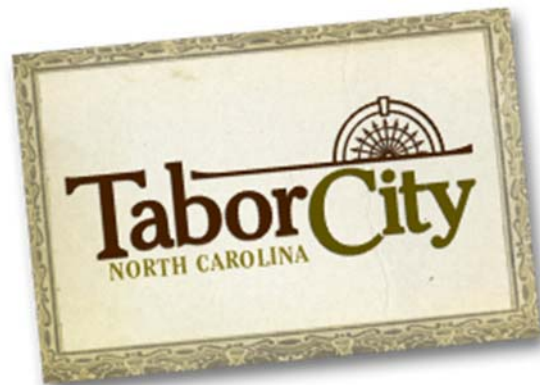


TOWN OF TABOR CITY, NORTH CAROLINA

Report of Audit

For the Fiscal Year Ended June 30, 2019



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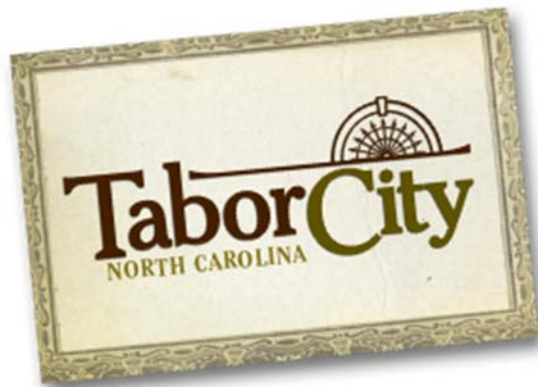
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Financial Section

Independent Auditor's Report

To the Honorable Mayor
And the Town Council
Tabor City, 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 Tabor City, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Tabor City ABC Board, which represents 100 percent of the assets, net position, and revenues of the discretely presented component units. Those financial 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 Tabor City 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 Tabor City 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, 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 Tabor City, North Carolina as of June 30, 2019, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of Net Pension Liability and Contributions and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 Tabor City, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act, 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, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America 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, budgetary schedules, Schedule of Expenditures of Federal and State Awards, 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 January 17, 2020 on our consideration of Town of Tabor City'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 Town of Tabor City's internal control over financial reporting and compliance.

W Greene, PLLC

Whiteville, North Carolina
January 17, 2020

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

Financial Highlights

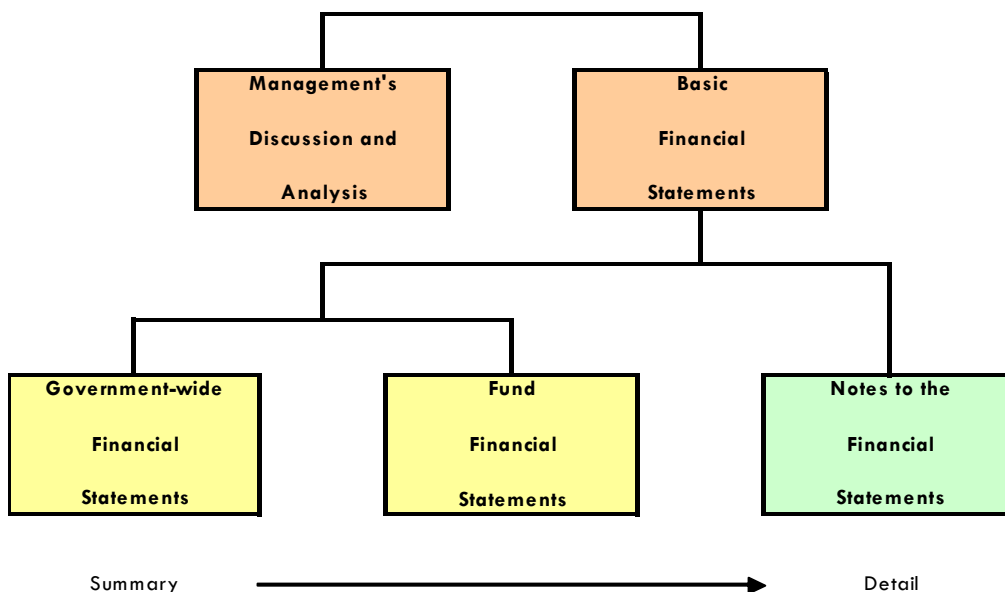
- The assets and deferred outflows of resources of the Town of Tabor City exceeded its liabilities and deferred inflows at the close of the fiscal year by \$18,035,896 (net position).
- The government's total net position increased by \$1,925,775, primarily due to an increase in the business-type activities net position.
- As of the close of the current fiscal year, the Town of Tabor City's governmental funds reported combined ending fund balances of \$2,506,183 with a net increase of \$314,669 in fund balance. Approximately 10.60 percent of this total amount, or \$265,719, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,976,994, or 71.02 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (pages 22 through 25) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (pages 26 through 37) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements, 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

Government-wide Financial Statements

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

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

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

The government-wide financial statements are on pages 22 through 25 of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Tabor City, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Tabor City can be divided into two categories: governmental funds and proprietary funds.

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

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

Proprietary Funds – Town of Tabor City has one kind of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Tabor City uses enterprise funds to account for its water and sewer activity and for its sanitation operations. These funds are 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 are on pages 38 through 70 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Tabor City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 72 of this report.

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

Government-Wide Financial Analysis

Town of Tabor City's Net Position

Figure 2

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|----------------------------|--------------|-----------------------------|--------------|---------------|---------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Current and other assets | \$ 2,599,382 | \$ 2,281,876 | \$ 2,769,886 | \$ 2,772,083 | \$ 5,369,268 | \$ 5,053,959 |
| Capital assets | 4,537,765 | 4,531,744 | 9,960,170 | 8,347,034 | 14,497,935 | 12,878,778 |
| Deferred outflows of resources | 258,798 | 195,518 | 44,927 | 28,714 | 303,725 | 224,232 |
| Total assets and deferred outflows of resources | 7,395,945 | 7,009,138 | 12,774,983 | 11,147,831 | 20,170,928 | 18,156,969 |
| Long-term liabilities outstanding | 718,739 | 540,465 | 1,171,621 | 1,293,437 | 1,890,360 | 1,833,902 |
| Other liabilities | 63,946 | 36,803 | 171,402 | 166,982 | 235,348 | 203,785 |
| Deferred inflows of resources | 9,182 | 8,945 | 142 | 216 | 9,324 | 9,161 |
| Total liabilities and deferred inflows of resources | 791,867 | 586,213 | 1,343,165 | 1,460,635 | 2,135,032 | 2,046,848 |
| Net position: | | | | | | |
| Net investment in capital assets | 4,272,370 | 4,395,692 | 8,682,664 | 6,934,024 | 12,955,034 | 11,329,716 |
| Restricted | 265,719 | 284,744 | - | - | 265,719 | 284,744 |
| Unrestricted | 2,065,989 | 1,742,489 | 2,749,154 | 2,753,172 | 4,815,143 | 4,495,661 |
| Total net position | \$ 6,604,078 | \$ 6,422,925 | \$ 11,431,818 | \$ 9,687,196 | \$ 18,035,896 | \$ 16,110,121 |

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Tabor City exceeded liabilities and deferred inflows by \$18,035,896 as of June 30, 2019. The Town's net position increased by \$1,925,775 for the fiscal year ended June 30, 2019. However, the largest portion (71.83%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. The Town of Tabor City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Tabor City's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Tabor City's net position, \$265,719, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,815,143 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 96.09%

Management's Discussion and Analysis (Continued)

The Town of Tabor City's Changes in Net Position

Figure 3

| | Governmental | | Business-Type | | Total | |
|--|--------------|--------------|---------------|--------------|---------------|---------------|
| | Activities | | Activities | | | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 37,635 | \$ 43,416 | \$ 1,963,837 | \$ 1,946,118 | \$ 2,001,472 | \$ 1,989,534 |
| Operating grants and contributions | 407,495 | 1,178,887 | 92,670 | 130,760 | 500,165 | 1,309,647 |
| Capital grants and contributions | - | - | 1,769,000 | - | 1,769,000 | - |
| General Revenues | | | | | | |
| Property taxes | 1,037,185 | 1,002,211 | - | - | 1,037,185 | 1,002,211 |
| Other taxes | 1,387,908 | 1,381,680 | - | - | 1,387,908 | 1,381,680 |
| Other | 121,139 | 152,171 | 22,851 | 4,959 | 143,990 | 157,130 |
| Total revenues | 2,991,362 | 3,758,365 | 3,848,358 | 2,081,837 | 6,839,720 | 5,840,202 |
| Expenses: | | | | | | |
| Governing Body | 45,800 | 40,101 | - | - | 45,800 | 40,101 |
| Administration | 367,447 | 327,321 | - | - | 367,447 | 327,321 |
| Elections | - | 2,813 | - | - | - | 2,813 |
| Legal | 4,712 | 3,500 | - | - | 4,712 | 3,500 |
| Public Works | 108,596 | 122,813 | - | - | 108,596 | 122,813 |
| Police Department | 900,280 | 874,877 | - | - | 900,280 | 874,877 |
| Fire Department | 270,112 | 197,557 | - | - | 270,112 | 197,557 |
| Economic and Physical Development | 180,677 | 157,102 | - | - | 180,677 | 157,102 |
| Street Department | 408,625 | 441,622 | - | - | 408,625 | 441,622 |
| Powell Bill Funds | 158,733 | 274,050 | - | - | 158,733 | 274,050 |
| Cultural and Recreation | 239,718 | 158,439 | - | - | 239,718 | 158,439 |
| Non-Departmental | 106,230 | 175,369 | - | - | 106,230 | 175,369 |
| Interest on long-term debt | 3,279 | 3,503 | - | - | 3,279 | 3,503 |
| Water | - | - | 446,360 | 400,299 | 446,360 | 400,299 |
| Sewer | - | - | 1,253,375 | 1,236,223 | 1,253,375 | 1,236,223 |
| Sanitation | - | - | 420,001 | 362,740 | 420,001 | 362,740 |
| Total expenses | 2,794,209 | 2,779,067 | 2,119,736 | 1,999,262 | 4,913,945 | 4,778,329 |
| Increase(Decrease) in net position before transfers | 197,153 | 979,298 | 1,728,622 | 82,575 | 1,925,775 | 1,061,873 |
| Transfers | (16,000) | (38,258) | 16,000 | 38,258 | - | - |
| Change in net position | 181,153 | 941,040 | 1,744,622 | 120,833 | 1,925,775 | 1,061,873 |
| Beginning net position | 6,422,925 | 5,481,885 | 9,687,196 | 9,566,363 | 16,110,121 | 15,048,248 |
| Net position, beginning, restated | 6,422,925 | 5,481,885 | 9,687,196 | 9,566,363 | 16,110,121 | 15,048,248 |
| Net position, June 30 | \$ 6,604,078 | \$ 6,422,925 | \$ 11,431,818 | \$ 9,687,196 | \$ 18,035,896 | \$ 16,110,121 |

Governmental activities. Governmental activities increased the Town's net position by \$181,153. Key elements of this increase are as follows:

- Increase in property and other taxes.

Business-type activities. Business-type activities increased the Town of Tabor City's net position by \$1,744,622. Key elements of this increase are as follows:

- Increase in charges for services and grants and contributions.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Tabor City's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Tabor City's financing requirements. Specifically, unassigned 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 Tabor City. At the end of the current fiscal year, Town of Tabor City's fund balance available in the General fund was \$2,216,994 while total fund balance reached \$2,482,713. The Town currently has an available fund balance of 79.64% of general fund expenditures, while the total balance represents 89.18% of the same amount.

At June 30, 2019, the governmental funds of Town of Tabor City reported a combined fund balance of \$2,506,183 with a net increase in fund balance of \$314,669. Included in this change in fund balance is an increase in fund balance in the General fund.

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

Revenues exceeded the budgeted amounts primarily because of an increase in intergovernmental revenues. Total expenditures were held below budget.

Proprietary Funds. The Town of Tabor City'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 Fund at the end of the fiscal year amounted to \$1,834,470, for the Sewer Fund, \$394,215, and for the Sanitation Fund, \$520,469. The total change in net position for the Water, Sewer, and Sanitation Funds was an increase of \$217,920, increase of \$1,520,001, and increase of \$6,701, respectively.

Capital Asset and Debt Administration

Capital assets. The Town of Tabor City's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$14,497,935 (net of accumulated depreciation). These assets include land, buildings, construction in progress, furniture and equipment, vehicles, and water and sewer.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- Land acquisition of \$50,514 in governmental-type activities.
- Vehicle acquisitions of \$206,811 in governmental-type activities.
- Sewer Improvements and Construction in business-type activities.

The Town of Tabor City's Capital Assets

Figure 4

(Net of depreciation)

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------|----------------------------|--------------|-----------------------------|--------------|---------------|---------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Land | \$ 687,693 | \$ 637,179 | \$ 33,225 | \$ 33,225 | \$ 720,918 | \$ 670,404 |
| Construction in Progress | 155,524 | 155,524 | 1,636,122 | - | 1,791,646 | 155,524 |
| Buildings | 2,170,157 | 2,194,313 | - | - | 2,170,157 | 2,194,313 |
| Library | - | - | - | - | - | - |
| Vehicles | 212,251 | 60,282 | - | - | 212,251 | 60,282 |
| Plant and Distribution | - | - | 8,244,515 | 8,251,231 | 8,244,515 | 8,251,231 |
| Equipment | 1,312,140 | 1,484,446 | 46,308 | 62,578 | 1,358,448 | 1,547,024 |
| Total | \$ 4,537,765 | \$ 4,531,744 | \$ 9,960,170 | \$ 8,347,034 | \$ 14,497,935 | \$ 12,878,778 |

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

Long-term Debt. As of June 30, 2019, the Town of Tabor City had total long-term debt outstanding of \$2,094,085. Of this, \$1,215,450 is debt backed by the full faith and credit of the Town of Tabor City.

The Town of Tabor City's Outstanding Debt
Outstanding Liabilities

Figure 5

| | Governmental Activities | | Business-Type Activities | | Total | |
|------------------------------|----------------------------|-------------------|-----------------------------|---------------------|---------------------|---------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| General Obligation Bonds | \$ - | \$ - | \$ 1,215,450 | \$ 1,333,284 | \$ 1,215,450 | \$ 1,333,284 |
| Capital Leases | - | - | - | - | - | - |
| Installment purchases | 265,395 | 136,052 | 62,056 | 79,726 | 327,451 | 215,778 |
| Compensated absences | 175,101 | 180,933 | 6,378 | 8,300 | 181,479 | 189,233 |
| Pension related debt (LGERS) | 272,585 | 192,043 | 27,516 | 7,630 | 300,101 | 199,673 |
| Pension related debt (LEO) | 69,604 | 68,240 | - | - | 69,604 | 68,240 |
| Total | \$ 782,685 | \$ 577,268 | \$ 1,311,400 | \$ 1,428,940 | \$ 2,094,085 | \$ 2,006,208 |

The Town of Tabor City's total debt increased by \$87,877 during the fiscal year, primarily due to an increase in debt to purchase vehicles and an increase in pension related liabilities.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Tabor City is \$12,300,355. The Town does not have any authorized but un-issued debt at June 30, 2019.

Additional information regarding the Town of Tabor City's long-term debt can be found beginning on page 66 in the Notes to the Financial Statements.

Economic Factors and Next Year's Budgets and Rates

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

- **Population Growth.** The Town's stagnant population growth is primarily due to lack of industry to support jobs.

Budget Highlights for the Fiscal Year Ending June 30, 2020

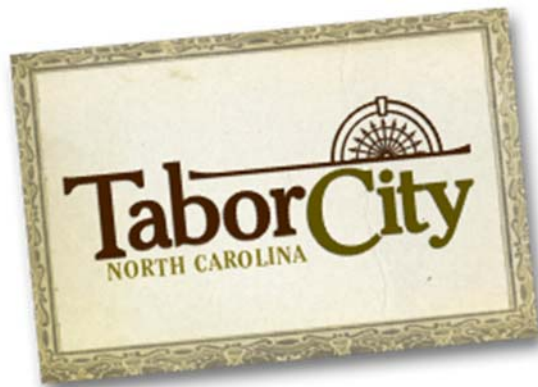
Governmental Activities: Property taxes expected to lead the increase in budgeted revenue. The Town will use these increases in revenues to finance programs currently in place. The property tax rate will remain the same. Expenditures for salaries and retirement benefits are expected to increase.

Business-type Activities. There are no fee increases contained in the budget for the Town's enterprise funds.

Requests for Information

This report is designed to provide an overview of the Town finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the following:

Al J. Leonard, Jr.
Finance Officer
Town of Tabor City
PO Box 655
Tabor City, North Carolina 28463



Basic Financial Statements

TOWN OF TABOR CITY, NORTH CAROLINA

Statement of Net Position

June 30, 2019

| | Primary Government | | | |
|--|------------------------------------|-------------------------------------|-------------------|---------------------------------|
| | Governmental Activities | Business-Type Activities | Total | Tabor City ABC Board |
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | \$ 2,216,994 | \$ 2,573,162 | \$ 4,790,156 | \$ 136,242 |
| Receivables (net): | | | | |
| Ad Valorem Taxes | 74,525 | - | 74,525 | - |
| Interest | 18,674 | - | 18,674 | - |
| Accounts | - | 165,101 | 165,101 | - |
| Inventory | - | - | - | 159,907 |
| Prepaid Items | - | - | - | - |
| Due from Other Governments | 241,671 | - | 241,671 | - |
| Due from Component Unit | 15,382 | - | 15,382 | - |
| Restricted Cash and Cash Equivalents | 32,136 | 31,623 | 63,759 | - |
| Total Current Assets | 2,599,382 | 2,769,886 | 5,369,268 | 296,149 |
| Noncurrent Assets: | | | | |
| Capital Assets | | | | |
| Land, Nondepreciable Improvements, and Construction in Progress | 843,217 | 1,669,347 | 2,512,564 | 23,018 |
| Other Capital Assets, Net of Depreciation | 3,694,548 | 8,290,823 | 11,985,371 | 28,418 |
| Total Noncurrent Assets | 4,537,765 | 9,960,170 | 14,497,935 | 51,436 |
| Total Assets | 7,137,147 | 12,730,056 | 19,867,203 | 347,585 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension Deferrals | 258,798 | 25,771 | 284,569 | - |
| Deferred Bond Issuance Costs | - | 19,156 | 19,156 | - |
| Total Deferred Outflows of Resources | \$ 258,798 | \$ 44,927 | \$ 303,725 | \$ - |

TOWN OF TABOR CITY, NORTH CAROLINA

Statement of Net Position (Continued)

June 30, 2019

| | Primary Government | | | |
|--|------------------------------------|-------------------------------------|----------------------|---------------------------------|
| | Governmental Activities | Business-Type Activities | Total | Tabor City ABC Board |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts Payable and | | | | |
| Accrued Liabilities | \$ - | \$ - | \$ - | \$ 28,629 |
| Due to Primary Government | - | - | - | 15,382 |
| Due to Other Governments | - | - | - | 7,428 |
| Customer Deposits | - | 31,623 | 31,623 | - |
| Current Portion of Long-Term Liabilities | 63,946 | 139,779 | 203,725 | - |
| Total Current Liabilities | 63,946 | 171,402 | 235,348 | 51,439 |
| Long-Term Liabilities: | | | | |
| Net Pension Liability | 272,585 | 27,516 | 300,101 | - |
| Total Pension Liability | 69,604 | - | 69,604 | - |
| Due in More Than One year | 376,550 | 1,144,105 | 1,520,655 | - |
| Total Long-Term Liabilities | 718,739 | 1,171,621 | 1,890,360 | - |
| Total Liabilities | 782,685 | 1,343,023 | 2,125,708 | 51,439 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pension Deferrals | 9,182 | 142 | 9,324 | - |
| Prepaid Taxes | - | - | - | - |
| Total Deferred Inflows of Resources | 9,182 | 142 | 9,324 | - |
| NET POSITION | | | | |
| Net Investment in Capital Assets | 4,272,370 | 8,682,664 | 12,955,034 | 51,436 |
| Restricted for: | | | | |
| Stabilization by State Statute | 265,719 | - | 265,719 | - |
| Transportation | - | - | - | - |
| Working Capital | - | - | - | 28,237 |
| Unrestricted | 2,065,989 | 2,749,154 | 4,815,143 | 216,473 |
| Total Net Position | \$ 6,604,078 | \$ 11,431,818 | \$ 18,035,896 | \$ 296,146 |

TOWN OF TABOR CITY, NORTH CAROLINA

Statement of Activities

For the Year Ended June 30, 2019

| Functions/Programs | Expenses | Program Revenues | | |
|-----------------------------------|------------|----------------------------|---|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| Governing Body | \$ 45,800 | \$ - | \$ - | \$ - |
| Administration | 367,447 | - | - | - |
| Elections | - | - | - | - |
| Legal | 4,712 | 626 | - | - |
| Public Works | 108,596 | 2,908 | - | - |
| Police Department | 900,280 | - | 10,647 | - |
| Fire Department | 270,112 | - | 4,232 | - |
| Economic and Physical Development | 180,677 | 34,101 | 200,715 | - |
| Street Department | 408,625 | - | 74,718 | - |
| Powell Bill Funds | 158,733 | - | 112,830 | - |
| Cultural and Recreation | 239,718 | - | - | - |
| Non-Departmental | 106,230 | - | 4,353 | - |
| Interest Expense | 3,279 | - | - | - |
| Total Governmental Activities | 2,794,209 | 37,635 | 407,495 | - |
| Business-Type Activities: | | | | |
| Water | 446,360 | 426,572 | 92,670 | - |
| Sewer | 1,253,375 | 1,110,563 | - | 1,769,000 |
| Sanitation | 420,001 | 426,702 | - | - |
| Total Business-Type Activities | 2,119,736 | 1,963,837 | 92,670 | 1,769,000 |
| Total Primary Government | 4,913,945 | 2,001,472 | 500,165 | 1,769,000 |
| Component Unit: | | | | |
| ABC Board | 897,088 | 947,444 | - | - |
| Total Component Unit | \$ 897,088 | \$ 947,444 | \$ - | \$ - |

TOWN OF TABOR CITY, NORTH CAROLINA

Statement of Activities (Continued)

For the Year Ended June 30, 2019

| | Net (Expense) Revenue and Changes in Net Position | | | |
|--|---|--------------------------|---------------|----------------------|
| | Primary Government | | | |
| Functions/Programs | Governmental Activities | Business-Type Activities | Totals | Tabor City ABC Board |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| Governing Body | \$ (45,800) | \$ - | \$ (45,800) | \$ - |
| Administration | (367,447) | - | (367,447) | - |
| Elections | - | - | - | - |
| Legal | (4,086) | - | (4,086) | - |
| Public Works | (105,688) | - | (105,688) | - |
| Police Department | (889,633) | - | (889,633) | - |
| Fire Department | (265,880) | - | (265,880) | - |
| Economic and Physical Development | 54,139 | - | 54,139 | - |
| Street Department | (333,907) | - | (333,907) | - |
| Powell Bill Funds | (45,903) | - | (45,903) | - |
| Cultural and Recreation | (239,718) | - | (239,718) | - |
| Non-Departmental | (101,877) | - | (101,877) | - |
| Interest Expense | (3,279) | - | (3,279) | - |
| Total Governmental Activities | (2,349,079) | - | (2,349,079) | - |
| Business-Type Activities: | | | | |
| Water | - | 72,882 | 72,882 | - |
| Sewer | - | 1,626,188 | 1,626,188 | - |
| Sanitation | - | 6,701 | 6,701 | - |
| Total Business-Type Activities | - | 1,705,771 | 1,705,771 | - |
| Total Primary Government | (2,349,079) | 1,705,771 | (643,308) | - |
| Component Unit: | | | | |
| ABC Board | - | - | - | 50,356 |
| Total Component Unit | - | - | - | 50,356 |
| General Revenues: | | | | |
| Property Taxes, Levied for General Purpose | 1,037,185 | - | 1,037,185 | - |
| Other Taxes and Licenses | 1,387,908 | - | 1,387,908 | - |
| Investment Earnings | 138 | 31 | 169 | 203 |
| Miscellaneous | 121,001 | 22,820 | 143,821 | 45 |
| Transfers | (16,000) | 16,000 | - | - |
| Total General Revenues and Transfers | 2,530,232 | 38,851 | 2,569,083 | 248 |
| Change in Net Position | 181,153 | 1,744,622 | 1,925,775 | 50,604 |
| Net Position, beginning | 6,422,925 | 9,687,196 | 16,110,121 | 245,542 |
| Net Position - End of Year | \$ 6,604,078 | \$ 11,431,818 | \$ 18,035,896 | \$ 296,146 |

TOWN OF TABOR CITY, NORTH CAROLINA

Balance Sheet

Governmental Funds

June 30, 2019

| | Major Fund | | |
|--|-------------------------|--------------------------------------|---|
| | General Fund | Total Non-Major Funds | Total Governmental Funds |
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 2,216,994 | \$ - | \$ 2,216,994 |
| Restricted Cash | - | 32,136 | 32,136 |
| Receivables (net): | | | |
| Ad Valorem Taxes | 74,525 | - | 74,525 |
| Other | - | - | - |
| Due from Other Governments | 241,671 | - | 241,671 |
| Due from Other Funds | 8,666 | - | 8,666 |
| Due from Component Unit | 15,382 | - | 15,382 |
| Total Assets | 2,557,238 | 32,136 | 2,589,374 |
| LIABILITIES | | | |
| Accounts Payable and | | | |
| Accrued Liabilities | - | - | - |
| Due to Other Funds | - | 8,666 | 8,666 |
| Total Liabilities | - | 8,666 | 8,666 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Prepaid Taxes | - | - | - |
| Property Taxes Receivable | 74,525 | - | 74,525 |
| Total Deferred Inflows of Resources | 74,525 | - | 74,525 |
| FUND BALANCES | | | |
| Restricted | | | |
| Stabilization by State Statute | 265,719 | - | 265,719 |
| Streets | - | - | - |
| Assigned | | | |
| Subsequent Year's Expenditures: | 240,000 | - | 240,000 |
| Economic and Physical Development | - | 23,470 | 23,470 |
| Unassigned | 1,976,994 | - | 1,976,994 |
| Total Fund Balances | 2,482,713 | 23,470 | 2,506,183 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 2,557,238 | \$ 32,136 | \$ 2,589,374 |

TOWN OF TABOR CITY, NORTH CAROLINA

Balance Sheet (Continued)

Governmental Funds

June 30, 2019

| | | Total Governmental Funds |
|---|--------------------|---|
| <hr/> | | |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Total Governmental Fund Balance | \$ | 2,506,183 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | |
| Gross capital assets at historical costs | 8,174,733 | |
| Accumulated depreciation | <u>(3,636,968)</u> | 4,537,765 |
| Deferred outflows of resources related to pensions are not reported in the funds | <u>258,798</u> | 258,798 |
| Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred | | |
| Accrued interest - taxes | <u>18,674</u> | 18,674 |
| Liabilities for earned revenues considered deferred inflows of resources in fund statements. | | |
| Ad valorem taxes | <u>74,525</u> | 74,525 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. | | |
| Installment purchase obligations | (265,395) | |
| Capital lease obligations | - | |
| Compensated absences | (175,101) | |
| Total Pension Liability | (69,604) | |
| Net Pension Liability | <u>(272,585)</u> | (782,685) |
| Pension related deferrals | <u>(9,182)</u> | (9,182) |
| Net position of governmental activities. | <u><u>\$</u></u> | <u><u>6,604,078</u></u> |

TOWN OF TABOR CITY, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2019

| | Major Fund | | |
|--|---------------------|------------------------------|---------------------------------|
| | General Fund | Total Non-Major Funds | Total Governmental Funds |
| Revenues | | | |
| Ad Valorem Taxes | \$ 1,034,348 | \$ - | \$ 1,034,348 |
| Other Taxes and Licenses | 123,367 | - | 123,367 |
| Unrestricted Intergovernmental | 1,264,541 | - | 1,264,541 |
| Restricted Intergovernmental | 335,685 | 74,718 | 410,403 |
| Permits and Fees | 34,727 | - | 34,727 |
| Investment Earnings | 138 | - | 138 |
| Miscellaneous | 102,350 | - | 102,350 |
| Total Revenues | 2,895,156 | 74,718 | 2,969,874 |
| Expenditures | | | |
| Current | | | |
| Governing Body | 45,800 | - | 45,800 |
| Administration | 363,389 | - | 363,389 |
| Elections | - | - | - |
| Legal | 4,712 | - | 4,712 |
| Public Works | 105,747 | - | 105,747 |
| Police Department | 829,563 | - | 829,563 |
| Fire Department | 218,232 | - | 218,232 |
| Economic and Physical Development | 118,448 | 51,248 | 169,696 |
| Street Department | 390,438 | - | 390,438 |
| Powell Bill Funds | 158,733 | - | 158,733 |
| Cultural and Recreation | 145,890 | - | 145,890 |
| Non-Departmental | 94,395 | - | 94,395 |
| Debt Service | | | |
| Principal | 47,942 | - | 47,942 |
| Interest and Other charges | 3,279 | - | 3,279 |
| Capital Outlay | | | |
| Police Department | 177,285 | - | 177,285 |
| Street Department | 29,526 | - | 29,526 |
| Economic and Physical Development | - | - | - |
| Cultural and Recreation | 50,514 | - | 50,514 |
| Total Expenditures | 2,783,893 | 51,248 | 2,835,141 |
| Excess (Deficiency) of Revenues Over Expenditures | 111,263 | 23,470 | 134,733 |
| Other Financing Sources (Uses) | | | |
| Transfers to Other Funds | (16,000) | - | (16,000) |
| Sale of Assets | 18,651 | - | 18,651 |
| Installment Loan Obligations Issued | 177,285 | - | 177,285 |
| Total Other Financing Sources (Uses) | 179,936 | - | 179,936 |
| Net Change in Fund Balance | 291,199 | 23,470 | 314,669 |
| Fund Balance - Beginning of Year | 2,191,514 | - | 2,191,514 |
| Fund Balance - End of Year | \$ 2,482,713 | \$ 23,470 | \$ 2,506,183 |

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

TOWN OF TABOR CITY, NORTH CAROLINA

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

Governmental Funds

For the Year Ended June 30, 2019

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

| | | |
|---|----|---------|
| Net changes in fund balances - total governmental funds | \$ | 314,669 |
|---|----|---------|

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

| | | |
|--|------------------|-------|
| Capital outlay expenditures which were capitalized | 257,325 | |
| Depreciation expense | <u>(251,304)</u> | 6,021 |

| | | |
|--|---------------|--------|
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities | <u>77,803</u> | 77,803 |
|--|---------------|--------|

| | | |
|---|----------|---|
| Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities | <u>-</u> | - |
|---|----------|---|

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

| | | |
|--|----------------|-------|
| Change in unavailable revenue for tax revenues | 3,841 | |
| Interest earned on ad valorem taxes | <u>(1,004)</u> | 2,837 |

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

| | | |
|-----------------|---------------|-----------|
| Debt issuance | (177,285) | |
| Debt retirement | <u>47,942</u> | (129,343) |

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 | 5,832 | |
| Pension Expense | <u>(96,666)</u> | (90,834) |

| | | |
|--|-----------|----------------|
| Total changes in net position of governmental activities | <u>\$</u> | <u>181,153</u> |
|--|-----------|----------------|

TOWN OF TABOR CITY, NORTH CAROLINA

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2019

| General Fund | | | | |
|--|--------------------|------------------|---------------------|--|
| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
| Revenues | | | | |
| Ad Valorem Taxes | \$ 938,250 | \$ 1,015,009 | \$ 1,034,348 | \$ 19,339 |
| Other Taxes and Licenses | 127,149 | 127,149 | 123,367 | (3,782) |
| Unrestricted Intergovernmental | 1,212,319 | 1,237,319 | 1,264,541 | 27,222 |
| Restricted Intergovernmental | 241,456 | 271,347 | 335,685 | 64,338 |
| Permits and Fees | 40,825 | 40,825 | 34,727 | (6,098) |
| Sales and Services | 100 | 100 | - | (100) |
| Investment Earnings | 1 | 1 | 138 | 137 |
| Miscellaneous | 30,360 | 30,360 | 90,050 | 59,690 |
| Total Revenues | 2,590,460 | 2,722,110 | 2,882,856 | 160,746 |
| Expenditures | | | | |
| Governing Body | 48,067 | 48,067 | 45,800 | 2,267 |
| Administration | 308,122 | 394,518 | 363,389 | 31,129 |
| Elections | 4,950 | 100 | - | 100 |
| Legal | 8,038 | 8,288 | 4,712 | 3,576 |
| Public Works | 137,728 | 137,728 | 105,747 | 31,981 |
| Police Department | 849,733 | 866,803 | 1,021,266 | (154,463) |
| Fire Department | 290,326 | 275,028 | 255,035 | 19,993 |
| Economic and Physical Development | 127,079 | 126,079 | 111,129 | 14,950 |
| Street Department | 436,766 | 449,048 | 419,964 | 29,084 |
| Powell Bill | 112,500 | 169,000 | 158,733 | 10,267 |
| Cultural and Recreation | 166,400 | 218,128 | 196,404 | 21,724 |
| Non-Departmental | 146,551 | 119,551 | 94,395 | 25,156 |
| Total Expenditures | 2,636,260 | 2,812,338 | 2,776,574 | 35,764 |
| Revenues Over (Under) Expenditures | (45,800) | (90,228) | 106,282 | 196,510 |
| Other Financing Sources (Uses) | | | | |
| Transfers from Other Funds | - | - | - | - |
| Transfers to Other Funds | - | (16,000) | (16,000) | - |
| Sale of Assets | 5,800 | 5,800 | 18,651 | 12,851 |
| Installment Purchase Obligations Issued | - | - | 177,285 | 177,285 |
| Total Other Financing Sources (Uses) | 5,800 | (10,200) | 179,936 | 190,136 |
| Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (40,000) | (100,428) | 286,218 | 386,646 |
| Appropriated Fund Balance | 40,000 | 100,428 | - | (100,428) |
| Net Change in Fund Balance | \$ - | \$ - | 286,218 | \$ 286,218 |
| Fund Balance - Beginning of Year | | | 2,178,469 | |
| Fund Balance - End of Year | | | \$ 2,464,687 | |

TOWN OF TABOR CITY, NORTH CAROLINA

General Fund

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

Budget and Actual

For the Year Ended June 30, 2019

| | |
|-----------------------------------|---------------------|
| Fund Balance - End of Year | \$ 2,464,687 |
|-----------------------------------|---------------------|

A legally budgeted Ritz Center Fund is
consolidated into the General Fund for reporting purposes:

| | |
|--|---------------|
| Miscellaneous Income | 12,300 |
| Economic and Physical Development Expenditures | (7,319) |
| Transfer from the Water Fund | - |
| Transfer from the Ritz Capital Project Fund | - |
| Fund Balance Beginning | 13,045 |
| | <u>18,026</u> |

| | |
|--|---------------------|
| Fund Balance - End of Year (Consolidated) | \$ 2,482,713 |
|--|---------------------|

TOWN OF TABOR CITY, NORTH CAROLINA

Statement of Fund Net Position

Proprietary Fund

June 30, 2019

| | Major Enterprise Funds | | | |
|---|------------------------|------------|-----------------|------------------------|
| | Water Fund | Sewer Fund | Sanitation Fund | Total Enterprise Funds |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and Investments | \$ 1,794,731 | \$ 290,034 | \$ 488,397 | \$ 2,573,162 |
| Accounts Receivable (net) | 45,833 | 86,754 | 32,514 | 165,101 |
| Prepaid Items | - | - | - | - |
| Restricted Cash and Investments | 31,623 | - | - | 31,623 |
| Total Current Assets | 1,872,187 | 376,788 | 520,911 | 2,769,886 |
| Noncurrent Assets | | | | |
| Capital Assets | | | | |
| Land, Nondepreciable Improvements, and Construction in Progress | 31,225 | 1,636,122 | 2,000 | 1,669,347 |
| Other Capital Assets, Net of Depreciation | 2,148,225 | 6,142,598 | - | 8,290,823 |
| Total Noncurrent Assets | 2,179,450 | 7,778,720 | 2,000 | 9,960,170 |
| Total Assets | 4,051,637 | 8,155,508 | 522,911 | 12,730,056 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension Deferrals | 13,752 | 5,985 | 6,034 | 25,771 |
| Deferred Bond Issuance Costs | - | 19,156 | - | 19,156 |
| Total Deferred Outflows of Resources | \$ 13,752 | \$ 25,141 | \$ 6,034 | \$ 44,927 |

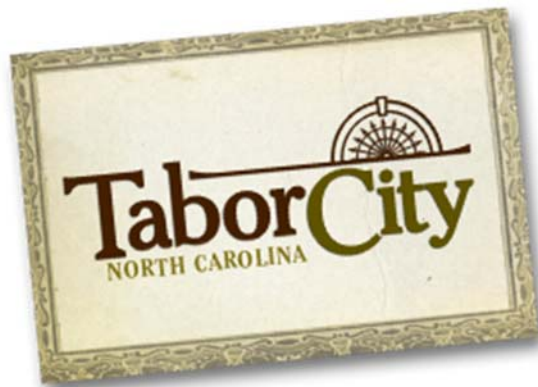
TOWN OF TABOR CITY, NORTH CAROLINA

Statement of Fund Net Position

Proprietary Fund

June 30, 2019

| | Major Enterprise Funds | | | |
|---|-------------------------------|-----------------------|----------------------------|---------------------------------------|
| | Water Fund | Sewer Fund | Sanitation Fund | Total Enterprise Funds |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Accounts Payable and Accrued Liabilities | - | - | - | - |
| Customer Deposits | 31,623 | - | - | 31,623 |
| Installment Notes Payable | 18,466 | - | - | 18,466 |
| General Obligation Bonds | 60,657 | 60,656 | - | 121,313 |
| Total Current Liabilities | 110,746 | 60,656 | - | 171,402 |
| Noncurrent Liabilities | | | | |
| Net Pension Liability | 14,683 | 6,390 | 6,443 | 27,516 |
| Installment Notes Payable | 43,590 | - | - | 43,590 |
| General Obligation Bonds | 547,068 | 547,069 | - | 1,094,137 |
| Compensated Absences Payable | 5,087 | 1,291 | - | 6,378 |
| Total Noncurrent Liabilities | 610,428 | 554,750 | 6,443 | 1,171,621 |
| Total Liabilities | 721,174 | 615,406 | 6,443 | 1,343,023 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pension Deferrals | 76 | 33 | 33 | 142 |
| Total Deferred Inflows of Resources | 76 | 33 | 33 | 142 |
| NET POSITION | | | | |
| Net Investment in Capital Assets | 1,509,669 | 7,170,995 | 2,000 | 8,682,664 |
| Unrestricted | 1,834,470 | 394,215 | 520,469 | 2,749,154 |
| Total Net Position | \$ 3,344,139 | \$ 7,565,210 | \$ 522,469 | \$ 11,431,818 |



TOWN OF TABOR CITY, NORTH CAROLINA

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

Proprietary Fund

For the Year Ended June 30, 2019

| | Major Enterprise Funds | | | Total Enterprise Funds |
|---|-------------------------------|-----------------------|----------------------------|---------------------------------------|
| | Water Fund | Sewer Fund | Sanitation Fund | |
| Operating Revenues | | | | |
| Water Charges | \$ 398,796 | \$ - | \$ - | \$ 398,796 |
| Sewer Charges | - | 1,086,055 | - | 1,086,055 |
| Solid Waste Fees | - | - | 426,702 | 426,702 |
| Penalties and Interest | 26,676 | - | - | 26,676 |
| Tap Fees | 1,100 | - | - | 1,100 |
| Impact Fees | - | 24,508 | - | 24,508 |
| Total Operating Revenues | 426,572 | 1,110,563 | 426,702 | 1,963,837 |
| Operating Expenses | | | | |
| Water Operations | 334,396 | - | - | 334,396 |
| Sewer Operations | - | 1,027,196 | - | 1,027,196 |
| Sanitation | - | - | 420,001 | 420,001 |
| Depreciation | 87,560 | 208,625 | - | 296,185 |
| Amortization | - | 1,982 | - | 1,982 |
| Total Operating Expenses | 421,956 | 1,237,803 | 420,001 | 2,079,760 |
| Operating Income (Loss) | 4,616 | (127,240) | 6,701 | (115,923) |
| Nonoperating Revenues (Expenses) | | | | |
| Investment Earnings | 7 | 24 | - | 31 |
| Miscellaneous Income | 22,820 | - | - | 22,820 |
| Interest Expense | (24,404) | (15,572) | - | (39,976) |
| Total Nonoperating Revenues (Expenses) | (1,577) | (15,548) | - | (17,125) |
| Total Income (Loss) Before Contributions and Transfers | 3,039 | (142,788) | 6,701 | (133,048) |
| Capital Contributions | 92,670 | 1,769,000 | - | 1,861,670 |
| Transfers from Other Funds | 122,211 | 16,000 | - | 138,211 |
| Transfers to Other Funds | - | (122,211) | - | (122,211) |
| Change in Net Position | 217,920 | 1,520,001 | 6,701 | 1,744,622 |
| Total Net Position - Beginning of Year | 3,126,219 | 6,045,209 | 515,768 | 9,687,196 |
| Total Net Position - End of Year | \$ 3,344,139 | \$ 7,565,210 | \$ 522,469 | \$ 11,431,818 |

TOWN OF TABOR CITY, NORTH CAROLINA

Statement of Cash Flows

Proprietary Fund

For the Year Ended June 30, 2019

| | Major Enterprise Funds | | | |
|---|-------------------------------|-----------------------|----------------------------|---------------------------------------|
| | Water Fund | Sewer Fund | Sanitation Fund | Total Enterprise Funds |
| Cash Flows from Operating Activities | | | | |
| Cash Received from Customers and Users | \$ 406,206 | \$ 1,109,044 | \$ 426,664 | \$ 1,941,914 |
| Cash Paid for Goods and Services | (224,084) | (937,390) | (397,878) | (1,559,352) |
| Cash Paid to Employees for Services | (110,003) | (90,838) | (21,706) | (222,547) |
| Customer Deposits Received | 6,163 | - | - | 6,163 |
| Customer Deposits Returned | (6,018) | - | - | (6,018) |
| Miscellaneous Income | 22,820 | - | - | 22,820 |
| Net Cash Provided(Used) by Operating Activities | 95,084 | 80,816 | 7,080 | 182,980 |
| Cash Flows from Noncapital Financing Activities | | | | |
| Transfer from Other Funds | 122,211 | 16,000 | - | 138,211 |
| Transfer to Other Funds | - | (122,211) | - | (122,211) |
| Net Cash Provided(Used) by Noncapital Financing Activities | 122,211 | (106,211) | - | 16,000 |
| Cash Flows from Capital Financing Activities | | | | |
| Installment Purchase Obligations Issued | - | - | - | - |
| Acquisition of Capital Assets | - | (1,909,321) | - | (1,909,321) |
| Interest Paid on Bond Maturities and Equipment Contracts | (24,404) | (15,572) | - | (39,976) |
| Principal Paid on Bond Maturities and Equipment Contracts | (76,587) | (58,917) | - | (135,504) |
| Capital Contributions | 92,670 | 1,769,000 | - | 1,861,670 |
| Net Cash Provided(Used) by Capital Financing Activities | (8,321) | (214,810) | - | (223,131) |
| Cash Flows from Investing Activities | | | | |
| Interest on Investments | 7 | 24 | - | 31 |
| Net Increase(Decrease) in Cash and Cash Equivalents | 208,981 | (240,181) | 7,080 | (24,120) |
| Cash and Cash Equivalents: Beginning of Year | 1,617,373 | 530,215 | 481,317 | 2,628,905 |
| End of Year | \$ 1,826,354 | \$ 290,034 | \$ 488,397 | \$ 2,604,785 |

TOWN OF TABOR CITY, NORTH CAROLINA

Statement of Cash Flows (Continued)

Proprietary Fund

For the Year Ended June 30, 2019

| | Major Enterprise Funds | | | Total Enterprise Funds |
|--|-------------------------------|-----------------------|----------------------------|---------------------------------------|
| | Water Fund | Sewer Fund | Sanitation Fund | |
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities | | | | |
| Operating Income (Loss) | <u>\$ 4,616</u> | <u>\$ (127,240)</u> | <u>\$ 6,701</u> | <u>\$ (115,923)</u> |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities | | | | |
| Depreciation | 87,560 | 208,625 | - | 296,185 |
| Amortization | - | 1,982 | - | 1,982 |
| Miscellaneous Income (Expense) | 22,820 | - | - | 22,820 |
| Changes in Assets and Liabilities | | | | |
| (Increase) Decrease in - | | | | |
| Accounts Receivable | (20,366) | (1,519) | (38) | (21,923) |
| Prepaid Items | - | - | - | - |
| Deferred Outflows of Resources - Pensions | (7,514) | (5,364) | (5,317) | (18,195) |
| Increase (Decrease) in - | | | | |
| Accounts Payable | - | - | - | - |
| Customer Deposits | 145 | - | - | 145 |
| Compensated Absences Payable | (475) | (1,448) | - | (1,923) |
| Net Pension Liability | 8,400 | 5,765 | 5,721 | 19,886 |
| Deferred Inflows of Resources | (102) | 15 | 13 | (74) |
| Total Adjustments | <u>90,468</u> | <u>208,056</u> | <u>379</u> | <u>298,903</u> |
| Net Cash Provided(Used) by Operating Activities | <u>\$ 95,084</u> | <u>\$ 80,816</u> | <u>\$ 7,080</u> | <u>\$ 182,980</u> |

TOWN OF TABOR CITY, 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 Tabor City and its discretely presented component unit 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 Tabor City 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 Tabor City 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 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 Tabor City ABC Board, 701 Bypass, Post Office Box 496, Tabor City, NC 28463.

B. Basis of Presentation

Government-wide 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 nonmajor funds.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation – Fund Accounting (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 funds:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety and street maintenance and construction. Additionally, the Town has legally adopted a Ritz Center Fund. Under GASB 54 guidance this fund is consolidated in the General Fund. The budgetary comparison for this fund has been included in the supplemental information.

The Town reports the following non-major governmental fund.

Grant Project Fund. This fund is used to account for the grant funds used for the Lake Tabor Dam Project.

The Town reports the following major enterprise funds:

Sanitation Fund. This fund is used to account for the Town's solid waste operations.

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

Sewer Fund. This fund is used to account for the Town's 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.

TOWN OF TABOR CITY, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

Proprietary funds distinguish operating revenues and expenses from 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 enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. 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 a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

TOWN OF TABOR CITY, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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 Tabor City because the tax is levied by Columbus County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there 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.

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, Water Fund, Sewer Fund, Sanitation Fund, Utility Capital Reserve Fund, and the Utility Impact Fund. Project ordinances are adopted for the Grant Projects Fund and the Enterprise Capital Projects Fund. All annual appropriations lapse at the fiscal-year end. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

All deposits of the Town 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 and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town and the ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Deposits and Investments (Continued)

State law [G.S. 159-30(c)] authorizes the Town and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's and the 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 at fair value. The NCCMT – Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2019, the Term portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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

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 ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S.136-41.1 through 136-41.4. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Grant funds are restricted for project expenditures.

| Town of Tabor City Restricted Cash | |
|-------------------------------------|------------------|
| Governmental Activities | |
| General Fund | |
| Streets | \$ - |
| Grant Project Fund – Lake Tabor Dam | 32,136 |
| Total Governmental Activities | <u>32,136</u> |
| Business-type Activities | |
| Water and Sewer Fund | |
| Customer Deposits | 31,623 |
| Total Business-type Activities | <u>31,623</u> |
| Total Restricted Cash | <u>\$ 63,759</u> |

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Ad Valorem Taxes Receivable

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

5. Allowances for Doubtful Accounts

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

6. Inventory and Prepaid Items

The inventories of the Town, and the ABC Board are valued at cost (first-in, first-out), which approximates market. The Town's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased.

The inventory of the Town's enterprise funds as well as those of the ABC Board consists of materials and supplies held for consumption or resale. The cost of the inventory carried in the Town's enterprise funds and that of the ABC Board is recorded as an expense as it is consumed or sold.

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 a certain cost and an estimated useful life in excess of two years. Due to very limited capital asset acquisition, minimum capitalization costs are \$1,000 for all items. 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. There were no general infrastructure assets acquired prior to July 1, 2003. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

TOWN OF TABOR CITY, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)****7. Capital Assets (Continued)**

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

| Asset Class | Estimated Useful Lives |
|-------------------------|------------------------|
| Infrastructure | 25 |
| Buildings | 50 |
| Improvements | 25 |
| Furniture and Equipment | 10 |
| Vehicles | 6 |
| Computer Equipment | 3 |

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 Improvements | 10-40 |
| Equipment | 7-10 |

8. Deferred Outflows/Inflows of Resources

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

TOWN OF TABOR CITY, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Long-Term Obligations

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

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

10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty (30) days earned vacation leave for employees, and unlimited for the Town Manager, while ABC Board employees may accumulate up to one week earned vacation, 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 current portion of the accumulated vacation pay for the ABC Board is not considered to be material and, therefore, has not been included in the 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 and the ABC Board do not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Net Position/Fund Balances (Continued)

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.

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Net Position/Fund Balances (Continued)

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

Assigned for Economic and Physical Development – portion of fund balance that is restricted by revenue source for various economic and physical development projects [G.S. Chapter 159, Article 3, Part 2].

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 appropriations by resource or appropriation within funds up to \$100,000.

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

12. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Government 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 Tabor City's employer contributions are recognized when due and the Town of Tabor City 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 TABOR CITY, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2019

II. DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All the deposits of the Town and 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 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 capacity 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, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2019, the Town's deposits had a carrying amount of \$4,843,850 and a bank balance of \$4,969,295. Of the bank balance, \$305,269 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 \$135,198 and the bank balance was \$186,419. All of the bank balance was covered by the federal depository insurance. At June 30, 2019, the Town's petty cash fund totaled \$300.

2. Investments

At June 30, 2019, the Town of Tabor City had \$9,765 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's. The Town has no policy regarding credit risk.

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

3. Receivables - Allowances for Doubtful Accounts

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

| Fund | 06/30/2019 |
|------------------------|------------|
| General Fund: | |
| Taxes Receivable | \$ 49,000 |
| Total General Fund | 49,000 |
| Enterprise Funds: | |
| Water Receivable | 5,100 |
| Sewer Receivable | 9,600 |
| Sanitation Receivable | 3,600 |
| Total Enterprise Funds | 18,300 |
| Total | \$ 67,300 |

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 |
|--|-----------------------|-----------|-----------|---------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 637,179 | \$ 50,514 | \$ - | \$ 687,693 |
| Construction in Progress | 155,524 | - | - | 155,524 |
| Total capital assets not being depreciated | 792,703 | 50,514 | - | 843,217 |
| Capital assets being depreciated: | | | | |
| Buildings and Improvements | 3,453,755 | - | - | 3,453,755 |
| Equipment | 2,648,979 | - | - | 2,648,979 |
| Vehicles | 1,185,090 | 206,811 | 163,119 | 1,228,782 |
| Infrastructure | - | - | - | - |
| Total capital assets being depreciated | 7,287,824 | 206,811 | 163,119 | 7,331,516 |
| Less accumulated depreciation for: | | | | |
| Buildings and Improvements | 1,259,442 | 24,156 | - | 1,283,598 |
| Equipment | 1,164,533 | 172,306 | - | 1,336,839 |
| Vehicles | 1,124,808 | 54,842 | 163,119 | 1,016,531 |
| Infrastructure | - | - | - | - |
| Total accumulated depreciation | 3,548,783 | 251,304 | 163,119 | 3,636,968 |
| Total capital assets being depreciated, net | 3,739,041 | | | 3,694,548 |
| Governmental activity capital assets, net | \$ 4,531,744 | | | \$ 4,537,765 |

TOWN OF TABOR CITY, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2019

II. DETAIL NOTES ON ALL FUNDS (Continued)**A. Assets (Continued)****4. Capital Assets (Continued)**

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

| | |
|-----------------------------------|-------------------|
| General Government | \$ 14,367 |
| Public Safety | 116,347 |
| Economic and Physical Development | 10,623 |
| Cultural and Recreation | 93,828 |
| Transportation | 16,139 |
| Total | <u>\$ 251,304</u> |

| | Beginning Balances | Increases | Decreases | Ending Balances |
|--|-----------------------|---------------|-----------|---------------------|
| Business-type activities: | | | | |
| <i>Water Fund</i> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 31,225 | \$ - | \$ - | \$ 31,225 |
| Construction in Progress | - | - | - | - |
| Total capital assets not being depreciated | <u>31,225</u> | <u>-</u> | <u>-</u> | <u>31,225</u> |
| Capital assets being depreciated: | | | | |
| Plant and Distribution System | 3,911,080 | - | - | 3,911,080 |
| Equipment | 91,111 | - | - | 91,111 |
| Total capital assets being depreciated | <u>4,002,191</u> | <u>-</u> | <u>-</u> | <u>4,002,191</u> |
| Less accumulated depreciation for: | | | | |
| Plant and Distribution System | 1,731,050 | 78,113 | - | 1,809,163 |
| Equipment | 35,356 | 9,447 | - | 44,803 |
| Total accumulated depreciation | <u>1,766,406</u> | <u>87,560</u> | <u>-</u> | <u>1,853,966</u> |
| Total capital assets being depreciated, net | <u>2,235,785</u> | | | <u>2,148,225</u> |
| Water Fund capital assets, net | <u>\$ 2,267,010</u> | | | <u>\$ 2,179,450</u> |

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

| <i>Sewer Fund</i> | Beginning Balances | Increases | Decreases | Ending Balances |
|--|-----------------------|-----------|-----------|---------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ - | \$ - | \$ - | - |
| Construction in Progress | - | 1,636,122 | - | 1,636,122 |
| Total capital assets not being depreciated | - | 1,636,122 | - | 1,636,122 |
| Capital assets being depreciated: | | | | |
| Plant and Distribution System | 9,152,955 | 273,199 | - | 9,426,154 |
| Equipment | 23,083 | - | - | 23,083 |
| Total capital assets being depreciated | 9,176,038 | 273,199 | - | 9,449,237 |
| Less accumulated depreciation for: | | | | |
| Plant and Distribution System | 3,081,754 | 201,802 | - | 3,283,556 |
| Equipment | 16,260 | 6,823 | - | 23,083 |
| Total accumulated depreciation | 3,098,014 | 208,625 | - | 3,306,639 |
| Total capital assets being depreciated, net | 6,078,024 | | | 6,142,598 |
| Sewer Fund capital assets, net | \$ 6,078,024 | | | \$ 7,778,720 |

| <i>Sanitation Fund</i> | Beginning Balances | Increases | Decreases | Ending Balances |
|---|-----------------------|-----------|-----------|---------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 2,000 | \$ - | \$ - | 2,000 |
| Construction in Progress | - | - | - | - |
| Total capital assets not being depreciated | 2,000 | - | - | 2,000 |
| Capital assets being depreciated: | | | | |
| Plant and Distribution System | - | - | - | - |
| Equipment | 61,546 | - | - | 61,546 |
| Total capital assets being depreciated | 61,546 | - | - | 61,546 |
| Less accumulated depreciation for: | | | | |
| Plant and Distribution System | - | - | - | - |
| Equipment | 61,546 | - | - | 61,546 |
| Total accumulated depreciation | 61,546 | - | - | 61,546 |
| Total capital assets being depreciated, net | - | | | - |
| Sanitation Fund capital assets, net | \$ 2,000 | | | \$ 2,000 |
| Business-type activities capital assets, net | \$ 8,347,034 | | | \$ 9,960,170 |

TOWN OF TABOR CITY, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2019

II. DETAIL NOTES ON ALL FUNDS (Continued)**A. Assets (Continued)****4. Capital Assets (Continued)****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 |
|--|-----------------------|-----------|-----------|--------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 23,018 | \$ - | \$ - | \$ 23,018 |
| Construction in Progress | - | - | - | - |
| Total capital assets not being depreciated | 23,018 | - | - | 23,018 |
| Capital assets being depreciated: | | | | |
| Buildings and Improvements | 90,674 | - | - | 90,674 |
| Equipment | 77,863 | 22,127 | - | 99,990 |
| Total capital assets being depreciated | 168,537 | 22,127 | - | 190,664 |
| Less accumulated depreciation for: | | | | |
| Buildings and Improvements | 82,899 | 3,178 | - | 86,077 |
| Equipment | 73,746 | 2,423 | - | 76,169 |
| Total accumulated depreciation | 156,645 | 5,601 | - | 162,246 |
| Total capital assets being depreciated, net | 11,892 | | | 28,418 |
| ABC Board capital assets, net | \$ 34,910 | | | \$ 51,436 |

TOWN OF TABOR CITY, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2019

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

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

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of creditable service as an LEO and have reached age 50, or have completed five years of creditable service as an LEO and have reached age 55, or have completed 15 years of creditable service as an 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 Tabor City employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. Town of Tabor City'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, actuarially determined as an amount that, when combined with employee contributions, is expected to finance costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Tabor City were \$85,657 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 \$300,101 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018 (measurement date), the Town's proportion was 0.01265%, which was a decrease of 0.00042% from its proportion measured as of June 30, 2017.

TOWN OF TABOR CITY, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2019

II. DETAIL NOTES ON ALL FUNDS (Continued)**B. Liabilities (Continued)****1. Pension Plan Obligations (Continued)****a. Local Governmental Employees' Retirement System (Continued)**

For the year ended June 30, 2019, the Town recognized pension expense of \$99,182. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 46,298 | \$ 1,554 |
| Changes of assumptions | 79,635 | - |
| Net difference between projected and actual earnings on pension plan investments | 41,195 | - |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | 28,275 | - |
| Town contributions subsequent to the measurement date | 85,657 | - |
| Total | <u>\$ 281,060</u> | <u>\$ 1,554</u> |

\$85,657 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30: | |
|----------------------------|-------------------|
| 2020 | \$ 92,335 |
| 2021 | 61,311 |
| 2022 | 13,445 |
| 2023 | 26,758 |
| 2024 | - |
| Thereafter | - |
| | <u>\$ 193,849</u> |

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 |

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

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

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

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

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

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

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

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

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

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

| | 1% Decrease (6.00%) | Discount Rate (7.00%) | 1% Increase (8.00%) |
|--|---------------------------|-----------------------------|---------------------------|
| Town's proportionate share of the net pension liability (asset) | \$ 720,869 | \$ 300,101 | \$ (51,499) |

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.

TOWN OF TABOR CITY, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2019

II. DETAIL NOTES ON ALL FUNDS (Continued)**B. Liabilities (Continued)****1. Pension Plan Obligations (Continued)****b. Law Enforcement Officers Special Separation Allowance****1. Plan Description**

The Town of Tabor City 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 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the office for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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

| | |
|--|-----------|
| Retirees receiving benefits | - |
| Terminated plan members entitled to but not yet receiving benefits | - |
| Active plan members | 10 |
| Total | <u>10</u> |

2. Summary of Significant Accounting Policies:

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

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance (Continued)

3. Actuarial Assumptions

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

| | |
|------------------|---|
| Inflation | 2.50 percent |
| Salary Increases | 3.50 to 7.35 percent, including inflation and productivity factor |
| Discount Rate | 3.64 percent |

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

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

4. Contributions

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

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance (Continued)

4. Contributions (Continued)

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

At June 30, 2019, the Town reported a total pension liability of \$69,604. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of \$6,954.

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ - | \$ 4,452 |
| Changes of assumptions | 3,509 | 3,318 |
| Town benefit payments and plan administrative expense subsequent to the measurement date | - | - |
| Total | <u>\$ 3,509</u> | <u>\$ 7,770</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 | \$ (1,050) |
| 2021 | (1,050) |
| 2022 | (1,306) |
| 2023 | (756) |
| 2024 | (99) |
| Thereafter | - |
| | <u><u>\$ (4,261)</u></u> |

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance (Continued)

4. Contributions (Continued)

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

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

| | 1% Decrease (2.64%) | Discount Rate (3.64%) | 1% Increase (4.64%) |
|-------------------------|------------------------------------|--------------------------------------|------------------------------------|
| Total Pension Liability | \$ 75,885 | \$ 69,604 | \$ 63,796 |

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

| | 2019 |
|--|------------------|
| Beginning balance | \$ 68,240 |
| Service Cost | 5,848 |
| Interest on the total pension liability | 2,156 |
| Changes of benefit terms | - |
| Differences between expected and actual experience in the measurement of the total pension liability | (3,684) |
| Changes of assumptions or other inputs | (2,956) |
| Benefit payments | - |
| Other changes | - |
| Ending balance of the total pension liability | <u>\$ 69,604</u> |

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

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

TOWN OF TABOR CITY, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2019

II. DETAIL NOTES ON ALL FUNDS (Continued)**B. Liabilities (Continued)****1. Pension Plan Obligations (Continued)*****Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources Related to Pensions***

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

| | LGERS | LEOSSA | Total |
|--|-----------|----------|------------|
| Pension Expense | \$ 99,182 | \$ 6,954 | \$ 106,136 |
| Pension Liability | 300,101 | 69,604 | 369,705 |
| Proportionate share of the net pension liability | 0.01265% | n/a | |
| Deferred Outflows of Resources | | | |
| Differences between expected and actual experience | 46,298 | - | 46,298 |
| Changes of assumptions | 79,635 | 3,509 | 83,144 |
| Net difference between projected and actual earnings on plan investments | 41,195 | - | 41,195 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 28,275 | - | 28,275 |
| Benefit payments and administrative costs paid subsequent to the measurement date | 85,657 | - | 85,657 |
| Deferred Inflows of Resources | | | |
| Differences between expected and actual experience | 1,554 | 4,452 | 6,006 |
| Changes of assumptions | - | 3,318 | 3,318 |
| Net difference between projected and actual earnings on plan investments | - | - | - |
| Changes in proportion and differences between contributions and proportionate share of contributions | - | - | - |

TOWN OF TABOR CITY, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2019

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The Town Council has also elected to contribute to the plan for all non-law enforcement employees. The Town makes monthly contributions equal to five percent of each employee's salary and all amounts are vested immediately. Those non-law enforcement Town employees may also make voluntary contributions to the plan. Contributions for the year ended June 30, 2019 from the Town were \$51,698 which consisted of \$20,143 for law enforcement officers and \$31,555 for non-law enforcement. No amounts were forfeited.

d. Other Postemployment Benefit

Town employees are allowed to purchase health insurance under COBRA upon retirement. The Town provides no other postemployment health benefit.

TOWN OF TABOR CITY, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2019

II. DETAIL NOTES ON ALL FUNDS (Continued)**B. Liabilities (Continued)****2. Deferred Outflows and Inflows of Resources**

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

| | | |
|---|----|----------------|
| Contributions to Pension Plan in Current Fiscal Year | \$ | 85,657 |
| Differences between expected and actual experience | | 46,298 |
| Changes of assumptions | | 83,144 |
| Net difference between projected and actual | | 41,195 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | | 28,275 |
| Deferred Bond Issuance Costs | | 19,156 |
| Total | \$ | <u>303,725</u> |

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

| | Statement of Net Position | General Fund Balance Sheet |
|---|------------------------------|-------------------------------|
| Prepaid taxes (General Fund) | \$ - | \$ - |
| Taxes receivable (General Fund) | - | 74,525 |
| Changes in assumptions | 3,318 | - |
| Differences between expected and actual experience | 6,006 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | - | - |
| Total | \$ 9,324 | \$ 74,525 |

TOWN OF TABOR CITY, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2019

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

3. 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. Through various commercial coverage policies, the Town has obtained general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to \$1 million per employee/incident and \$5 million policy limits, and employee health coverage up to a \$1 million lifetime limit. Claims have not exceeded coverage in any of the past three fiscal years.

There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town does not have flood insurance.

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 Water Bill Clerk, Town Manager, and Finance Officer are bonded for \$5,000, \$80,000 and \$80,000, respectively.

4. Claims, Judgements and Contingent Liabilities

At June 30, 2019, the Town did not have any litigation pending.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

5. Long-Term Obligations

a. Installment Purchases

Serviced by the General Fund:

In August 2013, the Town entered into an installment purchase contract with First Bank. The loan amount of \$144,000 was secured to purchase three vehicles within the police department. The financing contract requires monthly payments which include principal plus interest at a rate of 2.10%. This loan was paid off during the current fiscal year.

In September 2017, the Town entered into an installment purchase contract with First Bank. The loan amount of \$150,000 was secured to purchase a fire truck within the fire department. The financing contract requires monthly payments which include principal plus interest at a rate of 2.11%.

In October 2018, the Town entered into an installment purchase contract with First Bank. The loan amount of \$177,285 was secured to purchase four vehicles within the police department. The financing contract requires monthly payments which include principal plus interest at a rate of 3.33%.

Serviced by the Water Fund:

In June 2003, the Town entered into an installment purchase contract with the Rural Development Division of the United States Department of Agriculture. A loan package of \$276,500, in addition to a \$200,000 grant from USDA Rural Development, was secured to finance a public works facility for the Town and has been fully utilized. The financing contract requires principal payments which began in June 2004, with an interest rate of 4.50%.

Annual debt service payments of the installment purchases as of June 30, 2019 are as follows:

| Year Ending June 30 | Governmental Activities | | Business-type Activities | |
|---------------------|-------------------------|-----------|--------------------------|----------|
| | Principal | Interest | Principal | Interest |
| 2020 | \$ 63,946 | \$ 6,893 | \$ 18,466 | \$ 2,792 |
| 2021 | 65,750 | 5,088 | 19,296 | 1,962 |
| 2022 | 67,609 | 3,229 | 24,294 | 1,092 |
| 2023 | 45,492 | 1,484 | - | - |
| 2024 | 22,598 | 256 | - | - |
| Total | \$ 265,395 | \$ 16,950 | \$ 62,056 | \$ 5,846 |

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

5. Long-Term Obligations (Continued)

b. General Obligation Indebtedness

The Town's 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 funds. 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 Funds

\$1,813,726, 2014 Refunding Water and Sewer, Series 2014

Bonds due in varying installments from June 1, 2014 to

September 1, 2028; interest at 2.92%

\$ 1,215,450

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

| Year Ending June 30 | Business-type Activities | |
|------------------------|--------------------------|-------------------|
| | Principal | Interest |
| 2020 | \$ 121,313 | \$ 34,597 |
| 2021 | 124,894 | 31,015 |
| 2022 | 128,581 | 27,328 |
| 2023 | 132,377 | 23,532 |
| 2024 | 136,286 | 19,624 |
| 2025-2029 | 571,999 | 51,641 |
| Total | <u>\$ 1,215,450</u> | <u>\$ 187,737</u> |

At June 30, 2019, the Town of Tabor City had a legal debt margin of \$12,300,355.

TOWN OF TABOR CITY, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2019

II. DETAIL NOTES ON ALL FUNDS (Continued)**B. Liabilities (Continued)****5. Long-Term Obligations (Continued)****c. Changes in Long-Term Liabilities**

| | Balance 07/01/18 | Increases | Decrease | Balance 06/30/19 | Current Portion of Balance |
|---|---------------------|-------------------|-------------------|---------------------|----------------------------------|
| Governmental activities: | | | | | |
| Installment Purchases | \$ 136,052 | \$ 177,285 | \$ 47,942 | \$ 265,395 | \$ 63,946 |
| Lease Purchase | - | - | - | - | - |
| Compensated absences | 180,933 | - | 5,832 | 175,101 | - |
| Total Pension Liability (LEO) | 68,240 | 1,364 | - | 69,604 | - |
| Net Pension Liability (LGERS) | 192,043 | 80,542 | - | 272,585 | - |
| Governmental activity long-term liabilities | <u>\$ 577,268</u> | <u>\$ 259,191</u> | <u>\$ 53,774</u> | <u>\$ 782,685</u> | <u>\$ 63,946</u> |
| Business-type activities: | | | | | |
| Installment Purchases | \$ 79,726 | \$ - | \$ 17,670 | \$ 62,056 | \$ 18,466 |
| General Obligation Bonds | 1,333,284 | - | 117,834 | 1,215,450 | 121,313 |
| Compensated absences | 8,300 | - | 1,922 | 6,378 | - |
| Net Pension Liability (LGERS) | 7,630 | 19,886 | - | 27,516 | - |
| Business-type activity long-term liabilities | <u>\$ 1,428,940</u> | <u>\$ 19,886</u> | <u>\$ 137,426</u> | <u>\$ 1,311,400</u> | <u>\$ 139,779</u> |

Compensated absences typically have been liquidated in the General Fund.

C. Net Investment in Capital Assets

| | Governmental | Business-type |
|----------------------------------|---------------------|---------------------|
| Capital Assets | \$ 4,537,765 | \$ 9,960,170 |
| less: long-term debt | 265,395 | 1,277,506 |
| Add: unexpended debt proceeds | - | - |
| Net Investment in Capital Assets | <u>\$ 4,272,370</u> | <u>\$ 8,682,664</u> |

TOWN OF TABOR CITY, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2019

II. DETAIL NOTES ON ALL FUNDS (Continued)**D. Interfund Balances and Activity**

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

| | |
|--|-----------------|
| Due to the General Fund from the Grant Project Fund for reimbursement of expenditures. | \$ 8,666 |
| Total | <u>\$ 8,666</u> |

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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

| | |
|--|-------------------|
| From the Sewer Fund to the Water Fund for assistance in paying for expenditures. | \$ 122,211 |
| From the General Fund to the CDBG Sewerline Project Fund for the Town's share of expenditures. | 16,000 |
| Total | <u>\$ 138,211</u> |

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 provided matching funds for various grant programs.

E. Fund Balance

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

| | |
|---|--------------|
| <i>Total fund balance – General Fund</i> | \$ 2,482,713 |
| Less: | |
| Stabilization by State Statute | 265,719 |
| Streets | - |
| Appropriated Fund Balance in 2019-2020 budget | 240,000 |
| Remaining Fund Balance | 1,976,994 |

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

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

III. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**Federal and State Assisted Programs**

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

TOWN OF TABOR CITY, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2019

IV. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 17, 2020, which is the date the financial statements were available to be issued.

V. STEWARDSHIP. COMPLIANCE, AND ACCOUNTABILITY**Excess of Expenditures over Appropriations**

For the fiscal year ended June 30, 2019, the expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board for the police department by \$154,463 and the Utility Impact Fund expenditures by \$53,900. These over-expenditures occurred because of unbudgeted expenditures. Managements and the board will more closely review the budget reports to ensure compliance in future years.

***Required Supplementary
Financial Data***

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

| Local Government Employees' Retirement System | | | | | | |
|---|--------------|--------------|-----------|-----------|-------------|-----------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Tabor City's proportion of the net pension liability (asset) (%) | 0.01265% | 0.01307% | 0.01456% | 0.01132% | 0.01172% | 0.01190% |
| Tabor City's proportion of the net pension liability (asset) (\$) | \$ 300,101 | \$ 199,673 | \$309,012 | \$ 50,803 | \$ (69,118) | \$143,441 |
| Tabor City's covered-employee payroll | \$ 1,031,947 | \$ 1,041,221 | \$989,841 | \$882,482 | \$ 839,301 | \$803,627 |
| Tabor City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 29.08% | 19.18% | 31.22% | 5.76% | -8.24% | 17.85% |
| Plan fiduciary net position as a of the total pension liability** | 91.63% | 94.18% | 91.47% | 98.09% | 102.64% | 94.35% |

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

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

TOWN OF TABOR CITY, NORTH CAROLINA

Town of Tabor City's Contributions

Required Supplementary Information

Last Six Fiscal Years

| Local Government Employees' Retirement System | | | | | | | |
|--|--------------|--------------|--------------|-------------|-------------|-------------|--|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | |
| Contractually required contribution | \$ 85,657 | \$ 80,501 | \$ 78,628 | \$ 67,939 | \$ 63,690 | \$ 60,065 | |
| Contributions in relation to the contractually required contribution | 85,657 | 80,501 | 78,628 | 67,939 | 63,690 | 60,065 | |
| Contributions deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | |
| Tabor City's covered employee payroll | \$ 1,063,320 | \$ 1,031,947 | \$ 1,041,221 | \$ 989,841 | \$ 882,482 | \$ 839,301 | |
| Contributions as a percentage of covered-employee payroll | 8.06% | 7.80% | 7.55% | 6.86% | 7.22% | 7.16% | |

TOWN OF TABOR CITY, NORTH CAROLINA

Schedule of Changes in Total Pension Liability

June 30, 2019

Law Enforcement Officers' Special Separation Allowance

| | 2019 | 2018 | 2017 |
|--|------------------|------------------|------------------|
| Beginning balance | \$ 68,240 | \$ 57,305 | \$ 48,950 |
| Service cost | 5,848 | 5,399 | 8,358 |
| Interest on the total pension liability | 2,156 | 2,212 | 1,748 |
| Changes of benefit terms | - | - | - |
| Differences between expected and actual experience in the measurement of the total pension liability | (3,684) | (2,843) | - |
| Changes of assumptions or other inputs | (2,956) | 6,167 | (1,751) |
| Benefit payments | - | - | - |
| Other changes | - | - | - |
| Ending balance of the total pension liability | <u>\$ 69,604</u> | <u>\$ 68,240</u> | <u>\$ 57,305</u> |

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

TOWN OF TABOR CITY, NORTH CAROLINA

Schedule of Total Pension Liability as a Percentage of Covered Payroll

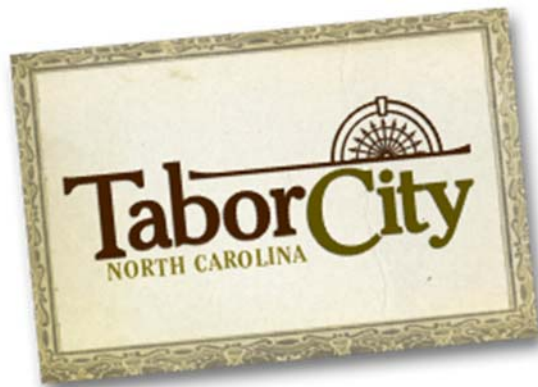
June 30, 2019

Law Enforcement Officers' Special Separation Allowance

| | 2019 | 2018 | 2017 |
|---|-----------|-----------|-----------|
| Total pension liability | \$ 69,604 | \$ 68,240 | \$ 57,305 |
| Covered payroll | 414,270 | 416,956 | 373,302 |
| Total pension liability as a percentage of covered payroll | 16.80% | 16.37% | 15.35% |

Notes to the schedules:

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



Major Governmental Funds

General Fund

TOWN OF TABOR CITY, NORTH CAROLINA

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

For the Fiscal Year Ended June 30, 2019

| | Final Budget | Actual | Variance Positive (Negative) |
|---|-------------------------|---------------|---|
| Revenues | | | |
| Ad Valorem Taxes | | | |
| Taxes | | \$ 1,019,086 | |
| Penalties and Interest | | 15,262 | |
| Total Ad Valorem Taxes | \$ 1,015,009 | 1,034,348 | \$ 19,339 |
| Other Taxes and Licenses | | | |
| Privilege Licenses | | 110 | |
| Fire District Taxes | | 123,257 | |
| Total Other Taxes and Licenses | 127,149 | 123,367 | (3,782) |
| Unrestricted Intergovernmental | | | |
| Local Option Sales Tax | | 1,002,960 | |
| Telecommunications Tax | | 15,150 | |
| Video Franchise Tax | | 13,819 | |
| Utility Sales Tax | | 172,669 | |
| Beer and Wine Tax | | 17,832 | |
| ABC Profit Distribution | | 15,568 | |
| Fire Department Allocations | | 26,543 | |
| Total Unrestricted Intergovernmental | 1,237,319 | 1,264,541 | 27,222 |
| Restricted Intergovernmental | | | |
| Powell Bill Allocation | | 112,830 | |
| Police Grants | | 2,160 | |
| ABC Revenue for Law Enforcement | | 8,487 | |
| Solid Waste Disposal Tax | | 2,908 | |
| Firemen's Fund | | 4,232 | |
| Federal and State Grants | | 200,715 | |
| Miscellaneous | | 4,353 | |
| Total Restricted Intergovernmental | 271,347 | 335,685 | 64,338 |
| Permits and Fees | | | |
| Building Permits | | 33,771 | |
| Zoning | | 330 | |
| Court Fees | | 626 | |
| Total Permits and Fees | 40,825 | 34,727 | (6,098) |
| Sales and Services | | | |
| Recreation Department Fees | | - | |
| Total Sales and Services | 100 | - | (100) |
| Investment Earnings | | | |
| General | | 138 | |
| Total Investment Earnings | 1 | 138 | 137 |
| Miscellaneous | | | |
| Other | | 90,050 | |
| Total Miscellaneous | 30,360 | 90,050 | 59,690 |
| Total Revenues | \$ 2,722,110 | \$ 2,882,856 | \$ 160,746 |

TOWN OF TABOR CITY, NORTH CAROLINA

General Fund

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

Budget and Actual

For the Fiscal Year Ended June 30, 2019

| | Final Budget | Actual | Variance Positive (Negative) |
|--------------------------------|-------------------------|-------------------|---|
| Expenditures | | | |
| Governing Body | | | |
| Salaries and Employee Benefits | | \$ 28,635 | |
| Other Expenditures | | 17,165 | |
| Total Governing Body | \$ 48,067 | 45,800 | \$ 2,267 |
| Administration | | | |
| Salaries and Employee Benefits | | 238,417 | |
| Other Expenditures | | 124,972 | |
| Capital Outlay | | - | |
| Total Administration | 394,518 | 363,389 | 31,129 |
| Elections | | | |
| Salaries and Employee Benefits | | - | |
| Other Expenditures | | - | |
| Total Elections | 100 | - | 100 |
| Legal | | | |
| Other Expenditures | | 4,712 | |
| Total Legal | 8,288 | 4,712 | 3,576 |
| Public Works | | | |
| Salaries and Employee Benefits | | 84,871 | |
| Other Expenditures | | 20,876 | |
| Capital Outlay | | - | |
| Total Public Works | 137,728 | 105,747 | 31,981 |
| Police Department | | | |
| Salaries and Employee Benefits | | 635,637 | |
| Other Expenditures | | 193,926 | |
| Capital Outlay | | 177,285 | |
| Debt Service | | | |
| Principal Retirement | | 11,139 | |
| Interest Expense | | 3,279 | |
| Total Police Department | 866,803 | 1,021,266 | (154,463) |
| Fire Department | | | |
| Salaries and Employee Benefits | | 110,126 | |
| Other Expenditures | | 108,106 | |
| Capital Outlay | | - | |
| Debt Service | | | |
| Principal Retirement | | 36,803 | |
| Interest Expense | | - | |
| Total Fire Department | \$ 275,028 | \$ 255,035 | \$ 19,993 |

TOWN OF TABOR CITY, NORTH CAROLINA

General Fund

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

Budget and Actual

For the Fiscal Year Ended June 30, 2019

| | Final Budget | Actual | Variance Positive (Negative) |
|--|-------------------------|---------------------|---|
| Economic and Physical Development | | | |
| Salaries and Employee Benefits | | \$ 82,153 | |
| Other Expenditures | | 28,976 | |
| Capital Outlay | | - | |
| Total Economic and Physical Development | 126,079 | 111,129 | \$ 14,950 |
| Street Department | | | |
| Salaries and Employee Benefits | | 200,387 | |
| Other Expenditures | | 190,051 | |
| Capital Outlay | | 29,526 | |
| Total Street Department | 449,048 | 419,964 | 29,084 |
| Powell Bill Funds | | | |
| Salaries and Employee Benefits | | - | |
| Other Expenditures | | 158,733 | |
| Total Powell Bill Funds | 169,000 | 158,733 | 10,267 |
| Cultural and Recreation | | | |
| Salaries and Employee Benefits | | 12,672 | |
| Other Expenditures | | 133,218 | |
| Capital Outlay | | 50,514 | |
| Total Cultural and Recreation | 218,128 | 196,404 | 21,724 |
| Non-Departmental | | | |
| Other Expenditures | | 94,395 | |
| Capital Outlay | | - | |
| Total Non- Departmental | 119,551 | 94,395 | 25,156 |
| Total Expenditures | 2,812,338 | 2,776,574 | 35,764 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (90,228) | 106,282 | 196,510 |
| Other Financing Sources (Uses) | | | |
| Transfers Out: | | | |
| CDBG Sewerline Project | (16,000) | (16,000) | |
| Water Fund | - | - | |
| Sale of Assets | 5,800 | 18,651 | 12,851 |
| Installment Purchase Obligations Issued | - | 177,285 | 177,285 |
| Total Other Financing Sources (Uses) | (10,200) | 179,936 | 190,136 |
| Fund Balance Appropriated | 100,428 | - | (100,428) |
| Net Change in Fund Balance | \$ - | 286,218 | \$ 286,218 |
| Fund Balance - Beginning of Year | | 2,178,469 | |
| Fund Balance - End of Year | | \$ 2,464,687 | |

Special Revenue Funds
Consolidated With General Fund

TOWN OF TABOR CITY, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Nonmajor Special Revenue Fund - Ritz Center Fund

For the Fiscal Year Ended June 30, 2019

| | Final Budget | Actual | Variance Positive (Negative) |
|--|-------------------------|------------------|---|
| Revenues | | | |
| Miscellaneous | | | |
| Other | \$ 11,950 | \$ 12,300 | \$ 350 |
| Expenditures | | | |
| Economic and Physical Development | | | |
| Other Expenditures | | 7,319 | |
| Total Economic and Physical Development | 11,950 | 7,319 | 4,631 |
| Excess (Deficiency) of Revenues Over Expenditures | - | 4,981 | 4,981 |
| Other Financing Sources | | | |
| Transfers In: | | | |
| Water Fund | | - | |
| Ritz Capital Project Fund | | - | |
| Total Other Financing Sources | - | - | - |
| Appropriated Fund Balance | - | - | - |
| Net Change in Fund Balance | <u>\$ -</u> | 4,981 | <u>\$ 4,981</u> |
| Fund Balance - Beginning of Year | | <u>13,045</u> | |
| Fund Balance - End of Year | | <u>\$ 18,026</u> | |

Nonmajor Governmental Funds

Grant Project Fund

TOWN OF TABOR CITY, NORTH CAROLINA

Lake Tabor Dam Project

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

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

| | Actual | | | | Variance |
|--|----------------|-------------|------------------|------------------|------------------|
| | Project | Prior | Current | Totals | |
| | Authorization | Year | Year | to | Positive |
| | | | | Date | (Negative) |
| Revenues | | | | | |
| Restricted Intergovernmental | | | | | |
| Federal and State Grant Revenue | \$ 786,727 | \$ - | \$ 74,718 | \$ 74,718 | \$ (712,009) |
| Other Revenues | 100 | - | - | - | (100) |
| Total Revenues | <u>786,827</u> | <u>-</u> | <u>74,718</u> | <u>74,718</u> | <u>(712,109)</u> |
| Expenditures | | | | | |
| Economic & Physical Development | | | | | |
| Other Expenditures | 786,827 | | 51,248 | 51,248 | 735,579 |
| Total Expenditures | <u>786,827</u> | <u>-</u> | <u>51,248</u> | <u>51,248</u> | <u>735,579</u> |
| Excess (Deficiency) of Revenues | | | | | |
| Over Expenditures | <u>-</u> | <u>-</u> | <u>23,470</u> | <u>23,470</u> | <u>23,470</u> |
| Other Financing Sources (Uses) | | | | | |
| Transfers Out: | | | | | |
| General Fund | - | - | - | - | - |
| Total Other Financing | | | | | |
| Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>23,470</u> | <u>\$ 23,470</u> | <u>\$ 23,470</u> |
| Fund Balance - Beginning | | | <u>-</u> | | |
| Fund Balance - Ending | | | <u>\$ 23,470</u> | | |

Enterprise Funds

TOWN OF TABOR CITY, NORTH CAROLINA

Water Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2019

| | Budget | Actual | Variance Positive (Negative) |
|--|------------|------------|------------------------------------|
| Revenues | | | |
| Operating Revenues | | | |
| Water Charges | | \$ 398,796 | |
| Tap Fees | | 1,100 | |
| Penalties and Interest | | 26,676 | |
| Total Operating Revenues | \$ 375,138 | 426,572 | \$ 51,434 |
| Investment Earnings | | | |
| Investment Earnings | | - | |
| Total Investment Earnings | 1 | - | (1) |
| Miscellaneous | | | |
| Grants | | 92,670 | |
| Other | | 22,820 | |
| Total Miscellaneous | 251,000 | 115,490 | (135,510) |
| Total Revenues | 626,139 | 542,062 | (84,077) |
| Expenditures | | | |
| Water Operations | | | |
| Salaries and Employee Benefits | | 110,003 | |
| Repairs and Maintenance | | 45,794 | |
| Other Expenditures | | 178,290 | |
| Capital Outlay | | - | |
| Debt Service | | | |
| Principal Retirement | | 76,587 | |
| Interest Expense and Other Charges | | 24,404 | |
| Total Water Operations | 687,608 | 435,078 | 252,530 |
| Contingency | 1,000 | - | 1,000 |
| Total Expenditures | 688,608 | 435,078 | 253,530 |
| Revenues Over (Under) Expenditures | (62,469) | 106,984 | 169,453 |
| Other Financing Sources (Uses) | | | |
| Transfers In: | | | |
| Sewer Fund | - | 122,211 | 122,211 |
| Total Other Financing Sources (Uses) | - | 122,211 | 122,211 |
| Appropriated Fund Balance | 62,469 | - | (62,469) |
| Revenues and Other Sources Over Expenditures and Other Uses | \$ - | \$ 229,195 | \$ 229,195 |

TOWN OF TABOR CITY, NORTH CAROLINA

Water Fund

Schedule of Revenues and Expenditures (Continued)

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2019

| | Budget | Actual | Variance Positive (Negative) |
|--|---------------|--------------------------|---|
| <hr/> | | | |
| Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual: | | | |
| Revenues and Other Sources Over Expenditures and Other Uses | | <u>\$ 229,195</u> | |
| Reconciling Items: | | | |
| Depreciation Expense | | (87,560) | |
| Compensated Absences Payable | | 475 | |
| Increase(Decrease) in Deferred Outflows of Resources - Pensions | | 7,514 | |
| (Increase)Decrease in Net Pension Liability | | (8,400) | |
| (Increase)Decrease in Deferred Inflows of Resources - Pensions | | 102 | |
| Capital Outlay | | - | |
| Principal Retirement | | 76,587 | |
| Transfer to Utility Capital Reserve Fund | | - | |
| Investment Earnings from Utility Capital Reserve Fund | | 7 | |
| Operating Expenses from Utility Capital Reserve Fund | | - | |
| Total Reconciling Items | | <u>(11,275)</u> | |
| Change in Net Position | | <u><u>\$ 217,920</u></u> | |

TOWN OF TABOR CITY, NORTH CAROLINA

Utility Capital Reserve Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2019

| | Budget | Actual | Variance Positive (Negative) |
|--|--------|--------|------------------------------------|
| Revenues | | | |
| Investment Earnings | | | |
| Investment Earnings | | \$ 7 | |
| Total Operating Revenues | \$ - | 7 | \$ 7 |
| Total Revenues | - | 7 | 7 |
| Expenditures | | | |
| Water Operations | | | |
| Other Expenditures | | - | |
| Capital Outlay | | - | |
| Total Water Operations | - | - | - |
| Total Expenditures | - | - | - |
| Revenues Over (Under) Expenditures | - | 7 | 7 |
| Other Financing Sources (Uses) | | | |
| Transfers In: | | | |
| Sewer Fund | | - | |
| Total Other Financing Sources (Uses) | - | - | - |
| Appropriated Fund Balance | - | - | - |
| Revenues and Other Sources Over Expenditures and Other Uses | \$ - | \$ 7 | \$ 7 |

TOWN OF TABOR CITY, NORTH CAROLINA
Utility Capital Reserve Fund
Schedule of Revenues and Expenditures (Continued)
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019

| | Budget | Actual | Variance Positive (Negative) |
|--|--------|-------------|------------------------------------|
| Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual: | | | |
| Revenues and Other Sources Over Expenditures and Other Uses | | \$ 7 | |
| Reconciling Items: | | | |
| Depreciation Expense | | - | |
| Capital Outlay | | - | |
| Transfers in: | | | |
| Water Fund | | - | |
| Total Reconciling Items | | - | |
| Change in Net Position | | <u>\$ 7</u> | |

TOWN OF TABOR CITY, NORTH CAROLINA

Sewer Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2019

| | Budget | Actual | Variance Positive (Negative) |
|--|--------------|--------------|------------------------------------|
| Revenues | | | |
| Operating Revenues | | | |
| Sewer Charges | | \$ 1,086,055 | |
| Tap Fees | | - | |
| Impact Fees | | - | |
| Total Operating Revenues | \$ 1,105,051 | 1,086,055 | \$ (18,996) |
| Nonoperating Revenues | | | |
| Federal and State Grants | | 182,878 | |
| Investment Earnings | | - | |
| Total Nonoperating Revenues | 60,601 | 182,878 | 122,277 |
| Miscellaneous | | | |
| Other | | - | |
| Total Miscellaneous | 1 | - | (1) |
| Total Revenues | 1,165,653 | 1,268,933 | 103,280 |
| Expenditures | | | |
| Sewer Operations | | | |
| Salaries and Employee Benefits | | 90,838 | |
| Repairs and Maintenance | | 141,878 | |
| Other Expenditures | | 741,612 | |
| Capital Outlay | | 273,199 | |
| Debt Service | | | |
| Principal Retirement | | 58,917 | |
| Interest Expense and Other Charges | | 15,572 | |
| Total Sewer Operations | 1,391,736 | 1,322,016 | 69,720 |
| Contingency | 1,000 | - | 1,000 |
| Total Expenditures | 1,392,736 | 1,322,016 | 70,720 |
| Revenues Over (Under) Expenditures | (227,083) | (53,083) | 174,000 |
| Other Financing Sources (Uses) | | | |
| Transfer In: | | | |
| CDBG Sewerline Project | | - | |
| Transfer Out: | | | |
| Water Fund | | (122,211) | |
| Total Other Financing Sources (Uses) | - | (122,211) | (122,211) |
| Appropriated Fund Balance | 227,083 | - | (227,083) |
| Revenues and Other Sources Over Expenditures and Other Uses | \$ - | \$ (175,294) | \$ (175,294) |

TOWN OF TABOR CITY, NORTH CAROLINA

Sewer Fund

Schedule of Revenues and Expenditures (Continued)

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2019

| | Budget | Actual | Variance Positive (Negative) |
|--|---------------|----------------------------|---|
| Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual: | | | |
| Revenues and Other Sources Over Expenditures and Other Uses | | <u>\$ (175,294)</u> | |
| Reconciling Items: | | | |
| Depreciation Expense | | (208,625) | |
| Amortization Expense | | (1,982) | |
| Compensated Absences Payable | | 1,448 | |
| Increase(Decrease) in Deferred Outflows of Resources - Pensions | | 5,364 | |
| (Increase)Decrease in Net Pension Liability | | (5,765) | |
| (Increase)Decrease in Deferred Inflows of Resources - Pensions | | (15) | |
| Capital Outlay | | 273,199 | |
| Principal Retirement | | 58,917 | |
| Capital Contributions | | 1,586,122 | |
| Transfer from General Fund to CDBG Sewerline Project Fund | | 16,000 | |
| Impact Fees from Utility Impact Fund | | 24,508 | |
| Investment Earnings from Utility Impact Fund | | 24 | |
| Operating Expenses from Utility Impact Fund | | <u>(53,900)</u> | |
| Total Reconciling Items | | <u>1,695,295</u> | |
| Change in Net Position | | <u><u>\$ 1,520,001</u></u> | |

TOWN OF TABOR CITY, NORTH CAROLINA

Utility Impact Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2019

| | Budget | Actual | Variance Positive (Negative) |
|--|--------|-------------|------------------------------------|
| Revenues | | | |
| Operating Revenues | | | |
| Impact Fees | | \$ 24,508 | |
| Total Operating Revenues | \$ - | 24,508 | \$ 24,508 |
| Investment Earnings | | | |
| Investment Earnings | | 24 | |
| Total Operating Revenues | - | 24 | 24 |
| Total Revenues | - | 24,532 | 24,532 |
| Expenditures | | | |
| Sewer Operations | | | |
| Other Expenditures | | 53,900 | |
| Total Sewer Operations | - | 53,900 | (53,900) |
| Total Expenditures | - | 53,900 | (53,900) |
| Revenues Over (Under) Expenditures | - | (29,368) | (29,368) |
| Other Financing Sources (Uses) | | | |
| Transfers In: | | | |
| Sewer Fund | | - | |
| Total Other Financing Sources (Uses) | - | - | - |
| Appropriated Fund Balance | - | - | - |
| Revenues and Other Sources Over Expenditures and Other Uses | \$ - | \$ (29,368) | \$ (29,368) |

TOWN OF TABOR CITY, NORTH CAROLINA

Utility Impact Fund

Schedule of Revenues and Expenditures (Continued)

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2019

| | Budget | Actual | Variance Positive (Negative) |
|--|---------------|--------------------|---|
| <hr/> | | | |
| Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual: | | | |
| Revenues and Other Sources Over Expenditures and Other Uses | | \$ (29,368) | |
| Reconciling Items: | | | |
| Depreciation Expense | | - | |
| Total Reconciling Items | | - | |
| Change in Net Position | | <u>\$ (29,368)</u> | |

TOWN OF TABOR CITY, NORTH CAROLINA
CDBG Sewerline Project
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019

| | | Actual | | | |
|--|--------------------------|------------------|--------------------|----------------------|------------------------------------|
| | Project Authorization | Prior Year | Current Year | Totals to Date | Variance Positive (Negative) |
| Revenues | | | | | |
| Restricted Intergovernmental | | | | | |
| Community Development Grant | \$ 2,000,000 | \$ 130,760 | \$ 1,586,122 | \$ 1,716,882 | \$ (283,118) |
| Total | 2,000,000 | 130,760 | 1,586,122 | 1,716,882 | (283,118) |
| Investment Earnings | | | | | |
| Investment Earnings | | - | - | - | - |
| Total | - | - | - | - | - |
| Total Revenues | 2,000,000 | 130,760 | 1,586,122 | 1,716,882 | (283,118) |
| Expenditures | | | | | |
| Sewer Project | | | | | |
| Sewer Improvements | 1,850,000 | 130,760 | 1,636,122 | 1,766,882 | 83,118 |
| Administration | 200,000 | - | - | - | 200,000 |
| Total Expenditures | 2,050,000 | 130,760 | 1,636,122 | 1,766,882 | 283,118 |
| Revenues Over (Under) Expenditures | (50,000) | - | (50,000) | (50,000) | - |
| Other Financing Sources (Uses) | | | | | |
| Transfers In: | | | | | |
| General Fund | 50,000 | 17,000 | 16,000 | 33,000 | (17,000) |
| Total Other Financing Sources (Uses) | 50,000 | 17,000 | 16,000 | 33,000 | (17,000) |
| Appropriated Fund Balance | - | - | - | - | - |
| Revenues and Other Sources Over Expenditures and Other Uses | \$ - | \$ 17,000 | \$ (34,000) | \$ (17,000) | \$ (17,000) |

TOWN OF TABOR CITY, NORTH CAROLINA

Sanitation Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2019

| | Budget | Actual | Variance Positive (Negative) |
|--|---------------|---------------|---|
| Revenues | | | |
| Operating Revenues | | | |
| Solid Waste Fees | | \$ 426,702 | |
| Total Operating Revenues | \$ 386,900 | 426,702 | \$ 39,802 |
| Miscellaneous | | | |
| Other | | - | |
| Total Miscellaneous | 100 | - | (100) |
| Total Revenues | 387,000 | 426,702 | 39,702 |
| Expenditures | | | |
| Sanitation | | | |
| Salaries and Employee Benefits | | 21,706 | |
| Other Expenditures | | 397,878 | |
| Total Sanitation | 419,426 | 419,584 | (158) |
| Total Expenditures | 419,426 | 419,584 | (158) |
| Revenues Over (Under) Expenditures | (32,426) | 7,118 | 39,544 |
| Other Financing Sources (Uses) | | | |
| Transfers | | - | |
| Total Other Financing Sources (Uses) | - | - | - |
| Appropriated Fund Balance | 32,426 | - | (32,426) |
| Revenues and Other Sources Over Expenditures and Other Uses | \$ - | \$ 7,118 | \$ 7,118 |

TOWN OF TABOR CITY, NORTH CAROLINA
Sanitation Fund
Schedule of Revenues and Expenditures (Continued)
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019

| | Budget | Actual | Variance Positive (Negative) |
|--|---------------|------------------------|---|
| Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual: | | | |
| Revenues and Other Sources Over Expenditures and Other Uses | | <u>\$ 7,118</u> | |
| Reconciling Items: | | | |
| Depreciation Expense | | - | |
| Increase(Decrease) in Deferred Outflows of Resources - Pensions | | 5,317 | |
| (Increase)Decrease in Net Pension Liability | | (5,721) | |
| (Increase)Decrease in Deferred Inflows of Resources - Pensions | | <u>(13)</u> | |
| Total Reconciling Items | | <u>(417)</u> | |
| Change in Net Position | | <u><u>\$ 6,701</u></u> | |

Other Schedules

TOWN OF TABOR CITY, NORTH CAROLINA

Schedule of Ad Valorem Taxes Receivable

June 30, 2019

| Fiscal Year | Uncollected Balance 7-1-18 | Additions and Adjustments | Collections and Credits | Uncollected Balance 6-30-19 |
|--------------------|---|--|--|--|
| 2018-19 | \$ - | \$ 1,031,493 | \$ 991,162 | \$ 40,331 |
| 2017-18 | 24,918 | - | 14,360 | 10,558 |
| 2016-17 | 18,387 | - | 5,608 | 12,779 |
| 2015-16 | 7,903 | - | 2,893 | 5,010 |
| 2014-15 | 6,261 | - | 1,892 | 4,369 |
| 2013-14 | 8,776 | - | 936 | 7,840 |
| 2012-13 | 13,018 | - | 616 | 12,402 |
| 2011-12 | 11,720 | - | 1,333 | 10,387 |
| 2010-11 | 15,051 | - | - | 15,051 |
| 2009-10 | 5,084 | - | 286 | 4,798 |
| 2008-09 | 6,566 | - | 6,566 | - |
| | <u>\$ 117,684</u> | <u>\$ 1,031,493</u> | <u>\$ 1,025,652</u> | <u>123,525</u> |

Less: Allowance for Uncollectible Accounts:

General Fund

49,000

Ad Valorem Taxes Receivable - Net

\$ 74,525Reconciliation with Revenues

Ad Valorem Taxes - General Fund

1,034,348

Reconciling Items:

Interest and Penalties Collected

(15,262)

Taxes Released

-

Taxes Written Off

6,566

Total Collections and Credits

\$ 1,025,652

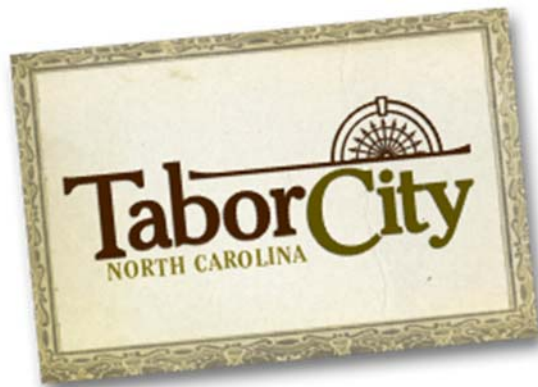
TOWN OF TABOR CITY, NORTH CAROLINA

Analysis of Current Tax Levy

Town-Wide Levy

June 30, 2019

| | Town-Wide | | Total Levy | |
|---|------------------------------|----------------|--|---------------------------|
| | Property Valuation | Rate Per \$100 | Property Excluding Registered Motor Vehicles | Registered Motor Vehicles |
| Original Levy: | | | | |
| Property Taxed at | | | | |
| Current Year's Rate | \$ 153,754,442 | 0.67 | \$ 1,030,155 | \$ 935,005 |
| Penalties | - | | 1,338 | - |
| | <u>153,754,442</u> | | <u>1,031,493</u> | <u>936,343</u> |
| Discoveries: | | | | |
| Current Year Taxes | - | 0.67 | - | - |
| Penalties | - | | - | - |
| | <u>-</u> | | <u>-</u> | <u>-</u> |
| Abatements: | | | | |
| Property Taxes - | | | | |
| Current Year's Rate | - | 0.67 | - | - |
| | <u>-</u> | | <u>-</u> | <u>-</u> |
| Total Property Valuations | <u><u>\$ 153,754,442</u></u> | | | |
| Net Levy | | | 1,031,493 | 936,343 |
| Uncollected Taxes at June 30, 2019 | | | 40,331 | 40,331 |
| Current Year's Taxes Collected | | | <u>\$ 991,162</u> | <u>\$ 896,012</u> |
| Current Levy Collection Percentage | | | <u>96.09%</u> | <u>95.69%</u> |



Compliance Section

**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***

Independent Auditor's Report

To the Honorable Mayor and
Members of the Town Council
Town of Tabor City, 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 accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Tabor City, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises the Town of Tabor City's basic financial statements, and have issued our report thereon dated January 17, 2020. Our report includes a reference to other auditors who audited the financial statements of the Town of Tabor City ABC Board, as described in our report on the Town of Tabor City'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 Tabor City 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 of Tabor City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Tabor City'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 the internal control over financial reporting was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies, 2019-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Tabor City'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2019-1.

Town of Tabor City's Response to Findings

The Town of Tabor City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

W Greene, PLLC

Whiteville, North Carolina
January 17, 2020

**Report on Compliance for Each Major Federal Program; Report on
Internal Control Over Compliance; In Accordance with OMB Uniform Guidance;
and the State Single Audit Implementation Act**

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

W Greene, PLLC

Whiteville, North Carolina
January 17, 2020

**Report on Compliance For Each Major State Program; Report on
Internal Control Over Compliance; In Accordance with OMB Uniform Guidance;
and the State Single Audit Implementation Act**

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Town of Tabor City's compliance.

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

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

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

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

W Greene PLLC

Whiteville, North Carolina
January 17, 2020

TOWN OF TABOR CITY, NORTH CAROLINA

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2019

SECTION I. SUMMARY OF AUDITOR'S RESULTS**Financial Statements**

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☐ Yes ☒ No

Significant deficiency(s)

☒ Yes ☐ None Reported

Noncompliance material to financial statements noted?

☒ Yes ☐ No

TOWN OF TABOR CITY, NORTH CAROLINA

Schedule of Findings and Questioned Costs (Continued)

For the Fiscal Year Ended June 30, 2019

SECTION I. SUMMARY OF AUDITOR'S RESULTS**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified? ☐ Yes ☒ NoSignificant deficiency(s) identified ☐ Yes ☒ None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of major federal programs:

| <u>CFDA#</u> | <u>Program Name</u> |
|--------------|-----------------------------------|
| 14.228 | Community Development Block Grant |

Dollar threshold used to distinguish between Type A and Type B Program \$ 750,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

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

| |
|--|
| SECTION I. SUMMARY OF AUDITOR'S RESULTS (Continued) |
|--|

State Awards

Internal control over major state programs:

| | | | |
|-----------------------------------|-----------|-------------------|--|
| Material weakness(es) identified? | _____ Yes | _____ <u>X</u> No | |
|-----------------------------------|-----------|-------------------|--|

| | | | |
|--------------------------------------|-----------|------------------------------|--|
| Significant deficiency(s) identified | _____ Yes | _____ <u>X</u> None Reported | |
|--------------------------------------|-----------|------------------------------|--|

Type of auditor's report issued on compliance for major State programs: Unmodified

| | | | |
|--|-----------|-------------------|--|
| Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act | _____ Yes | _____ <u>X</u> No | |
|--|-----------|-------------------|--|

Identification of major state programs:

Program Name
Hurricane Disaster Recovery Grant Program

TOWN OF TABOR CITY, NORTH CAROLINA

Schedule of Findings and Questioned Costs (Continued)

For the Fiscal Year Ended June 30, 2019

| |
|---|
| SECTION II. FINANCIAL STATEMENT FINDINGS |
|---|

Finding: 2019-1

MATERIAL NONCOMPLIANCE/SIGNIFICANT DEFICIENCY

Criteria: G.S. 159-28(a) states that no obligation may be incurred in a function accounted for in a fund included in the budget ordinance unless the budget ordinance includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year.

Condition: Town of Tabor City expended more than appropriated in the annual budget ordinance for Police by \$154,463 and in the Utility Impact Fund in the amount of \$53,900.

Effect: Moneys were spent that had not been obligated and appropriated.

Cause: Budget and/or budget amendments were not adopted.

Identification of a repeat finding This is a repeat finding from the immediate previous audit, 2018-1.

Recommendation: Before an obligation is to incur that will exceed the amount that was previously approved in the budget ordinance, an amendment to the budget should be adopted. All amounts obligated should have a budgeted amount that is sufficient to cover that expenditure.

Views of Responsible Officials and Planned Corrective Actions:

The Town agrees with this finding. Original budgets and budget amendments will be adopted when needed.

TOWN OF TABOR CITY, NORTH CAROLINA

Schedule of Findings and Questioned Costs (Continued)

For the Fiscal Year Ended June 30, 2019

| |
|---|
| SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS |
|---|

None Reported.

| |
|--|
| SECTION IV. STATE AWARD FINDINGS AND QUESTIONED COSTS |
|--|

None Reported.



Home Of The North Carolina Yam Festival

TOWN OF TABOR CITY

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TOWN MANAGER

ROYCE HARPER
MAYOR

LAMONT GRATE
MAYOR PRO TEM

NELSON LEE
SAM ROGERS
DAVID MINCEY

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

SECTION II. FINANCIAL STATEMENT FINDINGS

Finding 2019-1

Name of Contact Person: Al Leonard, Town Manager

Corrective Action: The Board members will review all budgets and budget-to-actual reports at each monthly meeting. Budgets will be adopted for all funds and budget amendments will be made as necessary.

Proposed Completion Date: Immediately

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Reported

SECTION IV. STATE AWARD FINDINGS AND QUESTIONED COSTS

None Reported

TOWN OF TABOR CITY, NORTH CAROLINA

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2019

Finding 2018-1

Status: Repeated in the current fiscal year.

TOWN OF TABOR CITY, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019

| Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | State/ Pass-through Grantors Number | Federal (Direct & Pass-through) Expenditures | State Expenditures | Local Expenditures |
|---|---------------------------|--|---|-----------------------|-----------------------|
| Federal Grants: | | | | | |
| <u>U.S. Department of Homeland Security</u> | | | | | |
| Passed-through NC Department of Public Safety | | | | | |
| Disaster Grants - Public Assistance | 97.036 | - | \$ 58,736 | \$ 19,579 | \$ - |
| Total U.S. Department of Homeland Security | | | <u>58,736</u> | <u>19,579</u> | <u>-</u> |
| <u>U.S. Department of Housing and Urban Development</u> | | | | | |
| Passed-through NC Department of Environmental Quality | | | | | |
| Community Development Block Grant | 14.228 | - | <u>1,586,122</u> | <u>-</u> | <u>16,000</u> |
| Total Assistance - Federal Programs | | | <u>1,644,858</u> | <u>19,579</u> | <u>16,000</u> |
| State Grants: | | | | | |
| Cash Assistance | | | | | |
| <u>N.C. Department of Transportation</u> | | | | | |
| Powell Bill | - | DOT-4 | - | 112,830 | - |
| Visitor Center Grant | - | DOT-13 | - | 92,857 | - |
| <u>N.C. Department of Environmental Quality</u> | | | | | |
| Water Asset Inventory & Assessment Grant | - | | - | 12,750 | - |
| <u>N.C. Department of Commerce</u> | | | | | |
| DMA Holdings LLC - Water System Improvements | - | | - | 18,600 | - |
| <u>Golden Leaf Foundation</u> | | | | | |
| Hurricane Disaster Recovery Grant Program | | | | | - |
| Flood & Drainage Improvements | - | - | - | 244,198 | - |
| Total Assistance - State Programs | | | <u>-</u> | <u>481,235</u> | <u>-</u> |
| Total Federal and State Assistance | | | <u>\$ 1,644,858</u> | <u>\$ 500,814</u> | <u>\$ 16,000</u> |

TOWN OF TABOR CITY, NORTH CAROLINA**Notes to Schedule of Expenditures of Federal and State Financial Awards
For the Year Ended June 30, 2019**

I. BASIS OF PRESENTATION

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

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND INDIRECT COST RATE

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Town of Tabor City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.