

TOWN OF FARMVILLE
Farmville, North Carolina

FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2020

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FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2020

Prepared By
BARROW, PARRIS & DAVENPORT, P.A.
Certified Public Accountants
Kinston, North Carolina

TOWN OF FARMVILLE

John Moore
Mayor

BOARD OF COMMISSIONERS

Jamin Dixon

Brenda Elks

Bert Smith

David Shackelford

Alma Hobbs

TOWN ADMINISTRATION

David Hodgkins
Town Manager

Jeffrey Spencer
Police Chief

Amy B. Johnson
Finance Director/Town Clerk

Tommy Brady
Fire Chief

Diane White
Recreation Director

David R. Miller
Library Director

Justin Oakes
Planning Director

Brian Shackelford
Utility Director

Wesley Thomas
Public Works

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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
and Members of the Board of Commissioners
Town of Farmville, 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 Farmville, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Farmville, North Carolina as of June 30, 2020, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 12, the Other Postemployment Benefits' Schedule of Changes in the Total OPEB liability and Related Ratios on page 68, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 64 and 65, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 66 and 67 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.

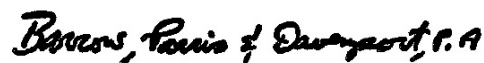
Supplementary and Other Information

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 Farmville, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules, and Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2021 on our consideration of Town of Farmville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Farmville's internal control over financial reporting and compliance.



BARROW, PARRIS & DAVENPORT, P.A.
KINSTON, NC

January 29, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Town of Farmville (the "Town"), we offer readers of the Town of Farmville's financial statements this narrative overview and analysis of the financial activities of the Town of Farmville 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, which follow this narrative.

Financial Highlights

- The assets of the Town of Farmville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$44,335,563 (*net position*).
- The government's total net position decreased by \$544,659 due to a decrease in both the governmental activities and business-type activities net position. This compares to an increase of \$931,036 in 2019.
- As of the close of the current fiscal year, the Town of Farmville's governmental funds reported combined ending fund balances of \$6,421,225 with a net increase of \$2,856,166 in fund balance. Approximately 32.98% of this total amount, or \$2,117,733 is available for spending at the government's discretion (unassigned fund balance). In 2019, the unassigned fund balance was \$1,702,780, or 47.76% of combined governmental fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,117,733 or approximately 46.26% of total general fund expenditures for the fiscal year. In 2019, unassigned fund balance in the General Fund was \$1,702,780, or 35.22% of total general fund expenditures.
- The Town of Farmville's total debt increased by a net of \$4,577,713 (38.52%) during the current fiscal year due to debt issued for the Library Building Renovation and for the 2017 Water Systems Improvement Project.

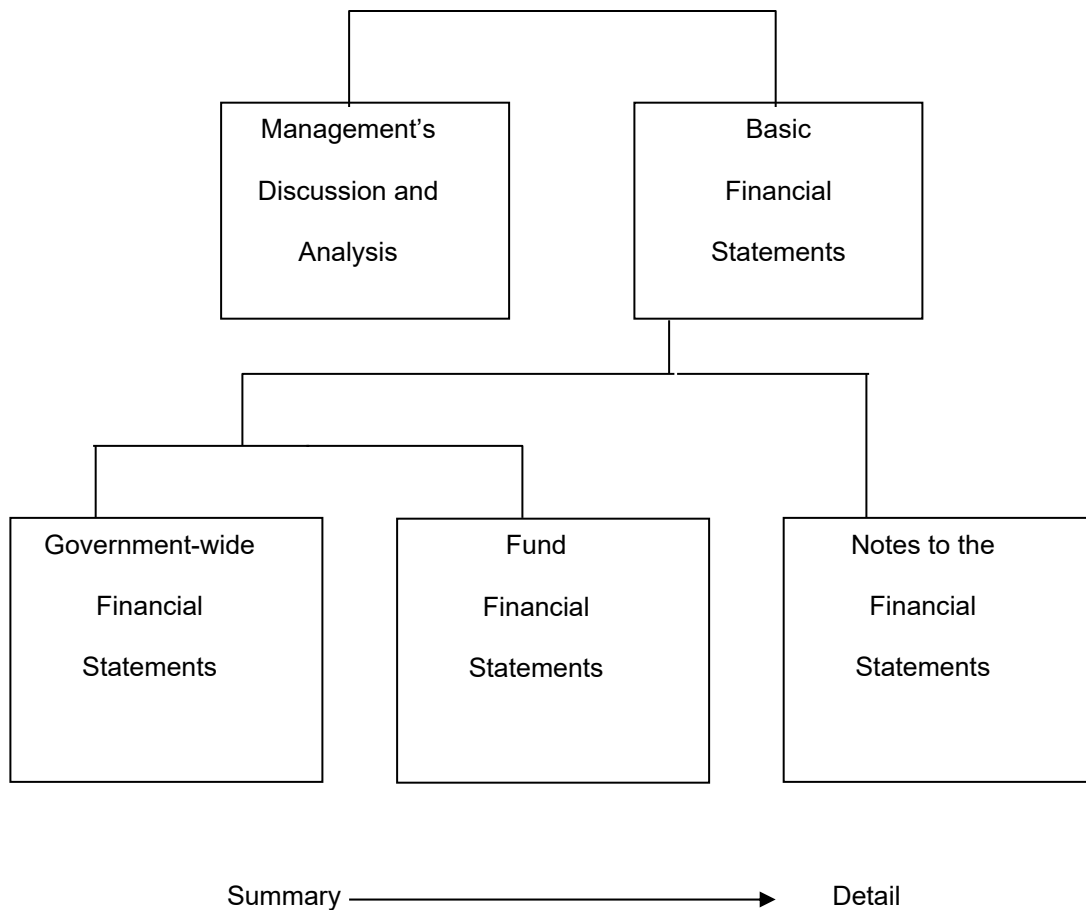
Overview of the Financial Statements

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

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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 10) 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 four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by the 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.

Management's Discussion and Analysis (Continued)
Town of Farmville

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, parks and recreation, environmental protection, and general administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the electric, water, and sewer services offered by the Town of Farmville.

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 Farmville, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Farmville can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, 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 Farmville 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

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

Fiduciary Funds – Fiduciary funds are used to account for the resources held for the benefit of parties outside the government. The Town of Farmville has one fiduciary fund.

Management's Discussion and Analysis (Continued)
Town of Farmville

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 26 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 Farmville's progress in funding its obligation to provide postemployment healthcare benefits to its employees. Required supplementary information can be found beginning on page 64 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 government and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis
Town of Farmville's Net Position

Figure 2

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$7,001,464	\$4,298,827	\$6,586,272	\$6,734,447	\$13,587,736	\$11,033,274
Capital assets	8,923,764	6,555,805	43,868,395	44,002,537	52,792,159	50,558,342
Deferred outflows of resources	1,047,363	857,860	296,179	258,980	1,343,542	1,116,840
Total assets and deferred outflows of resources	\$16,972,591	\$11,712,492	\$50,750,846	\$50,995,964	\$67,723,437	\$62,708,456
Current liabilities	\$766,937	\$372,078	\$2,165,777	\$1,932,735	\$2,932,714	\$2,304,813
Long-term liabilities	8,556,021	3,395,265	11,728,672	11,932,745	20,284,693	15,328,010
Deferred inflows of resources	134,302	155,606	36,165	39,805	170,467	195,411
Total liabilities and deferred inflows of resources	\$9,457,260	\$3,922,949	\$13,930,614	\$13,905,285	\$23,387,874	\$17,828,234
Net position:						
Net Investment in capital assets	\$5,904,998	\$6,446,135	\$32,432,821	\$32,228,185	\$38,337,819	\$38,674,320
Restricted	1,158,014	1,262,554			1,158,014	1,262,554
Unrestricted	452,319	80,854	4,387,411	4,862,494	4,839,730	4,943,348
Total net position	\$7,515,331	\$7,789,543	\$36,820,232	\$37,090,679	\$44,335,563	\$44,880,222

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Farmville exceeded liabilities and deferred inflows by \$44,335,563 as of June 30, 2020. As of June 30, 2019, the net position of The Town of Farmville stood at \$44,880,222. The Town's net position decreased by \$544,659 for the current fiscal year. The Town's net position increased by \$931,036 for 2019. However, the largest portion \$38,337,819 (86.47%) reflects the Town's net investment in capital assets (e.g. land, buildings, water and sewer distribution lines, machinery, and equipment). The Town of Farmville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Farmville's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Farmville's net position \$1,158,014 (2.61%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,839,730 (10.92%) is unrestricted. In 2019, the net investment in capital assets was \$38,674,320. An additional portion of the Town of Farmville's net position \$1,262,554 represented resources that were subject to external restrictions on how they may be used. The remaining \$4,943,348 was unrestricted net position for the 2019 year.

Management's Discussion and Analysis (Continued)
Town of Farmville

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

- Continued diligence in the collection of property taxes by collecting 95.94%.
- Continued low cost of debt due to the Town's high bond rating.

Town of Farmville Changes in Net Position
Figure 3

	Governmental		Business-type		Totals	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$853,549	\$1,009,657	\$10,121,956	\$10,508,220	\$10,975,505	\$11,517,877
Operating grants and contributions	179,752	270,210			179,752	270,210
Capital grants and contributions	319,902	613,648	2,446,067	755,016	2,765,969	1,368,664
General revenues:						
Property taxes	1,610,409	1,634,940			1,610,409	1,634,940
Other taxes	1,053,377	1,082,997			1,053,377	1,082,997
Grants and contributions not restricted to specific programs	417,661	438,190			417,661	438,190
Other	276,086	289,210	225,698	330,700	501,784	619,910
Extraordinary Item			(1,619,739)		(1,619,739)	
Total revenues	\$4,710,736	\$5,338,852	\$11,173,982	\$11,593,936	\$15,884,718	\$16,932,788
Expenses:						
General Government	\$997,444	\$820,047			\$997,444	\$820,047
Public Safety	2,436,624	2,213,298			2,436,624	2,213,298
Transportation	86,520	102,550			86,520	102,550
Economic and Physical Development	268,246	314,967			268,246	314,967
Environmental Protection/Public Works	705,535	875,828			705,535	875,828
Public Services/Cultural and Recreation	795,779	415,730			795,779	415,730
Capital Outlay		327,206				327,206
Interest on long-term debt	136,117	2,922			136,117	2,922
Electric			\$6,122,455	\$6,302,857	6,122,455	6,302,857
Water			2,967,695	2,837,449	2,967,695	2,837,449
Sewer			1,912,962	1,788,898	1,912,962	1,788,898
Total expenses	\$5,426,265	\$5,072,548	\$11,003,112	\$10,929,204	\$16,429,377	\$16,001,752
Increase (Decrease) in net position before transfers:	(\$715,529)	\$266,304	\$170,870	\$664,732	(\$544,659)	\$931,036
Transfers	441,317	531,493	(441,317)	(531,493)		
Increase (Decrease) in net position	(\$274,212)	\$797,797	(\$270,447)	\$133,239	(\$544,659)	\$931,036
Net position, July 1	7,789,543	6,991,746	37,090,679	36,957,440	44,880,222	43,949,186
Net position, June 30	\$7,515,331	\$7,789,543	\$36,820,232	\$37,090,679	\$44,335,563	\$44,880,222

Management's Discussion and Analysis (Continued)
Town of Farmville

Governmental activities. Governmental activities decreased the Town's net position by \$274,212 thereby accounting for 50.35% of the total change in net position. Key elements of this decrease are as follows:

- Contributions related to the Library Renovation Project are down approximately \$124,000 from the prior year.
- Dogwood festival revenues are down approximately \$110,610 due to being cancelled because of COVID-19.
- The Town received \$128,660 in FEMA funds in the prior year related to Hurricane Florence and received none in the current year.
- Recreation revenues, Community Center Use Fees and DMV Fees were down approximately \$74,000 due to COVID-19.
- Interest payments on long term debt is up approximately \$133,000 due to the accrued interest payable related to the new library renovation debt issued during the year; the first payment was not due until July 2021.

Business-type activities: Business-type activities decreased the Town of Farmville's net position by \$270,447 accounting for 49.65% of the total decrease in the government's net position. The key element of this decrease are as follows:

- The Town sold the sewer sludge dryer for a loss of \$1,619,739, see Note III.D.

Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town of Farmville. At the end of the current fiscal year, Town of Farmville's fund balance available in the General Fund was \$2,117,733 while total fund balance increased to \$3,314,544.

At June 30, 2020, the total governmental funds of the Town of Farmville reported a combined fund balance of \$6,421,225 an approximate 80.12% increase from last year; with a net increase in fund balance of \$2,856,166.

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

The actual revenue amounts original budgeted amounts primarily due to an increase in Local Option Sales Tax. Expenditures were held in check to try and comply with its budgetary requirements.

Proprietary Funds. The Town of Farmville's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Electric Fund at the end of the fiscal year amounted to \$926,658, the Water Fund amounted to \$2,669,916; and the Sewer Fund amounted to \$790,837. The total change in net position for the Electric, Water and Sewer Funds were (\$504,740), (\$222,807),

Management's Discussion and Analysis (Continued)
Town of Farmville

and \$457,100, respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the Town of Farmville's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Farmville's investment in capital assets for its governmental and business-type activities as of June 30, 2020, totaled \$52,792,159 (net of accumulated depreciation). These assets include buildings and substations, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following major additions:

Governmental-type Activities:

- Grimmburg street drainage improvement of \$44,756
- Construction in Progress related to the construction of the new library for \$2,543,737
- Jones street drainage improvement construction of \$101,824
- 2 new police cars for \$31,167
- New tractor for recreation of \$27,800
- Disc Golf course equipment for \$21,620

Business-type Activities:

- Purchase of Right of Way for Bonnie's Alley for \$60,000
- Donated land for Bonnie's Alley, valued at \$2,613
- SCADA Upgrade for \$126,444
- Walnut Street Water tap for \$55,620
- Water Distribution assets related to 2017 Water Improvements project in the amount of \$610,523
- Water Distribution assets related to Bonnie' Alley Project in the amount of \$541,288
- Construction related to 2018 CDBG Sewer Infrastructure for \$153,146
- Basin 5 Sewer Lines for \$2,123,705
- Disposal of sewer sludge drying unit with original cost of \$2,994,036

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

	Governmental		Business-type		Totals	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Land	\$1,757,394	\$1,755,972	\$310,648	\$248,034	\$2,068,042	\$2,004,006
Buildings and Systems	2,532,979	2,653,383	42,130,733	41,810,263	44,663,712	44,463,646
Equipment	594,747	577,815	379,861	448,545	974,608	1,026,360
Vehicles/Motorized Equipment	429,233	563,706	811,461	794,833	1,240,694	1,358,539
Infrastructure	597,705	477,061			597,705	477,061
Construction in progress	3,011,706	527,868	235,692	700,853	3,247,398	1,228,721
Total	\$8,923,764	\$6,555,805	\$43,868,395	\$44,002,528	\$52,792,159	\$50,558,333

Additional information on the Town's capital assets can be found in Note III. A. 4 beginning on page 40 of the notes to the Financial Statements.

Management's Discussion and Analysis (Continued)
Town of Farmville

Long-term Debt. As of June 30, 2020, the Town of Farmville had total debt outstanding of \$16,461,735 (not including compensated absences and other postemployment benefits). All of the above debt is backed by the full faith and credit of the Town.

Town of Farmville's Outstanding Debt
Figure 5

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Installment Agreements	\$5,026,161	\$109,670	\$2,531,574	\$2,711,352	\$7,557,735	\$2,821,022
Revenue Bonds			8,904,000	9,063,000	8,904,000	9,063,000
Total	\$5,026,161	\$109,670	\$11,435,574	\$11,774,352	\$16,461,735	\$11,884,022

The Town of Farmville's total debt increased by \$4,577,713 (38.52%) during the past fiscal year.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Farmville is \$26,749,909 of which \$10,288,174 is available. The Town has \$0 in bonds authorized but un-issued at June 30, 2020.

Additional information regarding the Town of Farmville's long-term debt can be found in Note III. B. 7. beginning on page 56 of this report in the notes to the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators impact the potential growth and prosperity of the Town:

- The Farmville Downtown area remains strong and viable. The mix of tenants in Downtown Farmville includes a variety of locally owned retail establishments as well as restaurants, service businesses, professional offices, governmental offices, and second floor residential apartments and is anchored by Farmville Furniture, which is more than 100 years old, as well as other larger merchants and service businesses that draw customers from throughout the region. A new pharmacy, a new ice cream shop, a new ladies clothing shop, a new vintage toy store, a new classic diner, and several other small businesses have opened in the downtown area in the past year.
- The Town adopted several new policies in recent years targeted at under-used properties. The most popular one is the Building Improvement Incentive Grant Program for Rehabilitation of Vacant Buildings which serves as an incentive to property owners who improve the interior or exterior of a commercial building while making every effort to maintain the property's historic character. It provides matching funds of up to 2% of the permitted and documented construction cost of a building improvements project totaling at least \$5,000. As a catalyst for the recruitment of new business to existing vacant buildings, eligibility is granted to new business projects in any commercial building that has been vacant for three (3) consecutive months and has life safety structural deficiencies, handicapped accessibility issues, or major mechanical deficiencies. The Building Renovation Incentive Grant Program and the long-established Façade Grant Program continue to be effective catalysts to encourage renovation of several downtown storefronts and building interiors each year which has leveraged significant amounts of new private investment for downtown. Several long-time vacant buildings have been sold in past years and have been or are currently being renovated for new retail and office tenants.

Management's Discussion and Analysis (Continued)
Town of Farmville

- The North Carolina Furniture School located in a newly renovated former auto parts warehouse in the downtown area and is North Carolina's home for classes in furniture making, woodturning, and DIY woodworking classes for all skill levels from beginner to advanced and attracts students from throughout North Carolina and from adjacent states.
- The Lanoca Coffee Institute located in the downtown area in a newly renovated space that used to be a night club. Lanoca is an artisanal coffee micro-roaster specializing in single-origin coffees for restaurants, shops, and individuals and also offers a growing selection of loose leaf teas. The Lanoca Coffee Institute offers classes and workshops to the public on bean selection, brewing techniques, and other topics of interest to coffee connoisseurs.
- The Town is nearing completion of a new 17,000 square foot, state of the art, public library on the edge of the Central Business District. Once completed, the facility will provide expanded reading areas for patrons of all ages, separate rooms for special programs, maker space, a multi-media lab, and public meeting rooms. This facility will allow more partnerships with East Carolina University, Pitt Community College, and local public schools and will be another facility that will attract more visitors to the downtown area. The facility is scheduled to open in the Spring of 2021.
- These projects, as well as existing antique, art work, dance studio, and fine furniture businesses, have transformed downtown Farmville into a mini fine arts and education district.
- Several apartment units have been established on the second floor of newly renovated downtown buildings in the recent years bringing residents downtown to patronize businesses during daytime and nighttime hours, thereby making this area more vibrant and alive during traditionally off-peak times.
- The Town of Farmville is in the early stages of planning and designing a new 20,000 square foot, four bay Fire Department Headquarters building on a site recently purchased by the Town. When completed, this facility will be equipped to serve our growing area for many decades to come.
- US 264, which passes through the northern edge of Farmville, is a 4 lane, limited access highway that provides easy access from Raleigh to Eastern North Carolina. Last year, The Federal Highway Administration designated this roadway as "Future Interstate 587." The Federal Highway Administration's designation means the region will receive prioritized road funding as state and federal transportation officials look to improve this thoroughfare. A shopping center, several fast food establishments, a discount retail store, and a convenience and travel center have been built in recent years on this road. More business ventures, including a hotel, are anticipated in this area due to easy access to major transportation arteries as well as several nearby shovel ready tracts available for immediate development.
- The Farmville Community Arts Council and the May Museum and Park are both located in the Central Business District and continue to provide diverse cultural programs and activities that draw visitors from throughout the region.
- The single family and multi-family housing market is extremely strong in Farmville. Existing homes that come on the market are routinely purchased usually within a week to ten days. A new fifty-six unit apartment complex recently opened to strong demand that will provide much needed rental homes. A new forty-three lot upscale single-family subdivision is under construction on the edge of town and building lots in existing single family subdivisions are being purchased and developed at a rapid pace.
- A 5 MW solar farm was constructed on the western edge of the town by Strata Solar. The solar farm is operational and provides a source of clean, renewable energy for the electric grid. As part of the project, Strata constructed approximately \$590,000 in improvements to the Town of Farmville's electric system which provided 3-phase electrical service to the Farmville Industrial Park.
- DR Burton, a medical device manufacturer, purchased an existing 29,000 square foot shell building in the Farmville Corporate Park in 2016. The company employs approximately 80 individuals. The company is also contemplating constructing a 130,000-square foot addition which would employ another 200 plus individuals when completed.

Management's Discussion and Analysis (Continued)
Town of Farmville

- Carolina Poultry Power, a leader in agricultural waste to energy technologies, has constructed a new \$30,000,000 production facility in Farmville. Poultry litter generated by agricultural operations in eastern North Carolina is converted to high quality fuel through a strictly regulated gasification system that converts the poultry litter into electricity and steam energy to be used by local industry and utilities.

Governmental Activities

- The tax rate for the Town remains at \$.49 per \$100 of assessed valuation and the collection rate remains high.
- Generally, revenue levels are stable. Some increases in revenue have occurred due to growth but also because of occasional rate and fee increases. The local economy continues to be strong and growing despite the temporary setback due to the coronavirus pandemic.
- The Town has been very successful in seeking out grant funds for capital improvements. In the past year, the Town has received grants for storm drainage projects, computer software and equipment, and water and sewer improvements.
- The Town continues to pursue an aggressive program to address substandard structures in our jurisdiction. In the last year, several such structures have been condemned and either demolished or renovated. This has had a positive effect on the Town's appearance and has spurred increased interest in investment in the community by private entities.

Business – Type Activities

- The Town's projected revenues from water and sewer appear on track to meet current revenue projections. The Town did not increase any utility rates during the past year but did pare down budgeted expenditures in response to the coronavirus pandemic.
- The North Carolina Eastern Municipal Power Agency (NCEMPA), of which the Town of Farmville is a member, sold its generating assets to Duke Progress Energy in July 2015. The sale relieved Farmville of the vast majority of its electrical debt and enabled the Town of Farmville to reduce its retail electric rates by an average of 6.4%, effective November 1, 2015. The Town instituted another rate reduction in the amount of 4.1%, effective July 1, 2020 to mirror a wholesale rate reduction from NCEMPA. This relief from ongoing electrical debt will enable electric rates to remain unchanged for the foreseeable future, provide for an electrical rate stabilization fund, and make the Town's electric rates more competitive for potential new business and industry to locate in Farmville.
- The Town has completed construction on a major water project that replaced substandard and undersized water lines which addressed water volume and pressure issues in the southern portion of the Farmville Water System. This will assist the Town in lowering utility maintenance costs as new water mains require significantly less maintenance than older lines. The project was funded through a combination of NC Clean Water Bonds and a CDBG grant.
- The Town has completed construction on a major sanitary sewer project that replaced substandard sanitary sewer lines in the southern portion of the Farmville Sanitary Sewer System. This will assist the Town in lowering utility maintenance costs as new sanitary sewer lines require significantly less maintenance than older lines. The project was entirely funded through a CDBG grant.
- The Town commissioned another sanitary sewer project which is just underway to build on a previous project in South Farmville. This project will replace substandard wastewater infrastructure. The project is being funded entirely through a CDBG grant.

Management's Discussion and Analysis (Continued)
Town of Farmville

Requests for Information

This report is designed to provide an overview of the Town'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 Director of Finance; Town of Farmville; P.O. Box 86; Farmville, N.C. 27828. You can also call (252) 753-6715, visit our website www.farmvillenc.gov or send an email to ajohnson@farmvillenc.gov for more information.

BASIC FINANCIAL STATEMENTS

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

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
<u>ASSETS</u>			
Assets:			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$3,068,465	\$3,689,026	\$6,757,491
Taxes Receivables (Net)	242,692		242,692
Accrued Interest Receivable	73,540	45	73,585
Accounts Receivable (Net)	192,307	1,802,268	1,994,575
Due From Other Governments	410,107	18,439	428,546
Internal Balances	(91,124)	91,124	
Inventories	17,898	236,874	254,772
Restricted Cash and Cash Equivalents	3,087,579	748,496	3,836,075
Total Current Assets	\$7,001,464	\$6,586,272	\$13,587,736
<i>Capital Assets (Note 4):</i>			
Land, Non-depreciable Improvements, and Construction in Progress	\$4,769,100	\$546,338	\$5,315,438
Other Capital Assets, Net of Depreciation	4,154,664	43,322,057	47,476,721
Total Capital Assets	\$8,923,764	\$43,868,395	\$52,792,159
Total Assets	\$15,925,228	\$50,454,667	\$66,379,895
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension Deferrals	\$674,441	\$125,606	\$800,047
OPEB Deferrals	372,922	170,573	543,495
	\$1,047,363	\$296,179	\$1,343,542
<u>LIABILITIES</u>			
<i>Current Liabilities:</i>			
Accounts Payable and Accrued Liabilities	\$163,225	\$1,132,661	\$1,295,886
Accrued Interest Payable	135,321	48,138	183,459
Customer Deposits		290,961	290,961
Current Portion of Long-Term Liabilities	468,391	694,017	1,162,408
Total Current Liabilities	\$766,937	\$2,165,777	\$2,932,714
<i>Long-term Liabilities:</i>			
Total Pension Liability	\$680,508		\$680,508
Net Pension Liability	961,018	\$216,555	1,177,573
OPEB Liability	2,107,156	724,759	2,831,915
Due In More Than One Year	4,807,339	10,787,358	15,594,697
Total Liabilities	\$9,322,958	\$13,894,449	\$23,217,407
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension Deferrals	\$42,627	\$4,637	\$47,264
OPEB Deferrals	91,675	31,528	123,203
	\$134,302	\$36,165	\$170,467
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$5,904,998	\$32,432,821	\$38,337,819
Restricted for:			
Stabilization by State Statute	438,528		438,528
Streets - Powell Bill	572,138		572,138
Fire - Capital Outlay	126,607		126,607
Police Drug Funds	20,741		20,741
Unrestricted	452,319	4,387,411	4,839,730
Total Net Position	\$7,515,331	\$36,820,232	\$44,335,563

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary Government:							
Governmental Activities:							
General Government	\$997,444	\$62,542	\$39,611		(\$895,291)		(\$895,291)
Public Safety	2,436,624	42,740	1,622	\$22,366	(2,369,896)		(2,369,896)
Transportation	86,520		135,030		48,510		48,510
Economic and Physical Development	268,246				(268,246)		(268,246)
Environmental Protection/Public Works	705,535	629,097	3,489	10,000	(62,949)		(62,949)
Public Services/Cultural and Recreation	795,779	119,170		287,536	(389,073)		(389,073)
Interest on Long-Term Debt	136,117				(136,117)		(136,117)
Total Governmental Activities (See Note 1)	\$5,426,265	\$853,549	\$179,752	\$319,902	(\$4,073,062)	\$0	(\$4,073,062)
Business-type Activities:							
Electric	\$6,122,455	\$6,031,337				(\$91,118)	(\$91,118)
Water	2,967,695	2,507,570		\$132,889		(327,236)	(327,236)
Sewer	1,912,962	1,583,049		2,313,178		1,983,265	1,983,265
Total Business-type Activities	\$11,003,112	\$10,121,956	\$0	\$2,446,067	\$0	\$1,564,911	\$1,564,911
<i>General Revenues:</i>							
Taxes:							
Property Taxes, Levied for General Purpose					\$1,610,409		\$1,610,409
Other Taxes and Licenses					1,053,377		1,053,377
Grants and Contributions Not Restricted to Specific Programs					417,661		417,661
Investment Earnings, Unrestricted					16,227	\$29,987	46,214
Miscellaneous, Unrestricted					259,859	195,711	455,570
Extraordinary Item (See Note III.D)						(1,619,739)	(1,619,739)
Total General Revenues excluding Transfers					\$3,357,533	(\$1,394,041)	\$1,963,492
Transfers					441,317	(441,317)	
Total General Revenues and Transfers					\$3,798,850	(\$1,835,358)	\$1,963,492
Change in Net Position					(274,212)	(270,447)	(544,659)
Net Position, Beginning					7,789,543	37,090,679	44,880,222
NET POSITION, ENDING					\$7,515,331	\$36,820,232	\$44,335,563

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

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

	Major Fund		Total	Total
	General	Library Building Renovation	Non-Major Funds	Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$2,393,828		\$674,637	\$3,068,465
Restricted Cash	719,486	\$2,368,093		3,087,579
Receivables, Net:				
Taxes	242,692			242,692
Accounts	64,988	125,783	1,536	192,307
Due From Other Governments	349,362	60,745		410,107
Due From Other Funds	23,328			23,328
Inventories	17,898			17,898
TOTAL ASSETS	\$3,811,582	\$2,554,621	\$676,173	\$7,042,376
LIABILITIES AND FUND BALANCES				
<i>Liabilities:</i>				
Accounts Payable and Accrued Liabilities	\$163,222		\$3	\$163,225
Deferred Revenue		\$100,782		100,782
Due to Other Funds	91,124		23,328	114,452
Total Liabilities	\$254,346	\$100,782	\$23,331	\$378,459
DEFERRED INFLOWS OF RESOURCES				
Property Taxes Receivable	\$242,692			\$242,692
Total Deferred Inflows of Resources	\$242,692	\$0	\$0	\$242,692
<i>Fund Balances:</i>				
Non Spendable:				
Inventories	\$17,898			\$17,898
Restricted:				
Stabilization by State Statute	437,677		\$851	438,528
Streets	572,138			572,138
Fire - Capital Outlay	126,607			126,607
Police Drug Funds	20,741			20,741
Assigned:				
Cemetery Maintenance			169,851	169,851
Subdivision Participation			58,986	58,986
Dogwood Festival			171,063	171,063
Library and May Museum			274,734	274,734
Library Renovation Project		\$2,453,839		2,453,839
Wallace Street Drainage Improvements Project			(22,643)	(22,643)
Subsequent Year's Expenditures	21,750			21,750
Unassigned, General Fund	2,117,733			2,117,733
Total Fund Balances	\$3,314,544	\$2,453,839	\$652,842	\$6,421,225
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$3,811,582	\$2,554,621	\$676,173	

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

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

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

Total Fund Balance, Governmental Funds	\$6,421,225
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	8,923,761
Deferred outflows of resources related to pensions are not reported in the funds	674,441
Deferred outflows of resources related to OPEB are not reported in the funds	372,922
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds	73,540
Earned revenues considered deferred inflows of resources in fund statements.	242,692
Pledged revenues considered deferred inflows of resources in fund statements	100,782
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds:	
Installment financing	(5,026,161)
Compensated absences	(249,566)
Net Pension Liability	(961,018)
Total Pension Liability	(680,508)
Total OPEB Liability	(2,107,156)
Deferred inflows of resources related to pensions are not reported in the funds	(42,627)
Deferred inflows of resources related to OPEB are not reported in the funds	(91,675)
Other long term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds	(135,321)
Net Position of Governmental Activities	\$7,515,331

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

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Fiscal Year Ended June 30, 2020

	Major Funds		Total Non-Major Funds	Total Governmental Funds
	General Fund	Library Buliding Renovation		
REVENUES:				
Ad Valorem Taxes	\$1,638,704			\$1,638,704
Unrestricted Intergovernmental	1,471,038			1,471,038
Restricted Intergovernmental	178,896			178,896
Licenses & Permits	36,390			36,390
Sales & Services	769,591		\$40,744	810,335
Investment Earnings	12,417	\$411	3,399	16,227
Other Revenues	42,249	160,918	45,770	248,937
Miscellaneous Revenues	237,722			237,722
TOTAL REVENUES	\$4,387,007	\$161,329	\$89,913	\$4,638,249
EXPENDITURES:				
<i>Current:</i>				
General Government	\$430,604			\$430,604
Public Safety	2,279,799			2,279,799
Transportation	31,605			31,605
Economic and Physical Development	166,163		\$95,573	261,736
Environmental Protection/Public Works	778,357			778,357
Public Services	811,640			811,640
Capital Outlay		\$2,543,737		2,543,737
<i>Debt Service:</i>				
Principal Retirement	77,608			77,608
Interest and Other Charges	2,414			2,414
TOTAL EXPENDITURES	\$4,578,190	\$2,543,737	\$95,573	\$7,217,500
Excess (Deficiency) of Revenues Over Expenditures	(\$191,183)	(\$2,382,408)	(\$5,660)	(\$2,579,251)
OTHER FINANCING SOURCES (USES):				
Transfers from Other Funds	\$518,867			\$518,867
Transfers to Other Funds	(60,000)		(\$17,550)	(77,550)
Proceeds from Issuance of Long Term Debt		\$4,994,100		4,994,100
TOTAL OTHER FINANCING SOURCES (USES)	\$458,867	\$4,994,100	(\$17,550)	\$5,435,417
Net Change in Fund Balance	\$267,684	\$2,611,692	(\$23,210)	\$2,856,166
<i>Fund Balances, Beginning</i>	3,046,860	(157,853)	676,052	3,565,059
FUND BALANCES, ENDING	\$3,314,544	\$2,453,839	\$652,842	\$6,421,225

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

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Fiscal Year Ended June 30, 2020

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

Net changes in fund balances - total governmental funds		\$2,856,166
<p>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.</p>		
Capital Outlay expenditures which are capitalized	\$2,791,042	
Depreciation expense for government assets	<u>(423,083)</u>	2,367,959
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities</p>		
		205,447
<p>Benefit payments paid and administrative expense for LEOSSA are not included on statement of activities</p>		
		24,627
<p>OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities</p>		
		87,845
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in deferred revenue		(96,135)
Change in unavailable revenue for tax revenues		(28,295)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
New long-term debt issued	(\$4,994,100)	
Principal payments on long-term debt	77,609	
Increase in accrued interest payable	<u>(133,704)</u>	(5,050,195)
<p>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.</p>		
Compensated absences	(\$26,631)	
Pension Expense	(434,680)	
LEOSSA Expense	(68,025)	
OPEB Plan Expense	<u>(112,295)</u>	(641,631)
Total Changes in Net Position of Governmental Activities		<u>(\$274,212)</u>

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

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2020

	General Fund			Variance with Final Favorable (Unfavorable)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
Ad Valorem Taxes	\$1,697,882	\$1,616,951	\$1,638,704	\$21,753
Unrestricted Intergovernmental	1,459,500	1,379,500	1,471,038	91,538
Restricted Intergovernmental	171,220	187,987	178,896	(9,091)
Licenses & Permits	34,400	34,900	36,390	1,490
Sales & Services	881,850	810,850	769,591	(41,259)
Investment Earnings	8,475	8,475	12,417	3,942
Other Revenues	29,700	39,050	42,249	3,199
Miscellaneous Revenues	235,400	186,200	237,722	51,522
Total Revenues	\$4,518,427	\$4,263,913	\$4,387,007	\$123,094
Expenditures:				
<i>Current:</i>				
General Government	\$425,142	\$510,457	\$430,604	\$79,853
Public Safety	2,422,793	2,374,255	2,279,799	94,456
Transportation	176,200	48,200	31,605	16,595
Economic and Physical Development	164,300	188,950	166,163	22,787
Environmental Protection/Public Works	919,078	886,380	778,357	108,023
Public Services	886,948	890,663	811,640	79,023
<i>Debt Service:</i>				
Principal Retirement	77,608	77,608	77,608	
Interest and Other Charges	2,415	2,415	2,414	1
Total Expenditures	\$5,074,484	\$4,978,928	\$4,578,190	\$400,738
Revenues Over (Under) Expenditures	(\$556,057)	(\$715,015)	(\$191,183)	\$523,832
Other Financing Sources (Uses):				
Transfers from Other Funds	\$492,694	\$461,017	\$458,867	(\$2,150)
Fund Balance Appropriated	63,363	253,998		(253,998)
Total Other Financing Sources (Uses)	\$556,057	\$715,015	\$458,867	(\$256,148)
Net Change in Fund Balance	\$0	\$0	\$267,684	\$267,684
<i>Fund Balances, Beginning</i>			3,046,860	
Fund Balance, Ending			\$3,314,544	

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

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

<u>Assets</u>	<u>Major Enterprise Funds</u>			
	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Current Assets:				
Cash and Cash Equivalents	\$454,599	\$2,243,610	\$990,817	\$3,689,026
Accounts Receivable (Net)	871,745	298,957	631,566	1,802,268
Interest Receivable	15	15	15	45
Due from Other Governments		9,223	9,216	18,439
Due From Other Funds	290,000	178,309		468,309
Inventories	178,545	55,025	3,304	236,874
Restricted Cash and Cash Equivalents	203,032	545,464		748,496
Total Current Assets	\$1,997,936	\$3,330,603	\$1,634,918	\$6,963,457
Noncurrent Assets:				
Capital Assets:				
Land and Construction in Progress	\$58,900	\$130,440	\$356,998	\$546,338
Other Capital Assets, Net of Depreciation	3,977,170	19,587,924	19,756,963	43,322,057
Total Capital Assets	\$4,036,070	\$19,718,364	\$20,113,961	\$43,868,395
Total Noncurrent Assets	\$4,036,070	\$19,718,364	\$20,113,961	\$43,868,395
Total Assets	\$6,034,006	\$23,048,967	\$21,748,879	\$50,831,852
Deferred Outflows of Resources				
Pension Deferrals	\$66,594	\$29,506	\$29,506	\$125,606
OPEB Deferrals	66,035	98,945	5,593	170,573
Total Deferred Outflows of Resources	\$132,629	\$128,451	\$35,099	\$296,179
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$440,447	\$190,687	\$501,527	\$1,132,661
Accrued Interest Payable	18,936	22,456	6,746	48,138
Due to Other Funds	109,231		267,954	377,185
Long-Term Debt, Current Portion	246,677	226,975	201,365	675,017
Current Portion Compensated Absences	13,000	3,000	3,000	19,000
Customer Deposits	203,032	87,929		290,961
Total Current Liabilities	\$1,031,323	\$531,047	\$980,592	\$2,542,962
Noncurrent Liabilities:				
Net Pension Liability	\$114,813	\$50,871	\$50,871	\$216,555
Compensated Absences Payable	17,355	4,723	4,723	26,801
Total OPEB Liability	272,770	410,519	41,470	724,759
Long-Term Debt, Non-Current Portion	256,817	8,296,550	2,207,190	10,760,557
Total Noncurrent Liabilities	\$661,755	\$8,762,663	\$2,304,254	\$11,728,672
Total Liabilities	\$1,693,078	\$9,293,710	\$3,284,846	\$14,271,634
Deferred Inflows of Resources				
Pension Deferrals	\$2,459	\$1,089	\$1,089	\$4,637
OPEB Deferrals	11,864	17,864	1,800	31,528
Total Deferred Inflows of Resources	\$14,323	\$18,953	\$2,889	\$36,165
Net Position				
Net Investment in Capital Assets	\$3,532,576	\$11,194,839	\$17,705,406	\$32,432,821
Unrestricted	926,658	2,669,916	790,837	4,387,411
Total Net Position	\$4,459,234	\$13,864,755	\$18,496,243	\$36,820,232

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

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2020

	Major Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Total
OPERATING REVENUES:				
Charges for Services	\$6,031,337	\$2,502,690	\$1,577,049	\$10,111,076
Water and Sewer Tap Fees		4,880	6,000	10,880
Other Operating Revenues	55,223	133,550		188,773
Total Operating Revenues	\$6,086,560	\$2,641,120	\$1,583,049	\$10,310,729
OPERATING EXPENSES:				
Administration	\$660,986	\$395,904	\$292,708	\$1,349,598
Electric Operations	956,097			956,097
Electric Power Purchases	4,254,825			4,254,825
Water Treatment and Distribution		1,666,646		1,666,646
Waste Collection and Treatment			973,003	973,003
Depreciation	222,671	617,963	581,293	1,421,927
Total Operating Expenses	\$6,094,579	\$2,680,513	\$1,847,004	\$10,622,096
Operating Income	(\$8,019)	(\$39,393)	(\$263,955)	(\$311,367)
NONOPERATING REVENUES (EXPENSES):				
Investment Earnings	\$6,845	\$18,194	\$4,948	\$29,987
Sale of Materials	(6,355)			(6,355)
Miscellaneous Non Operating Revenues	3,469		3,469	6,938
Interest and Other Charges	(21,521)	(287,182)	(65,958)	(374,661)
Loss from Sale of Fixed Asset			(1,619,739)	(1,619,739)
Total Nonoperating Revenues (Expenses)	(\$17,562)	(\$268,988)	(\$1,677,280)	(\$1,963,830)
Income (Loss) Before Contributions and Transfers	(\$25,581)	(\$308,381)	(\$1,941,235)	(\$2,275,197)
Capital Grant & Developer Contributions		\$131,582	\$2,311,871	\$2,443,453
Contributed Capital		1,307	1,307	2,614
Transfers (To) Other Funds	(\$479,159)	(47,315)	85,157	(441,317)
Change in Net Position	(\$504,740)	(\$222,807)	\$457,100	(\$270,447)
Total Net Position, Beginning	4,963,974	14,087,562	18,039,143	37,090,679
Total Net Position, Ending	\$4,459,234	\$13,864,755	\$18,496,243	\$36,820,232

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

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2020

	Major Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received From Customers	\$6,077,488	\$2,737,731	\$1,148,825	\$9,964,044
Cash Paid for Goods and Services	(5,339,050)	(1,888,895)	(1,024,464)	(8,252,409)
Cash Paid to or on Behalf of Employees for Services	(430,745)	(234,472)	(192,209)	(857,426)
Customer Deposits Received	36,570	10,280		46,850
Customer Deposits Returned	(28,982)	(10,333)		(39,315)
Other Operating Revenues	55,223	133,550		188,773
Net Cash Provided (Used) by Operating Activities	\$370,504	\$747,861	(\$67,848)	\$1,050,517
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Net Transfers (To) From Other Funds	(\$479,159)	(\$138,473)	(\$6,000)	(\$623,632)
Cash Flows (To) From Noncapital Financing Activities	(\$479,159)	(\$138,473)	(\$6,000)	(\$623,632)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and Construction of Capital Assets	(\$7,768)	(\$833,606)	(\$1,976,469)	(\$2,817,843)
Proceeds from Issuance of Debt		319,500		319,500
Principal Paid on Long - Term Debt	(236,939)	(220,975)	(200,365)	(658,279)
Interest Paid on Long - Term Debt	(30,432)	(287,575)	(66,684)	(384,691)
Sale of Materials	(6,355)			(6,355)
Insurance Refund	3,469		3,469	6,938
Proceeds from Sale of Fixed Asset			185,000	185,000
Capital Contributions - State Grants & Developers		222,740	2,403,028	2,625,768
Net Cash Provided (Used) by Capital and Related Financing Activities	(\$278,025)	(\$799,916)	\$347,979	(\$729,962)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on Investments	\$6,845	\$18,194	\$4,948	\$29,987
Net Increase (Decrease) in Cash and Cash Equivalents	(\$379,835)	(\$172,334)	\$279,079	(\$273,090)
Cash and Cash Equivalents, July 1	1,037,466	2,961,408	711,738	4,710,612
Cash and Cash Equivalents, June 30	\$657,631	\$2,789,074	\$990,817	\$4,437,522
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:				
Cash consists of the following:				
Unrestricted Cash and Cash Equivalents	\$454,599	\$2,243,610	\$990,817	\$3,689,026
Restricted Cash and Cash Equivalents - Customer Deposits	203,032	87,929		290,961
Restricted Cash and Cash Equivalents - Debt Service Reserve		457,535		457,535
Cash and Cash Equivalents - June 30, 2020	\$657,631	\$2,789,074	\$990,817	\$4,437,522

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

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2020

	Major Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Total
<i>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</i>				
Operating Income	(\$8,019)	(\$39,393)	(\$263,955)	(\$311,367)
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</i>				
Depreciation	\$222,671	\$617,963	\$581,293	\$1,421,927
<i>Changes in Assets, Deferred Outflows of Resources and Liabilities:</i>				
Decrease (Increase) in Accounts Receivable	46,151	230,161	(434,224)	(157,912)
Decrease (Increase) in Due From Other Governments		8,183	(8,613)	(430)
Decrease (Increase) in Due From Other Funds		(147,746)		(147,746)
Decrease (Increase) in Inventory	15,979	17,752	(304)	33,427
Decrease (Increase) in Deferred Outflows of Resources - Pensions	21,782	16,312	3,019	41,113
Decrease (Increase) in Deferred Outflows of Resources - OPEB	(23,355)	(49,552)	(5,405)	(78,312)
Increase (Decrease) in Due To Other Funds	109,231		38,515	147,746
Increase (Decrease) in Net Pension Liability	2,624	(7,293)	9,583	4,914
Increase (Decrease) in Deferred Inflows of Resources - Pensions	1,020	344	560	1,924
Increase (Decrease) in Accounts Payable & Accrued Liabilities	(56,787)	(794)	(12,663)	(70,244)
Increase (Decrease) in Compensated Absences	4,146	(121)	1,579	5,604
Increase (Decrease) in Customer Deposits	7,588	(53)		7,535
Increase (Decrease) in Deferred Inflows of Resources - OPEB	(3,931)	(2,172)	539	(5,564)
Increase (Decrease) in OPEB Liability	31,404	104,270	22,228	157,902
Total Adjustments	\$378,523	\$787,254	\$196,107	\$1,361,884
Net Cash Provided (Used) by Operating Activities	\$370,504	\$747,861	(\$67,848)	\$1,050,517

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

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Fiscal Year Ended June 30, 2020

	2020
Assets:	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$25,617
 Total Assets	 \$25,617
 Liabilities and Net Assets:	
<i>Current Liabilities:</i>	
Accounts Payable and Accrued Liabilities	_____
 Total Liabilities	 \$0
 Net Position:	
<i>Unrestricted:</i>	
Assets held in trust for benefit payments	\$25,617
 Total Liabilities and Net Position	 \$25,617

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

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Fiscal Year Ended June 30, 2020

	2020
Additions:	
Investment Earnings	\$129
<i>Total Revenues</i>	\$129
Deductions:	
Claims	\$600
<i>Total Expenditures</i>	\$600
Change in Net Position	(\$471)
<i>Net Position Beginning of Year</i>	26,088
Net Position End of Year	\$25,617

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

NOTES TO THE
FINANCIAL STATEMENTS

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS INDEX

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Farmville 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 Farmville (the "Town") is a municipal corporation that is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the Town. The Town of Farmville is located in Pitt County, in the eastern part of North Carolina, and has a population of approximately 4,800 persons within the Town limits. The Town maintains its own police department, and provides substantial financial support, equipment, and supervision to its principal volunteer fire department and rescue squad.

In addition, the Town operates electric, water, and sewer service utilities for paying customers within the Town limits and certain immediate surrounding areas.

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 specific 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 specific 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, including the fiduciary fund. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – 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. Non-operating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The Town reports the following major governmental funds:

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

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

B. BASIS OF PRESENTATION (CONTINUED)

Library Building Renovation Project Fund. This fund is used to account for the Library Renovation Project moneys.

The Town reports the following non-major governmental funds:

Cemeteries Perpetual Care Fund. This fund is used to account for the ongoing care of the municipal cemeteries.

Subdivision Participation Project Fund. This fund is used to account for Subdivision Participation Project moneys.

Dogwood Festival Fund. This fund is used to account for the annual Dogwood Festival.

Library (Trust) Fund. This fund is used to account for contributions restricted for the Library.

May Museum and Park (Trust) Fund. This fund is used to account for contributions restricted for the May Museum and Park.

2018 CDBG Neighborhood Revitalization Fund. This fund is used to account for the 2018 CDBG Neighborhood Revitalization Project.

Wallace Street Drainage Improvements Project Fund. This fund is used to account for the Wallace Street Drainage Improvements Project.

Jones St. Drainage Improvements Project Fund. This fund is used to account for the Jones Street Drainage Improvements Project.

The Town reports the following major enterprise funds:

Electric Fund. This fund is used to account for the Town's electric fund operations.

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

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

The Town reports the following fiduciary fund, which is a private purpose trust fund:

Fire Supplemental Hospitalization Insurance Fund. This fund is used to hold moneys restricted for supplemental hospitalization benefits for Firefighters.

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, Proprietary and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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

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

D. BUDGETARY DATA (CONTINUED)

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, all Enterprise Funds and certain non-major funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for certain Non-Major Project Funds and the Enterprise Capital Projects Funds. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. During the year, several material budget amendments to the original budgets 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. Deposit 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. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2020, the Term portfolio has a duration of .15 years. Because the NCCMT Term Portfolio has a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents. The Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

The unexpended funds in the water and sewer capital project funds are classified as restricted assets in the enterprise funds because their use is completely restricted to the purpose for which the funds were borrowed or received. Customer Deposits held by the Town before any services were supplied are restricted to the service for which the deposit was collected. Powell Bill funds are classified as restricted cash because they can be expended only for purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.4. The Fire Department funds are restricted cash because it can be expended only for purposes of the Fire Department. The Police Department has funds for drug money that is also restricted cash because it can only be expended for purposes of the Police Department, as it relates to undercover drug activity.

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

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND FUND EQUITY
(CONTINUED)

<u>Town of Farmville Restricted Cash</u>	
Governmental Activities	
General Fund	
Streets	\$572,138
Fire Department	126,607
Public Safety	20,741
Library Building Renovation Project Fund	2,368,093
Total Governmental Activities	<u>\$3,087,579</u>
Business-type Activities	
Electric Fund	
Customer Deposits	<u>\$203,032</u>
Water Fund	
Customer Deposits	\$87,929
Debt Service	457,535
	<u>\$545,464</u>
Total Business-type Activities	<u>\$748,496</u>
Total Restricted Cash	<u>\$3,836,075</u>

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 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2019. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventory and Prepaid Items

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

The inventories of the Town's enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

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

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

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND FUND EQUITY
(CONTINUED)

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 cost for all assets is \$5,000. 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. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

	<u>Estimated Useful Lives</u>
Infrastructure	25 - 50
Buildings	50
Improvements	25
Vehicles	5
Furniture and Equipment	10
Computer Equipment	3
Computer Software	5

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, pension and OPEB deferrals for the 2020 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category – property taxes receivable, pension deferrals and OPEB deferrals.

9. Long-Term Obligations

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

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

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND FUND EQUITY
(CONTINUED)

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

10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

11. Net Position/Fund Balances

Net Position

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

Fund Balances

In the governmental fund financial statements, fund balance is composed of four 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:

Non Spendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

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

Restricted for Stabilization by State Statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of*

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

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND EQUITY
(CONTINUED)

cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is “imposed by law through constitutional provisions or enabling legislation.” RSS is reduced by inventories and prepaids as they are classified as non-spendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net Position and Restricted Fund Balance on the face of the balance sheet.

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

Restricted for Fire – Capital Outlay – portion of fund balance that is restricted for fire department capital outlay purchases.

Restricted for Police Drug Funds – portion of fund balance that is restricted for the use of undercover drug activities by the police department.

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

Cemetery Maintenance – portion of fund balance that has been assigned for cemetery expenses.

Subdivision Participation – portion of fund balance that has been assigned for subdivision participation.

Dogwood Festival – portion of fund balance that has been assigned for Dogwood Festival expenses.

Library and May Museum – portion of fund balance that has been assigned for contributor related expenses.

Library Renovation Project – portion of fund balance that has been assigned for library renovations.

Wallace Street Drainage Improvements Project– portion of fund balance assigned for Wallace Street.

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.

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

The Town of Farmville has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Director 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 Finance Director has the authority to deviate from this policy if it is in the best interest of the Town.

The Town of Farmville currently does not have an adopted minimum fund balance policy.

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

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND EQUITY
(CONTINUED)

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 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 Farmville's employer contributions are recognized when due and the Town of Farmville 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.

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

F. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$1,094,106 consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$15,159,315
Less Accumulated Depreciation	<u>(6,235,554)</u>
Net Capital Assets	\$8,923,761
Assets for expenses deferred but incurred and therefore reported in the fund and are therefore not reported in the funds (net pension asset government-wide statement in governmental activities column)	(961,018)
Total Pension Liability	(680,508)
Pension assets used in governmental activities are not financial resources do not require current resources to pay and are therefore not reported in the fund statements:	
Contributions to Pension Plan	674,441
OPEB Deferrals	372,922
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements	73,540
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	
Unearned revenues	343,474
Pension related	(42,627)
OPEB Related	(91,675)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Installment financing	(5,026,161)
Compensated absences	(249,566)
Other Postemployment Benefits	(2,107,156)
Accrued interest payable	(135,321)
Total Adjustment	<u><u>\$1,094,106</u></u>

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

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in net position includes a reconciliation between net changes in fund balance – total governmental funds and changes in net position – governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$3,130,378 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$2,791,042
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(423,083)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statement of net position	77,609
Long-term debt issued is recorded as an other financing source on the fund statements but again affect only the statement of net position in the government-wide statement of net position	(4,994,100)
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	(133,704)
Deferral of current year pension contributions	205,447
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(26,631)
Benefit Payments and administrative costs for LEOSA are deferred outflows of resources on the statement of net position	24,627
Benefit Payments and administrative costs for OPEB are deferred outflows of resources on the statement of net position	87,845
Pension expenses are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(502,705)
OPEB expenses are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(112,295)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	
Deferred Revenue	(96,135)
Reversal of deferred tax revenue recorded at 7/1/19	(258,785)
Recording of tax receipts deferred in the fund statements as of 6/30/20	242,692
Increase in accrued taxes receivable for year ended 6/30/20	(12,202)
Total Adjustment	<u>(\$3,130,378)</u>

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. SIGNIFICANT VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

None noted.

B. DEFICIT IN FUND BALANCE OF INDIVIDUAL FUNDS NOT APPROPRIATED IN SUBSEQUENT YEAR'S BUDGET ORDINANCE

None noted.

C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

None noted.

III. 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 the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the 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. 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 \$8,444,523 and a bank balance of \$8,663,449. Of this balance, \$500,000 was covered by federal depository insurance and \$8,163,449 was covered by collateral held under the Pooling method. At June 30, 2020, the petty cash funds totaled \$1,230.

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

2. Investments

At June 30, 2020, the Town's investment balances were as follows:

Investments by Type	Valuation Measurements Method	Book Value at 6/30/2020	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	\$1,119,639	N/A	AAAm
NC Capital Management Trust - Term Portfolio	Fair Value Level 1	\$1,053,791	.15 years	Unrated
Total Investments		\$2,173,430		

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities benchmark quoted prices.

Interest Rate Risk. The Town has no formal investment policy regarding interest rate risk.

Credit Risk. The Library has no formal policy regarding credit risk. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2020. The City's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

3. Receivables – Allowances for Doubtful Accounts

Receivables at the Government-wide level at June 30, 2020, were as follows:

	Taxes and Related Interest	Other	Accounts	Due from Other Governments	Total
Governmental Activities:					
General	\$307,719	\$73,540	\$64,988	\$349,362	\$795,609
Other Governmental			127,319	60,745	188,064
Total Receivables	\$307,719	\$73,540	\$192,307	\$410,107	\$983,673
Allowance for Doubtful Accounts	65,027				65,027
Total Governmental Activities	\$242,692	\$73,540	\$192,307	\$410,107	\$918,646
Business Type Activities:					
Electric Fund		\$15	\$930,745		\$930,760
Water Fund		15	419,957	\$9,223	429,195
Sewer Fund		15	643,566	9,216	652,797
Total Receivables		\$45	\$1,994,268	\$18,439	\$2,012,752
Allowance for Doubtful Accounts			192,000		192,000
Total Business Type Activities	\$0	\$45	\$1,802,268	\$18,439	\$1,820,752

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

The due from other governments that is owed to the Town consists of the following:

Local Option Sales Tax	\$150,804
Sales Tax	160,394
Franchise Tax	80,342
Solid Waste Disposal Tax	832
DMV - Tags & Titles	1,912
Vehicle Taxes - Pitt County	15,823
Total General Fund	\$410,107
1/2 Water Project - Greene Co.	\$7,740
Sales Tax	10,699
Total Enterprise Funds	\$18,439
Total Due	\$428,546

Pledges related to library construction in progress by the Town, consisted of the following at June 30, 2020:

	2020
Unconditional Pledges for Library Construction	<u>\$100,782</u>
Gross Unconditional Pledges	\$100,782
Less: Present Value Discount	\$4,799
Net Unconditional Pledges	\$95,983
<i>Net Amounts Due in:</i>	
Less Than One Year	\$41,873
One to Five Years	54,110
Total Amounts Due	\$95,983

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

4. Capital Assets

Primary Government

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$1,755,972	\$1,422		\$1,757,394
Construction in Progress	527,868	2,585,662	\$101,824	3,011,706
Total Capital Assets Not Being Depreciated	\$2,283,840	\$2,587,084	\$101,824	\$4,769,100
Capital Assets Being Depreciated:				
Buildings	\$5,565,026	\$18,800		\$5,583,826
Equipment	1,310,354	109,234	\$18,339	1,401,249
Vehicles and Motorized Equipment	2,041,368	31,167	7,133	2,065,402
Infrastructure	1,193,157	146,581		1,339,738
Total Capital Assets Being Depreciated	\$10,109,905	\$305,782	\$25,472	\$10,390,215
Less Accumulated Depreciation for:				
Buildings	\$2,911,643	\$139,204		\$3,050,847
Equipment	732,539	92,302	\$18,339	806,502
Vehicles and Motorized Equipment	1,477,662	165,640	7,133	1,636,169
Infrastructure	716,096	25,937		742,033
Total Accumulated Depreciation	\$5,837,940	\$423,083	\$25,472	\$6,235,551
<i>Total Capital Assets Being Depreciated, Net</i>	4,271,965			4,154,664
Governmental Activity Capital Assets, Net	\$6,555,805			\$8,923,764

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

General Government	\$238,432
Transportation	53,052
Public Safety	87,173
Public Works	33,694
Public Service	10,732
Total Depreciation Expense	\$423,083

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

4. Capital Assets (Continued)

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

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activity:				
Electric Fund:				
Capital assets not being depreciated:				
Land	\$58,900			\$58,900
<i>Total Capital Assets Not Being Depreciated</i>	\$58,900	\$0	\$0	\$58,900
Capital Assets Being Depreciated:				
Substations, Lines and Related	\$6,799,865			\$6,799,865
Furniture and Equipment	1,681,685	\$7,699		1,689,384
Vehicles	733,723			733,723
<i>Total Assets Being Depreciated</i>	\$9,215,273	\$7,699	\$0	\$9,222,972
Less Accumulated Depreciation for:				
Substations, Lines and Related	\$3,086,309	\$131,026		\$3,217,335
Furniture and Equipment	1,233,140	76,452		1,309,592
Vehicles	703,682	15,193		718,875
Total Accumulated Depreciation	\$5,023,131	\$222,671	\$0	\$5,245,802
<i>Total Capital Assets Being Depreciated, Net</i>	4,192,142			3,977,170
Electric Fund Capital Assets, Net	\$4,251,042			\$4,036,070
Water Fund:				
Capital assets not being depreciated:				
Land	\$99,134	\$31,307		\$130,441
Construction in Progress	514,210	422,800	\$937,010	
<i>Total Capital Assets Not Being Depreciated</i>	\$613,344	\$454,107	\$937,010	\$130,441
Capital Assets Being Depreciated:				
Plant and Distribution Systems	\$25,727,725	\$894,285		\$26,622,010
Vehicles and Construction Equipment	972,474	198,748		1,171,222
<i>Total Assets Being Depreciated</i>	\$26,700,199	\$1,093,033	\$0	\$27,793,232
Less Accumulated Depreciation for:				
Plant and Distribution Systems	\$6,945,110	\$502,499		\$7,447,609
Vehicles and Construction Equipment	642,236	115,464		757,700
Total Accumulated Depreciation	\$7,587,346	\$617,963	\$0	\$8,205,309
<i>Total Capital Assets Being Depreciated, Net</i>	19,112,853			19,587,923
Water Fund Capital Assets, Net	\$19,726,197			\$19,718,364

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

4. Capital Assets (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Sewer Fund:				
Capital assets not being depreciated:				
Land	\$90,000	\$31,307		\$121,307
Construction in Progress	186,643	2,473,398	\$2,424,349	235,692
<i>Total Capital Assets Not Being Depreciated</i>	\$276,643	\$2,504,705	\$2,424,349	\$356,999
Capital Assets Being Depreciated:				
Plant and Distribution Systems	\$29,164,870	\$2,394,348	\$2,994,036	\$28,565,182
Vehicles and Construction Equipment	1,153,489			1,153,489
Total Assets Being Depreciated	\$30,318,359	\$2,394,348	\$2,994,036	\$29,718,671
Less Accumulated Depreciation for:				
Plant and Distribution Systems	\$9,850,778	\$529,830	\$1,189,297	\$9,191,311
Vehicles and Construction Equipment	718,935	51,463		770,398
Total Accumulated Depreciation	\$10,569,713	\$581,293	\$1,189,297	\$9,961,709
<i>Total Capital Assets Being Depreciated, Net</i>	19,748,646			19,756,962
Sewer Fund Capital Assets, Net	\$20,025,289			\$20,113,961
Business-type Activities Capital Assets, Net	\$44,002,528			\$43,868,395

Construction Commitments

The government has active construction projects as of June 30, 2020. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Governmental Project:		
Library Building Renovation	\$2,986,705	\$1,180,295
2018 CDBG Neighborhood Revitalization	685	757,315
Sewer Projects:		
2018 CDBG Sewer Infrastructure	153,146	1,471,854
Total	\$3,140,536	\$3,409,464

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

B. LIABILITIES (CONTINUED)

1. Payables

Payables at the government-wide level at June 30, 2020, were as follows:

	<u>Vendors</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental Activities:			
General	\$163,225	\$135,321	\$298,546
Total Governmental Activities	<u>\$163,225</u>	<u>\$135,321</u>	<u>\$298,546</u>
Business Type Activities:			
Electric Fund	\$440,447	\$18,936	\$459,383
Water Fund	190,687	22,456	213,143
Sewer Fund	501,527	6,746	508,273
Total Business Type Activities	<u>\$1,132,661</u>	<u>\$48,138</u>	<u>\$1,180,799</u>

2. Pension Plan and Post Employment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Farmville 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, or by calling (919) 981-5454, or at www.osc.nc.gov.

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

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

B. LIABILITIES (CONTINUED)

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Farmville 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 Farmville's contractually required contribution rate for the year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 8.95% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Farmville were \$251,742 for the year ended June 30, 2020.

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

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

At June 30, 2020, the Town reported a liability of \$1,177,573 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019, 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, 2019 (measurement date), the Town's proportion was .04312%, which was a decrease of .00162% from the proportion measured as of June 30, 2018.

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

B. LIABILITIES (CONTINUED)

For the year ended June 30, 2020, the Town recognized pension expense of \$532,631. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$201,630	
Changes of assumptions	191,925	
Net difference between projected and actual earnings on pension plan investments	28,722	
Changes in proportion and differences between Town contributions and proportionate share of contributions	8,998	\$25,214
Town contributions subsequent to the measurement date	251,742	
Total	\$683,017	\$25,214

\$251,742 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ended June 30:

2021	\$206,881
2022	62,749
2023	109,801
2024	26,630
2025	
Thereafter	
	\$406,061

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent	
Salary Increases	3.50 to 8.10 percent, including inflation and productivity factor	
Investment Rate of Return	7.00 percent, net of pension plan investment expense, including inflation	

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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B. LIABILITIES (CONTINUED)

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, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100%</u>	

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.

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

B. LIABILITIES (CONTINUED)

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$2,693,326	\$1,177,574	(\$82,324)

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

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description

The Town of Farmville administers a public employee retirement system (the "Separation Allowance"), a single employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance's membership consisted of:

Retirees Receiving Benefits	2
Terminated Plan Members entitled to but not yet Receiving Benefits	0
Active Plan Members	19
Total	21

2. Summary of Significant Accounting Policies

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

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

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

B. LIABILITIES (CONTINUED)

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2018 valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary Increases	3.5 to 7.35 percent, including inflation and productivity factor
Discount Rate	3.26 percent

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

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

4. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$25,110 as benefits came due for the reporting period.

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

At June 30, 2020, the Town reported a total pension liability of \$680,508. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the City recognized pension expense of \$68,025.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$67,971	
Changes of assumptions	36,988	\$22,050
Benefit payments and administrative expenses made subsequent to the measurement date	12,072	
Total	\$117,031	\$22,050

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

B. LIABILITIES (CONTINUED)

\$12,072 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ended June 30:	
2021	\$18,942
2022	18,942
2023	19,951
2024	15,474
2025	8,162
Thereafter	1,438
	\$82,909

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 3.26 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	(2.26%)	(3.26%)	(4.26%)
Total pension liability	\$741,404	\$680,508	\$625,189

Law Enforcement Officers' Special Separation Allowance

	2020
Total Pension Liability as of December 31, 2018	\$609,707
Changes for the year:	
Service Cost at end of year	27,347
Interest	21,736
Charges of benefit terms	
Differences between expected and actual experience	25,168
Changes of assumptions and other inputs	21,660
Benefit payments	(25,110)
Other	
Net Changes	70,801
Ending balance of the total pension liability	\$680,508

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

B. LIABILITIES (CONTINUED)

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

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

	LGERS	LEOSSA	TOTAL
Pension Expense	\$532,631	\$68,025	\$600,656
Pension Liability	1,177,573	680,508	\$1,858,081
Proportionate Share of the Net Pension Liability	0.04312%	n/a	

Deferred Outflows of Resources

Differences between expected and actual experience	201,630	67,970	\$269,600
Changes of assumptions	191,925	36,988	\$228,913
Net difference between projected and actual earnings on plan investments	28,722		\$28,722
Changes in proportion and differences between contributions and proportionate share of contributions	8,998		\$8,998
Benefit payments and administrative costs paid subsequent to the measurement date	251,742	12,072	\$263,814

Deferred Inflows of Resources

Changes of assumptions		22,050	\$22,050
Changes in proportion and differences between contributions and proportionate share of contributions	25,214		\$25,214

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5.00% of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2020, were \$48,246 which consisted of \$42,431 from the Town and \$5,815 from the law enforcement officers.

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

B. LIABILITIES (CONTINUED)

d. Supplemental Retirement Income Plan for Employees not Engaged in Law Enforcement

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to the general employees not engaged in law enforcement.

Funding Policy. The Town has elected to contribute each month an amount equal to 2.75% of each employee's salary. Also, the employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2020, were \$115,152, which consisted of \$52,122 from the Town and \$63,030 from the employees not engaged in law enforcement.

e. Other Postemployment Benefit (OPEB)

1. Healthcare Benefits

Plan Description. Under the terms of a Town resolution, the Town administers a single employer defined Healthcare Benefits Plan (the HCB plan). No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. As of September 5, 1995, this plan provides postemployment healthcare benefits to retirees of the Town, provided they participate in the Local Government Employees' Retirement System (System) and have at least twenty (20) years of creditable service with the Town (fifteen (15) years for retirees due to disability). Prior to September 5, 1995, employees qualified for similar level benefits after at least ten (10) years of creditable service with the Town (five (5) years for retirees due to disability). The Town pays the full cost of coverage for these benefits through private insurers. The Town's retirees cannot purchase additional coverage for their dependents at the Town's group rates. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and Dependents Receiving Benefits	11	
Active Plan Members	25	
Total	36	0

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

B. LIABILITIES (CONTINUED)

Total OPEB Liability

The Town's total OPEB liability of \$2,831,915 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Real Wage Growth	1.00%
Wage Inflation	3.50%
Salary Increases, including wage inflation	
General Employees	3.50% - 7.75%
Law Enforcement Officers	3.50% - 7.35%
Municipal Bond Index Rate	
Prior Measurement Date	3.89%
Measurement Date	3.50%
Health Care Cost Trend Rates	
Pre-Medicare Medical and Prescription Drug	7.00% for 2019 decreasing to an ultimate rate of 4.5% by 2026

The Town selected a Municipal Bond Index Rate equal to the Bond Buyer 20-year General Obligation Bond Index published at the last Thursday of June by The Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the TOL.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at July 1, 2019	\$2,348,198
Changes for the Year	
Service Cost	85,581
Interest	88,882
Changes of Benefit terms	
Differences between expected and actual experience	375,442
Changes in assumptions or other inputs	61,639
Benefit Payments	(127,827)
Net Changes	<u>\$483,717</u>
Balance at June 30, 2020	<u><u>\$2,831,915</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89% to 3.50%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

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

B. LIABILITIES (CONTINUED)

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2019 valuation.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$3,098,441	\$2,831,915	\$2,591,811

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

	1% Decrease	Current	1% Increase
Total OPEB Liability	\$2,545,238	\$2,831,915	\$3,166,322

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

For the year ended June 30, 2020, the Town recognized OPEB expense of \$220,880. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$331,654	
Changes of assumptions or other inputs	51,450	\$123,203
Benefit Payments made subsequent to the measurement date	160,391	
Total	\$543,495	\$123,203

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

B. LIABILITIES (CONTINUED)

\$160,391 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Period Ended June 30:	
2021	\$46,417
2022	46,417
2023	46,417
2024	51,520
2025	65,520
Thereafter	3,610
	\$259,901

3. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. 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. The Town considers these contributions to be immaterial.

4. Deferred Outflows and Inflows of Resources

Deferred outflows of resources reported on the Statement of Net Position is comprised of the following:

<u>Source</u>	<u>Amount</u>
Contributions to pension plan in current fiscal year	\$251,742
Benefit payments and administrative expenses for LEOSA made subsequent to measurement date	12,072
Benefit payments and administrative expenses for OPEB made subsequent to measurement date	160,391
Differences between expected and actual experience	601,254
Changes of assumptions	280,363
Net difference between projected and actual	28,722
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,998
Total	\$1,343,542

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

B. LIABILITIES (CONTINUED)

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

	Statement of Net Position	General Fund Balance Sheet
Taxes Receivable, less penalties (general fund)		\$242,692
Changes in assumptions	\$145,253	
Changes in proportion and differences between employer contributions and proportionate share of contributions	25,214	
	\$170,467	\$242,692

5. 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 carries commercial insurance for general liability of \$1 million per occurrence and \$3 million aggregate and auto liability of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage up to an unlimited limit.

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

The Town carries flood insurance for coverage up to \$1 million per occurrence.

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 director and tax collector are each individually bonded for \$50,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$100,000.

6. Claims, Judgements and Contingent Liabilities

On March 22, 2011, the Town was notified by the North Carolina Department of Environmental Quality Control (DEQ) of a potential issue associated with soil contamination that was discovered during installation of a waterline along a Town street. As of report date, it has not been determined who is at fault for the contamination. The Town does not feel that it is responsible for the contamination and plans to defend itself against the issue raised by DEQ. The Town's council is unable to predict an outcome in this matter.

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

B. LIABILITIES (CONTINUED)

7. Long-Term Obligations

Serviced by the Town's General Fund

a. Installment Purchases

On September 18, 2014, the Town entered into an installment purchase contract with Branch Banking & Trust Company for the purchase of a Street Sweeper. The terms of this agreement called for 5 annual payments in the amount of \$47,163 that began on September 18, 2015. The agreement carries an interest rate of 1.97%. The asset and the related liability were recorded in the General Fund. The balance was paid off in the current fiscal year.

On November 19, 2015, the Town entered into an installment purchase contract with Branch Banking & Trust Company for the purchase of new vehicles. The terms of this agreement called for 5 annual payments in the amount of \$32,859 beginning on November 19, 2017. The agreement carries an interest rate of 2.49%. The asset and related liability were recorded in the General Fund. The balance at June 30, 2020, was \$32,061.

On July 29, 2019, the Town entered into an installment purchase contract with Branch Banking & Trust Company for the construction of the new Library Building. The terms of this agreement called for 15 annual principal payments in the amount of \$333,333 with an interest rate of 2.94% beginning on July 29, 2020. The balance at June 30, 2020 was \$4,994,100.

Total Long-Term Obligations Serviced by the General Fund at June 30, 2020 was \$5,026,161.

Serviced by the Town's Electric Fund

On August 1, 2006, the Town entered into an installment purchase contract with Branch Banking & Trust Company for the purpose of constructing a point-of-delivery electric substation and electric transmission line. The terms of this agreement call for 15 annual payments in the amount of \$267,371 that began on August 1, 2007 and continue through August 1, 2021. The agreement carries an interest rate of 4.11%. The asset and the related liability have been recorded in the Electric Fund. The balance at June 30, 2020, was \$503,494.

Total Long-Term Obligations Serviced by the Electric Fund at June 30, 2020 was \$503,494.

Serviced by the Town's Water Fund

On May 14, 2009, the Town entered into a financing agreement with NC Department of Environment & Natural Resources – Division of Environmental Health to complete a construction project designed to provide an alternative water source to local area residents. The financing contract is part of the American Recovery Reinvestment Act of 2009 (ARRA) and totals \$3,000,000, with a forgiveness principal amount of \$1,500,000. The loan requires 20 annual principal payments in the amount of \$75,000 that began in June 2017. The agreement carries an interest rate of 0%. The project assets and the related liability have been recorded in the Water Fund. The total at June 30, 2020, was \$1,650,000, with ½ to be forgiven of \$825,000, leaving a balance of \$825,000.

On September 9, 2019, the Town entered into a financing agreement with NCDEQ – DWI Drinking Water for the 2017 Water Improvements Project. The terms of the agreement call for 20 annual principal payments in the amount of \$15,975 that began on May 1, 2020. The agreement carries an interest rate of 0%. The asset and related liability were recorded in the Water Fund. The balance at June 30, 2020 was \$303,525.

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

Total Long-Term Obligations Serviced by the Water Fund at June 30, 2020 was \$1,128,525.

B. LIABILITIES (CONTINUED)

Serviced by the Town's Sewer Fund

On December 3, 2003, the Town entered into a financing agreement with NC Department of Environment, Health, and Natural Resources to aid in the construction of a sanitary sewer project. The financing contract requires 20 annual principal payments in the amount of \$100,000 beginning May 2005, with an interest rate of 2.36%. The project assets and the related liability have been recorded in the Sewer Fund. The balance at June 30, 2020, was \$400,000.

On March 27, 2006, the Town entered into a financing agreement with NC Department of Environment & Natural Resources – Division of Water Quality to aid in the purchase of a sewer sludge drying unit. The financing contract requires 20 annual principal payments in the amount of \$72,650 beginning November 2007, and semi-annual interest payments due May 1 and November 1 each year. The agreement carries an interest rate of 2.205%. The project assets and the related liability have been recorded in the Sewer Fund. The balance at June 30, 2020, was \$499,555.

Total Long-Term Obligations Serviced by the Sewer Fund at June 30, 2020 was \$899,555.

The future minimum payments of the installment purchases are as follows:

Year Ending June 30,	Governmental Activity		Business-Type Activity					
	General Fund		Electric Fund		Water Fund		Sewer Fund	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$365,394	\$147,798	\$246,677	\$20,694	\$90,975		\$171,365	\$20,455
2022	333,333	137,200	256,817	10,554	90,975		171,365	16,522
2023	333,333	127,400			90,975		171,365	12,587
2024	333,333	117,600			90,975		171,365	8,654
2025	333,333	107,800			90,975		71,365	472
2026-2030	1,666,665	392,000			454,875		142,730	4,721
2031-2035	1,660,770	147,000			154,875			
2036-2040					63,900			
	\$5,026,161	\$1,176,798	\$503,494	\$31,248	\$1,128,525	\$0	\$899,555	\$63,411

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

B. LIABILITIES (CONTINUED)

b. Revenue Bonds

Serviced by the Town's Water Fund:

\$3,802,000 Water Revenue Bonds, Series 2010, issued for water system improvements. Annual installments are due June 1 at an annual interest rate of 4.00%	\$3,394,000
\$2,000,000 Water Revenue Bonds, Series 2010, issued for water system improvements. Annual installments are due June 1 at an annual interest rate of 4.00%	1,756,000
\$2,514,000 Water Revenue Bonds, Series 2010, issued for water system improvements. Annual installments are due June 1 at an annual interest rate of 4.00%	2,245,000
Total	<u><u>\$7,395,000</u></u>

The future payments of the revenue bonds for the years ending June 30, are as follows:

<u>During the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$136,000	\$282,630	\$418,630
2022	141,000	277,453	418,453
2023	147,000	272,083	419,083
2024	152,000	266,488	418,488
2025	158,000	260,700	418,700
2026-2030	886,000	1,208,323	2,094,323
2031-2035	1,067,000	495,640	1,562,640
2036-2040	1,287,000	806,183	2,093,183
2041-2045	1,551,000	530,513	2,081,513
2046-2050	1,870,000	199,354	2,069,354
	<u><u>\$7,395,000</u></u>	<u><u>\$4,599,367</u></u>	<u><u>\$11,994,367</u></u>

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

B. LIABILITIES (CONTINUED)

The Town has been in compliance with the covenants as to rates, fees, rentals and charges in Section 5.01 of the Bond Orders, authorizing the issuance of the Water Revenue Bonds, Series 2010-A, 2010-B and 2010-C, since their adoption in 2010, 2010 and 2010. Section 5.01-C of the Bond Orders requires the debt service coverage ratio to be no less than 110%. The debt service coverage ratio calculation for the year ended June 30, 2020, is as follows:

Operating Revenues	\$2,641,120
Operating Expenses*	<u>2,062,550</u>
Operating Income	\$578,570
Nonoperating Revenues (Expenses)**	<u>18,194</u>
Income Available for Debt Service	\$596,764
Debt Service, Principal and Interest	
Paid (Revenue Bonds Only)	\$417,575
Debt Service Coverage Ratio	143%

* Per rate covenants, this does not include the depreciation expense of \$617,963.

** Per rate covenants, this does not include revenue bond interest paid of \$287,182.

Serviced by the Town's Sewer Fund:

\$1,672,000 Water and Sewer Revenue Bonds, Series 2012, issued for water and sewer system improvements. Annual installments are due June 1 at an annual interest rate of 2.75%. \$1,509,000

The future payments of the revenue bonds for the years ending June 30, are as follows:

<u>During the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$30,000	\$41,498	\$71,498
2022	31,000	40,673	71,673
2023	32,000	39,820	71,820
2024	33,000	38,940	71,940
2025	33,000	38,033	71,033
2026-2030	180,000	176,000	356,000
2031-2035	207,000	149,848	356,848
2036-2040	237,000	119,735	356,735
2041-2045	272,000	85,223	357,223
2046-2050	314,000	45,705	359,705
2051-2052	140,000	5,803	145,803
	<u>\$1,509,000</u>	<u>\$781,278</u>	<u>\$2,290,278</u>

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

B. LIABILITIES (CONTINUED)

The Town has been in compliance with the covenants as to rates, fees, rentals and charges in Section 5.01 of the Bond Order, authorizing the issuance of the Water and Sewer Revenue Bond, Series 2012, since their adoption in 2012. Section 5.01-C of the Bond Orders requires the debt service coverage ratio to be no less than 110%. The debt service coverage ratio calculation for the year ended June 30, 2020, is as follows:

Operating Revenues	\$1,583,049
Operating Expenses*	1,265,711
Operating Income	\$317,338
Nonoperating Revenues (Expenses)**	(15,246)
Income Available for Debt Service	\$302,092
Debt Service, Principal and Interest	
Paid (Revenue Bonds Only)	\$71,295
Debt Service Coverage Ratio	424%

* Per rate covenants, this does not include the depreciation expense of \$581,293.

** Per rate covenants, this does not include revenue bond interest paid of \$42,295.

8. Changes in Long-Term Liabilities

Compensated absences for governmental activities typically have been liquidated in the General Fund.

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental Activities:					
Installment Purchases	\$109,670	\$4,994,100	\$77,609	\$5,026,161	\$365,394
Compensated Absences	222,938	\$102,997	76,366	249,569	102,997
Total OPEB Liability	1,781,341	325,815		2,107,156	
Total Pension Liability (LEOSSA)	609,707	70,801		680,508	
Net Pension Liability (LGERS)	849,746	111,272		961,018	
Governmental Activity Long-Term Liabilities	\$3,573,402	\$5,604,985	\$153,975	\$9,024,412	\$468,391

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Business-type Activities:					
Installment Purchases	\$2,711,352	\$319,500	\$499,278	\$2,531,574	\$509,017
Revenue Bonds	9,063,000		159,000	8,904,000	166,000
Compensated Absences	40,198	\$20,123	14,520	45,801	19,000
Total OPEB Liability	566,857	157,902		724,759	
Net Pension Liability (LGERS)	211,641	12,207	7,293	216,555	
Business-type Activity Long-Term Liabilities	\$12,593,048	\$509,732	\$680,091	\$12,422,689	\$694,017

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

C. INTERFUND BALANCES AND ACTIVITY

Transfers to/from Other Funds:

Transfers to/from other funds for the year ended June 30, 2020, consisted of the following:

<u>GENERAL</u>	<u>FROM</u>	<u>TO</u>
From the Electric Fund to the General Fund	\$274,826	
From the Electric Fund to the General Fund - Payment In Lieu of Taxes	21,868	
From the Electric Fund to the General - Fund Economic Development	60,150	
From the Water Fund to the General Fund	72,323	
From the Water Fund to the General Fund-Streets	6,000	
From the Water Fund to the General Fund Economic Development	60,150	
From the Sewer Fund to the General Fund-Streets	6,000	
To Bonnie's Alley Water & Sanitary Sewer Improvements Project		
Fund from the General Fund		\$60,000
	<u>\$501,317</u>	<u>\$60,000</u>

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

D. EXTRAORDINARY EVENT

On March 27, 2006, the Town entered into a financing agreement with NC Department of Environment & Natural Resources – Division of Water Quality to aide in the purchase of a sewer sludge drying unit. The total asset cost was \$2,994,036. The Town sold the asset on March 2, 2020 for \$185,000 while it still had a net book value of \$1,804,739, resulting in a loss on sale of fixed asset in the amount of \$1,619,739. The asset was sold for parts rather than as a complete unit, causing the proceeds to be much lower than the value of the asset. The Town still has outstanding debt related to the purchase of the sewer sludge drying unit in the amount of \$499,555 at June 30, 2020.

E. FUND BALANCE

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

Total Fund Balance General Fund	\$3,314,544
Less:	
Inventories	17,898
Stabilization by State Statue	437,677
Streets-Powell Bill	572,138
Appropriated in 2021 Budget	21,750
Fire - Capital Outlay	126,607
Police Drug Funds	20,741
<u>Remaining Fund Balance</u>	<u>2,117,733</u>

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

F. NET INVESTMENT IN CAPITAL ASSETS

	Governmental Activities	Business-type Activities
Capital Assets	\$8,923,761	\$43,868,395
<i>Less: Long-Term Debt</i>	(32,061)	(11,435,574)
<i>Less: Library Building Renovation Debt (excluding unexpended debt proceeds)</i>	(2,986,702)	
Net Investment in Capital Assets	\$5,904,998	\$32,432,821

IV. JOINTLY GOVERNED ORGANIZATION

The Town is a member of the North Carolina Eastern Municipal Power Agency (the "Agency"). The Agency was formed to enable municipalities and town electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. The Town receives power from the Agency and is contractually allocated a 1.29% interest in the Agency, with the balance being shared by the 31 other local governments. Each participating government appoints one commissioner to the Agency's governing board. The Town is billed monthly for 1.29% of the Agency's operating expenditures (including debt service) of the Agency and is obligated to purchase all of its power supply requirements from the Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The Town's purchases of power for the fiscal year ended June 30, 2020, were \$4,254,825.

On July 31, 2015, the NCEMPA completed the sale of most of its electricity generating assets to Duke Energy. These proceeds were used to defease the NCEMPA's outstanding revenue bonds. The NCEMPA entered into contractual arrangements with its member cities and Duke Energy. Under these arrangements, the NCEMPA will supply wholesale power to its members and will purchase this power from Duke Energy. In addition to payments made for electric power, NCEMPA members will make payments for their share of the debt service on the NCEMPA's new revenue bonds.

V. RELATED ORGANIZATION

The mayor of the Town of Farmville appoints the five-member board of the Town of Farmville Housing Authority. The Town is accountable for the Housing Authority because it appoints the governing board; however, the Town is not financially accountable for the Housing Authority. The Town of Farmville is also disclosed as a related organization in the notes to the financial statements for the Town of Farmville Housing Authority.

VI. FARMVILLE HOUSING DEVELOPMENT CORPORATION

The Farmville Housing Development Corporation is a nonprofit organization qualifying as exempt under Section 501(c)(3) of the United States Internal Revenue Code. The Corporation was specifically organized and has been operated exclusively for the purpose of promoting opportunities available to the residents of the Farmville area and groups to obtain adequate low-cost housing accommodations by constructing, rehabilitating, and providing decent, safe, and sanitary housing in Farmville for persons and families of low to moderate income who otherwise would not be able to find or afford a suitable place to live. The Town of Farmville acts as agent in handling moneys for the Corporation.

VII. RELATED PARTY TRANSACTIONS

The Town leases approximately 4,300 square feet of commercial space from a real estate company that is partially owned by a Town Commissioner. The property location is 3822 South Main Street and it is used as a police substation. The annual rent is \$3,600.

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

VIII. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

IX. MAJOR ENTERPRISE CUSTOMER

The Town's Electric Fund has one industrial customer who provides a substantial amount of the fund's sales. Billings to this customer comprised 5.98% of total billings.

X. RECLASSIFICATIONS

Certain prior year classifications have been changed in the current year financial statements in order to clarify financial presentation.

XI. DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through January 29, 2021, the date on which the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen. The extent of the impact of COVID-19 on the Town's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Town's financial condition is uncertain.

REQUIRED SUPPLEMENTARY FINANCIAL DATA

Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System

Schedule of Contributions to Local Government Employees' Retirement System

Schedule of Changes in Total Pension Liability – LEOSA

Schedule of Total Pension Liability as a Percentage of Covered Payroll – LEOSA

Schedule of Changes in the Total OPEB Liability and Related Ratios

TOWN OF FARMVILLE, NORTH CAROLINA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Last Seven Fiscal Years

Local Government Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability (asset) (%)	0.04312%	0.04474%	0.04289%	0.04112%	0.04114%	0.04595%	0.04930%
Town's proportion of the net pension liability (asset) (\$)	\$1,177,573	\$1,061,386	\$655,241	\$872,703	\$253,606	(\$594,254)	\$270,988
Town's covered - employee payroll	2,912,950	2,821,800	2,587,255	2,400,777	2,620,146	2,678,378	2,516,930
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	40.43%	37.61%	25.33%	36.35%	9.68%	(22.19%)	10.12%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	99.07%	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 FARMVILLE, NORTH CAROLINA
 SCHEDULE OF CONTRIBUTIONS TO LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
 REQUIRED SUPPLEMENTARY INFORMATION
 For the Last Seven Fiscal Years

Local Government Employees' Retirement System							
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$251,742	\$239,329	\$217,844	\$193,651	\$163,482	\$180,510	\$181,890
Contributions in relation to the contractually required contrib	251,742	239,329	217,844	193,651	163,482	180,510	181,890
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Town's covered-employee payroll	\$2,743,986	\$2,912,950	\$2,821,800	\$2,587,255	\$2,400,777	\$2,620,146	\$2,678,378
Contributions as a percentage of covered-employee payroll	9.17%	8.22%	7.72%	7.48%	6.81%	6.89%	6.79%

TOWN OF FARMVILLE, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
Last Three Fiscal Years

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Beginning balance of the total pension liability	\$609,707	\$568,362	\$480,953
Changes for the year:			
Service Cost at end of year	27,347	25,746	22,691
Interest	21,736	17,564	18,265
Charges of benefit terms			
Differences between expected and actual experience	25,168	48,316	26,694
Changes of assumptions and other inputs	21,660	(25,171)	35,291
Benefit payments	(25,110)	(25,110)	(15,532)
Other			
Net Changes	<u>70,801</u>	<u>41,345</u>	<u>87,409</u>
Ending balance of the total pension liability	<u>\$680,508</u>	<u>\$609,707</u>	<u>\$568,362</u>

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

TOWN OF FARMVILLE, NORTH CAROLINA
 SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
 LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
 REQUIRED SUPPLEMENTARY INFORMATION
 Last Three Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total pension liability	\$680,508	\$609,707	\$568,362
Covered payroll	923,556	814,951	853,101
Total pension liability as a percentage of covered payroll	73.68%	74.82%	66.62%

Notes to the schedules:

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

TOWN OF FARMVILLE, NORTH CAROLINA
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
 REQUIRED SUPPLEMENTARY INFORMATION
 June 30, 2020

Total OPEB Liability	2020	2019	2018
Service Cost	\$85,581	\$88,494	\$97,205
Interest	88,882	81,903	70,839
Changes of Benefit terms			
Differences between expected and actual experience	375,442	8,303	22,601
Changes in assumptions	61,639	(74,325)	(129,113)
Benefit Payments	(127,827)	(112,642)	(116,160)
Net Change in total OPEB liability	\$483,717	(\$8,267)	(\$54,628)
Total OPEB Liability - beginning	\$2,348,198	\$2,356,465	\$2,411,093
Total OPEB Liability - ending	\$2,831,915	\$2,348,198	\$2,356,465

Covered Payroll	\$1,348,368	\$1,656,746	\$1,656,746
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Total OPEB Liability as a percentage of covered payroll	210.03%	141.74%	142.23%
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Notes to Schedule

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

<u>Fiscal Year</u>	<u>Rate</u>
2020	3.50%
2019	3.89%
2018	3.56%

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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.

Resources are provided primarily through taxes and intergovernmental revenue and are expended for services deemed not susceptible to a user charge financing method.

The Fund is accounted for on the modified accrual basis of accounting.

TOWN OF FARMVILLE, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Ad Valorem Taxes:			
Current Year	\$1,587,951	\$1,601,626	\$13,675
Prior Years	13,000	26,765	13,765
Penalties and Interest	16,000	10,313	(5,687)
Total Ad Valorem Taxes	\$1,616,951	\$1,638,704	\$21,753
Unrestricted Intergovernmental Revenues:			
Local Option Sales Tax	\$944,300	\$1,053,377	\$109,077
Piped Natural Gas Sales Tax	16,837	16,010	(827)
Utility Sales Tax	320,201	304,461	(15,740)
Telecommunications Tax	34,071	32,396	(1,675)
Vehicle Tag Fees	14,200	17,491	3,291
Video Franchise Fee	28,891	27,471	(1,420)
Beer & Wine Tax	21,000	19,832	(1,168)
Total Unrestricted Intergovernmental Revenues	\$1,379,500	\$1,471,038	\$91,538
Restricted Intergovernmental Revenues:			
Powell Bill Allocation	\$135,100	\$135,030	(\$70)
Library State Aid	3,820	3,601	(219)
LSTA Library Grants	5,000	2,488	(2,512)
Library - American Library Association Grant	300	300	
Fire Department State Grant	21,367	21,367	
Controlled Substance Tax		397	397
Solid Waste Disposal Tax	3,400	3,489	89
System Betterment Grant	5,000	5,000	
NCLM Safety Grant	5,000	999	(4,001)
Smart Communities Grant	4,000	5,000	1,000
Municipal Support Grant	5,000		(5,000)
Disaster Compensation - Federal Emergency Management Assistance		1,225	1,225
Total Restricted Intergovernmental Revenues	\$187,987	\$178,896	(\$9,091)
Licenses & Permits:			
Building Permits	\$13,000	\$11,345	(\$1,655)
Plumbing Permits	2,500	5,418	2,918
Electrical Permits	14,000	16,647	2,647
Other Applications & Permits	5,400	2,980	(2,420)
Total Licenses & Permits	\$34,900	\$36,390	\$1,490

TOWN OF FARMVILLE, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL

For the Year Ended June 30, 2020

	Budget	Actual	Variance Favorable (Unfavorable)
Sales & Services:			
Garbage Collection	\$555,000	\$539,947	(\$15,053)
Sale of Yard Waste Carts	500		(500)
Fire Protection	86,250	89,150	2,900
Recreation Concessions	2,000	589	(1,411)
Recreation Participation	59,500	45,669	(13,831)
Recreation Other	1,200	3,076	1,876
Cemetery Service Fees	27,000	24,629	(2,371)
Sale of Baled Materials	3,000		(3,000)
Materials and Services	5,000	1,829	(3,171)
Community Center Use Fees	5,000	2,160	(2,840)
DMV Fees	66,400	62,542	(3,858)
Total Sales & Services	\$810,850	\$769,591	(\$41,259)
Investment Earnings	\$8,475	\$12,417	\$3,942
Other Revenues:			
Library Fees	\$5,400	\$2,303	(\$3,097)
Library Donations	18,000	19,447	1,447
Court and Arrest Fees	6,300	6,350	50
Insurance Settlement	9,350	14,149	4,799
Total Other Revenues	\$39,050	\$42,249	\$3,199
Miscellaneous Income:			
Sundry	\$34,700	\$95,820	\$61,120
Solar Farm - Police Services	\$6,500	6,500	
Industrial Park Land Lease		1,134	1,134
Sales of Fixed Assets	10,000		(10,000)
SRO- Officer Reimbursement	135,000	134,268	(732)
Total Miscellaneous Income	\$186,200	\$237,722	\$51,522
TOTAL REVENUES	\$4,263,913	\$4,387,007	\$123,094

TOWN OF FARMVILLE, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES:			
General Government:			
Legislative:			
Personnel Expenses	\$46,899	\$44,141	\$2,758
Operating Expenses	156,076	147,984	8,092
Professional Services	21,450	19,571	1,879
Reimbursement - Proprietary Funds	(47,294)	(47,294)	
Total Legislative	\$177,131	\$164,402	\$12,729
Administrative:			
Personnel Expenses	\$228,202	\$224,641	\$3,561
Operating Expenses	25,601	24,232	1,369
Reimbursement - Proprietary Funds	(176,206)	(176,206)	
Total Administrative	\$77,597	\$72,667	\$4,930
Finance:			
Personnel Expenses	\$415,385	\$407,666	\$7,719
Operating Expenses	78,600	64,543	14,057
Professional Services	45,000	42,924	2,076
Contracted Services	11,500	7,430	4,070
Reimbursement - Proprietary Funds	(344,785)	(344,785)	
Total Finance	\$205,700	\$177,778	\$27,922
Information Technology:			
Personnel Expenses	\$93,169	\$90,788	\$2,381
Operating Expenses	78,650	49,566	29,084
Capital Outlay (Under Threshold)	10,000	7,193	2,807
Reimbursement - Proprietary Funds	(131,790)	(131,790)	
Total Information Technology	\$50,029	\$15,757	\$34,272
Total General Government	\$510,457	\$430,604	\$79,853
Public Safety:			
Police Department:			
Personnel Expenses	\$1,682,450	\$1,649,186	\$33,264
Operating Expenses	172,250	157,302	14,948
Professional Services	500	381	119
Contracted Services	17,500	14,950	2,550
Capital Outlay (Under Threshold)		2,596	(2,596)
Capital Outlay	65,375	57,042	8,333
Reimbursement - Proprietary Funds	(36,390)	(36,390)	
Total Police Department	\$1,901,685	\$1,845,067	\$56,618

TOWN OF FARMVILLE, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Favorable (Unfavorable)
Fire Department:			
Personnel Expenses	\$12,488	\$10,175	\$2,313
Operating Expenses	175,260	153,519	21,741
Capital Outlay (Under Threshold)	50,309	50,777	(468)
Capital Outlay	27,468	27,240	228
Reimbursement - Proprietary Funds	(5,295)	(5,295)	
Total Fire Department	\$260,230	\$236,416	\$23,814
Code Enforcement:			
Personnel Expenses	\$211,890	\$204,895	\$6,995
Operating Expenses	36,336	31,871	4,465
Professional Services	7,000	4,538	2,462
Contracted Services	2,114	2,012	102
Reimbursement - Proprietary Funds	(45,000)	(45,000)	
Total Code Enforcement	\$212,340	\$198,316	\$14,024
Total Public Safety	\$2,374,255	\$2,279,799	\$94,456
Transportation:			
Streets-Powell Bill:			
Operating Expenses	\$42,200	\$31,605	\$10,595
Professional Services	1,000		1,000
Capital Outlay	5,000		5,000
Total Streets-Powell Bill	\$48,200	\$31,605	\$16,595
Total Transportation	\$48,200	\$31,605	\$16,595
Economic and Physical Development:			
Personnel Expenses			
Operating Expenses	\$142,950	\$122,163	\$20,787
Professional Services	2,000		2,000
Chamber of Commere	40,000	40,000	
Capital Outlay (Under Threshold)	4,000	4,000	
Total Economic and Physical Development	\$188,950	\$166,163	\$22,787
Environmental Protection/Public Works:			
Public Works:			
Personnel Expenses	\$696,869	\$662,426	\$34,443
Operating Expenses	276,550	240,529	36,021
Professional Services	8,000	5,887	2,113
Contracted Services	17,000	8,729	8,271
Capital Outlay (Under Threshold)	15,000	14,867	133
Capital Outlay	75,000	50,499	24,501
Reimbursement - Proprietary Funds	(109,574)	(109,574)	
Total Public Works	\$978,845	\$873,363	\$105,482

TOWN OF FARMVILLE, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Favorable (Unfavorable)
Sanitation:			
Contracted Services	\$541,952	\$539,411	\$2,541
Reimbursement - Proprietary Funds	(634,417)	(634,417)	
Total Sanitation	(\$92,465)	(\$95,006)	\$2,541
Total Environmental Protection/Public Works	\$886,380	\$778,357	\$108,023
Public Services:			
Recreation & Parks:			
Personnel Expenses	\$171,762	\$156,410	\$15,352
Operating Expenses	136,805	110,259	26,546
Capital Outlay (Under Threshold)	35,535	171	35,364
Contracted Services	87,380	81,010	6,370
Capital Outlay	21,620	49,420	(27,800)
Total Recreation & Parks	\$453,102	\$397,270	\$55,832
Library:			
Personnel Expenses	\$303,539	\$296,752	\$6,787
Operating Expenses	90,395	82,522	7,873
Professional Services	150		150
Total Library	\$394,084	\$379,274	\$14,810
May Museum:			
Personnel Expenses	\$22,077	\$21,398	\$679
Operating Expenses	12,625	8,668	3,957
Total May Museum	\$34,702	\$30,066	\$4,636

TOWN OF FARMVILLE, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Dogwood Festival	\$8,775	\$5,030	\$3,745
<i>Total Public Services</i>	\$890,663	\$811,640	\$79,023
Debt Service:			
Principal Retirement	\$77,608	\$77,608	
Interest and Other Charges	2,415	2,414	\$1
<i>Total Debt Service</i>	\$80,023	\$80,022	\$1
<i>TOTAL EXPENDITURES</i>	\$4,978,928	\$4,578,190	\$400,738
<i>Revenues Over (Under) Expenditures</i>	(\$715,015)	(\$191,183)	\$523,832
Other Financing Sources (Uses):			
<i>Operating Transfers-In (Out):</i>			
Cemetery Fund	\$19,700	\$17,550	(\$2,150)
Electric Fund	356,844	356,844	
Water Fund	138,473	138,473	
Sewer Fund	6,000	6,000	
Bonnie's Alley Water & Sanitary Sewer Improvements Project	(60,000)	(60,000)	
Fund Balance Appropriated	253,998		(253,998)
<i>Total Other Financing Sources (Uses)</i>	\$715,015	\$458,867	(\$256,148)
<i>Net Change in Fund Balance</i>	\$0	\$267,684	\$267,684
<i>Fund Balance, Beginning</i>		3,046,860	
Fund Balance, June 30		\$3,314,544	

STATEMENT 7

TOWN OF FARMVILLE, NORTH CAROLINA
MAJOR CAPITAL OUTLAY FUND – LIBRARY RENOVATION PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total To Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Private Contributions	\$2,000,000	\$285,115	\$160,918	\$446,033	(\$1,553,967)
State Grant Funding	400,000				(400,000)
Contribution from General Fund	1,767,000				(1,767,000)
Investment Earnings			411	411	411
Total Revenues	\$4,167,000	\$285,115	\$161,329	\$446,444	(\$3,720,556)
Expenditures:					
Capital Outlay:					
Building Construction/Demolition	\$3,000,000		\$2,479,305	\$2,479,305	\$520,695
Design & Construction Management	400,000	\$432,756	59,021	491,777	(91,777)
Printing	4,000		767	767	3,233
Furnishings & Technology	500,000				500,000
Site Improvements	150,000				150,000
Survey & Testing	110,000	8,962	3,718	12,680	97,320
Advertisement Fees	3,000		672	672	2,328
Administration		1,250	254	1,504	(1,504)
Total Expenditures	\$4,167,000	\$442,968	\$2,543,737	\$2,986,705	\$1,180,295
Revenues Over (Under)					
Expenditures	\$0	(\$157,853)	(\$2,382,408)	(\$2,540,261)	(\$2,540,261)
Other Financing Sources (Uses):					
Proceeds from Issuance of Long Term Debt			\$4,994,100	\$4,994,100	\$4,994,100
Total Other Financing Sources (Uses)	\$0	\$0	\$4,994,100	\$4,994,100	\$4,994,100
Revenues and Other Financing Sources Over (Under)					
Expenditures	\$0	(\$157,853)	\$2,611,692	\$2,453,839	\$2,453,839
<i>Beginning Fund Balance, July 1</i>			(157,853)		
Ending Fund Balance , June 30			\$2,453,839		

OTHER GOVERNMENTAL FUNDS

The following comprise the Town's Other Governmental Funds:

NON-MAJOR FUNDS

Cemeteries Perpetual Care Fund – This fund is used to account for the ongoing care of the municipal cemeteries.

Subdivision Participation Project Fund – This fund is used to account for Subdivision Participation moneys.

Dogwood Festival Fund – This fund is used to account for the annual Dogwood Festival.

Library (Trust) Fund – This fund is used to account for contributions restricted for the library.

May Museum and Park (Trust) Fund – This fund is used to account for contributions restricted for the May Museum and Park.

2018 CDBG Neighborhood Revitalization Fund – This fund is used to account for the 2018 CDBG Neighborhood Revitalization Project.

Wallace Street Drainage Improvements Project Fund – This fund is used to account for The Wallace Street Drainage Improvements Project.

Jones Street Drainage Improvements Project Fund – This fund is used to account for the Jones Street Drainage Improvements Project.

TOWN OF FARMVILLE, NORTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2020

	Special Revenue Funds					Total Non-major Special Revenue Funds	Non-Major Capital Outlay Funds:		Total Non-Major Capital Outlay Funds	Total Non-major Governmental Funds
	Cemeteries Perpetual Care Fund	Subdivision Participation Project Fund	Dogwood Festival Fund	Library (Trust) Fund	May Museum and Park (Trust) Fund		2018 CDBG Neighborhood Revitalization Fund	Wallace Street Drainage Improvements Project		
ASSETS										
<i>Current Assets:</i>										
Cash and Investments	\$169,851	\$58,986	\$171,066	\$240,118	\$34,616	\$674,637				\$674,637
Accounts Receivable	385					1,070	\$466		\$466	1,536
TOTAL ASSETS	\$170,236	\$58,986	\$171,066	\$240,118	\$34,616	\$675,707	\$466	\$0	\$466	\$676,173
LIABILITIES AND FUND BALANCE										
<i>Other Liabilities:</i>										
Accounts Payable			\$3			\$3				\$3
Due to General Fund						685	\$22,643		\$22,643	23,328
Total Current Liabilities	\$0	\$0	\$3	\$0	\$0	\$688	\$22,643	\$0	\$22,643	\$23,331
Total Liabilities	\$0	\$0	\$3	\$0	\$0	\$688	\$22,643	\$0	\$22,643	\$23,331
<i>Fund Balance:</i>										
Stabilization by State Statute	\$385					\$385	\$466		\$466	\$851
Assigned	169,851	\$58,986	\$171,063	\$240,118	\$34,616	674,634	(22,643)		(22,643)	651,991
Unassigned										
Total Fund Balances	\$170,236	\$58,986	\$171,063	\$240,118	\$34,616	\$675,019	(\$22,177)	\$0	(\$22,177)	\$652,842
TOTAL LIABILITIES AND FUND BALANCE	\$170,236	\$58,986	\$171,066	\$240,118	\$34,616	\$675,707	\$466	\$0	\$466	\$676,173

TOWN OF FARMVILLE, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2020

	Special Revenue Funds					Total Non-major Special Revenue Funds	Non-Major Capital Outlay Funds		Total Non-Major Capital Outlay Funds	Total Non-major Governmental Funds	
	Cemeteries Perpetual Care Fund	Subdivision Participation Project Fund	Dogwood Festival Fund	Library (Trust) Fund	May Museum and Park (Trust) Fund		2018 CDBG Neighborhood Revitalization Fund	Wallace Street Drainage Improvements Project			Jones Street Drainage Improvements Project
Revenues:											
Restricted Intergovernmental						\$685				\$685	
Investment Earnings	\$867	\$294	\$869	\$1,196	\$173					\$3,399	
Sales and Services	16,007		24,737							40,744	
Other Revenues	266		4,858	350		5,474	\$22,687	\$16,924	\$39,611	45,085	
Total Revenues	\$17,140	\$294	\$30,464	\$1,546	\$173	\$685	\$50,302	\$22,687	\$16,924	\$39,611	\$89,913
Expenditures:											
Economic and Physical Development			\$33,208			\$685	\$33,893	\$44,756	\$16,924	\$61,680	\$95,573
Total Expenditures	\$0	\$0	\$33,208	\$0	\$0	\$685	\$33,893	\$44,756	\$16,924	\$61,680	\$95,573
Revenues Over (Under) Expenditures	\$17,140	\$294	(\$2,744)	\$1,546	\$173	\$0	\$16,409	(\$22,069)	\$0	(\$22,069)	(\$5,660)
Other Financing Sources (Uses)											
Transfers In (Out)	(\$17,550)						(\$17,550)				(\$17,550)
Total Other Financing Sources (Uses)	(\$17,550)	\$0	\$0	\$0	\$0	\$0	(\$17,550)	\$0	\$0	\$0	(\$17,550)
Revenues Over (Under) Expenditures and Other Financing Sources	(\$410)	\$294	(\$2,744)	\$1,546	\$173	\$0	(\$1,141)	(\$22,069)	\$0	(\$22,069)	(\$23,210)
Fund Balances:											
Beginning of year, July 1	\$170,646	\$58,692	\$173,807	\$238,572	\$34,443		\$676,160	(\$108)		(\$108)	\$676,052
End of year, June 30	\$170,236	\$58,986	\$171,063	\$240,118	\$34,616	\$0	\$675,019	(\$22,177)	\$0	(\$22,177)	\$652,842

TOWN OF FARMVILLE, NORTH CAROLINA
SPECIAL REVENUE FUND – CEMETERIES PERPETUAL CARE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Annual Budget	2020 Actual	Variance Favorable (Unfavorable)
Revenues:			
Investment Earnings	\$800	\$867	\$67
Cemetery Sales	18,000	16,007	(1,993)
Penalties & Interest	900	266	(634)
Total Revenues	\$19,700	\$17,140	(\$2,560)
Expenditures:			
Maintenance			
Total Expenditures	\$0	\$0	\$0
Revenues Over (Under) Expenditures	\$19,700	\$17,140	(\$2,560)
Other Financing Sources (Uses):			
Transfer to General	(\$19,700)	(\$17,550)	\$2,150
Total Other Financing Sources (Uses)	(\$19,700)	(\$17,550)	\$2,150
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	\$0	(\$410)	(\$410)
<i>Beginning Fund Balance, July 1</i>		170,646	
Ending Fund Balance, June 30		\$170,236	

TOWN OF FARMVILLE, NORTH CAROLINA
SPECIAL REVENUE FUND – SUBDIVISION PARTICIPATION PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
From Inception and For the Fiscal Year Ended June 30, 2020

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Favorable (Unfavorable)
Revenues:					
Pitt County Board of Education	\$17,000	\$17,000		\$17,000	
Owner Contributions - Evans	250	250		250	
Owner Contributions - Arrowhead	137,265	119,440		119,440	(\$17,825)
Owner Contributions - Other	230,768	154,112		154,112	(76,656)
Investment Earnings	47,000	14,181	\$294	14,475	(32,525)
Total Revenues	\$432,283	\$304,983	\$294	\$305,277	(\$127,006)
Expenditures:					
Professional Services	\$83,809	\$76,089		\$76,089	\$7,720
Construction Streets	262,341	351,706		351,706	(89,365)
Construction Water and Sewer	285,254	134,453		134,453	150,801
Construction Electric	26,279	26,279		26,279	
Contingency	74,154				74,154
Total Expenditures	\$731,837	\$588,527	\$0	\$588,527	\$143,310
Revenues Over (Under) Expenditures	(\$299,554)	(\$283,544)	\$294	(\$283,250)	\$16,304
Other Financing Sources (Uses):					
Transfer from General Fund	\$19,352	\$19,352		\$19,352	
Transfer from Heritage Farmville		14,508		14,508	\$14,508
Transfer to SARF Fund		(63,624)		(63,624)	(63,624)
Transfer from Electric Fund	104,140	99,000		99,000	(5,140)
Transfer from Water Fund	91,022	143,000		143,000	51,978
Transfer from Sewer Fund	85,040	130,000		130,000	44,960
Total Other Financing Sources (Uses)	\$299,554	\$342,236	\$0	\$342,236	\$42,682
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	\$0	\$58,692	\$294	\$58,986	\$58,986
<i>Beginning Fund Balance, July 1</i>			58,692		
Ending Fund Balance , June 30			\$58,986		

TOWN OF FARMVILLE, NORTH CAROLINA
SPECIAL REVENUE FUND – DOGWOOD FESTIVAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2020

	Annual Budget	2020 Actual	Variance Favorable (Unfavorable)
Revenues:			
Investment Earnings	\$700	\$869	\$169
Festival Revenues	31,200	24,737	(6,463)
Donations	20,000	4,858	(15,142)
Total Revenues	\$51,900	\$30,464	(\$21,436)
Expenditures:			
Participant Refunds/Reimbursements	\$20,000	\$18,950	\$1,050
Purchases for Resale	15,000	10,686	4,314
Advertising	6,500	1,490	5,010
Special Venues	1,250	1,250	
Entertainment	2,000	363	1,637
Dues & Subscriptions	300	278	22
Telephone & Postage	150	111	39
Miscellaneous Expenses	3,700	80	3,620
Kids Cool Fest	1,500		1,500
Printing	1,500		1,500
Total Expenditures	\$51,900	\$33,208	\$18,692
Revenues Over (Under) Expenditures	\$0	(\$2,744)	(\$2,744)
<i>Beginning Fund Balance, July 1</i>		173,807	
Ending Fund Balance, June 30		\$171,063	

TOWN OF FARMVILLE, NORTH CAROLINA
SPECIAL REVENUE FUND - LIBRARY (TRUST) FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2020

	2020
Revenues:	
Investment Earnings	\$1,196
Contributions	350
Total Revenues	\$1,546
 Expenditures:	
Public Services:	
Veteran's Memorial Trust Expenditures	
Total Expenditures	\$0
Revenues Over (Under) Expenditures	\$1,546
<i>Beginning Fund Balance, July 1</i>	238,572
Ending Fund Balance, June 30	\$240,118

TOWN OF FARMVILLE, NORTH CAROLINA
SPECIAL REVENUE FUND - MAY MUSEUM AND PARK (TRUST) FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2020

	2020
Revenues:	
Investment Earnings	\$173
<i>Total Revenues</i>	\$173
 Expenditures:	
 <i>Total Expenditures</i>	 \$0
Revenues Over (Under) Expenditures	\$173
<i>Beginning Fund Balance, July 1</i>	34,443
Ending Fund Balance, June 30	\$34,616

TOWN OF FARMVILLE, NORTH CAROLINA
SPECIAL REVENUE FUND – 2018 CDBG NEIGHBORHOOD REVITALIZATION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2020

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total To Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Community Development Block Grant	\$750,000		\$685	\$685	\$749,315
Town Revenues	8,000				8,000
Total Revenues	\$758,000	\$0	\$685	\$685	\$757,315
Expenditures:					
Architectural Barrier Removal	\$180,000				\$180,000
Private Housing Rehabilitation	528,000				528,000
Administration	50,000		\$685	\$685	49,315
Total Expenditures	\$758,000	\$0	\$685	\$685	\$757,315
Revenues Over (Under) Expenditures	\$0	\$0	\$0	\$0	\$0
<i>Beginning Fund Balance, July 1</i>					
Ending Fund Balance , June 30			\$0		

TOWN OF FARMVILLE, NORTH CAROLINA

NON- MAJOR CAPITAL OUTLAY FUND – WALLACE STREET DRAINAGE IMPROVEMENTS PROJECT FUND
 STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE
 For the Fiscal Year Ended June 30, 2020

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total To Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Golden Leaf Disaster Recovery Grant	\$75,000	\$52,313	\$22,687	\$75,000	
Town of Farmville Contribution	22,535				(\$22,535)
Total Revenues	\$97,535	\$52,313	\$22,687	\$75,000	(\$22,535)
Expenditures:					
Legal		\$108		\$108	(\$108)
Engineering	\$11,429	10,196	\$5,546	15,742	(4,313)
Inspection	4,314				4,314
Construction	81,792	42,117	39,210	81,327	465
Total Expenditures	\$97,535	\$52,421	\$44,756	\$97,177	\$358
Revenues Over (Under) Expenditures	\$0	(\$108)	(\$22,069)	(\$22,177)	(\$22,177)
<i>Beginning Fund Balance, July 1</i>			(108)		
Ending Fund Balance , June 30			(\$22,177)		

TOWN OF FARMVILLE, NORTH CAROLINA
NON- MAJOR CAPITAL OUTLAY FUND – JONES STREET DRAINAGE IMPROVEMENTS PROJECT FUND
STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2020

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total To Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Golden Leaf Disaster Recovery Grant	\$102,700	\$84,900	\$16,924	\$101,824	(\$876)
Total Revenues	\$102,700	\$84,900	\$16,924	\$101,824	(\$876)
Expenditures:					
Legal	\$2,500				\$2,500
Planning & Engineering	8,700	\$15,840	\$1,839	\$17,679	(8,979)
Construction	47,750	69,060	15,085	84,145	(36,395)
Construction Administration/Observation	9,000				9,000
Contingency	32,250				32,250
Reimbursables	2,500				2,500
Total Expenditures	\$102,700	\$84,900	\$16,924	\$101,824	\$876
Revenues Over (Under) Expenditures	\$0	\$0	\$0	\$0	\$0
<i>Beginning Fund Balance, July 1</i>					
Ending Fund Balance , June 30			\$0		

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

The following comprise the Town's Enterprise Funds:

Electric Fund - This fund is used to account for the Town's electric operations.

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

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

TOWN OF FARMVILLE, NORTH CAROLINA
ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2020

	Budget	2020 Actual	Variance Favorable (Unfavorable)
REVENUES:			
Operating Revenues:			
Electric Sales	\$6,436,107	\$6,031,337	(\$404,770)
Other Operating Revenues	101,800	55,223	(46,577)
Total Operating Revenues	\$6,537,907	\$6,086,560	(\$451,347)
Non-Operating Revenues:			
Investment Earnings	\$6,500	\$6,845	\$345
Miscellaneous Non-Operating Revenue	5,000	(2,887)	(7,887)
Total Non-Operating Revenues	\$11,500	\$3,958	(\$7,542)
TOTAL REVENUES	\$6,549,407	\$6,090,518	(\$458,889)
EXPENDITURES:			
Administrative:			
Personnel Expenses	\$92,807	\$83,752	\$9,055
Operating Expenses	84,500	69,961	14,539
Utility Service Fee	502,736	502,736	
Capital Outlay (Under Threshold)	2,860	360	2,500
Total Administrative	\$682,903	\$656,809	\$26,094
Electric Distribution:			
Personnel Expenses	\$370,016	\$346,827	\$23,189
Operating Expenses	209,800	207,320	2,480
Maintenance	32,000	25,616	6,384
Professional Services	3,000	338	2,662
Contracted Services	116,800	115,161	1,639
Utility Service Fee	196,172	196,172	
Capital Outlay (Under Threshold)	23,500	23,235	265
Total Electric Distribution	\$951,288	\$914,669	\$36,619
Electricity Purchased	\$4,390,000	\$4,254,825	\$135,175
Total Electric Distribution	\$6,024,191	\$5,826,303	\$197,888
Debt Service Expenditures:			
Interest and Other Charges	\$30,432	\$30,432	
Debt Principal	236,940	236,939	\$1
Total Debt Service Expenditures	\$267,372	\$267,371	\$1

TOWN OF FARMVILLE, NORTH CAROLINA
ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>2020 Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Capital Outlay:			
Equipment	\$8,000	\$7,768	\$232
Total Capital Outlay	\$8,000	\$7,768	\$232
TOTAL EXPENDITURES	\$6,299,563	\$6,101,442	\$198,121
Revenues Over (Under) Expenditures	\$249,844	(\$10,924)	(\$260,768)
Other Financing Sources (Uses):			
Operating Transfers In (Out):			
General Fund	(\$274,826)	(\$274,826)	
General Fund (Payment in Lieu of Taxes)	(21,868)	(21,868)	
General Fund (Economic Development)	(60,150)	(60,150)	
Fund 82 - NCDOT Project - US 258 Widening		(4,064)	(\$4,064)
Fund 91 - Bonnie's Alley Water& Sanitary Sewer Improvements Project	(122,315)	(122,315)	
Fund Balance Appropriated	229,315		(229,315)
Total Other Financing Sources (Uses)	(\$249,844)	(\$483,223)	(\$233,379)
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$0	(\$494,147)	(\$494,147)
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues Over (Under) Expenditures and Other Financing Uses		(\$494,147)	
Reconciling Items:			
Capital Debt Principal Payments		\$236,939	
Capital Outlay		7,768	
Depreciation Expense		(222,671)	
Increase/(Decrease) in Inventory		(11,914)	
(Increase)/Decrease in Compensated Absences Payable		(4,146)	
(Increase)/Decrease in Accrued Interest		8,911	
Increase/(Decrease) in Deferred Outflows - Pension		(21,782)	
(Increase)/Decrease in Net Pension Liability		(2,624)	
(Increase)/Decrease in Deferred Inflows - Pension		(1,020)	
Increase/(Decrease) in Deferred Outflows - OPEB		23,355	
(Increase)/Decrease in Deferred Inflows - OPEB		3,931	
(Increase)/Decrease in OPEB Liability		(31,404)	
Transfer to NCDOT Project US 258		4,064	
Total		(10,593)	
Change in Net Position		(\$504,740)	

TOWN OF FARMVILLE, NORTH CAROLINA
NCDOT PROJECT - US 258 WIDENING
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2020

	<u>Project</u> <u>Authorization</u>	<u>Actual</u> <u>Prior Years</u>	<u>Actual</u> <u>Current Year</u>	<u>Actual Total</u> <u>To Date</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:					
NCDOT Contribution	\$170,000	\$70,869		\$70,869	(\$99,131)
Investment Earnings		3		3	3
TOTAL REVENUES	\$170,000	\$70,872	\$0	\$70,872	(\$99,128)
Expenditures:					
Engineering	\$65,000	\$70,869		\$70,869	(\$5,869)
Construction	105,000	4,067		4,067	100,933
TOTAL EXPENDITURES	\$170,000	\$74,936	\$0	\$74,936	\$95,064
Revenues Over (Under) Expenditures	\$0	(\$4,064)	\$0	(\$4,064)	(\$4,064)
Other Financing Sources (Uses):					
Transfer to Electric Fund			\$4,064	\$4,064	\$4,064
TOTAL OTHER FINANCING SOURCES (USES)	\$0	\$0	\$4,064	\$4,064	\$4,064
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	\$0	(\$4,064)	\$4,064	\$0	\$0
<i>Beginning Fund Balance, July 1</i>			(4,064)		
Ending Fund Balance, June 30			\$0		

TOWN OF FARMVILLE, NORTH CAROLINA
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2020

	Budget	2020 Actual	Variance Favorable (Unfavorable)
REVENUES:			
Operating Revenues:			
Water Sales	\$2,662,741	\$2,502,690	(\$160,051)
Tap on Fees	7,100	4,880	(2,220)
Other Operating Revenues	95,208	133,550	38,342
Total Operating Revenues	\$2,765,049	\$2,641,120	(\$123,929)
Non-Operating Revenues:			
Investment Earnings	\$13,000	\$18,194	\$5,194
Total Non-Operating Revenues	\$13,000	\$18,194	\$5,194
TOTAL REVENUES	\$2,778,049	\$2,659,314	(\$118,735)
EXPENDITURES:			
Administrative:			
Personnel Expenses	\$41,568	\$36,678	\$4,890
Operating Expenses	54,800	51,237	3,563
Professional Services	4,000	2,800	1,200
Utility Service Fee	304,800	304,800	
Capital Outlay (Under Threshold)	4,760	360	4,400
Total Administrative	\$409,928	\$395,875	\$14,053
Water Supply:			
Personnel Expenses	\$22,750	\$21,084	\$1,666
Operating Expenses	1,044,625	991,734	52,891
Maintenance	10,000	5,137	4,863
Utility Service Fee	203,200	203,200	
Contracted Services	101,000	104,473	(3,473)
Total Water Supply	\$1,381,575	\$1,325,628	\$55,947

TOWN OF FARMVILLE, NORTH CAROLINA
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2020

	Budget	2020 Actual	Variance Favorable (Unfavorable)
Water Distribution:			
Personnel Expenses	\$185,090	\$178,743	\$6,347
Operating Expenses	60,000	73,000	(13,000)
Maintenance	8,000	4,996	3,004
Professional Services	2,000		2,000
Capital Outlay (Under Threshold)	9,684	4,768	4,916
Total Water Distribution	\$264,774	\$261,507	\$3,267
Debt Service Expenditures:			
Bond Interest & Fees	\$287,575	\$287,575	
Bond Principal Payments	220,975	220,975	
Total Debt Service Expenditures	\$508,550	\$508,550	\$0
Capital Outlay:			
Equipment & Improvements	\$187,461	\$187,461	
Total Capital Outlay	\$187,461	\$187,461	\$0
TOTAL EXPENDITURES	\$2,752,288	\$2,679,021	\$73,267
Revenues Over (Under) Expenditures	\$25,761	(\$19,707)	(\$45,468)
Other Financing Sources (Uses) :			
Operating Transfers In (Out):			
General Fund	(\$78,323)	(\$78,323)	
General Fund (Economic Development)	(60,150)	(60,150)	
Fund 90 - 2017 Water System Improvement Fund		(3,890)	(\$3,890)
Fund 91 - Bonnie's Alley Water & Sanitary Sewer Improvements Project	(160,000)	(160,000)	
Reserve GUC Waterline Phase 1A - Primary	(19,608)		19,608
Reserve GUC Waterline Phase 1A - Secondary	(9,217)		9,217
Reserve GUC Waterline Phase 1B	(12,932)		12,932
Reserve GUC Waterline Phase 1D	(7,500)		7,500
Reserve 2019 State Bond Loan	(1,598)		1,598
Contributed Capital - Fund 91		1,307	1,307
Proceeds from Issuance of Debt		319,500	319,500
Fund Balance Appropriated	323,567		(323,567)
Total Other Financing Sources (Uses)	(\$25,761)	\$18,444	\$44,205
Revenues Over (Under) Expenditures and Other Financing Uses	\$0	(\$1,263)	(\$1,263)

TOWN OF FARMVILLE, NORTH CAROLINA
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>2020 Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Reconciliation From Budgetary Basis (Modified Accrual) To Full Accrual:			
Revenues Over (Under) Expenditures and Other Financing Uses		(\$1,263)	
Reconciling Items:			
Capital Debt Principal Payments		\$220,975	
Proceeds from the Issuance of Debt		(319,500)	
Capital Outlay		187,461	
Depreciation Expense		(617,963)	
Increase/(Decrease) in Inventory		(17,752)	
(Increase)/Decrease in Compensated Absences Payable		121	
(Increase)/Decrease in Accrued Interest		393	
Increase/(Decrease) in Deferred Outflows - Pension		(16,312)	
(Increase)/Decrease in Net Pension Liability		7,293	
(Increase)/Decrease in Deferred Inflows - Pension		(344)	
Increase/(Decrease) in Deferred Outflows - OPEB		49,552	
(Increase)/Decrease in Deferred Inflows - OPEB		2,172	
(Increase)/Decrease in OPEB Liability		(104,270)	
Transfer to Fund 90 - 2017 Water System Improvements Fund		3,890	
Transfer to Fund 91 - Bonnie's Alley Water & Sanitary Sewer Improvements Fund		160,000	
Contributed Capital - 2017 Water System Improvement Project		82,096	
Contributed Capital - Bonnie's Alley Water & Sanitary Sewer Improvements Fund		140,644	
Total		(\$221,544)	
Change in Net Position		(\$222,807)	

TOWN OF FARMVILLE, NORTH CAROLINA
2016 WATER SYSTEM IMPROVEMENTS PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2020

	<u>Project</u> <u>Authorization</u>	<u>Actual</u> <u>Prior Years</u>	<u>Actual</u> <u>Current Year</u>	<u>Actual Total</u> <u>To Date</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:					
Town of Farmville	\$630,000				(\$630,000)
TOTAL REVENUES	\$630,000	\$0	\$0	\$0	(\$630,000)
Expenditures:					
Construction	\$406,837	\$373,699		\$373,699	\$33,138
Contingency	144,434		\$10,652	10,652	133,782
Engineering	34,478	27,685	5,000	32,685	1,793
Inspection	28,451	22,225		22,225	6,226
GIS Update	12,500		10,191	10,191	2,309
Advertisement	1,500	162		162	1,338
Legal	1,000	602		602	398
Permit Fees	800				800
TOTAL EXPENDITURES	\$630,000	\$424,373	\$25,843	\$450,216	\$179,784
Revenues Over (Under) Expenditures	\$0	(\$424,373)	(\$25,843)	(\$450,216)	(\$450,216)
<i>Beginning Fund Balance, July 1</i>			(424,373)		
Ending Fund Balance, June 30			(\$450,216)		

TOWN OF FARMVILLE, NORTH CAROLINA
2017 WATER SYSTEM IMPROVEMENTS PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2020

	<u>Project</u> <u>Authorization</u>	<u>Actual</u> <u>Prior Years</u>	<u>Actual</u> <u>Current Year</u>	<u>Actual Total</u> <u>To Date</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:					
State Drinking Water Reserve - Loan	\$319,500		\$319,500	\$319,500	
State Drinking Water Reserve - Grant	319,500	\$205,037	82,096	287,133	(\$32,367)
Sales Tax Refund - Restricted	10,000				(10,000)
TOTAL REVENUES	\$649,000	\$205,037	\$401,596	\$606,633	(\$42,367)
Expenditures:					
Contract No. 1 Water System Improvements	\$457,898	\$299,752	\$158,300	\$458,052	(\$154)
Construction Observation	49,300	27,333	19,364	46,697	2,603
Construction Administration	38,400	23,511	14,838	38,349	51
Basic Engineering Fees	41,211	37,900	7,947	45,847	(4,636)
Additional Services by Engineer	10,000				10,000
Permit Application Fees Paid by Owner	1,000				1,000
Reimbursable Expenses to Engineer	1,000				1,000
Contingency	25,508				25,508
Engineering Report	10,000	10,000		10,000	
Grant Administration	4,793	6,390		6,390	(1,597)
Loan Administration	6,390	4,793		4,793	1,597
Legal Costs	2,000				2,000
Other - Paid by owner	1,500	395		395	1,105
TOTAL EXPENDITURES	\$649,000	\$410,074	\$200,449	\$610,523	\$38,477
Revenues Over (Under) Expenditures	\$0	(\$205,037)	\$201,147	(\$3,890)	(\$3,890)
Other Financing Sources (Uses):					
Transfer from Water Fund			\$3,890	\$3,890	\$3,890
TOTAL OTHER FINANCING SOURCES (USES):	\$0	\$0	\$3,890	\$3,890	\$3,890
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	\$0	(\$205,037)	\$205,037	\$0	\$0
<i>Beginning Fund Balance, July 1</i>			(205,037)		
Ending Fund Balance, June 30			\$0		

TOWN OF FARMVILLE, NORTH CAROLINA
SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2020

	Budget	2020 Actual	Variance Favorable (Unfavorable)
REVENUES:			
Operating Revenues:			
Sewer Sales	\$1,448,500	\$1,577,049	\$128,549
Tap Ons	5,500	6,000	500
Total Operating Revenues	\$1,454,000	\$1,583,049	\$129,049
Non-Operating Revenues:			
Investment Earnings	\$3,650	\$4,637	\$987
Miscellaneous Non-Operating Revenues	1,050	3,469	2,419
Total Non-Operating Revenues	\$4,700	\$8,106	\$3,406
TOTAL REVENUES	\$1,458,700	\$1,591,155	\$132,455
EXPENDITURES:			
Administrative:			
Personnel Expenses	\$34,468	\$27,401	\$7,067
Operating Expenses	56,500	50,750	5,750
Professional Services	2,500	2,500	
Utility Service Fee	194,306	194,306	
Capital Outlay (Under Threshold)	360	360	
Total Administrative	\$288,134	\$275,317	\$12,817
Wastewater Collections:			
Personnel Expenses	\$171,090	\$164,882	\$6,208
Operating Expenses	78,390	67,864	10,526
Maintenance	22,500	13,993	8,507
Professional Services	2,000	389	1,611
Total Wastewater Collections	\$273,980	\$247,128	\$26,852

TOWN OF FARMVILLE, NORTH CAROLINA
SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2020

	Budget	2020 Actual	Variance Favorable (Unfavorable)
Wastewater Treatment:			
Operating Expenses	\$213,000	\$190,991	\$22,009
Maintenance	49,000	21,593	27,407
Professional Services	1,000		1,000
Utility Service Fee	129,537	129,537	
Contracted Services	370,000	369,347	653
Capital Outlay (Under Threshold)	6,000		6,000
Total Wastewater Treatment	\$768,537	\$711,468	\$57,069
Non-Operating Expenditures:			
Loss on Sale of Fixed Asset	(\$185,000)	\$1,619,739	(\$1,804,739)
Debt Service:			
Interest & Fees	\$66,684	\$66,684	
Principal Payments	200,365	200,365	
Total Debt Service	\$267,049	\$267,049	\$0
TOTAL EXPENDITURES	\$1,412,700	\$3,120,701	(\$1,708,001)
Revenues Over (Under) Expenditures	\$46,000	(\$1,529,546)	(\$1,575,546)
Other Financing Sources (Uses):			
Operating Transfers In (Out):			
General Fund - Street Cuts	(\$6,000)	(\$6,000)	
Fund 80 - 09/24" East Sanitary Project		(27,494)	\$27,494
Fund 77 - 09/24" East Sanitary Project		74,955	(74,955)
Fund 91 - Bonnie's Alley Water & Sanitary Sewer Improvements Fund	(170,000)	(170,000)	
Fund 92 - Basin 5 Sewer System Project		(4,467)	4,467
Fund 75 - Dalton's Cove Subdivision	(280,380)		(280,380)
Contributed Capital		1,307	(1,307)
Fund Balance Appropriated	410,380		410,380
Total Other Financing Sources (Uses)	(\$46,000)	(\$131,699)	\$85,699
Revenues Over (Under) Expenditures and Other Financing Uses	\$0	(\$1,661,245)	(\$1,661,245)

TOWN OF FARMVILLE, NORTH CAROLINA
SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>2020 Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Reconciliation From Budgetary Basis (Modified Accrual) To Full Accrual:			
Revenues Over (Under) Expenditures and Other Financing Uses		(\$1,661,245)	
Reconciling Items:			
Capital Debt Principal Payments		\$200,365	
Depreciation Expense		(581,293)	
Increase/(Decrease) in Inventory		304	
(Increase)/Decrease in Compensated Absences Payable		(1,579)	
(Increase)/Decrease in Accrued Interest		726	
Increase/(Decrease) in Deferred Outflows - Pension		(3,019)	
(Increase)/Decrease in Pension Liability		(9,583)	
(Increase)/Decrease in Deferred Inflows - Pension		(560)	
Increase/(Decrease) in Deferred Outflows - OPEB		5,405	
(Increase)/Decrease in Deferred Inflows - OPEB		(539)	
(Increase)/Decrease in OPEB Liability		(22,228)	
Investment Earnings from 09/24" East Sanitary Project		312	
Transfer to 09/24" East Sanitary Project		27,494	
Transfer from 09/24" East Sanitary Project		(74,955)	
Transfer to Bonnie's Alley Water & Sanitary Sewer Improvements Fund		170,000	
Transfer to Basin 5 Sewer System Improvements		4,467	
Contributed Capital - 2018 CDBG Sewer Infrastructure		153,146	
Contributed Capital - Bonnie's Alley Water & Sanitary Sewer Improvements Fund		130,644	
Contributed Capital - Basin 5 Sewer System Improvement Project		2,119,238	
		\$2,118,345	
Change in Net Position		\$457,100	

TOWN OF FARMVILLE, NORTH CAROLINA
 2009 CDBG – DALTON'S COVE SUBDIVISION PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
 From Inception and For the Fiscal Year Ended June 30, 2020

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Favorable (Unfavorable)
Revenues:					
Town of Farmville	\$178,078				(\$178,078)
Murphrey Development, LLC	50,000				(50,000)
Murphrey Development, LLC (Easement)	15,202				(15,202)
TOTAL REVENUES	\$243,280	\$0	\$0	\$0	(\$243,280)
Expenditures:					
Construction					
CN 1 - Sanitary Sewer Improvements	\$212,850				\$212,850
Inspection	15,330				15,330
AS - Coordination with Dalton's Cove	800				800
Legal	3,500				3,500
Contingency	10,800				10,800
Administration	1,700	\$1,686	\$631	\$2,317	(617)
Professional Services	35,400	35,374		35,374	26
TOTAL EXPENDITURES	\$280,380	\$37,060	\$631	\$37,691	\$242,689
Revenues Over (Under) Expenditures	(\$37,100)	(\$37,060)	(\$631)	(\$37,691)	(\$591)
Other Financing Sources (Uses):					
Transfer from Sewer Fund	\$37,100				(\$37,100)
TOTAL OTHER FINANCING SOURCES (USES)	\$37,100	\$0	\$0	\$0	(\$37,100)
Revenues and Other Sources (Uses) Over (Under) Expenditures	\$0	(\$37,060)	(\$631)	(\$37,691)	(\$37,691)
<i>Beginning Fund Balance, July 1</i>			(37,060)		
Ending Fund Balance, June 30			(\$37,691)		

<u>Supplementary Information</u>	<u>Actual Prior Year</u>	<u>Actual Current Year</u>	<u>Actual Total To Date</u>
Fund Allocation of Project Expenditures:			
General Fund - Streets			
Water Fund			
Sewer Fund	\$37,060	\$631	\$37,691
	\$37,060	\$631	\$37,691

TOWN OF FARMVILLE, NORTH CAROLINA
09-24" EAST SANITARY PROJECT – USDA ELIGIBLE
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2020

	<u>Project</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual Total</u>	<u>Variance</u>
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>To Date</u>	<u>Favorable</u>
					<u>(Unfavorable)</u>
Revenues - Sewer Projects:					
Restricted Intergovernmental:					
Interest		\$2,543	\$312	\$2,855	\$2,855
USDA-Rural Development Grant	\$1,327,500	1,327,500		1,327,500	
Rural Center Supplemental Grant	400,000	388,493		388,493	(11,507)
Town of Farmville Contribution	33,000				(33,000)
TOTAL REVENUES	\$1,760,500	\$1,718,536	\$312	\$1,718,848	(\$41,652)
Expenditures - Sewer Projects:					
24" Outfall Line:					
Construction	\$1,573,062	\$1,528,288		\$1,528,288	\$44,774
Interest	70,000	32,180		32,180	37,820
Legal Fees	16,650	16,650		16,650	
Administration	25,000	25,000		25,000	
Preliminary Engineering Report	22,500	22,500		22,500	
Engineering	175,500	175,500		175,500	
Environmental Report	5,000	5,000		5,000	
USDA Funding Assistance	17,500	17,500		17,500	
Wetlands Consultant	4,810	4,810		4,810	
Redesign Pump Station	15,000	15,000		15,000	
Inspection	110,120	110,120		110,120	
RR Maintenance	26,000	26,000		26,000	
Permit Fees	3,158	3,158		3,158	
Permit Application	3,122	3,122		3,122	
Closing Costs	910	910		910	
Advertising	543	543		543	
Total 24" Outfall Line	\$2,068,875	\$1,986,281	\$0	\$1,986,281	\$82,594
Johnsonfield Pump Station:					
Construction	\$1,123,103	\$1,101,128		\$1,101,128	\$21,975
Engineering	84,800	84,800		84,800	
Easement Acquisition	2,295	2,295		2,295	
Easement Survey	13,500	13,261		13,261	239
Inspection	75,368	75,368		75,368	
Rural Center Grant Administration	20,000	20,000		20,000	
Legal Fees	1,574	1,574		1,574	
Land Easement	1,300	1,300		1,300	
Advertising	1,000	486		486	514
Wetland Survey	500	300		300	200
Wetlands Consultant	3,220	3,220		3,220	
Permit Fees	2,250	2,250		2,250	
GIS As-Built	3,500	3,500		3,500	
Contingency	31,215	20,130		20,130	11,085
Total Johnsonfield Pump Station	\$1,363,625	\$1,329,612	\$0	\$1,329,612	\$34,013
TOTAL EXPENDITURES	\$3,432,500	\$3,315,893	\$0	\$3,315,893	\$116,607

TOWN OF FARMVILLE, NORTH CAROLINA
 09-24" EAST SANITARY PROJECT – USDA ELIGIBLE
 SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
 From Inception and For the Fiscal Year Ended June 30, 2020

Revenues Over (Under) Expenditures	(\$1,672,000)	(\$1,597,357)	\$312	(\$1,597,045)	\$74,955
Other Financing Sources (Uses):					
USDA Rural Development Loan	\$1,672,000	\$1,672,000		\$1,672,000	
Transfer to Sewer Fund			(\$74,955)	(74,955)	(\$74,955)
TOTAL OTHER FINANCING SOURCES (USES)	\$1,672,000	\$1,672,000	(\$74,955)	\$1,597,045	(\$74,955)
Revenues and Other Sources (Uses) Over (Under) Expenditures	\$0	\$74,643	(\$74,643)	\$0	\$0
<i>Beginning Fund Balance, July 1</i>			74,643		
Ending Fund Balance, June 30			\$0		

TOWN OF FARMVILLE, NORTH CAROLINA
 09-24" EAST SANITARY PROJECT – NON-USDA ELIGIBLE
 SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
 From Inception and For the Fiscal Year Ended June 30, 2020

	<u>Project</u> <u>Authorization</u>	<u>Actual</u> <u>Prior Years</u>	<u>Actual</u> <u>Current Year</u>	<u>Actual Total</u> <u>To Date</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:					
Sales Tax Refund - CN 1 Sanitary Sewer	\$44,273				(\$44,273)
Investment Earnings		\$7		\$7	7
TOTAL REVENUES	\$44,273	\$7	\$0	\$7	(\$44,266)
Expenditures:					
Construction					
USDA Grant Administration	\$17,500	\$17,500		\$17,500	
Rural Center Project Administration	5,000	5,000		5,000	
Rural Center Preliminary Engineering Report	5,000	5,000		5,000	
Electrical Allowance	10,000				\$10,000
Contingency	6,773				6,773
TOTAL EXPENDITURES	\$44,273	\$27,500	\$0	\$27,500	\$16,773
Revenues Over (Under) Expenditures	\$0	(\$27,493)	\$0	(\$27,493)	(\$27,493)
Other Financing Sources (Uses):					
Transfer from Sewer Fund			\$27,493	\$27,493	\$27,493
TOTAL OTHER FINANCING SOURCES (USES)	\$0	\$0	\$27,493	\$27,493	\$27,493
Revenues and Other Sources Over (Under) Expenditures and Appropriations	\$0	(\$27,493)	\$27,493	\$0	\$0
<i>Beginning Fund Balance, July 1</i>			(27,493)		
Ending Fund Balance, June 30			\$0		

TOWN OF FARMVILLE, NORTH CAROLINA
 2013 CDBG INFRASTRUCTURE PROJECT- WATKINS MHP SEWER PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
 From Inception and For the Fiscal Year Ended June 30, 2020

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total To Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Restricted Intergovernmental:					
Community Development Block Grant	\$2,426,600	\$2,425,935		\$2,425,935	(\$665)
TOTAL REVENUES	\$2,426,600	\$2,425,935	\$0	\$2,425,935	(\$665)
Expenditures:					
Public Sewer Improvements	\$2,165,500	\$2,096,983		\$2,096,983	\$68,517
Housing Rehabilitation- Sewer	40,500	104,267		104,267	(63,767)
Administration	220,600	167,410		167,410	53,190
House Connections		57,275		57,275	(57,275)
TOTAL EXPENDITURES	\$2,426,600	\$2,425,935	\$0	\$2,425,935	\$665
Revenues Over (Under) Expenditures	\$0	\$0	\$0	\$0	\$0
<i>Beginning Fund Balance, July 1</i>					
Ending Fund Balance, June 30					
			\$0		

TOWN OF FARMVILLE, NORTH CAROLINA
BASIN 5 SEWER SYSTEM IMPROVEMENT PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2020

	<u>Project</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual Total</u>	<u>Variance</u>
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>To Date</u>	<u>Favorable</u>
					<u>(Unfavorable)</u>
Revenues:					
SWWR Grant	\$2,322,071	\$591	\$2,118,647	\$2,119,238	(\$202,833)
TOTAL REVENUES	\$2,322,071	\$591	\$2,118,647	\$2,119,238	(\$202,833)
Expenditures:					
Basic Engineering Fees	\$150,278		\$146,768	\$146,768	\$3,510
Permit Application Fees Paid by Owner	2,000				2,000
Additional Services by Engineer	20,500		18,299	18,299	2,201
Reimbursable Expenses to Engineer	3,000		115	115	2,885
Construction - Basin 5 Sanitary Replacement	1,669,756		1,622,569	1,622,569	47,187
Construction Administration	110,180		157,707	157,707	(47,527)
Construction Observation	198,660		107,251	107,251	91,409
Contingency	83,487				83,487
Engineering Report	30,000		30,000	30,000	
Grant Administration	39,210		39,210	39,210	
Legal Costs	10,000				10,000
Other - Paid by owner	5,000	\$591	1,195	1,786	3,214
TOTAL EXPENDITURES	\$2,322,071	\$591	\$2,123,114	\$2,123,705	\$198,366
Revenues Over (Under) Expenditures	\$0	\$0	(\$4,467)	(\$4,467)	(\$4,467)
Other Financing Sources (Uses):					
Transfer from Sewer Fund			\$4,467	\$4,467	\$4,467
TOTAL OTHER FINANCING SOURCES (USES)	\$0	\$0	\$4,467	\$4,467	\$4,467
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	\$0	\$0	\$0	\$0	\$0
<i>Beginning Fund Balance, July 1</i>					
Ending Fund Balance, June 30			\$0		

TOWN OF FARMVILLE, NORTH CAROLINA
2018 CDBG SEWER INFRASTRUCTURE PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2020

	<u>Project</u> <u>Authorization</u>	<u>Actual</u> <u>Prior Years</u>	<u>Actual</u> <u>Current Year</u>	<u>Actual Total</u> <u>To Date</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:					
Community Development Funds	\$1,625,000		\$153,146	\$153,146	(\$1,471,854)
TOTAL REVENUES	\$1,625,000	\$0	\$153,146	\$153,146	(\$1,471,854)
Expenditures:					
Sewer Improvements	\$1,463,000				\$1,463,000
Administration	162,000		\$153,146	\$153,146	8,854
TOTAL EXPENDITURES	\$1,625,000	\$0	\$153,146	\$153,146	\$1,471,854
Revenues Over (Under) Expenditures	\$0	\$0	\$0	\$0	\$0
<i>Beginning Fund Balance, July 1</i>					
Ending Fund Balance, June 30			\$0		

TOWN OF FARMVILLE, NORTH CAROLINA
BONNIE'S ALLEY WATER & SANITARY SEWER IMPROVEMENTS PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2020

	<u>Project</u> <u>Authorization</u>	<u>Actual</u> <u>Prior Years</u>	<u>Actual</u> <u>Current Year</u>	<u>Actual Total</u> <u>To Date</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:					
Contributions to Town of Farmville	\$88,973		\$88,973	\$88,973	
Sales Tax Refund	2,721				(\$2,721)
TOTAL REVENUES	\$91,694	\$0	\$88,973	\$88,973	(\$2,721)
Expenditures:					
Legal	\$5,000		\$942	\$942	\$4,058
AS - Memorandum of Understanding	5,400		5,400	5,400	
Engineering - CN1 Water and Sewer	18,391	\$30,727		30,727	(12,336)
Engineering - Bonnie's Alley Parking	17,324		19,950	19,950	(2,626)
Engineering - Doug Henry Building Improvements	613		613	613	
Construction	470,502	177,547	290,537	468,084	2,418
Construction Observation - CN1 Water and Sewer	13,770				13,770
Construction Observation - Bonnie's Alley Parking	13,382		12,190	12,190	1,192
Construction Observation - Doug Henry Building Improvement	466		466	466	
Property Acquisition	60,000		60,000	60,000	
Land Survey - Acquisiton/Lease Property	2,916		2,916	2,916	
TOTAL EXPENDITURES	\$607,764	\$208,274	\$393,014	\$601,288	\$6,476
Revenues Over (Under) Expenditures	(\$516,070)	(\$208,274)	(\$304,041)	(\$512,315)	\$3,755
Other Financing Sources (Uses):					
Town of Farmville	\$516,070		\$512,315	\$512,315	(\$3,755)
TOTAL OTHER FINANCING SOURCES (USES)	\$516,070	\$0	\$512,315	\$512,315	(\$3,755)
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	\$0	(\$208,274)	\$208,274	\$0	\$0
<i>Beginning Fund Balance, July 1</i>			(208,274)		
Ending Fund Balance, June 30			\$0		

<u>Supplementary Information</u>	<u>Actual</u> <u>Prior Year</u>	<u>Actual</u> <u>Current Year</u>	<u>Actual Total</u> <u>To Date</u>
Fund Allocation of Project Expenditures:			
Water Fund	\$104,137	\$196,507	\$300,644
Sewer Fund	104,137	196,507	300,644
	\$208,274	\$393,014	\$601,288

FIDUCIARY FUND

Fiduciary Funds are used to account for assets held by the Town in a trustee capacity to be used for restricted purposes.

Private Purpose Trust Fund

Fire Supplemental Hospitalization Insurance Fund

TOWN OF FARMVILLE, NORTH CAROLINA
 TRUST FUND – FIRE SUPPLEMENTAL HOSPITALIZATION INSURANCE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 For the Fiscal Year Ended June 30, 2020

Revenues:	
Investment Earnings	\$129
Total Revenues	\$129
Expenditures:	
Claims	\$600
Total Expenditures	\$600
Revenues Over (Under) Expenditures	(\$471)
<i>Beginning Fund Balance, July 1</i>	<u>26,088</u>
Ending Fund Balance, June 30	<u><u>\$25,617</u></u>

OTHER SCHEDULES

TOWN OF FARMVILLE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
 For the Fiscal Year Ended June 30, 2020

Fiscal Year	Uncollected Balance June 30, 2019	Additions	Collections and Credits	Uncollected Balance June 30, 2020
2019-20		\$1,638,432	\$1,571,970	\$66,462
2018-19	\$58,494		19,010	39,484
2017-18	63,918		10,646	53,272
2016-17	33,529		6,413	27,116
2015-16	27,341		4,018	23,323
2014-15	23,018		5,002	18,016
2013-14	19,171		3,197	15,974
2012-13	42,321		5,193	37,128
2011-12	17,974		1,792	16,182
2010-11	11,912		1,150	10,762
	\$297,678	\$1,638,432	\$1,628,391	\$307,719
<i>Less: Allowance for Uncollected Ad Valorem Taxes Receivable</i>				(65,027)
Ad Valorem Taxes Receivable-Net				\$242,692
<u>Reconciliation With Revenues:</u>				
<i>Taxes-Ad Valorem-General Fund</i>				\$1,638,704
<i>Reconciling Items:</i>				
<i>Interest Collected</i>				(10,313)
Total Collections and Credits				\$1,628,391

TOWN OF FARMVILLE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
 For the Fiscal Year Ended June 30, 2020

	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	\$334,128,153	0.4900	\$1,637,228	\$1,458,632	\$178,596
Total	\$334,128,153		\$1,637,228	\$1,458,632	\$178,596
Discoveries:					
Current Year Taxes	\$245,714	0.4900	\$1,204	\$1,204	
Total	\$245,714		\$1,204	\$1,204	\$0
Total Property Valuation	\$334,373,867				
Net Levy			\$1,638,432	\$1,459,836	\$178,596
Uncollected Taxes at June 30, 2020			66,462	66,462	
Current Year's Taxes Collected			\$1,571,970	\$1,393,374	\$178,596
Current Levy Collection Percentage			95.94%	95.45%	100.00%

TOWN OF FARMVILLE, NORTH CAROLINA
TAXABLE PROPERTY VALUATION LAST TEN YEARS
 For the Fiscal Year Ended June 30, 2020

Fiscal Year	Real Property	Personal Property	Public Services Companies	Total Valuation
2019-20	\$234,449,947	\$91,197,853	\$8,726,067	\$334,373,867
2018-19	233,774,222	89,722,248	8,909,395	332,405,865
2017-18	232,072,806	98,053,945	8,583,166	338,709,917
2016-17	232,848,256	95,290,379	8,188,916	336,327,551
2015-16	227,126,505	86,399,006	7,978,775	321,504,286
2014-15	225,363,125	63,328,418	7,225,600	295,917,143
2013-14	221,218,688	74,503,887	7,412,730	303,135,305
2012-13	221,947,314	66,207,992	7,385,306	295,540,612
2011-12	240,914,463	65,047,782	6,981,224	312,943,469
2010-11	238,427,054	61,637,076	7,905,258	307,969,388
2009-10	248,663,752	61,141,580	8,217,117	318,022,449

TOWN OF FARMVILLE, NORTH CAROLINA
SPECIAL REVENUE FUND - LIBRARY (TRUST) FUND
CHANGES IN FUND BALANCE IN DETAIL
 For the Fiscal Year Ended June 30, 2020

	Beginning Balances	Revenues	Expenditures	Ending Balances
Arndt Trust	\$8,512	\$43		\$8,555
Barker Trust	78,046	391		78,437
Cockrell Trust	4,787	24		4,811
Davis Trust	29,617	148		29,765
DeVisconti Trust	89,020	446		89,466
Library Friends	14,394	423		14,817
Monk Trust	4,068	20		4,088
Veterans Memorial	10,128	51		10,179
Totals	\$238,572	\$1,546	\$0	\$240,118

COMPLIANCE SECTION



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MEMBERS
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AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of Town of Farmville, North Carolina as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises Town of Farmville's basic financial statements, and have issued our report thereon dated January 29, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Barrow, Parris & Davenport, P.A.

BARROW, PARRIS & DAVENPORT, P.A.
Kinston, NC

January 29, 2021



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR STATE PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR THE UNIFORM
GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Town of Farmville, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Farmville's major state programs for the year ended June 30, 2020. The Town of Farmville's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Town of Farmville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major state program for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with applicable sections of section the Uniform Guidance as described in the *Audit Manual for Governmental Auditors in North Carolina* and which are described in the accompanying schedule of findings and questioned costs as Finding 20-1. Our opinion on the major state program is not modified with respect to these matters.

The Town of Farmville's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Town of Farmville's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Finding 20-1 that we consider to be a material weakness.

The Town of Farmville's response to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The Town of Farmville's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Barrow, Parris & Davenport, P.A.

BARROW, PARRIS & DAVENPORT, P.A.
Kinston, NC

January 29, 2021

TOWN OF FARMVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For The Fiscal Year Ended June 30, 2020

I. SUMMARY OF AUDITOR'S RESULTS

	YES	NO
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Financial Statements

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

Internal control over financial reporting:

- | | | |
|------------------------------------|-------|-------|
| • Material weakness(es) identified | X | _____ |
| • Significant deficiency(s) | _____ | X |

Noncompliance material to financial statements noted?	_____	X
---	-------	---

State Awards

Internal control over major State programs:

- | | | |
|--|-------|-------|
| • Material weakness(es) identified | X | _____ |
| • Significant deficiency(s) identified | _____ | X |

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?	X	_____
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Identification of major State programs:

<u>Program Name</u>
Wastewater State Reserve Program Grant

II. FINANCIAL STATEMENT FINDINGS

None Noted.

TOWN OF FARMVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For The Fiscal Year Ended June 30, 2020

III. STATE AWARD FINDINGS AND QUESTIONED COSTS

FINDING 20-1 – WWSRP Procurement

**MATERIAL WEAKNESS
 IMMATERIAL NONCOMPLIANCE**

Program Name: Wastewater State Revenue Program Grant
 Grant #: E-SRP-W-17-0108

Criteria: The Town was on the advanced payment method of paying for goods and services for the current WWSRP project. This method requires that grant expenditures be disbursed within 3 business days of grant funds being received and deposited. It allowed the Town to requisition the SRP funds, deposit them into the Town’s account and then pay for qualifying expenses, without having to use the Towns funds.

Condition: As part of our audit, we reviewed current year requisitions #1 thru #8. The total of these requisitions and related payments equaled \$2,130,748.72. Our audit indicated that requisitions number 1, 3, 4, and 6 in the amount of \$1,207,443.04 were deposited and spent in accordance with the 3-day rule. The remaining requisitions totaling \$923,305.68 were found to have not been disbursed within three banking days of receipt and thus violated the 3-day rule.

Questioned Costs: None – A review of all supporting invoices indicated that all of the expenditures were eligible under the current SRP project.

Context: In our test of 8 requisitions, we found the following time frames for receipt and disbursement:

<u>Requisition #</u>	<u>Amount</u>	<u>Date Funds Received</u>	<u>Date Funds Disbursed</u>	<u># of Days</u>
2	\$91,870.95	10/24/2019	11/1/2019	8
5	\$131,123.09	1/27/2020	2/3/2020	7
7	\$451,550.39	6/5/2020	6/16/2020	11
8	\$248,761.25	1/8/2021	not paid to date	
	<u>\$923,305.68</u>			

Effect: Financial and fiscal best management practices were not followed, and state funds were left sitting idle for too long of a period.

Cause: Approval letters from the Department of Environmental Quality do not identify a date funds are wire transferred into the Town’s banking account. Letters from the Department of Environmental Quality advise that “The disbursement will be processed by the North Carolina Department of Environmental Quality. In the event the disbursement is not received within three weeks, please contact...” Letters end with the statement “The applicant will expend all of the requisitioned

TOWN OF FARMVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2020

funds for the purpose of paying the costs of the project within three (3) banking days following receipt of the funds from the State.” This statement is consistent with the Offer and Acceptance document. Cause is a product of the timing related to confirmation of receipt of funds. There is no notification from the Department of Environmental Quality on the date of transferred funds. The only method to confirm receipt of funds is to continuously check bank account for the three week period from the date of original approval letter. Such is not an effective use of manpower. Contractual obligations to contractors/vendors were met. No penalties were assessed to the Town.

Recommendation:

The Town should make it a point for future projects to put a system in place to monitor when SRP funds are received and trigger related disbursements to be made timely, within the 3-day rule, so that Town funds will not have to be used to cover project expenditures.

*Views of Responsible
Officials and Planned
Corrective Action:*

The view of Town officials is to process submittals on a timely basis upon receipt. For the State Wastewater Reserve project, the Town effectively managed the project. Project implementation was performed timely. Funds disbursed by the Department of Environmental Quality were paid promptly. The identified violations of the described three (3) banking day rule were minimal and did not impede performance or completion of activities.

Planned corrective actions is difficult to describe. The only options to consider are to manage future projects as reimbursables (where the Town pays invoices upon receipt and seeks reimbursement from the funding agency) or improve communication with the State to better document timing of receipt of funds. It is noted that, in the past, emails were provided on the date of fund disbursement. Prior to a first funding requisition submittal, effort will be made to confirm/establish email addresses to provide notification of date of transfer of funds.

Town has already implemented corrective action. A current infrastructure project administered through the Division of Water Infrastructure is being managed through reimbursement where the Town pays invoices and provides copies of checks with requisitions to document disbursement of funds as reimbursement. It is noted that, depending on the value of a project award, reimbursement may not be an effective option due to constraints placed on cash flow.

TOWN OF FARMVILLE, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Fiscal Year Ended June 30, 2020

FINDING: **19-1 Reporting**

STATUS: Corrected.

TOWN OF FARMVILLE, NORTH CAROLINA
CORRECTIVE ACTION PLAN
For The Fiscal Year Ended June 30, 2020

*Town of Farmville
Office of Finance Director*



3672 North Main Street
P.O. Box 86
Farmville, NC 27828

Phone: (252) 753-6715
Fax: (252) 753-2963

January 26, 2021

Barrow, Parris, and Davenport, P.A.
662 Sussex Street
Kinston, NC 28504

Based on our conversation regarding the one audit finding, our response is as follows:

Finding 20-1:

We agree. Town management is aware of the 3-day rule and will put additional procedures in place so that appropriate personnel is notified of the receipt of Grant funds to make sure funds are disbursed timely.

If you have any questions, please feel free to contact me.

Sincerely,

Amy B. Johnson
Finance Director

TOWN OF FARMVILLE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
 For The Fiscal Year Ended June 30, 2020

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
FEDERAL GRANTS					
DEPARTMENT OF HOMELAND SECURITY (FEMA)					
<i>Passed through NC Department of Public Safety</i>					
Division of Crime Control and Public Safety:					
Public Assistance Grant	97.036		\$1,225		
Total Division of Crime Control and Public Safety			\$1,225	\$0	\$0
U.S. INSTITUTE OF MUSEUM & LIBRARY SERVICES					
<i>Passed Through NC Department of Cultural and Natural Resources:</i>					
Division of the State Library:					
<i>Administered by Town Finance Department:</i>					
LSTA - Library grant - NCLPLDA Fall School	45.310		\$1,000		
NC Cardinal Project Grant (LSTA)	45.310		1,488		
Total Division of the State Library			\$2,488	\$0	\$0
TOTAL FEDERAL ASSISTANCE			\$3,713	\$0	\$0
STATE PROGRAMS					
NC DEPARTMENT OF TRANSPORTATION					
Powell Bill	N/A			\$135,030	
Total NC Department of Transportation			\$0	\$135,030	\$0
State of North Carolina					
Fire Department - State Grant	N/A			\$21,367	
Total State of North Carolina			\$0	\$21,367	\$0
NC DEPARTMENT OF CULTURAL AND NATURAL RESOURCES					
Library State Aid	N/A			\$3,601	
Total NC Department of Cultural and Natural Resources			\$0	\$3,601	\$0
NC OFFICE OF STATE CONTROLLER					
Controlled Substance Tax	N/A			\$397	
Total NC Office of State Controller			\$0	\$397	\$0
NC LEAGUE OF MUNICIPALITIES					
Safety Grant	N/A			\$999	
Total NC League of Municipalities			\$0	\$999	\$0
NC DIVISION OF WATER INFRASTRUCTURE					
State Drinking Water Reserve Loan	N/A	H-SRP-D-17-0094		\$319,500	
State Drinking Water Reserve Grant	N/A	H-SRP-D-17-0094		82,096	
State Wastewater Reserve Grant	N/A	E-SRP-W-17-0108		2,123,114	
Total NC Division of Water Infrastructure			\$0	\$2,524,710	\$0
GOLDEN LEAF FOUNDATION					
Disaster Recovery Grant Program - Wallace Street Storm Drainage Improvements	N/A	2017-149-3214-2593		\$22,687	
State Drinking Water Reserve Grant - Jones Street Storm Drainage Improvements	N/A			16,924	
Total Golden Leaf Foundation			\$0	\$39,611	\$0
TOTAL STATE ASSISTANCE			\$0	\$2,725,715	\$0
TOTAL FEDERAL & STATE ASSISTANCE			\$3,713	\$2,725,715	\$0

TOWN OF FARMVILLE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2020

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Farmville under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of the Town of Farmville, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Town of Farmville.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

3. INDIRECT COST RATE

The Town of Farmville has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.