

**TOWN OF PITTSBORO  
NORTH CAROLINA**

Financial Statements and  
Supplementary Information

Year Ended June 30, 2019

Governing Board

Cindy S. Perry, Mayor  
Pamela Baldwin  
J.A. (Jay) Farrell  
Michael A. Fiocco  
Bett Wilson Foley  
John Bonitz

Town Officials

Bryan L. Gruesbeck, Town Manager  
Alice F. Lloyd, Town Clerk  
Heather E.R. Meacham, Finance Officer

# TOWN OF PITTSBORO, NORTH CAROLINA

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## **FINANCIAL SECTION**

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## Independent Auditors' Report

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

### Report on the Financial Statements

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

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Town of Pittsboro ABC Board, which represents 100 percent of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town Pittsboro ABC Board, is based solely on the report of another auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Town of Pittsboro ABC Board were not audited in accordance with *Government Auditing Standards*.

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

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

## ***Opinions***

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

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 14, the Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios on page 62, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of Net Pension Liability (Asset) and Contributions on pages 58 and 59, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 60 and 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors 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 Pittsboro, 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the combining and individual fund statements, the budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2019 on our consideration of the Town of Pittsboro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Pittsboro's internal control over financial reporting and compliance.

*River & Associates LLP*

Raleigh, North Carolina  
October 25, 2019

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Town of Pittsboro  
North Carolina

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Financial Highlights**

- The assets of the Town of Pittsboro exceeded its liabilities at the close of the fiscal year by \$22,707,349 (**net position**).
- The government's total net position *increased* by \$169,048 due to an *increase* in *governmental* activities net position and a *decrease* in *business-type* activities net position.
- As of the close of the current fiscal year, Pittsboro's governmental funds reported combined ending fund balances of \$5,053,379 an increase of \$226,002 in comparison with the prior year. Approximately 15.8% of this total amount, or \$799,643, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,639,714 or 52.2% of total General Fund – Fund Balance for the fiscal year.
- The Town of Pittsboro's total debt (net of compensated absences, net pension liability and other postemployment benefits) decreased by \$66,458 during the current fiscal year. The key factors in this decrease were regular loan payments and retirement of one loan on the General Fund.

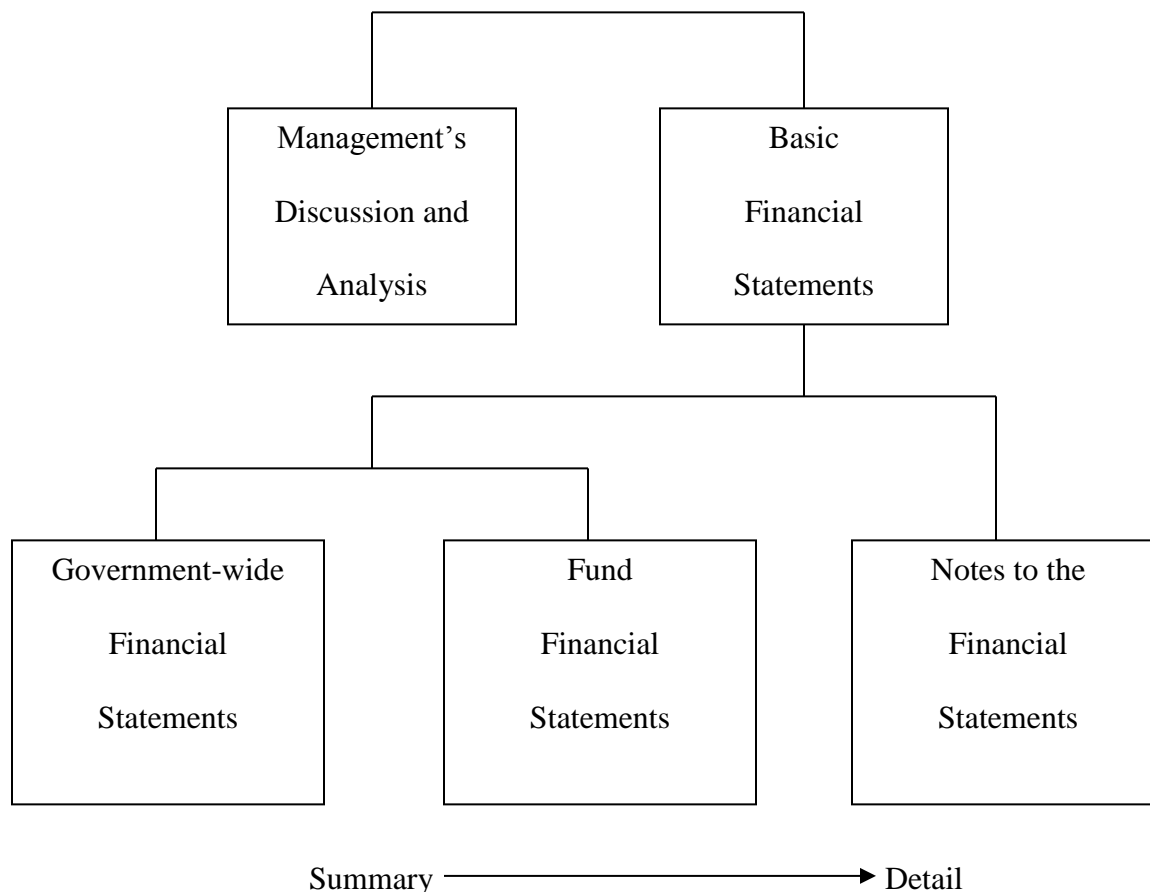
**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town of Pittsboro'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 of Pittsboro through the use of government-wide financial 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 Pittsboro.



MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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



**Basic Financial Statements**

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

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town of Pittsboro'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 of Pittsboro's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Town of Pittsboro  
North Carolina

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the Town of Pittsboro'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 of Pittsboro's net position and how it has changed. Net position is the difference between the Town's total assets and total liabilities. Measuring net assets is one way to gauge the Town of Pittsboro's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town of Pittsboro's basic services such as public safety, sanitation, street maintenance, recreation and parks, and general administration. Property taxes, sales taxes, charges for services, and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer services offered by the Town of Pittsboro. The final category is the component unit. Although legally separate from the Town of Pittsboro, the Pittsboro ABC Board is important to the Town because the Town exercises control over the Board by appointing its members and because the Board is required to distribute its profits, if any, to the Town of Pittsboro.

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

**Fund Financial Statements**

The fund financial statements (See figure 1) provide a more detailed look at the Town of Pittsboro'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 Pittsboro, 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 of Pittsboro's budget ordinance. All of the funds of the Town of Pittsboro 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 of Pittsboro'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 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 Pittsboro 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, 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

Town of Pittsboro  
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MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

activities. The budgetary statements provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town of Pittsboro succeeded in providing the services a 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 statements shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**Proprietary Funds** – The Town of Pittsboro has one kind of proprietary fund. The *Enterprise Fund* is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Pittsboro uses an Enterprise Fund to account for its water and sewer activities. The fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 25 of this report.

Town of Pittsboro  
North Carolina

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

**Government-Wide Financial Analysis**

**The Town of Pittsboro's Net Position  
Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 5,817,761	\$ 5,529,172	\$ 3,965,409	\$ 3,917,194	\$ 9,783,170	\$ 9,446,366
Capital assets	5,086,071	4,772,983	12,517,246	12,923,730	17,603,317	17,696,713
Deferred outflows of resources	438,424	269,910	263,825	140,686	702,249	410,596
 Total assets and deferred outflow of resources	 11,342,256	 10,572,065	 16,746,480	 16,981,610	 28,088,736	 27,553,675
 Long-term liabilities outstanding	 1,960,756	 1,718,261	 2,092,819	 2,031,088	 4,053,575	 3,749,349
Other liabilities	317,057	241,347	420,372	461,217	737,429	702,564
Deferred inflows of resources	554,567	533,572	35,816	29,889	590,383	563,461
 Total liabilities and deferred outflow of resources	 2,832,380	 2,493,180	 2,549,007	 2,522,194	 5,381,387	 5,015,374
 Net position						
Net investment in capital assets	4,837,458	4,580,145	11,039,657	11,326,883	15,877,115	15,907,028
Restricted	799,643	653,331	577,688	635,382	1,377,331	1,288,713
Unrestricted	2,872,775	2,845,409	2,580,128	2,497,151	5,452,903	5,342,560
 Total net position	 <u>\$8,509,876</u>	 <u>\$8,078,885</u>	 <u>\$14,197,473</u>	 <u>\$14,459,416</u>	 <u>\$22,707,349</u>	 <u>\$22,538,301</u>

Town of Pittsboro  
North Carolina

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town of Pittsboro exceeded liabilities and deferred inflows by \$22,707,349 as of June 30, 2019. The Town's net position *increased* by \$169,048 for the fiscal year ended June 30, 2019. However, the largest portion, \$15,877,115 (69.9%), reflects the Town's investment in capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Pittsboro's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Pittsboro's net position, \$1,377,331 (6.1%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$5,452,903 (24%) is unrestricted. With the GASB Statement 73 reporting change, the Town has allocated its proportionate share of the Local Government Employees' Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. Decisions regarding the allocations are made by the administrators of the pension plan, not by the Town of Pittsboro's management.

The Town of Pittsboro's financial operations positively influenced the total unrestricted governmental net position by:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.12% for the year ending June 30, 2019.
- Conservative spending habits within departments.

Town of Pittsboro  
North Carolina

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

**Town of Pittsboro's Changes in Net Position**  
**Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Charges for services	\$ 577,054	\$ 556,801	\$ 2,967,508	\$ 3,019,279	\$ 3,544,562	\$ 3,576,080
Operating grants and contributions	350,016	393,894	-	-	350,016	393,894
Capital grants and contributions	22,885	22,075	-	121,658	22,885	143,733
General revenues						
Property taxes	2,445,560	2,365,223	-	-	2,445,560	2,365,223
Other taxes	1,605,616	1,497,494	-	-	1,605,616	1,497,494
Grants and contributions not restricted to specific programs	130,477	113,495	-	-	130,477	113,495
Other	12,242	21,483	46,856	56,641	59,098	78,124
Total revenues	<u>5,143,850</u>	<u>4,970,465</u>	<u>3,014,364</u>	<u>3,197,578</u>	<u>8,158,214</u>	<u>8,168,043</u>
Expenses						
General government	1,284,269	1,182,435	-	-	1,284,269	1,182,435
Public safety	1,936,369	1,806,195	-	-	1,936,369	1,806,195
Transportation	506,802	444,377	-	-	506,802	444,377
Economic & physical development	245,438	301,335	-	-	245,438	301,335
Environmental protection	415,108	386,667	-	-	415,108	386,667
Culture and recreation	259,692	270,175	-	-	259,692	270,175
Main street/downtown	61,759	49,947	-	-	61,759	49,947
Interest on long-term debt	3,422	5,986	-	-	3,422	-
Water and sewer	-	-	3,276,307	2,980,628	3,276,307	2,980,628
Total expenses	<u>4,712,859</u>	<u>4,447,117</u>	<u>3,276,307</u>	<u>2,980,628</u>	<u>7,989,166</u>	<u>7,421,759</u>
Increase in net position before transfers	430,991	523,348	(261,943)	216,950	169,048	746,284
Transfers	-	-	-	-	-	-
Increase in net position	430,991	523,348	(261,943)	216,950	169,048	740,298
Net position, beginning, previously reported	8,078,885	8,048,703	14,459,416	14,469,134	22,538,301	22,517,837
Restatement		(493,166)		(226,668)	-	(719,834)
Net position, beginning, restated	8,078,885	7,555,537	14,459,416	14,242,466	22,538,301	21,798,003
Net position, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, June 30	<u>\$8,509,876</u>	<u>\$8,078,885</u>	<u>\$14,197,473</u>	<u>\$14,459,416</u>	<u>\$22,707,349</u>	<u>\$22,538,301</u>

Town of Pittsboro  
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MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

**Governmental Activities** – Governmental activities increased the Town's net position by \$430,991.

**Business-type Activities** – Business-type activities decreased the Town's net position by \$261,943.

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

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

**Governmental Funds** – The focus of the Town of Pittsboro'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's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town of Pittsboro. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,639,714 while total fund balance reached \$3,453,743. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 76.4% of total General Fund expenditures.

At June 30, 2019, the governmental funds of the Town of Pittsboro reported a combined fund balance of \$5,053,379, a \$226,002 increase over last year. Included in this change in fund balance is an increase in fund balance in the Non-Major Funds and a decrease in fund balance in the General Fund.

**General Fund Budgetary Highlights** – During the fiscal year, the Town of Pittsboro 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.

**Proprietary Funds** – The Town of Pittsboro'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 \$2,580,128. The total net position for the fund decreased by \$261,943. Other factors concerning the finances of the fund have already been addressed in the discussion of the Town of Pittsboro's business-type activities.

**Capital Assets and Debt Administration**

**Capital Assets** – The Town of Pittsboro's investment in capital assets for its governmental and business type activities as of June 30, 2019 totals \$17,603,318 (net of accumulated depreciation). These assets include buildings, streets, land, machinery and equipment, park facilities, and vehicles.

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North Carolina

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

**The Town of Pittsboro's Capital Assets  
Figure 4**

**(net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 1,461,830	\$ 1,461,830	\$ 10,200	\$ 10,200	\$ 1,472,030	\$ 1,472,030
Buildings and systems	232,439	242,000	31,522	35,881	263,961	277,881
Improvements other than building	-	-	10,734,029	11,293,719	10,734,029	11,293,719
Furniture and equipment	419,301	442,717	308,675	192,068	727,976	634,785
Infrastructure	2,084,484	2,257,211			2,084,484	2,257,211
Vehicles and motorized equipment	366,802	350,926			366,802	350,926
Construction in progress	521,216	18,300	1,432,820	1,391,861	1,954,036	1,410,161
<b>Total</b>	<b>\$ 5,086,071</b>	<b>\$ 4,772,983</b>	<b>\$ 12,517,246</b>	<b>\$ 12,923,729</b>	<b>\$ 17,603,318</b>	<b>\$ 17,696,713</b>



Town of Pittsboro  
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MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

Additional information on the Town of Pittsboro’s capital assets can be found in the Notes to the Financial Statements, Section II-A-3 (pages 36-37), of the Basic Financial Statements.

**Long-term Debt** – As of June 30, 2019, the Town of Pittsboro had total debt outstanding of \$4,319,889. This entire amount of debt is backed by the full faith and credit of the Town of Pittsboro.

**The Town of Pittsboro’s Outstanding Debt**  
**Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ -	\$ -	\$ 309,000	\$ 324,000	\$ 309,000	\$ 324,000
Notes Payable	248,613	192,838	1,168,589	1,275,822	1,417,202	1,468,660
Compensated absences	117,134	100,325	52,075	43,926	169,209	144,251
OPEB	718,933	655,332	370,360	337,596	1,089,293	992,928
Pension related debt	1,005,192	871,629	329,993	197,290	1,335,185	1,068,919
	<u>\$ 2,089,872</u>	<u>\$ 1,820,124</u>	<u>\$ 2,230,017</u>	<u>\$ 2,178,634</u>	<u>\$ 4,319,889</u>	<u>\$ 3,998,758</u>

The Town of Pittsboro’s total debt increased by \$321,131 (8.03%) during the past fiscal year primarily as a result of increased liability related to Other Postemployment Benefits Plan (OPEB) and pension related debt.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for the Town of Pittsboro is \$51,993,988. The Town has no bonds authorized at June 30, 2019.

Additional information regarding the Town’s long-term debt can be found in the Notes to the Financial Statements, Section II-6 (pages 51-54), of this report.

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

Fiscal Year 2018-2019 saw Pittsboro continue incremental economic growth. Construction and planning of new residential projects began in earnest and look to continue throughout FY 2019-2020. Larger-scale projects are slowed until the Town gains State approvals on the expansion of the Town’s wastewater treatment capacity.

Town officials continued to work with developers on the review of elements and future infrastructure planning related to Chatham Park – a 7,000 acre Planned Development District in the Town’s Extra Territorial Jurisdiction (ETJ). Chatham Park will contain many mixed-use projects and significantly expand the Town’s footprint as it develops.

Town of Pittsboro  
North Carolina

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

In July 2017, the North Carolina General Assembly passed the Public Water and System Development Fee Act which requires municipalities to confirm the direct and reasonable connection between the impact of new development, need of new infrastructure to support that development and to develop appropriate “system development fees” (or “SDF’s”) necessary to support related growth. The Town of Pittsboro retained a professional engineering firm to perform the required analysis. The ensuing SDF’s replaced the “impact fees” previously used by the Town of Pittsboro and were formalized by ordinance in the fall of 2018. The next fiscal year will see continued application of this new rate structure.

New plans approved or in review include:

- New convenience store/gas station on a former car lot near the historic downtown.
- New heating/cooling building to replace a former funeral home.
- New commercial strip on East St/Bus US 64 East.
- A pocket neighborhood including 6 homes near Thompson Street sitting on 6 acres.
- New restaurant/auto parts store near Rock Spring Rd/Hillsboro St.

The number of residential water customers continued to increase at a moderate pace:

Year	Water Customers
2013	1,576
2014	1,603
2015	1,650
2016	1,671
2017	1,687
2018	1,697
2019	1,717

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

**Governmental Activities** –An ad valorem tax rate of \$0.4333 per \$100.00 assessed value was recommended and adopted in the base budget for the official tax rate for the Town of Pittsboro for fiscal year 2019-2020. This rate is based on the most recent valuation and uses and anticipated collection rate of 98% which is 1% increase over prior years based on consistently high collection rates in prior years.

Ad valorem taxes (\$2,398,300) account for 46.2% of the total General Fund revenue. Other major revenue streams for the Town include sales taxes, tipping fees and utility franchise taxes. These revenues are projected to bring in \$803,688 (15.5%), \$420,000 (8.1%) and \$159,800 (3.1%) respectively. These four revenues account for 72.9% of the total General Fund revenues.

The fiscal year 2019-2020 original General Fund budget of \$5,186,738 is a 6.6% increase over the fiscal year 2018-2019 original budget.

Town of Pittsboro  
North Carolina

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

**Enterprise Activities**

Operating revenues in the Enterprise Fund are generated primarily through the sale of water and sewer utilities. It is anticipated that \$2,952,159 will be generated in fiscal year 2019-2020. This represents 88.3% of the revenues in the Enterprise Fund. Other revenues include reuse water charges - \$60,000 (1.8%), penalties and late fees - \$50,000 (1.5%).

At \$3,342,458 the fiscal year 2019-2020 original Enterprise Fund Budget is 12.1% more than the fiscal year 2018-2019 original budget.

**Requests for Information**

This report is designed to provide an overview of the Town of Pittsboro's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Manager or Finance Officer.

Town of Pittsboro  
P.O. Box 759  
Pittsboro, North Carolina 27312  
919-542- 4621  
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## **BASIC FINANCIAL STATEMENTS**

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**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Statement of Net Position**  
**June 30, 2019**

**Exhibit 1**

	Primary Government			Town of Pittsboro ABC Board
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 4,907,686	\$ 3,438,081	\$ 8,345,767	\$ 675,997
Taxes receivables (net)	110,432	-	110,432	-
Accrued interest receivable on taxes	-	-	-	-
Accounts receivable	30,152	342,733	372,885	-
Due from other governments	366,439	56,308	422,747	-
Due from component unit	97,221	-	97,221	-
Inventories	-	-	-	125,136
Prepaid items	-	-	-	4,156
Restricted cash	305,831	128,287	434,118	-
Total current assets	5,817,761	3,965,409	9,783,170	805,289
Non-current assets:				
Capital assets:				
Land, non-depreciable improvements and construction in progress	1,983,046	1,443,020	3,426,066	6,750
Other capital assets, net of depreciation	3,103,025	11,074,226	14,177,251	79,322
Total capital assets	5,086,071	12,517,246	17,603,317	86,072
Total assets	10,903,832	16,482,655	27,386,487	891,361
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension deferrals	438,424	263,825	702,249	-
Total deferred outflows of resources	438,424	263,825	702,249	-
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	187,941	174,134	362,075	240,243
Accrued interest payable	-	5,134	5,134	-
Customer deposits	-	103,906	103,906	-
Current portion of long-term liabilities	129,116	137,198	266,314	-
Total current liabilities	317,057	420,372	737,429	240,243
Long-term liabilities:				
Net pension liability	515,035	329,993	845,028	-
Total pension liability	490,157	-	490,157	-
Due in more than one year	955,564	1,762,826	2,718,390	-
Total liabilities	2,277,813	2,513,191	4,791,004	240,243
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Prepaid taxes	16,009	-	16,009	-
Deferred rent	450,000	-	450,000	-
OPEB deferrals	45,913	23,652	69,565	-
Pension deferrals	42,645	12,164	54,809	-
Total deferred inflows of resources	554,567	35,816	590,383	-
<b>NET POSITION</b>				
Net investment in capital assets	4,837,458	11,039,657	15,877,115	86,072
Restricted for:				
Stabilization by State Statue	493,812	-	493,812	-
Other functions	305,831	577,688	883,519	487,836
Unrestricted	2,872,775	2,580,128	5,452,903	77,210
Total net position	\$ 8,509,876	\$ 14,197,473	\$ 22,707,349	\$ 651,118

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

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Statement of Activities**  
**For the year ended June 30, 2019**

**Exhibit 2**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Town of Pittsboro ABC Board
Primary government:								
Governmental activities:								
General government	\$ 1,284,269	\$ 155,619	\$ 4,271	\$ -	\$ (1,124,379)	\$ -	\$ (1,124,379)	\$ -
Public safety	1,936,369	824	8,157	-	(1,927,388)	-	(1,927,388)	-
Transportation	506,802	-	149,673	-	(357,129)	-	(357,129)	-
Economic and physical development	245,438	-	187,915	-	(57,523)	-	(57,523)	-
Environmental protection	415,108	411,221	-	-	(3,887)	-	(3,887)	-
Cultural and recreation	259,692	9,390	-	22,885	(227,417)	-	(227,417)	-
Main street/downtown	61,759	-	-	-	(61,759)	-	(61,759)	-
Interest on long-term debt	3,422	-	-	-	(3,422)	-	(3,422)	-
Total governmental activities	4,712,859	577,054	350,016	22,885	(3,762,904)	-	(3,762,904)	-
Business-type activities:								
Water and sewer	3,276,307	2,967,508	-	-	-	(308,799)	(308,799)	-
Total primary government	\$ 7,989,166	\$ 3,544,562	\$ 350,016	\$ 22,885	(3,762,904)	(308,799)	(4,071,703)	-
Component unit								
ABC Board	\$ 1,102,536	\$ 1,313,963	\$ -	\$ -				211,427
General revenues:								
Taxes:								
Property taxes, levied for general purpose					2,445,560	-	2,445,560	-
Other taxes					1,605,616	-	1,605,616	-
Grants and contributions not restricted to specific programs					130,477	-	130,477	-
Unrestricted investment earnings					4,471	2,906	7,377	240
Miscellaneous					7,771	43,950	51,721	15
Transfers					-	-	-	(150,054)
Total general revenues and transfers					4,193,895	46,856	4,240,751	(149,799)
Change in net position					430,991	(261,943)	169,048	61,628
Net position, beginning					8,078,885	14,459,416	22,538,301	589,490
Net position, ending					\$ 8,509,876	\$ 14,197,473	\$ 22,707,349	\$ 651,118

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

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

**Exhibit 3**

	<u>Major Fund</u>		<u>Total</u>
	<u>General</u>	<u>Total Non-</u>	<u>Governmental</u>
		<u>Major Funds</u>	<u>Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,308,050	\$ 1,599,636	\$ 4,907,686
Restricted cash	305,831	-	305,831
Taxes receivable - net	110,432	-	110,432
Accounts receivable	30,152	-	30,152
Due from other governments	366,439	-	366,439
Due from component unit	97,221	-	97,221
Total assets	<u>\$ 4,218,125</u>	<u>\$ 1,599,636</u>	<u>\$ 5,817,761</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 187,941	\$ -	\$ 187,941
Total liabilities	<u>187,941</u>	<u>-</u>	<u>187,941</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes, licenses and fees	16,009	-	16,009
Prepaid rent	450,000	-	450,000
Taxes receivable	110,432	-	110,432
Total deferred inflows of resources	<u>576,441</u>	<u>-</u>	<u>576,441</u>
<b>FUND BALANCES</b>			
Restricted:			
Stabilization by State Statute	493,812	-	493,812
Streets	140,497	-	140,497
Public Safety	140,934	-	140,934
General Government	24,400	-	24,400
Assigned:			
Subsequent year's expenditures	14,386	-	14,386
Capital Projects Funds	-	1,599,636	1,599,636
Unassigned	2,639,714	-	2,639,714
Total fund balances	<u>3,453,743</u>	<u>1,599,636</u>	<u>5,053,379</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,218,125</u>	<u>\$ 1,599,636</u>	<u>\$ 5,817,761</u>

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

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Reconciliation of the Balance Sheet - Governmental Funds to the**  
**Statement of Net Position**  
**June 30, 2019**

**Exhibit 3**

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

Total Fund Balance, Governmental Funds		\$ 5,053,379
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 8,530,941	
Accumulated depreciation	<u>(3,444,870)</u>	5,086,071
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position		438,424
Earned revenues considered deferred inflows of resources in fund statements.		110,432
Deferred inflows of resources related to OPEB are not reported in the funds		(45,913)
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year).		(365,748)
Pension related deferrals		(42,645)
Net pension liability		(515,035)
Total pension liability		(490,157)
OPEB liability		<u>(718,932)</u>
Net position of governmental activities		<u><u>\$ 8,509,876</u></u>

The accompanying notes to the financial statements are an integral part of these statements



**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

**Exhibit 4**

	<u>Major Fund</u>		<u>Total</u>
	<u>General Fund</u>	<u>Total Non-</u>	<u>Governmental</u>
		<u>Major Funds</u>	<u>Funds</u>
<b>REVENUES</b>			
Ad valorem taxes	\$ 2,428,128	\$ -	\$ 2,428,128
Other taxes and licenses	1,605,616	-	1,605,616
Unrestricted intergovernmental	130,477	-	130,477
Restricted intergovernmental	372,901	-	372,901
Permits and fees	79,936	-	79,936
Sales and services	497,118	-	497,118
Investment earnings	4,465	6	4,471
Miscellaneous	7,771	-	7,771
Total revenues	<u>5,126,412</u>	<u>6</u>	<u>5,126,418</u>
<b>EXPENDITURES</b>			
Current:			
General government	891,953	-	891,953
Public safety	2,049,114	-	2,049,114
Transportation	546,834	56,735	603,569
Economic and physical development	256,083	446,181	702,264
Environmental protection	415,108	-	415,108
Cultural and recreational	229,002	-	229,002
Main street/downtown	61,759	-	61,759
Debt service:			
Principal	101,225	-	101,225
Interest	3,422	-	3,422
Total expenditures	<u>4,554,500</u>	<u>502,916</u>	<u>5,057,416</u>
Excess (deficiency) of revenues over expenditures	<u>571,912</u>	<u>(502,910)</u>	<u>69,002</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from other funds	-	2,067,698	2,067,698
Transfer to other funds	(2,067,698)	-	(2,067,698)
Proceeds from loan	157,000	-	157,000
Total other financing sources (uses)	<u>(1,910,698)</u>	<u>2,067,698</u>	<u>157,000</u>
Net change in fund balance	(1,338,786)	1,564,788	226,002
Fund balances, beginning	<u>4,792,529</u>	<u>34,848</u>	<u>4,827,377</u>
Fund balances, ending	<u><u>\$ 3,453,743</u></u>	<u><u>\$ 1,599,636</u></u>	<u><u>\$ 5,053,379</u></u>

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

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2019**

**Exhibit 4**

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

Net changes in fund balances- total governmental funds	\$	226,002
--------------------------------------------------------	----	---------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	650,394		
Depreciation expense for governmental assets	<u>(337,306)</u>		313,088

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		118,475
--------------------------------------------------------------------------------------------------------------	--	---------

OPEB benefit payments and administrative costs made in the current

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes 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.

New long-term debt issues	(157,000)		
Principal payments on long-term debt	<u>101,225</u>		(55,775)

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

Change in unavailable revenue for tax revenues		17,432
------------------------------------------------	--	--------

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

Compensated absences	(16,805)		
Pension expense	(102,007)		
OPEB plan expense	<u>(69,419)</u>		<u>(188,231)</u>

Total changes in net position of governmental activities	\$	<u><u>430,991</u></u>
----------------------------------------------------------	----	-----------------------

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

## TOWN OF PITTSBORO, NORTH CAROLINA

## Exhibit 5

## General Fund

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

	General Fund			Variance with Final Budget - Positive (Negative)
	Budget		Actual Amounts	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 2,364,003	\$ 2,364,003	\$ 2,428,128	\$ 64,125
Other taxes and licenses	1,211,697	1,211,697	1,605,616	393,919
Unrestricted intergovernmental	104,000	104,000	130,477	26,477
Restricted intergovernmental	455,475	455,475	372,901	(82,574)
Permits and fees	158,395	158,395	79,936	(78,459)
Sales and services	420,350	420,350	497,118	76,768
Investment earnings	2,000	2,000	4,465	2,465
Miscellaneous	20,000	60,000	7,771	(52,229)
Total revenues	4,735,920	4,775,920	5,126,412	350,492
Expenditures:				
Current:				
General government	934,662	977,537	891,953	85,584
Public safety	2,088,583	2,096,755	2,049,114	47,641
Transportation	611,536	684,051	546,834	137,217
Economic and physical development	329,343	331,843	256,083	75,760
Environmental protection	400,000	415,200	415,108	92
Cultural and recreational	316,396	316,396	229,002	87,394
Main street/downtown	75,000	75,000	61,759	13,241
Debt Service:				
Principal	138,000	138,000	101,225	36,775
Interest	9,300	9,300	3,422	5,878
Total expenditures	4,902,820	5,044,082	4,554,500	489,582
Revenues over (under) expenditures	(166,900)	(268,162)	571,912	840,074
Other financing sources (uses):				
Transfers from other funds	9,900	9,900	-	(9,900)
Transfers to other funds	-	(2,067,698)	(2,067,698)	-
Sale of capital assets	-	-	-	-
Proceeds from loan	157,000	157,000	157,000	-
Fund balance appropriated	-	2,168,960	-	(2,168,960)
Total other financing sources (uses)	166,900	268,162	(1,910,698)	(2,178,860)
Net change in fund balance	\$ -	\$ -	(1,338,786)	\$ (1,338,786)
Fund balance, beginning			4,792,529	
Fund balance, ending			\$ 3,453,743	

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

**TOWN OF PITTSBORO, NORTH CAROLINA**

**Exhibit 6**

**Statement of Net Position**

**Proprietary Fund**

**June 30, 2019**

	<b>Major Enterprise Fund</b>
	<b>Water and Sewer Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 3,438,081
Accounts receivable (net) - billed	285,916
Accounts receivable (net) - unbilled	56,817
Due from other governments	56,308
Restricted cash and cash equivalents	128,287
Total current assets	<u>3,965,409</u>
Noncurrent assets:	
Capital assets:	
Land and construction in progress	1,443,020
Other capital assets, net of depreciation	11,074,226
Total capital assets	<u>12,517,246</u>
Total noncurrent assets	<u>12,517,246</u>
Total assets	<u><u>\$ 16,482,655</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Contributions to pension plan in current fiscal year	<u>263,825</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 174,134
Accrued bond interest	5,134
Customer deposits	103,906
Current portion of long-term debt	137,198
Total current liabilities	<u>420,372</u>
Noncurrent liabilities:	
Accrued vacation	52,075
Total OPEB liability	370,360
Net pension liability	329,993
Non-current portion of long-term debt	1,340,391
Total noncurrent liabilities	<u>2,092,819</u>
Total liabilities	<u>2,513,191</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
OPEB deferrals	23,652
Pension deferrals	12,164
Total deferred inflows of resources	<u>35,816</u>
<b>NET POSITION</b>	
Net investment in capital assets	11,039,657
Restricted for capital projects	577,688
Unrestricted	2,580,128
Total net position	<u><u>\$ 14,197,473</u></u>

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

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

**Exhibit 7**

	<u><b>Major Enterprise Fund</b></u> <u><b>Water and Sewer Fund</b></u>
<b>OPERATING REVENUES</b>	
Water sales	\$ 1,505,912
Sewer charges	1,266,765
Reuse water charges	55,080
Reconnection fees and penalties	58,448
Miscellaneous	43,950
Total operating revenues	<u>2,930,155</u>
<b>OPERATING EXPENSES</b>	
Administrative	621,624
Water operations	897,035
Sewer treatment	597,859
Public utilities	536,033
Depreciation	605,431
Total operating expenses	<u>3,257,982</u>
Operating income (loss)	<u>(327,827)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment earnings	2,906
Interest and other charges	(18,325)
Water and sewer access charges	81,303
Total nonoperating revenues (expenses)	<u>65,884</u>
<b>Income (loss) before contributions and transfers</b>	(261,943)
Transfer from other funds	116,300
Transfer to other funds	<u>(116,300)</u>
<b>Change in net position</b>	(261,943)
<b>Total net position, beginning</b>	14,459,416
<b>Total net position, ending</b>	<u><u>\$ 14,197,473</u></u>

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

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended June 30, 2019**

**Exhibit 8**

	<u><b>Major Enterprise Fund</b></u> <u><b>Water and Sewer Fund</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 2,926,892
Cash paid for goods and services	(1,422,832)
Cash paid to or on behalf of employees for services	(1,139,841)
Customer deposits received	(66,946)
Other operating revenues	43,950
Net cash provided (used) by operating activities	<u>341,223</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital contribution - access fees	81,303
Proceeds received from bonds/loan	25,000
Principal paid on bonds/loans	(144,258)
Interest paid on bonds/loans	(18,325)
Acquisition and construction of capital assets	(198,947)
Net cash provided (used) by capital and related financing activities	<u>(255,227)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	<u>2,906</u>
Net increase (decrease) in cash and cash equivalents	88,902
Balances, beginning	<u>3,477,466</u>
Balances, ending	<u><u>\$ 3,566,368</u></u>
 Reconciliation of operating income (loss) to net cash provided by operating activities	
Operating income (loss)	<u>\$ (327,827)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	605,431
Changes in assets and liabilities:	
Decrease (increase) in accounts receivable	34,302
Decrease (increase) in due from other governments	6,385
Increase (decrease) in accounts payable and accrued liabilities	33,474
Decrease in net pension liability	132,703
Increase (decrease) in customer deposits	(66,946)
Increase (decrease) in accrued vacation	8,149
(Increase) decrease in deferred outflows of resources for pensions	(123,139)
(Decrease) in deferred inflows of resources for pensions	2,930
(Decrease) in deferred inflows of resources - OPEB	2,997
Increase (decrease) in OPEB liability	32,764
Total adjustments	<u>669,050</u>
Net cash provided by operating activities	<u><u>\$ 341,223</u></u>

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

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## **NOTES TO THE FINANCIAL STATEMENTS**

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**TOWN OF PITTSBORO, 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 Pittsboro (“the Town”) and its discretely presented component unit, the Town of Pittsboro ABC Board, 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 Pittsboro is a municipal corporation that is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town’s financial statements in order to emphasize that it is legally separate from the Town.

**Town of Pittsboro ABC Board**

The members of the ABC Board’s governing board are appointed by the Town. In addition, the ABC Board is required by State Statute to distribute its surpluses, if any, to the General Fund of the Town. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity’s administrative offices at the Town of Pittsboro ABC Board, P.O. Box 642, Pittsboro, North Carolina 27312.

**B. Basis of Presentation**

*Government-wide Financial Statements:* The statement of net position and the statement of activities display information about the primary government and its component unit. 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.



**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**I. Summary of Significant Accounting Policies (Continued)**

**B. Basis of Presentation (Continued)**

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.

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 and various other taxes and licenses. The primary expenditures are for public safety, streets, sanitation, parks and recreation and general government services.

The Town reports the following non-major governmental fund:

**Capital Projects Funds.** The Capital Projects Funds were established to account for funds that are restricted for use for a particular purpose, mainly the acquisition of equipment, construction of special projects and renovations of the Town's capital assets. The projects include the Capital Projects Fund and the Town Hall Project.

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. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**I. Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus and Basis of Accounting (Continued)**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for the enterprise fund 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. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**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 Water and Sewer Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Projects Fund. All budgets are prepared using the modified accrual basis of accounting. Appropriations are made at the departmental level and are amended as necessary by the governing board. The manager may make interdepartmental transfers (limited to 10% of the department's budget) without Board approval. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. All amendments greater than 10% of a department's budget must be approved by the governing board and the 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 and the ABC Board 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 and ABC Board 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 State or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's and ABC Board'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 fair value. The NCCMT- Term Portfolio's 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 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. The Town and ABC Board consider al highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**I. Summary of Significant Accounting Policies (Continued)**

**3. Restricted Assets**

The unexpended loan proceeds from a loan agreement entered into by the Town are classified as restricted assets because their use is completely restricted to the purposes of purchasing police vehicles. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Any unexpended balances of grant or loan funds for the Capital Projects Funds are classified as restricted assets in the appropriate fund because their use is completely restricted to the purpose for which the grants and/or loans were intended. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes of maintain, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

**Town of Pittsboro Restricted Cash**

Governmental Activities

General Fund

Streets	\$ 140,497
General Government	24,400
Public Safety	<u>140,934</u>
Total Governmental Activities	<u>305,831</u>

Business-type Activities

Water and Sewer Fund

Unexpended loan proceeds	24,381
Customer deposits	<u>103,906</u>
Total Business-type Activities	<u>128,287</u>

Total Restricted Cash	<u><u>\$ 434,118</u></u>
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**4. Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2015. 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.

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**I. Summary of Significant Accounting Policies (Continued)**

**6. Inventory and Prepaid Items**

The inventories of the ABC Board are valued at cost (first-in, first-out), which approximates market. The inventories of the ABC Board consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

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

**7. Capital Assets**

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

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

Asset Class	Estimated Useful Lives
Buildings and improvements	15 - 50 years
Furniture and equipment	5 - 40 years
Infrastructure	15 - 25 years
Vehicles	5 - 8 years

Property, plant, and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

Asset Class	Estimated Useful Lives
Buildings and leasehold improvements	5 - 30 years
Store and administrative equipment	7 years

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**I. Summary of Significant Accounting Policies (Continued)**

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

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

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

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**I. Summary of Significant Accounting Policies (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. The Town has no nonspendable fund balance.

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

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

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

Restricted for Public Safety – portion of fund balance that represents funds from the equitable sharing program and loan proceeds restricted for public safety.

Restricted for General Government – portion of fund balance that represents loan proceeds restricted for general government use.

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**I. Summary of Significant Accounting Policies (Continued)**

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

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

Assigned for Capital Projects Funds – portion of fund balance assigned by the Board of Commissioners for capital expenditures.

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; however, the budget ordinance authorizes the manager to modify the appropriation within a fund up to 10% of any department’s appropriation.

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

The Town of Pittsboro does not have a formal revenue spending policy for programs with multiple revenue sources.

The Town of Pittsboro has not adopted a minimum fund balance policy for the General Fund.

**12. Deferred Benefit Cost-Sharing Plans**

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



**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**II. Detail Notes on All Funds**

**A. Assets**

**1. Deposits**

All the deposits of the Town and the ABC Board 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 or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary for the Town and the ABC Board, these deposits are considered to be held by the Town's and the ABC Board's agents in their names. 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, the ABC Board, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town and the ABC Board under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has not adopted a formal policy regarding custodial risk for deposits.

At June 30, 2019, the Town's deposits had a carrying amount of \$7,776,598 and a bank balance of \$7,913,808. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The carrying amount of deposits for the ABC Board was \$674,997 and the bank balance was \$663,962. Of the bank balance, \$250,000 was covered by federal depository insurance and \$413,962 was covered by collateral under the pooling method. At June 30, 2019, the Town's petty cash fund totaled \$300.

**2. Investments**

At June 30, 2019, the Town had \$1,002,987 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk of its investments.

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**II. Detail Notes on All Funds (Continued)**

**3. Receivables - Allowances for Doubtful Accounts**

The amount of taxes receivable presented in the Balance Sheet and the Statement of Net Position includes penalties levied and outstanding in the amount of \$1,986.

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

General Fund:		
Taxes receivable	\$	-
Accounts receivable		-
Total General Fund		-
Water and Sewer Fund:		
Accounts receivable		<u>16,901</u>
Total	\$	<u>16,901</u>

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**II. Detail Notes on All Funds (Continued)**

**4. 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
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 1,461,830	\$ -	\$ -	\$ 1,461,830
Construction in progress	18,300	502,916	-	521,216
Total capital assets not being depreciated	1,480,130	502,916	-	1,983,046
<b>Capital assets being depreciated:</b>				
Buildings	430,418	-	-	430,418
Furniture and equipment	1,004,025	30,086	-	1,034,111
Vehicles	1,030,754	117,392	-	1,148,146
Infrastructure	3,935,221	-	-	3,935,221
Total assets being depreciated	6,400,418	147,478	-	6,547,896
<b>Less accumulated depreciation for:</b>				
Buildings	188,418	9,561	-	197,979
Furniture and equipment	561,308	53,502	-	614,810
Vehicles	679,828	101,516	-	781,344
Infrastructure	1,678,010	172,727	-	1,850,737
Total accumulated depreciation	3,107,564	337,306	-	3,444,870
Total capital assets being depreciated, net	3,294,854			3,103,026
<b>Total governmental activities capital assets, net</b>	<u>\$ 4,772,983</u>			<u>\$ 5,086,071</u>

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

General government	\$ 90,288
Public safety	69,242
Transportation	144,942
Environmental protection	-
Recreation	32,853
	<u>\$ 337,306</u>

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**II. Detail Notes on All Funds (Continued)**

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities – Water and Sewer Fund:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 10,200	\$ -	\$ -	\$ 10,200
Construction in progress	1,391,861	40,959	-	1,432,820
Total capital assets not being depreciated	1,402,061	40,959	-	1,443,020
<b>Capital assets being depreciated:</b>				
Buildings	163,682	-	-	163,682
Other improvements	20,132,172	-	-	20,132,172
Equipment	2,230,056	157,989	-	2,388,045
Total assets being depreciated	22,525,910	157,989	-	22,683,899
<b>Less accumulated depreciation for:</b>				
Buildings	127,801	4,359	-	132,160
Other improvements	8,838,453	559,690	-	9,398,143
Equipment	2,037,988	41,382	-	2,079,370
Total accumulated depreciation	11,004,241	605,431	-	11,609,673
Total capital assets being depreciated, net	11,521,669			11,074,226
<b>Total governmental activities capital assets, net</b>	<u>\$12,923,730</u>			<u>\$12,517,246</u>

**Construction Commitments**

The Town has no active construction commitments as of June 30, 2019.

**Discretely presented component unit**

Activity for the ABC Board for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Capital assets being depreciated:</b>				
Buildings and leasehold improvements	\$ 186,007	\$ 7,700	\$ -	\$ 193,707
Store and administrative equipment	61,543	-	-	61,543
Total assets being depreciated	247,550	7,700	-	255,250
<b>Less accumulated depreciation:</b>				
Total accumulated depreciation	158,583	10,595	-	169,178
<b>Total ABC Board capital assets, net</b>	<u>\$ 88,967</u>			<u>\$ 86,072</u>

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**II. Detail Notes on All Funds (Continued)**

**B. Liabilities**

**1. Pension Plan and Postemployment Obligations**

**a. Local Governmental Employees' Retirement System**

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

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

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**II. Detail Notes on All Funds (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 Pittsboro employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Pittsboro's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Pittsboro were \$194,224 for the year ended June 30, 2019.

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

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

At June 30, 2019, the Town reported a liability of \$845,028 for its proportionate share of the net pension liability. The net pension asset was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset 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 asset was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the Town's proportion was 0.03562%, which was an decrease of 0.00207% from its proportion measured as of June 30, 2017.

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**II. Detail Notes on All Funds (Continued)**

For the year ended June 30, 2019, the Town recognized pension expense of \$213,422. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 130,368	\$ 4,374
Changes of assumptions	224,238	-
Net difference between projected and actual earnings on pension plan investments	115,997	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	26,775
Town contributions subsequent to the measurement date	194,221	-
Total	\$ 664,824	\$ 31,149

\$194,221 was reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 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	\$ 216,130
2021	140,572
2022	20,760
2023	61,993
2024	-
Thereafter	-

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

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

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

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**II. Detail Notes on All Funds (Continued)**

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

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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.



**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

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

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 2,029,831	\$ 845,028	\$ (145,012)

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

**b. Law Enforcement Officers Special Separation Allowance**

*1. Plan Description.*

The Town of Pittsboro 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.

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**II. Detail Notes on All Funds (Continued)**

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

Retirees receiving benefits	1
Active plan members	11
Total	<hr/> 12 <hr/>

A separate report was not issued for the plan.

*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 and refunds 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 following criteria which are outlined in GASB Statement 73.

*3. Actuarial Assumptions*

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

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

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index determined at the end of each month.

Mortality rates are based on the RP-2014 Mortality tables with adjustments for mortality improvements based on Scale AA.

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**II. Detail Notes on All Funds (Continued)**

*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. For the current year, the Town paid \$16,533 in benefits. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

***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 \$490,157. The total pension liability was measured as of December 31, 2017 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 \$37,160.

	<b>Deferred Outflows of</b>	<b>Deferred Inflows of</b>
Differences between expected and actual experience	\$ 7,243	\$ 3,412
Changes of assumptions	17,817	20,248
Benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	<u>\$ 25,060</u>	<u>\$ 23,660</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	\$ 908
2021	908
2022	1,089
2023	2,118
2024	(3,623)
Thereafter	-

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**II. Detail Notes on All Funds (Continued)**

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

	<b>1% Decrease (2.64%)</b>	<b>Discount Rate (3.64%)</b>	<b>1% Increase (4.64%)</b>
Total pension liability	\$ 529,896	\$ 490,157	\$ 454,265

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

	<b>2019</b>
Beginning balance	\$ 493,116
Service Cost	20,931
Interest on the total pension liability	15,321
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(4,101)
Changes of assumptions or other inputs	(18,577)
Benefit payments	(16,533)
Other changes	-
Ending balance of the total pension liability	<u>\$ 490,157</u>

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

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

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**II. Detail Notes on All Funds (Continued)**

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 213,422	\$ 37,160	\$ 250,582
Pension Liability	845,028	490,157	1,335,185
Proportionate share of the net pension liability	0.03562%	n/a	

**Deferred of Outflows of Resources**

Differences between expected and actual experience	130,368	7,243	137,611
Changes of assumptions	224,238	17,817	242,055
Net difference between projected and actual earnings on plan investments	115,997	-	115,997
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-
Benefit payments and administrative costs paid subsequent to the measurement date	194,221	-	194,221

**Deferred of Inflows of Resources**

Differences between expected and actual experience	4,374	3,412	7,786
Changes of assumptions	-	20,248	20,248
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	26,775	-	26,775

**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 may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2019 were \$48,035, which consisted of \$33,261 from the Town and \$14,774 from the law enforcement officers.

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**II. Detail Notes on All Funds (Continued)**

**d. Section 401(k) Plan for General Employees**

*Plan Description.* The Town contributes to a 401(k) Plan, a defined contribution plan administered by the Prudential Insurance Company of America. The Plan provides retirement benefits to the general employees, other than law enforcement, employed by the Town.

*Funding Policy.* The Town annually determines the amount of contributions. For the year ended June 30, 2019, the Town contributed five percent (5.0%) on each general employee's salary. Also, the general employees may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2019 were \$111,253, which consisted of \$87,116 from the Town and \$24,137 from the general employees.

**e. Other Postemployment Benefits**

**Healthcare Benefits**

*Plan Description.* Under the terms of a Town resolution, the Town administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The Town Board has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

*Benefits Provided.* Prior to July 1, 2007, retirees qualified for benefits similar to those of employees after a minimum of five years of creditable service with the Town. The Town pays the full cost of coverage for employees' benefits through private insurers and employees have the option of purchasing dependent coverage at the Town's group rates. Employees hired on or after July 1, 2007 who retire with a minimum of 20 years of creditable service also have the option of purchasing coverage for themselves and dependents at the Town's group rate. Employees hired on or after July 1, 2007 who retire with less than 20 years of service are not eligible for postemployment coverage. Retirees who qualify for coverage receive the same benefits as active employees. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

Retired Employees' Years of Creditable Service	Date Hired	
	Pre-July 1, 2007	On or after July 1, 2007
Less than 5 years	Not eligible for coverage	Not eligible for coverage
5 - 20 years	Full coverage paid for by City	Not eligible for coverage
20+ years	Full coverage paid for by City	Full coverage paid for by City

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**II. Detail Notes on All Funds (Continued)**

e. Other Postemployment Benefits (Continued)

Membership of the HCB Plan consisted of the following at December 31, 2017, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	0	1
Terminated plan members entitled to but not yet receiving benefits	0	0
Active plan members	34	11
Total	34	12

**Total OPEB Liability**

The Town's total OPEB liability of \$1,089,292 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

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

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

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of the measurement date.

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balance at July 1/2017</b>	\$ 992,928
<b>Changes for the year</b>	
Service cost	80,451
Interest	35,111
Changes of benefit terms	-
Differences between expected and actual experience	(19,811)
Changes in assumptions or other inputs	14,053
Benefit payments	(13,440)
<b>Net changes</b>	96,364
<b>Balance at 6/30/2018</b>	\$ 1,089,292

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**II. Detail Notes on All Funds (Continued)**

**Changes in the Total OPEB Liability (Continued)**

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

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

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

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

	<u>1% Decrease</u>	<u>Discount Rate (3.89%)</u>	<u>1% Increase</u>
Total OPEB liability	\$ 933,621	\$ 1,089,292	\$ 1,281,315

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

	<u>1% Decrease</u> <u>(2.89%)</u>	<u>Current Discount Rate</u> <u>(3.89%)</u>	<u>1% Increase</u> <u>(4.89%)</u>
Total OPEB liability	\$ 1,224,299	\$ 1,089,292	\$ 970,963

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

For the year ended June 30, 2019, the Town recognized OPEB expense of \$106,254. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 19,394
Changes of assumptions	12,366	50,171
Benefit payments and administrative costs made subsequent to the measurement date	-	
Total	<u>\$ 12,366</u>	<u>\$ 69,565</u>



**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**II. Detail Notes on All Funds (Continued)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

\$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	\$ (9,308)
2021	(9,308)
2022	(9,308)
2023	(9,308)
2024	(9,308)
Thereafter	(10,659)

**2. Other Employment Benefits**

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

**3. Deferred Outflows and Inflows of Resources**

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

Source	Amount
Contributions to pension plan in current fiscal year	\$ <u><u>702,249</u></u>

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**II. Detail Notes on All Funds (Continued)**

**3. Deferred Outflows and Inflows of Resources (Continued)**

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ 16,009	\$ 16,009
Deferred rent	450,000	450,000
Taxes Receivable, less penalties (General Fund)	-	110,432
OPEB deferrals	69,565	-
Pension deferrals	54,809	-
Total	<u>\$ 590,383</u>	<u>\$ 576,441</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 (3) 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 \$1,000,000 per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. 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. Stop loss insurance is purchased by the Board of Trustees to protect against medical claims that exceed certain dollar cost levels. Specific information on the limits of the 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 insurance for all other risks of loss. There have been no significant reductions in insurance coverage from the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town carries flood insurance through the National Flood Insurance Plan (NFIP). Because the Town is in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency, the Town is eligible to purchase coverage of \$500,000 per structure through the NFIP. The Town also is eligible to and has purchased commercial flood insurance for another \$5,000,000 of coverage per structure.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer, town clerk and mayor are all bonded for \$50,000 each through a commercial surety bond. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**II. Detail Notes on All Funds (Continued)**

**5. Claims, Judgments and Contingent Liabilities**

The Town is contingently liable in respect to other claims in the normal course of its operations. Should the Town become liable in these matters, such liability would be satisfied by budgetary appropriation in excess of insurance coverage in a subsequent year.

**6. Long-Term Obligations**

**a. General Obligation Indebtedness**

General obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

Bonds payable at June 30, 2019 are comprised of the following individual issues:

**General Obligation Bonds**

Serviced by the Water and Sewer Fund:

Water and Sewer Bonds (FHA); issued November 1, 1994; maturing serially to June 1, 2034; interest at 5.25%.

\$ 309,000

\$ 309,000

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

Year Ending June 30	Business-type Activities General Obligation Bonds	
	Principal	Interest
2020	\$ 16,000	\$ 16,223
2021	17,000	15,383
2022	18,000	14,490
2023	19,000	13,545
2024	20,000	12,548
2025-2029	109,000	46,148
2030-2034	110,000	17,325
Total	<u>\$ 309,000</u>	<u>\$ 135,662</u>

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**II. Detail Notes on All Funds (Continued)**

Notes Payable

Serviced by the General Fund:

Direct note payable with a financial institution to finance the purchase of equipment and a vehicle; issued on September 16, 2015; due in semi-annual installments of \$27,372 including interest at 1.88%; matures September 16, 2020; secured by vehicles. Split between the general and water and sewer funds. \$ 13,819

Direct note payable with a financial institution to finance the purchase of vehicles; issued on August 10, 2018; due in annual installments of \$49,010 including interest at 3.04%; matures August 10, 2022; secured by vehicles. Split between the general and water and sewer funds. 157,000

Direct note payable with a financial institution to finance the purchase of equipment and vehicles; issued on August 3, 2016; due in annual installments of \$95,942 including interest at 1.86%; matures January 30, 2020; secured by vehicles and equipment. Split between the general and water and sewer funds. 77,794  
\$ 248,613

Serviced by the Water and Sewer Fund:

Direct placement ARRA Federal Revolving Loan; issued August 4, 2009; due in twenty annual installments of \$62,319 beginning on May 1<sup>st</sup> after the project has been completed for six months; non-interest bearing; maximum amount of loan is \$1,246,370; project was completed in December 2010. \$ 668,845

Direct note payable with a financial institution to finance the purchase of equipment and a vehicle; issued on September 16, 2015; due in semi-annual installments of \$27,372 including interest at 1.88%; matures September 16, 2020; secured by vehicles. Split between the general and water and sewer funds 13,298

Direct note payable with a financial institution to finance the purchase of equipment and vehicles; issued on August 3, 2016; due in annual installments of \$95,942 including interest at 1.86%; matures January 30, 2020; secured by vehicles and equipment. Split between the general and water and sewer funds. 16,396

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**II. Detail Notes on All Funds (Continued)**

Notes Payable (Continued)

Direct note payable with a financial institution to finance the purchase of vehicles; issued on August 10, 2018; due in annual installments of \$49,010 including interest at 3.04%; matures August 10, 2022; secured by vehicles. Split between the general and water and sewer funds.

25,000

Direct placement DEQ Federal Revolving Loan; issued November 29, 2016; due in twenty annual installments of \$24,729 beginning on May 1<sup>st</sup> after the project has been completed for six months; non-interest bearing; maximum amount of loan is \$494,500.

445,050

\$ 1,168,589

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

Year Ending June 30	Governmental Activities		Business-type Activities	
	Notes Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2020	\$ 129,116	\$ 5,533	\$ 121,198	\$ -
2021	38,643	4,211	91,685	-
2022	39,818	2,849	91,872	-
2023	41,036	1,446	92,059	-
2024	-	-	85,530	-
2025-2029	-	-	427,650	-
2030-2034	-	-	245,235	-
2035	-	-	13,360	-
Total	<u>\$ 248,613</u>	<u>\$ 14,039</u>	<u>\$ 1,168,589</u>	<u>\$ -</u>

The Town has a legal debt margin of \$51,993,988 at June 30, 2019.

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**II. Detail Notes on All Funds (Continued)**

**b. Change in Long-Term Liabilities**

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental activities:					
Direct Notes Payable	\$ 192,838	\$ 157,000	\$ 101,225	\$ 248,613	\$ 129,116
Net pension liability (LGERS)	378,513	136,522	-	515,035	-
Total pension liability (LEO)	493,116	-	2,959	490,157	-
Compensated absences	100,325	16,809	-	117,134	-
Total OPEB liability	655,332	63,601	-	718,933	-
Governmental activity long-term liabilities	<u>\$ 1,820,124</u>	<u>\$ 373,932</u>	<u>\$ 104,184</u>	<u>\$ 2,089,872</u>	<u>\$ 129,116</u>
Business-type activities:					
Water and Sewer Fund					
General obligation bonds	\$ 324,000	\$ -	\$ 15,000	\$ 309,000	\$ 16,000
Direct Notes Payable	1,275,822	25,000	132,233	1,168,589	121,198
Net pension liability (LGERS)	197,290	132,703	-	329,993	-
Compensated absences	43,926	8,149	-	52,075	-
Total OPEB liability	337,596	32,764	-	370,360	-
Water Sewer Fund long-term liabilities	<u>\$ 2,178,634</u>	<u>\$ 198,616</u>	<u>\$ 147,233</u>	<u>\$ 2,230,017</u>	<u>\$ 137,198</u>
Business activity long-term liabilities	<u>\$ 2,178,634</u>	<u>\$ 198,616</u>	<u>\$ 147,233</u>	<u>\$ 2,230,017</u>	<u>\$ 137,198</u>

The ABC Board had no long-term debt at June 30, 2019.

**c. Interfund Balances and Activity**

Transfer from the general fund to the PESR Culvert project fund for project expenditures	\$ 147,318
Transfer from the general fund to the Town Hall project fund for project expenditures	\$ 1,900,380
Transfer from the general fund to the Traffic Circle project fund for project expenditures	\$ 20,000
Transfer from the water and sewer capital reserve fund to the Sanford Forcemain project for project expenditures	\$ 116,300

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

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**II. Detail Notes on All Funds (Continued)**

d. Net Investment in Capital Assets

Governmental activities:

Total capital assets	\$ 5,086,071
Less: Notes payable	<u>248,613</u>
	<u>\$ 4,837,458</u>

Business-type activities:

Total capital assets	\$ 12,517,246
Less: Bonds payable	309,000
Notes payable	<u>1,168,589</u>
	<u>\$ 11,039,657</u>

e. Fund Balance

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

Total fund balance-General Fund	\$ 3,453,743
Less:	
Stabilization by State Statute	493,812
Streets-Powell Bill	140,497
Public Safety	140,934
General Government	24,400
Appropriated Fund Balance in 2020 budget	14,386
Remaining Fund Balance	<u>\$ 2,639,714</u>

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

The Town had no encumbrances at June 30, 2019.

**III. Jointly Governed Organization**

The Town, in conjunction with various counties and other municipalities, established the Triangle J Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member of the Council's governing board. The Town paid membership fees of \$1,795 to the Council during the year ended June 30, 2019.

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**IV. Summary Disclosure of Significant Contingencies**

**Federal and State Assisted Programs**

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

**V. Significant Effects of Subsequent Events**

Subsequent events have been evaluated through October 25, 2019, the date which the financial statements were available to be issued. There were no recognized events meriting disclosure.



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## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Town of Pittsboro's Proportionate Share of Net Pension Liability (Asset)**  
**Required Supplementary Information**  
**Last Six Fiscal Years \***

**Schedule 1**

**Local Government Employees' Retirement System**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Pittsboro's proportion of the net pension liability (asset) (%)	0.0356%	0.0377%	0.0366%	0.0348%	-0.0359%	0.0355%
Pittsboro's proportion of the net pension liability (asset) (\$)	\$ 845,028	\$ 575,798	\$ 776,774	\$ 156,359	\$ (211,601)	\$ 427,911
Pittsboro's covered-employee payroll	\$2,166,530	\$2,175,276	\$2,030,243	\$1,893,809	\$1,821,230	\$1,861,303
Pittsboro's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	39.00%	26.47%	38.26%	8.26%	-11.62%	22.99%
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 amount 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 PITTSBORO, NORTH CAROLINA**  
**Town of Pittsboro's Contributions**  
**Required Supplementary Information**  
**Last Six Fiscal Years**

**Schedule 2**

**Local Government Employees' Retirement System**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 194,221	\$ 155,389	\$ 151,018	\$ 138,781	\$ 136,371	\$ 133,161
Contributions in relation to the contractually required contribution	<u>194,221</u>	<u>155,389</u>	<u>151,018</u>	<u>138,781</u>	<u>136,371</u>	<u>133,161</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Pittsboro's covered-employee payroll	\$2,408,038	\$2,166,530	\$2,175,276	\$2,030,243	\$1,893,809	\$1,821,230
Contribution as a percentage of covered-employee payroll	8.07%	7.17%	6.94%	6.84%	7.20%	7.31%

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officer's Special Separation Allowance**  
**June 30, 2019**

**Schedule 3**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 493,116	\$ 439,178	\$ 441,964
Service Cost	20,931	16,024	18,353
Interest on the total pension liability	15,321	16,633	15,302
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(4,101)	10,929	-
Changes of assumptions or other inputs	(18,577)	26,885	(9,767)
Benefit payments	(16,533)	(16,533)	(26,674)
Other changes	-	-	-
Ending balance of the total pension liability	<u>\$ 490,157</u>	<u>\$ 493,116</u>	<u>\$ 439,178</u>

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

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officer's Special Separation Allowance**  
**June 30, 2019**

**Schedule 4**

	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>
Total pension liability	\$ 490,157	\$ 493,116	\$ 439,178
Covered payroll	619,020	581,502	648,714
Total pension liability as a percentage of covered payroll	79.18%	84.80%	67.70%

Notes to the schedules:

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

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**June 30, 2019**

**Schedule 5**

	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>		
Service cost	80,451	86,762
Interest	35,111	28,681
Changes of benefit terms	-	-
Differences between expected and actual experience	(19,811)	(2,609)
Changes of assumptions	14,053	(66,757)
Benefit payments	(13,440)	(11,946)
<b>Net change in total OPEB liability</b>	<u>96,364</u>	<u>34,131</u>
<b>Total OPEB liability - beginning</b>	<u>992,928</u>	<u>958,797</u>
<b>Total OPEB liability - ending</b>	<u><u>1,089,292</u></u>	<u><u>992,928</u></u>
 <b>Covered payroll</b>	 2,060,483	 1,966,195
<b>Total OPEB liability as a percentage of covered payroll</b>	52.87%	50.50%

**Notes to Schedule**

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

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

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## **INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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## TOWN OF PITTSBORO, NORTH CAROLINA

## Schedule 6

## General Fund

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

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Taxes - current year	\$ 2,339,003	\$ 2,401,184	\$ 62,181
Taxes - prior years	20,000	20,258	258
Interest and penalties	5,000	6,686	1,686
Total	<u>2,364,003</u>	<u>2,428,128</u>	<u>64,125</u>
Other taxes and licenses:			
Local option sales tax	732,504	916,488	183,984
Hold harmless tax	238,487	313,989	75,502
Utilities / cable franchise taxes	128,000	210,610	82,610
Telecommunications tax	20,000	22,330	2,330
Video sales tax	27,000	28,724	1,724
Other taxes and licenses	65,706	113,475	47,769
Total	<u>1,211,697</u>	<u>1,605,616</u>	<u>393,919</u>
Unrestricted intergovernmental:			
ABC Board profit distribution	104,000	130,477	26,477
Other	-	-	-
Total	<u>104,000</u>	<u>130,477</u>	<u>26,477</u>
Restricted intergovernmental:			
State street aid - Powell Bill	130,000	129,673	(327)
Chatham Park Development	250,000	187,915	(62,085)
Other	75,475	55,313	(20,162)
Total	<u>455,475</u>	<u>372,901</u>	<u>(82,574)</u>
Permits and fees:			
Zoning fees	22,885	21,928	(957)
Other fees	90,000	55,020	(34,980)
Recreation fees	7,500	2,165	(5,335)
Off-duty police officer fees	1,000	823	(177)
Total	<u>121,385</u>	<u>79,936</u>	<u>(41,449)</u>
Sales and services:			
Solid waste revenues	400,000	411,221	11,221
Recreation	7,350	9,390	2,040
Facilities rental	13,000	17,370	4,370
Other	37,010	59,137	22,127
Total	<u>457,360</u>	<u>497,118</u>	<u>39,758</u>
Investment earnings	<u>2,000</u>	<u>4,465</u>	<u>2,465</u>
Miscellaneous	<u>60,000</u>	<u>7,771</u>	<u>(52,229)</u>
Total revenues	<u>4,775,920</u>	<u>5,126,412</u>	<u>350,492</u>



## TOWN OF PITTSBORO, NORTH CAROLINA

## Schedule 6

## General Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019**  
(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures:</b>			
General government:			
Governing body:			
Salaries and employee benefits	\$ 34,028	\$ 34,028	\$ -
Payroll taxes	2,603	2,603	-
Professional services	-	-	-
Travel and training	2,000	869	1,131
Postage	50	-	50
Advertising	50	184	(134)
Departmental supplies	2,500	665	1,835
Contracted services	32,000	27,876	4,124
Economic development	7,000	5,851	1,149
Dues and subscriptions	8,750	8,746	4
Insurance and bonds	1,575	1,560	15
Contracted services	1,400	-	1,400
Total	<u>91,956</u>	<u>82,382</u>	<u>9,574</u>
Administration:			
Salaries and employee benefits	290,594	292,564	(1,970)
Payroll taxes	17,878	18,080	(202)
Professional services	500	-	500
Telephone	8,000	7,363	637
Travel and training	9,000	4,478	4,522
Maintenance - equipment	2,500	3,511	(1,011)
Postage	750	341	409
Advertising	1,000	261	739
Supplies	12,000	9,345	2,655
Dues and subscriptions	8,000	6,220	1,780
Insurance and bonds	5,650	3,727	1,923
Tax billing and collection	11,000	12,862	(1,862)
Contracted services	41,225	27,986	13,239
Total	<u>408,097</u>	<u>386,738</u>	<u>21,359</u>
Planning:			
Salaries and employee benefits	121,867	103,528	18,339
Payroll taxes	6,815	6,590	225
Travel and training	3,500	1,006	2,494
Telephone	2,000	1,919	81
Professional services	-	-	-
Postage	1,000	304	696
Utilities	-	478	(478)
Advertising	1,500	1,178	322
Departmental supplies	7,000	5,159	1,841
Dues and subscriptions	4,500	799	3,701
Community retirement program	-	-	-
Contracted services	38,794	30,194	8,600
Insurance and bonds	3,200	2,445	755
Total	<u>190,176</u>	<u>153,600</u>	<u>36,576</u>

## TOWN OF PITTSBORO, NORTH CAROLINA

## Schedule 6

## General Fund

## Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2019

(Continued)

	Budget	Actual	Variance Positive (Negative)
Legal:			
Dues and subscriptions	\$ 250	\$ -	\$ 250
Travel and training	750	-	750
Professional services	49,875	49,953	(78)
Total	50,875	49,953	922
Public buildings (Engineering):			
Salaries and employee benefits	74,625	66,225	8,400
Payroll taxes	7,214	7,112	102
Professional services	-	-	-
Telephone	2,000	1,919	81
Travel and training	1,500	310	1,190
Advertising	250	351	(101)
Postage	100	304	(204)
Utilities	-	478	(478)
Vehicle repairs	1,500	1,135	365
Departmental supplies	500	1,285	(785)
Dues and subscriptions	1,000	674	326
Contracted services	72,544	57,183	15,361
Miscellaneous	72,000	79,830	(7,830)
Insurance	3,200	2,474	726
Total	236,433	219,280	17,153
Total general government	977,537	891,953	85,584
Public safety:			
Police:			
Salaries and employee benefits	985,391	960,979	24,412
Payroll taxes	59,628	59,291	337
Professional services	-	-	-
Separation benefit	16,533	16,533	-
Federal asset forfeiture	14,372	-	14,372
Telephone	11,000	13,814	(2,814)
Postage	500	357	143
Travel and training	9,000	8,691	309
Maintenance - equipment	3,000	3,784	(784)
Vehicle repairs	25,000	24,774	226
Automotive supplies	31,000	31,677	(677)
Departmental supplies	31,800	31,816	(16)
Advertising	150	42	108
Contracted services	34,100	28,795	5,305
Uniforms and accessories	18,000	16,400	1,600
Dues and subscriptions	2,800	1,676	1,124
Insurance and bonds	37,500	35,084	2,416
Investigations	5,000	4,815	185
Community policing support	6,500	6,173	327
Capital outlay - equipment	132,000	130,931	1,069
Total	1,423,274	1,375,632	47,642

## TOWN OF PITTSBORO, NORTH CAROLINA

## Schedule 6

## General Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019**  
(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Fire:			
Pittsboro Volunteer Fire and Rescue			
Department - contribution	\$ 673,481	\$ 673,481	\$ -
Total	<u>673,481</u>	<u>673,481</u>	<u>-</u>
 Total public safety	 <u>2,096,755</u>	 <u>2,049,113</u>	 <u>47,642</u>
Transportation:			
Streets and maintenance:			
Salaries and employee benefits	205,529	206,334	(805)
Payroll taxes	11,635	13,130	(1,495)
Professional services	-	-	-
Travel and training	1,000	1,105	(105)
Telephone and postage	3,600	3,351	249
Utilities	55,000	62,239	(7,239)
Maintenance - equipment	12,000	6,116	5,884
Vehicle repairs	9,000	6,119	2,881
Automotive supplies	12,000	9,798	2,202
Maintenance and repairs - building	2,500	786	1,714
Departmental supplies	21,000	25,571	(4,571)
Contracted services	20,500	9,137	11,363
Dues and subscriptions	1,000	162	838
Insurance and bonds	13,150	11,299	1,851
Powell bill	130,000	97,515	32,485
Capital outlay - buildings	-	-	-
Capital outlay - equipment	71,587	53,475	18,112
Total	<u>569,501</u>	<u>506,137</u>	<u>63,364</u>
Public Works:			
Utilities	18,000	14,825	3,175
Maintenance and repairs - building	12,000	10,269	1,731
Maintenance - equipment	67,300	-	67,300
Contracted services	13,000	10,526	2,474
Insurance and bonds	1,500	2,018	(518)
Departmental supplies	2,750	3,060	(310)
Capital outlay - equipment	-	-	-
Total	<u>114,550</u>	<u>40,698</u>	<u>73,852</u>
 Total transportation	 <u>684,051</u>	 <u>546,835</u>	 <u>137,216</u>

## TOWN OF PITTSBORO, NORTH CAROLINA

## Schedule 6

## General Fund

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Fiscal Year Ended June 30, 2019

(Continued)

	Budget	Actual	Variance Positive (Negative)
Cultural and recreational:			
Recreation:			
Salaries and employee benefits	\$ 79,333	\$ 79,433	\$ (100)
Payroll taxes	4,769	4,828	(59)
Professional services	-	-	-
Travel and training	2,500	1,546	954
Contracted services	56,544	44,700	11,844
Telephone and postage	2,200	2,689	(489)
Utilities	7,000	6,877	123
Departmental supplies	5,000	3,600	1,400
Seasonal decorations	-	-	-
Building and grounds maintenance	53,000	50,172	2,828
Main Street façade/downtown improvements	1,500	-	1,500
Events and programming	10,000	10,053	(53)
Capital outlay	90,000	21,263	68,737
Insurance and bonds	3,550	2,728	822
Dues and subscriptions	1,000	1,113	(113)
Total	316,396	229,002	87,394
Economic and physical development:			
Salaries and employee benefits	222,641	181,343	41,298
Payroll taxes	13,029	10,930	2,099
Professional services	-	-	-
Travel and training	3,500	210	3,290
Telephone and postage	1,900	2,447	(547)
Utilities	900	478	422
Maintenance - automotive	500	1,783	(1,283)
Contracted services	39,773	48,443	(8,670)
Departmental supplies	9,250	6,952	2,298
Dues and subscriptions	500	990	(490)
Insurance and bonds	3,550	2,507	1,043
Capital projects	36,300	-	36,300
Total	331,843	256,083	75,760
Environmental protection:			
Sanitation	415,200	415,108	92
Total	415,200	415,108	92
Main street/downtown:			
Main Street façade/downtown improvements	75,000	61,759	13,241
Total	75,000	61,759	13,241

## TOWN OF PITTSBORO, NORTH CAROLINA

## Schedule 6

## General Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019**  
(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Debt service:			
Principal	138,000	101,225	36,775
Interest	9,300	3,422	5,878
Total	<u>147,300</u>	<u>104,647</u>	<u>42,653</u>
 Total expenditures	 <u>5,044,082</u>	 <u>4,554,500</u>	 <u>489,582</u>
 Revenues over (under) expenditures	 (268,162)	 571,912	 840,074
 Other financing sources (uses):			
Transfers (to) from other funds:	\$ (2,057,798)	\$ (2,067,698)	\$ (9,900)
Sale of capital assets	-	-	-
Proceeds from loan	157,000	157,000	-
Total	<u>(1,900,798)</u>	<u>(1,910,698)</u>	<u>(9,900)</u>
 Fund balance appropriated	 <u>2,168,960</u>	 <u>-</u>	 <u>2,168,960</u>
 Net change in fund balance	 <u>\$ -</u>	 (1,338,786)	 <u>\$ (1,338,786)</u>
 Fund balance, beginning		 <u>4,792,529</u>	
 Fund balance, ending		 <u>\$ 3,453,743</u>	

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**For the Fiscal Year Ended June 30, 2019**

**Schedule 7**

	<b>Capital Projects Fund</b>	<b>Town Hall Project</b>	<b>PESR Culvert Project</b>	<b>Traffic Circle Project</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 7,029	\$ 1,482,024	\$ 90,583	\$ 20,000	\$ 1,599,636
Due from other governments	-	-	-	-	-
Total assets	<u>\$ 7,029</u>	<u>\$ 1,482,024</u>	<u>\$ 90,583</u>	<u>\$ 20,000</u>	<u>\$ 1,599,636</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FUND BALANCES</b>					
Designated for specific purposes	<u>7,029</u>	<u>1,482,024</u>	<u>90,583</u>	<u>20,000</u>	<u>1,599,636</u>
Total liabilities and fund balances	<u>\$ 7,029</u>	<u>\$ 1,482,024</u>	<u>\$ 90,583</u>	<u>\$ 20,000</u>	<u>\$ 1,599,636</u>

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Fiscal Year Ended June 30, 2019**

**Schedule 8**

	<b>Capital Projects Fund</b>	<b>Town Hall Project</b>	<b>PESR Culvert Project</b>	<b>Traffic Circle Project</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>					
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	6	-	-	-	6
Total revenues	6	-	-	-	6
<b>EXPENDITURES</b>					
Economic and physical development	-	446,181	-	-	446,181
Transportation	-	-	56,735	-	56,735
Total expenditures	-	446,181	56,735	-	502,916
Excess (deficiency) of revenues over expenditures	6	(446,181)	(56,735)	-	(502,910)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds					
General Fund	-	1,900,380	147,318	20,000	2,067,698
Transfers to other funds:					
General Fund	-	-	-	-	-
Net change in fund balance	6	1,454,199	90,583	20,000	1,564,788
Fund balances, beginning	7,023	27,825	-	-	34,848
Fund balances, ending	<u>\$ 7,029</u>	<u>\$ 1,482,024</u>	<u>\$ 90,583</u>	<u>\$ 20,000</u>	<u>\$ 1,599,636</u>

## TOWN OF PITTSBORO, NORTH CAROLINA

## Schedule 9

## Capital Projects Fund

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Investment earnings	\$ 25	\$ 6	\$ (19)
Total revenues	25	6	(19)
<b>Other Financing Sources (Uses)</b>			
Transfer to General Fund	-	-	-
Net change in fund balance	<u>\$ 25</u>	6	<u>\$ (19)</u>
Fund balance, beginning		<u>7,023</u>	
Fund balance, ending		<u>\$ 7,029</u>	



## TOWN OF PITTSBORO, NORTH CAROLINA

## Schedule 10

## Capital Projects Fund - Town Hall Project

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

## From Inception and For the Year Ended June 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Town contribution	\$2,855,335	\$ 954,955	\$1,900,380	\$2,855,335	\$ -
Total revenues	2,855,335	954,955	1,900,380	2,855,335	-
<b>Expenditures:</b>					
Land purchase	900,000	900,000	-	900,000	-
Site assessments	7,875	6,375	1,500	7,875	-
Closing costs	8,830	8,830	-	8,830	-
Design services	1,650,630	11,925	286,332	298,257	1,352,373
Demolition	275,000	-	157,706	157,706	117,294
Contingency	13,000	-	643	643	12,357
Total expenditures	2,855,335	927,130	446,181	1,373,311	1,482,024
Revenues over (under) expenditures	-	27,825	1,454,199	1,482,024	1,482,024
<b>Other Financing Sources (Uses)</b>					
Transfers in (out)					
General Fund	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	\$ -	\$ 27,825	1,454,199	\$1,482,024	\$ 1,482,024
Fund balance, beginning			27,825		
Fund balance, ending			\$1,482,024		

## TOWN OF PITTSBORO, NORTH CAROLINA

## Schedule 11

## Capital Projects Fund - PESR Culvert Project

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

## From Inception and For the Year Ended June 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Town contribution	\$ 147,318	\$ -	\$ 147,318	\$ 147,318	\$ -
Total revenues	147,318	-	147,318	147,318	-
<b>Expenditures:</b>					
Survey and design services	147,318	-	56,735	56,735	90,583
Total expenditures	147,318	-	56,735	56,735	90,583
Revenues over (under) expenditures	-	-	90,583	90,583	90,583
<b>Other Financing Sources (Uses)</b>					
Transfers in (out)					
General Fund	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	90,583	<u>\$ 90,583</u>	<u>\$ 90,583</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ 90,583</u>		

## TOWN OF PITTSBORO, NORTH CAROLINA

## Schedule 12

## Capital Projects Fund - Traffic Circle Project

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

## From Inception and For the Year Ended June 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Town contribution	\$ 20,000	\$ -	\$ 20,000	\$ 20,000	\$ -
Total revenues	20,000	-	20,000	20,000	-
<b>Expenditures:</b>					
Utility burial	20,000	-	-	-	20,000
Total expenditures	20,000	-	-	-	20,000
Revenues over (under) expenditures	-	-	20,000	20,000	20,000
<b>Other Financing Sources (Uses)</b>					
Transfers in (out)					
General Fund	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	20,000	<u>\$ 20,000</u>	<u>\$ 20,000</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ 20,000</u>		

## TOWN OF PITTSBORO, NORTH CAROLINA

## Schedule 13

## 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)
<b>Revenues:</b>			
Water sales	\$ 1,517,390	\$ 1,505,912	\$ (11,478)
Sewer charges	1,294,190	1,266,765	(27,425)
Reuse water charges	60,000	55,080	(4,920)
Reconnection fees and penalties	48,265	58,448	10,183
Miscellaneous	35,000	43,950	8,950
Total operating revenues	2,954,845	2,930,155	(24,690)
Nonoperating revenues:			
Interest earnings	750	2,416	1,666
Total revenues	2,955,595	2,932,571	(23,024)
<b>Expenditures:</b>			
Administrative			
Salaries and employee benefits	339,777	323,880	15,897
Payroll taxes	18,146	18,369	(223)
Professional services	-	-	-
Travel and training	750	1,073	(323)
Telephone and postage	13,000	15,626	(2,626)
Utilities	700	478	222
Departmental supplies	4,500	3,838	662
Vehicle and equipment maintenance	500	106	394
Dues and subscriptions	3,000	3,266	(266)
Insurance	6,250	4,054	2,196
Contracted services	136,800	125,258	11,542
Miscellaneous	100	561	(461)
Total	523,523	496,509	27,014
Water operations:			
Salaries and employee benefits	404,884	375,625	29,259
Payroll taxes	23,697	22,901	796
Professional services	-	-	-
Telephone and postage	14,200	11,763	2,437
Travel and training	3,500	3,358	142
Supplies	55,500	45,255	10,245
Advertising	250	199	51
Dues and subscriptions	1,300	662	638
Insurance	16,401	13,699	2,702
Chemicals	190,000	245,778	(55,778)
Contracted services	104,200	56,367	47,833
Building and grounds maintenance	50,000	26,278	23,722
Vehicle and equipment maintenance	31,300	18,423	12,877
Utilities	63,000	73,056	(10,056)
Other operating expenditures	3,500	1,845	1,655
Total	961,732	895,209	66,523

**TOWN OF PITTSBORO, NORTH CAROLINA**

**Schedule 13**

**Water and Sewer Fund**

**Schedule of Revenues and Expenditures**

**Budget and Actual (Non - GAAP)**

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

**(Continued)**

	Budget	Actual	Variance Positive (Negative)
Sewer treatment:			
Salaries and employee benefits	\$ 275,574	\$ 261,466	\$ 14,108
Payroll taxes	15,384	15,459	(75)
Professional services	-	-	-
Telephone and postage	3,450	4,437	(987)
Travel and training	3,500	3,623	(123)
Supplies	28,150	25,717	2,433
Dues and subscriptions	2,000	213	1,787
Insurance	13,150	10,804	2,346
Chemicals	36,000	36,498	(498)
Contracted services	120,300	135,458	(15,158)
Vehicle and equipment maintenance	10,600	11,711	(1,111)
Buildings and grounds maintenance	30,000	20,372	9,628
Utilities	67,000	67,216	(216)
Other operating expenditures	8,500	4,885	3,615
Total	<u>613,608</u>	<u>597,859</u>	<u>15,749</u>
Public utilities:			
Salaries and employee benefits	315,591	290,603	24,988
Payroll taxes	18,249	17,782	467
Telephone and postage	6,000	4,757	1,243
Travel and training	4,000	2,931	1,069
Supplies	114,000	97,862	16,138
Advertising	300	86	214
Dues and subscriptions	4,500	1,723	2,777
Insurance	12,400	10,398	2,002
Contracted services	56,000	25,241	30,759
Vehicle and equipment maintenance	71,500	77,225	(5,725)
Other operating expenditures	1,500	2,124	(624)
Total	<u>604,040</u>	<u>530,732</u>	<u>73,308</u>
Debt service:			
Interest and other charges	19,175	18,325	850
Principal	152,867	147,233	5,634
Total	<u>172,042</u>	<u>165,558</u>	<u>6,484</u>

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Water and Sewer Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non - GAAP)**  
**For the Fiscal Year Ended June 30, 2019**  
**(Continued)**

**Schedule 13**

	Budget	Actual	Variance Positive (Negative)
Capital outlay:			
Water operations - equipment	\$ 100,300	\$ 110,125	\$ (9,825)
Public utilities - equipment	84,650	84,988	(338)
Total	<u>184,950</u>	<u>195,113</u>	<u>(10,163)</u>
Total expenditures	<u>3,059,895</u>	<u>2,880,980</u>	<u>178,915</u>
Revenues over (under) expenditures	(104,300)	51,591	155,891
Other financing sources (uses):			
Transfers from other funds	58,150	58,150	-
Transfers to other funds	(58,150)	(58,150)	-
Proceeds from loan	25,000	25,000	-
Total	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Fund balance appropriated	<u>79,800</u>	<u>-</u>	<u>79,800</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ 500</u>	76,591	<u>\$ 76,091</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Revenues and other sources over expenditures and other uses		<u>\$ 76,591</u>	
Reconciling items:			
Payment of debt principal		147,233	
Principal additions		(25,000)	
Capital outlay		195,113	
Decrease (increase) in accrued vacation pay		(8,149)	
(Increase) in net pension liability		(132,703)	
Increase in deferred outflows of resources - pensions		118,935	
(Increase) in deferred inflows of resources - pensions		(2,930)	
Increase in OPEB liability		(32,764)	
Increase in deferred outflows of resources - OPEB		(4,204)	
Increase in deferred inflows of resources - OPEB		(2,997)	
Depreciation		(605,431)	
Investment earnings in Water and Sewer Capital Reserve Fund		456	
Other		13,907	
Total reconciling items		<u>(338,534)</u>	
Change in net position		<u>\$ (261,943)</u>	

**TOWN OF PITTSBORO, NORTH CAROLINA**

**Schedule 14**

**Water and Sewer Capital Reserve Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Investment earnings	<u>\$ 1,000</u>	<u>\$ 456</u>	<u>\$ (544)</u>
Total revenues	<u>1,000</u>	<u>456</u>	<u>(544)</u>
<b>Other financing sources (uses):</b>			
Transfer to other funds	<u>(59,150)</u>	<u>(58,150)</u>	<u>1,000</u>
Total other sources	<u>(59,150)</u>	<u>(58,150)</u>	<u>1,000</u>
Fund balance appropriated	<u>58,150</u>	<u>-</u>	<u>(58,150)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>(57,694)</u>	<u>\$ (57,694)</u>
Fund balance, beginning		<u>585,382</u>	
Fund balance, ending		<u>\$ 527,688</u>	

**TOWN OF PITTSBORO, NORTH CAROLINA**

**Schedule 15**

**Capital Projects Fund - Haw River Intake Project**

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

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Expenditures:</b>					
Design	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
Total expenditures	50,000	-	-	-	50,000
<b>Other Financing Sources (Uses)</b>					
Transfers in (out)					
Water and Sewer Fund	50,000	50,000	-	50,000	-
Total other financing sources (uses)	50,000	50,000	-	50,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 50,000</u>	<u>-</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Fund balance, beginning			<u>50,000</u>		
Fund balance, ending			<u>\$ 50,000</u>		



## TOWN OF PITTSBORO, NORTH CAROLINA

## Schedule 16

## Capital Projects Fund - USEPA 319 Project

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

## From Inception and For the Year Ended June 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
USEPA 319 Grant	\$ 161,726	\$ 161,726	\$ -	\$ 161,726	\$ -
Town contribution	4,191	4,191	-	4,191	-
Total revenues	165,917	165,917	-	165,917	-
<b>Expenditures:</b>					
Construction	94,226	154,009	-	154,009	(59,783)
Design	63,000	9,520	-	9,520	53,480
Supplies	4,500	1,796	-	1,796	2,704
Total expenditures	161,726	165,325	-	165,325	(3,599)
Revenues over (under) expenditures	4,191	592	-	592	(3,599)
<b>Other Financing Sources (Uses)</b>					
Transfers in (out)					
Water and Sewer Fund	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	\$ 4,191	\$ 592	-	\$ 592	\$ (3,599)
Fund balance, beginning			592		
Fund balance, ending			\$ 592		

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Capital Projects Fund - Sanitary Sewer Infiltration and Inflow Project**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**From Inception and For the Year Ended June 30, 2019**

**Schedule 17**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
DEQ loan proceeds	\$ 494,500	\$ 494,500	\$ -	\$ 494,500	\$ -
Town contribution	53,356	31,623	-	31,623	(21,733)
Total revenues	547,856	526,123	-	526,123	(21,733)
<b>Expenditures:</b>					
Construction	382,293	376,023	-	376,023	6,270
Technical services	97,760	36,188	-	36,188	61,572
Contingency	19,115	-	-	-	19,115
Closing costs	9,890	9,890	-	9,890	-
Other	7,175	6,920	-	6,920	255
Total expenditures	516,233	429,021	-	429,021	87,212
Revenues over (under) expenditures	31,623	97,102	-	97,102	65,479
<b>Other Financing Sources (Uses)</b>					
Transfers in (out)					
Water and Sewer Fund	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	\$ 31,623	\$ 97,102	-	\$ 97,102	\$ 65,479
Fund balance, beginning			97,102		
Fund balance, ending			\$ 97,102		

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Capital Projects Fund - Sanford Forcemain Project**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**From Inception and For the Year Ended June 30, 2019**

**Schedule 18**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Town contribution	\$1,645,650	\$1,652,475	\$ 58,150	\$1,710,625	\$ 64,975
Total revenues	1,645,650	1,652,475	58,150	1,710,625	64,975
<b>Expenditures:</b>					
Surveying/design & permitting	1,204,750	1,156,260	-	1,156,260	48,490
Bidding and negotiating	5,500	-	-	-	5,500
Construction contract admin	130,000	6,825	-	6,825	123,175
Construction observation	235,000	-	-	-	235,000
Geotechnical investigation	38,500	36,850	-	36,850	1,650
CWSRF administration	15,000	-	-	-	15,000
As-Built survey	16,900	-	-	-	16,900
Total expenditures	1,645,650	1,199,935	-	1,199,935	445,715
Revenues over (under) expenditures	-	452,540	58,150	510,690	510,690
<b>Other Financing Sources (Uses)</b>					
Transfers in (out)					
Water and Sewer Fund	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	\$ -	\$ 452,540	58,150	\$ 510,690	\$ 510,690
Fund balance, beginning			452,540		
Fund balance, ending			\$ 510,690		

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Capital Projects Fund - Wastewater Asset Inventory and Assessment Project**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**From Inception and For the Year Ended June 30, 2019**

**Schedule 19**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
DEQ grant	\$ 150,000	\$ 149,226	\$ -	\$ 149,226	\$ (774)
Town contribution	30,000	30,000	-	30,000	-
Total revenues	180,000	179,226	-	179,226	(774)
<b>Expenditures:</b>					
Sewer collection improvements	177,750	80,190	-	80,190	97,560
Asset prioritization tool in GIS	-	30,000	-	30,000	(30,000)
Cost planning and CIP tool	-	40,536	-	40,536	(40,536)
Enhanced CIP development	-	24,000	-	24,000	(24,000)
Grant fee	2,250	2,250	-	2,250	-
Total expenditures	180,000	176,976	-	176,976	3,024
Revenues over (under) expenditures	-	2,250	-	2,250	2,250
<b>Other Financing Sources (Uses)</b>					
Transfers in (out)					
Water and Sewer Fund	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	\$ -	\$ 2,250	-	\$ 2,250	\$ 2,250
Fund balance, beginning			2,250		
Fund balance, ending			\$ 2,250		

## TOWN OF PITTSBORO, NORTH CAROLINA

## Schedule 20

## Capital Projects Fund - Hearne Road Project

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

## From Inception and For the Year Ended June 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Town contribution	\$ 284,840	\$ 284,840	\$ -	\$ 284,840	\$ -
Total revenues	284,840	284,840	-	284,840	-
<b>Expenditures:</b>					
Construction	225,000	-	-	-	225,000
Construction administration	29,130	-	-	-	29,130
Bid administration	4,075	-	-	-	4,075
Design	26,635	12,700	-	12,700	13,935
Total expenditures	284,840	12,700	-	12,700	272,140
Revenues over (under) expenditures	-	272,140	-	272,140	272,140
<b>Other Financing Sources (Uses)</b>					
Transfers in (out)					
Water and Sewer Fund	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	\$ -	\$ 272,140	-	\$ 272,140	\$ 272,140
Fund balance, beginning			272,140		
Fund balance, ending			\$ 272,140		

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Capital Projects Fund - Water Asset Inventory and Assessment Project**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**From Inception and For the Year Ended June 30, 2019**

**Schedule 21**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Town contribution	\$ 30,000	\$ 30,000	\$ -	\$ 30,000	\$ -
DEQ grant	150,000	-	-	-	(150,000)
Total revenues	180,000	30,000	-	30,000	(150,000)
<b>Expenditures:</b>					
Improvements/assessment	177,750	-	-	-	177,750
Grant fee	2,250	2,250	-	2,250	-
Total expenditures	180,000	2,250	-	2,250	177,750
Revenues over (under) expenditures	-	27,750	-	27,750	27,750
<b>Other Financing Sources (Uses)</b>					
Transfers in (out)					
Water and Sewer Fund	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 27,750</u>	-	<u>\$ 27,750</u>	<u>\$ 27,750</u>
Fund balance, beginning			<u>27,750</u>		
Fund balance, ending			<u>\$ 27,750</u>		

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## **OTHER SCHEDULES**

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**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2019**

**Schedule 22**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2017</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2018</u>
2018-2019	\$ -	\$ 2,440,675	\$ 2,397,657	\$ 43,018
2017-2018	21,239	-	17,153	4,086
2016-2017	3,607	-	2,291	1,316
2015-2016	1,620	-	493	1,127
2014-2015	993	-	70	923
2013-2014	16,923	-	252	16,671
2012-2013	18,059	-	-	18,059
2011-2012	19,790	-	-	19,790
2010-2011	4,843	-	-	4,843
2009-2010	315	-	-	315
2008-2009	216	-	-	216
2007-2008	68	-	-	68
2006-2007	-	-	-	-
2005-2006	-	-	-	-
2004-2005	-	-	-	-
	<u>\$ 87,673</u>	<u>\$ 2,440,675</u>	<u>\$ 2,417,916</u>	110,432
Less: allowance for uncollectible accounts:				
General Fund				<u>-</u>
Ad valorem taxes receivable - net				<u>\$ 110,432</u>
<u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund				\$ 2,428,128
Reconciling items:				
Interest collected				(6,686)
Public service utilities				-
Discounts allowed				-
Other				(3,526)
Subtotal				<u>(10,212)</u>
Total collections and credits				<u>\$ 2,417,916</u>



**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Analysis of Current Tax Levy**  
**Town-Wide Levy**  
**For the Fiscal Year Ended June 30, 2019**

**Schedule 23**

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 557,513,732	0.4333	\$ 2,437,508	\$ 2,221,825	\$ 215,683
Discoveries - current and prior years	\$ 2,278,098	0.4333	9,871	9,871	-
Releases	(1,547,196)		(6,704)	(6,704)	-
Total Property Valuation	<u>\$ 558,244,634</u>				
Net levy			2,440,675	2,224,992	215,683
Uncollected taxes at June 30, 2019			(43,018)	(43,018)	-
Current year's taxes collected			<u>\$ 2,397,657</u>	<u>\$ 2,181,974</u>	<u>\$ 215,683</u>
Current levy collection percentage			<u>98.24%</u>	<u>98.07%</u>	<u>100.00%</u>

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Assessed Value of All Taxable Property**  
**(UNAUDITED)**

**Schedule 24**

<u>Fiscal Period</u>	<u>Tax Rate per \$100</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Utilities</u>	<u>Total</u>
2009 - 2010	\$ 0.3020	\$ 384,236,871	\$ 26,241,722	\$ 6,033,894	\$ 416,512,487
2010 - 2011 *	0.3020	389,129,971	20,991,493	5,843,106	415,964,570
2011 - 2012	0.3020	400,659,937	25,025,000	5,630,625	431,315,562
2012 - 2013	0.3673	400,057,011	25,549,226	5,929,783	431,536,020
2013 - 2014	0.4033	462,524,849	23,647,126	5,783,435	491,955,410
2014 - 2015	0.4333	464,070,194	23,409,673	5,531,918	493,011,785
2015 - 2016	0.4333	455,685,691	19,486,252	5,958,098	481,130,041
2016 - 2017	0.4333	409,582,541	70,621,319	6,129,809	486,333,669
2017 - 2018	0.4333	488,124,070	48,528,911	6,619,413	543,272,394
2018 - 2019	0.4333	494,920,378	49,776,829	13,547,427	558,244,634

Property is assessed at 100% of estimated sound value.

\* Revaluation

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Tax Levies and Tax Collections**  
**(UNAUDITED)**

**Schedule 25**

<u>Fiscal Period</u>	<u>Tax Levy</u>	<u>Collected Current</u>	<u>Percent Collected</u>	<u>Collected Prior Levies</u>	<u>Total Collected</u>	<u>Balances Delinquent</u>
2009 - 2010	\$1,268,850	\$ 1,246,111	98.21%	\$ 30,799	\$ 1,276,910	\$ 50,237
2010 - 2011	1,268,283	1,236,575	97.50%	20,592	1,257,167	72,176
2011 - 2012	1,310,756	1,247,429	95.17%	25,590	1,273,019	80,442
2012 - 2013	1,574,600	1,529,237	97.12%	49,568	1,578,805	82,599
2013 - 2014	1,927,978	1,887,582	97.90%	34,645	1,922,227	82,943
2014 - 2015	1,788,605	1,748,489	97.76%	28,135	1,776,624	97,295
2015 - 2016	2,052,235	2,038,198	99.32%	40,116	2,078,314	82,929
2016 - 2017	2,106,800	2,086,740	99.05%	30,736	2,117,476	66,053
2017 - 2018	2,354,766	2,345,654	99.61%	21,842	2,367,496	88,783
2018 - 2019	2,440,675	2,397,657	98.24%	20,259	2,417,916	110,432

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Revenues Other Than Property Taxes**  
**(UNAUDITED)**

**Schedule 26**

<u>Fiscal Period</u>	<u>Licenses and Permits</u>	<u>Interest</u>	<u>Revenues from Other Agencies</u>	<u>Other</u>	<u>Gross Revenues from Utilities</u>
2009 - 2010	\$ 10,990	\$ 10,928	\$ 2,040,286	\$ 484,446	\$ 2,556,046
2010 - 2011	27,863	9,290	2,340,927	645,533	2,876,531
2011 - 2012	16,231	8,749	688,758	1,250,308	2,814,937
2012 - 2013	18,534	6,289	965,528	1,595,157	2,624,810
2013 - 2014	61,413	4,828	963,700	1,293,227	2,881,948
2014 - 2015	119,006	3,548	1,215,396	771,437	3,390,942
2015 - 2016	27,793	2,312	1,267,141	960,898	2,784,697
2016 - 2017	201,876	2,367	1,399,530	1,506,236	2,933,170
2017 - 2018	101,133	2,192	1,497,494	1,004,422	3,019,279
2018 - 2019	79,936	4,465	1,605,616	1,011,343	3,019,279

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Expenditures for Selected Functions**  
**(UNAUDITED)**

**Schedule 27**

Fiscal Period	General Government	Public Safety	Streets and Sanitation	Cultural and Recreation	Economic and Physical Development	Debt Service	Utilities	
							Operating	Debt Service
2009 - 2010	\$ 777,465	\$ 1,273,180	\$ 762,229	\$ 80,058	\$ -	\$ -	\$ 2,134,276	\$ 268,811
2010 - 2011	828,158	1,376,215	744,591	87,539	-	-	2,300,593	359,096
2011 - 2012	918,763	1,387,625	523,461	84,587	-	-	2,165,485	406,365
2012 - 2013	940,246	1,444,785	691,799	88,740	-	-	2,218,671	452,362
2013 - 2014	765,887	1,369,288	751,058	103,548	-	-	2,218,912	491,350
2014 - 2015	890,893	1,551,766	763,518	209,035	94,614	36,434	2,224,071	475,285
2015 - 2016	904,393	1,612,821	899,793	300,939	263,435	50,380	2,979,079	396,948
2016 - 2017	912,404	1,708,071	882,945	262,643	311,841	137,431	2,924,057	21,932
2017 - 2018	782,910	1,833,503	885,174	242,140	317,873	140,688	2,960,501	190,886
2018 - 2019	891,953	2,049,114	961,942	229,002	256,083	104,647	3,256,985	163,550

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## **COMPLIANCE SECTION**

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**Rives & Associates, LLP**  
Certified Public Accountants

Member:  
American Institute of  
Certified Public Accountants

Member:  
North Carolina Association of  
Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Pittsboro ("the Town") 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, and have issued our report thereon dated October 25, 2019. Our report includes a reference to other auditors who audited the financial statements of the Town of Pittsboro ABC Board, as described in our report on the Town of Pittsboro's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Town of Pittsboro ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

#### Compliance and Other Matters

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

#### Purpose of this Report

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

*Rives & Associates LLP*

Raleigh, North Carolina  
October 25, 2019



**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

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**Financial Statements**

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

Internal control over financial reporting:

Material weaknesses identified?	_____ yes	_____ <input checked="" type="checkbox"/> no
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Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ yes	_____ <input checked="" type="checkbox"/> none reported
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Noncompliance material to financial statements noted	_____ yes	_____ <input checked="" type="checkbox"/> no
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**Federal Awards**

Identification of major federal programs:

There are no major Federal awards.

**State Awards**

Identification of major State programs:

There are no major State awards.

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**  
**(Continued)**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

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None reported.

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**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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None reported.

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**SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS**

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None reported.

**TOWN OF PITTSBORO, NORTH CAROLINA**  
**Summary Schedule of Prior Year Audit Findings**  
**For the Year Ended June 30, 2019**

**No findings in the prior year.**