

**TOWN OF TURKEY, NORTH CAROLINA**  
**FINANCIAL STATEMENTS**  
**June 30, 2019**

TOWN OF TURKEY, NORTH CAROLINA  
FINANCIAL STATEMENTS  
June 30, 2019

TOWN COMMISSIONERS

Donald Myers, Mayor

Max Pope, Commissioner

Mike Smith, Mayor Pro-Tem

Rudy Blackburn, Commissioner

Tony Moore, Commissioner

TOWN CLERK

Teresa Frack

TOWN OF TURKEY, NORTH CAROLINA  
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## Financial Section



Thompson, Price, Scott, Adams & Co., P.A.  
Post Office Box 1690  
Elizabethtown, North Carolina 28337  
Telephone (910) 862-8129  
Fax (910) 862-8120

R. Bryon Scott, CPA  
Gregory S. Adams, CPA  
Alan W. Thompson, CPA

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### **Independent Auditors' Report**

To the Honorable Mayor  
and Members of Board  
Turkey, North Carolina

#### **Report on the Financial Statements**

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

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

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

#### ***Auditors' Responsibility***

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

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

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

#### ***Opinions***

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Turkey, 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 9 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 33 and 34, 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 Town of Turkey, North Carolina. The combining and individual fund statements, budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

***Thompson, Price, Scott, Adams & Co., PA***

Elizabethtown, North Carolina  
September 19, 2019

## **Town of Turkey**

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

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

#### **Financial Highlights**

- The assets and deferred outflows of resources of the Town of Turkey exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$404,585 (*net position*).
- The government's total net position increased by \$23,223, primarily due to increases in governmental activities net position.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$155,255 an increase of \$17,565. Approximately 37 percent of this total amount, or \$57,172 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$57,172, or 35 percent of the total general fund expenditures for the fiscal year.

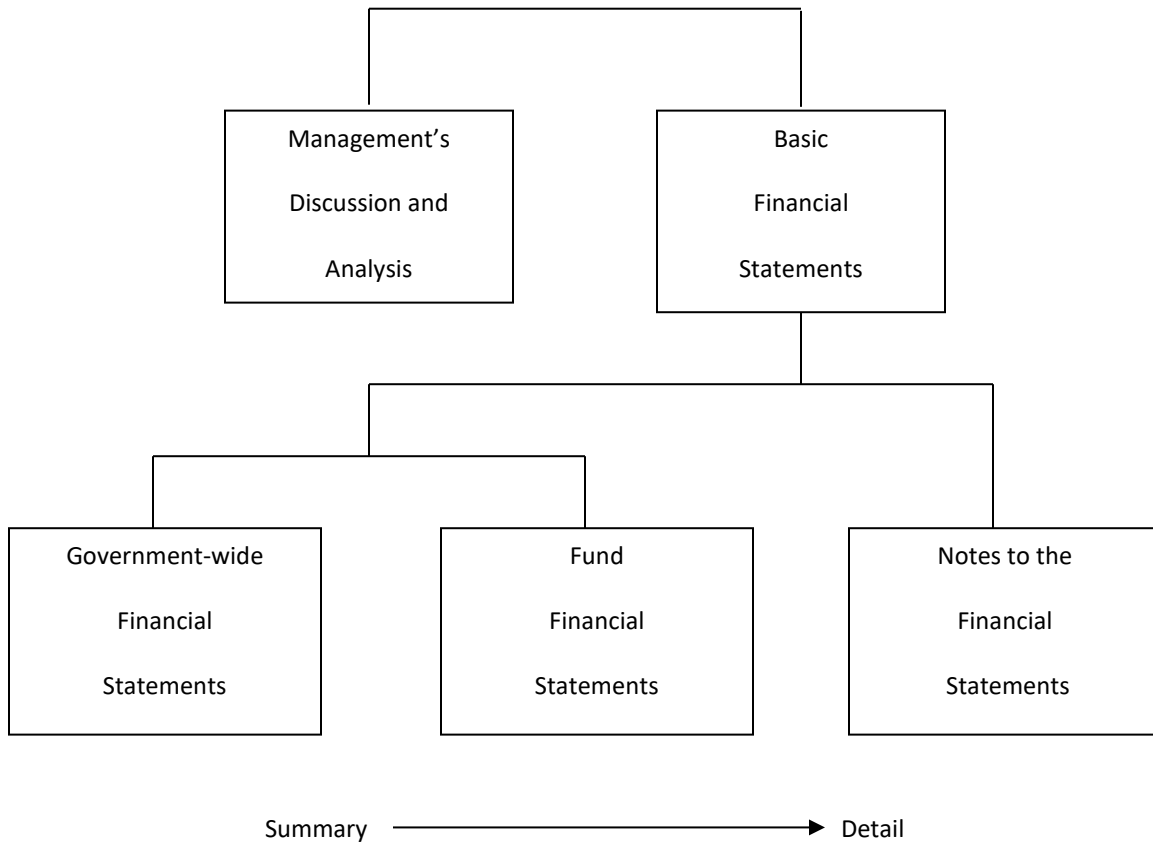
#### **Overview of the Financial Statements**

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



## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

### Government-wide Financial Statements

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

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

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, sanitation and general administration. Property taxes finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer services offered by the Town of Turkey..

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

### **Fund Financial Statements**

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

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town of Turkey'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 Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

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

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 20-33 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Turkey's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 33 of this report.

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

### Government-Wide Financial Analysis

#### Town of Turkey's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
<b>Assets</b>						
Current and other assets	\$ 158,648	\$ 139,234	\$ 62,624	\$ 52,899	\$ 221,272	\$ 192,130
Capital assets	64,061	67,255	137,316	124,815	201,377	192,073
Deferred outflows of resources	7,736	5,844	-	-	7,736	5,844
Total assets & deferred outflows of resources	\$ 230,445	\$ 212,333	\$ 199,940	\$ 177,714	\$ 430,385	\$ 390,047
<b>Liabilities</b>						
Current and other liabilities:	\$ 2,721	\$ 990	\$ 2,512	\$ 2,982	\$ 5,233	\$ 3,972
Long-term liabilities:						
Due within one year	-	-	1,487	-	1,487	-
Due in more than one year	6,405	4,583	12,642	-	19,047	4,583
Deferred inflows of resources	33	130	-	-	33	130
Total liabilities and deferred inflows of	9,159	5,703	16,641	2,982	25,800	8,685
<b>Net Position</b>						
Net investment in capital assets	64,061	67,255	123,187	124,818	187,248	192,073
Restricted for						
Stabilization by State						
Statute	30,958	29,396	-	-	30,958	29,396
Transportation	10,213	14,075	-	-	10,213	14,075
Unrestricted	116,054	95,904	60,112	49,914	176,166	145,818
Total net position	\$ 221,286	\$ 206,630	\$ 183,299	\$ 174,732	\$ 404,585	\$ 381,362

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town of Turkey exceeded liabilities and deferred inflows by \$404,585 as of June 30, 2019. The Town's net position increased by \$23,223 for the fiscal year ended June 30, 2019. However, the largest portion \$187,248 (46%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Turkey uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town'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 Town's net position, \$41,171

(10%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$176,166 (44%) is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.65%, which is now slightly below the statewide average of 98.19%.
- Grant revenue and State shared revenue increased.

### Town of Turkey's Changes in Net Position

**Figure 3**

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues						
Charges for Services	\$ 23,627	\$ 25,144	\$ 55,811	\$ 51,357	\$ 79,438	\$ 76,501
Grants and Entitlements	10,441	10,542	-	-	10,441	10,542
General Revenue						
Property Taxes	26,492	27,474	-	-	26,492	27,474
Grants and contributions not restricted to specific	95,087	91,565	-	-	95,087	91,565
Investment Earnings	128	104	44	30	172	134
Other	29,203	851	-	-	29,203	851
Total Revenues	<u>184,978</u>	<u>155,680</u>	<u>55,855</u>	<u>51,387</u>	<u>240,833</u>	<u>207,067</u>
Expenses						
General Government	104,849	102,192	-	-	104,849	102,192
Transportation	25,945	23,296	-	-	25,945	23,296
Environmental Protection	24,522	21,752	-	-	24,522	21,752
Cultural and Recreation	15,006	10,782	-	-	15,006	10,782
Water District	-	-	47,288	41,551	47,288	41,551
Total Expenses	<u>170,322</u>	<u>158,022</u>	<u>47,288</u>	<u>41,551</u>	<u>217,610</u>	<u>199,573</u>
Increase(Decrease) in Net Position	14,656	(2,342)	8,567	9,836	23,223	7,494
Net Position, beginning(restated)	206,630	208,972	174,732	164,896	381,362	373,868
Net Position, ending	<u>\$ 221,286</u>	<u>\$ 206,630</u>	<u>\$ 183,299</u>	<u>\$ 174,732</u>	<u>\$ 404,585</u>	<u>\$ 381,362</u>

**Governmental activities:** Governmental activities increased the Town's net position by \$14,656.

**Business-type activities:** Business-type activities displayed in this audit refer to the Water/Sewer Fund and increased the Town of Turkey's net position by \$8,567.

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

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

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

The general fund is the chief operating fund of the Town of Turkey. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$57,172 while total fund balance reached \$155,255. As a measure of the general fund's liquidity, it may be useful to compare both available fund balance and

total fund balance to total fund expenditures. Available fund balance represents approximately 37% of the total General Fund expenditures. Total fund balance represents 93% of that same amount.

At June 30, 2019, the governmental funds of the Town reported a combined fund balance of \$155,255 with a 13% increase over last year. Included in this change in fund balance is an increase in fund balance in the General Fund.

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

Revenues were more than the budgeted amounts primarily because revenue was budgeted conservatively, as were the expenditures. The Town was not able to comply with its budgetary requirements.

**Proprietary Funds.** The Town of Turkey's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer fund at the end of the fiscal year amounted to a \$58,625. The increase in net position for this fund was \$8,567. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Turkey's business-type activities.

#### Capital Asset and Debt Administration

**Capital assets.** The Town of Turkey's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$201,377 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transaction during the year was the control system well pump in the water and sewer fund, (there were no significant demolitions or disposals).

#### Town of Turkey's Capital Assets (net of depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land and Construction in Progress	\$ 12,741	\$ 12,741	\$ 3,348	\$ 3,348	\$ 16,089	\$ 16,089
Buildings and Other Improvements	43,177	45,515	-	-	43,177	45,515
Equipment	5,343	5,695	133,968	121,467	139,311	127,162
Vehicles	2,800	3,303	-	-	2,800	3,303
	<u>\$ 64,061</u>	<u>\$ 67,254</u>	<u>\$ 137,316</u>	<u>\$ 124,815</u>	<u>\$ 201,377</u>	<u>\$ 192,069</u>

Additional information on the Town's capital assets can be found in notes beginning on page 26 of this report.

**Long-term Debt.** As of June 30, 2019, the Town of Turkey had no bonded debt outstanding. However, debt increased by \$14,129 for debt in the business-type activities.

The Town of Turkey's Outstanding Debt:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Business-Type Activities:					
Water and Sewer Fund					
Notes Payable	\$ -	\$ 16,853	\$ (2,724)	\$ 14,129	\$ 1,487
Total Water and Sewer Fund	\$ -	\$ 16,853	\$ (2,724)	\$ 14,129	\$ 1,487

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within the government's boundaries. The Town of Turkey's legal debt margin is \$807,141.

Additional information regarding the Town of Turkey's long-term debt can be found in the notes beginning on page 31 of this report.

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

For the upcoming year, management does not expect any surge of new development within the Town. Due to Turkey's size, it is difficult to show any real increase in jobs within the Town's boundaries. Management reviews Sampson County's economic conditions to monitor for effects on the economy of the Town.

The property tax rate for the Town is not expected to change for the coming budget year.

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

**Governmental Activities:** Property taxes will remain the same for 2019-2020. General Fund revenues are expected to slightly increase. General Fund expenditures have been budgeted accordingly with only a small increase from the 2018-2019 Budget. The Town will continue its commitment to reducing the cost of delivering services.

**Business - type Activities:** The water and sewer rates in the Town are expected to remain constant.

#### **Requests for Information**

This report is designed to provide an overview of the Town of Turkey'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 attention of Finance Officer, Town of Turkey, P.O. Box 55, N.C. 28393. You may also call 910-592-7273.

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## Basic Financial Statements

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Town of Turkey, North Carolina  
**Statement of Net Position**  
June 30, 2019

Exhibit 1

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current Assets:			
Cash & Cash Equivalents	\$ 116,805	\$ 55,584	\$ 172,389
Restricted Assets:			
Restricted Cash	10,213	2,380	12,593
Taxes Receivable (Net)	672	-	672
Accounts Receivable (Net)	2,153	7,057	9,210
Due from Other Governments	26,408	-	26,408
Internal Balances	2,397	(2,397)	-
Total Current Assets	<u>158,648</u>	<u>62,624</u>	<u>221,272</u>
Non-Current Assets:			
Capital Assets (Note 3):			
Land and Nondepreciable Improvements	12,741	3,348	16,089
Other Capital Assets, Net of Depreciation	<u>51,320</u>	<u>133,968</u>	<u>185,288</u>
Total Capital Assets	<u>64,061</u>	<u>137,316</u>	<u>201,377</u>
Total Assets	<u>222,709</u>	<u>199,940</u>	<u>422,649</u>
<b>Deferred Outflows of Resources</b>	<u>7,736</u>	<u>-</u>	<u>7,736</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts Payable and Accrued Liabilities	2,721	132	2,853
Due Within One Year	-	1,487	1,487
Payable from restricted assets			
Customer deposits	-	2,380	2,380
Long-term Liabilities:			
Net Pension Liability	6,405	-	6,405
Due in More Than One Year	<u>-</u>	<u>12,642</u>	<u>12,642</u>
Total Liabilities	<u>9,126</u>	<u>16,641</u>	<u>25,767</u>
<b>Deferred Inflows of Resources</b>			
Pension Deferrals	<u>33</u>	<u>-</u>	<u>33</u>
Total Deferred Inflows of Resources	<u>33</u>	<u>-</u>	<u>33</u>
<b>Net Position</b>			
Net Investment in Capital Assets	64,061	123,187	187,248
Restricted for:			
Stabilization by State Statute	30,958	-	30,958
Transportation	10,213	-	10,213
Unrestricted	<u>116,054</u>	<u>60,112</u>	<u>176,166</u>
Total Net Position	<u>\$ 221,286</u>	<u>\$ 183,299</u>	<u>\$ 404,585</u>



Town of Turkey, North Carolina  
**Statement of Activities**  
For the Year Ended June 30, 2019

Exhibit 2

Functions/Programs	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 104,849	\$ 700	\$ -	\$ -
Public Safety	-	150	-	-
Transportation	25,945	-	10,168	-
Environmental Protection	24,522	22,777	273	-
Cultural and Recreation	15,006	-	-	-
Interest on Long-Term Debt	-	-	-	-
Total Governmental Activities	<u>170,322</u>	<u>23,627</u>	<u>10,441</u>	<u>-</u>
Business-Type Activities:				
Water and Sewer Fund	<u>47,288</u>	<u>55,811</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities	<u>47,288</u>	<u>55,811</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 217,610</u>	<u>\$ 79,438</u>	<u>\$ 10,441</u>	<u>\$ -</u>

Town of Turkey, North Carolina  
**Statement of Activities**  
For the Year Ended June 30, 2019

Exhibit 2

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		Total
	Governmental Activities	Business-type Activities	
Primary Government:			
Governmental Activities:			
General Government	\$ (104,149)	\$ -	\$ (104,149)
Public Safety	150	-	150
Transportation	(15,777)	-	(15,777)
Environmental Protection	(1,472)	-	(1,472)
Cultural and Recreation	(15,006)	-	(15,006)
Interest on Long-Term Debt	-	-	-
Total Governmental Activities	<u>(136,254)</u>	<u>-</u>	<u>(136,254)</u>
Business-Type Activities:			
Water and Sewer Fund	-	8,523	8,523
Total Business-Type Activities	<u>-</u>	<u>8,523</u>	<u>8,523</u>
Total Primary Government	<u>(136,254)</u>	<u>8,523</u>	<u>(127,731)</u>
Taxes:			
Property taxes, levied for general purpose	26,492	-	26,492
Grants and contributions not restricted to specific programs	95,087	-	95,087
Investment earnings, unrestricted	128	44	172
Miscellaneous, unrestricted	29,203	-	29,203
Total general revenues not including transfers	<u>150,910</u>	<u>44</u>	<u>150,954</u>
Transfers	-	-	-
Total general revenues and transfers	<u>150,910</u>	<u>44</u>	<u>150,954</u>
Change in net position	14,656	8,567	23,223
Net Position - Beginning	206,630	174,732	381,362
Net Position - Ending	<u>\$ 221,286</u>	<u>\$ 183,299</u>	<u>\$ 404,585</u>

Town of Turkey, North Carolina  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2019

Exhibit 3

	<u>Major Funds</u>	<u>Total</u>
	<u>General</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Funds</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 116,805	\$ 116,805
Restricted cash	10,213	10,213
Receivables (net):		
Taxes	672	672
Accounts	2,153	2,153
Due from other funds	2,397	2,397
Due from other governments	26,408	26,408
Total assets and other debits	<u>\$ 158,648</u>	<u>\$ 158,648</u>
<b>Liabilities and Fund Balances</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 2,721	\$ 2,721
Due to other funds	-	-
Total liabilities	<u>2,721</u>	<u>2,721</u>
Deferred inflows of resources		
Property tax receivable	672	672
Total deferred inflows of resources	<u>672</u>	<u>672</u>
Fund balances:		
Restricted		
Stabilization by State Statute	30,958	30,958
Streets	10,213	10,213
Assigned		
Subsequent Years Expenditures	56,912	56,912
Unassigned	57,172	57,172
Total fund balances	<u>155,255</u>	<u>155,255</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 158,648</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.		64,061
Deferred outflows of resources related to pensions are not reported in the funds		7,736
Earned revenues considered deferred inflows of resources in the fund statements.		672
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Net pension liability		(6,405)
Deferred inflows of resources related to pensions are not reported in the funds		(33)
Net position of governmental activities		<u>\$ 221,286</u>

Town of Turkey, North Carolina  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
For the Year Ended June 30, 2019

Exhibit 4

	<u>Major Funds</u>	<u>Total</u>
	<u>General</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Funds</u>
Revenues:		
Ad valorem taxes	\$ 26,374	\$ 26,374
Unrestricted intergovernmental	95,087	95,087
Restricted intergovernmental	10,441	10,441
Sales and services	23,302	23,302
Permits and Fees	325	325
Investment earnings	128	128
Miscellaneous	29,203	29,203
Total revenues	<u>184,860</u>	<u>184,860</u>
Expenditures:		
Current:		
General government	103,239	103,239
Transportation	25,945	25,945
Sanitation	24,522	24,522
Cultural and Recreational	13,589	13,589
Total expenditures	<u>167,295</u>	<u>167,295</u>
Excess (deficiency) of revenues over expenditures	<u>17,565</u>	<u>17,565</u>
Net change in fund balance	17,565	17,565
Fund Balances, beginning	137,690	137,690
Fund Balance, ending	<u>\$ 155,255</u>	<u>\$ 155,255</u>

Town of Turkey, North Carolina  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
For the Year Ended June 30, 2019

Exhibit 4

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

Net changes in fund balances - total governmental funds	\$	17,565
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		-
Depreciation expense for governmental activities		(3,193)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		
		2,711
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		118
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.		
Net pension expense		<u>(2,545)</u>
Total changes in net position of governmental activities	\$	<u><u>14,656</u></u>

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

For the Year Ended June 30, 2019

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 24,220	\$ 24,220	\$ 26,374	\$ 2,154
Unrestricted intergovernmental	86,754	86,754	95,087	8,333
Restricted intergovernmental	10,653	10,653	10,441	(212)
Sales and services	27,600	27,600	23,302	(4,298)
Permits and Fees:	3,425	3,425	325	(3,100)
Investment earnings	340	340	128	(212)
Miscellaneous	411	411	29,203	28,792
Total revenues	<u>153,403</u>	<u>153,403</u>	<u>184,860</u>	<u>31,457</u>
Expenditures:				
Current:				
General government	141,433	137,633	103,239	34,394
Transportation	29,977	33,777	25,945	7,832
Sanitation	24,000	24,000	24,522	(522)
Cultural and Recreation	11,495	11,495	13,589	(2,094)
Total expenditures	<u>206,905</u>	<u>206,905</u>	<u>167,295</u>	<u>39,610</u>
Revenues over (under) expenditures	<u>(53,502)</u>	<u>(53,502)</u>	<u>17,565</u>	<u>71,067</u>
Fund Balance Appropriated	53,502	53,502	-	(53,502)
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	17,565	<u>\$ 17,565</u>
Fund Balances, beginning			137,690	
Fund balance, ending			<u>\$ 155,255</u>	

Town of Turkey, North Carolina  
**Statement of Fund Net Position**  
**Proprietary Fund**  
June 30, 2019

Exhibit 6

	Major Enterprise Fund <u>Water and Sewer Fund</u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 55,584
Restricted cash and cash equivalents	2,380
Accounts receivable (net) - billed	6,231
Accounts receivable (net) - unbilled	<u>826</u>
Total current assets	<u>65,021</u>
Noncurrent assets:	
Capital Assets	
Land and construction in progress	3,348
Other capital assets - net of depreciation	<u>133,968</u>
Total Capital Assets	<u>137,316</u>
Total Noncurrent assets:	<u>137,316</u>
Total Assets	<u>202,337</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and Accrued Liabilities	132
Due to Other Funds	2,397
Compensated Absences	-
Notes Payable - Current	<u>1,487</u>
Total current liabilities:	<u>4,016</u>
Noncurrent liabilities:	
Liabilities payable from restricted assets	
Customer deposits	2,380
Accounts payable	-
Notes Payable - Non-current	<u>12,642</u>
Total noncurrent liabilities:	<u>15,022</u>
Total liabilities	<u>19,038</u>
<b>Net position</b>	
Net investment in capital assets	123,187
Unrestricted	<u>60,112</u>
Total net position	\$ <u>183,299</u>

Town of Turkey, North Carolina  
**Statements of Revenues, Expenses, and  
Changes in Fund Net Position**  
**Proprietary Fund**  
For the Year Ended June 30, 2019

Exhibit 7

	Major Enterprise Fund Water and Sewer Fund
<b>Operating revenues:</b>	
Water and Sewer Charges	\$ 54,239
Other Operating Revenues	1,572
<b>Total operating revenues:</b>	<u>55,811</u>
<b>Operating expenses:</b>	
Administration	4,121
Treatment and Distribution	31,549
Depreciation	10,762
<b>Total operating expenses</b>	<u>46,432</u>
<b>Operating income(loss)</b>	<u>9,379</u>
<b>Nonoperating revenues (expenses):</b>	
Investment earnings	44
Interest and Fees	(856)
<b>Total nonoperating revenues(expenses)</b>	<u>(812)</u>
<b>Income before contributions</b>	<u>8,567</u>
Capital Contributions	<u>-</u>
<b>Change in net position</b>	8,567
<b>Net Position - Beginning</b>	174,732
<b>Net Position - Ending</b>	<u>\$ 183,299</u>



Town of Turkey, North Carolina  
**Statement of Cash Flows**  
**Proprietary Fund**  
For The Year Ended June 30, 2019

Exhibit 8

	Major Enterprise Fund <u>Water and Sewer Fund</u>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 52,408
Cash paid for goods and services	(35,705)
Customer deposits returned	(435)
Other Operating revenues	<u>1,572</u>
Net cash provided by operating activities	<u>17,840</u>
<b>Cash flows from capital and related financing activities</b>	
Acquisition and construction of capital assets	(23,263)
Debt Proceeds	16,853
Debt Reduction	(2,724)
Interest on maturities	(856)
Capital Contributions - Grants	<u>-</u>
Net cash used by capital and related financing activities	<u>(9,990)</u>
<b>Cash flows from investing activities:</b>	
Interest on investments	<u>44</u>
<b>Net increase in cash and cash equivalents</b>	7,894
<b>Cash and cash equivalents:</b>	
Balances, beginning	50,070
Balances, ending	\$ <u><u>57,964</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income (loss)	\$ <u>9,379</u>
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	10,762
Changes in assets, deferred in/outflows of resources and liabilities:	
(Increase) decrease in accounts receivable	(1,831)
payable and accrued liabilities	(35)
Increase (decrease) in customer deposits	<u>(435)</u>
Total adjustments	<u>8,461</u>
Net cash provided by operating activities	\$ <u><u>17,840</u></u>

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

- A. Reporting Entity - The Town of Turkey is a municipal corporation that is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements include all funds for which the Town is financially accountable.

B. Basis of Presentation

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

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

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds. Separate statements for each fund category-*governmental and proprietary*-are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

The Town reports the following major governmental funds:

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

The Town reports the following major enterprise fund:

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

C. Measurement Focus and Basis of Accounting

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

*Government-wide and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-

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

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

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

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

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes 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.

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

**D. Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for any Capital Project Funds. 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. The governing board must approve all amendments. During the year, several

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

immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

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

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

2. Cash and Cash Equivalents - The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.
3. Restricted Cash - Powell Bill funds are classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

Town of Turkey Restricted Cash	
Governmental Activities	
General Fund	
Streets	\$ 10,213
Total Governmental Activities	\$ 10,213
Business Type Activities	
Water and Sewer Fund	
Customer Deposits	\$ 2,380
Total Business Type Activities	\$ 2,380
Total Restricted Cash	\$ 12,593

4. Ad Valorem Taxes Receivable - In accordance with State law [G. S. 105-347 and G. S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2018. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date.
5. Allowance for Doubtful Accounts – All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.
6. Inventory and Prepaid Items - The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The Town's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased.

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

The inventories of the Town's enterprise fund consist of materials and supplies held for subsequent use. The costs of these inventories are expensed when sold or consumed.

7. Capital Assets – Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$500; buildings, improvements, \$500; infrastructure, \$500; furniture and equipment, \$500; and vehicles, \$500. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	40
Motor Vehicles	5
Equipment	7
Plant Assets	50

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

<u>Asset Class</u>	<u>Estimated Useful life</u>
Building	25 yrs
Equipment	10 yrs
Parking Lot	10 yrs
Computer	5 yrs

8. Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, pension deferrals for the 2019 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meet the criterion for this category - property taxes receivable and pension deferrals for the 2018 fiscal year.
9. Long-Term Obligations - In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

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

10. Compensated Absences - The vacation policies of the Town provides for the accumulation of up to fifteen (15) days earned vacation leave with no more than ten (10) days vested for separation from service or for carry forward to the next fiscal year. The current portion of the accumulated vacation pay is not considered to be material and, therefore, no provision for this has been made in the accompanying financial statements.

The Town's sick leave policies provide 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 the length of service for retirement benefit purposes. Since the Town has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

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

11. Net Position/Fund Balances

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

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

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The Town has none.

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

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Turkey's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. The Town has none.

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

Subsequent year's expenditures – portion of fund balance that is appropriated in next year's budget that is not already classified in restricted or committed.

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

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

12. Defined Benefit Cost-Sharing Plans

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

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

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Significant Violations of Finance Related Legal and Contractual Provisions**

**1. Noncompliance with N.C. General Statutes**

None reported.

**2. Contractual Violations**

None reported.

**B. Excess of Expenditures over Appropriations**

For the fiscal year ended June 30, 2019, the expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board for general government activities in the sanitation and cultural and recreation funds by \$522 and \$2,094 respectively. These over-expenditures occurred because of unplanned operating expenditures at year end. Management and the Board will more closely review the budget reports to ensure compliance in future years.

For the fiscal year ended June 30, 2019, the expenditures made in the Town's Proprietary Fund exceeded the authorized appropriations made by the governing board for proprietary activities for capital outlay and debt services by \$3,580 and \$23,263 respectively. These over-expenditures occurred because of lack of knowledge regarding debt service in the proprietary fund. Management and the Board will more closely review the budget reports to ensure compliance in future years.

**NOTE 3: DETAIL NOTES ON ALL FUNDS**

**A. Assets**

1. Deposits - All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2019, the Town's deposits had a carrying amount of \$184,932 and a bank balance of \$190,279. Of the bank balance, all was covered by federal depository insurance. All the bank balance was covered by federal depository insurance. Cash on hand for the Town as of June 30, 2019 was \$50.

2. Investments - At June 30, 2019 the Town had no investments.

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

3. Receivables - Allowances for Doubtful Accounts - The amounts presented in Exhibit 1, the Statement of Net Position, are shown in detail below:

Fund	6/30/2019
General Fund	
Taxes Receivable	\$ 100
Accounts Receivable	<u>430</u>
Total	530
Enterprise Funds:	<u>210</u>
Total	<u>\$ 740</u>



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

4. Capital Assets

**Primary Government**

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental Activities:</b>				
<b>Capital Assets not Being Depreciated:</b>				
Land	\$ 12,741	\$ -	\$ -	\$ 12,741
Total Capital Assets not Being Depreciated:	<u>12,741</u>	<u>-</u>	<u>-</u>	<u>12,741</u>
<b>Capital Assets Being Depreciated:</b>				
Buildings	104,830	-	-	104,830
Equipment	17,564	-	-	17,564
Other Improvements	5,780	-	-	5,780
Total Capital Assets Being Depreciated:	<u>128,174</u>	<u>-</u>	<u>-</u>	<u>128,174</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings	59,315	2,338	-	61,653
Equipment	11,869	352	-	12,221
Other Improvements	2,477	503	-	2,980
Total Accumulated Depreciation	<u>73,661</u>	<u>\$ 3,193</u>	<u>\$ -</u>	<u>76,854</u>
Total Capital Assets Being Depreciated, net	<u>54,513</u>			<u>51,320</u>
<b>Governmental Activity Capital Assets, net</b>	<u>\$ 67,254</u>			<u>\$ 64,061</u>

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

General Government	\$ 1,776
Cultural and Recreation	1,417
Total Depreciation Expense	<u>\$ 3,193</u>

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type Activities:</b>				
<b>Water and Sewer Fund</b>				
<b>Capital Assets not Being Depreciated:</b>				
Land	\$ 3,348	\$ -	\$ -	\$ 3,348
Total Capital Assets not Being Depreciated:	<u>3,348</u>	<u>-</u>	<u>-</u>	<u>3,348</u>
<b>Capital Assets Being Depreciated:</b>				
Equipment	540,236	23,263	-	563,499
Other Improvements	5,300	-	-	5,300
Total Capital Assets Being Depreciated:	<u>545,536</u>	<u>23,263</u>	<u>-</u>	<u>568,799</u>
<b>Less Accumulated Depreciation for:</b>				
Equipment	418,769	10,762	-	429,531
Other Improvements	5,300	-	-	5,300
Total Accumulated Depreciation	<u>424,069</u>	<u>\$ 10,762</u>	<u>\$ -</u>	<u>434,831</u>
Total Capital Assets Being Depreciated, net	<u>121,467</u>			<u>133,968</u>
<b>Water and Sewer Capital Assets, net</b>	<u>\$ 124,815</u>			<u>\$ 137,316</u>

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

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

*Plan Description.* The Town of Turkey 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](http://www.osc.nc.gov).

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

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Turkey employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Turkey's contractually required contribution rate for the year ended June 30, 2019, was 7.90% of compensation 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 Town of Turkey were \$2,711 for the year ended June 30, 2019.

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

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

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

At June 30, 2019, the Town reported a liability of \$6,405 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the Town's proportion was 0.00027%, which was a decrease of 0.00003% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$2,545. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 988	\$ 33
Changes of assumptions	1,700	-
Net difference between projected and actual earnings on pension plan investments	879	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,458	-
Town contributions subsequent to the measurement date	2,711	-
Total	<u>\$ 7,736</u>	<u>\$ 33</u>

\$2,711 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2020	\$ 2,279
2021	1,528
2022	513
2023	672
2024	-
Thereafter	-
	<u>\$ 4,992</u>

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

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

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

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

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

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

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

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

*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.

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

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

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town's proportionate share of the net pension liability	\$ 15,386	\$ 6,405	\$ (1,099)

*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.

## 2. Other Employment Benefits

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

## 3. Deferred Outflows and Inflows of Resources

Deferred outflows of resources at year end are comprised of the following:

Source	Amount
Contributions to pension plan in current fiscal year	\$ 2,711
Differences between expected and actual experience	988
Changes of assumptions	1,700
Net difference between projected and actual earnings on pension plan investments	879
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,458
	<u>\$ 7,736</u>

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

Deferred inflows of resources at year end are comprised of the following:

Source	Statement of Net Position	General Fund Balance Sheet
Taxes Receivable	\$ -	\$ 672
Pension Deferral	33	-
Total	<u>\$ 33</u>	<u>\$ 672</u>

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. 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 workers' compensation claims that exceed certain dollar cost levels. Medical stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request. The Town does not carry additional flood insurance due to location of buildings in relation to the recognized flood plain.

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

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

5. Long-Term Obligations

Installment Purchase

Water Fund

Notes Payable – National Rural Water Association is direct borrowing for the purchase of a control system for well sites due in 120 monthly installments of \$162.73 at 3.0% interest, with final payment September 2028. Balance at June 30, 2019 was \$14,129.

At June 30, 2019, Town of Turkey had a legal debt margin \$807,141.

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

Annual debt service requirements of the installment purchase as of June 30, 2019 are as follows:

Year Ending 30-Jun	Business Type Activities	
	Principal	Interest
2020	\$ 1,487	\$ 466
2021	1,532	421
2022	1,578	374
2023	1,626	326
2024	1,676	277
2025-2029	6,230	292
2030-2034	-	-
2035-2039	-	-
Total	\$ <u>14,129</u>	\$ <u>2,156</u>

Changes in Long Term Liabilities - During the year ended June 30, 2019, the following changes occurred in Long Term Liabilities:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental Activities:					
Net Pension Liability (LGRS)	\$ 4,583	\$ 1,822	\$ -	\$ 6,405	\$ 6,405
Total Governmental Activities	\$ <u>4,583</u>	\$ <u>1,822</u>	\$ <u>-</u>	\$ <u>6,405</u>	\$ <u>6,405</u>
Business-Type Activities:					
Water and Sewer Fund					
Notes Payable	\$ -	\$ 16,853	\$ (2,724)	\$ 14,129	\$ 1,487
Total Water and Sewer Fund	\$ <u>-</u>	\$ <u>16,853</u>	\$ <u>(2,724)</u>	\$ <u>14,129</u>	\$ <u>1,487</u>

C. Interfund Balances and Activity

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

Water and Sewer Fund owes the General Fund \$ 2,397

The amount between the General Fund and Water and Sewer Fund is the use of separate checking accounts and splitting of expenses and revenues and will change from year to year based on timing of repayment. Management does not intend to clear out the balance during the subsequent year.

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

D. Fund Balance

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

<b>Total fund balance-General Fund</b>		<b>\$155,255</b>
<b>Less:</b>		
<b>Stabilization by State Statute</b>		30,958
<b>Streets - Powell Bill</b>		10,213
<b>Appropriated Fund Balance in 2019-2020 Budget</b>		56,912
<b>Remaining Fund Balance</b>		<b>\$57,172</b>

NOTE 5:     SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs - The Town has received proceeds from 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.

NOTE 6:     SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 19, 2019, the date which the financial statements were available for issue.



## Required Supplementary Financial Data

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The section contains additional information required by the generally accepted  
accounting principles

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Schedule of Proportionate Share of Net Pension Liability (Asset)

Schedule of Contributions to Local Government Employees' Retirement System

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

	Local Government Employees' Retirement System					
	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) (%)	0.00027%	0.00030%	0.00031%	0.03100%	0.02900%	0.03000%
Town's proportion of the net pension liability (asset) (\$)	\$ 6,405	\$ 4,583	\$ 6,579	\$ 1,392	(1,710)	3,616
Town's covered-employee payroll	\$ 31,980	\$ 30,475	\$ 27,970	\$ 24,784	25,265	25,775
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	20.03%	15.04%	21.59%	4.98%	-6.90%	14.31%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

Town of Turkey, North Carolina  
Town of Turkey's Contributions  
Required Supplementary Information  
Last Six Fiscal Years

Local Government Employees' Retirement System

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,711	\$ 2,443	\$ 2,270	\$ 1,926	2,012	1,966
Contributions in relation to the contractually required contribution	2,711	2,443	2,270	1,926	2,012	1,966
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 34,320	\$ 31,980	\$ 30,475	\$ 27,970	24,784	25,265
Contributions as a percentage of covered-employee payroll	7.90%	7.64%	7.45%	6.89%	8.12%	7.78%

## Supplementary Statements

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The section contains additional statements required by the Local Government Commission  
in North Carolina.

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Town of Turkey, North Carolina  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes		\$ 26,343	
Penalties and interest		31	
Total	\$ 24,220	26,374	\$ 2,154
Unrestricted intergovernmental:			
Local option sales taxes		84,158	
Utility franchise tax		7,945	
Telecom Sales Tax		2,227	
Video Franchise Fee		743	
Piped Natural Gas		14	
Total	86,754	95,087	8,333
Restricted intergovernmental:			
Powell Bill Allocation		10,168	
Solid Waste Disposal		273	
Total	10,653	10,441	(212)
Sales and services:			
Community Building Rent		525	
Sanitation Fees		22,777	
Total Sales and Services	27,600	23,302	(4,298)
Permits and Fees:			
Zoning Permits		175	
Fire Inspection Fees		150	
Total Permits and Fees	3,425	325	(3,100)
Investment earnings:			
Regular		112	
Powell Bill		16	
Total Other Revenues	340	128	(212)

Town of Turkey, North Carolina  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Other Revenues:			
Miscellaneous		29,203	
Total Other Revenues	411	29,203	28,792
 Total Revenues	 153,403	 184,860	 31,457
Expenditures:			
General government:			
Governing Body:			
Salaries		2,539	
Employee Benefits		171	
Contingency		-	
Total Governing Body	3,810	2,710	1,100
Administration:			
Salaries		32,193	
Employee Benefits		9,389	
Operating Expenses		42,281	
Capital Outlay		-	
Total Administration	112,823	83,863	28,960
Tax and Revaluation:			
Operating Expenses		150	
Total Tax and Revaluation	-	150	(150)
Professional:			
Operating Expenses		16,516	
Total Professional	21,000	16,516	4,484
Total General Government	137,633	103,239	34,394
Transportation:			
Streets:			
Operating Expenses		11,899	
Capital Outlay		-	
Total Streets	19,500	11,899	7,601
Powell Bill:			
Maintenance and Repairs		14,046	
Total Powell Bill	14,277	14,046	231
Total Transportation	33,777	25,945	7,832

Town of Turkey, North Carolina  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Environmental Protection:			
Sanitation:			
Contracted Services		24,522	
Miscellaneous		-	
Total Sanitation	24,000	24,522	(522)
Cultural and Recreation:			
Recreation Department:			
Community Events		8,008	
Operating Expenses		5,581	
Total Cultural and Recreation	11,495	13,589	(2,094)
Total Expenditures	206,905	167,295	39,610
Revenues over (under) expenditures	(53,502)	17,565	71,067
Fund Balance Appropriated	53,502	-	(53,502)
Net Change in Fund Balance	\$ -	17,565	\$ 17,565
Fund Balances, Beginning		137,690	
Fund Balances, Ending		\$ 155,255	

Town of Turkey, North Carolina  
**Water and Sewer Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non - GAAP)**  
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services:			
Water Charges		\$ 54,239	
Penalties		1,547	
Miscellaneous		25	
Total	\$ 53,233	55,811	\$ 2,578
Nonoperating Revenues			
Interest Earned on Investment		44	
Total	118	44	(74)
Total revenues	53,351	55,855	2,504
Expenditures:			
Administration			
Salaries		-	
Employee Benefits		-	
Other Operating Expenditures		4,121	
Total Administration	18,165	4,121	14,044
Treatment and Distribution			
Operating Expenses		4,911	
Contracted Services		19,049	
Repairs and Maintenance		7,589	
Total	66,750	31,549	35,201
Debt Service:			
Principle		2,724	
Interest		856	
Total Debt Service	-	3,580	(3,580)
Capital outlay:			
Equipment		23,263	
Water/Sewer System		-	
Total capital outlay	5,000	23,263	(18,263)
Total expenditures	89,915	62,513	27,402



Town of Turkey, North Carolina  
**Water and Sewer Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non - GAAP)**  
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Capital Contributions	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over/(Under) Expenditures	<u>(36,564)</u>	<u>(6,658)</u>	<u>29,906</u>
Other financing sources (uses):			
Transfers in from the General Fund	22,470	-	(22,470)
Loan Proceeds	-	16,853	16,853
Total other financing sources (uses)	<u>36,564</u>	<u>16,853</u>	<u>(5,617)</u>
Fund Balance Appropriated	<u>14,094</u>	<u>-</u>	<u>(14,094)</u>
Revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>10,195</u>	\$ <u>10,195</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Revenues over expenditures		\$ <u>10,195</u>	
Reconciling items:			
Capital outlay		23,263	
Principle payments		2,724	
Loan Proceeds		(16,853)	
Depreciation		<u>(10,762)</u>	
Total reconciling items		<u>(1,628)</u>	
Change in Net Position		\$ <u>8,567</u>	

## OTHER SCHEDULES

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This section includes additional information on property taxes.

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- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

Town of Turkey, 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	\$ -	\$ 27,241	\$ 26,872	\$ 369
2017 - 2018	429	-	197	232
2016 - 2017	1	-	1	-
Previous	224	-	53	171
	<u>\$ 654</u>	<u>\$ 27,241</u>	<u>\$ 27,123</u>	<u>\$ 772</u>
Allowance for Doubtful Accounts				<u>100</u>
				<u>\$ 672</u>

Reconcilement with revenues:

Ad valorem taxes - General Fund	\$ 26,374
Reconciling items:	
Interest collected	(31)
Releases	780
Subtotal	<u>749</u>
Total collections and credits	<u>\$ 27,123</u>

Town of Turkey, North Carolina  
**Analysis of Current Tax Levy**  
**Town - Wide Levy**  
For the Fiscal Year Ended June 30, 2019

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 10,089,259	0.27	\$ 27,241	\$ 23,398	\$ 3,843
Penalties			-		-
Total	<u>10,089,259</u>		<u>27,241</u>	<u>23,398</u>	<u>3,843</u>
Total property valuation	<u>\$ 10,089,259</u>				
Net levy			27,241	23,398	3,843
Uncollected taxes at June 30, 2019			<u>369</u>	<u>369</u>	<u>-</u>
Current year's taxes collected			<u>\$ 26,872</u>	<u>\$ 23,029</u>	<u>\$ 3,843</u>
Current levy collection percentage			<u>98.65%</u>	<u>98.42%</u>	<u>100.00%</u>