

TOWN OF BOLIVIA, NORTH CAROLINA

AUDITED FINANCIAL STATEMENTS

June 30, 2020

Town Council Members
Ella Jane Marston, Mayor
Dewey Smith, Mayor Pro-tem
Robert Mercer
Nancy Cook
Kaitlyn Jackson

Administrative and Financial Staff
Ella Jane Marston, Finance Officer
Mary Etta Hewitt, Town Clerk

TOWN OF BOLIVIA, NORTH CAROLINA
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June 30, 2020

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FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Bolivia, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order 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, each major fund, and the aggregate remaining fund information of the Town of Bolivia, North Carolina as of June 30, 2020, and the respective changes in financial position 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 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 Bolivia, North Carolina. The individual fund statements, budgetary schedule and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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


Certified Public Accountants

Southport, North Carolina
January 29, 2021

MANAGEMENT DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

The Town of Bolivia offers this narrative overview and analysis of the financial activities of Bolivia for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements.

Financial Highlights

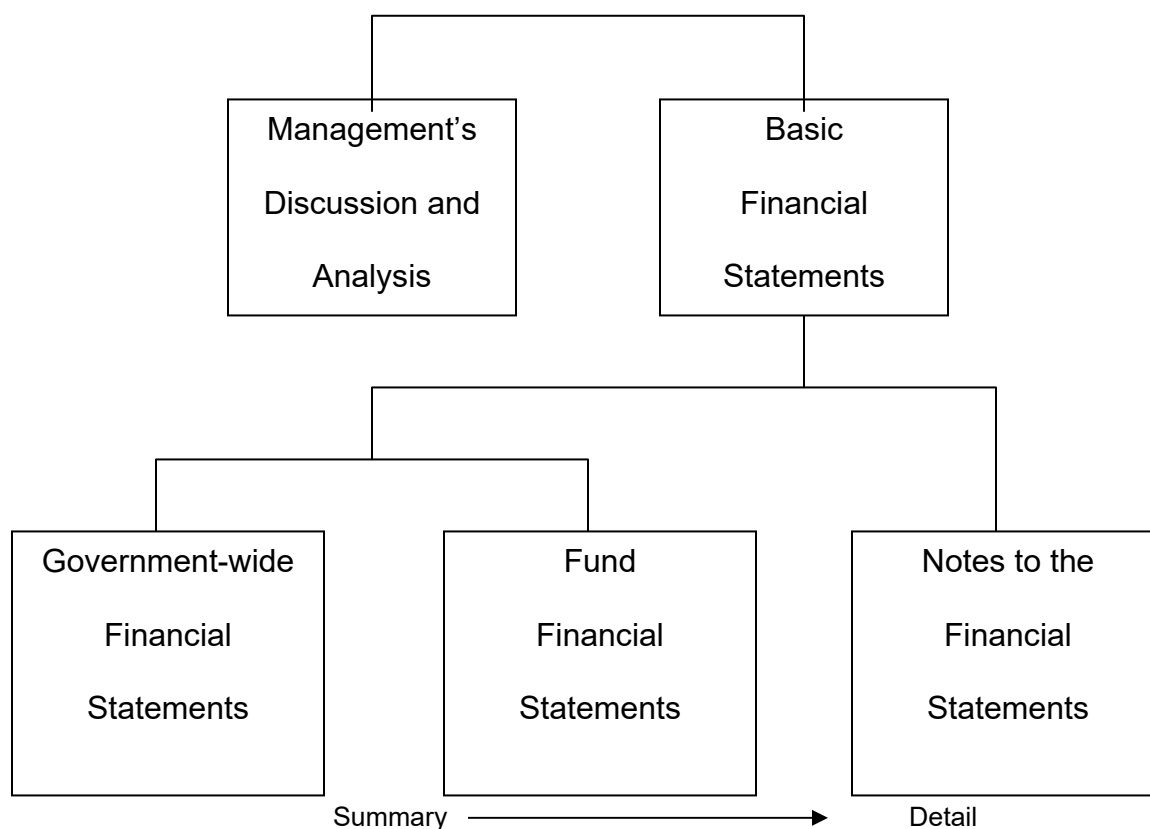
- The assets of the Town of Bolivia exceeded liabilities by \$934,632 as of June 30, 2020.
- The Town's Net Position increased by \$88,478 for the fiscal year ended June 30, 2020.
- At June 30, 2020, the governmental funds of the Town of Bolivia reported a combined fund balance of \$692,417, a \$151,787 decrease from last year.
- At the end of the current fiscal year, unrestricted fund balance of the General Fund was \$662,053, while total fund balance reached \$692,417.
- The Town purchased a new town hall during the year, at a cost of \$242,193.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Bolivia'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 Bolivia.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statement

The first two statements (Exhibits 1 and 2) in the basic financial statement 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 5) 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 two parts to the Fund Financial Statements: the governmental funds statements and the budgetary comparison statements.

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

Government-wide Financial Statement

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 both the 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 total liabilities. Measuring net position is one way to gauge the Town's financial condition.

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

Fund Financial Statements

The fund financial statements 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 Bolivia, 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. The Town of Bolivia only has one type of fund, a governmental fund.

Governmental Fund

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

The Town of Bolivia 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 Council about which services to provide and how to pay for them. It 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 Council; 2) the final budget as amended by the Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; 4) the difference or variance between the final budget and the actual resources and charges.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are presented in Exhibit 6 of this report.

Interdependence with Other Entities

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

Government-Wide Financial Analysis

The government-wide statements contain only governmental activities (the only activity of the Town).

The Town of Bolivia's Net Position
Figure 2

	Governmental Activities	
	2020	2019
Current and other assets	694,814	848,661
Capital assets	241,609	-
Total assets	<u>936,423</u>	<u>848,661</u>
Current liabilities	1,791	2,507
Total liabilities	<u>1,791</u>	<u>2,507</u>
Net Position		
Investment in capital assets	241,609	-
Restricted	30,364	47,728
Unrestricted	<u>662,659</u>	<u>798,426</u>
Total Net Position	<u>934,632</u>	<u>846,154</u>

As noted earlier, Net Position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Bolivia exceeded liabilities by \$934,632 as of June 30, 2020. The Town's net position increased by \$88,478 for the fiscal year ended June 30, 2020. With the purchase of the new town hall, a large portion of net position reflects the Town's investment in capital assets. The Town does not have debt. A small portion of the Town of Bolivia's net position represents Powell Bill resources that are subject to external restriction on how they may be used.

Aggressive collection of property taxes resulted in a reduction of over 70% in property taxes receivable. Also, reimbursements for hurricane clean up and damage repairs in prior years totaled \$55,848, which resulted in a current year increase in net position.

Changes in Net Position
Figure 3

	Governmental Activities	
	2020	2019
Revenues		
Program revenues		
Operating grants and contributions	62,122	6,267
General revenues:		
Property taxes	6,833	6,574
Other taxes	62,654	61,563
Unrestricted investment earnings	7,398	11,804
Miscellaneous revenues	2,054	5,677
Total Revenues	<u>141,061</u>	<u>91,885</u>
Expenses		
General government	45,943	26,417
Highways / streets	6,640	4,160
Total expenses	<u>52,583</u>	<u>30,577</u>
Increase (decrease) in Net Position	88,478	61,308
Net position, July 1	<u>846,154</u>	<u>784,846</u>
Net position, June 30	<u>934,632</u>	<u>846,154</u>

Financial Analysis of the Town's Funds

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

Governmental Funds

The focus of the Town of Bolivia's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Bolivia's financing requirements. Specifically, unrestricted fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the only operating fund of the Town of Bolivia. At the end of the current fiscal year, unrestricted fund balance of the General Fund was \$662,053 while total fund balance reached \$692,417. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unrestricted fund balance represents 225 percent of total General Fund expenditures. These expenditures include capital outlay for the new town hall of \$242,193, which is a non-recurring expense.

Capital Asset Administration

The Town's investment in capital assets for its governmental type activities for the year ended June 30, 2020, totals \$241,609 (net of depreciation). These assets include land and buildings. The major asset transactions during the year was the purchase of the new town hall.

Town of Bolivia's Capital Assets
(Net of depreciation)
Figure 4

	Governmental Activities	
	2020	2019
Land	35,407	-
Buildings	206,202	-
Total	<u>241,609</u>	<u>-</u>

Economic Factors and Next Year's Budget and Rates

There have been no changes to the Town size or activities. Town Council expects little or no changes in the economy in the next year.

Budget Highlights for the Fiscal Year Ending June 30, 2021

The Town Council plans to continue to set the property taxes at a minimum and to monitor expenditures to maintain the current financial position of the Town.

Request for Information

Questions concerning any information found in this report or request for additional information should be directed to the Finance Officer, Town of Bolivia, P.O. Box 93, Bolivia, NC 28422 or send an email to townhall.boliva@atmc.net for more information.

BASIC FINANCIAL STATEMENTS

TOWN OF BOLIVIA, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2020

EXHIBIT 1

	Governmental	
	Activities	Total
ASSETS		
Current assets:		
Cash and equivalents	663,844	663,844
Taxes receivable (net)	459	459
Accrued interest receivable on taxes	147	147
Due from other governmental agencies	13,398	13,398
Restricted cash and cash equivalents	<u>16,966</u>	<u>16,966</u>
Total current assets	<u>694,814</u>	<u>694,814</u>
Non-current assets:		
Capital Assets:		
Land, non-depreciable	35,407	35,407
Buildings, net of depreciation	<u>206,202</u>	<u>206,202</u>
Total capital assets	<u>241,609</u>	<u>241,609</u>
Total assets	<u>936,423</u>	<u>936,423</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	<u>1,791</u>	<u>1,791</u>
Total liabilities	<u>1,791</u>	<u>1,791</u>
NET POSITION		
Investment in capital assets	241,609	241,609
Restricted for:		
Stabilization by State Statute	13,398	13,398
Streets-Powell Bill	16,966	16,966
Unrestricted	<u>662,659</u>	<u>662,659</u>
Total Net Position	<u><u>934,632</u></u>	<u><u>934,632</u></u>

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

**TOWN OF BOLIVIA, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020**

EXHIBIT 2

Functions/Programs	Expenses	Revenue		Net (Expense) Revenue and Changes in Net Position	
		Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
				Governmental Activities	Total
Primary government					
Governmental activities					
General Government	45,943	-	-	(45,943)	(45,943)
Transportation	6,640	62,122	-	55,482	55,482
Total governmental activities	52,583	62,122	-	9,539	9,539
 Total primary government	 52,583	 62,122	 -	 9,539	 9,539
General revenues:					
Taxes:					
Property taxes, levied for general purposes				6,833	6,833
Other taxes				62,654	62,654
Unrestricted investment earnings				7,398	7,398
Miscellaneous				2,054	2,054
Total general revenues, special items, and transfers				78,939	78,939
Change in Net Position				88,478	88,478
Net Position, beginning				846,154	846,154
Net Position - ending				934,632	934,632

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

**TOWN OF BOLIVIA, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020**

EXHIBIT 3

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	663,844	663,844
Restricted cash	16,966	16,966
Taxes receivable, net	459	459
Receivable from other governments	13,398	13,398
Total assets	694,667	694,667
LIABILITIES		
Accounts payable	1,791	1,791
Total liabilities	1,791	1,791
DEFERRED INFLOWS OF RESOURCES		
Property taxes receivable	459	459
FUND BALANCE		
Restricted		
Stabilization by State Statute	13,398	13,398
Streets - Powell Bill	16,966	16,966
Unrestricted	662,053	662,053
Total fund balance	692,417	692,417
Total liabilities, deferred inflows of resources and fund balance	694,667	694,667

Total fund balance, governmental fund:	692,417
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Other long-term assets (accrued interest receivable from taxes) are not available to pay current period expenditures and therefore are not available to pay for current-period expenditures and therefore are inflows of resources in the funds.

Earned revenues (property taxes receivable) considered deferred inflows of resources in fund statements.

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Net Position of Governmental Activities

934,632

TOWN OF BOLIVIA, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended June 30, 2020

EXHIBIT 4

	<u>Major Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	
REVENUES		
Property taxes	8,177	8,177
Unrestricted intergovernmental revenues	62,654	62,654
Restricted intergovernmental revenues	62,122	62,122
Investment earnings	7,398	7,398
Miscellaneous	2,054	2,054
Total revenues	<u>142,405</u>	<u>142,405</u>
EXPENDITURES		
Current:		
General government	287,552	287,552
Transportation	6,640	6,640
Total expenditures	<u>294,192</u>	<u>294,192</u>
Excess (deficiency) of revenues over expenditures	<u>(151,787)</u>	<u>(151,787)</u>
Net change in fund balance	(151,787)	(151,787)
Fund balance, beginning	<u>844,205</u>	<u>844,205</u>
Fund balance, ending	<u>692,418</u>	<u>692,418</u>

**Amounts reported for Governmental Activities in the Statement of
Activities are different because:**

Net change in fund balance - total governmental funds: (151,787)

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

Capital outlay expenditures which were capitalized	242,193	
Depreciation expense for governmental assets	<u>(584)</u>	241,609

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

Change in unavailable revenue for tax revenues	<u>(1,344)</u>
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Change in Net Position of governmental activities	<u>88,478</u>
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TOWN OF BOLIVIA, NORTH CAROLINA
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2020

EXHIBIT 5

	Budgeted Amounts		Actual	variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
Ad valorem taxes	5,955	5,955	8,176	2,221
Unrestricted intergovernmental revenues	61,375	61,375	62,654	1,279
Restricted intergovernmental revenues	6,200	6,200	62,122	55,922
Investment earnings	12,000	12,000	7,398	(4,602)
Miscellaneous	-	-	2,054	2,054
Total revenues	85,530	85,530	142,404	56,874
EXPENDITURES				
Current:				
General government	53,170	295,363	287,552	7,811
Transportation	32,360	32,360	6,640	25,720
Total Expenditures	85,530	327,723	294,192	33,531
Excess (deficiency) of revenues over expenditures	-	(242,193)	(151,788)	90,405
Fund balance appropriated	-	242,193	-	242,193
Net change in fund balance	-	-	(151,788)	151,788
Fund balance, beginning			844,205	
Fund balance, ending			<u>692,417</u>	

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

TOWN OF BOLIVIA, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

EXHIBIT 6
Page 1 of 7

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Bolivia 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 Bolivia is a municipal corporation that is governed by an elected mayor and a five-member council.

B. Basis of Presentation

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the 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. The Town only has one fund category, a governmental fund.

The Town reports the following major governmental funds:

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

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

TOWN OF BOLIVIA, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

EXHIBIT 6
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Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered shared revenue for the Town of Bolivia because the tax is levied by Brunswick County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash.

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. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. All amendments must be approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

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

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

TOWN OF BOLIVIA, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

EXHIBIT 6
Page 3 of 7

2. Cash and Cash Equivalents

All cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. At June 30, 2020 the Town had \$16,966 in Powell Bill funds on hand which is recorded as restricted cash.

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2019.

5. Allowances for Doubtful Accounts

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

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: (1) furniture and equipment is \$2,000. Currently, the Town has no assets meeting this criterion. (2) Land and buildings is \$10,000. The town acquired land and building in the amount of \$242,193 during the current year. All purchased assets are recorded at cost. Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Asset Class	Estimated Useful Lives
Buildings and system	40
Infrastructure	50
Equipment and furniture	10
Computer equipment	3

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. 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 only one item that meets the criterion for this category – property taxes receivable.

TOWN OF BOLIVIA, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

EXHIBIT 6
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8. Net Position/Fund Balances

Net Position

Net Position in government-wide fund financial statements are classified as invested 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.

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

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

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

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Bolivia'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.

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

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the finance officer to modify the appropriations by resource or appropriation within funds up to \$1,000.

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

TOWN OF BOLIVIA, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

EXHIBIT 6
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The Town of Bolivia has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-town funds, town funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if in the best interest of the Town.

II. DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in 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 under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020, the Town's deposits had a carrying amount of \$158,130 and a bank balance of \$169,398. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

At June 30, 2020, the Town of Bolivia had \$522,680 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

TOWN OF BOLIVIA, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

EXHIBIT 6
Page 6 of 7

B. Capital Assets

Capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	-	35,407	-	35,407
Capital assets being depreciated:				
Building	-	206,786	-	206,786
Less accumulated depreciation for:				
Building	-	584	-	584
Total capital assets being depreciated, net	-	206,202	-	206,202
Governmental activity capital assets, net	-			241,609

Depreciation expense was charged to functions or programs as follows:

Government government	584
Total depreciation expense	584

B. Liabilities

1. Deferred Outflows and Inflows of Resources

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

Unavailable Revenue

Taxes receivable (General Fund)	\$ <u>459</u>
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2. 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 a self-funded risk-financing pool administered by the North Carolina League of Municipalities. Through this pool, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, and property coverage up to the total insurance values of the property policy. 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. 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.

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

Town property is not in a designated flood area. The town does not carry flood insurance.

TOWN OF BOLIVIA, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

EXHIBIT 6
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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 is bonded for \$50,000 and tax collector is bonded for \$10,000.

3. Claims, Judgments and Contingent Liabilities

At June 30, 2020, the Town was not a defendant in any lawsuit. The Town management knew of no pending legal actions that would have a material adverse effect on the Town's financial position.

D. Fund Balance

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

Total fund balance-General Fund	\$ 692,417
Less:	
Stabilization by State Statute	13,398
Streets-Powell Bill	16,966
Remaining Fund Balance	\$ 662,053

The Town had no outstanding encumbrances at June 30, 2020.

III. Jointly Governed Organization

The Town, in conjunction with four counties and thirty-four other municipalities established the Cape Fear Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The Town paid membership fees of \$329 to the Council for the fiscal year ended June 30, 2020.

IV. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Town has received proceeds from Federal and State grants. Due to the amount of the grants, a specific audit is not required but is subjected as a part of the audit of the financial statements. Should any adjustments be required, management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

V. Subsequent Events

Events occurring after June 30, 2020 were evaluated by management on to ensure that any subsequent events that met the criteria for recognition and/or disclosure to these financial statements have been included. In the opinion of management there are no significant subsequent events requiring disclosure.

General Fund

The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

**TOWN OF BOLIVIA, NORTH CAROLINA
GENERAL FUND
COMPARATIVE BALANCE SHEET
June 30, 2020 and 2019**

EXHIBIT A-1

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	663,844	798,984
Restricted cash	16,966	17,332
Receivables:		
Taxes	459	1,554
Other governments	<u>13,398</u>	<u>30,396</u>
TOTAL ASSETS	<u>694,667</u>	<u>848,266</u>
LIABILITIES		
Accounts payable	<u>1,791</u>	<u>2,507</u>
DEFERRED INFLOWS OF RESOURCES		
Property taxes receivable	<u>459</u>	<u>1,554</u>
FUND BALANCES		
Restricted		
Stabilization by State Statute	13,398	30,396
Streets - Powell Bill	16,966	17,332
Unrestricted	<u>662,053</u>	<u>796,477</u>
Total fund balances	<u>692,417</u>	<u>844,205</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>694,667</u>	<u>848,266</u>

**TOWN OF BOLIVIA, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2020
With Comparative Actual Amounts for Year Ended June 30, 2019**

EXHIBIT A-2
Page 1 of 3

	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>
REVENUES				
Ad valorem taxes				
Ad valorem taxes	5,655	7,280		5,550
Motor vehicle tax	300	665		649
Penalties and interest	-	231	-	65
Total	<u>5,955</u>	<u>8,176</u>	<u>2,221</u>	<u>6,264</u>
Unrestricted intergovernmental revenues				
Local option sales tax	46,000	47,701		45,670
Electricity sales tax	9,900	10,069		10,091
Telecommunications sales tax	4,300	3,623		4,524
Video sales tax	510	494		505
Piped natural gas sales tax	15	66		81
Beer and wine tax	650	701	-	691
Total	<u>61,375</u>	<u>62,654</u>	<u>1,279</u>	<u>61,562</u>
Restricted intergovernmental revenues				
FEMA reimbursement	-	55,848		-
"State Street Aid" allocation	6,200	6,272	-	6,267
Total	<u>6,200</u>	<u>62,120</u>	<u>55,920</u>	<u>6,267</u>
Investment earnings				
Investment earnings	12,000	7,400	-	11,805
Total	<u>12,000</u>	<u>7,400</u>	<u>(4,600)</u>	<u>11,805</u>
Miscellaneous				
Other income	-	2,054	-	5,677
Total miscellaneous	<u>-</u>	<u>2,054</u>	<u>2,054</u>	<u>5,677</u>
Total revenues	<u>85,530</u>	<u>142,404</u>	<u>56,874</u>	<u>91,575</u>
EXPENDITURES				
General government				
Governing body				
Legal and auditing		6,000	-	5,900
Volunteer Fire Department contribution	-	7,684	-	500
Total	<u>15,222</u>	<u>13,684</u>	<u>1,538</u>	<u>6,400</u>

**TOWN OF BOLIVIA, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2020
With Comparative Actual Amounts for Year Ended June 30, 2019**

EXHIBIT A-2
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	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>
Administration				
Salary		3,861		2,968
Payroll taxes		295		227
Advertising		404		124
Bank fees		70		-
Contracted services		909		-
Dues and subscriptions		1,152		1,098
Fire fees		37		33
Insurance		2,894		2,869
Office supplies		1,131		519
Postage		284		154
Repairs and maintenance - Equipment		141		11
Tax collection fees		56		70
Telephone		1,945		1,427
Training		300		-
Utilities - Street Lights		9,424		8,021
Website and social media		750		-
Miscellaneous expense	-	-	-	-
Total	<u>28,873</u>	<u>23,653</u>	<u>5,220</u>	<u>17,521</u>
Public building				
Repairs and maintenance - Buildings & grounds		1,879		1,145
Rental of Building		5,173		475
Security		654		-
Utilities		316		876
Capital outlay	-	242,193	-	-
Total	<u>251,268</u>	<u>250,215</u>	<u>1,053</u>	<u>2,496</u>
Total general government	<u>295,363</u>	<u>287,552</u>	<u>7,811</u>	<u>26,417</u>
Transportation				
Street repair & construction				
Repairs and maintenance	-	6,640	-	4,160
Total transportation	<u>32,360</u>	<u>6,640</u>	<u>25,720</u>	<u>4,160</u>
Contingency	-	-	-	-
Total expenditures	<u>327,723</u>	<u>294,192</u>	<u>33,531</u>	<u>30,577</u>
Revenue over (under) expenditures	<u>(242,193)</u>	<u>(151,788)</u>	<u>90,405</u>	<u>60,998</u>

TOWN OF BOLIVIA, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2020
With Comparative Actual Amounts for Year Ended June 30, 2019

EXHIBIT A-2
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	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Actual</u>
Other financing sources (uses):				
Fund balance appropriated	<u>242,193</u>	<u>-</u>	<u>(242,193)</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>(151,788)</u>	<u>(151,788)</u>	<u>60,998</u>
Fund Balance				
Beginning of year		<u>844,205</u>		<u>783,207</u>
End of year		<u>692,417</u>		<u>844,205</u>

Other Schedules

This section includes additional information on property taxes

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

TOWN OF BOLIVIA, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2020

EXHIBIT B-1

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2019</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2019 - 2020		6,983	6,839	144
2018 - 2019	548		505	43
2017 - 2018	221		165	56
2016 - 2017	239		188	51
2015 - 2016	130		96	34
2014 - 2015	108		73	35
2013 - 2014	101		78	23
2012 - 2013	72		49	23
2011 - 2012	53		30	23
2010 - 2011	49		22	27
2009 - 2010	<u>33</u>	<u>-</u>	<u>33</u>	<u>-</u>
	<u>1,554</u>	<u>6,983</u>	<u>8,078</u>	<u>459</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund	8,176
Reconciling items:	
Interest collected	(231)
Adjustments and amounts written off	<u>133</u>
Subtotal	<u>(98)</u>
Total collections and credits	<u>8,078</u>

**TOWN OF BOLIVIA, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
TOWN-WIDE LEVY
For the Fiscal Year Ended June 30, 2018**

EXHIBIT B-2

	<u>Total Levy</u>				
	<u>Property Valuation</u>	<u>Rate</u>	<u>Amount of Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original levy:					
Property taxed at current year's rate	12,632,632	.05	6,316	6,316	
Motor vehicles taxed at current year's rate	1,330,900	.05	665	-	665
Penalties and Interest	-		1	1	-
Total property valuation	<u>13,963,532</u>				
Net levy			6,983	6,317	665
Uncollected taxes at June 30, 2019			<u>144</u>	<u>144</u>	-
Current year's taxes collected			<u>6,839</u>	<u>6,173</u>	<u>665</u>
Current levy collection percentage			<u>97.94%</u>	<u>97.72%</u>	<u>100.00%</u>