

TOWN OF TURKEY, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2020

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TOWN COMMISSIONERS

Donald Myers, Mayor

Max Pope, Commissioner

Mike Smith, Mayor Pro-Tem

Rudy Blackburn, Commissioner

Tony Moore, Commissioner

TOWN CLERK

Teresa Frack

TOWN OF TURKEY, NORTH CAROLINA
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Financial Section



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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Turkey, North Carolina, as of and for the year ended June 30, 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Turkey, North Carolina as of June 30, 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 9 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 33 and 34, respectively be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Elizabethtown, North Carolina

December 7, 2020

Town of Turkey
Management's Discussion and Analysis

As management of the Town of Turkey, we offer readers of the Town of Turkey's financial statements this narrative overview and analysis of the financial activities of the Town of Turkey for the fiscal year ended June 30, 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

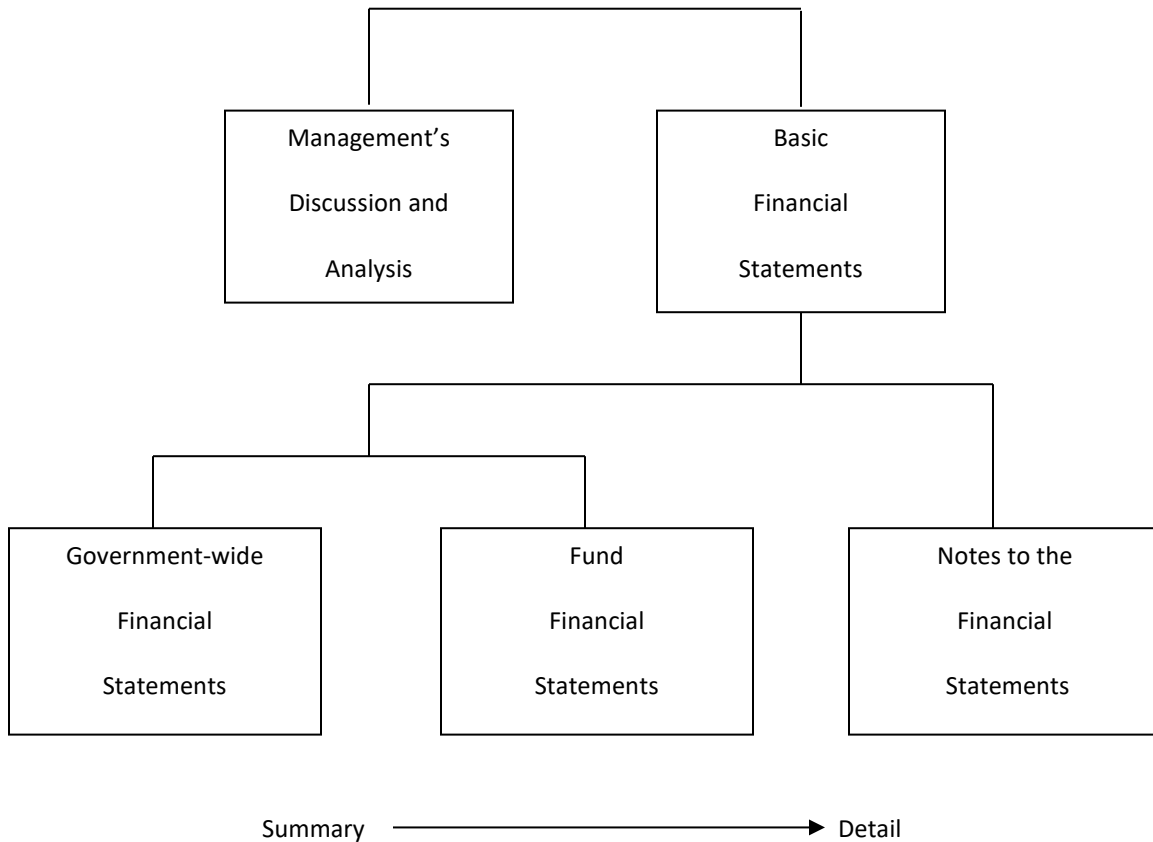
- The assets and deferred outflows of resources of the Town of Turkey exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$361,681 (*net position*).
- The government's total net position decreased by \$42,904, primarily due to decreases in all activities net position.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$126,167 a decrease of \$29,088. Approximately 25 percent of this total amount, or \$32,141 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$44,706, or 18 percent of the total general fund expenditures for the fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

Government-Wide Financial Analysis

Town of Turkey's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 130,440	\$ 158,648	\$ 64,441	\$ 62,624	\$ 194,881	\$ 221,272
Capital assets	62,391	64,061	124,370	137,316	186,761	201,377
Deferred outflows of resources	7,629	7,736	-	-	7,629	7,736
Total assets & deferred outflows of resources	<u>\$ 200,460</u>	<u>\$ 230,445</u>	<u>\$ 188,811</u>	<u>\$ 199,940</u>	<u>\$ 389,271</u>	<u>\$ 430,385</u>
Liabilities						
Current and other liabilities:	\$ 2,907	\$ 2,721	\$ 6,874	\$ 2,512	\$ 9,781	\$ 5,233
Long-term liabilities:						
Due within one year	-	-	1,532	1,487	1,532	1,487
Due in more than one year	6,827	6,405	9,450	12,642	16,277	19,047
Deferred inflows of resources	-	33	-	-	-	33
Total liabilities and deferred inflows of	<u>9,734</u>	<u>9,159</u>	<u>17,856</u>	<u>16,641</u>	<u>27,590</u>	<u>25,800</u>
Net Position						
Net investment in capital assets	62,392	64,061	113,388	123,187	175,780	187,248
Restricted for Stabilization by State Statute	23,378	30,958	-	-	23,378	30,958
Transportation	8,763	10,213	-	-	8,763	10,213
Unrestricted	96,193	116,054	57,567	60,112	153,760	176,166
Total net position	<u>\$ 190,726</u>	<u>\$ 221,286</u>	<u>\$ 170,955</u>	<u>\$ 183,299</u>	<u>\$ 361,681</u>	<u>\$ 404,585</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town of Turkey exceeded liabilities and deferred inflows by \$361,681 as of June 30, 2020. The Town's net position decreased by \$42,904 for the fiscal year ended June 30, 2020. However, the largest portion \$175,780 (48%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Turkey uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position, \$32,141

(8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$153,760 (44%) is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 95.24%, which is now slightly below the statewide average of 98.19%.
- Grant revenue increased.

Town of Turkey's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues						
Charges for Services	\$ 24,784	\$ 23,627	\$ 48,978	\$ 55,811	\$ 73,762	\$ 79,438
Grants and Entitlements	64,019	10,441	-	-	64,019	10,441
General Revenue						
Property Taxes	28,347	26,492	-	-	28,347	26,492
Grants and contributions not restricted to specific	91,287	95,087	-	-	91,287	95,087
Investment Earnings	100	128	31	44	131	172
Other	676	29,203	-	-	676	29,203
Total Revenues	<u>209,213</u>	<u>184,978</u>	<u>49,009</u>	<u>55,855</u>	<u>258,222</u>	<u>240,833</u>
Expenses						
General Government	95,296	104,849	-	-	95,296	104,849
Public Safety	3,975					
Transportation	107,446	25,945	-	-	107,446	25,945
Environmental Protection	22,853	24,522	-	-	22,853	24,522
Cultural and Recreation	10,203	15,006	-	-	10,203	15,006
Water District	-	-	61,353	47,288	61,353	47,288
Total Expenses	<u>239,773</u>	<u>170,322</u>	<u>61,353</u>	<u>47,288</u>	<u>301,126</u>	<u>217,610</u>
Increase(Decrease) in Net Position	(30,560)	14,656	(12,344)	8,567	(42,904)	23,223
Net Position, beginning	<u>221,286</u>	<u>206,630</u>	<u>183,299</u>	<u>174,732</u>	<u>404,585</u>	<u>381,362</u>
Net Position, ending	<u>\$ 190,726</u>	<u>\$ 221,286</u>	<u>\$ 170,955</u>	<u>\$ 183,299</u>	<u>\$ 361,681</u>	<u>\$ 404,585</u>

Governmental activities: Governmental activities decreased the Town's overall net position by \$30,560.

Business-type activities: Business-type activities displayed in this audit refer to the Water/Sewer Fund and decreased the Town of Turkey's overall net position by \$12,344.

Financial Analysis of the Town of Turkey's Funds

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

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

The general fund is the chief operating fund of the Town of Turkey. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$44,706 while total fund balance reached \$126,167. As a measure of the general fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents approximately 18% of the total General Fund expenditures. Total fund balance represents 53% of that same amount.

At June 30, 2020, the governmental funds of the Town reported a combined fund balance of \$126,167 with a 18% decrease over last year. Included in this change in fund balance is a decrease in fund balance in the General Fund.

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

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

Proprietary Funds. The Town of Turkey's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer fund at the end of the fiscal year amounted to a \$57,567. The decrease in net position for this fund was \$12,344. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Turkey's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Turkey's investment in capital assets for its governmental and business-type activities as of June 30, 2020, totals \$186,761 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

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

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

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land and Construction in Progress	\$ 12,741	\$ 12,741	\$ 3,348	\$ 3,348	\$ 16,089	\$ 16,089
Buildings and Other Improvements	40,898	43,177	-	-	40,898	43,177
Equipment	6,455	5,343	121,022	133,968	127,477	139,311
Vehicles	2,297	2,800	-	-	2,297	2,800
	<u>\$ 62,391</u>	<u>\$ 64,061</u>	<u>\$ 124,370</u>	<u>\$ 137,316</u>	<u>\$ 186,761</u>	<u>\$ 201,377</u>

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

Long-term Debt. As of June 30, 2020, the Town of Turkey had no bonded debt outstanding. However, debt decreased by \$3,147 for debt in the business-type activities.

The Town of Turkey's Outstanding Debt:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Business-Type Activities:					
Water and Sewer Fund					
Notes Payable	\$ 14,129	\$ -	\$ (3,147)	\$ 10,982	\$ 1,532
Total Water and Sewer Fund	\$ 14,129	\$ -	\$ (3,147)	\$ 10,982	\$ 1,532

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within the government's boundaries. The Town of Turkey's legal debt margin is \$836,326.

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

Economic Factors and Next Year's Budgets and Rates

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

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

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: Property taxes will remain the same for 2020-2021. General Fund revenues are expected to slightly increase. General Fund expenditures have been budgeted accordingly with only a small increase from the 2019-2020 Budget. The Town will continue its commitment to reducing the cost of delivering services.

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

Requests for Information

This report is designed to provide an overview of the Town of Turkey's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the attention of Finance Officer, Town of Turkey, P.O. Box 55, N.C. 28393. You may also call 910-592-7273.

Basic Financial Statements

Town of Turkey, North Carolina
Statement of Net Position
June 30, 2020

Exhibit 1

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets:			
Cash & Cash Equivalents	\$ 96,933	\$ 58,018	\$ 154,951
Restricted Assets:			
Restricted Cash	8,763	2,905	11,668
Taxes Receivable (Net)	1,365	-	1,365
Accounts Receivable (Net)	2,453	5,915	8,368
Due from Other Governments	18,529	-	18,529
Internal Balances	2,397	(2,397)	-
Total Current Assets	<u>130,440</u>	<u>64,441</u>	<u>194,881</u>
Non-Current Assets:			
Capital Assets (Note 3):			
Land and Nondepreciable Improvements	12,741	3,348	16,089
Other Capital Assets, Net of Depreciation	<u>49,650</u>	<u>121,022</u>	<u>170,672</u>
Total Capital Assets	<u>62,391</u>	<u>124,370</u>	<u>186,761</u>
Total Assets	<u>192,831</u>	<u>188,811</u>	<u>381,642</u>
Deferred Outflows of Resources	<u>7,629</u>	<u>-</u>	<u>7,629</u>
Liabilities			
Current liabilities:			
Accounts Payable and Accrued Liabilities	2,907	3,969	6,876
Due Within One Year	-	1,532	1,532
Payable from restricted assets			
Customer deposits	-	2,905	2,905
Long-term Liabilities:			
Net Pension Liability	6,827	-	6,827
Due in More Than One Year	<u>-</u>	<u>9,450</u>	<u>9,450</u>
Total Liabilities	<u>9,734</u>	<u>17,856</u>	<u>27,590</u>
Deferred Inflows of Resources			
Pension Deferrals	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Net Position			
Net Investment in Capital Assets	62,392	113,388	175,780
Restricted for:			
Stabilization by State Statute	23,378	-	23,378
Transportation	8,763	-	8,763
Unrestricted	<u>96,193</u>	<u>57,567</u>	<u>153,760</u>
Total Net Position	<u>\$ 190,726</u>	<u>\$ 170,955</u>	<u>\$ 361,681</u>

Town of Turkey, North Carolina
Statement of Activities
For the Year Ended June 30, 2020

Exhibit 2

Functions/Programs	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 95,296	\$ 325	\$ -	\$ -
Public Safety	3,975	190	-	-
Transportation	107,446	-	64,019	-
Environmental Protection	22,853	24,269	-	-
Cultural and Recreation	10,203	-	-	-
Interest on Long-Term Debt	-	-	-	-
Total Governmental Activities	<u>239,773</u>	<u>24,784</u>	<u>64,019</u>	<u>-</u>
Business-Type Activities:				
Water and Sewer Fund	<u>61,353</u>	<u>48,978</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities	<u>61,353</u>	<u>48,978</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 301,126</u>	<u>\$ 73,762</u>	<u>\$ 64,019</u>	<u>\$ -</u>

Town of Turkey, North Carolina
Statement of Activities
For the Year Ended June 30, 2020

Exhibit 2

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		Total
	Governmental Activities	Business-type Activities	
Primary Government:			
Governmental Activities:			
General Government	\$ (94,971)	\$ -	\$ (94,971)
Public Safety	(3,785)	-	(3,785)
Transportation	(43,427)	-	(43,427)
Environmental Protection	1,416	-	1,416
Cultural and Recreation	(10,203)	-	(10,203)
Interest on Long-Term Debt	-	-	-
Total Governmental Activities	<u>(150,970)</u>	<u>-</u>	<u>(150,970)</u>
Business-Type Activities:			
Water and Sewer Fund	<u>-</u>	<u>(12,375)</u>	<u>(12,375)</u>
Total Business-Type Activities	<u>-</u>	<u>(12,375)</u>	<u>(12,375)</u>
Total Primary Government	<u>(150,970)</u>	<u>(12,375)</u>	<u>(163,345)</u>
Taxes:			
Property taxes, levied for general purpose	28,347	-	28,347
Grants and contributions not restricted to specific programs	91,287	-	91,287
Investment earnings, unrestricted	100	31	131
Miscellaneous, unrestricted	676	-	676
Total general revenues not including transfers	<u>120,410</u>	<u>31</u>	<u>120,441</u>
Transfers	<u>-</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>120,410</u>	<u>31</u>	<u>120,441</u>
Change in net position	<u>(30,560)</u>	<u>(12,344)</u>	<u>(42,904)</u>
Net Position - Beginning	221,286	183,299	404,585
Net Position - Ending	<u>\$ 190,726</u>	<u>\$ 170,955</u>	<u>\$ 361,681</u>

Town of Turkey, North Carolina
Balance Sheet
Governmental Funds
June 30, 2020

Exhibit 3

	<u>Major Funds</u>	<u>Total</u>
	<u>General</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Funds</u>
Assets		
Cash and cash equivalents	\$ 96,933	\$ 96,933
Restricted cash	8,763	8,763
Receivables (net):		
Taxes	1,365	1,365
Accounts	2,453	2,453
Due from other funds	2,397	2,397
Due from other governments	18,528	18,528
Total assets and other debits	<u>\$ 130,439</u>	<u>\$ 130,439</u>
Liabilities and Fund Balances		
Liabilities:		
Accounts payable and accrued liabilities	\$ 2,907	\$ 2,907
Total liabilities	<u>2,907</u>	<u>2,907</u>
Deferred inflows of resources		
Property tax receivable	1,365	1,365
Total deferred inflows of resources	<u>1,365</u>	<u>1,365</u>
Fund balances:		
Restricted		
Stabilization by State Statute	23,378	23,378
Streets	8,763	8,763
Assigned		
Subsequent Years Expenditures	49,320	49,320
Unassigned	44,706	44,706
Total fund balances	<u>126,167</u>	<u>126,167</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 130,439</u>	
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		62,391
Deferred outflows of resources related to pensions are not reported in the funds		7,629
Earned revenues considered deferred inflows of resources in the fund statements.		1,365
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Net pension liability		6,827
Deferred inflows of resources related to pensions are not reported in the funds		-
Net position of governmental activities		<u>\$ 204,379</u>

Town of Turkey, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

Exhibit 4

	<u>Major Funds</u>	<u>Total</u>
	<u>General</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Funds</u>
Revenues:		
Ad valorem taxes	\$ 27,654	\$ 27,654
Unrestricted intergovernmental	91,054	91,054
Restricted intergovernmental	64,255	64,255
Sales and services	24,870	24,870
Permits and Fees	515	515
Investment earnings	99	99
Miscellaneous	76	76
Total revenues	<u>208,523</u>	<u>208,523</u>
Expenditures:		
Current:		
General government	98,418	98,418
Transportation	105,348	105,348
Sanitation	22,853	22,853
Cultural and Recreational	10,992	10,992
Total expenditures	<u>237,611</u>	<u>237,611</u>
Excess (deficiency) of revenues over expenditures	<u>(29,088)</u>	<u>(29,088)</u>
Net change in fund balance	(29,088)	(29,088)
Fund Balances, beginning	155,255	155,255
Fund Balance, ending	\$ <u><u>126,167</u></u>	\$ <u><u>126,167</u></u>

Town of Turkey, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

Exhibit 4

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

Net changes in fund balances - total governmental funds	\$	(29,088)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital outlay expenditures which were capitalized		1,977
Depreciation expense for governmental activities		(3,647)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		3,396
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		694
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Net pension expense		<u>(3,892)</u>
Total changes in net position of governmental activities	\$	<u><u>(30,560)</u></u>

General Fund

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

For the Year Ended June 30, 2020

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 24,220	\$ 24,220	\$ 27,654	\$ 3,434
Unrestricted intergovernmental	89,965	89,965	91,054	1,089
Restricted intergovernmental	10,361	64,261	64,255	(6)
Sales and services	27,600	27,600	24,870	(2,730)
Permits and Fees:	3,425	3,425	515	(2,910)
Investment earnings	337	337	99	(238)
Miscellaneous	200	12,073	76	(11,997)
Total revenues	<u>156,108</u>	<u>221,881</u>	<u>208,523</u>	<u>(13,358)</u>
Expenditures:				
Current:				
General government	111,503	112,118	98,418	13,700
Transportation	58,392	120,635	105,348	15,287
Sanitation	24,600	27,000	22,853	4,147
Cultural and Recreation	18,525	20,700	10,992	9,708
Total expenditures	<u>213,020</u>	<u>280,453</u>	<u>237,611</u>	<u>42,842</u>
Revenues over (under) expenditures	<u>(56,912)</u>	<u>(58,572)</u>	<u>(29,088)</u>	<u>29,484</u>
Fund Balance Appropriated	56,912	58,572	-	(58,572)
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	(29,088)	\$ <u>(29,088)</u>
Fund Balances, beginning			155,255	
Fund balance, ending			\$ <u>126,167</u>	

Town of Turkey, North Carolina
Statement of Fund Net Position
Proprietary Fund
June 30, 2020

Exhibit 6

	Major Enterprise Fund <u>Water and Sewer Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 58,018
Restricted cash and cash equivalents	2,905
Accounts receivable (net) - billed	5,391
Accounts receivable (net) - unbilled	<u>524</u>
Total current assets	<u>66,838</u>
Noncurrent assets:	
Net Pension Asset	-
Capital Assets	
Land and construction in progress	3,348
Other capital assets - net of depreciation	<u>121,022</u>
Total Capital Assets	<u>124,370</u>
Total Noncurrent assets:	<u>124,370</u>
Total Assets	<u>191,208</u>
Liabilities	
Current liabilities:	
Accounts payable and Accrued Liabilities	3,969
Due to Other Funds	2,397
Compensated Absences	-
Notes Payable - Current	<u>1,532</u>
Total current liabilities:	<u>7,898</u>
Noncurrent liabilities:	
Liabilities payable from restricted assets	
Customer deposits	2,905
Accounts payable	-
Notes Payable - Non-current	<u>9,450</u>
Total noncurrent liabilities:	<u>12,355</u>
Total liabilities	<u>20,253</u>
Net position	
Net investment in capital assets	113,388
Unrestricted	<u>57,567</u>
Total net position	\$ <u>170,955</u>

Town of Turkey, North Carolina
**Statements of Revenues, Expenses, and
Changes in Fund Net Position**
Proprietary Fund
For the Year Ended June 30, 2020

Exhibit 7

	Major Enterprise Fund Water and Sewer Fund
Operating revenues:	
Water and Sewer Charges	\$ 47,821
Other Operating Revenues	1,157
Total operating revenues:	<u>48,978</u>
Operating expenses:	
Administration	7,590
Treatment and Distribution	40,059
Depreciation	12,946
Total operating expenses	<u>60,595</u>
Operating income(loss)	<u>(11,617)</u>
Nonoperating revenues (expenses):	
Investment earnings	31
Interest and Fees	(758)
Total nonoperating revenues(expenses)	<u>(727)</u>
Income before contributions	<u>(12,344)</u>
Capital Contributions	<u>-</u>
Change in net position	(12,344)
Net Position - Beginning	183,299
Net Position - Ending	<u>\$ 170,955</u>

Town of Turkey, North Carolina
Statement of Cash Flows
Proprietary Fund
For The Year Ended June 30, 2020

Exhibit 8

	Major Enterprise Fund <u>Water and Sewer Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 48,963
Cash paid for goods and services	(43,812)
Customer deposits returned	525
Other Operating revenues	<u>1,157</u>
Net cash provided by operating activities	<u>6,833</u>
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	-
Debt Proceeds	-
Debt Reduction	(3,147)
Interest on maturities	(758)
Capital Contributions - Grants	<u>-</u>
Net cash used by capital and related financing activities	<u>(3,905)</u>
Cash flows from investing activities:	
Interest on investments	<u>31</u>
Net increase in cash and cash equivalents	2,959
Cash and cash equivalents:	
Balances, beginning	57,964
Balances, ending	\$ <u><u>60,923</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	\$ <u>(11,617)</u>
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	12,946
Changes in assets, deferred in/outflows of resources and liabilities:	
(Increase) decrease in accounts receivable	1,142
payable and accrued liabilities	3,837
Increase (decrease) in customer deposits	<u>525</u>
Total adjustments	<u>18,450</u>
Net cash provided by operating activities	\$ <u><u>6,833</u></u>

TOWN OF TURKEY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

B. Basis of Presentation

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

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

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

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

The Town reports the following major governmental fund:

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

The Town reports the following major enterprise fund:

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

C. Measurement Focus and Basis of Accounting

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

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

TOWN OF TURKEY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

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

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

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

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

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

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

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for any Capital Project Funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. The governing board must approve all amendments. During the year, several

TOWN OF TURKEY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

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

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

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain nonguaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's investments are generally 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 Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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

Town of Turkey Restricted Cash	
Governmental Activities	
General Fund	
Streets	\$ 8,763
Total Governmental Activities	\$ 8,763
Business Type Activities	
Water and Sewer Fund	
Customer Deposits	\$ 2,905
Total Business Type Activities	\$ 2,905
Total Restricted Cash	\$ 11,668

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

TOWN OF TURKEY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

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

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

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

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

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

8. Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, pension deferrals for the 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 two items that meet the criterion for this category - property taxes receivable and pension deferrals for the 2020 fiscal year.
9. Long-Term Obligations - In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

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

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

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

TOWN OF TURKEY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

11. Net Position/Fund Balances

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

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

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

TOWN OF TURKEY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

12. Defined Benefit Cost-Sharing Plans

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

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Significant Violations of Finance Related Legal and Contractual Provisions

1. Noncompliance with N.C. General Statutes

None reported.

2. Contractual Violations

None reported.

B. Excess of Expenditures over Appropriations

None.

NOTE 3: DETAIL NOTES ON ALL FUNDS

A. Assets

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

At June 30, 2020, the Town's deposits had a carrying amount of \$166,569 and a bank balance of \$173,080. Of the bank balance, all was covered by federal depository insurance. All the bank balance was covered by federal depository insurance. Cash on hand for the Town as of June 30, 2020 was \$50.

2. Investments - At June 30, 2020 the Town had no investments.

TOWN OF TURKEY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

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

Fund	6/30/2020
General Fund	
Taxes Receivable	\$ 100
Accounts Receivable	430
Total	530
Enterprise Funds:	210
Total	\$ 740

4. Capital Assets

Primary Government

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 12,741	\$ -	\$ -	\$ 12,741
Total Capital Assets not Being Depreciated:	12,741	-	-	12,741
Capital Assets Being Depreciated:				
Buildings	104,830	-	-	104,830
Equipment	17,564	1,977	-	19,541
Other Improvements	5,780	-	-	5,780
Total Capital Assets Being Depreciated:	128,174	1,977	-	130,151
Less Accumulated Depreciation for:				
Buildings	61,653	2,279	-	63,932
Equipment	12,221	865	-	13,086
Other Improvements	2,980	503	-	3,483
Total Accumulated Depreciation	76,854	\$ 3,647	\$ -	80,501
Total Capital Assets Being Depreciated, net	51,320			49,650
Governmental Activity Capital Assets, net	\$ 64,061			\$ 62,391

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

General Government	\$ 2,230
Cultural and Recreation	1,417
Total Depreciation Expense	\$ 3,647

TOWN OF TURKEY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
Water and Sewer Fund				
Capital Assets not Being Depreciated:				
Land	\$ 3,348	\$ -	\$ -	\$ 3,348
Total Capital Assets not Being Depreciated:	3,348	-	-	3,348
Capital Assets Being Depreciated:				
Equipment	563,499	-	-	563,499
Other Improvements	5,300	-	-	5,300
Total Capital Assets Being Depreciated:	568,799	-	-	568,799
Less Accumulated Depreciation for:				
Equipment	429,531	12,946	-	442,477
Other Improvements	5,300	-	-	5,300
Total Accumulated Depreciation	434,831	\$ 12,946	\$ -	447,777
Total Capital Assets Being Depreciated, net	133,968			121,022
Water and Sewer Capital Assets, net	\$ 137,316			\$ 124,370

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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 TURKEY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Turkey employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Turkey's contractually required contribution rate for the year ended June 30, 2020, was 9.09% of compensation for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Turkey were \$3,396 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 \$6,827 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, the Town's proportion was 0.00025%, which was a decrease of 0.00002% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$3,837. 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	\$ 1,169	\$ -
Changes of assumptions	1,113	-
Net difference between projected and actual earnings on pension plan investments	167	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,784	-
Town contributions subsequent to the measurement date	3,396	-
Total	<u>\$ 7,629</u>	<u>\$ -</u>

TOWN OF TURKEY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

\$3,396 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:

Year ended June 30:

2021	1,859
2022	911
2023	1,048
2024	415
2025	
Thereafter	-
	\$ 4,233

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.

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

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

TOWN OF TURKEY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

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

The information above is based on 30 year expectations developed with the consulting actuary for the 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.

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 15,615	\$ 6,827	\$ (477)

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

2. Other Employment Benefits

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

TOWN OF TURKEY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

3. Deferred Outflows and Inflows of Resources

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

Source	Amount
Contributions to pension plan in current fiscal year	\$ 3,396
Differences between expected and actual experience	1,169
Changes of assumptions	1,113
Net difference between projected and actual earnings on pension plan investments	167
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,784
	<u>\$ 7,629</u>

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

Source	Statement of Net Position	General Fund Balance Sheet
Taxes Receivable	\$ -	\$ 1,365
Pension Deferral	-	-
Total	<u>\$ -</u>	<u>\$ 1,365</u>

4. Risk Management

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

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

TOWN OF TURKEY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

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

5. Long-Term Obligations

Installment Purchase

Water Fund

Notes Payable – National Rural Water Association is direct borrowing for the purchase of a control system for well sites due in 120 monthly installments of \$162 at 3.0% interest, with final payment September 2028. Balance at June 30, 2020 was \$10,982.

At June 30, 2020, Town of Turkey had a legal debt margin \$836,326.

Annual debt service requirements of the installment purchase as of June 30, 2020 are as follows:

Year Ending 30-Jun	Business Type Activities	
	Principal	Interest
2021	1,532	421
2022	1,578	374
2023	1,626	326
2024	1,676	277
2025	1,727	226
2026-2030	2,843	336
2031-2035	-	-
Total	\$ 10,982	\$ 1,960

Changes in Long Term Liabilities - During the year ended June 30, 2020, the following changes occurred in Long Term Liabilities:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental Activities:					
Net Pension Liability (LGRS)	\$ 6,405	\$ 422	\$ -	\$ 6,827	\$ 6,827
Total Governmental Activities	\$ 6,405	\$ 422	\$ -	\$ 6,827	\$ 6,827

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Business-Type Activities:					
Water and Sewer Fund					
Notes Payable	\$ 14,129	\$ -	\$ (3,147)	\$ 10,982	\$ 1,532
Total Water and Sewer Fund	\$ 14,129	\$ -	\$ (3,147)	\$ 10,982	\$ 1,532

Required Supplementary Financial Data

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

Schedule of Proportionate Share of Net Pension Liability (Asset)

Schedule of Contributions to Local Government Employees' Retirement System

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

Local Government Employees' Retirement System		2020	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) (%)		0.00025%	0.00027%	0.00030%	0.00031%	0.03100%	0.02900%	0.00
Town's proportion of the net pension liability (asset) (\$)	\$	6,827	\$ 6,405	\$ 4,583	\$ 6,579	1,392	(1,710)	3,616.00
Town's covered-employee payroll	\$	34,320	\$ 31,980	\$ 30,475	\$ 27,970	24,784	25,265	25,775.00
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		19.89%	20.03%	15.04%	21.59%	4.98%	-6.90%	0.14
Plan fiduciary net position as a percentage of the total pension liability**		90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

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

Local Government Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 3,396	\$ 2,711	\$ 2,443	\$ 2,270	1,926	2,012	1,966
Contributions in relation to the contractually required contribution	3,396	2,711	2,443	2,270	1,926	2,012	1,966
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 37,365	\$ 34,320	\$ 31,980	\$ 30,475	27,970	24,784	25,265
Contributions as a percentage of covered-employee payroll	9.09%	7.90%	7.64%	7.45%	6.89%	8.12%	7.78%

Supplementary Statements

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

Town of Turkey, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Taxes		\$ 27,462	\$
Penalties and interest		192	
Total	\$ 24,220	27,654	\$ 3,434
Unrestricted intergovernmental:			
Local option sales taxes		80,467	
Utility franchise tax		7,907	
Telecom Sales Tax		1,977	
Video Franchise Fee		692	
Piped Natural Gas		11	
Total	89,965	91,054	1,089
Restricted intergovernmental:			
Powell Bill Allocation		10,119	
FEMA Grant		53,900	
Solid Waste Disposal		236	
Total	64,261	64,255	(6)
Sales and services:			
Community Building Rent		600	
Sanitation Fees		24,270	
Total Sales and Services	27,600	24,870	(2,730)
Permits and Fees:			
Zoning Permits		325	
Fire Inspection Fees		190	
Total Permits and Fees	3,425	515	(2,910)
Investment earnings:			
Regular		93	
Powell Bill		6	
Total Other Revenues	337	99	(238)

Town of Turkey, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Other Revenues:			
Miscellaneous		76	
Total Other Revenues	12,073	76	(11,997)
Total Revenues	221,881	208,523	(13,358)
Expenditures:			
General government:			
Governing Body:			
Salaries		2,881	
Employee Benefits		203	
Contingency		-	
Total Governing Body	3,810	3,084	726
Administration:			
Salaries		35,747	
Employee Benefits		10,691	
Operating Expenses		29,158	
Capital Outlay		1,977	
Total Administration	85,808	77,573	8,235
Tax and Revaluation:			
Operating Expenses		610	
Total Tax and Revaluation		610	(610)
Professional:			
Operating Expenses		17,151	
Total Professional	22,500	17,151	5,349
Total General Government	112,118	98,418	13,700
Transportation:			
Streets:			
Operating Expenses		93,773	
Capital Outlay		-	
Total Streets	109,053	93,773	15,280
Powell Bill:			
Maintenance and Repairs		11,575	
Total Powell Bill	11,582	11,575	7
Total Transportation	120,635	105,348	15,287

Town of Turkey, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Environmental Protection:			
Sanitation:			
Contracted Services		22,853	
Miscellaneous		-	
Total Sanitation	<u>27,000</u>	<u>22,853</u>	<u>4,147</u>
Cultural and Recreation:			
Recreation Department:			
Community Events:			
Operating Expenses		10,992	
Total Cultural and Recreation	<u>20,700</u>	<u>10,992</u>	<u>9,708</u>
Total Expenditures	<u>280,453</u>	<u>237,611</u>	<u>42,842</u>
Revenues over (under) expenditures	<u>(58,572)</u>	<u>(29,088)</u>	<u>29,484</u>
Fund Balance Appropriated	58,572	-	(58,572)
Net Change in Fund Balance	<u>\$ -</u>	<u>(29,088)</u>	<u>\$ (29,088)</u>
Fund Balances, Beginning		155,255	
Fund Balances, Ending		<u>\$ 126,167</u>	

Town of Turkey, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services:			
Water Charges		\$ 47,821	
Penalties		1,102	
Miscellaneous		55	
Total	\$ 53,233	48,978	\$ (4,255)
Nonoperating Revenues			
Interest Earned on Investment		31	
Total	118	31	(87)
Total revenues	53,351	49,009	(4,342)
Expenditures:			
Administration			
Other Operating Expenditures		7,590	
Total Administration	6,860	7,590	(730)
Treatment and Distribution			
Operating Expenses		6,601	
Contracted Services		20,683	
Repairs and Maintenance		12,775	
Total	56,740	40,059	16,681
Debt Service:			
Principle		3,147	
Interest		758	
Total Debt Service	-	3,905	(3,905)
Capital outlay:			
Equipment		-	
Water/Sewer System		-	
Total capital outlay	5,000	-	5,000
Total expenditures	68,600	51,554	17,046

Town of Turkey, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Capital Contributions	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over/(Under) Expenditures	<u>(15,249)</u>	<u>(2,545)</u>	<u>12,704</u>
Fund Balance Appropriated	<u>15,249</u>	<u>-</u>	<u>(15,249)</u>
Revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>(2,545)</u>	\$ <u>(2,545)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures		\$ <u>(2,545)</u>	
Reconciling items:			
Capital outlay		-	
Principle payments		3,147	
Loan Proceeds		-	
Depreciation		<u>(12,946)</u>	
Total reconciling items		<u>(9,799)</u>	
Change in Net Position		\$ <u>(12,344)</u>	

OTHER SCHEDULES

This section includes additional information on property taxes.

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

Town of Turkey, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2020

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2019</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2019 - 2020	\$ -	\$ 28,226	\$ 26,882	\$ 1,344
2018 - 2019	369		359	10
2017 - 2018	232	-	221	11
Previous	171	-	71	100
	<u>\$ 772</u>	<u>\$ 28,226</u>	<u>\$ 27,533</u>	<u>\$ 1,465</u>
Allowance for Doubtful Accounts				<u>100</u>
				<u>\$ 1,365</u>

Reconcilement with revenues:

Ad valorem taxes - General Fund	\$ 27,654
Reconciling items:	
Interest collected	(192)
Releases	71
Subtotal	<u>(121)</u>
Total collections and credits	<u>\$ 27,533</u>

Town of Turkey, North Carolina
Analysis of Current Tax Levy
Town - Wide 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	\$ 10,454,074	0.27	\$ 28,226	\$ 24,754	\$ 3,472
Penalties			-		-
Total	<u>10,454,074</u>		<u>28,226</u>	<u>24,754</u>	<u>3,472</u>
Total property valuation	<u>\$ 10,454,074</u>				
Net levy			28,226	24,754	3,472
Uncollected taxes at June 30, 2020			<u>1,344</u>	<u>1,344</u>	<u>-</u>
Current year's taxes collected			<u>\$ 26,882</u>	<u>\$ 23,410</u>	<u>\$ 3,472</u>
Current levy collection percentage			<u>95.24%</u>	<u>94.57%</u>	<u>100.00%</u>