

Powell Bill 657,747

Total governmental activities \$737,829

##### Business-Type Activities:

Water and Sewer Utility Fund:

Utility deposits \$ 68,198

Total business-type activities \$ 68,198

#### 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.

#### 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.

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## TOWN OF LONG VIEW, NORTH CAROLINA

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

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#### Inventory and Prepaid Items

Inventories of the Town consist primarily of system materials and supplies and are valued at cost (first-in, first-out method). The cost of Enterprise Fund inventories is recorded as an expenditure when purchased rather than when consumed.

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

#### 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 five years. Minimum capitalization cost is \$5,000. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair market value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchases, or constructed capital assets, are reported at cost or estimated historical cost are listed at the market value at the date of donation.

Infrastructure assets exceeding the Town's capitalization threshold will be reported as capital assets in the Statement of Net Position. General governmental infrastructure assets acquired prior to July 1, 2003 were not retroactively reported; therefore, the infrastructure capital assets in the Statement of Net Position only include assets purchased after July 1, 2003. The cost of normal maintenance and repairs that do not add to the value of the asset, or materially extend assets' lives, are not capitalized.

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

<u>Assets</u>	<u>Estimated Useful Lives</u>
General governmental infrastructure - road network	45 years
General governmental infrastructure - bridges	50 years
Buildings	50 years
Other improvements	10-40 years
Equipment and vehicles	5-10 years

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## TOWN OF LONG VIEW, NORTH CAROLINA

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

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#### **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net 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 meet this criterion, pension deferrals for the 2018 fiscal year. In addition to liabilities, the Statement of Net 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 meet the criterion for this category - property taxes receivable and pension deferrals.

#### **Long-Term Obligations**

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

In fund financial statements for governmental fund types, the face amount of debt issued is reported as another financing source.

The Town's long-term debt for water and sewer system improvements is carried within the Enterprise Fund. The debt service requirements for that debt are being met by water and sewer revenues.

#### **Net Position/Fund Balances**

##### **Net Position**

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, 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.

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## TOWN OF LONG VIEW, NORTH CAROLINA

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

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The governmental fund types classify fund balances as follows:

#### **Non-Spendable Fund Balance**

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

Prepaid Items - the portion of fund balance that is not available for appropriation because it represents the year-end balance of prepaid expenses, which are not spendable, available resources.

#### **Restricted Fund Balance**

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

Restricted for Stabilization by State Statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State Statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments, minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as non-spendable. 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 Public Safety - court fees and fines related to illegal narcotics activity that are to be used by the police department only for expenditures not generally funded by the Town [i.e., purchase of a K-9 animal, purchase of a vehicle for K-9, drug enforcement officer vehicle].

Restricted for Streets - the Powell Bill portion of fund balance that is available for appropriation, but legally segregated for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

#### **Assigned Fund Balance**

Assigned fund balance is the portion of fund balance that Town of Long View intends to use for specific purposes.

#### **Unassigned Fund Balance**

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

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## TOWN OF LONG VIEW, NORTH CAROLINA

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

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

Town of Long View has not adopted a fund balance policy.

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

Total fund balance - General Fund	\$ 2,690,095
<b>Less:</b>	
Prepays	6,959
Streets - Powell Bill	657,747
Public Safety reserve	80,082
Stabilization by State Statute	<u>313,889</u>
Total available fund balance	<u>\$ 1,631,418</u>

#### 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 Long View's employer contributions are recognized when due, and the Town of Long View 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. Revenues, Expenditures, and Expenses

##### Compensated Absences

The vacation policy of the Town provides for the accumulation of up to twenty (20) days earned vacation leave. The excess amount removed shall be converted to sick leave and added to the employee's sick leave balance. For the Town's proprietary fund, 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 time estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements. For the Town, the current portion of the accumulated vacation pay is not considered to be material.



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## **TOWN OF LONG VIEW, NORTH CAROLINA**

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

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

#### **Other Resources**

The General Fund provides the basis of local resources for other governmental funds. These transactions are recorded as "transfers-out" in the General Fund and "transfers-in" in the receiving fund.

#### **Accounting 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 these estimates.

## **II. 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 agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the 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 and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for 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 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.

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## TOWN OF LONG VIEW, NORTH CAROLINA

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

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At June 30, 2019, the Town's deposits had a carrying amount of \$817,681 and a bank balance of \$906,891. Of the bank balance, \$352,504 was covered by federal depository insurance, and \$554,387 was covered by collateral held under the Pooling Method. Petty cash on hand at June 30, 2019 was \$130.

#### Investments

At June 30, 2019, the Town had \$2,211,157 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's. The Town has no policy regarding credit risk.

<u>Investment by Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/19</u>	<u>Maturity</u>	<u>Rating</u>
N. C. Capital Management Trust Government Portfolio	Amortized Cost	<u>\$2,211,157</u>	N/A	AAAm

Interest Rate Risk. The Town has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

#### Receivables - Allowances for Doubtful Accounts

The receivables shown in Exhibit 1 at June 30, 2019 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due from Other Government</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General	\$ 14,250	\$ 143,778	\$299,638	\$ 457,666
Allowance for doubtful accounts	-	(80,000)	-	(80,000)
Total governmental activities	<u>\$ 14,250</u>	<u>\$ 63,778</u>	<u>\$299,638</u>	<u>\$ 377,666</u>
<b>Business-type Activities:</b>				
Water and sewer	\$240,657	\$ -	\$ 44,039	\$ 284,696
Allowance for doubtful accounts	(72,589)	-	-	(72,589)
Total business-type activities	<u>\$168,068</u>	<u>\$ -</u>	<u>\$ 44,039</u>	<u>\$ 212,107</u>

# TOWN OF LONG VIEW, NORTH CAROLINA

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

Due from other governments consisted of the following:

**Governmental Activities:**

Local option sales tax	\$232,572
Due from the State	5,841
Sales tax receivable	<u>61,225</u>
Total	<u>\$299,638</u>

**Business-Type Activities:**

Sales tax receivable	\$ 44,039
Total	<u>\$ 44,039</u>

**Capital Assets**

A summary of changes in the Town's governmental capital assets is as follows:

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Decreases</u>	<u>June 30, 2019</u>
<b>By Asset Type:</b>				
<b>Non-Depreciable Assets:</b>				
Land	<u>\$ 468,071</u>	<u>\$ -</u>	<u>\$ 23,000</u>	<u>\$ 445,071</u>
<b>Depreciable Assets:</b>				
Buildings	2,493,571	-	-	2,493,571
Other improvements	203,669	-	-	203,669
Street Department vehicles and equipment	1,370,997	-	-	1,370,997
Fire vehicles and equipment	1,832,936	485,137	176,000	2,142,073
Police vehicles and equipment	910,669	58,498	-	969,167
Admin vehicles and equipment	391,994	-	-	391,994
Ground storage and storm drains	190,173	-	-	190,173
Recreation Department vehicles and equipment	<u>162,916</u>	<u>-</u>	<u>-</u>	<u>162,916</u>
Total depreciable assets	<u>7,556,925</u>	<u>543,635</u>	<u>176,000</u>	<u>7,924,560</u>
<b>Less Accumulated Depreciated:</b>				
Buildings	(1,184,794)	(53,214)	-	(1,238,008)
Other improvements	(150,623)	(3,776)	-	(154,399)
Street Department vehicles and equipment	(1,202,262)	(34,975)	-	(1,237,237)
Fire vehicles and equipment	(1,724,361)	(69,681)	176,000	(1,618,042)
Police vehicles and equipment	(705,826)	(62,655)	-	(768,481)
Admin vehicles and equipment	(354,745)	(16,516)	-	(371,261)
Ground storage and storm drains	(92,927)	(4,226)	-	(97,153)
Recreation Department vehicles and equipment	<u>(140,372)</u>	<u>(4,199)</u>	<u>-</u>	<u>(144,571)</u>
Total accumulated depreciation	<u>(5,555,910)</u>	<u>\$(249,242)</u>	<u>\$176,000</u>	<u>(5,629,152)</u>
Total depreciated assets, net	<u>2,001,015</u>			<u>2,295,408</u>
Capital assets, net	<u>\$ 2,469,086</u>			<u>\$ 2,740,479</u>

# TOWN OF LONG VIEW, NORTH CAROLINA

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

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

**Governmental Activities:**

General Government	\$ 77,731
Public Safety	132,336
Transportation	34,975
Cultural and Recreational	4,200
Total	<u>\$249,242</u>

**Business-type Activities**

The capital assets of the Water and Sewer Fund of the Town at June 30, 2019 are as follows:

	<u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2019</u>
<b>Non-Depreciable Assets:</b>				
Construction in progress	\$ 830,761	\$ -	\$ 289,289	\$ 541,472
<b>Depreciable Assets:</b>				
Other improvements	23,900	-	-	23,900
Henry Fork System	3,962,852	-	-	3,962,852
Utilities administration	483,042	-	-	483,042
Water system	4,369,835	400,856	-	4,770,691
Sewer system	<u>7,785,708</u>	<u>1,091,414</u>	-	<u>8,877,122</u>
Total depreciable assets	<u>16,625,337</u>	<u>1,492,270</u>	-	<u>18,117,607</u>
<b>Less Accumulated Depreciation:</b>				
Other improvements	(5,971)	(597)	-	(6,568)
Henry Fork System	(1,746,326)	(79,206)	-	(1,825,532)
Utilities administration	(442,853)	(9,399)	-	(452,252)
Water system	(3,307,015)	(85,715)	-	(3,392,730)
Sewer system	<u>(4,300,443)</u>	<u>(166,536)</u>	-	<u>(4,466,979)</u>
Total accumulated depreciation	<u>(9,802,608)</u>	<u>\$ (341,453)</u>	<u>\$ -</u>	<u>(10,144,061)</u>
Total depreciable assets, net	<u>6,822,729</u>			<u>7,973,546</u>
Capital assets, net	<u>\$7,653,490</u>			<u>\$ 8,515,018</u>

**B. Liabilities**

**Payables**

Payables at June 30, 2019 are as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Interest</u>	<u>Total</u>
<b>Governmental activities:</b>				
General Fund	<u>\$24,276</u>	<u>\$41,562</u>	<u>\$ -</u>	<u>\$65,838</u>
<b>Business-type activities:</b>				
Water and sewer	<u>\$ 2,319</u>	<u>\$24,585</u>	<u>\$1,241</u>	<u>\$28,145</u>

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## TOWN OF LONG VIEW, NORTH CAROLINA

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

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#### **Pension Plan and Other Post-Employment Obligations**

##### **Local Government Employees' Retirement System**

*Plan Description.* Town of Long View 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, and 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](http://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.

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## TOWN OF LONG VIEW, NORTH CAROLINA

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

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*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Long View's employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. Town of Long View's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.84% 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 Town of Long View were \$140,046 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 \$628,196 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, 2019, the Town's proportion was 0.02648% which was an increase of 0.00114% from its proportion measured as of June 30, 2018.

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## TOWN OF LONG VIEW, NORTH CAROLINA

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

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For the year ended June 30, 2019, the Town recognized pension expense of \$165,993.  
At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 96,916	\$ 3,252
Change in assumptions	166,699	-
Net difference between projected and actual earnings on pension plan investments	86,233	-
Changes in proportion, and differences between, the Town contributions and proportionate share of contributions	5,951	4,615
Town contributions subsequent to the measurement date	<u>140,046</u>	<u>-</u>
Total	<b><u>\$495,845</u></b>	<b><u>\$ 7,867</u></b>

\$140,046 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 ending June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2020	\$164,880
2021	110,300
2022	21,513
2023	<u>51,238</u>
	<b><u>\$347,931</u></b>

*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

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## TOWN OF LONG VIEW, NORTH CAROLINA

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

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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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2010.

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:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 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.



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## TOWN OF LONG VIEW, NORTH CAROLINA

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	<u>\$1,508,982</u>	<u>\$628,196</u>	<u>\$(107,802)</u>

*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.

#### **Law Enforcement Officers' Special Separation Allowance**

##### **1. Plan Description**

Plan Description - The Town administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85% 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.

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## TOWN OF LONG VIEW, NORTH CAROLINA

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

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

Retirees receiving benefits	1
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>14</u>
Total	<u>15</u>

#### 2. Summary of Significant Accounting Policies

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

The Separation Allowance has no assets accumulated in a trust that meet the following criteria which we outlined in GASB Statements 73:

#### 3. Actuarial Assumptions

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

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

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

Mortality rates are based on the RP-2015 Mortality Tables with adjustments for mortality improvements based on Scale AA.

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## TOWN OF LONG VIEW, NORTH CAROLINA

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

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#### 4. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established, and may be amended by, the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$15,465 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 \$413,921. 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 \$43,915.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$61,075	\$ -
Changes of assumptions	16,052	16,922
Town benefit payments and plan administrative expense made subsequent to the measurement date	<u>7,732</u>	<u>-</u>
Total	<u>\$84,859</u>	<u>\$16,922</u>

\$7,732 reported as deferred outflows of resources related to pensions resulting from benefit payments made, and administrative expenses incurred subsequent to the measurement date, will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

#### **Year ended June 30:**

2020	\$15,062
2021	15,062
2022	15,062
2023	11,927
2024	2,398
Thereafter	694

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## TOWN OF LONG VIEW, NORTH CAROLINA

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

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\$7,732 paid as benefits came due and \$-0- of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

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

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	<u>\$447,647</u>	<u>\$413,921</u>	<u>\$382,842</u>

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

Beginning balance	\$ 385,451
Service cost	16,917
Interest on the total pension liability	11,936
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	30,933
Changes of assumptions or other inputs	(15,851)
Benefit payments	(15,465)
Other changes	-
Ending balance of the total pension liability	<u>\$ 413,921</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.

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

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## TOWN OF LONG VIEW, NORTH CAROLINA

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

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$165,993	\$ 43,915	\$ 209,908
Pension liability	628,196	413,921	1,042,117
Proportionate share of the net pension liability	0.02648%	n/a	
Deferred outflows of resources			
Differences between expected and actual experience	96,916	61,075	157,991
Changes of assumptions	166,699	-	166,699
Net difference between projected and actual earnings on plan investments	86,233	-	86,233
Changes in proportion, and differences between, contributions and proportionate share of contributions	5,951	16,052	22,003
Benefit payments and administrative costs paid subsequent to the measurement date	140,046	7,732	147,778
Deferred inflows of resources			
Differences between expected and actual experience	3,252	-	3,252
Changes of assumptions	-	16,922	16,922
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion, and differences between, contributions and proportionate share of contributions	4,615	-	4,615

#### **Supplemental Retirement Income Plan for Law Enforcement Officers**

Plan Description - The Town contributes to the Supplemental Retirement Income Plan (the Plan), a defined contribution pension plan administered by the Department of the State Treasurer and a board of trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

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## TOWN OF LONG VIEW, NORTH CAROLINA

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

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**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. Contributions for the year ended June 30, 2019 were \$37,737, which consisted of \$35,237 from the Town and \$2,500 from the law enforcement officers.

#### Other Post-Employment Benefits

**Healthcare Benefits - Plan Description** - Under the terms of a Town resolution, the Town administers a single-employer defined benefit plan ("the Retiree Health Plan"). The plan provides post-employment healthcare benefits to retirees of the Town, provided they participate in the North Carolina Local Governmental Employees' Retirement System and have at least five years of creditable service with the Town. At June 1, 2012, the Town entered into a healthcare agreement which required the Town to pay incurred out-of-pocket and co-pay expenses up to \$7,800, per covered retiree, each plan year. The plan year was effective for June 1, 2012 through May 31, 2013. Unused funds were not carried forward to the next plan year. As of June 1, 2013, the Town has entered into a new healthcare agreement. A traditional healthcare plan is in effect. The Town does not pay for the premiums of the benefits through the private insurer, but allows the retiree to stay on the healthcare plan after they retire. The retiree is responsible for paying 100% of the premium set by the insurer. The Board of Aldermen may amend the benefit provisions. A separate report was not issued for the plan.

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

	<u>General Employees</u>	<u>Law Enforcement Officers</u>	<u>Firefighters</u>
Retirees receiving benefits	-	-	-
Active plan members	13	13	7

#### Total OPEB Liability

The Town's total OPEB liability of \$108,671 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases	3.5 to 7.75 percent, including inflation
Discount rate	3.89 percent
Healthcare cost trend rates	Pre-Medicare - 7.25 percent

The discount rate is based on the June average of the Bond Buyer 20-year General Obligation Bond Index as of the measurement date.

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## TOWN OF LONG VIEW, NORTH CAROLINA

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

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#### Changes in the Total OPEB Liability

<b>Balance at July 1, 2017</b>	<b><u>\$ 135,898</u></b>
<b>Changes for the year</b>	
Service Cost	5,607
Interest	4,838
Changes of benefit terms	-
Differences between expected and actual experience	(38,907)
Changes in assumptions or other inputs	1,235
Benefit payments	<u>-</u>
<b>Net changes</b>	<b><u>(27,227)</u></b>
<b>Balance at June 30, 2018</b>	<b><u>\$ 108,671</u></b>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56% to 3.89%.

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table.

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

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

	<b><u>1% Decrease (2.89%)</u></b>	<b><u>Discount Rate (3.89%)</u></b>	<b><u>1% Increase (4.89)</u></b>
Total OPEB liability	<u>\$124,207</u>	<u>\$108,671</u>	<u>\$95,024</u>

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

	<b><u>1% Decrease</u></b>	<b><u>Current</u></b>	<b><u>1% Increase</u></b>
Total OPEB liability	<u>\$92,172</u>	<u>\$108,671</u>	<u>\$128,434</u>

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## TOWN OF LONG VIEW, NORTH CAROLINA

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

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

For the year ended June 30, 2019, the Town recognized OPEB expense of \$5,655. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$(35,187)
Changes of assumptions	1,113	(7,281)
Benefit payments and administrative costs made subsequent to the measurement date	-	-
Total	<u>\$ 1,113</u>	<u>\$(42,468)</u>

Other amounts reported as deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

#### Year ended June 30:

2020	\$ (4,790)
2021	(4,790)
2022	(4,790)
2023	(4,790)
2024	(4,790)
Thereafter	(17,405)

#### Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (the Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000, or be less than \$25,000. Because all death benefit payments are made from 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 payroll 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.



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## TOWN OF LONG VIEW, NORTH CAROLINA

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

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#### Deferred Outflows and Inflows of Resources

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

Contributions to pension plan in current fiscal year	\$140,046
Benefit payments made and administrative expenses for LEOSA	7,732
Net difference between projected and actual earnings on pension plan investments	86,233
Differences between expected and actual experience	157,991
Change in proportion, and differences between, contributions and proportionate share of contributions	22,003
Change in assumptions	<u>167,812</u>
Total	<u>\$581,817</u>

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

	<b>Statement of Net Position</b>	<b>General Fund Balance Sheet</b>
Taxes receivable	\$ -	\$ 63,778
Differences between expected and actual experience	38,439	-
Changes in proportion, and differences between, the Town contributions and proportionate share of contributions	4,615	-
Change in assumptions	<u>24,203</u>	<u>-</u>
Total	<u>\$67,257</u>	<u>\$ 63,778</u>

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## TOWN OF LONG VIEW, NORTH CAROLINA

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

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#### 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 participants in a self-funded risk financing pool administered by the North Carolina League of Municipalities. Through this pool, the Town has workers' compensation coverage that provides for coverage of losses up to the statutory limits set by the Insurance Commission. The pool is reinsured through commercial companies for single occurrence claims in excess of \$300,000. The pool is audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

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

The Town's employees that have access to \$100 or more at any time of the Town's funds are performance bonded through a commercial surety bond. The Finance Officer is individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$20,000.

#### Claims, Judgments, and Contingent Liabilities

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

#### Net Investment in Capital Assets

Net investment in capital assets as June 30, 2019 is computed as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Capital assets, net of accumulated depreciation	\$ 2,740,479	\$ 8,515,018
Less: related debt	<u>(673,167)</u>	<u>(193,930)</u>
Net investment in capital assets	<u>\$ 2,067,312</u>	<u>\$ 8,321,088</u>

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## TOWN OF LONG VIEW, NORTH CAROLINA

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

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#### Long-Term Obligations

##### Notes Payable

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

##### **Governmental Activities:**

\$61,581 direct borrowing loan issued November 16, 2016; Agreement to purchase police vehicles, due in annual installments of \$13,164, including interest at 2.26% through November 2021; secured by vehicles \$ 37,771

\$535,000 direct borrowing loan issued August 24, 2018; Agreement to purchase three fire trucks and equipment, due in annual installments of \$48,118, including interest at 4.00% through August 2033; secured by vehicles and equipment 535,000

\$123,935 direct borrowing loan issued September 2017; Agreement to purchase vehicles and radio equipment, due in annual installments of \$27,063, including interest at 2.83% through September 2022; secured by vehicles and equipment 100,396

Total 673,167

##### **Business-Type Activities:**

\$436,600 Clean Water Revolving Loan direct placement issued February 2012; payable in semi-annual installments of \$36,383, including interest at 2.455% through May 2024; secured by Proprietary Fund revenues 171,260

\$27,952 direct borrowing loan issued September 2017; Agreement to purchase, a vehicle, due in annual installments of \$6,600, including interest at 2.83% through September 2022; secured by a vehicle 22,670

Total 193,930

Total for all funds \$ 867,097

# TOWN OF LONG VIEW, NORTH CAROLINA

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

Annual debt service requirements to maturity for the Town's notes payable are as follows:

Year Ending June 30	Governmental Fund		
	Principal	Interest	Total
2020	\$ 63,116	\$ 25,098	\$ 88,214
2021	65,144	23,070	88,214
2022	67,241	20,973	88,214
2023	56,125	18,805	74,930
2024	31,257	16,862	48,119
2025-2029	176,069	64,523	240,592
2030-2034	<u>214,215</u>	<u>26,377</u>	<u>240,592</u>
Total governmental fund	<u>673,167</u>	<u>195,708</u>	<u>868,875</u>

Year Ending June 30	Business-Type Activities Proprietary Fund		
	Principal	Interest	Total
2020	\$ 39,983	\$ 4,883	\$ 44,866
2021	40,137	3,881	44,018
2022	40,295	2,874	43,169
2023	40,462	1,864	42,326
2024	<u>33,053</u>	<u>848</u>	<u>33,901</u>
Total proprietary fund	<u>193,930</u>	<u>14,350</u>	<u>208,280</u>
Total notes payable	<u>\$ 867,097</u>	<u>\$210,058</u>	<u>\$ 1,077,155</u>

A summary of changes in long-term obligations follows:

	July 1, 2018	Additions	Retirements	June 30, 2019	Current Portion
Governmental activities:					
Direct borrowing notes payable	\$ 210,901	\$535,000	\$ 72,734	\$ 673,167	\$ 63,116
Compensated absences	60,047	11,104	-	71,151	-
Net pension liability (LGERS)	309,700	192,857	-	502,557	-
Total pension liability (LEO)	385,451	28,470	-	413,921	-
Total OPEB liability	<u>108,718</u>	<u>-</u>	<u>21,781</u>	<u>86,937</u>	<u>-</u>
Total	<u>\$1,074,817</u>	<u>\$767,431</u>	<u>\$ 94,515</u>	<u>\$ 1,747,733</u>	<u>\$ 63,116</u>
Business-type activities:					
Direct borrowing notes payable	\$ 44,923	\$ -	\$ 22,253	\$ 22,670	\$ 5,431
Direct placement water bonds	205,812	-	34,552	171,260	34,552
Compensated absences	8,807	-	17	8,790	-
Net pension liability (LGERS)	77,425	48,214	-	125,639	-
Total OPEB liability	<u>27,180</u>	<u>-</u>	<u>5,437</u>	<u>21,743</u>	<u>-</u>
Total	<u>\$ 364,147</u>	<u>\$ 48,214</u>	<u>\$ 62,259</u>	<u>\$ 350,102</u>	<u>\$ 39,983</u>

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## TOWN OF LONG VIEW, NORTH CAROLINA

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

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

At June 30, 2019, Town of Long View had a legal debt margin of \$21,659,107.

#### **III. Interfund Balances and Activities**

Balances due to/from other funds at June 30, 2019, consist of the following:

Due to the Utility Fund from the General Fund	<u>\$18,084</u>
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The interfund balances resulted from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

#### **IV. Jointly Governed Organization**

##### **Western Piedmont Council of Governments**

Western Piedmont Council of Governments (WPCOG) is a regional planning organization. It consists of twenty-four municipalities and four counties within western North Carolina. WPCOG's governing board is comprised of one elected official from each of these local governments and seven at-large citizen members. Each local government has one vote. The Town paid membership dues of \$2,926 during the fiscal year ended June 30, 2019.

#### **V. 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.

#### **VI. Stewardship, Compliance, and Accountability**

##### **A. Excess of Expenditures Over Appropriations**

None.

#### **VII. Subsequent Event**

Management has evaluated subsequent events through November 12, 2019, the date on which the financial statements were available to be issued. During the period from the end of the year, and through this date, no circumstances occurred that require recognition or disclosure in these financial statements.

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## TOWN OF LONG VIEW, NORTH CAROLINA

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

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#### VIII. Changes in Accounting Principle

The Town implemented Governmental Accounting Standards Board (GASB) No. Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, in the fiscal year ended June 30, 2019. The implementation of the statement required the Town to make changes to the note disclosures relating to debt.

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# **TOWN OF LONG VIEW, NORTH CAROLINA**

**Schedule 1-1**

## **Schedule of the 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>
Long View's proportion of the net pension liability (asset) (%)	0.026480%	0.025340%	0.02630%	0.02729%	0.02973%	0.03130%
Long View's proportion of the net pension liability (asset) (\$)	\$ 628,196	\$ 387,125	\$ 558,174	\$ 122,476	\$ (175,331)	\$ 377,285
Long View's covered payroll	\$ 1,623,327	\$ 1,729,126	\$ 1,666,033	\$ 1,556,049	\$ 1,442,065	\$ 1,375,474
Long View's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	38.70%	22.38%	33.50%	7.87%	(12.16%)	27.43%
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.



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**TOWN OF LONG VIEW, NORTH CAROLINA****Schedule 1-2****Schedule of Contributions  
Required Supplementary Information  
Last Six Fiscal Years  
Local Government Employees' Retirement System**

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	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 140,046	\$ 127,307	\$ 131,632	\$ 114,840	\$ 111,808	\$ 101,954
Contributions in relation to the contractually required contribution	<u>140,046</u>	<u>127,307</u>	<u>131,362</u>	<u>114,840</u>	<u>111,808</u>	<u>101,954</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	<u>\$ 1,727,606</u>	<u>\$ 1,623,327</u>	<u>\$ 1,729,126</u>	<u>\$ 1,666,033</u>	<u>\$ 1,556,049</u>	<u>\$ 1,442,065</u>
Contributions as a percentage of covered-employee payroll	8.11%	7.84%	7.60%	6.89%	7.07%	7.07%

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**TOWN OF LONG VIEW, NORTH CAROLINA****Schedule 1-3****Schedule of Changes in Total Pension Liability  
Law Enforcement Officers' Special Separation Allowance  
Last Three Years**

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	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 385,451	\$ 304,562	\$ 304,483
Service cost	16,917	16,026	13,607
Interest	11,936	11,274	10,562
Changes in benefit terms	-	-	-
Difference between expected and actuarial experience	30,933	53,910	-
Changes in assumptions and other inputs	(15,851)	24,682	(6,819)
Benefit payments	(15,465)	(25,003)	(17,271)
Other changes	-	-	-
	<hr/>	<hr/>	<hr/>
Ending balance of the total pension liability	<u>\$ 413,921</u>	<u>\$ 385,451</u>	<u>\$ 304,562</u>

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

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**TOWN OF LONG VIEW, NORTH CAROLINA****Schedule 1-4****Schedule of Total Pension Liability as a Percentage of Covered Payroll  
Law Enforcement Officers' Special Separation Allowance  
Last Three Years**

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	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 413,921	\$ 385,451	\$ 304,562
Covered payroll	618,079	687,717	531,318
Total pension liability as a percentage of covered payroll	66.97%	56.05%	57.32%

Notes to schedules:

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

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**TOWN OF LONG VIEW, NORTH CAROLINA****Schedule 1-5****Schedule of Changes in the Total OPEB Liability and Related Ratios  
Last Two Years**

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	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>		
Service cost	\$ 5,607	\$ 6,151
Interest	4,838	4,070
Changes in benefit terms	-	-
Difference between expected and actuarial experience	(38,907)	(147)
Changes in assumptions and other inputs	1,235	(9,405)
Benefit payments	-	-
Net change in total OPEB liability	(27,227)	669
Total OPEB liability, beginning	135,898	135,229
Total OPEB liability, ending	<u>\$ 108,671</u>	<u>\$ 135,898</u>
Covered payroll	1,474,177	1,553,891
Total OPEB liability as a percentage of covered payroll	7.37%	8.75%

**Notes to Schedule**

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

<u>Fiscal year</u>	<u>Rate</u>
2019	3.89%

**TOWN OF LONG VIEW, NORTH CAROLINA**

**Schedule 2**

**Page 1 of 4**

**General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2019  
With Comparative Actual Amounts For The Year Ended June 30, 2018**

	<u>2019</u>			<u>2018</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
<b>Revenues:</b>				
Ad valorem taxes:				
Taxes	\$ -	\$ 1,603,420	\$ -	\$ 1,453,803
Penalties and interest	-	21,726	-	13,675
Total ad valorem taxes	<u>1,502,000</u>	<u>1,625,146</u>	<u>123,146</u>	<u>1,467,478</u>
Other taxes and licenses:				
Local option sales tax	-	1,308,185	-	1,251,841
Privilege licenses	-	330	-	468
Total other taxes and licenses	<u>1,262,291</u>	<u>1,308,515</u>	<u>46,224</u>	<u>1,252,308</u>
Unrestricted intergovernmental revenues:				
Franchise tax	-	319,740	-	313,647
Alcohol/beverage tax	-	20,986	-	19,189
Total unrestricted intergovernmental revenues	<u>284,000</u>	<u>340,726</u>	<u>56,726</u>	<u>332,836</u>
Restricted intergovernmental revenues:				
Federal and State grants	-	33,748	-	60,087
Fire tax from other local governments	-	26,869	-	26,428
"State Street - Aid" allocation	-	140,741	-	143,630
Total restricted intergovernmental revenues	<u>196,814</u>	<u>201,358</u>	<u>4,544</u>	<u>230,145</u>
Permits and fees:				
Other	<u>2,500</u>	<u>3,059</u>	<u>559</u>	<u>4,541</u>
Sales and services:				
Medical building lease	-	18,000	-	18,000
Triton, City of Hickory, and Cricket lease	-	55,900	-	54,976
Box truck rental	-	1,750	-	925
Recreation department fees	-	5,670	-	7,905
Tipping fees	-	268,229	-	267,829
Total sales and services	<u>344,865</u>	<u>349,550</u>	<u>4,685</u>	<u>349,636</u>
Investment earnings:				
Interest on investments	<u>2,500</u>	<u>27,939</u>	<u>25,439</u>	<u>9,953</u>

cont.

**TOWN OF LONG VIEW, NORTH CAROLINA**

**Schedule 2  
Page 2 of 4**

**General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual**

**For the Year Ended June 30, 2019**

**With Comparative Actual Amounts For The Year Ended June 30, 2018**

	<u>2019</u>			<u>2018</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Miscellaneous:				
Insurance reimbursement	\$ -	\$ 2,002	\$ -	\$ 3,080
Other	-	48,550	-	12,962
Total other revenues	<u>6,500</u>	<u>50,552</u>	<u>44,052</u>	<u>16,042</u>
Total revenues	<u>3,601,470</u>	<u>3,906,844</u>	<u>305,374</u>	<u>3,662,938</u>
<b>Expenditures:</b>				
General government:				
Governing body:				
Town council	-	20,680	-	20,680
Election fees	-	-	-	5,746
Miscellaneous	-	1,582	-	1,582
Total governing body	<u>22,263</u>	<u>22,262</u>	<u>1</u>	<u>28,008</u>
Administration:				
Salaries and employee benefits	-	337,292	-	340,010
Operating expenses	-	302,619	-	189,492
Total administration	<u>668,674</u>	<u>639,911</u>	<u>28,763</u>	<u>529,502</u>
Code enforcement:				
Planning and development:				
Salaries and employee benefits	-	73,428	-	72,658
Operating expenses	-	31,315	-	21,289
Total planning and development	<u>108,284</u>	<u>104,742</u>	<u>3,542</u>	<u>93,947</u>
Total general government	<u>799,221</u>	<u>766,916</u>	<u>32,305</u>	<u>651,457</u>
Public safety:				
Police department:				
Salaries and employee benefits	-	870,224	-	814,434
Operating expenses	-	110,091	-	174,997
Capital outlay	-	58,498	-	108,864
Total police department	<u>1,073,386</u>	<u>1,038,813</u>	<u>34,573</u>	<u>1,098,295</u>

cont.

**TOWN OF LONG VIEW, NORTH CAROLINA**

**Schedule 2  
Page 3 of 4**

**General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2019  
With Comparative Actual Amounts For The Year Ended June 30, 2018**

	<u>2019</u>			<u>2018</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
<b>Expenditures (Continued):</b>				
Fire department:				
Salaries and employee benefits	\$ -	\$ 370,189	\$ -	\$ 357,522
Operating expenses	-	133,497	-	116,544
Capital outlay	-	559,598	-	35,188
Total fire department	<u>1,084,858</u>	<u>1,063,283</u>	<u>21,575</u>	<u>509,253</u>
Safety program:				
Operating expenses	<u>1,270</u>	<u>1,265</u>	<u>5</u>	<u>6,540</u>
Total public safety	<u>2,159,514</u>	<u>2,103,362</u>	<u>56,152</u>	<u>1,614,088</u>
Transportation:				
Street department:				
Salaries and employee benefits	-	310,827	-	291,534
Contracted services	-	28,999	-	144,844
Operating expenses	-	469,014	-	364,780
Capital outlay	-	-	-	85,445
Total street department	<u>867,315</u>	<u>808,839</u>	<u>58,476</u>	<u>886,604</u>
Shop:				
Operating expenses	-	154,991	-	131,385
Total shop	<u>155,000</u>	<u>154,991</u>	<u>9</u>	<u>131,385</u>
Total transportation	<u>1,022,315</u>	<u>963,831</u>	<u>58,484</u>	<u>1,017,989</u>
Recreation:				
Recreation department:				
Salaries and employee benefits	-	50,897	-	46,152
Operating expenses	-	31,786	-	40,048
Capital outlay	-	3,751	-	-
Total recreation department	<u>89,588</u>	<u>86,435</u>	<u>3,153</u>	<u>86,200</u>
Debt service:				
Principal	-	72,735	-	52,032
Interest	-	5,501	-	3,126
Total debt service	<u>142,527</u>	<u>78,236</u>	<u>64,291</u>	<u>55,158</u>
Total expenditures	<u>4,213,165</u>	<u>3,998,779</u>	<u>214,386</u>	<u>3,424,892</u>

cont.

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**TOWN OF LONG VIEW, NORTH CAROLINA**

Schedule 2, cont.

Page 4 of 4

**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2019**  
**With Comparative Actual Amounts For The Year Ended June 30, 2018**

---

	<u>2019</u>			<u>2018</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues over (under) expenditures before other financing sources (uses)	\$ (611,695)	\$ (91,934)	\$ 519,761	\$ 238,046
<b>Other Financing Sources (Uses):</b>				
Proceeds from long term debt	535,000	535,000	-	123,935
Transfers from Water and Sewer fund	30,000	-	(30,000)	15,000
Appropriated fund balance	46,695	-	(46,695)	-
Total other financing sources (uses)	<u>611,695</u>	<u>535,000</u>	<u>(76,695)</u>	<u>138,935</u>
Revenue and other sources over (under) expenditures and other uses	<u>\$ -</u>	443,066	<u>\$ 443,066</u>	376,981
Fund balance, July 1		<u>2,247,029</u>		<u>1,870,048</u>
Fund balance, June 30		<u>\$ 2,690,095</u>		<u>\$ 2,247,029</u>



**TOWN OF LONG VIEW, NORTH CAROLINA**

**Schedule 3**

**Page 1 of 2**

**Water and Sewer Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2019**  
**With Comparative Actual Amounts for the Year Ended June 30, 2018**

	<u>2019</u>		<u>Variance Positive (Negative)</u>	<u>2018 Actual</u>
	<u>Budget</u>	<u>Actual</u>		
<b>Revenues:</b>				
Operating revenues:				
Charges for services:				
Water sales	\$ -	\$ 1,077,868	\$ -	\$ 1,029,619
Sewer sales	-	790,753	-	757,584
Water and sewer taps	-	19,970	-	7,150
Other operating revenues	-	195,427	-	93,419
	<u>-</u>	<u>2,084,019</u>	<u>-</u>	<u>1,887,772</u>
Total operating revenues	<u>-</u>	<u>2,084,019</u>	<u>-</u>	<u>1,887,772</u>
Non-operating revenues:				
Interest on investments	-	13,964	-	6,089
Transfer from (to) other funds	-	-	-	(15,000)
Proceeds on financing	-	-	-	27,952
	<u>-</u>	<u>13,964</u>	<u>-</u>	<u>19,041</u>
Total non-operating revenues	<u>-</u>	<u>13,964</u>	<u>-</u>	<u>19,041</u>
Total revenues	<u>1,939,700</u>	<u>2,097,983</u>	<u>158,283</u>	<u>1,906,813</u>
<b>Expenditures:</b>				
Utility Department	922,622	848,613	74,009	839,212
Sewer plant	568,975	568,314	661	415,304
Water distribution	381,275	368,312	12,963	411,087
Garage	3,743	3,706	37	32,716
Debt service	63,085	62,537	548	64,688
Capital outlay	-	-	-	45,942
	<u>1,939,700</u>	<u>1,851,481</u>	<u>88,219</u>	<u>1,808,950</u>
Total expenditures	<u>1,939,700</u>	<u>1,851,481</u>	<u>88,219</u>	<u>1,808,950</u>

cont.

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**TOWN OF LONG VIEW, NORTH CAROLINA**

Schedule 3, cont.

Page 2 of 2

**Water and Sewer Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2019**  
**With Comparative Actual Amounts for the Year Ended June 30, 2018**

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	2019		Variance Positive (Negative)	2018 Actual
	<u>Budget</u>	<u>Actual</u>		
Revenues and over (under) expenditures	<u>\$ -</u>	<u>\$ 246,501</u>	<u>\$ 246,501</u>	<u>\$ 97,863</u>
<b>Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 246,501		\$ 97,863
Reconciling items:				
Payment on debt principal		56,805		56,980
Proceeds on financing		-		(27,952)
(Increase) decrease in other post-employment benefits		5,437		2,901
Increase (decrease) in deferred outflows of resources - pensions		(39,282)		(37,621)
(Increase) decrease in net pension liability		(48,214)		34,210
(Increase) decrease in deferred inflows of resources - pensions		(3,238)		3,750
Capital outlay		-		45,942
Capital projects		1,343,439		289,289
Depreciation		<u>(341,453)</u>		<u>(343,440)</u>
Net income (loss)		<u>\$ 1,219,995</u>		<u>\$ 121,922</u>

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**TOWN OF LONG VIEW, NORTH CAROLINA****Schedule 4****Enterprise Fund Capital Project  
Line Loopage and Small Projects  
Schedule of Revenues and Expenditures  
Budget and Actual (Non-GAAP)  
From Inception and for the Year Ended June 30, 2019**

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	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
<b>Revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Sewer repairs	144,000	92,885	-	92,885
Total expenditures	144,000	92,885	-	92,885
Revenues over (under) expenditures	(144,000)	(92,885)	-	(92,885)
<b>Other Financing Sources (Uses):</b>				
Operating transfer to Souther Annex Sewer	(403,778)	(56,163)	(59,115)	(115,278)
Operating transfer from Enterprise Fund	547,778	208,163	-	208,163
Total other financing sources	144,000	152,000	(59,115)	92,885
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 59,115	\$ (59,115)	\$ -

This project was closed out during the year ending June 30, 2019.

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**TOWN OF LONG VIEW, NORTH CAROLINA****Schedule 5**

**Enterprise Fund Capital Project  
Southern Annex Sewer  
Schedule of Revenues and Expenditures  
Budget and Actual (Non-GAAP)  
From Inception and for the Year Ended June 30, 2019**

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	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
<b>Revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Engineering	6,163	6,163	-	6,163
Project construction	<u>397,615</u>	<u>253,330</u>	<u>-</u>	<u>253,330</u>
Total expenditures	<u>403,778</u>	<u>259,493</u>	<u>-</u>	<u>259,493</u>
Revenues over (under) expenditures	(403,778)	(259,493)	-	(259,493)
<b>Other Financing Sources (Uses):</b>				
Operating transfer in	<u>403,778</u>	<u>56,163</u>	<u>203,330</u>	<u>259,493</u>
Unexpended revenues and receipts	<u>\$ -</u>	<u>\$ (203,330)</u>	<u>\$ 203,330</u>	<u>\$ -</u>

This fund was closed out during the year ending June 30, 2019.

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**TOWN OF LONG VIEW, NORTH CAROLINA****Schedule 6**

**Enterprise Fund Capital Project  
Shuford Area Water and Sewer Project  
Schedule of Revenues and Expenditures  
Budget and Actual (Non-GAAP)  
From Inception and for the Year Ended June 30, 2019**

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	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
<b>Revenues:</b>				
CDBG	<u>\$ 1,965,700</u>	<u>\$ 289,254</u>	<u>\$1,233,396</u>	<u>\$ 1,522,650</u>
<b>Expenditures:</b>				
Sewer improvements	1,158,300	69,580	946,458	1,016,038
Water improvements	612,900	48,702	322,802	371,504
Administrative	<u>194,500</u>	<u>171,007</u>	<u>(35,899)</u>	<u>135,108</u>
Total expenditures	<u>1,965,700</u>	<u>289,289</u>	<u>1,233,361</u>	<u>1,522,650</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (35)</u>	<u>\$ 35</u>	<u>\$ -</u>

This project was completed and closed out during the year ending June 30, 2019.

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**TOWN OF LONG VIEW, NORTH CAROLINA****Schedule 7****Enterprise Fund Capital Project  
Maple Springs Economic Development Project  
Schedule of Revenues and Expenditures  
Budget and Actual (Non-GAAP)  
From Inception and for the Year Ended June 30, 2019**

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	<b><u>Project Authorization</u></b>	<b><u>Prior Years</u></b>	<b><u>Actual Current Year</u></b>	<b><u>Total to Date</u></b>
<b>Revenues:</b>				
CDBG	<u>\$ 600,000</u>	<u>\$ 367,001</u>	<u>\$ -</u>	<u>\$ 367,001</u>
<b>Expenditures:</b>				
Water improvements	39,108	43,490	-	43,490
Street improvements	449,186	359,951	-	359,951
Sewer improvements	81,706	45,665	-	45,665
Planning and administrative	<u>30,000</u>	<u>92,336</u>	<u>-</u>	<u>92,336</u>
Total expenditures	<u>600,000</u>	<u>541,442</u>	<u>-</u>	<u>541,442</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (174,441)</u>	<u>\$ -</u>	<u>\$ (174,441)</u>

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**TOWN OF LONG VIEW, NORTH CAROLINA****Schedule 8****Schedule of Ad Valorem Taxes Receivable  
June 30, 2019**

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<u>Fiscal Year</u>	<u>July 1, 2018</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>June 30, 2019</u>
2018 - 2019	\$ -	\$ 1,604,992	\$ 1,560,561	\$ 44,431
2017 - 2018	45,354	-	22,378	22,976
2016 - 2017	27,066	-	10,105	16,961
2015 - 2016	16,171	-	7,938	8,233
2014 - 2015	12,840	-	4,241	8,599
2013 - 2014	14,816	-	5,347	9,469
2012 - 2013	13,243	-	3,609	9,634
2011 - 2012	10,271	-	1,719	8,552
2010 - 2011	9,506	-	1,544	7,962
2009 - 2010	8,276	-	1,305	6,971
2008 - 2009	5,929	-	5,929	-
Total	<u>\$ 163,472</u>	<u>\$ 1,604,992</u>	<u>\$ 1,624,676</u>	143,788
Less allowance for uncollectibles				<u>(80,000)</u>
Balance				<u>\$ 63,788</u>
<b>Reconciliation With Revenues:</b>				
Ad valorem taxes - General Fund (Schedule 2)				\$ 1,625,146
Amount written off per statute of limitation				5,929
Miscellaneous adjustments and credits				<u>15,327</u>
Subtotal				1,646,402
Less penalties and interest collected				<u>(21,726)</u>
Total collections and credits				<u>\$ 1,624,676</u>

# TOWN OF LONG VIEW, NORTH CAROLINA

Schedule 9

## Schedule of Analysis of Current Year Tax Levy June 30, 2019

	Town - wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxes at current year's rate	\$ 279,034,386	\$0.57	\$ 1,590,496	\$ 1,427,525	\$ 162,971
Discoveries-current year levy	3,061,754	0.57	17,452	17,452	-
Abatements-current year levy	<u>(518,596)</u>	0.57	<u>(2,956)</u>	<u>(2,956)</u>	<u>-</u>
Total			<u>1,604,992</u>	<u>1,442,021</u>	<u>162,971</u>
Total property valuation	<u>\$ 281,577,544</u>				
Net levy			1,604,992	1,442,021	162,971
Less uncollected taxes at June 30, 2019			<u>44,431</u>	<u>44,431</u>	<u>-</u>
Current year's taxes collected			<u>\$ 1,560,561</u>	<u>\$ 1,397,590</u>	<u>\$ 162,971</u>
Current levy collection percentage			<u>97.23</u>	<u>96.91</u>	<u>100.00</u>



## **COMPLIANCE SECTION**

**Lowdermilk Church & Co., L.L.P.**  
*Certified Public Accountants*

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121 N. Sterling Street  
Morganton, North Carolina 28655  
Phone: (828) 433-1226  
Fax: (828) 433-1230

**Independent Auditors' Report On Internal Control Over Financial Reporting  
And On Compliance And Other Matters Based On An Audit Of Financial Statements  
Performed In Accordance With Government Auditing Standards**

To the Honorable Mayor and  
Members of the Board of Aldermen of  
Town of Long View  
Long View, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Long View, 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 Long View North Carolina's basic financial statements and have issued our report thereon dated November 12, 2019.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies.  
See 2019-001 and 2019-002.

## **Compliance and Other Matters**

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

## **Town of Long View, North Carolina's Response to Findings**

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

## **Purpose of this Report**

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

*Lowmick Church & Co., L.L.P.*

Morganton, North Carolina  
November 12, 2019

**Lowdermilk Church & Co., L.L.P.**  
***Certified Public Accountants***

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121 N. Sterling Street  
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Fax: (828) 433-1230

**Independent Auditors' Report On Compliance For Each Major Federal Program  
And On Internal Control Over Compliance Required By The Uniform Guidance and  
the State Single Audit Implementation Act**

To the Honorable Mayor and Members  
Of the Board of Aldermen of  
Town of Long View  
Long View, North Carolina

**Report on Compliance for Each Major Federal Program**

We have audited the Town of Long View, North Carolina's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the Town of Long View, North Carolina's major federal programs for the year ended June 30, 2019. Town of Long View, North Carolina's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and responses.

**Management's Responsibility**

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Long View, North Carolina's compliance.

## Opinion on Each Major Federal Program

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

## Report on Internal Control over Compliance

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

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

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

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



Morganton, North Carolina  
November 12, 2019

**Schedule of Findings and Responses  
For the Year Ended June 30, 2019**

**Section I. Summary of Auditors' Results****Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes

\_\_\_\_\_ X no

Significant deficiency(ies) identified? \_\_\_\_\_ X yes

\_\_\_\_\_ none reported

Noncompliance material to financial statements noted \_\_\_\_\_ yes

\_\_\_\_\_ X no

**Federal Awards**

Internal control over major federal programs:

• Material weakness(es) identified? \_\_\_\_\_ yes

\_\_\_\_\_ X no

• Significant deficiency(ies) identified? \_\_\_\_\_ yes

\_\_\_\_\_ X none reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) \_\_\_\_\_ yes

\_\_\_\_\_ X no

Identification of major federal programs:

CFDA Numbers

Names of Federal Program or Cluster

14.228

Community Development Block Grant

Dollar threshold used to distinguish between Type A and Type B programs

\$750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes

\_\_\_\_\_ X no

cont.

**Schedule of Findings and Responses  
For the Year Ended June 30, 2019**

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**State Awards**

No major State awards

**Section II. Financial Statement Findings**

**Significant Deficiencies:**

**Finding: 2019-001:**

**Condition:** Lowdermilk Church & Co., L.L.P. (the independent auditors) prepared the draft financial statements for the Town. As with most smaller organizations, this becomes necessary due to the cost benefit of either out-sourcing or hiring personnel with the expertise to prepare financial statements in conformity with generally accepted accounting principles.

**Effect:** The financial statements may not be prepared in accordance with generally accepted accounting principles (GAAP).

**Response:** Management concurs with the finding. Management will exercise due care in reviewing the financial statements drafted by the external auditor, as the Town is responsible for the accuracy of the audited financial statements.

**Finding: 2019-002:**

**Condition:** The size of the Town's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. The Mayor and the Board of Aldermen should be engaged in the ongoing review of the financial affairs of the Town to provide oversight.

**Effect:** Material misstatements could occur, whether due to fraud or error, and not be detected on a timely basis.

**Response:** Duties will be segregated as much as possible.

cont.

**Schedule of Findings and Responses  
For the Year Ended June 30, 2019**

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**Section III. Federal Award Findings and Questioned Costs**

None reported.

**Section IV. State Award Findings and Questioned Costs**

None reported.





# TOWN OF LONG VIEW

2404 FIRST AVENUE, SOUTH WEST  
HICKORY, NORTH CAROLINA 28602  
PHONE (828) 322-3921 FAX (828) 322-1567

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## Corrective Action Plan For the Year Ended June 30, 2019

### Section II. Financial Statement Findings

#### Finding: 2019-001

Name of contact person: David Draughn, Town Administrator

Corrective Action: The Board members and staff will exercise due care in reviewing the financial statements prepared by the external auditors prior to its release.

Proposed Completion Date: Immediately

#### Finding 2019-002

Name of contact person: David Draughn, Town Administrator

Corrective Action: The Town will continue to segregate duties as much as possible.

Proposed Completion Date: Immediately

### Section III. Federal Award Findings and Questioned Costs

None reported.

### Section IV. State Award Findings and Questioned Costs

None reported.

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**TOWN OF LONG VIEW NORTH CAROLINA**

**Summary Schedule of Prior Year Audit Findings  
For the Year Ended June 30, 2019**

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Finding: 2018-001, Still applicable at June 30, 2019, see Finding 2019-001.

Finding: 2018-002, Still applicable at June 30, 2019, see Finding 2019-002.

Finding: 2018-003, Corrected at June 30, 2019.

**Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2019**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/Pass-through Grantor's Number</u>	<u>Fed. (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed-through to Subrecipients</u>
<b>Federal Awards:</b>					
<b>Cash Programs:</b>					
<u>U. S. Department of Housing and Urban Development</u>					
Passed-through N. C. Department of Commerce:					
Community Development Block Grant, State's Program	14.228	15-I-2762	<u>1,233,361</u>	<u>-</u>	<u>-</u>
Total assistance - federal programs			<u>1,233,361</u>	<u>-</u>	<u>-</u>
<b>State Grants:</b>					
<b>Cash Assistance:</b>					
<u>N. C. Department of Commerce:</u>					
Downtown Revitalization Grant		2019-027-1257-1534	<u>-</u>	<u>16,600</u>	<u>-</u>
Total N. C. Department of Commerce			<u>-</u>	<u>16,600</u>	<u>-</u>
<u>N. C. Department of Transportation:</u>					
Powell Bill		N/A	<u>-</u>	<u>119,688</u>	<u>-</u>

cont.

**Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2019**

<b><u>Grantor/Pass-through Grantor/Program Title</u></b>	<b><u>Federal CFDA Number</u></b>	<b><u>State/Pass-through Grantor's Number</u></b>	<b><u>Fed. (Direct &amp; Pass-through) Expenditures</u></b>	<b><u>State Expenditures</u></b>	<b><u>Pass-through to Subrecipients</u></b>
Total assistance - State programs			\$ -	\$136,288	\$ -
Total assistance			\$1,233,361	\$136,288	\$ -

**Note 1: Basis of Presentation**

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

**Note 2: Summary of Significant Accounting Policies**

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

**Note 3: Indirect Cost Rate**

Town of Long View, North Carolina has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

**Note 4: Loans Outstanding**

N/A