

VILLAGE OF TOBACCOVILLE, NORTH CAROLINA

FINANCIAL STATEMENTS

June 30, 2019

VILLAGE OF TOBACCOVILLE, NORTH CAROLINA

FINANCIAL STATEMENTS

June 30, 2019

VILLAGE OF TOBACCOVILLE, NORTH CAROLINA
JUNE 30, 2019

MEMBERS OF VILLAGE COUNCIL

Mark Baker, Mayor
Myron Marion, Mayor Pro-Tem
Boyce Shore
Lori Shore-Smith
Leroy Ault

ADMINISTRATIVE AND FINANCIAL STAFF

Dan Corder, Village Administrator
Robin Key, Village Clerk

Village of Tobaccoville, North Carolina
Table of Contents
June 30, 2019

<u>Exhibit</u>		<u>Page</u>
	Financial Section:	
	Independent Auditor's Report	1-2
	Management's Discussion and Analysis	3-12
	Basic Financial Statements:	
	Government-wide Financial Statements:	
1	Statement of Net Position	13
2	Statement of Activities	14
	Fund Financial Statements:	
3	Balance Sheet – Governmental Funds	15
4	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16-17
5	Statement of Revenues, Expenditures, and Changes in Fund Balance – Annual Budget and Actual – General Fund	18
	Notes to the Financial Statements	19-35
	Required Supplemental Financial Data:	
	Schedule of the Proportionate Share of the Net Pension Liability (Asset)– Local Government Employees' Retirement System	36
	Schedule of Contributions – Local Government Employees' Retirement System	37

Individual Fund Schedule:

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	38-40
---	-------

Other Schedules:

Schedule of Ad Valorem Taxes Receivable	41
Analysis of Current Tax Levy – Village -Wide Levy	42

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 <i>Government Auditing Standards</i>	43-44
--	-------

FINANCIAL SECTION



GIBSON & COMPANY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Honorable Mayor
and Members of the Village Council
Village of Tobaccoville, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement.

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

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

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 12 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions, on pages 36 and 37, respectively, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2019 on our consideration of Village of Tobaccoville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 Village of Tobaccoville's internal control over financial reporting and compliance.



Winston-Salem, North Carolina
September 20, 2019

Management Discussion and Analysis

Village of Tobaccoville Management's Discussion and Analysis

As management of the Village of Tobaccoville, we offer readers of the Village of Tobaccoville's financial statements this narrative overview and analysis of the financial activities of the Village of Tobaccoville 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 Village's financial statements, which follow this narrative.

Financial Highlights

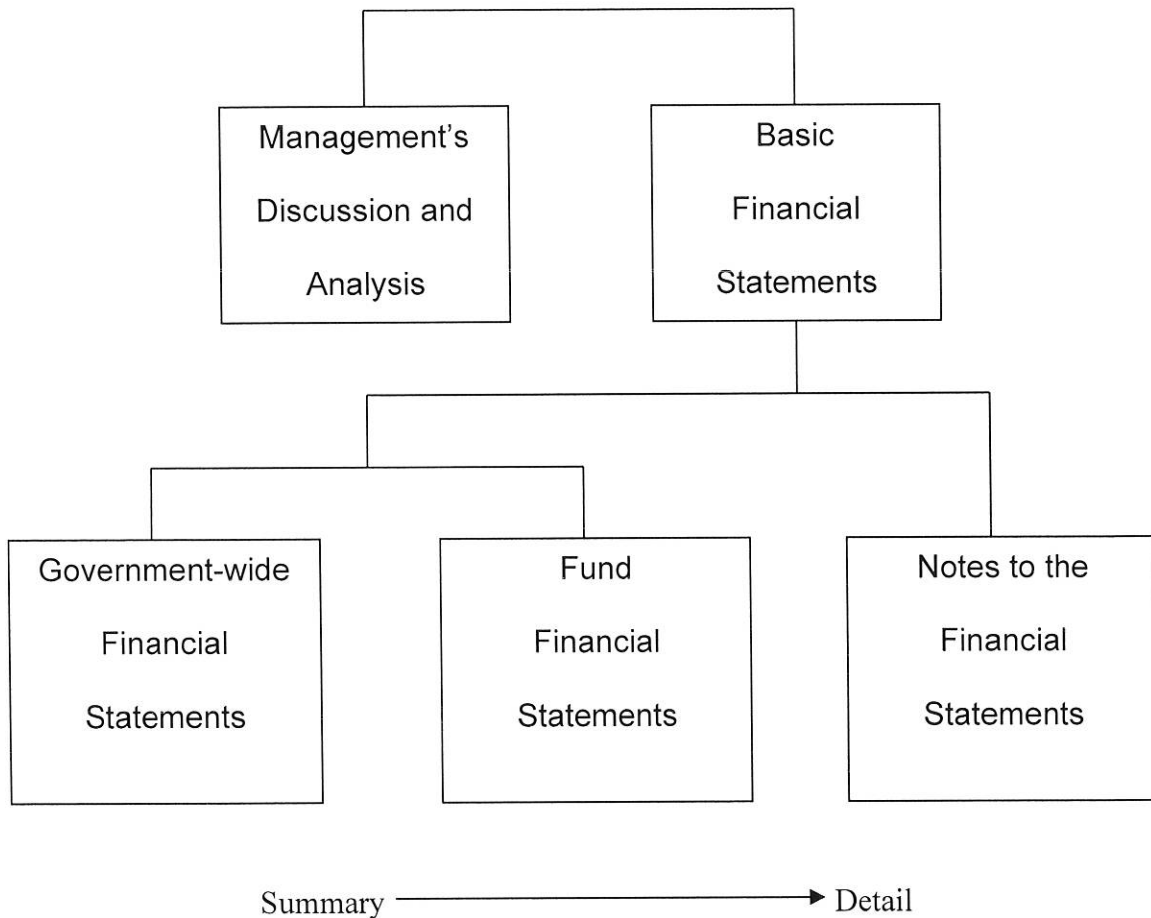
- The assets and deferred outflows of resources of the Village of Tobaccoville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$ 4,082,668 (*net position*).
- The government's total net position decreased by \$83,458, primarily due to decreases in the governmental type activities net position.
- As of the close of the current fiscal year, the Village of Tobaccoville's governmental funds reported combined ending fund balances of \$2,232,752 with a net change of (\$60,560) in fund balance. Approximately 38.82% of this total amount, or \$866,770 is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,239,736 or 161.58% of total general fund expenditures for the fiscal year.
- The Village of Tobaccoville's total debt decreased by \$23,746 (15.52%) during the current fiscal year. The key factor in this decrease was the principal payments made on the installment note.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Village of Tobaccoville's basic financial statements. The Village'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 Village 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 Village of Tobaccoville.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 5) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Village's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary 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 Village's individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.

Management Discussion and Analysis

Village of Tobaccoville

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Village'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 Village's financial status as a whole.

The two government-wide statements report the Village's net position and how it has changed. Net position is the difference between the Village'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 Village's financial condition.

The government-wide statements are summarized into one category 1) governmental activities. The governmental activities include most of the Village's basic services such as waste collection, parks and recreation, and general administration. Property taxes and State and federal grant funds finance most of these activities.

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Village'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 Village of Tobaccoville, 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 Village's budget ordinance. All of the funds of the Village of Tobaccoville can be summarized into one category: governmental 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 Village's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Village'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.

Management Discussion and Analysis
Village of Tobaccoville

The Village of Tobaccoville 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 Village, the management of the Village, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Village to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the general fund demonstrates how well the Village complied with the budget ordinance and whether or not the Village 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.

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

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Village of Tobaccoville's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 36 of this report.

Interdependence with Other Entities: The Village depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Village is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Management Discussion and Analysis
Village of Tobaccoville

Government-Wide Financial Analysis

Village of Tobaccoville's Net Position

Figure 2

	Governmental Activities		Total	
	2019	2018	2019	2018
Current and other assets	\$ 2,258,041	\$ 2,316,700	\$ 2,258,041	\$ 2,316,700
Capital assets	1,950,684	2,004,582	1,950,684	2,004,582
Deferred outflows of resource	28,780	22,054	28,780	22,054
Total assets and deferred outflows of resources	4,237,505	4,343,336	4,237,505	4,343,336
Long-term liabilities outstanding	87,282	110,013	87,282	110,013
Other liabilities	67,414	66,567	67,414	66,567
Deferred inflows of resources	141	630	141	630
Total liabilities and deferred inflows of resources	154,837	177,210	154,837	177,210
Net position:				
Net investment in capital assets	1,860,684	1,884,582	1,860,684	1,884,582
Restricted	866,770	992,115	866,770	992,115
Unrestricted	1,355,214	1,289,429	1,355,214	1,289,429
Total net position	\$ 4,082,668	\$ 4,166,126	\$ 4,082,668	\$ 4,166,126

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 Village of Tobaccoville exceeded liabilities and deferred inflows by \$4,082,668 as of June 30, 2019. The Village's net position decreased by \$83,458 for the fiscal year ended June 30, 2019. However, the largest portion (45.58%) reflects the Village's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Village of Tobaccoville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village of Tobaccoville's net investment in 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 Village of Tobaccoville's net position, \$866,770, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,355,214 is unrestricted.

Management Discussion and Analysis
Village of Tobaccoville

Several particular aspects of the Village'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 99.22%.
- The collection of a tax equivalent payment from RJR of \$257,784.
- Collected revenues exceeded budget expectations in regards to Ad Valorem taxes, Sales taxes, Utility Sales taxes, Rental income, Other Income, and Occupancy taxes. All other revenues were budgeted conservatively and performed closely to expectations.
- Substantial budget savings in all general fund department expense categories.
- Continued reduction of outstanding debt on Village Hall.
- Receipt of \$50,000 of grant funding administered through the N.C. Department of Commerce.

Village of Tobaccoville's Changes in Net Position
Figure 3

	Governmental Activities		Total	
	2019	2018	2019	2018
Revenues:				
Program revenues:				
Charges for services	\$ 21,470	\$ 19,895	\$ 21,470	\$ 19,895
Capital grants and contributions	93,772	48,892	93,772	48,892
General revenues:				
Property taxes	102,202	100,249	102,202	100,249
Other taxes	190,093	184,585	190,093	184,585
Tax equivalent payments	257,784	257,784	257,784	257,784
Other	41,364	20,451	41,364	20,451
Total revenues	706,685	631,856	706,685	631,856
Expenses:				
Administration	162,784	164,046	162,784	164,046
Council	58,598	65,176	58,598	65,176
Park	174,912	130,436	174,912	130,436
Services	389,444	187,415	389,444	187,415
Interest on long-term debt	4,405	5,590	4,405	5,590
Total expenses	790,143	552,663	790,143	552,663
Increase (Decrease) in net position before transfers	(83,458)	79,193	(83,458)	79,193
Transfers	-	-	-	-
Increase (Decrease) in net position	(83,458)	79,193	(83,458)	79,193
Net position, beginning	4,166,126	4,086,933	4,166,126	4,086,933
Net position, June 30	\$ 4,082,668	\$ 4,166,126	\$ 4,082,668	\$ 4,166,126

Management Discussion and Analysis
Village of Tobaccoville

Governmental activities. Governmental activities decreased the Village's net position by \$83,458, thereby accounting for 100% of the total decrease in the net position of the Village of Tobaccoville.

Financial Analysis of the Village's Funds

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

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

The general fund is the chief operating fund of the Village of Tobaccoville. At the end of the current fiscal year, the Village of Tobaccoville's fund balance available in the general fund was \$1,239,736, while total fund balance reached \$2,232,752. The Village currently has an available fund balance of 161.58% of general fund expenditures, and total fund balance represents 291.01% of the same amount.

At June 30, 2019, the governmental funds of the Village of Tobaccoville reported a combined fund balance of \$2,232,752 with a net decrease in fund balance of \$60,560. Included in this change in fund balance is a decrease in fund balance in the general fund.

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

During the budget year the Village amended the budget twice to allocate additional Powell Bill funds to resurface residential streets and to perform ditch work on streets adjacent to Village Park. The Village also amended the budget to allow for the expenditure of \$50,000 of grant funds awarded by the N.C. Legislature through the N.C. Department of Commerce. These funds allowed the Village to renovate parking lots, perform roof replacement on the picnic shelter, and to replace equipment and perform maintenance to other Village Park facilities.

The Village made two scheduled payments on an installment loan to BB&T for the Village Hall. These payments were \$34,444 including interest, and total debt on this note was reduced to \$90,000 excluding yearly interest on an original loan amount of \$450,000.

The Village also received a grant from the N.C. Parks and Recreation Trust Fund which reimbursed the Village 50% of the purchase price of a 9.5 acre parcel of land the Village purchased the year before. These grant funds amounted to \$41,998.

The Village controlled expenditures extremely effectively by realizing cost savings in all general fund expenditure departments and was able to comply with its budgetary requirements.

Management Discussion and Analysis
Village of Tobaccoville

Capital Asset and Debt Administration

Capital assets. The Village of Tobaccoville's investment in capital assets for its governmental activities as of June 30, 2019, totals \$1,950,684 (net of accumulated depreciation). These assets include buildings, infrastructure, land, machinery and equipment, park facilities, and vehicles.

There was one major capital asset transaction during the year. This was the purchase of a utility vehicle for park and recreational use.

Village of Tobaccoville's Capital Assets
(net of depreciation)

Figure 4

	Governmental Activities		Total	
	2019	2018	2019	2018
Land	\$ 454,016	\$ 454,016	\$ 454,016	\$ 454,016
Park	115,130	140,540	115,130	140,540
Buildings and systems	1,252,531	1,287,940	1,252,531	1,287,940
Furniture and fixtures	2	2	2	2
Machinery and equipment	24,641	12,344	24,641	12,344
Infrastructure	102,614	107,990	102,614	107,990
Vehicles and motorized equipment	-	-	-	-
Construction in progress	1,750	1,750	1,750	1,750
Total	<u>\$ 1,950,684</u>	<u>\$ 2,004,582</u>	<u>\$ 1,950,684</u>	<u>\$ 2,004,582</u>

Additional information on the Village's capital assets can be found in Note II.A.4 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2019, the Village of Tobaccoville had total debt outstanding of \$129,290. This is backed by the full faith and credit of the Village.

Village of Tobaccoville's Outstanding Debt

Figure 5

	Governmental Activities		Total	
	2019	2018	2019	2018
Direct placement installment note	\$ 90,000	\$ 120,000	\$ 90,000	\$ 120,000
Compensated absences	12,008	13,023	12,008	13,023
Pension liability	27,282	20,013	27,282	20,013
	<u>\$ 129,290</u>	<u>\$ 153,036</u>	<u>\$ 129,290</u>	<u>\$ 153,036</u>

Village of Tobaccoville's Outstanding Debt

The Village of Tobaccoville's total debt decreased by \$23,746 (15.52%) during the past fiscal year, primarily due to the principal payments made on the installment note.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Village of Tobaccoville is \$16,167,600.

Additional information regarding the Village of Tobaccoville's long-term debt can be found in Note II.B.5 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- Business remains good for the chief employer in the immediate area (RJR Tobacco Company) and the Village depends heavily on the tax equivalent payment that is a large portion of the budget revenues. This payment allows the Village to operate at a 5 cent tax rate.
- The soundness of RJR has continued to be a boost to real estate sales within the immediate area.
- Sales of new homes in planned residential developments within the Village limits have been brisk and this has increased the Village tax base.
- The Village has relatively large financial reserves for a municipality of its size and having this cash flow flexibility is very important when interest income on deposits have been stagnant.

Management Discussion and Analysis
Village of Tobaccoville

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities:

The Village will realize modest increases in some categories of state shared taxes and fees. Facility rental income should remain consistent. Some revenues such as State Sales and Occupancy Taxes are increasing rapidly. Property tax revenue and the Reynolds Tax Equivalent Payment will remain consistent. The earnings income on Village investments is improving with the economy. Revenues have been budgeted very conservatively for the next budget cycle. The Village did not raise the tax rate and will again reduce expenditures that are not tied to Restricted funding.

The Village did allow for salary increases this fiscal year. Medical benefits will continue to be provided through the State Health Care Plan.

The garbage and recycling contract is due to expire at the end of fiscal year 2019-2020. Contract costs have increased due to several factors. The Village has experienced significant growth in residential developments and this is adding to the cost of services. Also, recycling expenses have increased dramatically due to market conditions. The Village Council will make a determination to either negotiate a new contract with the current supplier of garbage and recycling services or to bid the contract. The Village will also perform several residential resurfacing projects that will be paid for from Powell Bill funds. In addition, the Village has contracted with an architect for a Village Park Master Plan.

The Village will make two scheduled loan payments on the new Village Hall building to BB&T this year and any other debt reduction will be evaluated later during the budget cycle. The payments on the loan will be similar in nature to what the Village had been saving every year and placing into the Village Hall Fund for this expenditure in prior years.

The Village carries large cash reserves and has continued to budget conservatively and control costs. The Village will rely on capital reserves if necessary to fund any unexpected needs which might require the budget to be amended. The Village will remain in excellent financial condition through this budget cycle.

Requests for Information

This report is designed to provide an overview of the Village's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Village Administrator: Dan Corder, The Village of Tobaccoville, 4260 Tobaccoville Road, P.O. Box 332, Tobaccoville, N.C. 27050. One can also call (336) 983-0029, visit our website www.tobaccovillenc.org or send an email to administrator@tobaccovillenc.org for more information.

Basic Financial Statements

Village of Tobaccoville, North Carolina
Statement of Net Position
June 30, 2019

	Governmental Activities	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,391,271	\$ 1,391,271
Due from other governments	34,944	34,944
Restricted cash and cash equivalents	831,826	831,826
Total current assets	<u>2,258,041</u>	<u>2,258,041</u>
Non-current assets:		
Capital assets:		
Land, non-depreciable improvements, and construction in progress	455,766	455,766
Other capital assets, net of depreciation	1,494,918	1,494,918
Total capital assets	<u>1,950,684</u>	<u>1,950,684</u>
Total assets	<u>4,208,725</u>	<u>4,208,725</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	28,780	28,780
Total deferred outflows of resources	<u>28,780</u>	<u>28,780</u>
LIABILITIES		
Current liabilities:		
Accounts payable	25,289	25,289
Accrued interest payable	117	117
Current portion of long-term liabilities	42,008	42,008
Total current liabilities	<u>67,414</u>	<u>67,414</u>
Long-term liabilities:		
Net pension liability	27,282	27,282
Due in more than one year	60,000	60,000
Total liabilities	<u>154,696</u>	<u>154,696</u>
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	141	141
Total deferred inflows of resources	<u>141</u>	<u>141</u>
NET POSITION		
Net investment in capital assets	1,860,684	1,860,684
Restricted for:		
Stabilization by State Statute	34,944	34,944
Culture and Recreation	189,772	189,772
Streets	642,054	642,054
Unrestricted	1,355,214	1,355,214
Total net position	<u>\$ 4,082,668</u>	<u>\$ 4,082,668</u>

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

Village of Tobaccoville, North Carolina
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Primary government:						
Governmental Activities:						
Administration	\$ 162,784	\$ -	\$ -	\$ -	\$ (162,784)	\$ (162,784)
Council	58,598	-	-	-	(58,598)	(58,598)
Park	174,912	21,470	-	91,998	(61,444)	(61,444)
Services	389,444	-	1,774	-	(387,670)	(387,670)
Interest on long-term debt	4,405	-	-	-	(4,405)	(4,405)
Total governmental activities	790,143	21,470	1,774	91,998	(674,901)	(674,901)
Total primary government	\$ 790,143	\$ 21,470	\$ 1,774	\$ 91,998	(674,901)	(674,901)
General revenues:						
Taxes:						
Property taxes, levied for general purpose					102,202	102,202
Other taxes					190,093	190,093
Tax equivalent payments					257,784	257,784
Investment earnings					36,248	36,248
Miscellaneous					5,116	5,116
Total general revenues not including transfers					591,443	591,443
Transfers					-	-
Total general revenues and transfers					591,443	591,443
Change in net position					(83,458)	(83,458)
Net position, beginning					4,166,126	4,166,126
Net position, ending					\$ 4,082,668	\$ 4,082,668

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

Exhibit 3

Village of Tobaccoville, North Carolina
Balance Sheet
Governmental Funds
June 30, 2019

	Major Fund	Total Governmental Funds
	General	
ASSETS		
Cash and cash equivalents	\$ 1,391,271	\$ 1,391,271
Restricted cash and cash equivalents	831,826	831,826
Due from other governments	34,944	34,944
Total assets	<u>2,258,041</u>	<u>2,258,041</u>
LIABILITIES		
Accounts payable and accrued liabilities	25,289	25,289
Total liabilities	<u>25,289</u>	<u>25,289</u>
FUND BALANCES		
Restricted		
Stabilization by State Statute	34,944	34,944
Culture and Recreation	189,772	189,772
Streets	642,054	642,054
Assigned		
Subsequent year's expenditures	126,246	126,246
Unassigned	1,239,736	1,239,736
Total fund balances	<u>2,232,752</u>	<u>2,232,752</u>
Total liabilities and fund balances	<u>\$ 2,258,041</u>	
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 3,233,227	
Accumulated depreciation	<u>(1,282,543)</u>	1,950,684
Deferred outflows of resources related to pensions are not reported in the funds		28,780
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		(102,008)
Net pension liability		(27,282)
Deferred inflows of resources related to pensions are not reported in the funds		(141)
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.		<u>(117)</u>
Net position of governmental activities		<u>\$ 4,082,668</u>

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

Exhibit 4

Village of Tobaccoville, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

	Major Fund		Total Governmental Funds
	General Fund		
REVENUES			
Tax equivalent payments	\$ 257,784	\$	257,784
Ad valorem taxes	102,202		102,202
Utilities sales tax	82,053		82,053
Video program sales tax	11,244		11,244
Occupancy taxes	45,468		45,468
Sales tax and sales tax allocations	36,505		36,505
Investment earnings	36,248		36,248
Beer and wine tax	10,932		10,932
Cable franchise tax	3,891		3,891
Powell Bill allocation	-		-
Solid waste disposal tax	1,774		1,774
Grant - DOC	50,000		50,000
Grant - PARTF	41,998		41,998
Community center rent	16,985		16,985
Shelter & gazebo rent	4,485		4,485
Miscellaneous	5,116		5,116
Total revenues	<u>706,685</u>		<u>706,685</u>
EXPENDITURES			
Current:			
Administration	149,542		149,542
Council	44,396		44,396
Park	163,621		163,621
Services	375,242		375,242
Debt service:			
Principal retirement	30,000		30,000
Interest and other charges	4,444		4,444
Total expenditures	<u>767,245</u>		<u>767,245</u>
Excess (deficiency) of revenues over expenditures	<u>(60,560)</u>		<u>(60,560)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-		-
Transfers to other funds	-		-
Total other financing sources (uses)	<u>-</u>		<u>-</u>
Net change in fund balance	(60,560)		(60,560)
Fund balance, beginning	2,293,312		2,293,312
Fund balance, ending	<u>\$ 2,232,752</u>	\$	<u>2,232,752</u>

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

Exhibit 4

Village of Tobaccoville, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
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	\$	(60,560)
---	----	----------

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

Capital outlay expenditures which were capitalized	\$ 14,119	
Depreciation expense for governmental assets	<u>(68,016)</u>	(53,897)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		9,144
--	--	-------

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.

Principal payments on long-term debt	30,000	
Decrease in accrued interest payable	<u>39</u>	30,039

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		1,016
Pension expense		<u>(9,200)</u>

Total changes in net position of governmental activities	\$	<u><u>(83,458)</u></u>
--	----	------------------------

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

Exhibit 5

Village of Tobaccoville, 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	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Tax equivalent payments	\$ 257,784	\$ 257,784	\$ 257,784	\$ -
Ad valorem taxes	99,627	99,627	102,202	2,575
Utilities sales tax	79,000	79,000	82,053	3,053
Video program sales tax	12,300	12,300	11,244	(1,056)
Occupancy taxes	40,000	40,000	45,468	5,468
Sales tax and sales tax allocations	32,500	32,500	36,505	4,005
Investment earnings	17,300	17,300	36,248	18,948
Beer and wine tax	11,500	11,500	10,932	(568)
Cable franchise tax	3,000	3,000	3,891	891
Powell Bill allocation	-	-	-	-
Solid waste disposal tax	1,700	1,700	1,774	74
Grant - DOC	-	50,000	50,000	-
Grant - PARTF	-	-	41,998	41,998
Community center rent	13,500	13,500	16,985	3,485
Shelter & gazebo rent	5,000	5,000	4,485	(515)
Miscellaneous	2,000	2,000	5,116	3,116
Total revenues	575,211	625,211	706,685	81,474
Expenditures:				
Current:				
Administration	163,800	163,800	149,542	14,258
Council	63,910	63,910	44,396	19,514
Park	136,964	186,964	163,621	23,343
Services	195,279	379,087	375,242	3,845
Debt service:				
Principal retirement	30,000	30,000	30,000	-
Interest and other charges	4,445	4,445	4,444	1
Total expenditures	594,398	828,206	767,245	60,961
Revenues over (under) expenditures	(19,187)	(202,995)	(60,560)	142,435
Other financing sources (uses):				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Fund balance appropriated	19,187	202,995	-	(202,995)
Net change in fund balance	\$ -	\$ -	(60,560)	\$ (60,560)
Fund balance, beginning			2,293,312	
Fund balance, ending			<u>\$ 2,232,752</u>	

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

Village of Tobaccoville, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

I. Summary of Significant Accounting Policies

The accounting policies of the Village of Tobaccoville 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 Village of Tobaccoville is a municipal corporation that is governed by an elected mayor included in a five-member council.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Village'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 Village's funds. Statements for the governmental fund are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The Village reports the following major governmental funds:

General Fund. The general fund is the general operating fund of the Village. 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 tax equivalent payments, ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for administration and solid waste collection.

Village of Tobaccoville, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

C. Measurement Focus and Basis of Accounting

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

Government-wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus. The government-wide 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 Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include tax equivalent payment, property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

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 Village are recognized as revenue. Sales taxes are considered a shared revenue for the Village of Tobaccoville because the tax is levied by Forsyth County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Village 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 Village'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 Village's budget is adopted as required by the North Carolina General Statutes. An annual budget is adopted for the general fund. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. All amendments must be approved by the governing board and the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Village 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 Village'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 amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value.

Village of Tobaccoville, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

2. Cash and Cash Equivalents

The Village pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents.

3. Restricted Assets

Occupancy taxes collected for the Village are classified as restricted cash because they can only be expended for culture and recreation purposes. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4.

Village of Tobaccoville Restricted Cash

Governmental Activities

General Fund

Culture and Recreation	\$ 189,772
Streets	642,054
Total governmental activities	<u>\$ 831,826</u>
Total Restricted Cash	<u><u>\$ 831,826</u></u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Village levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2018.

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. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, buildings and improvements, infrastructure, furniture and equipment, and vehicles, \$5,000. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Village of Tobaccoville, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

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

Asset Class	Estimated Useful Lives
Buildings	20 - 50
Park	15 - 25
Vehicles	6
Furniture and fixtures	10
Equipment	10
Infrastructure	30

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

8. Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

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.

9. Compensated Absences

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

Village of Tobaccoville, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

The Village'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 Village does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

10. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Restricted for Stabilization by State statute - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Restricted for Culture and Recreation – portion of fund balance that is restricted by revenue source for use for culture and recreation purposes.

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

Assigned fund balance – portion of fund balance that Village of Tobaccoville intends to use for specific purposes.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation.

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

Village of Tobaccoville, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

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

11. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Village of Tobaccoville's employer contributions are recognized when due and the Village of Tobaccoville has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

II. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Village 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 Village's agent in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Village, these deposits are considered to be held by the Village's agent in their name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Village or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Village under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Village 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 Village complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

Village of Tobaccoville, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

At June 30, 2019, the Village's deposits had a carrying amount of \$748,489 and a bank balance of \$896,365. Of the bank balances, \$379,648 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2019, the Village's petty cash fund totaled \$400.

2. Investments

At June 30, 2019, the Village of Tobaccoville had \$1,474,208 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Village has no policy regarding credit risk.

3. Receivables - Allowances for Doubtful Accounts

The amount of taxes receivable presented in the balance sheet and the statement of net position for the year ended June 30, 2019 is net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	<u>\$ 2,017</u>

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	\$ 454,016	\$ -	\$ -	\$ 454,016
Construction in progress	1,750	-	-	1,750
Total capital assets not being depreciated	<u>455,766</u>	<u>-</u>	<u>-</u>	<u>455,766</u>
Capital assets being depreciated:				
Buildings	1,774,228	-	-	1,774,228
Furniture and fixtures	33,612	-	-	33,612
Equipment	31,351	25,713	12,883	44,181
Vehicles	-	-	-	-
Park	754,367	-	-	754,367
Infrastructure	171,073	-	-	171,073
Total capital assets being depreciated	<u>2,764,631</u>	<u>25,713</u>	<u>12,883</u>	<u>2,777,461</u>
Less accumulated depreciation for:				
Buildings	486,288	35,409	-	521,697
Furniture and fixtures	33,610	-	-	33,610
Equipment	19,007	1,821	1,288	19,540
Vehicles	-	-	-	-
Park	613,827	25,410	-	639,237
Infrastructure	63,083	5,376	-	68,459
Total accumulated depreciation	<u>1,215,815</u>	<u>68,016</u>	<u>1,288</u>	<u>1,282,543</u>
Total capital assets being depreciated, net	<u>1,548,816</u>			<u>1,494,918</u>
Governmental activity capital assets, net	<u>\$ 2,004,582</u>			<u>\$ 1,950,684</u>

Village of Tobaccoville, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

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

Administration	\$	14,202
Council		14,202
Park		25,410
Services		14,202
Total depreciation expense	\$	<u>68,016</u>

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Village of Tobaccoville 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.

Village of Tobaccoville, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Village of Tobaccoville employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Village of Tobaccoville's contractually required contribution rate for the year ended June 30, 2019, was 7.75% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Village of Tobaccoville were \$9,144 for the year ended June 30, 2019.

Refunds of Contributions – Village 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 Village reported a liability of \$27,282 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 Village's proportion of the net pension liability was based on a projection of the Village's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the Village's proportion was 0.00115%, which was an decrease of 0.00016% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Village recognized pension expense of \$9,200. At June 30, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Village of Tobaccoville, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,209	\$ 141
Changes of assumptions	7,240	-
Net difference between projected and actual earnings on pension plan investments	3,745	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	4,442	-
Village contributions subsequent to the measurement date	9,144	-
Total	<u>\$ 28,780</u>	<u>\$ 141</u>

\$9,144 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$ 8,905
2021	6,136
2022	1,912
2023	2,540
2024	-
Thereafter	-

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

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

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

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.

Village of Tobaccoville, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

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

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

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

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

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

Village of Tobaccoville, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

Sensitivity of the Village's proportionate share of the net pension liability to changes in the discount rate. The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Village'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%)
Village's proportionate share of the net pension liability (asset)	\$ 65,534	\$ 27,282	\$ (4,682)

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.

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

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

	LGERS	Total
Pension Expense	\$ 9,200	\$ 9,200
Pension Liability	27,282	27,282
Proportionate share of the net pension liability	0.00115%	
Deferred of Outflows of Resources		
Differences between expected and actual experience	4,209	4,209
Changes of assumptions	7,240	7,240
Net difference between projected and actual earnings on plan investments	3,745	3,745
Changes in proportion and differences between contributions and proportionate share of contributions	4,442	4,442
Benefit payments and administrative costs paid subsequent to the measurement date	9,144	9,144
Deferred of Inflows of Resources		
Differences between expected and actual experience	141	141
Changes of assumptions	-	-
Net difference between projected and actual earnings on plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-

Village of Tobaccoville, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

2. Deferred Outflows and Inflows of Resources

The Village has one deferred outflow of resources. Deferred outflows of resources is comprised of the following:

Source	Amount
Contributions to pension plan in current fiscal year	\$ 9,144
Differences between expected and actual experience	4,209
Changes of assumptions	7,240
Net difference between projected and actual earnings on pension plan investments	3,745
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,442
Total	<u>\$ 28,780</u>

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

Differences between expected and actual experience	\$ 141
Net difference between projected and actual earnings on pension plan investments	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-
Total	<u>\$ 141</u>

3. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Village obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Village upon request.

Village of Tobaccoville, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

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

The Village does not carry flood insurance as none of the Village's property is within flood zones.

In accordance with G.S. 159-29, the Village's employees that have access to \$100 or more at any given time of the Village's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$30,000.

4. Commitments

The Village has entered into a contract for solid waste collection expiring in June 2020 for approximately \$122,000 per year (excluding landfill fees).

5. Long-Term Obligations

a. Installment Note

\$450,000 – direct placement installment mortgage note for the Village Hall due in semi-annual installments from December 19, 2007 through June 19, 2022 with interest at 3.95% payable on December 19 and June 19.

\$ 90,000

Annual debt service payments of the installment note as of June 30, 2019, including \$6,221 of interest are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2020	\$ 30,000	\$ 3,259
2021	30,000	2,074
2022	30,000	888
Total	<u>\$ 90,000</u>	<u>\$ 6,221</u>

Village of Tobaccoville, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

b. Changes in Long-Term Liabilities

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental activities:					
Direct placement installment note	\$ 120,000	\$ -	\$ 30,000	\$ 90,000	\$ 30,000
Compensated absences	13,023	-	1,015	12,008	12,008
Net pension liability (LGERS)	20,013	7,269	-	27,282	-
	<u>\$ 153,036</u>	<u>\$ 7,269</u>	<u>\$ 31,015</u>	<u>\$ 129,290</u>	<u>\$ 42,008</u>

Compensated absences for governmental activities have typically been liquidated in the general fund.

At June 30, 2019 the Village of Tobaccoville had a legal debt margin of \$16,167,600.

C. Net Investment in Capital Assets

	<u>Governmental</u>
Capital assets	\$ 1,950,684
less: long-term debt	90,000
Net investment in capital asset	<u>\$ 1,860,684</u>

D. Fund Balance

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

Total fund balance - General Fund	\$ 2,232,752
Less:	
Stabilization by State Statute	34,944
Culture and recreation	189,772
Streets - Powell Bill	642,054
Appropriated Fund Balance in 2019 Budget	126,246
Remaining Fund Balance	1,239,736

III. Jointly Governed Organization

The Village, in conjunction with twelve counties and sixty other municipalities, established the Piedmont Triad Regional Council. The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The Village paid membership fees of \$550 to the Council during the fiscal year ended June 30, 2019.

Village of Tobaccoville, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

IV. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Village 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.

V. Economic Dependence

Included in the revenues and other financing sources is an amount from the following major source:

R. J. Reynolds Tobacco Company, Inc.	<u>\$ 257,784</u>
--------------------------------------	-------------------

VI. Subsequent Events

Subsequent events have been evaluated through September 20, 2019, which is the date the financial statements were available to be issued.

Required Supplemental Financial Data

Village of Tobaccoville, North Carolina
Village of Tobaccoville's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Six Fiscal Years *

Local Government Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tobaccoville's proportion of the net pension liability (asset) (%)	0.00115%	0.00131%	0.00118%	0.00134%	0.00144%	0.00160%
Tobaccoville's proportion of the net pension liability (asset) (\$)	\$ 27,282	\$ 20,013	\$ 25,044	\$ 6,014	\$ (8,492)	\$ 19,286
Tobaccoville's covered-employee payroll	\$ 119,066	\$ 115,500	\$ 108,093	\$ 105,746	\$ 102,109	\$ 103,112
Tobaccoville's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	22.91%	17.33%	23.17%	5.69%	(8.32%)	18.70%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

Village of Tobaccoville, North Carolina
Village of Tobaccoville's Contributions
Required Supplementary Information
Last Six Fiscal Years

Local Government Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 9,144	\$ 8,904	\$ 8,336	\$ 7,917	\$ 7,443	\$ 7,291
Contributions in relation to the contractually required contribution	9,144	8,904	8,336	7,917	7,443	7,291
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Tobaccoville's covered-employee payroll	\$ 118,121	\$ 119,066	\$ 115,500	\$ 108,093	\$ 105,746	\$ 102,109
Contributions as a percentage of covered-employee payroll	7.74%	7.48%	7.22%	7.32%	7.04%	7.14%

Individual Fund Schedules

Village of Tobaccoville, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Tax equivalent payments	\$ 257,784	\$ 257,784	\$ -
Ad valorem taxes	99,627	102,202	2,575
Utilities sales tax	79,000	82,053	3,053
Video program sales tax	12,300	11,244	(1,056)
Occupancy taxes	40,000	45,468	5,468
Sales tax and sales tax allocations	32,500	36,505	4,005
Investment earnings	17,300	36,248	18,948
Beer and wine tax	11,500	10,932	(568)
Cable franchise tax	3,000	3,891	891
Powell Bill allocation	-	-	-
Solid waste disposal tax	1,700	1,774	74
Grant - DOC	50,000	50,000	-
Grant - PARTF	-	41,998	41,998
Community center rent	13,500	16,985	3,485
Shelter & gazebo rent	5,000	4,485	(515)
Miscellaneous	2,000	5,116	3,116
Total revenues	625,211	706,685	81,474
Expenditures:			
Administration:			
Building and equipment maintenance		5,501	
Conferences and expenses		206	
Dues and fees		9,571	
Equipment and furnishings		191	
Insurance - hospital		20,213	
Office supplies		1,705	
Ordinance enforcement		120	
Planning and development		-	
Postage		17	
Salaries		83,944	
Payroll taxes		7,207	
Retirement		9,144	
Technology		1,478	
Utilities		10,212	
Miscellaneous		33	
Total	163,800	149,542	14,258

cont.

Village of Tobaccoville, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Council:			
Accounting		13,410	
Election		-	
Holiday decorations		2,776	
HOME program		2,000	
Honorarium		10,260	
Insurance - liability		6,427	
Legal fees		4,450	
Public relations		4,107	
Rent House		238	
Welcome sign		-	
Website redesign		728	
Total	<u>63,910</u>	<u>44,396</u>	<u>19,514</u>
Park:			
Building and equipment maintenance		4,236	
Equipment and tools		953	
Grounds maintenance		5,963	
Other events		5,494	
Rental refunds		6,405	
Salaries		57,646	
Payroll taxes		4,410	
Supplies		3,064	
Utilities		4,158	
Miscellaneous		257	
Parking lot repairs		4,923	
CC Building and equipment maintenance		1,892	
CC Supplies		964	
CC Utilities		8,415	
Trees & shrubs		2,600	
DOC grant		38,122	
Capital outlay		14,119	
Total	<u>186,964</u>	<u>163,621</u>	<u>23,343</u>
Services:			
Road paving and repair		190,024	
Bulk item pick-up		6,590	
Signs and hardware		477	
Street lights		10,913	
Waste collection		167,238	
Total	<u>379,087</u>	<u>375,242</u>	<u>3,845</u>

cont.

Village of Tobaccoville, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Debt service:			
Principal retirement	30,000	30,000	-
Interest and other charges	4,445	4,444	1
Total	<u>34,445</u>	<u>34,444</u>	<u>1</u>
Total expenditures	<u>828,206</u>	<u>767,245</u>	<u>60,961</u>
Revenues over (under) expenditures	<u>(202,995)</u>	<u>(60,560)</u>	<u>142,435</u>
Other financing sources (uses):			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance appropriated	202,995	-	(202,995)
Net change in fund balance	<u>\$ -</u>	<u>(60,560)</u>	<u>\$ (60,560)</u>
Fund balances, beginning		2,293,312	
Fund balances, ending		<u>\$ 2,232,752</u>	

Other Schedules

Village of Tobaccoville, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2019

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2018</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018-2019	\$ -	\$ 101,610	\$ 100,822	\$ 788
2017-2018	1,268	-	828	440
2016-2017	379	-	72	307
2015-2016	297	-	18	279
2014-2015	153	-	58	95
2013-2014	65	-	43	22
2012-2013	25	-	-	25
2011-2012	20	-	-	20
2010-2011	19	-	-	19
2009-2010	22	-	-	22
2008-2009	17	-	17	-
	<u>\$ 2,265</u>	<u>\$ 101,610</u>	<u>\$ 101,858</u>	<u>2,017</u>
Less: allowance for uncollectible accounts:				
General Fund				<u>2,017</u>
Ad valorem taxes receivable - net				<u>\$ -</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				\$ 102,202
Reconciling items:				
Interest collected				(383)
Discounts allowed				22
Taxes written off				<u>17</u>
Subtotal				<u>(344)</u>
Total collections and credits				<u>\$ 101,858</u>

Village of Tobaccoville, North Carolina
Analysis of Current Tax Levy
Village - Wide Levy
For the Fiscal Year Ended June 30, 2019

	Village - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 203,098,000	\$ 0.05	\$ 101,549	\$ 86,941	\$ 14,608
Discoveries - current and prior years	122,000		61	61	-
Releases	-		-	-	-
Total property valuation	<u>\$ 203,220,000</u>				
Net levy			101,610	87,002	14,608
Unpaid (by taxpayer) taxes at June 30, 2019			<u>(788)</u>	<u>(788)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 100,822</u>	<u>\$ 86,214</u>	<u>\$ 14,608</u>
Current levy collection percentage			<u>99.22%</u>	<u>99.09%</u>	<u>100.00%</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 Village Council
Village of Tobaccoville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities and each major fund of the Village of Tobaccoville, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises the Village of Tobaccoville's basic financial statements, and have issued our report thereon dated September 20, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Tobaccoville'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 Village of Tobaccoville's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Jackson & Company, P.A." The signature is written in a cursive, flowing style.

Winston-Salem, North Carolina
September 20, 2019