

TOWN OF BLADENBORO, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2018

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BOARD OF TOWN COUNCIL

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TOWN ADMINSTRATOR

John O'Daniel

TOWN CLERK/FINANCE OFFICER

Melanie Hester

TAX COLLECTOR

Pamela Bowen

ATTORNEY

Maynard Law Firm

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Financial Section



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

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

Independent Auditors' Report

To the Honorable Mayor
and Members of the Town Council
Bladenboro, 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 Bladenboro, North Carolina, as of and for the year ended June 30, 2018, 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 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, 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 Bladenboro, North Carolina as of June 30, 2018, 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 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset/(Liability) and Contributions, on pages 42 and 43 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 44 and 45 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 Bladenboro, 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 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 by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund statements, budgetary schedules 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 November 9, 2018 on our consideration of Town of Bladenboro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Bladenboro's internal control over financial reporting and compliance.

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

Elizabethtown, North Carolina

November 9, 2018

Town of Bladenboro
Management's Discussion and Analysis

As management of the Town of Bladenboro, we offer readers of the Town of Bladenboro's financial statements this narrative overview and analysis of the financial activities of the Town of Bladenboro for the fiscal year ended June 30, 2018. 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

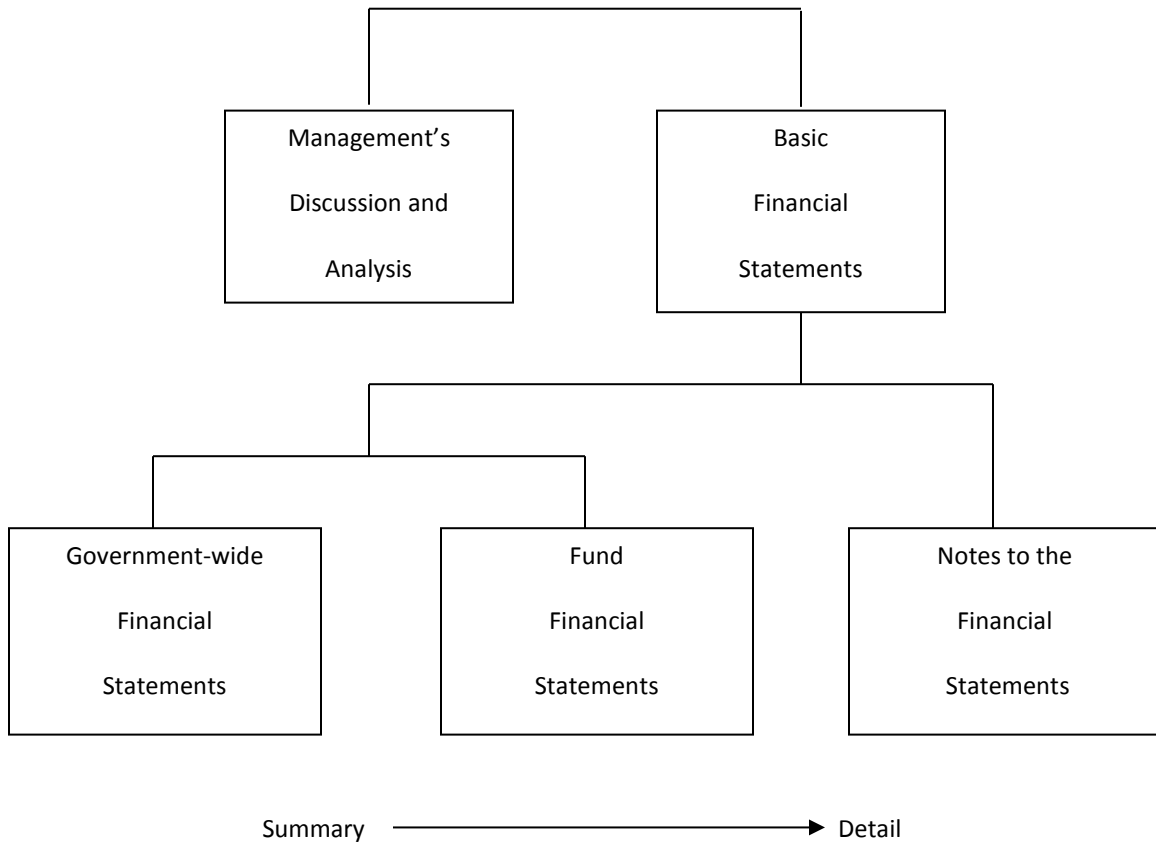
- The assets and deferred outflows of resources of the Town of Bladenboro exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$10,003,308 (net position).
- The government's total net position decreased by \$41,460 primarily due to the decrease in the business type activity net position.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$578,116 an increase of \$55,308. Approximately 33 percent of this total amount or \$190,633 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$293,319, or 23 percent of the total general fund expenditures for the fiscal year.
- The Town of Bladenboro's total debt decreased by \$53,011 during the current fiscal year. The key factor in this change was scheduled debt payments.

Overview of the Financial Statements

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

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 Bladenboro.

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the 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 Bladenboro, 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 Bladenboro 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 Bladenboro'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 Bladenboro 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 Bladenboro 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 Bladenboro 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 21-41 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 Bladenboro’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 42 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 Bladenboro’s Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 720,392	\$ 647,453	\$ 451,271	\$ 295,739	\$ 1,171,663	\$ 943,192
Capital assets	3,110,771	3,184,712	7,202,779	7,414,017	10,313,550	10,598,729
Deferred inflows of resources	72,075	128,812	26,610	48,412	98,685	177,224
Total assets and deferred outflows of resources	\$ 3,903,238	\$ 3,960,977	\$ 7,680,660	\$ 7,758,168	\$ 11,583,898	\$ 11,719,145
Current and other liabilities	\$ 76,221	\$ 62,464	\$ 117,827	\$ 83,287	\$ 194,048	\$ 145,751
Long-term liabilities						
Due within one year	71,760	82,432	16,656	12,201	88,416	94,633
Due in more than one year	1,228,398	1,340,184	41,384	77,791	1,269,782	1,417,975
Deferred inflows of resources	22,623	11,710	5,721	4,308	28,344	16,018
Total liabilities and deferred inflows or resources	1,399,002	1,496,790	181,588	177,587	1,580,590	1,674,377
Net Position						
Net investment in capital assets	1,979,050	2,008,732	7,194,028	7,396,514	9,173,078	9,405,246
Restricted	190,633	196,627	-	-	190,633	196,627
Unrestricted	334,553	258,828	305,044	184,067	639,597	442,895
Total net position	\$ 2,504,236	\$ 2,464,187	\$ 7,499,072	\$ 7,580,581	\$ 10,003,308	\$ 10,044,768

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 Bladenboro exceeded liabilities and deferred inflows by \$10,003,308 as of June 30, 2018. The Town's net position decreased by \$41,460 for the fiscal year ended June 30, 2018. However, the largest portion \$9,173,078 (92%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Bladenboro 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 \$190,633 (2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$639,597 (6%) is unrestricted.

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

- A tax collection percentage of 93.16%, which is less than the statewide average of 97.68%.
- Overall operating costs held constant.
- Growth in the water and sewer fund.

Town of Bladenboro's Changes in Net Position
Figure 3

	Governmental Funds		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues						
Charges for Services	\$ 331,462	\$ 358,192	\$ 592,816	\$ 466,807	\$ 924,278	\$ 824,999
Operating Grants & Contributions	65,695	218,133	-	-	65,695	218,133
Capital Grants & Contributions	16,489	130,559	93,500	62,341	109,989	192,900
General Revenue						
Property Taxes	541,669	554,390	-	-	541,669	554,390
Other Taxes	5,863	6,221	-	-	5,863	6,221
Grants and contributions not restricted to specific programs	318,708	343,024	-	-	318,708	343,024
Investment Earnings	640	423	121	46	761	469
Other	19,171	35,486	5,840	5,840	25,011	41,326
Total Revenues	<u>1,299,697</u>	<u>1,646,428</u>	<u>692,277</u>	<u>535,034</u>	<u>1,991,974</u>	<u>2,181,462</u>
Expenses						
General Government	271,802	280,604	-	-	271,802	280,604
Public Safety	594,325	563,266	-	-	594,325	563,266
Transportation	212,206	228,519	-	-	212,206	228,519
Environmental Protection	103,211	127,665	-	-	103,211	127,665
Cultural and Recreation	40,883	30,799	-	-	40,883	30,799
Interest on Long-Term Debt	37,221	45,097	-	-	37,221	45,097
Water and Sewer Fund	-	-	773,786	731,970	773,786	731,970
Total Expenses	<u>1,259,648</u>	<u>1,275,950</u>	<u>773,786</u>	<u>731,970</u>	<u>2,033,434</u>	<u>2,007,920</u>
Increase in Net Position before						
Transfers	40,049	370,478	(81,509)	(196,936)	(41,460)	173,542
Transfers	-	-	-	-	-	-
Increase(Decrease) in Net Position	<u>40,049</u>	<u>370,478</u>	<u>(81,509)</u>	<u>(196,936)</u>	<u>(41,460)</u>	<u>173,542</u>
Net Position, beginning	<u>2,464,187</u>	<u>2,093,709</u>	<u>7,580,581</u>	<u>7,777,517</u>	<u>10,044,768</u>	<u>9,871,226</u>
Net Position, ending	<u>\$ 2,504,236</u>	<u>\$ 2,464,187</u>	<u>\$ 7,499,072</u>	<u>\$ 7,580,581</u>	<u>\$ 10,003,308</u>	<u>\$ 10,044,768</u>

Governmental activities: Governmental activities increased the Town's net position by \$40,049. Key elements of this increase are as follows:

- Operating costs were reduced.

Business-type activities: Business-type activities refer to the Water/Sewer Fund and decreased the Town of Bladenboro's net position by \$81,509. Key elements of this decrease are as follows:

- Operating expenses increased.
- However, operating revenues did increase due to rate increase and new commercial industry.

Financial Analysis of the Town of Bladenboro's Funds

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

Governmental Funds. The focus of The Town of Bladenboro'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. Specifically, unassigned 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 Bladenboro. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$293,319 while total fund balance reached \$560,024. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 23% of the total General Fund expenditures. Total fund balance represents 45.5% of that same amount.

At June 30, 2018, the governmental funds of the Town reported a combined fund balance of \$578,116 with a 10.58% increase over last year. Included in this change in fund balance is an increase in fund balance of the General Fund.

General Fund Budgetary Highlights: During the fiscal year, the Town of Bladenboro 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 able to comply with its budgetary requirements.

Proprietary Funds. The Town of Bladenboro'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 \$305,044. The decrease in net position for this fund was \$81,509. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Bladenboro's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Bladenboro's investment in capital assets for its governmental and business-type activities as of June 30, 2018, totals \$10,313,550 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- Police vehicle.

**Town of Bladenboro's Capital Assets
(net of depreciation)**

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land and Construction in Progress	\$ 410,799	\$ 410,799	\$ 466,358	\$ 466,358	\$ 877,157	\$ 877,157
Buildings and Other Improvements	2,398,133	2,450,220	-	-	2,398,133	2,450,220
Plant and Distribution	-	-	6,722,309	6,939,653	6,722,309	6,939,653
Equipment	106,306	121,326	7,601	1	113,907	121,327
Vehicles	189,373	195,327	6,511	8,005	195,884	203,332
Infrastructure	6,160	7,040	-	-	6,160	7,040
	<u>\$3,110,771</u>	<u>\$3,184,712</u>	<u>\$7,202,779</u>	<u>\$7,414,017</u>	<u>\$10,313,550</u>	<u>\$10,598,729</u>

Additional information on the Town's capital assets can be found in notes beginning on page 28 of this report.

Long-term Debt. As of June 30, 2018, the Town of Bladenboro had no bonded debt outstanding.

Town of Bladenboro's Outstanding Debt

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Notes Payable	\$ 1,082,183	\$ 1,071,327	\$ -	\$ -	\$ 1,082,183	\$ 1,071,327
Capital Leases	49,538	104,653	-	-	49,538	104,653
Revolving Loan	-	-	8,751	17,503	8,751	17,503
	<u>\$ 1,131,721</u>	<u>\$ 1,175,980</u>	<u>\$ 8,751</u>	<u>\$ 17,503</u>	<u>\$ 1,140,472</u>	<u>\$ 1,193,483</u>

Town of Bladenboro's Outstanding Debt

The Town of Bladenboro's General Fund debt decreased by \$53,011 due to regular scheduled debt payments.

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 Town of Bladenboro's legal debt margin is \$5,820,379.

Additional information regarding the Town of Bladenboro's long-term debt can be found in the notes beginning on page 36 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 Bladenboro's size, it is difficult to show any real increase in jobs within the Town's boundaries. Management reviews the County of Bladen's economic conditions to monitor for effects on the economy of the Town.

The economy appears to be on the upswing with new industries relocating to the industrial park that will increase tax base and water and sewer service revenue.

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, 2019

Governmental Activities: Property taxes will remain the same and garbage collection rates will increase 3.1% for 2018-2019. General Fund expenditures have been budgeted accordingly with only a small increase from the 2017-2018 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 will increase by 3.5%.

Requests for Information

This report is designed to provide an overview of the Town of Bladenboro'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 Town Clerk, Town of Bladenboro, P.O. Box 455, N.C. 28320. You may also call 910-863-3655.

Basic Financial Statements

Statement of Net Position

June 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets:			
Cash & cash equivalents	\$ 451,714	\$ 216,095	\$ 667,809
Restricted cash	14,006	72,998	87,004
Taxes receivable (Net)	98,647	-	98,647
Accounts Receivable (Net)	48,532	158,178	206,710
Due from other governments	107,493	-	107,493
Inventories	-	4,000	4,000
Total current assets	<u>720,392</u>	<u>451,271</u>	<u>1,171,663</u>
Non-current Assets:			
Capital Assets:			
Land and nondepreciable improvements	410,799	466,358	877,157
Other capital assets, net of depreciation	<u>2,699,972</u>	<u>6,736,421</u>	<u>9,436,393</u>
Total capital assets	<u>3,110,771</u>	<u>7,202,779</u>	<u>10,313,550</u>
Total Assets	<u>3,831,163</u>	<u>7,654,050</u>	<u>11,485,213</u>
Deferred Outflows of Resources:			
Pension Deferrals	72,075	26,610	98,685
Liabilities			
Current liabilities:			
Accounts Payable and Accrued Liabilities	43,408	44,829	88,237
Accrued Interest	32,813	-	32,813
Current Portion of Long-Term Liabilities	59,041	8,751	67,792
Compensated Absences	12,719	7,905	20,624
Payable From Restricted Assets			
Customer Deposits	-	72,998	72,998
Long-term Liabilities:			
Net Pension Liability-LGERS	75,179	32,219	107,398
Total Pension Liability-LEO	63,536	-	63,536
Due in More Than One Year	<u>1,089,683</u>	<u>9,165</u>	<u>1,098,848</u>
Total liabilities	<u>1,376,379</u>	<u>175,867</u>	<u>1,552,246</u>
Deferred Inflows of Resources			
Prepaid Taxes	221	-	221
Pension Deferrals	<u>22,402</u>	<u>5,721</u>	<u>28,123</u>
Total Deferred Inflows of Resources	<u>22,623</u>	<u>5,721</u>	<u>28,344</u>
Net Position			
Net Investments in Capital Assets	1,979,050	7,194,028	9,173,078
Restricted for:			
Stabilization by State Statute	156,025	-	156,025
Transportation	14,006	-	14,006
Debt Service	20,602	-	20,602
Unrestricted	<u>334,553</u>	<u>305,044</u>	<u>639,597</u>
Total Net Position	<u>\$ 2,504,236</u>	<u>\$ 7,499,072</u>	<u>\$ 10,003,308</u>

TOWN OF BLADENBORO

BLADENBORO, NORTH CAROLINA

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Town of Bladenboro, North Carolina
Statement of Activities
For the Year Ended June 30, 2018

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 271,802	\$ 7,240	\$ 3,292	\$ -	\$ (261,270)	\$ -	\$ (261,270)
Public Safety	594,325	146,731	5,226	16,489	(425,879)	-	(425,879)
Transportation	212,206	-	57,177	-	(155,029)	-	(155,029)
Environmental Protection	103,211	175,388	-	-	72,177	-	72,177
Cultural and Recreation	40,883	2,103	-	-	(38,780)	-	(38,780)
Interest on Long-Term Debt	37,221	-	-	-	(37,221)	-	(37,221)
Total Governmental Activities	<u>1,259,648</u>	<u>331,462</u>	<u>65,695</u>	<u>16,489</u>	<u>(846,002)</u>	<u>-</u>	<u>(846,002)</u>
Business-Type Activities:							
Water and Sewer Fund	<u>773,786</u>	<u>592,816</u>	<u>-</u>	<u>93,500</u>	<u>-</u>	<u>(87,470)</u>	<u>(87,470)</u>
Total Business-Type Activities	<u>773,786</u>	<u>592,816</u>	<u>-</u>	<u>93,500</u>	<u>-</u>	<u>(87,470)</u>	<u>(87,470)</u>
Total Primary Government	<u>\$ 2,033,434</u>	<u>\$ 924,278</u>	<u>\$ 65,695</u>	<u>\$ 109,989</u>	<u>(846,002)</u>	<u>(87,470)</u>	<u>(933,472)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purpose					541,669	-	541,669
Other taxes					5,863	-	5,863
Grants and contributions not restricted to specific programs					318,708	-	318,708
Unrestricted investment earnings					640	121	761
Miscellaneous					19,171	5,840	25,011
Total general revenues not including transfers					<u>886,051</u>	<u>5,961</u>	<u>892,012</u>
Transfers					-	-	-
Total general revenues and transfers					<u>886,051</u>	<u>5,961</u>	<u>892,012</u>
Change in net position					40,049	(81,509)	(41,460)
Net position - Beginning					<u>2,464,187</u>	<u>7,580,581</u>	<u>10,044,768</u>
Net position - Ending					<u>\$ 2,504,236</u>	<u>\$ 7,499,072</u>	<u>\$ 10,003,308</u>

Balance Sheet
Governmental Funds
June 30, 2018

	Major Funds		Total Governmental Funds
	General	PARTF Project	
Assets:			
Cash and cash equivalents	\$ 433,622	\$ 18,092	\$ 451,714
Restricted cash	14,006	-	14,006
Receivables (net):			
Taxes	84,774	-	84,774
Accounts	48,532	-	48,532
Due from other governments	107,493	-	107,493
Total assets	<u>\$ 688,427</u>	<u>\$ 18,092</u>	<u>\$ 706,519</u>
Liabilities:			
Accounts payable & accrued liabilities	<u>\$ 43,408</u>	<u>\$ -</u>	<u>\$ 43,408</u>
Total liabilities	<u>43,408</u>	<u>-</u>	<u>43,408</u>
Deferred Inflows of Resources:			
Property taxes receivable	84,774	-	84,774
Prepaid taxes	221	-	221
Total deferred inflows of resources	<u>84,995</u>	<u>-</u>	<u>84,995</u>
Fund Balances:			
Restricted			
Stabilization by state statute	156,025	-	156,025
Streets	14,006	-	14,006
Debt Service	20,602	-	20,602
Committed			
Cultural and Recreation	-	18,092	18,092
Assigned			
Subsequent years' expenditures	76,072	-	76,072
Unassigned	293,319	-	293,319
Total fund balances	<u>560,024</u>	<u>18,092</u>	<u>578,116</u>
Total liabilities & deferred inflows of resources and fund balances	<u>\$ 688,427</u>	<u>\$ 18,092</u>	<u>\$ 706,519</u>

Balance Sheet
Governmental Funds
June 30, 2018

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total Fund Balance, Governmental Funds	\$	578,116
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$	4,811,213
Accumulated depreciation		<u>(1,700,442)</u>
		3,110,771
Deferred outflows of resources related to pensions are not reported in the funds		
		72,075
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred inflows of resources in the funds.		
		13,873
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		
		84,774
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Gross long-term debt		(1,161,443)
Net pension liability		(75,179)
Total pension liability		(63,536)
Deferred inflows of resources related to pensions are not reported in the funds		
		(22,402)
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.		
		(32,813)
Net position of government activities	\$	<u><u>2,504,236</u></u>

Town of Bladenboro, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2018

Exhibit 4

	Major Funds		Total Governmental Funds
	General	PARTF Project	
Revenues			
Ad valorem taxes	\$ 538,520	\$ -	\$ 538,520
Other taxes and licenses	5,863	-	5,863
Unrestricted intergovernmental	318,708	-	318,708
Restricted intergovernmental	73,667	-	73,667
Permits and fees	978	-	978
Sales and services	330,484	-	330,484
Investment earnings	640	-	640
Miscellaneous	27,688	-	27,688
Total revenues	<u>1,296,548</u>	<u>-</u>	<u>1,296,548</u>
Expenditures			
Current:			
General government	262,872	-	262,872
Public safety	549,223	-	549,223
Transportation	217,935	-	217,935
Environmental protection	103,211	-	103,211
Cultural and recreation	25,449	-	25,449
Debt service:			
Principal	74,259	-	74,259
Interest	38,291	-	38,291
Total expenditures	<u>1,271,240</u>	<u>-</u>	<u>1,271,240</u>
Excess (Deficiency) of Revenues over (under) expenditures	<u>25,308</u>	<u>-</u>	<u>25,308</u>
Other financing sources (uses)			
Proceeds From Installment Financing	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total Other Financing Sources (Uses)	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Net Change in Fund Balance	55,308	-	55,308
Fund Balances, Beginning	<u>504,716</u>	<u>18,092</u>	<u>522,808</u>
Fund Balances, Ending	<u>\$ 560,024</u>	<u>\$ 18,092</u>	<u>\$ 578,116</u>

Town of Bladenboro, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2018

Exhibit 4,
Continued

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

Net changes in fund balances - total governmental funds	\$	55,308
<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 capital outlays exceeded depreciation in the current period.</p>		
Capital outlay expenditures which were capitalized	\$ 39,678	
Depreciation expense for governmental assets	<u>(113,619)</u>	(73,941)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Activities		27,589
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		7,926
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Change in unavailable revenue for tax revenues.		3,151
<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	(30,000)	
Principal payments on long-term debt	74,259	
Decrease in accrued interest payable	<u>1,069</u>	45,328
<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	561	
Pension expense	<u>(25,873)</u>	<u>(25,312)</u>
Total changes in net position of governmental activities.	\$	<u><u>40,049</u></u>

General Fund and Annually Budgeted Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2018

	General Fund			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 514,729	\$ 518,729	\$ 538,520	\$ 19,791
Other taxes and licenses	5,500	5,500	5,863	363
Unrestricted intergovernmental	277,000	289,400	318,708	29,308
Restricted intergovernmental	58,000	79,055	73,667	(5,388)
Permits and Fees	950	950	978	28
Sales and services	281,522	324,793	330,484	5,691
Investment earnings	-	-	640	640
Miscellaneous	16,900	24,000	27,688	3,688
Total revenues	<u>1,154,601</u>	<u>1,242,427</u>	<u>1,296,548</u>	<u>54,121</u>
Expenditures:				
Current:				
General government	215,420	273,897	262,872	11,025
Public safety	526,379	566,244	549,223	17,021
Transportation	192,253	238,100	217,935	20,165
Environmental protection	102,858	105,358	103,211	2,147
Cultural and recreation	21,600	32,584	25,449	7,135
Debt service	112,553	112,553	112,550	3
Total expenditures	<u>1,171,063</u>	<u>1,328,736</u>	<u>1,271,240</u>	<u>57,496</u>
Revenues over (under) expenditures	<u>(16,462)</u>	<u>(86,309)</u>	<u>25,308</u>	<u>111,617</u>
Other financing sources (uses):				
Transfer to Other Funds	-	(53,940)	-	53,940
Proceeds From Installment Financing	-	30,000	30,000	-
Total other financing sources (uses)	<u>-</u>	<u>(23,940)</u>	<u>30,000</u>	<u>53,940</u>
Fund Balance Appropriated	<u>16,462</u>	<u>110,249</u>	<u>-</u>	<u>(110,249)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>55,308</u>	<u>\$ 55,308</u>
Fund balances, beginning			<u>504,716</u>	
Fund balances, ending			<u>\$ 560,024</u>	

Town of Bladenboro, North Carolina
Statement of Fund Net Position
Proprietary Fund
June 30, 2018

Exhibit 6

	<u>Major Enterprise Fund Water and Sewer Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 216,095
Restricted cash	72,998
Accounts receivable (net) - billed	131,287
Accounts receivable (net) - unbilled	26,891
Due from other fund	-
Inventories	4,000
Total	<u>451,271</u>
Non-Current Assets:	
Capital Assets:	
Land and other non-depreciable assets	466,358
Other capital assets, net of depreciation	<u>6,736,421</u>
Total capital assets	<u>7,202,779</u>
Total assets	<u>7,654,050</u>
Deferred Outflows of Resources:	
Contributions to Pension Plan in Current Fiscal	<u>26,610</u>
Total Deferred Outflows of Resources	<u>26,610</u>
Liabilities	
Current liabilities:	
Accounts payable and Accrued Liabilities	44,829
Compensated Absences	7,905
Current Portion of Long-Term Liabilities	<u>8,751</u>
Total	<u>61,485</u>
Noncurrent liabilities:	
Liabilities payable from restricted assets:	
Customer deposits	72,998
Notes Payable	-
Net Pension Liability	32,219
Compensated Absences	<u>9,165</u>
Total	<u>114,382</u>
Total liabilities	<u>175,867</u>
Deferred Inflows of Resources	
Pension Deferrals	<u>5,721</u>
Total Deferred Inflows of Resources	<u>5,721</u>
Net position	
Net investments in capital assets	7,194,028
Unrestricted	<u>305,044</u>
Total net position	<u>\$ 7,499,072</u>

Town of Bladenboro, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2018

Exhibit 7

	Major Enterprise Fund
	Water and Sewer Fund
Operating revenues:	
Charges for Services	\$ 574,333
Other Operating Revenues	18,483
Total	592,816
Operating Expenses:	
Administration	71,552
Water Operations	160,136
Sewer Operations	70,706
Waste Collections and Treatment	250,235
Depreciation	220,738
Total	773,366
Operating income	(180,550)
Nonoperating revenues (expenses):	
Investment earnings	121
Miscellaneous Revenue	5,840
Interest and fees	(420)
Total nonoperating revenues (expenses)	5,541
Income (loss) before contributions and transfers	(175,009)
Capital Contributions - Grant	93,500
Change in net position	(81,509)
Net position - Beginning	7,580,581
Net position - Ending	\$ 7,499,072

Town of Bladenboro, North Carolina
Statement of Cash Flows
Proprietary Fund
For The Year Ended June 30, 2018

Exhibit 8

	Major Enterprise Fund
	Water and Sewer Fund
Cash flows from operating activities:	
Cash received from customers	\$ 491,902
Cash paid for goods and services	(390,245)
Cash paid to employees for services	(128,112)
Customer deposits received	660
Other operating revenues	18,483
Net cash provided by (used) operating activities	(7,312)
Cash flows from noncapital financing activities:	
Other Nonoperating Income	5,840
Operating transfers in(out)	53,941
Net cash provided by (used) noncapital financing activities:	59,781
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(9,500)
Debt reduction	(8,751)
Interest paid	(420)
Capital Contributions - Grants	124,871
Net cash provided by (used) capital and related financing activities	106,200
Cash flows from investing activities:	
Interest on investments	121
Net decrease in cash and cash equivalents	158,790
Cash and cash equivalents:	
Beginning of year, July 1	130,303
End of year, June 30	\$ 289,093
Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	\$ (180,550)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	220,738
Changes in assets, deferred in/outflows of resources and liabilities:	
(Increase) decrease in accounts receivable	(82,431)
(Increase) decrease in inventory	376
(Increase)/Decrease in deferred outflows of resources-pensions	21,802
Increase/(Decrease) in net pension liability	(25,592)
Increase/(Decrease) in deferred inflows of resources-pensions	1,413
Increase (decrease) in accounts payable and accrued liabilities	33,880
Increase (decrease) in accrued vacation	2,392
Increase (decrease) in customer deposits	660
Total adjustments	173,238
Net cash provided by (used) operating activities	\$ (7,312)

TOWN OF BLADENBORO

BLADENBORO, NORTH CAROLINA

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TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of the Town of Bladenboro, North Carolina 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 Bladenboro is a municipal corporation, which is governed by an elected mayor and a six-member council. As required by generally accepted accounting principles, these financial statements present the Town.

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 nonmajor 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 government funds:

General Fund – The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources, except those 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 general government, public safety and street maintenance.

PARTF Park Capital Project Fund – This fund is used to account for the construction of a new park and facilities.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

The Town reports the following major enterprise funds:

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. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, 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, entitlements, 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 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.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

Sales taxes and certain intergovernmental revenues, such as the beer and wine 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 Bladenboro because the tax is levied by Bladen 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 the Capital Project Funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for the multi-year funds. The Budget Officer is authorized by the budget ordinance to transfer appropriations between departments within a fund; however, any revisions that alter total expenditures of any fund must be approved by the governing board. During the year, several 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 the time until annual ordinance can be adopted.

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

Deposits and Investments

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

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

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.

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 considered cash and cash equivalents.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

Restricted Assets – Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also 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.

Town of Bladenboro Restricted Cash	
Governmental Activities	
General Fund	
Streets	\$ <u>14,006</u>
Total Governmental Activities	\$ <u><u>14,006</u></u>
Business Type Activities	
Water and Sewer Fund	
Customer Deposits	\$ <u>72,998</u>
Total Business Type Activities	\$ <u><u>72,998</u></u>
Total Restricted Cash	\$ <u><u>87,004</u></u>

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, 2017. 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.

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.

Inventory

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The inventories of the Town's Enterprise Fund consist of materials and supplies held for subsequent use. The cost of this inventory is expensed when consumed rather than when purchased.

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, \$5,000; Buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; infrastructure, \$5,000; furniture and equipment, \$5,000; and vehicles, \$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. 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.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	45
Improvements	25
Motor Vehicles	5
Equipment	5-10
Plant Assets	50

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 meet this criterion, pension deferrals for the 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 three items that meet the criterion for this category - prepaid taxes, property taxes receivable, and pension deferrals.

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.

Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty 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 the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

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.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

Fund Balance

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. There were no non-spendable items for the Town.

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

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

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

Restricted for Debt Service – USDA requires 10% of each annual payment to be reserved until the amount reaches one year’s payment.

Committed Fund Balance –portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Bladenboro’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. Any changes or removal of specific purpose requires majority action by the governing body. Below is the only description of committed fund balance.

Committed for Parks and Recreation – portion of fund balance assigned for the future use to make improvements to the Town’s recreation facilities.

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

Subsequent year’s expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation and any modifications to the original budget.

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 Bladenboro adheres to the North Carolina Local Government Commission’s recommendation of a minimum fund balance for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance does not go below eight percent of budgeted expenditures. Any portion of the general fund balance in excess of 8% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

Defined Benefit Cost Sharing Plans

For purposes of measuring the net pension (asset)/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 Bladenboro's employer contributions are recognized when due and the Town of Bladenboro 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

Noncompliance with N.C. General Statutes

None.

B. Deficit in Fund Balance or Net Position of Individual Funds

None.

NOTE 3: Detail Notes on All Funds

A. Assets

Deposits

All of the Town's deposits 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 agent(s) 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 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 with 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 the 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, 2018, the Town's deposits had a carrying amount of \$748,484 and a bank balance of \$752,492. Of the bank balance, \$583,252 was covered by federal depository insurance and the remaining \$169,240 was covered by collateral and held under the Pooling Method.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

Investments

At June 30, 2018, the Town had \$6,329 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no formal policy regarding credit risk of its investments.

Receivables – Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position are net of the following allowances for doubtful accounts:

Fund	6/30/2018
General Fund	
Taxes Receivable	\$ 33,150
Accounts Receivable	-
Total	33,150
Enterprise Funds:	
Total	\$ 33,150

Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 410,799	\$ -	\$ -	\$ 410,799
Construction in Progress	-	-	-	-
Total Capital Assets not Being Depreciated:	410,799	-	-	410,799
Capital Assets Being Depreciated:				
Buildings	2,361,953	-	-	2,361,953
Other Improvements	291,895	-	-	291,895
Equipment	380,269	9,500	-	389,769
Vehicles	1,304,619	30,178	-	1,334,797
Infrastructure	22,000	-	-	22,000
Total Capital Assets Being Depreciated:	4,360,736	39,678	-	4,400,414
Less Accumulated Depreciation for:				
Buildings	175,750	46,239	-	221,989
Other Improvements	27,878	5,848	-	33,726
Equipment	258,943	24,520	-	283,463
Vehicles	1,109,292	36,132	-	1,145,424
Infrastructure	14,960	880	-	15,840
Total Accumulated Depreciation	1,586,823	\$ 113,619	\$ -	1,700,442
Total Capital Assets Being Depreciated, net	2,773,913			2,699,972
Governmental Activity Capital Assets, net	\$ 3,184,712			\$ 3,110,771

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

General Government	\$ 8,318
Public Safety	86,047
Transportation	3,820
Cultural and Recreational	15,434
Total Depreciation Expense	\$ 113,619

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
Water and Sewer Fund				
Capital Assets not Being Depreciated:				
Land	\$ 466,358	\$ -	\$ -	\$ 466,358
Construction in Progress	-	-	-	-
Total Capital Assets not Being Depreciated:	466,358	-	-	466,358
Capital Assets Being Depreciated:				
Plant and Distribution	10,902,937	-	-	10,902,937
Equipment	110,460	9,500	-	119,960
Vehicles	55,788	-	-	55,788
Total Capital Assets Being Depreciated:	11,069,185	9,500	-	11,078,685
Less Accumulated Depreciation for:				
Plant and Distribution	3,963,284	217,344	-	4,180,628
Equipment	110,459	1,900	-	112,359
Vehicles	47,783	1,494	-	49,277
Total Accumulated Depreciation	4,121,526	\$ 220,738	\$ -	4,342,264
Total Capital Assets Being Depreciated, net	6,947,659			6,736,421
Water and Sewer Capital Assets, Net	\$ 7,414,017			\$ 7,202,779

B. Liabilities

Pension Plan Obligations

1. Local Governmental Employees' Retirement System

Plan Description. The Town of Bladenboro 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

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Bladenboro 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 Bladenboro's contractually required contribution rate for the year ended June 30, 2018, was 8.25% of compensation for law enforcement officers and 7.50% 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 Bladenboro were \$39,413 for the year ended June 30, 2018.

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, 2018, the Town reported a liability of \$107,398 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the Town's proportion was 0.00703%, which was a decrease of 0.00205% from its proportion measured as of June 30, 2016.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

For the year ended June 30, 2018, the Town recognized pension expense of \$31,483. At June 30, 2018, 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	\$ 6,187	\$ 3,040
Changes of assumptions	15,338	-
Net difference between projected and actual earnings on pension plan investments	26,076	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,686	16,031
Town contributions subsequent to the measurement date	39,413	-
Total	\$ 88,700	\$ 19,071

\$39,413 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 728
2020	26,889
2021	13,403
2022	(10,804)
2023	-
Thereafter	-
	\$ 30,216

Actuarial Assumptions. The total pension liability in the December 31, 2016 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	7.20 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, 2016 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.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

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, 2017 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 2016 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 7.20%. 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 7.20 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 (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 322,414	\$ 107,398	\$ (72,071)

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.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

2. Law Enforcement Officers Special Separation Allowance

Plan Description

The Town of Bladenboro 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 .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. The Town has made no contributions to this plan. A separate report was not issued for the plan.

All full-time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>5</u>
Total	<u><u>7</u></u>

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 and refunds 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 following criteria which are outlined in GASB Statement 73.

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2016 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16%

Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The Town paid \$15,849 as benefits came due for the reporting period.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

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

At June 30, 2018, the Town reported a total pension liability of \$63,536. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the Town recognized pension expense of \$4,830.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 8,228
Changes of assumptions and other inputs	2,060	824
Benefit payments and administrative expenses subsequent to the measurement date.	7,925	-
Total	\$ 9,985	\$ 9,052

\$7,925 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date have been reported as deferred outflows of resources and will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ (2,028)
2020	(2,028)
2021	(2,028)
2022	(908)
2023	-
Thereafter	-
	\$ (6,992)

\$7,925 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

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 3.16 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 (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Total Pension Liability	\$ 66,425	\$ 63,536	\$ 60,789

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

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

	2018
Beginning balance	\$ 81,457
Service Cost	3,020
Interest on the total pension liability	2,838
Changes of benefit terms	-
Differences between expected and actual experience in the	(10,579)
Changes of assumptions or other inputs	2,649
Benefit payments	(15,849)
Other changes	-
Ending balance of the total pension liability	\$ 63,536

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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

	LGERs	LEOSSA	Total
Pension Expense	31,483	4,830	
Pension Liability	\$ 107,398	\$ 63,536	\$ 170,934
Proportionate share of the net pension liability	0.00703%	N/A	
Deferred of Outflows of Resources			
Differences between expected and actual experience	\$ 6,187	\$ -	\$ 6,187
Changes of assumptions	15,338	2,060	17,398
Net difference between projected and actual earnings on plan investments	26,076	-	26,076
Changes in proportion and differences between contributions and proportionate share of contributions	1,686	-	1,686
Benefit payments and administrative costs paid subsequent to the measurement date	39,413	7,925	47,338
Deferred of Inflows of Resources			
Differences between expected and actual experience	3,040	8,228	11,268
Changes of assumptions	-	824	824
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 16,031	\$ -	\$ 16,031

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

3. 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 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 five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2018 were \$9,556, which consisted of \$8,206 from the Town and \$1,350 from the law enforcement officers. The Town also provides for all other employees the same plan with a 5% Town contribution rate. Contributions for the year ended June 30, 2018 were \$23,687, which consisted of \$14,944 from the Town and \$8,743 from the employees.

4. Firefighter's and Rescue Squad Workers' Pension Fund

Plan Description - The State of North Carolina contributes, on behalf of the Town of Bladenboro, to the Firefighter's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The FRSWPF provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the Fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firefighter's and Rescue Squad Workers' Pension Fund 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 the Fund. 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.

Contributions - Plan members are required to contribute \$10 per month to the Fund. The State, a non-employer contributor, funds the plan through appropriations. The Town does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

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 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 numbers 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 postemployment benefit amount and the other benefit amount. The Town considers these contributions to be immaterial.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

3. Deferred Outflows and Inflows of Resources

The Town has several deferred outflows of resources. Deferred outflows of resources is comprised of the following:

Source	Amount
Contributions to pension plan in current fiscal year	\$ 39,413
Benefit payments made and administrative expenses for LEOSSA	7,925
Differences between expected and actual experience	6,187
Changes of assumptions	17,398
Net difference between projected and actual earnings on pension plan investments	26,076
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,686
Total	<u>\$ 98,685</u>

Deferred inflows of resources is comprised of the following:

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ 221	\$ 221
Taxes Receivable (General Fund)	-	84,774
Differences between expected and actual experience	11,268	-
Changes of assumptions	824	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,031	-
Total	<u>\$ 28,344</u>	<u>\$ 84,995</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 up to a \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

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 BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

In accordance with G.S. 159-29, 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. The Town has a \$50,000 fidelity bond on the finance officer, \$10,000 on the tax collector, and a blanket bond for \$10,000 on other employees. 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.

The Town does not carry any flood insurance because only 2 of its buildings fall in a flood zone. These 2 buildings fall into an area that has been mapped and designated as an "AE" zone by the Federal Emergency Management Agency. The remainder of the Town is located in an area mapped as an "X" zone, which is an area which is not prone to flooding.

5. Claims, Judgments and Contingent Liabilities

There are no pending monetary suits against the Town as of June 30, 2018.

6. Long-Term Obligations

Capital Leases

The Town has entered into agreements to lease certain equipment and buildings. Those leases which pertain to general fixed assets are in the general long-term debt account group and those which pertain to an enterprise fund are in the enterprise fund. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

Capital Leases at June 30, 2018, were as follows:

General Fund

1. Home Trust Bank agreement dated December 2000 and modified on August 23, 2012 for lease purchase of a fire truck for the fire department, payable in five remaining annual payments of \$15,723 including interest at 6.61%. Outstanding balance at year-end was \$29,992. Maturing date is October 2021.
2. Home Trust Bank agreement dated June 2002 and modified on August 23, 2012 for lease purchase of a fire truck for the fire department, payable in 5 remaining annual payments of \$19,546 including interest at 5.85%. Outstanding balance at year-end was \$19,546. Maturing date is June 2019.

Under the terms of all agreements, title passes to the Town at the end of the lease term.

For The Town of Bladenboro, the future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 were as follows:

Year Ending 30-Jun	Governmental Activities	
	Principal	Interest
2019	32,784	3,998
2020	16,754	1,926
2021	-	-
2022	-	-
2023	-	-
Total	\$ 49,538	\$ 5,924

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

Notes Payable

General Fund

1. USDA agreement dated December 29, 2010 for the financing of the construction of the Town hall building, payable in 30 annual payments of \$11,218 including interest at 3.75%. Outstanding balance at year end was \$166,532. Maturity is December 29, 2040.
2. USDA agreement dated July 16, 2015 to pay off the construction loan for the fire department building and is payable in 40 annual payments of \$42,496 including interest at 3.50%. Outstanding balance at year end was \$885,651. Maturity is July, 2055.
3. First Bank agreement dated January 22, 2018 for purchase of police vehicle, payable in three annual payments of \$10,463.80, including interest computed on a 365/360 basis. Outstanding balance at year end was \$30,000. Maturity is January 2021.

For The Town of Bladenboro, the future minimum payments as of June 30, 2018 are as follows:

Year Ending	Governmental Activities	
	30-Jun	Principal
2019	26,257	37,924
2020	27,068	37,112
2021	27,885	36,276
2022	18,306	35,411
2013	18,960	34,757
2024-2028	105,468	163,115
2029-2033	125,726	142,857
2034-2038	149,883	118,701
2039-2043	144,950	91,053
2044-2048	145,752	66,743
2049-2053	173,108	39,386
2054-2058	118,820	8,404
Total	\$ 1,082,183	\$ 811,739

North Carolina Revolving Loan Fund

Dated November 1998, the Town secured a 20-year revolving loan from the State of North Carolina in the amount of \$175,026 to complete the Ashe Street Water and Sewer Project. The loan has a fixed rate of 2.68% with the principal payments beginning in November 1999. 20 annual payments of \$21,342 including interest are currently being paid. Maturity date is November 2019. The outstanding balance is \$8,751.

For The Town of Bladenboro, the future minimum payments as of June 30, 2018 are as follows:

Year Ending	Business Type Activities	
	30-Jun	Principal
2019	8,751	469
2020	-	-
2021	-	-
Total	\$ 8,751	\$ 469

At June 30, 2018, Town of Bladenboro had a legal debt margin of \$5,820,379.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

Changes in General Long-Term Liabilities

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental Activities:					
Notes Payable	\$ 1,071,327	\$ 30,000	\$ (19,144)	\$ 1,082,183	\$ 26,257
Capital Leases	104,653	-	(55,115)	49,538	32,784
Net Pension Liability - LGERS	134,896	-	(59,717)	75,179	-
Net Pension Liability - LEO	81,457	-	(17,921)	63,536	-
Compensated Absences	30,283	12,719	(13,280)	29,722	11,852
Total Governmental Activities	\$ 1,347,691	\$ 42,719	\$ (165,177)	\$ 1,225,233	\$ 70,893
Business-Type Activities:					
Water and Sewer Fund					
Revolving Loan	\$ 17,503	\$ -	\$ (8,752)	\$ 8,751	\$ 8,751
Net Pension Liability - LGERS	57,811	-	(25,592)	32,219	-
Compensated Absences	14,678	7,905	(5,513)	17,070	7,905
Total Water and Sewer Fund	\$ 89,992	\$ 7,905	\$ (39,857)	\$ 58,040	\$ 16,656

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

7. 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	\$ 560,024
Less:	
Stabilization by State Statute	156,025
Debt Service	20,602
Streets - Powell Bill	14,006
Appropriated Fund Balance in 2019 Budget	76,072
Remaining Fund Balance	293,319

The Town of Bladenboro adheres to the North Carolina Local Government Commission's recommendation of a minimum fund balance for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance does not go below eight percent of budgeted expenditures.

NOTE 4: Jointly Governed Organization

The Town, along with several other counties and municipalities participate in the Lumber River Council of Governments (COG). The participating governments established the Council to coordinate various funding received from Federal and State agencies. Each participating government appoints one member to the Council's governing board. The Town paid \$140 to the Council during the fiscal year ended June 30, 2018.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

NOTE 5: 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.

NOTE 6: SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 9, 2018, the date which the financial statements were available for issue.

TOWN OF BLADENBORO

BLADENBORO, NORTH CAROLINA

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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) Local Government Employees' Retirement System

Schedule of Contributions to Local Government Employees' Retirement System

Schedule of Changes in Total Pension Liability

Schedule of Total Pension Liability as a Percentage of Covered Payroll

Town of Bladenboro, North Carolina
Schedule of Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Five Fiscal Years *

Local Government Employees' Retirement System

	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) (%)	0.00703%	0.00908%	0.00812%	0.00966%	0.0096%
Town's proportion of the net pension liability (asset) (\$)	\$ 107,398	\$ 192,707	\$ 36,441	\$ (56,970)	115,717
Town's covered-employee payroll	\$ 472,275	\$ 494,402	\$ 488,266	\$ 480,600	508,657
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	22.74%	38.98%	7.46%	(11.85%)	22.75%
Plan fiduciary net position as a percentage of the total pension liability**	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 Bladenboro, North Carolina
Schedule of Contributions
Required Supplementary Information
Last Five Fiscal Years

Local Government Employees' Retirement System

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 39,413	\$ 35,732	\$ 34,007	\$ 35,241	36,062
Contributions in relation to the contractually required contribution	39,413	35,732	34,007	35,241	36,062
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 501,981	\$ 472,275	\$ 494,402	\$ 488,266	480,600
Contributions as a percentage of covered-employee payroll	7.85%	7.57%	6.96%	7.22%	7.09%

Town of Bladenboro, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2018

	2018	2017
Beginning balance	\$ 81,457	\$ 90,774
Service Cost	3,020	4,930
Interest on the total pension liability	2,838	2,958
Changes of benefit terms	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(10,579)	(1,356)
Changes of assumptions or other inputs	2,649	-
Benefit payments	(15,849)	(15,849)
Other changes	-	-
Ending balance of the total pension liability	\$ 63,536	\$ 81,457

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

Town of Bladenboro, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2018

	2018	2017
Total pension liability	63,536	81,457
Covered payroll	235,149	236,528
Total pension liability as a percentage of covered payroll	27.02%	34.44%

Notes to the schedules:

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

TOWN OF BLADENBORO

BLADENBORO, NORTH CAROLINA

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Supplementary Statements

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

Town of Bladenboro, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Taxes	\$	\$ 533,890	\$
Penalties and interest		4,630	
Total	<u>518,729</u>	<u>538,520</u>	<u>19,791</u>
Other taxes and licenses:			
Motor Vehicle Tax		5,863	
Total	<u>5,500</u>	<u>5,863</u>	<u>363</u>
Unrestricted intergovernmental:			
Local Option Sales Tax		225,288	
Utility Sales Tax		64,683	
Video Franchise Tax		12,659	
Solid Waste Disposal Tax		1,142	
Telecom Sales Tax		14,936	
Total	<u>289,400</u>	<u>318,708</u>	<u>29,308</u>
Restricted intergovernmental:			
Powell Bill Allocation		57,177	
Grants		16,490	
Total	<u>79,055</u>	<u>73,667</u>	<u>(5,388)</u>
Permits & Fees:			
Planning and zoning fees		740	
Court fees		238	
Total	<u>950</u>	<u>978</u>	<u>28</u>
Sales and services:			
Sanitation Fees		175,388	
Fire District Contract		146,493	
Park Revenue		2,103	
Administration Fee		6,500	
Total Sales and Services	<u>324,793</u>	<u>330,484</u>	<u>5,691</u>
Investment earnings:			
Powell Bill		22	
Regular		618	
Total Other Revenues	<u>-</u>	<u>640</u>	<u>640</u>

Town of Bladenboro, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2018

	Budget	Actual	Variance Positive (Negative)
Other Revenues:			
Police Christmas		5,225	
Sale of Fixed Assets		3,275	
Donations		3,292	
Miscellaneous		15,896	
Total Other Revenues	<u>24,000</u>	<u>27,688</u>	<u>3,688</u>
Total Revenues	<u>1,242,427</u>	<u>1,296,548</u>	<u>54,121</u>
General government:			
Governing body:			
Salaries		22,682	
Professional Services		20,945	
Employee Benefits		1,800	
Insurance		1,600	
Capital outlay		-	
Miscellaneous		6,377	
Total	<u>54,971</u>	<u>53,404</u>	<u>1,567</u>
Administration:			
Salaries		89,568	
Employee Benefits		34,182	
Operating Expenses		31,964	
Capital outlay		-	
Total	<u>161,449</u>	<u>155,714</u>	<u>5,735</u>
Elections:			
Operating Expenses		4,323	
Total	<u>4,324</u>	<u>4,323</u>	<u>1</u>
Public Buildings:			
Utilities		22,833	
Maintenance		5,079	
Departmental Supplies		598	
Other operating expenditures		505	
Insurance		20,416	
Capital Outlay		-	
Total	<u>53,153</u>	<u>49,431</u>	<u>3,722</u>
Total General Government	<u>273,897</u>	<u>262,872</u>	<u>11,025</u>

Town of Bladenboro, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Public safety:			
Police:			
Salaries and employee benefits		231,895	
Special separation allowance		15,849	
Employee Benefits		96,147	
Vehicle maintenance		9,816	
Other operating expenditures		53,187	
Capital outlay		30,178	
Total	<u>449,046</u>	<u>437,072</u>	<u>11,974</u>
Fire:			
Employee benefits		3,510	
Vehicle maintenance		22,858	
Fireman's Relief Fund		-	
Other operating expenditures		85,783	
Capital outlay		-	
Total	<u>117,198</u>	<u>112,151</u>	<u>5,047</u>
Total Public Safety	<u>566,244</u>	<u>549,223</u>	<u>17,021</u>
Transportation:			
Streets and highways:			
Salaries		54,345	
Contracted Services		9,210	
Employee Benefits		26,642	
Vehicle maintenance		3,682	
Grant Expenditure-Capital Outlay		-	
Operating Expenses		53,350	
Capital Outlay		9,500	
Total Streets and Highways	<u>172,923</u>	<u>156,729</u>	<u>16,194</u>
Powell Bill:			
Operating Expenses		61,206	
Total Powell Bill	<u>65,177</u>	<u>61,206</u>	<u>3,971</u>
Total Transportation	<u>238,100</u>	<u>217,935</u>	<u>20,165</u>

Town of Bladenboro, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Environmental Protection:			
Solid Waste:			
Operating Expenses		103,211	
Total Environmental Protection	<u>105,358</u>	<u>103,211</u>	<u>2,147</u>
Culture and recreation:			
Recreation Department:			
Operating Expenses		15,712	
Capital Outlay		-	
Total Recreation Department	<u>15,984</u>	<u>15,712</u>	<u>272</u>
Library:			
Contracted Services		7,000	
Operating Expenses		747	
Capital Outlay		-	
Total Library	<u>8,100</u>	<u>7,747</u>	<u>353</u>
Community Events	<u>8,500</u>	<u>1,990</u>	<u>6,510</u>
Total Culture and Recreation	<u>32,584</u>	<u>25,449</u>	<u>7,135</u>
Debt service:			
Principal retirement		74,259	
Interest and fees		38,291	
Total Debt Service	<u>112,553</u>	<u>112,550</u>	<u>3</u>
Total Expenditures	<u>1,328,736</u>	<u>1,271,240</u>	<u>57,496</u>
Revenues over (under) expenditures	<u>(86,309)</u>	<u>25,308</u>	<u>111,617</u>
Other Financing Sources (Uses):			
Transfers To/From Other Funds:			
Transfer to Water/Sewer	(53,940)	-	53,940
Proceeds from Installment Financing	30,000	30,000	-
Total Other Financing Sources(Uses)	<u>(23,940)</u>	<u>30,000</u>	<u>53,940</u>
Fund Balance Appropriated	110,249	-	(110,249)
Net Change in Fund Balance	<u>\$ -</u>	<u>55,308</u>	<u>\$ 55,308</u>
Fund Balances, Beginning		504,716	
Fund Balances, Ending		<u>\$ 560,024</u>	

Town of Bladenboro, North Carolina
PARTF Park Capital Project
Schedule of Revenues and Expenditures -
Budget and Actual (Non - GAAP)
From Inception and for the Fiscal Year Ended June 30, 2018

	Actual			Variance Positive (Negative)	
	Project Author- ization	Prior Years	Current Year		Total to Date
Revenues:					
Restricted Intergovernmental					
PARTF	\$ 213,000	\$ 208,119	\$ -	\$ 208,119	\$ (4,881)
Total Restricted Intergovernmental	<u>213,000</u>	<u>208,119</u>	<u>-</u>	<u>208,119</u>	<u>(4,881)</u>
Other Income					
Land Donation	168,000	168,000	-	168,000	-
Donations	-	200	-	200	200
Kate B Reynolds Trust Grant	10,000	10,000	-	10,000	-
Total Other Income	<u>178,000</u>	<u>178,200</u>	<u>-</u>	<u>178,200</u>	<u>200</u>
Total Revenues	<u>391,000</u>	<u>386,319</u>	<u>-</u>	<u>386,319</u>	<u>(4,681)</u>
Expenditures:					
Cultural and Recreational					
Capital Outlay	445,400	438,439	-	438,439	6,961
Total Expenditures	<u>445,400</u>	<u>438,439</u>	<u>-</u>	<u>438,439</u>	<u>6,961</u>
Revenue over (under) Expenditures	<u>(54,400)</u>	<u>(52,120)</u>	<u>-</u>	<u>(52,120)</u>	<u>2,280</u>
Other Financing Sources (Uses)					
Transfers To/From Other Funds:					
From General Fund	54,400	70,212	-	70,212	15,812
Total Other Financing Sources(Uses)	<u>54,400</u>	<u>70,212</u>	<u>-</u>	<u>70,212</u>	<u>15,812</u>
Excess of Revenue and Other Sources over (Under) Expenditures	\$ <u>-</u>	\$ <u>18,092</u>	-	\$ <u>18,092</u>	\$ <u>18,092</u>
Fund Balances, beginning			<u>18,092</u>		
Fund Balances, ending			\$ <u>18,092</u>		

Town of Bladenboro, North Carolina
Water and Sewer Fund
Schedule of Revenues Expenditures, and Changes in Fund Balance
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services:			
Water and Sewer Sales	\$	\$ 538,646	\$
Taps and Connection Fees		35,687	
Miscellaneous		18,483	
Total	<u>588,667</u>	<u>592,816</u>	<u>4,149</u>
Nonoperating Revenues:			
Farm Lease		5,840	
Interest Earned on Investment		121	
Total	<u>5,890</u>	<u>5,961</u>	<u>71</u>
Total revenues	<u>594,557</u>	<u>598,777</u>	<u>4,220</u>
Expenditures:			
Administration:			
Salaries		30,679	
Employee Benefits		14,077	
Operating Expenses		26,791	
Total	<u>76,075</u>	<u>71,547</u>	<u>4,528</u>
Water Department:			
Salaries		15,823	
Employee Benefits		4,269	
System Repairs		35,075	
Contract Services		58,595	
Departmental Supplies		14,556	
Operating Expenses		31,742	
Total	<u>302,218</u>	<u>160,060</u>	<u>142,158</u>
Sewer Department:			
Salaries		36,943	
Employee Benefits		16,135	
System Repairs		4,260	
Departmental Supplies		3,228	
Operating Expenses		9,969	
Total	<u>75,277</u>	<u>70,535</u>	<u>4,742</u>
Wastewater Treatment:			
Salaries		44,667	
Employee Benefits		16,432	
System Repairs		13,001	
Departmental Supplies		25,971	
Contract Services		85,847	
Operating Expenses		64,553	
Total	<u>282,066</u>	<u>250,471</u>	<u>31,595</u>

Town of Bladenboro, North Carolina
Water and Sewer Fund
Schedule of Revenues Expenditures, and Changes in Fund Balance
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Total General Expenses	<u>735,636</u>	<u>552,613</u>	<u>183,023</u>
Debt service:			
Interest and fees		420	
Principal retirement		<u>8,751</u>	
Total debt service	<u>9,221</u>	<u>9,171</u>	<u>50</u>
Capital outlay:			
Wastewater Treatment		9,500	
Total capital outlay	<u>9,500</u>	<u>9,500</u>	-
Total expenditures	<u>754,357</u>	<u>571,284</u>	<u>183,073</u>
Capital Contributions - Grants	<u>159,800</u>	<u>93,500</u>	<u>(66,300)</u>
Fund Balance Appropriated		-	-
Revenues and other sources over expenditures and other uses	\$ <u> -</u>	\$ <u> 120,993</u>	\$ <u> 120,993</u>
 Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures		\$ <u> 120,993</u>	
Reconciling items:			
Principal retirement		8,751	
(Increase)/Decrease in compensated absences payable		(2,392)	
Increase/(Decrease) in deferred outflows of resources-pensions		(21,802)	
(Increase)/Decrease in net pension liability		25,592	
(Increase)/Decrease in deferred inflows of resources-pensions		(1,413)	
Capital outlay		9,500	
Depreciation		<u>(220,738)</u>	
Total reconciling items		<u>(202,502)</u>	
Changes in Net Position		\$ <u> (81,509)</u>	

TOWN OF BLADENBORO

BLADENBORO, NORTH CAROLINA

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OTHER SCHEDULES

This section includes additional information on property taxes.

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

Town of Bladenboro, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
For the Fiscal Year Ended June 30, 2018

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2017</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2018</u>
2017 - 2018	\$ -	\$ 548,776	\$ 511,232	\$ 37,544
2016 - 2017	35,765	-	11,572	24,193
2015 - 2016	19,655	-	4,819	14,836
2014 - 2015	11,766	-	2,128	9,638
2013 - 2014	10,230	-	1,477	8,753
2012 - 2013	7,825	-	1,155	6,670
2011 - 2012	7,627	-	176	7,451
2010 - 2011	3,472	-	420	3,052
2009 - 2010	2,710	-	465	2,245
2008 - 2009	3,913	-	371	3,542
2007 - 2008	2,253	-	2,253	-
	<u>\$ 105,216</u>	<u>\$ 548,776</u>	<u>\$ 536,068</u>	<u>\$ 117,924</u>
			Less Allowance for Doubtful Collections	<u>33,150</u>
				<u>\$ 84,774</u>
	<u>Reconciliation with revenues:</u>			
	Ad valorem taxes - General Fund			\$ 538,520
	Reconciling items:			
	Interest collected			(4,630)
	Releases and Refunds			<u>2,178</u>
	Subtotal			<u>(2,452)</u>
	Total collections and credits			<u>\$ 536,068</u>

Town of Bladenboro, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2018

	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	\$ 86,293,594	\$ 0.64	\$ 552,279	\$ 485,700	\$ 66,579
			310	310	
Total	86,293,594		552,589	486,010	66,579
Discoveries:					
Current year taxes	5,938	0.64	38	38	-
Total	5,938		38	38	-
Abatements:					
Total property valuation	(601,719)	0.64	(3,851)	(3,851)	-
	\$ 86,901,250				
Net levy			548,776	482,197	66,579
Uncollected taxes at June 30, 2018			37,544	37,544	-
Current year's taxes collected			\$ 511,232	\$ 444,653	\$ 66,579
Current levy collection percentage			93.16%	92.21%	100.00%

TOWN OF BLADENBORO

BLADENBORO, NORTH CAROLINA

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COMPLIANCE SECTION



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

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

**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 Auditors' Report

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

We have audited, in accordance with the 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, the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregated remaining fund information of the Town of Bladenboro, North Carolina, as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprises the Town of Bladenboro's basic financial statements, and have issued our report thereon dated November 9, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Bladenboro's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Bladenboro'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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency, 2018-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Bladenboro'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*.

Town of Bladenboro's Response to Finding

The Town's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

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

Elizabethtown, North Carolina

November 9, 2018

Town of Bladenboro, North Carolina
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2018

Section I. Summary of Auditors' Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant Deficiency(s) yes none reported

Noncompliance material to financial statements noted? yes no

Section II – Financial Statement Findings

SIGNIFICANT DEFICIENCY

2018 – 001 Segregation of Duties

Criteria: Duties should be segregated to provide reasonable assurance that transactions are handled appropriately.

Condition: There is a lack of segregation of duties among Town personnel.

Effect: Transactions could be mishandled.

Cause: There are a limited number of personnel for certain functions.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2017-1.

Recommendation: The duties should be separated as much as possible and alternative controls should be used to compensate for lack of separation. The governing board should provide some of these controls.

Views of responsible officials and planned corrective actions: Management is aware of the deficiency, but the cost-benefit analysis indicates that hiring more personnel to mitigate the issue is not feasible. Management will request board members' continued involvement by providing additional oversight.



BLADENBORO

Small town living. Hometown proud. *North Carolina*

Corrective Acton Plan
For the Fiscal Year Ended June 30, 2018

Section II – Financial Statement Findings

SIGNIFICANT DEFICIENCIES

2018 – 001 Segregation of Duties

Name of contact person: Rufus Duckworth, Mayor

Corrective Action: The duties will be separated as much as possible and alternative controls will be used to compensate for lack of separation. The governing board will become more involved in providing some of these controls.

Proposed Completion Date: The Board will implement the above procedure immediately.

TOWN OF BLADENBORO

BLADENBORO, NORTH CAROLINA

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