

TOWN OF NAVASSA, NORTH CAROLINA

Report of Audit

For the Fiscal Year Ended June 30, 2019

This Page Left Blank Intentionally

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditor's Report	6
Management's Discussion and Analysis	8

Basic Financial Statements

Government-wide Financial Statements:

Statement of Net Position	18
Statement of Activities.....	20

Fund Financial Statements:

Balance Sheet – Governmental Funds	22
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	23
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	25
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	27
Statement of Fund Net Position – Proprietary Fund	28
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund	31
Statement of Cash Flows – Proprietary Fund.....	32
Notes to the Financial Statements	34

Required Supplementary Financial Data

Proportionate Share of Net Pension Liability (Asset) - LGERS	66
Town's Contributions - LGERS.....	67
Schedule of Changes in Total Pension Liability – Law Enforcement Officers' Special Separation Allowance.....	68
Schedule of Total Pension Liability as a Percentage of Covered Payroll	69

Major Governmental Funds – General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	72
-----------------------------------------------------------------------------------------------------------	----

TOWN OF NAVASSA, NORTH CAROLINA

Table of Contents (Continued)

Enterprise Funds

Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) – Water and Sewer Fund	76
------------------------------------------------------------------------------------------------------	----

Other Schedules

Schedule of Ad Valorem Taxes Receivable – General Fund	80
Analysis of Current Tax Levy	81

FINANCIAL SECTION

Independent Auditor's Report

To the Honorable Mayor
And the Board of Commissioners
Navassa, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

W Greene, PLLC

Whiteville, North Carolina
February 19, 2020

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

Financial Highlights

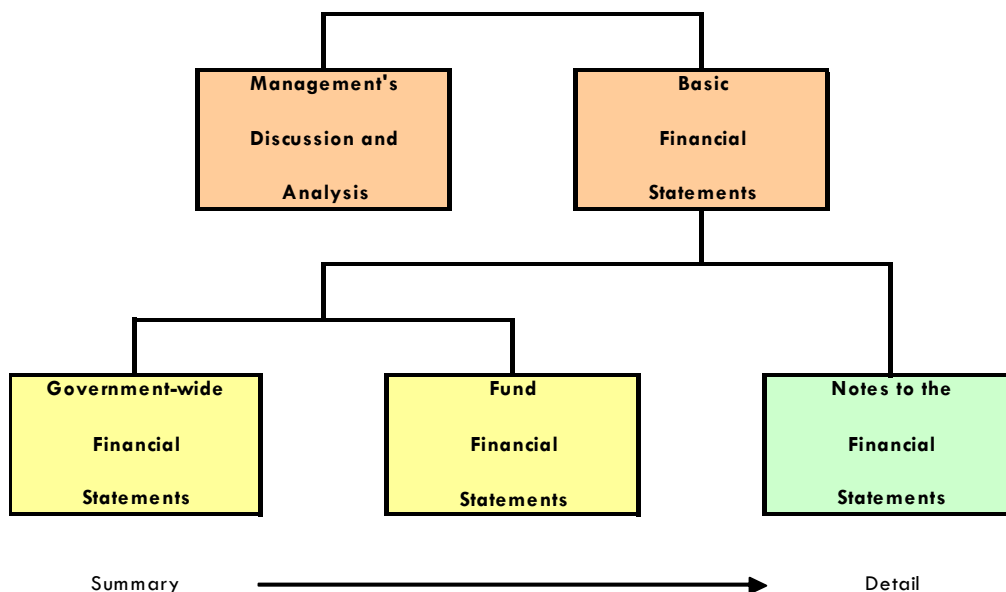
- The assets and deferred outflows of resources of the Town of Navassa exceeded its liabilities and deferred inflows at the close of the fiscal year by \$6,516,587 (net position).
- The government's total net position decreased by \$235,052, primarily due to a decrease in the governmental activities' net position.
- As of the close of the current fiscal year, the Town of Navassa's governmental funds reported combined ending fund balances of \$871,603 with a net decrease of \$268,836 in fund balance. Approximately 19.83 percent of this total amount, or \$172,835, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$216,302, or 16.37 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (pages 18 through 21) 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 (pages 22 through 33) 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 it has changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

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

The government-wide financial statements are on pages 18 through 21 of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Navassa, 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 Navassa 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* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The

relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Navassa 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 Navassa 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. The Town of Navassa uses enterprise funds to account for its water and sewer activity. This fund is the same as those functions shown in 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 are on pages 34 through 64 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Navassa's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 66 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

Town of Navassa's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 927,364	\$ 1,194,516	\$ 200,140	\$ (107,277)	\$ 1,127,504	\$ 1,087,239
Capital assets	2,283,049	2,398,320	4,034,999	4,181,338	6,318,048	6,579,658
Deferred outflows of resources	146,241	111,175	-	-	146,241	111,175
Total assets and deferred outflows of resources	3,356,654	3,704,011	4,235,139	4,074,061	7,591,793	7,778,072
Long-term liabilities outstanding	348,313	324,706	437,960	470,088	786,273	794,794
Other liabilities	39,958	29,280	245,294	78,617	285,252	107,897
Deferred inflows of resources	3,681	8,100	-	-	3,681	8,100
Total liabilities and deferred inflows of resources	391,952	362,086	683,254	548,705	1,075,206	910,791
Net position:						
Net investment in capital assets	2,060,723	2,153,045	3,564,911	3,679,234	5,625,634	5,832,279
Restricted	172,835	411,363	-	-	172,835	411,363
Unrestricted	731,144	777,517	(13,026)	(153,878)	718,118	623,639
Total net position	\$ 2,964,702	\$ 3,341,925	\$ 3,551,885	\$ 3,525,356	\$ 6,516,587	\$ 6,867,281

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Navassa exceeded liabilities and deferred inflows by \$6,516,587 as of June 30, 2019. The Town's net position decreased by \$235,052 for the fiscal year ended June 30, 2019. However, the largest portion (86.33%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. The Town of Navassa uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Navassa's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Navassa's net position, \$172,835, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$718,118 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 93.23%

Management's Discussion and Analysis (Continued)

The Town of Navassa's Changes in Net Position

Figure 3

	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 30,568	\$ 44,728	\$ 381,557	\$ 270,056	\$ 412,125	\$ 314,784
Operating grants and contributions	50,148	54,779	-	-	50,148	54,779
Capital grants and contributions	-	-	-	-	-	-
General Revenues						
Property taxes	225,893	229,179	-	-	225,893	229,179
Other taxes	604,084	559,533	-	-	604,084	559,533
Other	133,832	118,15	417,498	199	551,330	12,014
Total revenues	1,044,525	900,034	799,055	270,255	1,843,580	1,170,289
Expenses:						
General Government	803,195	382,004	-	-	803,195	382,004
Public Safety	272,805	201,722	-	-	272,805	201,722
Transportation/Streets	85,834	90,716	-	-	85,834	90,716
Environmental Protection	128,619	173,956	-	-	128,619	173,956
Economic Development	76,596	52,575	-	-	76,596	52,575
Cultural and Recreation	18,427	11,638	-	-	18,427	11,638
Community Building	28,857	21,724	-	-	28,857	21,724
Interest on long-term debt	7,415	7,926	-	-	7,415	7,926
Water and Sewer	-	-	656,884	517,496	656,884	517,496
Total expenses	1,421,748	942,261	656,884	517,496	2,078,632	1,459,757
Increase(Decrease) in net position before transfers	(377,223)	(42,227)	142,171	(247,241)	(235,052)	(289,468)
Transfers	-	-	-	-	-	-
Change in net position	(377,223)	(42,227)	142,171	(247,241)	(235,052)	(289,468)
Net position, beginning	3,341,925	3,384,152	3,525,356	3,749,807	6,867,281	7,133,959
Restatement	-	-	(115,642)	22,790	(115,642)	22,790
Net Position, beginning, restated	3,341,925	3,384,152	3,409,714	3,772,597	6,751,639	7,156,749
Net position, June 30	\$ 2,964,702	\$ 3,341,925	\$ 3,551,885	\$ 3,525,356	\$ 6,516,587	\$ 6,867,281

Governmental activities. Governmental activities decreased the Town's net position by \$377,223, thereby accounting for 100% of the total decrease in the net position of the Town of Navassa. Key elements of this decrease are as follows:

- Increase in expenditures

Business-type activities. Business-type activities increased the Town of Navassa's net position by \$142,171. Key elements of this increase are as follows:

- Water and sewer revenues increased during the year.

Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town of Navassa. At the end of the current fiscal year, Town of Navassa's fund balance available in the General fund was \$753,200, while total fund balance reached \$871,603. The Town currently has an available fund balance of 56.99% of general fund expenditures, while the total balance represents 65.94% of the same amount.

At June 30, 2019, the governmental funds of Town of Navassa reported a combined fund balance of \$871,603 with a net decrease in fund balance of \$268,836.

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

Revenues were more than the budgeted amounts primarily because of an increase in State shared revenues that the Town originally had expected to receive. Total expenditures were over budgeted amounts.

Proprietary Funds. The Town of Navassa's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$(13,026). The total change in net position for the water and sewer fund was an increase of \$142,171. The change in net position in the Water and Sewer Fund is a result of an increase in revenues compared to the prior fiscal year.

Capital Asset and Debt Administration

Capital assets. The Town of Navassa's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$6,318,048 (net of accumulated depreciation). These assets include buildings, land, vehicles, infrastructure, and equipment.

The Town of Navassa's Capital Assets
(net of depreciation)
Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 48,670	\$ 48,670	\$ 19,050	\$ 19,050	\$ 67,720	\$ 67,720
Buildings and Systems	127,370	135,484	4,015,949	4,162,288	4,143,319	4,297,772
Vehicles and Motorized Equip.	18,189	33,064	-	-	18,189	33,064
Infrastructure	2,072,140	2,158,774	-	-	2,072,140	2,158,774
Equipment	16,680	22,328	-	-	16,680	22,328
Total	\$ 2,283,049	\$ 2,398,320	\$ 4,034,999	\$ 4,181,338	\$ 6,318,048	\$ 6,579,658

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

Long-term Debt. As of June 30, 2019, the Town of Navassa had total debt outstanding of \$841,974. Of this, \$-0- is debt backed by the full faith and credit of the Town of Navassa.

The Town of Navassa's Outstanding Debt

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Installment purchase debt	\$ 222,326	\$ 245,275	\$ 470,088	\$ 502,104	\$ 692,414	\$ 747,379
Compensated absences	27,602	26,085	-	-	27,602	26,085
Pension related debt (LGERS)	108,179	63,859	-	-	108,179	63,859
Pension related debt (LEO)	13,779	12,436	-	-	13,779	12,436
Total	\$ 371,886	\$ 347,655	\$ 470,088	\$ 502,104	\$ 841,974	\$ 849,759

Town of Navassa Outstanding Debt

The Town of Navassa's installment purchase debt decreased by \$54,965 during the fiscal year.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Navassa is \$8,650,520. The Town of Navassa does not have any authorized but un-issued debt at June 30, 2019.

Additional information regarding the Town of Navassa's long-term debt can be found beginning on page 60 in the Notes to the Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the Town.

- Continued growth in the surrounding area.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities: The property tax rate will remain the same for the next year.

Business-type Activities: Utility rates in the Town will remain the same for the next year.

Requests for Information

This report is designed to provide an overview of the Town 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:

**Director of Finance
Town of Navassa
334 Main Street
Navassa, NC 28451**

This Page Left Blank Intentionally

Basic Financial Statements

TOWN OF NAVASSA, NORTH CAROLINA

Statement of Net Position

June 30, 2019

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 715,153	\$ 125,076	\$ 840,229
Receivables (net):			
Ad Valorem Taxes	33,796	-	33,796
Interest	5,580	-	5,580
Accounts	-	75,064	75,064
Due from Other Governments	118,403	-	118,403
Internal Balances	-	-	-
Restricted Cash and Cash Equivalents	54,432	-	54,432
Total Current Assets	927,364	200,140	1,127,504
Noncurrent Assets:			
Capital Assets			
Land, Nondepreciable Improvements, and Construction in Progress	48,670	19,050	67,720
Other Capital Assets, Net of Depreciation	2,234,379	4,015,949	6,250,328
Total Noncurrent Assets	2,283,049	4,034,999	6,318,048
Total Assets	3,210,413	4,235,139	7,445,552
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferrals	146,241	-	146,241
Total Deferred Outflows of Resources	\$ 146,241	\$ -	\$ 146,241

TOWN OF NAVASSA, NORTH CAROLINA

Statement of Net Position (Continued)

June 30, 2019

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable and			
Accrued Liabilities	\$ 16,385	\$ 3,521	\$ 19,906
Due to Other Governments	-	209,645	209,645
Customer Deposits	-	-	-
Current Portion of Long-Term Liabilities	23,573	32,128	55,701
Total Current Liabilities	39,958	245,294	285,252
Long-Term Liabilities:			
Net Pension Liability	108,179	-	108,179
Total Pension Liability	13,779	-	13,779
Due in More Than One year	226,355	437,960	664,315
Total Liabilities	388,271	683,254	1,071,525
DEFERRED INFLOWS OF RESOURCES			
Pension Deferrals	3,681	-	3,681
Prepaid Taxes	-	-	-
Total Deferred Inflows of Resources	3,681	-	3,681
NET POSITION			
Net Investment in Capital Assets	2,060,723	3,564,911	5,625,634
Restricted for:			
Transportation	54,432	-	54,432
Stabilization by State Statute	118,403	-	118,403
Unrestricted	731,144	(13,026)	718,118
Total Net Position	\$ 2,964,702	\$ 3,551,885	\$ 6,516,587

TOWN OF NAVASSA, NORTH CAROLINA

Statement of Activities

For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 803,195	\$ 744	\$ -	\$ -
Public Safety	272,805	1,052	-	-
Economic Development	76,596	16,391	-	-
Transportation	85,834	-	50,148	-
Environmental Protection	128,619	-	-	-
Cultural and Recreation	18,427	-	-	-
Community Building	28,857	12,381	-	-
Interest on long-term debt	7,415	-	-	-
Total Governmental Activities	1,421,748	30,568	50,148	-
Business-Type Activities:				
Water and Sewer	656,884	381,557	-	-
Total Business-Type Activities	656,884	381,557	-	-
Total Primary Government	\$ 2,078,632	\$ 412,125	\$ 50,148	\$ -

TOWN OF NAVASSA, NORTH CAROLINA

Statement of Activities (Continued)

For the Year Ended June 30, 2019

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Functions/Programs	Governmental Activities	Business-Type Activities	Totals
Primary Government:			
Governmental Activities:			
General Government	\$ (802,451)	\$ -	\$ (802,451)
Public Safety	(271,753)	-	(271,753)
Economic Development	(60,205)	-	(60,205)
Transportation	(35,686)	-	(35,686)
Environmental Protection	(128,619)	-	(128,619)
Cultural and Recreation	(18,427)	-	(18,427)
Community Building	(16,476)	-	(16,476)
Interest on long-term debt	(7,415)	-	(7,415)
Total Governmental Activities	(1,341,032)	-	(1,341,032)
Business-Type Activities:			
Water and Sewer	-	(275,327)	(275,327)
Total Business-Type Activities	-	(275,327)	(275,327)
Total Primary Government	(1,341,032)	(275,327)	(1,616,359)
General Revenues:			
Property Taxes, Levied for General Purpose	225,893	-	225,893
Other Taxes and Licenses	604,084	-	604,084
Investment Earnings	4,147	164	4,311
Miscellaneous	129,685	417,334	547,019
Transfers	-	-	-
Total General Revenues and Transfers	963,809	417,498	1,381,307
Change in Net Position	(377,223)	142,171	(235,052)
Net Position - Beginning, previously reported	3,341,925	3,525,356	6,867,281
Restatement	-	(115,642)	(115,642)
Net Position - Beginning, restated	3,341,925	3,409,714	6,751,639
Net Position - End of Year	\$ 2,964,702	\$ 3,551,885	\$ 6,516,587

TOWN OF NAVASSA, NORTH CAROLINA

Balance Sheet

Governmental Funds

June 30, 2019

	Major Fund		Total	
	General Fund		Governmental Funds	
ASSETS				
Cash and Cash Equivalents	\$	715,153	\$	715,153
Restricted Cash		54,432		54,432
Receivables (net):				
Ad Valorem Taxes		33,796		33,796
Due from Other Funds		-		-
Due from Other Governments		118,403		118,403
Total Assets		921,784		921,784
LIABILITIES				
Accounts Payable and				
Accrued Liabilities		16,385		16,385
Total Liabilities		16,385		16,385
DEFERRED INFLOWS OF RESOURCES				
Property Taxes Receivable		33,796		33,796
Total Deferred Inflows of Resources		33,796		33,796
FUND BALANCES				
Restricted				
Stabilization by State Statute		118,403		118,403
Streets		54,432		54,432
Assigned				
Subsequent Year's Expenditures:		482,466		482,466
Unassigned		216,302		216,302
Total Fund Balances		871,603		871,603
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$	921,784	\$	921,784

TOWN OF NAVASSA, NORTH CAROLINA

Balance Sheet (Continued)

Governmental Funds

June 30, 2019

		Total Governmental Funds
<hr/>		
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total Governmental Fund Balance		\$ 871,603
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical costs	\$ 3,509,360	
Accumulated depreciation	<u>(1,226,311)</u>	2,283,049
Deferred outflows of resources related to pensions are not reported in the funds.		
	<u>146,241</u>	146,241
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred		
Accrued interest - taxes	<u>5,580</u>	5,580
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		
Ad valorem taxes	<u>33,796</u>	33,796
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Installment purchases	(222,326)	
Compensated absences	(27,602)	
Total pension liability	(13,779)	
Net pension liability	<u>(108,179)</u>	(371,886)
Deferred inflows of resources related to pensions are not reported in the funds		<u>(3,681)</u>
Net position of governmental activities		<u><u>\$ 2,964,702</u></u>

TOWN OF NAVASSA, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2019

	Major Fund		Total	
	General Fund		Governmental Funds	
Revenues				
Ad Valorem Taxes	\$	234,263	\$	234,263
Other Taxes and Licenses		-		-
Unrestricted Intergovernmental		604,084		604,084
Restricted Intergovernmental		50,148		50,148
Permits and Fees		17,443		17,443
Sales and Services		13,125		13,125
Investment Earnings		4,147		4,147
Miscellaneous		129,685		129,685
Total Revenues		<u>1,052,895</u>		<u>1,052,895</u>
Expenditures				
Current				
General Government		714,279		714,279
Public Safety		254,496		254,496
Economic Development		75,847		75,847
Transportation		71,778		71,778
Environmental Protection		127,683		127,683
Cultural and Recreation		18,427		18,427
Community Building		28,857		28,857
Debt Service				
Principal		22,949		22,949
Interest and Other charges		7,415		7,415
Capital Outlay				
Community Building		-		-
Total Expenditures		<u>1,321,731</u>		<u>1,321,731</u>
Excess (Deficiency) of Revenues Over Expenditures		<u>(268,836)</u>		<u>(268,836)</u>
Other Financing Sources (Uses)				
Transfers from Other Funds		-		-
Transfers to Other Funds		-		-
Installment Purchase Obligations Issued		-		-
Sale of Capital Assets		-		-
Total Other Financing Sources (Uses)		<u>-</u>		<u>-</u>
Net Change in Fund Balance		(268,836)		(268,836)
Fund Balance - Beginning of Year		<u>1,140,439</u>		<u>1,140,439</u>
Fund Balance - End of Year	\$	<u>871,603</u>	\$	<u>871,603</u>

TOWN OF NAVASSA, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)

Governmental Funds

For the Year Ended June 30, 2019

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

Net changes in fund balances - total governmental funds	\$	(268,836)
---------------------------------------------------------	----	-----------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures which were capitalized	-	
----------------------------------------------------	---	--

Depreciation expense	(115,271)	(115,271)
----------------------	-----------	-----------

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		42,743
--------------------------------------------------------------------------------------------------------------	--	--------

Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		-
-----------------------------------------------------------------------------------------------------------------	--	---

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.

Change in unavailable revenue for tax revenues	(7,376)	
Interest earned on ad valorem taxes	(994)	(8,370)

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

Debt issuance	-	
Debt retirement	22,949	22,949

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

Pension Expense	(48,921)	
Compensated absences	(1,517)	(50,438)

Total changes in net position of governmental activities	\$	(377,223)
----------------------------------------------------------	----	-----------

This Page Left Blank Intentionally

TOWN OF NAVASSA, NORTH CAROLINA

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2019

	General Fund			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Ad Valorem Taxes	\$ 230,000	\$ 230,000	\$ 234,263	\$ 4,263
Other Taxes and Licenses	-	-	-	-
Unrestricted Intergovernmental	477,500	477,500	604,084	126,584
Restricted Intergovernmental	47,500	47,500	50,148	2,648
Permits and Fees	20,200	20,200	17,443	(2,757)
Sales and Services	8,500	8,500	13,125	4,625
Investment Earnings	500	500	4,147	3,647
Miscellaneous	500	1,000	129,685	128,685
Total Revenues	784,700	785,200	1,052,895	267,695
Expenditures				
General Government	373,226	373,226	714,279	(341,053)
Public Safety	273,917	273,917	254,496	19,421
Economic Development	81,869	81,869	75,847	6,022
Transportation	96,456	96,456	71,778	24,678
Environmental Protection	140,358	140,858	127,683	13,175
Cultural and Recreation	28,820	28,820	18,427	10,393
Community Building	40,000	40,000	28,857	11,143
Debt Service	-	-	30,364	(30,364)
Total Expenditures	1,034,646	1,035,146	1,321,731	(286,585)
Revenues Over (Under) Expenditures	(249,946)	(249,946)	(268,836)	(18,890)
Other Financing Sources (Uses)				
Transfers from Other Funds	-	-	-	-
Transfers to Other Funds	-	-	-	-
Installment Purchase Obligations Issued	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(249,946)	(249,946)	(268,836)	(18,890)
Appropriated Fund Balance	249,946	249,946	-	(249,946)
Net Change in Fund Balance	\$ -	\$ -	(268,836)	\$ (268,836)
Fund Balance - Beginning of Year			1,140,439	
Fund Balance - End of Year			\$ 871,603	

TOWN OF NAVASSA, NORTH CAROLINA
Statement of Fund Net Position
Proprietary Fund
June 30, 2019

	Water and Sewer Fund
<hr/>	
ASSETS	
Current Assets	
Cash and Investments	\$ 125,076
Accounts Receivable (net)	75,064
Due from Other Governments	-
Total Current Assets	<hr/> 200,140 <hr/>
Noncurrent Assets	
Capital Assets	
Land, Nondepreciable Improvements, and Construction in Progress	19,050
Other Capital Assets, Net of Depreciation	4,015,949
Total Noncurrent Assets	<hr/> 4,034,999 <hr/>
Total Assets	<hr/> 4,235,139 <hr/>
DEFERRED OUTFLOWS OF RESOURCES	
Pension Deferrals	-
Contributions to Pension Plan	-
Total Deferred Outflows of Resources	<hr/> \$ - <hr/>

TOWN OF NAVASSA, NORTH CAROLINA
Statement of Fund Net Position
Proprietary Fund
June 30, 2019

	Water and Sewer Fund
<hr/>	
LIABILITIES	
Current Liabilities	
Accounts Payable and	
Accrued Liabilities	\$ 3,521
Due to Other Governments	209,645
Customer Deposits	-
Unearned Revenue	-
Notes Payable	32,128
Total Current Liabilities	<u>245,294</u>
Noncurrent Liabilities	
Notes Payable	437,960
Compensated Absences Payable	-
Net Pension Liability	-
Total Noncurrent Liabilities	<u>437,960</u>
Total Liabilities	<u><u>683,254</u></u>
DEFERRED INFLOWS OF RESOURCES	
Pension Deferrals	<u>-</u>
Total Deferred Inflows of Resources	<u><u>-</u></u>
NET POSITION	
Net Investment in Capital Assets	3,564,911
Unrestricted	<u>(13,026)</u>
Total Net Position	<u><u>\$ 3,551,885</u></u>

This Page Left Blank Intentionally

TOWN OF NAVASSA, NORTH CAROLINA

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

Proprietary Fund

For the Year Ended June 30, 2019

	Water and Sewer Fund
Operating Revenues	
Charges for Services	\$ 343,212
Water and Sewer Connections	38,280
Other Operating Revenue	65
Total Operating Revenues	<u>381,557</u>
Operating Expenses	
Water and Sewer Operations	497,434
Depreciation	146,339
Total Operating Expenses	<u>643,773</u>
Operating Income (Loss)	<u>(262,216)</u>
Nonoperating Revenues (Expenses)	
Investment Earnings	164
Miscellaneous Income	417,334
Interest Expense	(13,111)
Total Nonoperating Revenues (Expenses)	<u>404,387</u>
Total Income (Loss) Before Transfers	142,171
Transfers from Other Funds	<u>-</u>
Change in Net Position	<u>142,171</u>
Total Net Position, previously reported	3,525,356
Beginning Net Position, restated	3,409,714
Total Net Position - End of Year	<u>\$ 3,551,885</u>

TOWN OF NAVASSA, NORTH CAROLINA

Statement of Cash Flows

Proprietary Fund

For the Year Ended June 30, 2019

	Water and Sewer Fund
Cash Flows from Operating Activities	
Cash Received from Customers and Users	\$ 371,537
Cash Paid for Goods and Services	(444,316)
Cash Paid to Employees for Services	(794)
Miscellaneous	417,334
Net Cash Provided(Used) by Operating Activities	<u>343,761</u>
Cash Flows from Noncapital Financing Activities	
Decrease in Due to Other Funds	(241,347)
Transfers in	-
Net Cash Provided(Used) by Noncapital Financing Activities	<u>(241,347)</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	-
Installment Obligation Issued	-
Interest Paid on Bond Maturities and Equipment Contracts	(13,111)
Principal Paid on Bond Maturities and Equipment Contracts	(32,016)
Net Cash Provided(Used) by Capital and Related Financing Activities	<u>(45,127)</u>
Cash Flows from Investing Activities	
Interest on Investments	<u>164</u>
Net Increase(Decrease) in Cash and Cash Equivalents	57,451
Cash and Cash Equivalents - Beginning of Year	<u>67,625</u>
Cash and Cash Equivalents - End of Year	<u>\$ 125,076</u>

TOWN OF NAVASSA, NORTH CAROLINA
Statement of Cash Flows (Continued)
Proprietary Fund
For the Year Ended June 30, 2019

	Water and Sewer Fund
<hr/>	
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income	\$ (262,216)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
Depreciation	146,339
Miscellaneous	417,334
Changes in Assets and Liabilities	
(Increase) Decrease in Accounts Receivable	(10,020)
(Increase) Decrease in Due From Other Governments	1,401
(Increase) Decrease in Deferred Outflows of Resources - Pensions	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(43,080)
Increase (Decrease) in Due to Other Governments	94,003
Increase (Decrease) in Net Pension Liability	-
Increase (Decrease) in Deferred Inflows of Resources - Pensions	-
Total Adjustments	605,977
Net Cash Provided(Used) by Operating Activities	\$ 343,761

TOWN OF NAVASSA, NORTH CAROLINA

Notes to the Financial Statements

For the Year Ended June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town of Navassa is a municipal corporation that is governed by an elected mayor and a five-member board. As required by generally accepted accounting principles, these financial statements present the Town.

B. Basis of Presentation

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

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

Fund Financial Statements: The fund financial statements provide information about the Town's funds. 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 non-major 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation – Fund Accounting (Continued)

The Town reports the following major governmental fund:

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

The Town reports the following major enterprise fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for any multi-year funds. Any revisions that alter expenditures of any fund must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT – Government Portfolio, a SEC-registered (2a-7) external 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.

2. 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Restricted Assets

Powell Bill funds are classified as restricted cash because they 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.

Town of Navassa Restricted Cash	
Governmental Activities	
General Fund	
Streets	\$ 54,432
Total Governmental Activities	54,432
Total Restricted Cash	\$ 54,432

4. Ad Valorem Taxes Receivable

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

5. Allowances for Doubtful Accounts

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

6. Inventory

Inventories are not maintained. Supplies are purchased according to the current needs and only a negligible amount is maintained on hand.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a \$5,000 cost and an estimated useful life in excess of two years. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, pension deferrals for the 2019 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meets the criterion for this category – property taxes receivable and pension deferrals.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Long-Term Obligations

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

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Compensated Absences

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

The 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Net Assets/Fund Balances (Continued)

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

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

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

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

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

12. Defined Benefit Cost-Sharing Plans

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

II. DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in this unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, 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 formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2019, the Town's deposits had a carrying amount of \$894,661 and a bank balance of \$945,374. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

2. Receivables - Allowances for Doubtful Accounts

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

Fund	06/30/2019
General Fund:	
Taxes receivable	\$ 3,700
Total General Fund	3,700
Enterprise Fund:	
Utilities receivable	112,700
Total Enterprise Fund	112,700
Total	\$ 116,400

II. DETAIL NOTES ON ALL FUNDS (Continued)

3. Capital Assets

Primary Government

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 48,670	\$ -	\$ -	\$ 48,670
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	48,670	-	-	48,670
Capital assets being depreciated:				
Buildings and Improvements	298,384	-	-	298,384
Equipment	223,984	-	-	223,984
Vehicles & Motorized Equipment	339,269	-	-	339,269
Infrastructure	2,599,053	-	-	2,599,053
Total capital assets being depreciated	3,460,690	-	-	3,460,690
Less accumulated depreciation for:				
Buildings and Improvements	162,900	8,114	-	171,014
Equipment and Vehicles	507,861	20,523	-	528,384
Infrastructure	440,279	86,634	-	526,913
Total accumulated depreciation	1,111,040	115,271	-	1,226,311
Total capital assets being depreciated, net	2,349,650			2,234,379
Governmental activity capital assets, net	\$ 2,398,320			\$ 2,283,049

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

General Government	\$ 86,182
Public Safety	15,126
Transportation	13,963
Environmental Protection	-
Total	<u>\$ 115,271</u>

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

3. Capital Assets (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
<i>Water and Sewer Fund</i>				
Capital assets not being depreciated:				
Land	\$ 19,050	\$ -	\$ -	\$ 19,050
Total capital assets not being depreciated	19,050	-	-	19,050
Capital assets being depreciated:				
Buildings	-	-	-	-
Furniture & Equipment	1,525	-	-	1,525
Plant and distribution systems	5,853,459	-	-	5,853,459
Total capital assets being depreciated	5,854,984	-	-	5,854,984
Less accumulated depreciation for:				
Buildings	-	-	-	-
Furniture & Equipment	1,525	-	-	1,525
Plant and distribution systems	1,691,171	146,339	-	1,837,510
Total accumulated depreciation	1,692,696	146,339	-	1,839,035
Total capital assets being depreciated, net	4,162,288			4,015,949
Water and Sewer fund capital assets, net	\$ 4,181,338			\$ 4,034,999

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

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

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Navassa 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 Navassa's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Navassa were \$42,743 for the year ended June 30, 2019.

Refunds of Contributions – Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions, or any other benefit provided by LGERS.

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

At June 30, 2019, the Town reported a liability of \$108,179 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, 201 (measurement date), the Town's proportion was 0.00456%, which was an increase of 0.00038% from its proportion measured as of June 30, 2017.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

For the year ended June 30, 2019, the Town recognized pension expense of \$47,421. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,689	\$ 560
Changes of assumptions	28,706	-
Net difference between projected and actual earnings on pension plan investments	14,849	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	42,442	-
Town contributions subsequent to the measurement date	42,743	-
Total	<u>\$ 145,429</u>	<u>\$ 560</u>

\$42,743 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:		
2020	\$	47,654
2021		29,980
2022		10,210
2023		14,282
2024		-
Thereafter		-
	<u>\$</u>	<u>102,126</u>

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

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

Inflation	3.0 percent
Salary Increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment Rate of Return	7.00 percent, net of pension plan investment expense, including inflation

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

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

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

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

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

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

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

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 259,855	\$ 108,179	\$ (18,564)

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.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description

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

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

Inactive members currently receiving benefits	-
Active plan members	<u>2</u>
Total	<u><u>2</u></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 meets the criteria which are outlined in GASB Statement 73.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance (Continued)

3. Actuarial Assumptions

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

Inflation	2.50 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-2014 Mortality tables with adjustments for mortality improvements based on Scale AA.

4. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$-0- as benefits came due for the reporting period.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance (Continued)

4. Contributions (Continued)

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 \$13,779. 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 \$1,499.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,910
Changes of assumptions	812	211
Town benefit payments and plan administrative expense subsequent to the measurement date	-	-
Total	<u>\$ 812</u>	<u>\$ 3,121</u>

\$-0- reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2020	\$ (645)
2021	(645)
2022	(645)
2023	(374)
2024	-
Thereafter	-
	<u>\$ (2,309)</u>

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance (Continued)

4. Contributions (Continued)

Sensitivity of the Town's total pension liability to changes in the discount rate.

The following presents the Town's total pension liability calculated using the discount rate of 3.64 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64%) or 1-percentage-point higher (4.64%) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total Pension Liability	\$ 14,093	\$ 13,779	\$ 13,465

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

	2019
Beginning balance	\$ 12,436
Service Cost	1,751
Interest on the total pension liability	393
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(650)
Changes of assumptions or other inputs	(151)
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	\$ 13,779

The plan currently uses mortality tables that vary by age, 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.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 47,421	\$ 1,499	\$ 48,920
Pension Liability	108,179	13,779	121,958
Proportionate share of the net pension liability	0.00456%	n/a	
Deferred Outflows of Resources			
Differences between expected and actual experience	16,689	-	16,689
Changes of assumptions	28,706	812	29,518
Net difference between projected and actual earnings on plan investments	14,849	-	14,849
Changes in proportion and differences between contributions and proportionate share of contributions	42,442	-	42,442
Benefit payments and administrative costs paid subsequent to the measurement date	42,743	-	42,743
Deferred Inflows of Resources			
Differences between expected and actual experience	560	2,910	3,470
Changes of assumptions	-	211	211
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers and non-law enforcement employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2019 were \$7,998 which consisted of \$5,423 from the Town and \$2,575 from the law enforcement officers and other employees. No amounts were forfeited.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Other Employment Benefit

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

3. 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	\$	42,743
Benefit payments made and administrative expenses for LEOSSA		-
Differences between expected and actual experience		16,689
Changes of assumptions		29,518
Net difference between projected and actual		14,849
Changes in proportion and differences between employer contributions and proportionate share of contributions		42,442
Charge on refunding		-
Total	\$	<u>146,241</u>

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

3. Deferred Outflows and Inflows of Resources (Continued)

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ -	\$ -
Taxes Receivable (General Fund)	-	33,796
Changes in assumptions	211	-
Difference between expected and actual experience	3,470	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Total	<u>\$ 3,681</u>	<u>\$ 33,796</u>

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage up to a \$2 million lifetime limit. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large worker's compensation claims that exceed certain dollar cost levels. Medical stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are 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 in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town does not carry any flood insurance. The Town is not located in a flood plain.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

4. Risk Management (Continued)

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are each individually bonded for \$50,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

5. Long-Term Obligations

a. Installment Purchases

On November 20, 2014, the Town entered into an installment/purchase contract for the purchase of a 2014 Ford F-150 truck with BB&T. The original amount financed was \$17,070. The financing contract requires annual payments of \$3,682 including interest at 3.24% for five years. Maturity is November 2019. The outstanding principal balance at June 30, 2019 was \$3,590.

On June 9, 2015, the Town entered into an installment/purchase contract for the purchase of a 2015 Dodge Charger with BB&T. The original amount financed was \$30,000. The financing contract requires annual payments of \$6,470 including interest at 2.57% for five years. Maturity is June 2020. The outstanding principal balance at June 30, 2019 was \$6,310.

On February 23, 2016, the Town entered into an installment/purchase contract for the construction of a community center with the USDA. The original amount financed was \$194,524. The financing contract requires annual payments of \$8,654 including interest at 3.125% for forty years. Maturity is February 2056. The outstanding principal balance at June 30, 2019 was \$186,553.

On March 1, 2016, the Town entered into an installment/purchase contract for the purchase of a 2016 Dodge Charger with BB&T. The original amount financed was \$35,000. The financing contract requires annual payments of \$7,566 including interest at 2.65% for five years. Maturity is April 2021. The outstanding principal balance at June 30, 2019 was \$14,552.

On February 24, 2017, the Town entered into an installment/purchase contract for the purchase of a John Deere Utility Tractor with BB&T. The original amount financed was \$18,354. The financing contract requires annual payments of \$3,991 including interest at 2.85% for five years. Maturity is March 2022. The outstanding principal balance at June 30, 2019 was \$11,321.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

5. Long-Term Obligations (Continued)

a. Installment Purchases (Continued)

In September 2007, the Town entered into a loan agreement for water improvements with Rural Development. The original amount of the loan was \$53,000. The financing contract requires annual payments of \$3,987 including interest at 4.25%. Maturity is September 2027. The outstanding principal balance at June 30, 2019 was \$29,302.

The Town has a promissory note payable to the DEHNR Division of Water Quality for the sanitary sewer system. The original amount of the note was \$534,287. The note requires annual principal payments of \$29,386 plus interest at 2.50% for twenty years. Maturity is May 2034. The outstanding principal balance at June 30, 2019 was \$440,786.

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

Year Ending June 30	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 23,573	\$ 6,792	\$ 32,128	\$ 12,265
2021	14,056	6,155	32,244	11,414
2022	6,883	5,761	32,365	10,558
2023	3,097	5,557	32,492	9,696
2024	3,194	5,460	32,624	8,830
2025-2029	17,532	25,738	161,307	30,945
2030-2034	20,447	22,823	146,928	11,020
2035-2039	23,848	19,422	-	-
2040-2044	27,815	15,455	-	-
2045-2049	32,441	10,829	-	-
2050-2054	37,837	5,433	-	-
2055-2059	11,603	466	-	-
Total	\$ 222,326	\$ 129,891	\$ 470,088	\$ 94,728

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

5. Long-Term Obligations (Continued)

b. Changes in Long-Term Liabilities

	Balance 07/01/18	Increases	Decrease	Balance 06/30/19	Current Portion of Balance
Governmental activities:					
Installment purchases	\$ 245,275	\$ -	\$ 22,949	\$ 222,326	\$ 23,573
Net pension liability (LGERS)	63,859	44,320	-	108,179	-
Total pension liability (LEO)	12,436	1,343	-	13,779	-
Compensated absences	26,085	1,517	-	27,602	-
Governmental activity long-term liabilities	<u>\$ 347,655</u>	<u>\$ 47,180</u>	<u>\$ 22,949</u>	<u>\$ 371,886</u>	<u>\$ 23,573</u>
Business-type activities:					
Loans Payable	\$ 502,104	\$ -	\$ 32,016	\$ 470,088	\$ 32,128
Net Pension Liability (LGERS)	-	-	-	-	-
Compensated absences	-	-	-	-	-
Business-type activity long-term liabilities	<u>\$ 502,104</u>	<u>\$ -</u>	<u>\$ 32,016</u>	<u>\$ 470,088</u>	<u>\$ 32,128</u>

Compensated absences typically have been liquidated in the General Fund.

C. Net Investment in Capital Assets

	Governmental	Business-type
Capital Assets	\$ 2,283,049	\$ 4,034,999
less: long-term debt	222,326	470,088
Add: unexpended debt proceeds	-	-
Net Investment in Capital Assets	<u>\$ 2,060,723</u>	<u>\$ 3,564,911</u>

II. DETAIL NOTES ON ALL FUNDS (Continued)

D. Fund Balance

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

<i>Total fund balance – General Fund</i>	\$	871,603
Less:		
Stabilization by State Statute		118,403
Streets		54,432
Appropriated Fund Balance in 2019-2020 budget		482,466
Remaining Fund Balance		216,302

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

<i>Encumbrances</i>		General Fund		Non-Major Funds
-	\$	-	\$	-

III. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

IV. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 19, 2020, which is the date the financial statements were available to be issued.

V. RESTATEMENTS

Prior Period Adjustment

It was determined that an additional amount was due to Brunswick County for sewer expansion in the previous year. Therefore, an adjustment to decrease the beginning net position of the Water and Sewer Fund in the amount of \$115,642 was required.

VI. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2019, the expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board for general government and debt service by \$341,053 and \$30,364, respectively and in the Water and Sewer Fund for sewer operations by \$94,597 and debt service by \$3,127. This over-expenditure occurred because of unbudgeted expenditures. Management and the Board will more closely review the budget reports to ensure compliance in future years and make any necessary amendments to the budget.

***Required Supplementary
Financial Data***

TOWN OF NAVASSA, NORTH CAROLINA
Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Six Fiscal Years*

Local Government Employees' Retirement System						
	2019	2018	2017	2016	2015	2014
Navassa's proportion of the net pension liability (asset) (%)	0.00456%	0.00418%	0.00609%	0.00547%	-0.00362%	0.00540%
Navassa's proportion of the net pension liability (asset) (\$)	\$ 108,179	\$ 63,859	\$ 129,252	\$ 24,549	\$ (21,349)	\$ 65,091
Navassa's covered-employee payroll	\$ 315,849	\$ 323,149	\$ 299,789	\$ 323,149	\$ 282,346	\$ 259,644
Navassa's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	34.25%	19.76%	43.11%	7.60%	(7.56%)	25.07%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

TOWN OF NAVASSA, NORTH CAROLINA

Town of Navassa's Contributions
Required Supplementary Information
Last Six Fiscal Years

Local Government Employees' Retirement System

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 42,743	\$ 47,367	\$ 40,945	\$ 42,356	\$ 46,575	\$ 46,575
Contributions in relation to the contractually required contribution	42,743	47,367	40,945	42,356	46,575	46,575
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Navassa's covered employee payroll	\$ 279,635	\$ 315,849	\$ 323,149	\$ 299,789	\$ 323,149	\$ 282,346
Contributions as a percentage of covered-employee payroll	15.29%	15.00%	12.67%	14.13%	14.41%	16.50%

TOWN OF NAVASSA, NORTH CAROLINA
Schedule of Changes in Total Pension Liability
June 30, 2019

Law Enforcement Officers' Special Separation Allowance

	2019	2018	2017
Beginning balance	\$ 12,436	\$ 12,217	\$ 9,937
Service cost	1,751	2,222	2,094
Interest on the total pension liability	393	472	355
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(650)	(3,735)	-
Changes of assumptions or other inputs	(151)	1,260	(169)
Benefit payments	-	-	-
Other changes	-	-	-
Ending balance of the total pension liability	\$ 13,779	\$ 12,436	\$ 12,217

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

TOWN OF NAVASSA, NORTH CAROLINA

Schedule of Total Pension Liability as a Percentage of Covered Payroll

June 30, 2019

Law Enforcement Officers' Special Separation Allowance

	2019	2018	2017
Total pension liability	\$ 13,779	\$ 12,436	\$ 12,217
Covered payroll	85,981	101,874	116,689
Total pension liability as a percentage of covered payroll	16.03%	12.21%	10.47%

Notes to the schedules:

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

This Page Left Blank Intentionally

Major Governmental Funds

General Fund

TOWN OF NAVASSA, NORTH CAROLINA

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad Valorem Taxes			
Taxes		\$ 224,320	
Penalties and Interest		9,943	
Total Ad Valorem Taxes	\$ 230,000	234,263	\$ 4,263
Other Taxes and Licenses			
Privilege Licenses		-	
Total Other Taxes and Licenses	-	-	-
Unrestricted Intergovernmental			
Local Option Sales Tax		522,638	
Utility Sales Tax		73,380	
Telecommunications Tax		-	
Video Franchise Tax		-	
Beer and Wine Tax		8,066	
Total Unrestricted Intergovernmental	477,500	604,084	126,584
Restricted Intergovernmental			
Powell Bill Allocation		50,148	
Federal Grants		-	
State Grants		-	
Solid Waste Disposal Tax		-	
Total Restricted Intergovernmental	47,500	50,148	2,648
Permits and Fees			
Inspection Fees		-	
Zoning Permits		16,391	
Public Safety Fees		1,052	
Total Permits and Fees	20,200	17,443	(2,757)
Sales and Services			
Rent and Event Revenues	8,500	13,125	4,625
Investment Earnings			
General		4,147	
Powell Bill		-	
Total Investment Earnings	500	4,147	3,647
Miscellaneous			
Other		129,685	
Total Miscellaneous	1,000	129,685	128,685
Total Revenues	785,200	1,052,895	267,695

TOWN OF NAVASSA, NORTH CAROLINA

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)

Budget and Actual

For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Expenditures			
General Government			
Governing Body			
Salaries and Employee Benefits		37,794	
Other Operating Expenditures		62,494	
Total Governing Body	130,100	100,288	29,812
Administration			
Salaries and Employee Benefits		134,375	
Other Operating Expenditures		465,219	
Total Administration	202,626	599,594	(396,968)
Public Buildings			
Salaries and Employee Benefits		-	
Other Operating Expenditures		14,397	
Total Public Buildings	40,500	14,397	26,103
Total General Government	373,226	714,279	(341,053)
Police Department			
Salaries and Employee Benefits		171,006	
Other Operating Expenditures		83,490	
Capital Outlay		-	
Total Police	273,917	254,496	19,421
Economic and Physical Development			
Salaries and Employee Benefits		65,501	
Other Operating Expenditures		10,346	
Total Economic and Physical Development	81,869	75,847	6,022
Transportation Department			
Salaries and Employee Benefits		15,782	
Other Operating Expenditures		55,996	
Total Transportation Department	96,456	71,778	24,678
Environmental Protection			
Salaries and Employee Benefits		102,613	
Other Operating Expenditures		25,070	
Total Environmental Protection	140,858	127,683	13,175

TOWN OF NAVASSA, NORTH CAROLINA

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)

Budget and Actual

For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Parks and Recreation			
Salaries and Employee Benefits		-	
Other Operating Expenditures		18,427	
Total Parks and Recreation	28,820	18,427	10,393
Community Building			
Salaries and Employee Benefits		-	
Other Operating Expenditures		28,857	
Capital Outlay		-	
Total Community Building	40,000	28,857	11,143
Debt Service			
Principal Retirement		22,949	
Interest and Other Charges		7,415	
Total Debt Service	-	30,364	(30,364)
Total Expenditures	1,035,146	1,321,731	(286,585)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(249,946)	(268,836)	(18,890)
Other Financing Sources (Uses)			
Transfers In:			
Water and Sewer Fund	-	-	-
Transfers Out:			
Water and Sewer Fund	-	-	-
Sale of Capital Assets	-	-	-
Installment Purchase Obligations Issued	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Fund Balance Appropriated	249,946	-	(249,946)
Net Change in Fund Balance	\$ -	(268,836)	\$ (268,836)
Fund Balance - Beginning of Year		1,140,439	
Fund Balance - End of Year		\$ 871,603	

Enterprise Funds

TOWN OF NAVASSA, NORTH CAROLINA

Water and Sewer Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues			
Water Charges		\$ 221,929	
Sewer Charges		121,283	
Water and Sewer Connection Fees		38,280	
Other Operating Revenues		65	
Total Operating Revenues	\$ 424,300	381,557	\$ (42,743)
Nonoperating Revenues			
Investment Earnings	-	164	164
Miscellaneous	-	417,334	417,334
Total Revenues	424,300	799,055	374,755
Expenditures			
Water Operations			
Salaries and Employee Benefits		240	
Other Operating Expenditures		138,297	
Total Water Operations	177,500	138,537	38,963
Sewer Operations			
Salaries and Employee Benefits		554	
Other Operating Expenditures		358,343	
Total Sewer Operations	264,300	358,897	(94,597)
Debt Service			
Principal Retirement			
Interest and Other Charges			
Total Debt Service	42,000	45,127	(3,127)
Capital Outlay			
System Improvements			
Total Capital Outlay			
Total Expenditures	483,800	542,561	(58,761)
Revenues Over (Under) Expenditures	(59,500)	256,494	315,994
Other Financing Sources (Uses)			
Installment Purchase Obligation Issued	-	-	-
Transfers In:			
General Fund	-	-	-
Transfer Out:			
General Fund	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Appropriated Fund Balance	59,500	-	(59,500)
Revenues and Other Sources Over Expenditures and Other Uses	\$ -	\$ 256,494	\$ 256,494

TOWN OF NAVASSA, NORTH CAROLINA

Water and Sewer Fund

Schedule of Revenues and Expenditures (Continued)

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
<hr/>			
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and Other Sources Over Expenditures and Other Uses		<u>\$ 256,494</u>	
Reconciling Items:			
Depreciation Expense		(146,339)	
Decrease in Net Pension Liability		-	
Decrease in Deferred Outflows of Resources - Pensions		-	
Decrease in Deferred Inflows of Resources - Pensions		-	
Capital Outlay		-	
Principal Retirement		<u>32,016</u>	
Total Reconciling Items		<u>(114,323)</u>	
Change in Net Position		<u><u>\$ 142,171</u></u>	

This Page Left Blank Intentionally

Other Schedules

TOWN OF NAVASSA, NORTH CAROLINA
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2019

Fiscal Year	Uncollected Balance 7-1-18	Additions and Adjustments	Collections and Credits	Uncollected Balance 6-30-19
2018-19	\$ -	\$ 216,437	\$ 201,782	\$ 14,655
2017-18	14,585	-	7,968	6,617
2016-17	9,060	-	4,379	4,681
2015-16	6,410	-	3,642	2,768
2014-15	5,329	-	3,068	2,261
2013-14	4,061	-	1,767	2,294
2012-13	3,359	-	1,505	1,854
2011-12	1,234	-	209	1,025
2010-11	702	-	-	702
2009-10	639	-	-	639
2008-09	393		393	-
	<u>\$ 45,772</u>	<u>\$ 216,437</u>	<u>\$ 224,713</u>	37,496

Less: Allowance for Uncollectible Accounts:

General Fund 3,700

Ad Valorem Taxes Receivable - Net \$ 33,796

Reconcilement with Revenues

Ad Valorem Taxes - General Fund 234,263

Reconciling Items:

Interest and Penalties Collected (9,943)

Taxes Released or Written off 393

Total Collections and Credits \$ 224,713

TOWN OF NAVASSA, NORTH CAROLINA

Analysis of Current Tax Levy

Town-Wide Levy

June 30, 2019

	Town-Wide			Total Levy	
	Property Valuation	Rate Per \$100	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property Taxed at					
Current Year's Rate	\$ 108,370,500	0.20	\$ 216,741	\$ 199,764	\$ 16,977
Penalties	-		174	174	-
	<u>108,370,500</u>		<u>216,915</u>	<u>199,938</u>	<u>16,977</u>
Discoveries:					
Current Year Taxes	526,000	0.20	\$ 1,052	1,052	-
Penalties	-		-	-	-
	<u>526,000</u>		<u>1,052</u>	<u>1,052</u>	<u>-</u>
Abatements:					
Property Taxes -					
Current Year's Rate	<u>(765,000)</u>	0.20	<u>\$ (1,530)</u>	<u>(1,530)</u>	<u>-</u>
Total Property Valuations	<u><u>\$ 108,131,500</u></u>				
Net Levy			216,437	199,460	16,977
Uncollected Taxes at June 30, 2019			<u>14,655</u>	<u>14,655</u>	<u>-</u>
Current Year's Taxes Collected			<u><u>\$ 201,782</u></u>	<u><u>\$ 184,805</u></u>	<u><u>\$ 16,977</u></u>
Current Levy Collection Percentage			<u><u>93.23%</u></u>	<u><u>92.65%</u></u>	<u><u>100.00%</u></u>

This Page Left Blank Intentionally