2019

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Town of Ayden, North Carolina

FISCAL YEAR ENDING JUNE 30, 2019

TOWN OF AYDEN, NORTH CAROLINA

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

As of and for the Year Ended June 30, 2019

And Report of Independent Auditors

Prepared by:
Finance Department

TOWN OF AYDEN, NORTH CAROLINA
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INTRODUCTORY SECTION

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TOWN OF AYDEN, NC
INCORPORATED 1891

OFFICE OF THE
FINANCE DIRECTOR

January 13, 2020

To the Honorable Mayor, Town Council and the Citizens of the Town of Ayden, North Carolina:

It is our pleasure to submit to you the Town of Ayden's Comprehensive Annual Financial Report. North Carolina General Statues require that every general purpose local government publish within four months of the close of each fiscal year a complete set of audited financial statements. This report, the Comprehensive Annual Financial Report, is published to fulfill that requirement for the fiscal year ending June 30, 2019.

Management of the Town is responsible for establishing and maintaining a system of internal controls. The controls are designed to provide reasonable assurance that: (1) assets are safeguarded against loss, theft or unauthorized use; and, (2) the financial records are reliable, and allow for the preparation of the financial statements in conformity with generally accepted accounting principles, and demonstrate compliance with applicable legal requirements. Reasonable assurance recognizes that the cost of a control should not exceed its benefit and evaluation of costs and benefits requires estimates and judgments by management.

The Town of Ayden has engaged the audit firm of Cherry Bekaert LLP to audit the Town's financial statements. Cherry Bekaert has issued an unqualified opinion of the Town of Ayden's financial statements for the year ended June 30, 2019.

The Management Discussion and Analysis (MD&A) immediately follows the independent auditor's report, and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A compliments this letter of transmittal and should be read in conjunction with it. The information contained in this CAFR is the responsibility of the Town's management.

Profile of the Town of Ayden

The Town of Ayden was established in 1891 and is located in southwest Pitt County. Ayden is the third largest municipality in the county and is part of the Greenville Metropolitan Area. The Town is located 6 miles south of Greenville and 16 miles north of Kinston, home to the NC Global Transpark. Ayden consists of 3.11 square miles and has an estimated population of approximately 5,191. The population for Pitt County is 177,220 per the United States Census Bureau.

The Town operates in the Council/Manager form of Government. The mayor and five members are elected on a non-partisan at-large basis. The mayor serves a four-year term and board members serve four-year staggered terms. The mayor can only cast the tiebreaking vote. The Town Board of Commissioners holds policymaking and legislative authority. They are responsible for passing ordinances, adopting the annual budget, appointing board members and hiring the Town Manager. The Town Manager is responsible for managing and overseeing the daily operations of the Town.

The Board is required to adopt a fiscal year operating budget by no later than June 30th of each year. The Town Manager annually submits to the Town Board a proposed budget for the upcoming fiscal year. The Town's Department Heads submit recommendations to the Town Manager for consideration. The Manager then considers the budgetary constraints and develops the budget he presents to the Town Board. A public hearing is then held in order to give citizens an opportunity to review the document and communicate questions, concerns, or support of the recommendation. The budget is then adopted and takes effect beginning July 1st of each year.

The Town is a full-service community offering our citizens police and fire protection, sanitation, recreation, community development, economic development, planning and zoning, cemetery, public works, electric, water, sewer, and stormwater services. The financial report includes all of these various functions and activities related to the operations of the Town.

Local Economy

Ayden's economy is a diverse mixture of commercial, industrial and agricultural endeavors. The Town has two industrial parks, Worthington Industrial Park and Minges Corporate Park. Both parks have full utilities and infrastructure in place for future growth. One the Town's largest industries is Weyerhaeuser. The company has been a part of the Ayden community for thirty (30) years and is the Town's largest electric utility customer. Other companies like Minges Bottling Company, CMI Plastics, and Harvest Time Foods are a part of the Ayden community and help provide local jobs and that, in turn, increases retail commerce.

Future commercial growth near the new US 11 Southwest Bypass interchange, which is scheduled to open by November 2019, is expected. In anticipation of this growth, the Town extended water and sewer lines to the new interchange. Ayden has also worked closely with NCDOT in rerouting existing Town utilities to make way for the new highway.

The Town continues to benefit from its proximity to Greenville and East Carolina University. Pitt County has continued to see steady growth in its economy due to several economic drivers. Examples include, East Carolina University, Vidant Health, DSM, Thermo-Fisher, Mayne Pharma USA, and many others. Development on the south side of Greenville and Winterville continues to push construction activity toward Ayden. The unemployment rate as of June 2019 for Pitt County was 4.5 percent compared to 4.2 for the State of North Carolina.

The Town supports many local community events for its citizens, including two festivals – the Collard Festival, celebrating its 43rd year this September and the Kings of Q BBQ Cookoff and Festival in its fourth year. Thousands of visitors make their way to Ayden to enjoy live music entertainment, parades, scholarship pageant and great food.

Financial Planning

Ayden has continued to focus on repairing its sanitary sewer and stormwater infrastructure over the past year. Several projects are ongoing. In 2015, the Town smoke tested its sanitary sewer system and determined a need for approximately $8 million in inflow and infiltration (I&I) repairs. Some $6.8 million in loans and grants have been secured through the State of North Carolina and the USDA over the past four (4) years to address this I&I problem and better than half of the repairs have been accomplished to date. Additionally, the Town has secured $706,000 in N.C. Disaster Recovery Funding for stormwater

repair work due to damages sustained from Hurricane Matthew in October 2016 – this repair work is ongoing with three fourths completed.

Major Initiatives

For the coming year, Ayden will continue to work on improving its sanitary sewer and stormwater infrastructure. These improvements will continue to reduce the operating costs of its Water and Sewer Fund.

The Town implemented a six (6) year Capital Improvement Plan as part of its FY19 –20 Annual Budget preparations, the first since 1995.

Ayden is a member municipality of the NC Main Street program. This program assists selected communities across the state in restoring economic vitality to their historic downtowns. Using a comprehensive downtown revitalization process developed by the National Trust for Historic Preservation, Main Street encourages economic development within the context of historic preservation. With the catalyst of the rehabilitation of the 1915 historic Worthington Five & Dime building by Quilt Lizzy, an expanding eastern North Carolina quilting and sewing machine retail phenomenon, Quilt Lizzy is slated to open in February 2020. Ayden will continue to develop its program to revitalize downtown.

Another initiative, in the works now for six (6) years, is the development and construction of a food commercialization center in the nearby Worthington Industrial Park. Plans are the center will focus on processing fermented and acidified foods and will partner with existing produce distributors to provide post-harvest services to produce farmers in the region, including the cleaning and sorting of vegetables, packaging, cold storage and staging of deliveries. The Town received pre-approval from the federal Economic Development Administration to submit a grant application for the center. A Business Plan and Feasibility Study for the Center were completed by the Town with a grant from the N.C. General Assembly. As a part of the Business Plan, the Eastern North Carolina Food Commercialization Center Food non-profit was established in September 2018 to seek matching funding for the EDA grant and to manage the predevelopment and operations of the Center. Matching funding and first year operations cost, together a total of $2.5 million, is included in the North Carolina General Assembly's two-year budget ostensibly effective on July 1, 2019 but is still awaiting a final vote by the General Assembly to override a veto of the budget by the Governor. The EDA grant application is projected for submittal later in 2019, once the state budget is approved.

The Town Board continues to use the document "Ayden Community Vision 2030: Building on Our Heritage" to guide it in its decision making in its land use planning endeavors. Additionally, a recent Ayden 2018 Economic Development Strategic Plan, sponsored and funded by ElectriCities of North Carolina, outlines strategies in new business recruitment and downtown revitalization, site and building development, residential development, small business development, internal marketing strategies, and action steps for the Town Board to use. Additionally, the Town Board budgeted for FY18-19 the completion of an update to its Comprehensive Land Use Plan and the Town's Zoning Ordinance, both of which were last updated in 2004. Completion of both is slated for late 2019/early 2020.

During FY18-19, the Town of Ayden purchased a new diesel generator for its Weyerhaeuser Electric Substation for use in peak demand shaving of the Weyerhaeuser Plant electric load. The new generator is operated in parallel with an existing generator at this substation and projections are the generators will shave approximately $250,000 annually in peak demand charges.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Ayden for its comprehensive annual financial report

(CAFR) for the fiscal year ended June 30, 2018. The Town has received seventeen Certificates of Achievement since 1995. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

Preparation of this report could not have been accomplished without the cooperation and dedicated efforts of the Finance Department staff, the various employees who assisted in obtaining information, and our independent Certified Public Accountants, Cherry Bekaert LLP. We would also like to thank the Mayor and Board of Commissioners for their interest and support in management of the financial operations of the Town in a responsible and professional manner.

Respectfully submitted,

Robert C Taylor, Jr
Finance Director

Steven L. Harrell
Town Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Ayden

North Carolina

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

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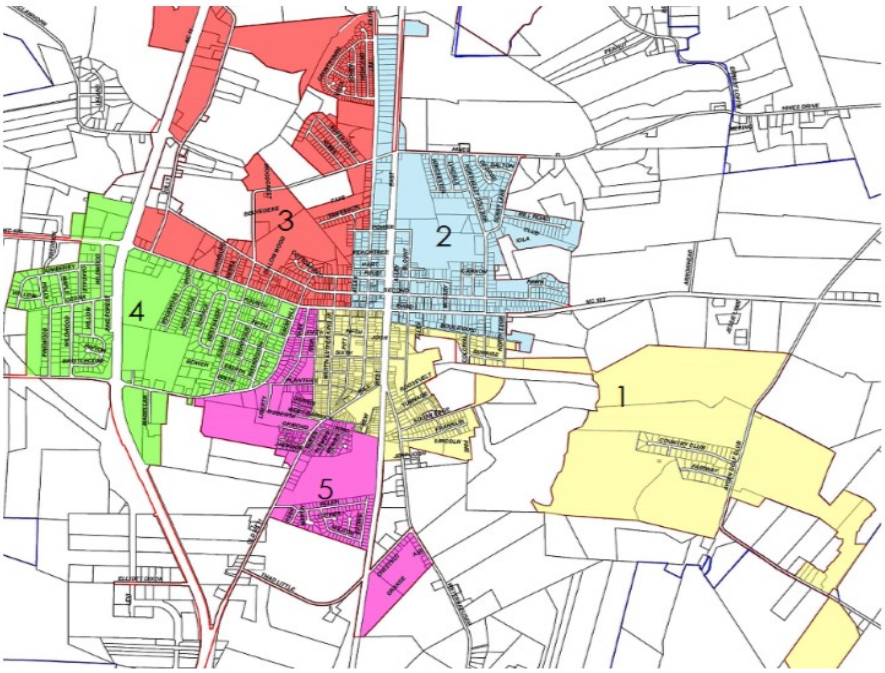
Governing Board

Ayden is governed by the council/manager form of government. Under this form of government, the Town Board of Commissioners, which is elected by the people, is the final authority on policy matters relating to Ayden's government. The Board appoints the Town Manager. The Town Manager is the chief administrator of the Town and serves at the discretion of the Board under a contracted term.

The Mayor and Board of Commissioners are the governing body of the Town. The Mayor acts as the head official of the government. The Mayor presides at all Town Board meetings and signs all documents authorized by the Board. The Mayor Pro-Tem is selected by each newly-elected Board and assumes mayoral duties in the absence of the Mayor. The Mayor and Board of Commissioners establish general policies, ordinances, resolutions, adopts the annual budget, approves financing and authorizes contracts on behalf of the Town. They also appoint the Town Manager, Town Attorney and Town Clerk.



Stephen Tripp

Mayor

Ivory Mewborn

Mayor Pro Tem

Ward 1

Cynthia Goff

Ward 2

Raymond Langley

Ward 3

Johnny Davis

Ward 4

Phyllis Ross

Ward 5

Management Staff

Town Manager
Steven L. Harrell

Town Clerk
Sarah Radcliff

Town Attorney
Scott Dixon
Dixon Law Group, PLLC

Public Works & Utilities Director
Keith Murphy

Finance Director
Robert C. Taylor, Jr

Librarian
Rachelle Mondovich

Arts & Recreation Director
William T Duncan

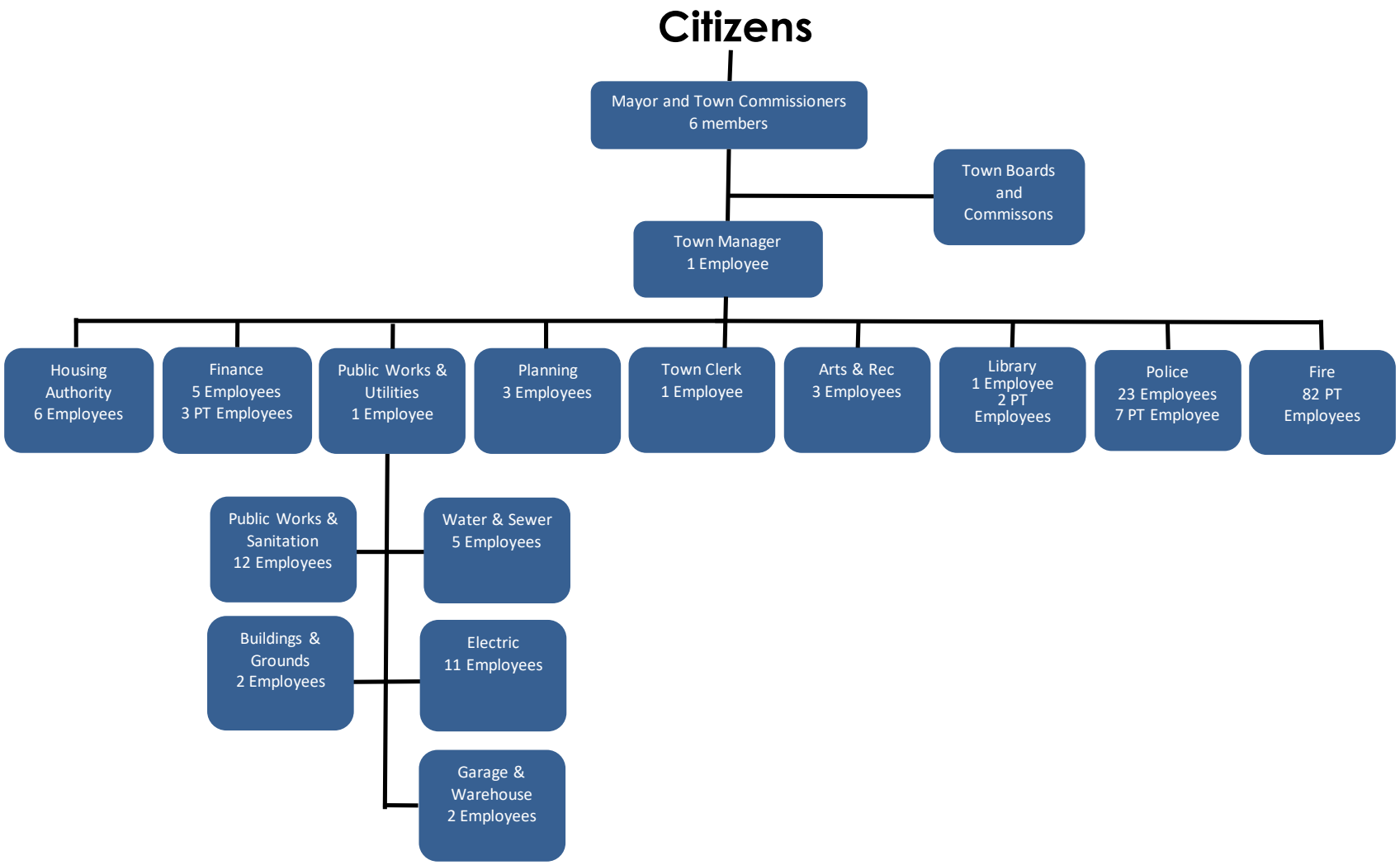
Housing Authority Director
Nicole Brown

Planning Director
Stephen Smith

Police Chief
Barry Stanley

Fire Chief
Sam Jones

Organizational Chart



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FINANCIAL SECTION

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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these basic 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the Ayden Housing Authority (the "Authority"), which represents 100 percent of assets, net position, and revenue of the aggregate discretely-held component units. Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Authority, is based solely on the report of another auditor. 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 from 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 Town'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 Town'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 presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of the other auditor, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows 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.

Emphasis of Matter

Also as discussed in Note IX to the basic financial statements, the Town had a prior period adjustment to correct errors discovered in the June 30, 2018 financial statements. As a result, net position as of June 30, 2018 has been restated. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a 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 consist 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 Town's basic financial statements. The introductory section, other supplementary information, and statistical section, as listed in the table of contents, as well as the accompanying schedule of expenditures of federal and state awards as required by Uniform Guidance and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2020, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that 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 the Town's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Raleigh, North Carolina
January 13, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights

- The assets and deferred outflows of resources of the Town of Ayden exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $22,366,750 ***(net position)***.

- The government's total net position increased by $287,483. Decrease in the governmental activities amounts to $126,853 while business type activities increased by $414,336 including restatements. The decrease was primarily due to increased operating costs for the general government in the general fund. Continued strong margins in the Town's electric fund helped provide an overall increase in the business activities of the Town.

- At the close of the current fiscal year, the Town of Ayden's governmental funds reported combined ending fund balances of $2,420,968 a decrease of $203,148 in comparison with the prior year. Approximately 75.36% of this total amount or $1,824,328 is non spendable, restricted, committed, and assigned.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $475,910 or 8.61% of total general fund expenditures, for the fiscal year.

- The Town of Ayden experienced normal weather conditions during the fiscal year resulting in meeting expected revenues from utility charges and expected expenses from wholesale power purchased.

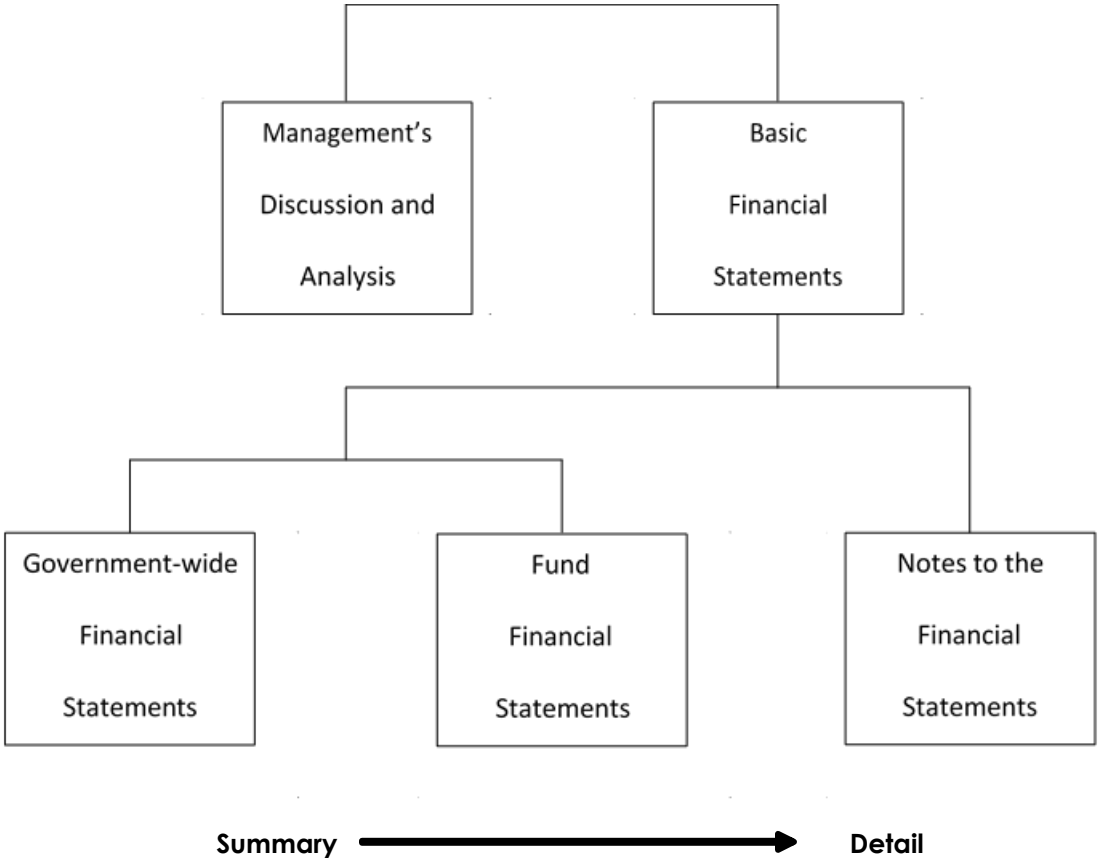
- At June 30, 2019, the Town of Ayden's total debt was $9,289,592. The increase of the Town's debt was a result of public safety equipment purchases, including a fire truck and police patrol units, as well as a second generator in the electric fund and continued infrastructure improvements in the water and sewer fund.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the Town of Ayden'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 Ayden.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) 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 C through J) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements.

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

Government-wide Financial Statements

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

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the total of the Town's assets and deferred outflows of resources and the 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 three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer and electric services offered by Town of Ayden. The final category is the component units. The Ayden Housing Authority (the "Authority") is legally separate from the Town however the Town is financially accountable for the Authority by appointing its members.

The government-wide financial statements are on Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town's, 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 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'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. This method also has a current financial resources 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 governmental 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 Ayden 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 decision 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 has one kind of proprietary fund – enterprise fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its electric, water and sewer, and stormwater utility operations. These funds are the same as those separate activities 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 follow Exhibit J.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. Required supplementary information can be found following the notes section.

Government-Wide Financial Analysis

The following is a summary of net position as of June 30, 2019(as shown in Exhibit A) with comparative data for June 30, 2018.

	Governmental Activities 2018	Governmental Activities 2019	Business Type Activities 2018	Business Type Activities 2019	Total Primary Government 2018	Total Primary Government 2019
Assets						
Current and other assets	$ 3,090,476	$ 2,906,715	$ 9,388,905	$ 9,765,535	$ 12,479,381	$ 12,672,250
Capital assets	4,900,243	5,468,709	14,950,835	17,071,044	19,851,078	22,539,753
Total assets	7,990,719	8,375,424	24,339,740	26,836,579	32,330,459	35,212,003
Deferred outflows of resources	419,453	645,108	262,655	410,871	682,108	1,055,979
Liabilities						
Accounts payable and accrued liabilities	706,382	790,129	1,729,255	3,036,129	2,435,637	3,826,258
Total long-term liabilities	1,923,461	2,521,718	6,463,641	7,361,900	8,387,102	9,883,618
Total liabilities	2,629,843	3,311,847	8,192,896	10,398,029	10,822,739	13,709,876
Deferred inflows of resources	68,826	124,035	41,735	67,321	110,561	191,356
Net position						
Net investment in capital assets	4,274,149	4,413,435	9,081,478	8,836,727	13,355,627	13,250,162
Restricted	1,195,773	1,566,438	293,700	293,700	1,489,473	1,860,138
Unrestricted	241,581	(395,223)	6,992,586	7,651,673	7,234,167	7,256,450
Total net position	$ 5,711,503	$ 5,584,650	$ 16,367,764	$ 16,782,100	$ 22,079,267	$ 22,366,750

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $22,366,750 as of June 30, 2019. The Town's net position increased by $287,483 during fiscal year ended June 30, 2019. One of the largest portions $13,250,162 (59.24%) reflects the Town's net investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position $1,739,408 (7.78%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $7,256,450 is unrestricted.

Several key aspects of the Town's financial operations are as follows:

- Continued diligence in the collection of property taxes by maintaining an overall collection percentage of approximately 98.81 percent.
- Continued growth in tax base
- Continued upgrade and repair to the Town's sewer and stormwater collection systems

Town of Ayden's Changes in Net position

	Governmental Activities 2018	Governmental Activities 2019	Business Type Activities 2018	Business Type Activities 2019	Total Primary Government 2018	Total Primary Government 2019
Revenues						
Program Revenues						
Charges for Services	$ 824,008	$ 621,647	$ 14,745,042	$ 14,805,559	$ 15,569,050	$ 15,427,206
Operating Grants and Contributions	518,227	548,804	-	-	518,227	1,390,104
Capital Grants and Contributions	688,060	841,300	-	1,768,837	688,060	2,610,137
General Revenues					-	-
Property Taxes	1,226,773	1,307,139	-	-	1,226,773	1,307,139
Other	1,794,314	1,902,551	89,507	158,466	1,883,821	2,061,017
Total Revenues	5,051,382	5,221,441	14,834,549	16,732,862	19,885,931	22,795,603
Expenses						
General government	923,565	787,462	-	-	923,565	787,462
Public safety	1,829,536	2,125,164	-	-	1,829,536	2,125,164
Transportation	771,898	585,502	-	-	771,898	585,502
Environmental protection	305,365	365,550	-	-	305,365	365,550
Economic and physical development	1,220,725	1,449,789	-	-	1,220,725	1,449,789
Cultural, recreational and cemetary	595,154	620,138	-	-	595,154	620,138
Interest on Debt	15,189	10,843	-	-	15,189	10,843
Electric	-	-	10,661,688	10,998,554	10,661,688	10,998,554
Water and Sewer			3,021,229	4,650,807	3,021,229	4,650,807
Stormwater	-	-		162,520	-	162,520
Total Expenses	5,661,432	5,944,448	13,682,917	15,811,881	19,344,349	21,756,329
Increase (decrease) in net position before transfers	(610,050)	(723,007)	1,151,632	920,981	541,582	1,039,274
Contribution of capital assets to Enterprise Fund	529,015	596,154	(529,015)	(596,154)	-	-
Increase (decrease) in net position	(81,035)	(126,853)	622,617	324,827	541,582	1,039,274
Net Position, beginning	5,792,538	5,711,503	15,745,147	16,367,764	21,537,685	22,079,267
Restatements	-	-	-	89,509	-	89,509
Net Position, beginning restated	5,792,538	5,711,503	-	16,457,273	5,792,538	22,168,776
Net Position, ending	$ 5,711,503	$ 5,584,650	$ 16,367,764	$ 16,782,100	$ 22,079,267	22,366,750

Governmental Activities – Governmental activities decreased the Town's net position by $126,853. Key elements of this decrease are as follows:

- Increase in capital outlay for public safety equipment
- An increase in expenditures

Business-type Activities – Business-type activities increased the Town's net position by $414,336 (including restatement). Key elements for this overall increase were:

- Creation of new fund – Stormwater fund
- An overall decrease in expenditures.

Financial Analysis of the Town's Funds

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

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

The General Fund is the chief operating fund of the Town of Ayden. At the end of the current fiscal year, the Town of Ayden's fund balance available in the General Fund was $475,910 while the total fund balance reached $2,382,632. The governing body of the Town of Ayden has determined that the Town should maintain an available fund balance of 10% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town's current fund balance available as a percent of expenditures is 8.61%, while the total fund balance represents 43.79% of the same amount.

At June 30, 2019, the governmental funds of the Town of Ayden reported a combined governmental fund balance of $2,420,968. The governmental funds for the Town include the General Fund, one permanent fund and a couple of special revenue funds.

General Fund Budgetary Highlights

During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased total budget by $674,821.

Proprietary Funds – The Town of Ayden's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Electric Fund at the end of the fiscal year amounted to $6,619,320, for the Water Sewer Fund, $1,038,053 and the Stormwater Fund ended with a $5,700 deficit. The total change in unrestricted net position for the Electric, Water Sewer and Stormwater Funds were $173,067, $491,720 and $(5,700) respectively. The overall increase is a result of continued improvements to the infrastructure assets of each fund.

Capital Assets – The Town's investment in capital assets for its governmental and business–type activities as of June 30, 2019, totals $22,539,753 (net of accumulated depreciation). These assets include land, construction in process, buildings, machinery, vehicles, and equipment.

	Governmental Activities 2018	Governmental Activities 2019	Business Type Activities 2018	Business Type Activities 2019	Total Primary Government 2018	Total Primary Government 2019
Land	$ 730,337	$ 754,938	$ 68,661	$ 68,661	$ 798,998	$ 823,599
Buildings & Systems	2,837,455	2,798,920	11,698,929	13,349,254	14,536,384	16,148,174
Equipment	293,858	389,277	1,600,058	1,630,090	1,893,916	2,019,367
Vehicles	1,038,593	1,525,574	634,876	761,658	1,673,469	2,287,232
Construction in Process	-		948,311	1,261,381	948,311	1,261,381
Total Capital assets, net	$ 4,900,243	$ 5,468,709	$ 14,950,835	$ 17,071,044	$ 19,851,078	$ 22,539,753

Additional information on the Town's capital assets can be found in Note III.A.4 of the Basic Financial Statements.

Long-term Debt – As of June 30, 2019, the Town had total debt outstanding of $9,289,592. This debt consists revenue bonds, which represent bonds secured by specified revenue sources and installment financing secured by either a building, system, equipment or vehicle.

	Governmental Activities 2018	Governmental Activities 2019	Business Type Activities 2018	Business Type Activities 2019	Total Primary Government 2018	Total Primary Government 2019
Revenue bonds	$ -	$ -	$ 2,644,000	2,600,000	$ 2,644,000	$ 2,600,000
Notes Payable	-	-	1,678,344	2,059,905	1,678,344	2,059,905
Installment purchase	626,094	1,055,274	1,547,013	3,574,413	2,173,107	4,629,687
Total Debt	$ 626,094	$ 1,055,274	$ 5,869,357	$ 8,234,318	$ 6,495,451	$ 9,289,592

Additional information on the Town's long-term debt can be found in Note III.B.6 of the Basic Financial Statements.

Economic Factors and Next Year's Budget and Rates

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

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

- The unemployment rate for the Town of Ayden is presumably in line with that of Pitt Town. Pitt Town unemployment rate for June 2019 was 5.2 percent, which is up from a year ago. This compares slightly unfavorable to the State's average unemployment rate of 4.2 percent and the national average rate of 3.7 percent.
- Inflation and cost-of-living trends in the region compare similarly to national indices.
- Interest on investments is currently paying at rates between 1.70% percent and 2.00 percent
- Residential and commercial development is improving. The Town of Ayden is experiencing limited residential and commercial growth allowing for marginal increases in the tax base and additional utility revenues. The Town of Ayden continues to have new residential subdivisions and commercial prospects ready for construction.
- The new Highway 11 bypass is scheduled to be completed in mid-November 2019 and commercial growth is expected to follow close behind.

All of these factors were considered in preparing the Town of Ayden's budget for the 2019-2020 fiscal year. At the end of the current fiscal year, unassigned fund balance in the General Fund was $596,640. The Town of Ayden has appropriated $240,082 for spending in the 2019-2020 fiscal year budget. It is

intended that this use of available fund balance along with sales and use tax, franchise tax, other miscellaneous revenues, and certain charges to the Electric Fund will avoid the need to raise taxes or rates for services.

Utility rates for the 2019-2020 budget remained unchanged from the prior year. Operating expenses for all proprietary funds were established factoring the expected resources generated by revenues similar to the prior year rate structure. It is anticipated that consumer usage of electricity and water will increase minimally as the Town continues to see growth.

Employee benefits were not altered for the fiscal year. Overall departmental expenses were budgeted with marginal growth factoring several objectives established by the governing board during their annual goals planning session. The Town of Ayden's outlook for the 2019-2020 fiscal year can best be described as stable.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information found in this report or requests for additional information should be directed to the Office of the Town Manager, Town of Ayden, Post Office Box 219, Ayden, NC 28513.

FINANCIAL STATEMENTS

TOWN OF AYDEN, NORTH CAROLINA **Exhibit A**

Statement of Net Position

June 30, 2019

	Governmental Activities	Business Type Activities	Total Primary Government	Component Unit Ayden Housing Authority
Assets				
Cash and investments	$ 1,369,817	$ 7,300,597	$ 8,670,414	$ 1,591,031
Taxes receivable, net	84,980	-	84,980	-
Accounts receivable, net	272,059	2,122,080	2,394,139	190,678
Internal balances	27,297	(27,297)	-	-
Due from other governments	686,159	-	686,159	-
Prepaid expenses	94,357	-	94,357	-
Inventories	44,181	157,067	201,248	10,750
Restricted cash	327,865	213,088	540,953	46,849
Total current assets	2,906,715	9,765,535	12,672,250	1,839,308
Noncurrent assets				
Capital assets:				
Land, non-depreciable improvements	754,938	1,330,042	2,084,980	170,220
Other capital assets, net of depreciation	4,713,771	15,741,002	20,454,773	4,037,481
Total capital assets	5,468,709	17,071,044	22,539,753	4,207,701
Total assets	8,375,424	26,836,579	35,212,003	6,047,009
Deferred outflows of resources				
Pension deferrals-LGERS/LEO/OPEB	645,108	410,871	1,055,979	68,477
	645,108	410,871	1,055,979	68,477
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	431,149	1,182,682	1,613,831	228,480
Customer deposits	-	213,088	213,088	41,114
Current portion of long-term liabilities	358,980	1,640,359	1,999,339	5,366
Total current liabilties	790,129	3,036,129	3,826,258	274,960
Long-term liabilities:				
Net pension liability	739,515	518,301	1,257,816	88,047
LEOSSA liability	633,819	-	633,819	-
OPEB liability	270,575	188,027	458,602	27,492
Due in more than one year	877,809	6,655,572	7,533,381	16,098
Total long-term liabilities	2,521,718	7,361,900	9,883,618	131,637
Total liabilities	3,311,847	10,398,029	13,709,876	406,597
Deferred inflows of resources				
Pension deferrals-LGERS/LEO/OPEB	124,035	67,321	191,356	9,269
	124,035	67,321	191,356	9,269
Net position				
Net investment in capital assets	4,413,435	8,836,727	13,250,162	4,207,701
Restricted for:				
Debt Reserve		293,700	293,700	-
Stabilization by State Statute	994,002	-	994,002	-
Streets	327,865	-	327,865	-
Cultural and recreational	44,031	-	44,031	5,735
Public safety	200,540	-	200,540	-
Unrestricted	(395,223)	7,651,673	7,256,450	1,486,184
Total net position	$ 5,584,650	$ 16,782,100	$ 22,366,750	$ 5,699,620

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

TOWN OF AYDEN, NORTH CAROLINA **Exhibit B**

Statement of Activities

Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Ayden Housing Authority
Governmental activities:								
General government	$ 787,462	$ -	$ -	$ -	$ (787,462)	$ -	$ (787,462)	
Public safety	2,125,164	223,942	-	-	(1,901,222)	-	(1,901,222)	
Transportation	585,502	-	-	841,300	255,798	-	255,798	
Environmental protection	365,550	313,870	-	-	(51,680)	-	(51,680)	
Economic and phys. development	1,449,789	4,791	548,804	-	(896,194)	-	(896,194)	
Cultural and recreational	620,138	79,044	-	-	(541,094)	-	(541,094)	
Interest on long-term debt	10,843	-	-	-	(10,843)	-	(10,843)	
Total governmental activities	5,944,448	621,647	548,804	841,300	(3,932,697)	-	(3,932,697)	
Business-type activities:								
Electric	10,998,554	11,851,392	-	-	-	852,838	852,838	
Water & Sewer	4,650,807	2,832,347	-	1,768,837	-	(49,623)	(49,623)	
Stormwater	162,520	121,820				(40,700)	(40,700)	
Total business-type activities	15,811,881	14,805,559	-	1,768,837	-	762,515	762,515	
Total primary government	$ 21,756,329	$ 15,427,206	$ 548,804	$ 2,610,137	(3,932,697)	762,515	(3,170,182)	
Component unit:								
Ayden Housing Authority	$ 1,582,738	$ 594,908	$ 1,154,772	$ -				$ 166,942
Total component unit:	$ 1,582,738	$ 594,908	$ 1,154,772	$ -				166,942
General revenues:								
Taxes:								
Property taxes, levied for general purpose					1,307,139	-	1,307,139	-
Local option sales tax					1,143,664	-	1,143,664	-
Other taxes					527,327	-	527,327	-
Unrestricted investment earnings					49,764	158,466	208,230	5,114
Miscellaneous					181,796	-	181,796	19,773
Transfers					596,154	(596,154)	-	-
Total general revenues and transfers					3,805,844	(437,688)	3,368,156	24,887
Change in net position					(126,853)	324,827	197,974	191,829
Net position - beginning					5,711,503	16,367,764	22,079,267	5,473,536
Prior Period Adjustment					-	89,509	89,509	34,255
Net position - beginning					5,711,503	16,457,273	22,168,776	5,507,791
Net position - ending					$ 5,584,650	$ 16,782,100	$ 22,366,750	$ 5,699,620

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

TOWN OF AYDEN, NORTH CAROLINA **Exhibit C**

Balance Sheet
Governmental Funds
June 30, 2019

	Major	Non-Major	
	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 1,331,368	$ 38,449	$ 1,369,817
Taxes receivable, net	84,980	-	84,980
Accounts receivable, net	75,829	196,230	272,059
Due from other funds	145,406		145,406
Due from other governments	686,159	-	686,159
Inventories	44,181	-	44,181
Prepaid items	94,357		94,357
Restricted cash and cash equivalents	327,865	-	327,865
Total assets	$ 2,790,145	$ 234,679	$ 3,024,824
Liabilities:			
Accounts payable and accrued liabilities	$ 352,915	$ 78,234	$ 431,149
Due to other funds		118,109	118,109
Total liabilities	352,915	196,343	549,258
Deferred inflows of resources	54,598	-	54,598
Fund balances:			
Nonspendable			
Inventory	44,181		44,181
Prepaid items	94,357		94,357
Restricted:			
Stabilization by State Statute	994,002	-	994,002
Streets	327,865	-	327,865
Cultural and recreational	6,744	37,287	44,031
Public safety	199,491	1,049	200,540
Assigned:			
For subsequent years expenditures:	240,082	-	240,082
Unassigned	475,910	-	475,910
Total fund balances	2,382,632	38,336	2,420,968
	$ 2,790,145	$ 234,679	$ 3,024,824

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

TOWN OF AYDEN, NORTH CAROLINA **Exhibit D**

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2019

Amounts reported for governmental activities in the statement of net position are different because:		
Ending fund balance - governmental funds		$ 2,420,968
Capital assets are not financial resources, and therefore, are not reported in the funds (see note 4).		5,468,709
Deferred outflows of resources related to OPEB and pensions are not reported in the funds		645,108
Earned revenues considered deferred inflows of resources in fund statements		54,598
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Long-term liabilities	(1,236,789)	
Net pension liability	(739,515)	
LEOSSA pension liability	(633,819)	
Total OPEB liability	(270,575)	
		(2,880,698)
Deferred inflows of resources related to OPEB and pensions are not reported in the funds		(124,035)
Net position of governmental activities		$ 5,584,650

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

TOWN OF AYDEN, NORTH CAROLINA **Exhibit E**

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019

	General	Total Non-Major Funds	Total Governmental Funds
Revenues			
Ad valorem taxes	$ 1,307,139	$ -	$ 1,307,139
Other taxes	1,143,664	-	1,143,664
Unrestricted intergovernmental revenue	527,327	-	527,327
Restricted intergovernmental revenue	313,608	1,079,123	1,392,731
Licenses and permits	10,114	-	10,114
Sales and services	659,503	-	659,503
Interest earned on investments	48,774	990	49,764
Miscellaneous	133,535	-	133,535
Total revenues	4,143,664	1,080,113	5,223,777
Expenditures			
Current:			
General government	713,169	-	713,169
Public safety	1,925,145	-	1,925,145
Transportation	542,252	-	542,252
Environmental protection	304,819	-	304,819
Economic and physical development	174,574	1,132,274	1,306,848
Cultural and recreational	615,578	995	616,573
Debt service:			
Principal payments	209,897	-	209,897
Interest and fees	10,843	-	10,843
Capital outlay	1,032,902	-	1,032,902
Total expenditures	5,529,179	1,133,269	6,662,448
Excess (deficiency) of revenues over (under) expenditures	(1,385,515)	(53,156)	(1,438,671)
Other financing sources (uses)			
Transfers from other funds	596,154	96,175	692,329
Transfers to other funds	(96,175)	-	(96,175)
Insurance proceeds	291	-	291
Issuance of debt	639,078	-	639,078
Total other financing sources (uses)	1,139,348	96,175	1,235,523
Net change in fund balances	(246,167)	43,019	(203,148)
Fund balance - beginning	2,628,799	(4,683)	2,624,116
Fund balance - ending	$ 2,382,632	$ 38,336	$ 2,420,968

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

TOWN OF AYDEN, NORTH CAROLINA **Exhibit F**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2019

Net change in fund balances - total governmental funds			$ (203,148)
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 outlay exceeded depreciation in the current period.			
	Capital Outlay	$ 1,032,426	
	Depreciation	(463,959)	
			568,467
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities			160,467
Benefit payments and administrative expense for LEOSSA are not included in the Statement of Activities			15,339
OPEB benefit payments and administrative expense are not included in the Statement of Activities			10,443
The issuance of long-term debt provides current financial resources to governemental funds, while the repayment of the principal of longer-term debt consumes 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.			
	New long-term debt issued	(639,078)	
	Principal payments	209,898	
			(429,180)
Revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements.			(2,627)
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.			
	Compensated absences	12,449	
	Pension expense	(237,591)	
	OPEB plan expense	(21,472)	
			(246,614)
Change in net position of governmental activities			$ (126,853)

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

TOWN OF AYDEN, NORTH CAROLINA **Exhibit G**

Statement of Revenues, Expenditures, and Changes in Fund Balances
General Funds – Budget and Actual
Year Ended June 30, 2019

	General Fund			
	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues:				
Ad valorem taxes	$ 1,280,000	$ 1,280,000	$ 1,307,139	$ 27,139
Other taxes	1,065,000	1,065,000	1,143,664	78,664
Unrestricted intergovernmental revenue	496,853	496,853	527,327	30,474
Restricted intergovernmental revenue	364,554	470,879	313,608	(157,271)
Licenses and permits	22,000	22,000	10,114	(11,886)
Sales and services	631,830	631,830	659,503	27,673
Interest earned on investments	22,000	22,000	48,774	26,774
Miscellaneous	60,000	61,000	133,535	72,535
Total revenues	3,942,237	4,049,562	4,143,664	94,102
Expenditures:				
Current:				
General government	667,964	715,739	713,169	2,570
Public safety	1,942,726	1,934,248	1,925,145	9,103
Transportation	570,423	562,456	542,252	20,204
Environmental protection	243,346	307,472	304,819	2,653
Economic and physical development	209,335	195,935	174,574	21,361
Cultural and recreational	642,555	638,355	615,578	22,777
Debt service:				
Principal payments	233,794	213,794	209,897	3,897
Interest and fees	15,416	11,416	10,843	573
Capital outlay	561,100	1,147,065	1,032,902	114,163
Total expenditures	5,086,659	5,726,480	5,529,179	197,301
Other financing sources (uses):				
Transfers from other funds	649,278	614,278	596,154	(18,124)
Transfers to other funds	(22,000)	(22,000)	(96,175)	(74,175)
Insurance proceeds	-	-	291	291
Issuance of debt	248,000	655,996	639,078	(16,918)
Fund balance appropriated	269,144	428,644	-	(428,644)
Total other financing sources (uses)	1,144,422	1,676,918	1,139,348	(537,570)
Net change in fund balance	$ -	$ -	(246,167)	$ (246,167)
Fund Balances:				
Beginning of year, July 1			2,628,799	
End of year, June 30			$ 2,382,632	

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

TOWN OF AYDEN, NORTH CAROLINA **Exhibit H**

Statement of Net Position
Proprietary Funds
June 30, 2019

	Major Enterprise Funds			
	Electric Fund	Water and Sewer Fund	Stormwater Fund	Total
Assets				
Current assets				
Cash and investments	$ 6,206,258	$ 1,094,339	$ -	$ 7,300,597
Accounts receivable (net)	1,578,501	518,229	25,350	2,122,080
Inventories	90,776	66,291	-	157,067
Restricted cash and cash equivalents	213,088	-	-	213,088
Total current assets	8,088,623	1,678,859	25,350	9,792,832
Noncurrent assets				
Land and Construction in Progress	497,024	833,018	-	1,330,042
Capital assets, net of accumulated depreciation	4,156,788	11,584,214	-	15,741,002
Total noncurrent assets	4,653,812	12,417,232	-	17,071,044
Total assets	12,742,435	14,096,091	25,350	26,863,876
Deferred outflows of resources				
Pension deferrals - LGERS/OPEB	269,290	141,581	-	410,871
	269,290	141,581	-	410,871
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	973,951	204,978	3,753	1,182,682
Due to other funds	-	-	27,297	27,297
Customer deposits	213,088	-	-	213,088
Compensated absences, current	20,966	8,565	-	29,531
Current portion of long-term debt	491,295	1,119,533	-	1,610,828
Total current liabilities	1,699,300	1,333,076	31,050	3,063,426
Noncurrent liabilities				
Compensated absences, noncurrent	22,420	9,663	-	32,083
Other postemployment benefits	123,822	64,205	-	188,027
Net pension liability	340,223	178,078	-	518,301
Non-current portion of long-term debt	1,568,610	5,054,879	-	6,623,489
Total noncurrent liabilities	2,055,075	5,306,825	-	7,361,900
Total liabilities	3,754,375	6,639,901	31,050	10,425,326
Deferred inflows of resources - pension				
Pension deferrals - LGERS/OPEB	44,123	23,198	-	67,321
	44,123	23,198	-	67,321
Net position				
Net investment in capital assets	2,593,907	6,242,820	-	8,836,727
Restricted - Debt Reserve	-	293,700	-	293,700
Unrestricted	6,619,320	1,038,053	(5,700)	7,651,673
Total net position	$ 9,213,227	$ 7,574,573	$ (5,700)	$ 16,782,100

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

TOWN OF AYDEN, NORTH CAROLINA **Exhibit I**

Statement of Revenues, Expenditures, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2019

	Major Enterprise Funds			
	Electric Fund	Water and Sewer Fund	Stormwater Fund	Total
Operating revenues				
Charges for services	$ 11,644,043	$ 2,832,347	$ 121,820	$ 14,598,210
Other operating revenue	207,349	-	-	207,349
Total operating revenues	11,851,392	2,832,347	121,820	14,805,559
Operating expenses				
Electric operations	10,403,520	-	-	10,403,520
Water operations	-	2,296,536	-	2,296,536
Stormwater operations	-	-	162,520	162,520
Depreciation	541,348	433,975	-	975,323
Total operating expenses	10,944,868	2,730,511	162,520	13,837,899
Operating income (loss)	906,524	101,836	(40,700)	967,660
Nonoperating revenue (expense)				
Investment earnings	139,054	19,412	-	158,466
Interest and other charges	(53,685)	(150,479)	-	(204,164)
Water project expenditures	-	(981)	-	(981)
Total nonoperating revenue (expense)	85,369	(132,048)	-	(46,679)
Income (loss) before transfers and contributions	991,893	(30,212)	(40,700)	920,981
Transfers in(out)	(631,154)	-	35,000	(596,154)
Change in net position	360,739	(30,212)	(5,700)	324,827
Total net position - beginning	8,852,488	7,515,276	-	16,367,764
Restatement - CIP	-	89,509	-	89,509
Total net position - beginning, as restated	8,852,488	7,604,785	-	16,457,273
Total net position - ending	$ 9,213,227	$ 7,574,573	$ (5,700)	$ 16,782,100

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

TOWN OF AYDEN, NORTH CAROLINA **Exhibit J**

Statement Cashflows

Proprietary Funds

Year Ended June 30, 2019

	Major Enterprise Funds			
	Electric Fund	Water and Sewer Fund	Stormwater Fund	Total
Operating activities				
Cash received from customers	$ 11,346,142	$ 2,760,254	$ 96,470	$ 14,202,866
Other operating revenue	207,349	-	-	207,349
Cash paid to employees	(881,408)	(525,903)	(97,956)	(1,505,267)
Cash paid for goods and services	(9,487,680)	(1,754,000)	(33,514)	(11,275,194)
Net cash provided by (used in) operating activities	1,184,403	480,351	(35,000)	1,629,754
Noncapital financing activities				
Transfers in (out)	(631,154)	-	35,000	(596,154)
Net cash provided by (used in) noncapital financing activities	(631,154)	-	35,000	(596,154)
Capital and related financing activities				
Acquisition and construction of capital assets	(1,110,581)	(2,075,441)	-	(3,186,022)
Proceeds from issuance of long-term debt	651,648	1,769,829	-	2,421,477
Principal paid on long-term debt	(270,089)	(301,027)	-	(571,116)
Net cash provided (used) by capital and related financing activities	(729,022)	(606,639)	-	(1,335,661)
Investing activities				
Investment earnings	139,056	19,413		158,469
Interest paid	(53,685)	(150,479)	-	(204,164)
Net cash provided (used) in investing activities	85,371	(41,557)	-	43,814
Net increase (decrease) in cash and cash equivalents	(90,402)	(167,845)	-	(258,247)
Cash and cash equivalents				
Beginning of year	6,509,748	1,262,184	-	7,771,932
End of year	$ 6,419,346	$ 1,094,339	$ -	$ 7,513,685

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

TOWN OF AYDEN, NORTH CAROLINA **Exhibit J**

Statement Cashflows

Proprietary Funds

Year Ended June 30, 2019

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	$ 906,524	$ 101,836	$ (40,700)	$ 967,660
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	541,348	433,975	-	975,323
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(286,319)	(179,036)	(25,350)	(490,705)
(Increase) decrease in inventories	(30,525)	(51,435)	-	(81,960)
(Increase) decrease in deferred outflows	(97,143)	(51,073)	-	(148,216)
Increase (decrease) in accounts payable and accruals	40,938	158,377	31,050	230,365
Increase (decrease) customer deposits	(11,582)	-	-	(11,582)
Increase (decrease) in compensated absences payable	281	4,907	-	5,188
Increase (decrease) in OPEB	(5,951)	(3,085)	-	(9,036)
Increase in net pension liability	110,062	57,069	-	167,131
Increase (decrease) in deferred inflows	16,770	8,816	-	25,586
Total adjustments	277,879	378,515	5,700	662,094
Net cash provided by (used in) operating activities	$ 1,184,403	$ 480,351	$ (35,000)	$ 1,629,754
Cash and cash equivalents				
Unrestricted	$ 6,206,258	$ 1,094,339	$ -	$ 7,300,597
Restricted	213,088	-	-	213,088
Total	$ 6,419,346	$ 1,094,339	$ -	$ 7,513,685

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

NOTES TO THE FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Ayden ("the Town") conform to U.S. 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 Ayden is a municipal corporation that is governed by an elected mayor and a Town Council which consists of a five-member Board of Commissioners. As required by U.S. generally accepted accounting principles ("GAAP"), these financial statements include all funds that are controlled by, or financially dependent, on the Town. As required by GAAP, these financial statements present all the fund types of the Town and its component units, legally separate entities for which the Town is financially accountable. The Ayden Housing Authority ("Authority"), which has a June 30 year-end, is presented as if it is a separate proprietary fund of the Town (discrete presentation). The authority is reported as a discrete unit as it provides no services or benefit to the Town.

Component Unit	Reporting Method	Criteria for Inclusion	For Separate Financial Statements
Ayden Housing Authority	Discrete	The members of the Authority's governing board are the same as the Town's Board of Commissioners.	Ayden Housing Authority Post Office Box 482 Ayden, NC 28513

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

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

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

I. Summary of Significant Accounting Policies (Continued)

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

The Town reports the following major governmental fund:

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

The Town reports the following major enterprise funds:

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

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

Stormwater Fund. This fund is used to account or the Town's stormwater operations.

Additionally, the Town reports the following nonmajor funds, by type:

Special Revenue Funds. The special revenue funds account for specific revenue sources (other than expendable trusts and agency funds or major capital projects) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The Town maintains four special revenue funds: Library Fund, Police Unauthorized Substance Tax Fund, Federal and State Assistance Fund and the CDBG Catalyst Fund.

Capital Projects Funds. The capital projects funds account for financial resources to be used for the acquisition or construction of major capital facilities. As of June 30, 2019, the Town had three capital projects funds that were open during the fiscal year, covering various construction projects: General Fund Capital Projects, Electric Capital Projects Fund and Water and Sewer Capital Projects Fund.

I. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's 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 the 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 non-operating 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 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 for the fiscal year in which they are received. Uncollected taxes that were billed during this period 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.

I. Summary of Significant Accounting Policies (Continued)

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

The effects of interfund activity has been eliminated from the government-wide financial statements, with the exception of payments-in-lieu-of-taxes and other charges between the Town's water and sewer funds and various other functions of the Town. Elimination of these charges would distort the costs and program revenues reported for the various functions concerned.

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, Library Fund, Police Unauthorized Substance Tax Special Revenue Fund, Electric Fund, Water and Sewer Fund and the Stormwater Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for enterprise 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 the General Fund, special revenue funds, and enterprise funds and total expenditures for capital project funds. Any revisions that alter the total expenditures for capital project funds and expenditures at the departmental level for all other funds must be approved by the governing board. The Town Manager is authorized to transfer appropriations within a department. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

Summary of Significant Accounting Policies (Continued)

amortized cost, which is the NCCMT's share price. The NCCMT – Term Portfolio's securities are valued at fair value. The NCCMT-Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2019, the Term portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

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

3. Restricted Assets

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 they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

Governmental Activities:		
General Fund:		
Powell Bill funds	$	327,865
Business-type activities:		
Electric fund		
Customer deposits		213,088
Total Restricted Cash	$	540,953

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2018. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

I. Summary of Significant Accounting Policies (Continued)

6. Inventories

The inventories of the Town consist of materials and supplies held for subsequent use in the General Fund, Electric Fund and the Water and Sewer Fund. The Town accounts for inventories using the consumption method, under which inventory items are considered expenditures when used rather than purchased. The Town's inventories are valued at the lower of cost or market.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and estimated life in excess of two years. The minimum capitalization threshold is $5,000 for all capital assets. Purchased and constructed capital assets are reported at cost or estimated historical costs. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Assets	Estimated Useful Lives
Buildings and improvements	10 - 50 years
Furniture and office equipment	10 years
Automobiles and trucks	5 – 10 years
Maintenance and construction Equipment	5 – 10 years
Electric system	40 years
Water and sewer system	40 years

8. Deferred Outflows/Inflows of Resources

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

I. Summary of Significant Accounting Policies (Continued)

9. Long-Term Obligations

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

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

10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to 240 hours 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.

11. Net Position/Fund Balances

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

Fund Balances
In the governmental fund financial statements, fund balance is composed of 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.

I. Summary of Significant Accounting Policies (Continued)

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

Prepaid Items – payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid items in both government-wide and fund financial statements.

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

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

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

Restricted for Cultural and Recreational – portion of fund balance that represents contributions restricted by donors for the benefit of the public library and/or arts and recreation purposes.

Restricted for Public Safety – portion of fund balance restricted by revenue source for public safety via the unauthorized substance tax, rural fire district. Portion also includes donor restricted contributions for the benefit of public safety programs.

Committed Fund Balance –portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Ayden's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body. 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.

I. Summary of Significant Accounting Policies (Continued)

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

> Assigned for Subsequent Year's Expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed.

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

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

The Town of Ayden has also adopted a minimum fund balance policy for the General Fund, which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater that 10% of budgeted expenditures. Any portion of the General Fund balance in excess of 10% 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.

12. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Ayden's employer contributions are recognized when due and the Town of Ayden 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.

13. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

II. Stewardship, Compliance, and Accountability

A. Fund Balance Deficit

For the fiscal year ended June 30, 2019, the Stormwater Fund ended the year with a negative fund balance of $5,700. The negative fund balance was a result of a shortfall in estimated revenues and allowance for bad debt for the newly created fund. The deficit will be funded in the subsequent year as required by NC G.S. 159-13(b)(2).

II. Stewardship, Compliance, and Accountability(continued)

B. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2019, expenditures made by the Town exceeded the authorized appropriations made by the governing board for transfers by $74,175 in the general fund.

The transfers were approved at the project ordinance level but not part of the annual budget of the Town.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agent in the Town's 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 and in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits.

Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. At June 30, 2019, the Town's deposits had a carrying amount of $660,991 and a bank balance of $775,168. Of the bank balance, $250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the dedicated Method. At June 30, 2019, the Town's petty cash fund totaled $750.

At June 30, 2019, the Authority's deposits had a carrying amount of $1,637,880. The Authority's bank balances were $1,637,461. Of the bank balance, $390,234 of it was covered by federal depository insurance. The remaining balance was secured by a dedicated method.

2. Investments

At June 30, 2019, the Town had $8,549,626 invested with the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAm by Standard and Poor's. The Town has no policy regarding credit risk.

III. Detail Notes on All Funds (Continued)

3. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2019 is net of the following allowances for doubtful accounts:

	Taxes	Accounts	Due from other Governments	Total
Governmental Activities:				
General Fund	$ 128,917	$ 521,593	$ 686,159	$ 1,336,669
Nonmajor Funds	-	-	-	-
Allowance for doubtful accounts	(43,936)	(249,534)	-	(293,470)
Total governmental activities	$ 84,980	$ 272,059	$ 686,159	$ 1,043,198
Business-Type Activities:				
Electric Fund	$ -	$ 2,638,375	$ -	$ 2,638,375
Water and Sewer Fund		900,948		900,948
Stormwater Fund	-	30,878	-	30,878
Total receivables Allowance for doubtful accounts	-	(1,448,121)	-	(1,448,121)
Total business-type activities	$ -	$ 2,122,080	$ -	$ 2,122,080

4. Capital Assets

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

	Balance July 1, 2018	Increases	Transfers	Decreases	Balance June 30, 2019
Governmental activities:					
Capital assets not being depreciated					
Land	$ 730,337	$ 24,601	$ -	$ -	$ 754,938
Total capital assets not being depreciated	730,337	24,601			754,938
Capital assets being depreciated:					
Buildings and structures	2,575,856	116,244	-	-	2,692,100
Other improvements	2,472,247	-	-	-	2,472,247
Furniture, equipment, and machinery	1,175,718	168,095	-	-	1,343,813
Vehicles and motor equipment	3,110,190	723,486	476	(87,270)	3,746,882
Total capital assets being depreciated	9,334,011	1,007,825	476	(87,270)	10,255,042
Less Accumulated Depreciation:					
Buildings and structures	1,254,685	93,890	-	-	1,348,575
Other improvements	955,964	60,888	-	-	1,016,852
Furniture, equipment, and machinery	881,860	79,646	-	(6,970)	954,536
Vehicles and motor equipment	2,071,596	229,535	476	(80,300)	2,221,307
Total accumulated depreciation	5,164,105	463,959	476	(87,270)	5,541,271
Total capital assets being depreciated, net	4,169,906				4,713,771
Governmental activities capital assets, net	$ 4,900,243				$ 5,468,709

III. Detail Notes on All Funds (Continued)

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

General government	$ 68,221
Public safety	165,716
Transportation	131,262
Economic and physical development	3,274
Environmental protection	39,716
Cultural and recreation	55,770
	$ 463,959

Electric Fund	Balance July 1, 2018	Increases	Transfers	Decreases	Balance June 30, 2019
Business-type activities:					
Capital assets not being depreciated					
Land	$ 52,161	$ -	$ -	$ -	$ 52,161
Construction in progress	507,685	128,921	-	(191,743)	444,863
Total capital assets not being depreciated	559,846				497,024
Capital assets being depreciated:					
Plant and distribution systems	6,814,825	734,676	-	-	7,549,501
Furniture, equipment, and machinery	2,791,990	191,743	-	(72,647)	2,911,086
Vehicles	1,353,988	246,984	-	(10,945)	1,590,027
Total capital assets being depreciated	10,960,803	1,173,403	-	(83,592)	12,050,614
Less Accumulated Depreciation:					
Plant and distribution systems	4,673,802	264,237	-	-	4,938,039
Furniture, equipment, and machinery	1,865,733	121,039	-	(72,647)	1,914,125
Vehicles	896,535	156,072	-	(10,945)	1,041,662
Total accumulated depreciation	7,436,070	$ 541,348	$ -	$ (83,592)	7,893,826
Total capital assets being depreciated, net	3,524,733				4,156,788
Electric Fund capital assets, net	$ 4,084,579				$ 4,653,812

III. Detail Notes on All Funds (Continued)

A. Assets (Continued)

Water Sewer Fund:	Balance* July 1, 2018	Increases	Transfers	Decreases	Balance June 30, 2019
Business-type activities:					
Capital assets not being depreciated					
Land	$ 16,500	$ -	$ -	$ -	$ 16,500
Construction in progress	530,135	816,518	-	(530,135)	816,518
Total capital assets not being depreciated	546,635	816,518	-	(530,135)	833,018
Capital assets being depreciated:					
Plant and distribution systems	15,230,180	1,503,420	-	-	16,733,600
Furniture, equipment, and machinery	1,618,305	-	-	(47,309)	1,570,996
Vehicles	699,995	105,639	-	(15,952)	789,682
Total capital assets being depreciated	17,548,480	1,609,059	-	(63,261)	19,094,278
Less Accumulated Depreciation:					
Plant and distribution systems	5,672,274	323,534	-	-	5,995,808
Furniture, equipment, and machinery	944,504	40,671	-	(47,308)	937,867
Vehicles	522,571	69,770	-	(15,952)	576,389
Total accumulated depreciation	7,139,349	$ 433,975	$ -	$ (63,260)	7,510,064
Total capital assets being depreciated, net	10,409,131				11,584,214
Water and Sewer Fund Capital assets, net	10,955,766				12,417,232
Business-type activities capital assets, net	$ 14,950,835				$ 17,071,044

*Restated – Prior Year Construction in Progress was under reported by $89,509.

Construction Commitments

The government has active construction projects as of June 30, 2019. At year-end, the government's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Water and Sewer Improvements	$816,518	$1,026,285

III. Detail Notes on All Funds (Continued)

A. Assets (Continued)

Component Unit:
The capital assets of the Authority at June 30, 2019 consisted of the following:

	Balance June 30, 2018	Increases	Decreases	Decreases	Balance June 30, 2019
Business-type activities:					
Capital assets not being depreciated					
Land	$ 170,220	$ -	$ -	$ -	$ 170,220
Total capital assets not being depreciated	170,220	-	-	-	170,220
Capital assets being depreciated:					
Building	8,817,412	546,352	-	(69,772)	9,293,992
Furniture and Equipment	359,557	14,423	-	(26,948)	400,928
Improvements	837,334	20,641	-		857,975
Total capital assets being depreciated	10,014,303	581,416	-	(96,720)	10,692,439
Less Accumulated Depreciation:					
Total accumulated depreciation	6,238,931	$ 319,307	$ -	$ (96,720)	6,654,958
Total capital assets being depreciated, net	3,775,372				4,037,481
Component Unit capital assets, net	$ 3,945,592				$ 4,207,701

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System
Plan Description. The Town 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

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of Ayden 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 Ayden's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.75% 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 Ayden were $273,393 for the year ended June 30, 2019.

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

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

At June 30, 2019, the Town reported a liability of $1,257,816 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017.

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the Town's proportion was 0.05302%, which was a decrease of 0.00674% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of $313,182. At June 30, 2019, 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	$ 194,051	$ 6,511
Changes in assumptions	333,776	
Net difference between projected and actual earnings on pension plan investments	172,661	
Changes in proportion and differences between Town contributions and proportionate share of contributions	3,040	87,265
Town contributions subsequent to the measurement date	273,393	
	$ 976,921	$ 93,776

$273,393 was reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2020	$ 298,473
2021	195,522
2022	29,593
2023	86,164
Thereafter	-
	$ 609,752

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

Inflation	3.0%
Salary increases	3.5% to 8.10%, including inflation and productivity factor
Investment rate of return	7.00%, 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, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

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

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 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 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Town's proportionate share of the net pension liability (asset)	$ 3,021,382	$ 1,257,816	$ (215,848)

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

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description.
The Town of Ayden 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. 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.

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

Retirees receiving benefits	1
Terminated plan members entitled to but no Yet receiving benefits	0
Active plan members	22
Total	23

2. *Summary of Significant Accounting Policies.*
Basis of Accounting. The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits 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, 2017 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:

Discount Rate	3.64%
Salary Increases	3.50-7.35%
Includes inflation at	2.50%
Cost of Living Adjustments	N/A

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

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

3. *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. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid $30,679 as benefits came due for the reporting period.

Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

At June 30, 2019, the Town reported a total pension liability of $633,819. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of $50,241.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred of Outflows of Resources		
Differences between expected and actual experience	$ 20,116	$ -
Changes of assumptions	25,811	28,371
Net difference between projected and actual earnings of plan investments		-
Changes in proportion and differences between contributions and proportionate share of contributions		-
Benefit payments and administrative costs paid subsequent to the measurement date	15,339	
Total	$ 61,266	$ 28,371

$15,339 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2020	$ 3,986
2021	3,986
2022	3,986
2023	4,219
2024	1,495
Thereafter	(116)
	$ 17,556

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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 3.64 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 (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	$ 686,727	$ 633,819	$ 585,074

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

	2019
Beginning balance	$ 618,062
Service Cost	27,109
Interest on total pension liability	19,146
Difference between expected and actual experience	18,699
Changes in assumptions or other inputs	(24,863)
Benefit payments	(24,334)
Ending balance	$ 633,819

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.

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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	$ 313,182	$ 50,241	$ 363,423
Pension Liability	1,257,816	633,819	1,891,635
Proportionate share of the net pension liability	0.05302%	n/a	
Deferred Outflows of Resources			
Differences between expected and actual experience	194,051	20,116	214,167
Changes of assumptions	333,776	25,811	359,587
Net difference between projected and actual earnings	172,661	-	172,661
Changes in proportion and differences between contributions and proportionate share of contributions	3,040	-	3,040
Benefit payments and administrative costs paid subsequent to the measurement date	273,393	15,339	288,732
Deferred of Inflows of Resources			
Differences between expected and actual experience	6,511	28,371	34,882
Changes of assumptions	-	-	-
Net difference between projected and actual earnings	-	-	-
Changes in proportion and differences between contributions and proportionate share of	87,265	-	87,265

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 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.

The Town made contributions of $43,078 from the Town for the reporting year. No amounts were forfeited.

d. Other Postemployment Benefits

Healthcare Benefits
Plan Description. Under the terms of a Town resolution, the Town administers a single employer defined benefit Healthcare Benefits Plan (the HCB Plan). The Town Board has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Plan Description. The Town has elected to provide healthcare and dental care benefits, through a single-employer defined benefit plan, to retirees of the Town who are at least age 55 and have at least 30 years of service, are at least 60 with at least 25 years of service, or are at least 62 with at least 20 year of service with the North Carolina Local Governmental Employees' Retirement System. Such insurance is provided until the retiree reaches age 65 and is eligible for Medicare. The Town pays 100% of the retiree premium costs. Retirees can purchase coverage for their dependents at the Town's group rates. Currently, five retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2019, the Town made payments for post-retirement health benefit premiums of $28,094. The Town purchases insurance from a private carrier for healthcare coverage. A separate report was not issued for the plan.

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

At June 30, 2019, the Healthcare Benefits Plan membership consisted of:

Membership	
Inactive Employees or Beneficiaries Currently Receiving Benefits	6
Inactive Members Entitled to But Not Yet Receiving Benefits	0
Active Employees	67
Total Membership	73

Total OPEB Liability

The Town's total OPEB liability of $458,602 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

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

Inflation	2.50 %
Real wage growth	1.00 %
Wage inflation	3.50%
Salary increases, including wage inflation	
General Employees	3.50%-7.75%
Law Enforcement Officers	3.50%-7.35%
Discount rate	3.56%
Healthcare cost trend rates	7.50% for 2019 decreasing to an ultimate rate of 5.00% by 2023

The discount rate was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

Changes in the Total OPEB Liability

Service Cost at the end of the year	$	22,281
Interest on TOL and Cash Flows		16,619
Change in benefit terms		-
Difference between expected and actual experience		(18,290)
Changes of assumptions or other inputs		(14,753)
Benefit payments		(27,897)
Net change in Total OPEB Liability		(22,040)
Total OPEB Liability - beginning		480,642
Total OPEB Liability - ending	$	458,602

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

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014, adopted by the LGERS Board.

Sensitivity of the Town's total OPEB liability to changes in the discount rates. The following presents the Town's total OPEB liability calculated using the discount rate of 3.89 percent, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current rate:

	1% Decrease (2.89%)	Discount (3.89%)	1% Increase (4.89%)
Total OPEB liability	$ 505,223	$ 458,602	$ 417,449

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

	1% Decrease	Current	1% Increase
Total OPEB liability	$ 405,025	$ 458,602	$ 523,453

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

For the year ended June 30, 2019, the Town recognized OPEB expense of $29,702. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 36,554
Changes of assumptions	-	32,655
Benefit payments and administrative costs made subsequent to the measurement date	17,792	-
Total	$ 17,792	$ 69,209

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2020	$ 9,198
2021	9,198
2022	9,198
2023	9,198
2024	9,198
Thereafter	23,219
Total	$ 69,209

2. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits.

Lump sum death benefit payments to beneficiaries are equal to the 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. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The Town considers these contributions to be immaterial. In addition to the Death Benefit Plan,

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

the Town has elected to provide additional death benefit coverage for all eligible employees through the North Carolina League of Municipality. The additional benefit equals twice an employee's annual salary.

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	$ 273,393
Benefit payments and administrative expenses for LEOSSA made subsequent to measurement date	15,339
Benefit payments and administrative expenses for OPEB made subsequent to measurement date	17,792
Differences between expected and actual experience	214,167
Changes in assumptions	359,587
Net difference between projected and actual	172,661
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,040
Total	$ 1,055,979

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable, net	$ -	$ 54,598
Changes in assumptions	61,026	-
Differences between expected and actual experience	43,065	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	87,265	-
Total	$ 191,356	$ 54,598

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 two self-

funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability coverage of $2 million per occurrence, auto liability coverage of $2 million per occurrence, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up to the statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. 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. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request. There have been no significant reductions in insurance coverage in the settled claims have not exceeded coverage in any of the past three fiscal years.

The Town does have limited flood insurance; with a per occurrence limit and maximum annual aggregate of $5 million for property located in Flood Zones B, C or X. The Town has no coverage for property not located in these zones.

In accordance with G.S. 159-29, the Town's employees that have access to $100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Finance Director is bonded for $200,000. The remaining employees that have access to funds are bonded under a blanket bond for $10,000.

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

5. Claims, Judgments and Contingent Liabilities

The Town is contingently liable in respect to other claims in the normal course of its operations. Should the Town become liable in these matters, such liability would be satisfied by budgetary appropriation in excess of insurance coverage in a subsequent year.

6. Long-Term Obligations

a. Governmental Activities Long-Term Debt

As authorized by State law (G.S. 160A-20 and 153A-158.1), the Town financed various property and equipment acquisitions in a direct placement for use by the Town. The installment purchases were issued pursuant to a deed of trust that requires that legal title to the property financed remain with the Town as long as the debt is outstanding because the property is pledged as collateral for the debt.

The Town's installment purchase obligation payable at June 30, 2019 are comprised of the following:

Note payable for a purchase of a fire equipment truck in July 2015, annual installments of $68,120, including interest at 2.29%, maturing in 2021; secured by a fire equipment truck.	$	257,568
Note payable for a purchase of knuckleboom truck in October 2016, monthly installments of $2,353, including interest at 3.05%, maturing in 2021; secured by a knuckleboom truck.		63,519
Note payable for a purchase of garbage truck in December 2017, annual installments of $50,000, plus interest at 1.94%, maturing in 2020; secured by a garbage truck.		97,216
Note payable for a purchase of police radios in May 219, monthly installments of $2,234 including interest at 2.89%, maturing in 2021; secured by a fire truck.		49,893
Note payable for a purchase of police cars in Novemeber 2018, annual installments of $59,694, plus interest at 3.28%, maturing in 2021; secured by a fire truck.		179,082
Note payable for a purchase of fire truck in January 2019, annual installments of $65,980, including interest at 3.20%, maturing in 2026; secured by a fire truck.		407,996
Total governmental activities notes payable	$	1,055,274

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

The future minimum payments of the governmental activities long-term debt notes payable as of June 30, 2019 are as follows:

Year Ending June 30	Principal	Interest	Total
2020	$ 277,198	$ 27,389	$ 304,587
2021	276,877	21,771	298,648
2022	190,518	14,648	205,166
2023	124,765	9,336	134,101
2024	60,030	5,949	65,979
2025-2026	125,886	6,074	131,960
Total	$ 1,055,274	$ 85,167	$ 1,140,441

b. Electric fund

Notes payable:

$403,784, loan issued in 2016, interest at 3.75%, payable in annual installments of $86,810; final payment due in 2020; secured by electric equipment trucks	$ 83,672
$199,300, loan issued in 2017, interest at 2.57%, payable in monthly installments of $3,599, final payment due in 2022; secured by electric equipment truck	124,584
$1,500,000, loan issued in 2016, interest at 2.44%, payable in annual installments of $150,000 plus interest; final payment due in 2027; secured by electric substation assets	1,200,000
$651,649, loan issued in 2018, interest at 2.74%, payable in annual installments of $217,157 plus interest; final payment due in 2021; secured by generator	651,649
Total Electric Fund notes payable	$ 2,059,905

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

The future minimum payments of the electric fund long-term debt as of June 30, 2019 are as follows:

Year Ending June 30	Principal	Interest	Total
2020	$ 491,295	$ 50,354	$ 541,650
2021	408,676	39,228	447,904
2022	409,934	28,505	438,440
2023	150,000	18,300	168,300
2024	150,000	14,640	164,640
2025-2027	450,000	21,960	471,960
	$ 2,059,905	$ 172,988	$ 2,232,893

c. Water and sewer fund – Notes payable

$2,614,025, State revolving loan issued 2008, interest at 2.265%, payable in annual installments of $130,701; final payment due in 2028; secured by system assets.	$ 1,176,311
Note payable for extension of sewer lines in June 2018, Monthly installments of $4,068, interest at 2.740%, maturing in 2023; secured by a sewer line extension	191,187
$1,550,000 State revolving loan issued 2018, interest at 0% payable in annual installments of of $77,500; final payment due in 2038;	1,390,397
$916,000 Water and sewer note issued on September 19, 2018 and due upon completion of project; interest at 3.07%. The note will be repaid from a $916,000 bond issue expected to be sold in the next fiscal year	816,518
Total Water & Sewer Fund notes payable	$ 3,574,413

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

The future minimum payments of the water and sewer fund notes payable as of June 30, 2019 are as follows:

Year Ending June 30	Principal	Interest	Total
2020	$ 1,073,533	$ 31,282	$ 1,104,815
2021	257,015	26,972	283,987
2022	257,015	22,674	279,689
2023	252,947	18,376	271,323
2024	208,201	14,802	223,003
2025-2029	910,305	29,604	939,909
2030-2034	387,500	-	387,500
2035-2039	227,897	-	227,897
Total	$ 3,574,413	$ 143,710	$ 3,718,123

At June 30,2019, the Town of Ayden had bonds authorized but unissued in the amount of $916,000 and a legal debt margin of $18,984,404.

Bond anticipation notes:

Year Ending June 30, 2019	Principal	Interest	Total
Total	$ 816,518	$ -	$ 816,518

Revenue bonds payable:

$2,937,000, Water and sewer revenue bonds, series 2008, issued for water and sewer system improvements. Principal installments are due annually on June 1 with semiannual interest payments due on June 1 and December 1 at an annual interest rate of 4.375%	$ 2,600,000

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

The future minimum payments of the water sewer fund revenue bonds as of June 30, 2019 are as follows:

Year Ending June 30	Principal	Interest	Total
2020	$ 46,000	$ 113,750	$ 159,750
2021	48,000	111,738	159,738
2022	50,000	109,637	159,637
2023	52,000	107,450	159,450
2024	55,000	105,175	160,175
2025-2029	312,000	487,725	799,725
2030-2034	387,000	413,175	800,175
2035-2039	480,000	320,688	800,688
2040-2044	593,000	206,281	799,281
2045-2048	577,000	64,444	641,444
Total	$ 2,600,000	$ 2,040,063	$ 4,640,063

The Town is required to be in compliance with the covenants associated with Sewer Revenue Bonds as to rates, fees, rentals and charges in Section 5 of the Bond Order, authorizing the issuance of the Series 2010 water and sewer revenue bonds since its adoption in 2009. Section 5.02 of the Bond Order requires the debt service coverage ratio to be no less than 110 percent. Section 5.02 of the Bond Order also requires the debt service coverage ratio to be no less than 100 percent of the Subordinated Debt Service Requirement. The debt service coverage ratio calculations for the year ended June 30, 2019 are as follows:

Operating revenues	$ 2,832,347
Operating expenses*	2,305,600
Operating income	526,747
Non-operating revenues (expenses)**	19,412
Income available for debt service	$ 546,159
Debt service, principal, and interest paid (Revenue bond only)	$ 159,675
Debt service coverage ratio	342%
Subordinated Debt Service: Debt service, principal, and interest paid (Subordinated indebtedness)	$ 292,583
Debt service coverage ratio	187%

*Per rate covenants, this does not include the depreciation expense of $433,975.
**Per rate covenants, this does not include interest paid of $150,479.

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

The Town has pledged future water and sewer net revenues to repay the water and sewer system revenue bond issued in March 2006. Proceeds from the bond provided financing for the sewer extension project for the Town. The bonds are payable solely from water and sewer net revenues and are payable through 2050. Annual principal and interest payments on the bonds are expected to require less than 50% of net revenues. The total principal and interest remaining to be paid on the bonds is $4,640,063. Principal and interest paid for the current year was $159,513. The Town had water and sewer net revenues of $547,887.

The Town is in compliance in respect to bond covenant ratios.

d. Changes in long-term liabilities

A summary of changes in long-term debt obligations follows:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion
Governmental activities:					
Notes payable	$ 626,094	$ 639,078	$ (209,898)	$ 1,055,274	$ 277,198
Compensated absences	193,965	113,096	(125,546)	181,515	81,782
Net pension liability (LGERS)	499,008	240,507		739,515	-
Net pension liability(LEOSSA)	618,062	15,757		633,819	-
Other post-employment benefits	283,579		(13,004)	270,575	-
Total	$ 2,220,708	$ 1,008,438	$ (348,448)	$ 2,880,698	$ 358,980

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion
Business-Type Activities:					
Electric Fund:					
Notes payable	$ 1,678,344	$ 651,650	$ (270,089)	$ 2,059,905	$ 491,295
Compensated absences	43,105	23,909	(23,628)	43,386	20,966
Net pension liability (LGERS)	230,161	110,062		340,223	-
Other post-employment benefits	129,772		(5,950)	123,822	-
Total	$ 2,081,382	$ 785,621	$ (299,667)	$ 2,567,336	$ 512,261
Water and Sewer Fund:					
Notes payable	$ 1,547,013	$ 2,206,915	$ (179,515)	$ 3,574,413	$ 1,073,533
Revenue Bonds	2,644,000		(44,000)	2,600,000	46,000
Compensated absences	13,321	8,681	(3,774)	18,228	8,565
Net pension liability (LGERS)	121,009	57,069		178,078	
Other post-employment benefits	67,290		(3,086)	64,204	
Total	$ 4,392,633	$ 2,272,665	$ (230,375)	$ 6,434,923	$ 1,128,098
Total business-type activities	$ 6,474,015	$ 3,058,286	$ (530,042)	$ 9,002,259	$ 1,640,359

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

Component Unit:
A summary of changes in long-term obligations of the Authority are as follows:

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion
OPEB Liability	$ 25,865	$ 1,627		$ 27,492	$ -
Net pension liability (LGERS)	62,789	25,258		88,047	-
Compensated absences	21,453	11		21,464	5,366
Total	$ 110,107	$ 26,896	$ -	$ 137,003	$ 5,366

7. Net Investment in Capital Assets
The total net investment in capital assets at June 30, 2019 is composed of the following:

	Governmental Activities	Business-Type Activities
Capital assets	$ 5,468,709	$ 17,071,044
Less: long-term debt	(1,055,274)	(8,234,317)
Net investment in capital assets	$ 4,413,435	$ 8,836,727

C. Interfund Balances and Activity

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

To General Fund from Electric Fund for tax payments	$ 631,154
From General Fund to Stormwater Fund	(35,000)
Net Transfers	$ 596,154

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

D. Fund Balance

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

III. Detail Notes on All Funds (Continued)

D. Fund Balance (Continued)

Total fund balance - General Fund	$	2,382,632
Less:		
Inventories		44,181
Prepaid items		94,357
Stabilization by State Statute		994,002
Restricted for streets		327,865
Restricted for cutural and recreational		6,744
Restricted for public safety		199,491
Appropriated fund balance in 2020 budget		240,082
Remaining fund balance	$	475,910

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The Town had encumbrances of $56,226 at June 30, 2019.

IV. Joint Venture

Contentnea Metropolitan Sewer District
The Town, in conjunction with the Town of Grifton and the Town of Winterville, participates in the Contentnea Metropolitan Sewer District (District). Each Town appoints two members to the seven - member Board with one at-large member. The District is a joint venture established to provide sewer treatment services to the local governments. The participating governments are bound by purchase of service contracts with the District, and the District has the responsibility to determine and levy sewer use charges on the municipalities to apportion all operation and maintenance costs associated with treatment operations. This District has a bonded indebtedness of $13,511,000, and the three towns are assessed with their pro-rata share of the operating expenses and debt service requirements. Ayden's assessed share of operation expenses for the year ended June 30, 2019, was $778,084 or 39.74% of total operation expenses of the District. Complete financial statements for the sewer district may be obtained from the District's administrative office at State Road 1910, P.O. Box 477, Grifton, North Carolina 28530.

V. Jointly Governed Organization

North Carolina Eastern Municipal Power Agency
The Town is a member of the North Carolina Eastern Municipal Power Agency (NCEMPA). The NCEMPA was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. The members who receive power from the NCEMPA have signed power sales agreements to purchase a specified share of the power generated by the NCEMPA. Except for the power sales purchase requirements, no local government has any obligation, entitlement, or residual interest. The Town's purchases of power for the fiscal year ended June 30, 2019 were $8,083,031.

V. Jointly Governed Organization (Continued)

Neuse Regional Water and Sewer Authority
The Town, with seven other entities, participates in the Neuse Regional Water and Sewer Authority (Authority), a development stage enterprise. The Authority was formed to enable its members to finance construction, own, operate, and maintain regional water treatment and transmission facilities. The Town appoints one of the fifteen-member governing board of the Authority. The Authority started operations in the fiscal year 2008. The eight members are committed to monthly purchases of treated water in an amount equivalent to 75% of their calendar year 2002 monthly water requirements by volume. Except for the water sales purchase requirements, no participant has any obligation, entitlement, or residual interest. The Town began purchasing treated water in September 2008.

VI. Major Utility Customer

In 2019, the Town had electrical revenue of $2,394,232 from one customer, which accounted for 20% of total electric revenue.

VII. 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 monies 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 monies.

VIII. Claims and Judgments

At June 30, 2019, the Town was a defendant to various lawsuits. In the opinion of the Town's management and the Town's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

IX. Prior Period Adjustments

Construction in Progress in the Water and Sewer Capital Project Fund was understated by $89,509 in the prior year. A restatement of Business Type Activities was required, increasing the net position of the Town by the same amount.

X. Significant Effects of Subsequent Events
Subsequent events have been evaluated through January 13, 2020, the date which the financial statements were available to be issued. There were no recognized events meriting disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-1**
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information

June 30, 2019

	2019	2018	2017
Beginning balance	$ 618,062	$ 539,552	$ 511,217
Service Cost	27,109	21,386	23,509
Interest on total pension liability	19,146	20,678	18,250
Difference between expected and actual experience	18,699	6,522	-
Changes in assumptions or other inputs	(24,863)	37,651	(13,424)
Benefit payments	(24,334)	(7,727)	-
Ending balance	$ 633,819	$ 618,062	$ 539,552

Schedule of Total Pension Liability as a Percentage of Covered Payroll

	2019	2018	2017
Total pension liability	$ 633,819	$ 618,062	$ 539,552
Covered payroll	1,010,764	882,270	886,219
Total pension liability as a percentage of coverec	62.71%	70.05%	60.88%

Notes to the schedules:
The Town has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 nor does the Plan provide pay related benefits.

The pension schedules are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-2**
Schedule of Changes in the Total OPEB Liability and Related Ratios
June 30, 2019

Total OPEB Liability

	2019	2018
Changes for the year:		
Service Cost at the end of the year	$ 22,281	$ 24,175
Interest on TOL and Cash Flows	16,619	15,078
Change in benefit terms	-	-
Difference between expected and actual experience	(18,290)	(25,951)
Changes of assumptions or other inputs	(14,753)	(24,992)
Benefit payments	(27,897)	(17,100)
Net change in Total OPEB Liability	(22,040)	(28,790)
Total OPEB Liability - beginning	480,642	509,432
Total OPEB Liability - ending	$ 458,602	$ 480,642

Covered payroll	3,428,871	3,049,272
Total OPEB liability as a percentage of covered payroll	13.37%	15.76%

Note to Schedule

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

Fiscal Year	Rate
2019	3.89%
2018	3.56%

The pension schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF AYDEN, NORTH CAROLINA — Schedule A-3

Local Government Employees' Retirement System

Schedule of the Town's Proportionate Share of the Net Pension Liability (Asset)

Last Six Fiscal Years

	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) %	0.05302%	0.05565%	0.05187%	0.05390%	0.05740%	5.44000%
Town's proportionate share of the net pension liability (asset)	$ 1,257,816	$ 850,178	$ 1,108,855	$ 241,720	$ (338,632)	$ 655,729
Town's covered payroll	$ 3,049,272	$ 3,080,754	$ 2,993,280	$ 2,858,529	$ 2,825,548	$ 2,621,704
Town's proportionate share of the net pension liability (asset) as a	41%	28%	37%	8.46%	-11.98%	25.01%
Plan fiduciary net position as a percentage of the total pension	92.00%	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.
The pension schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-4**

Schedule of Town Contributions for Local Government Employee Retirement System

Last Six Fiscal Years

	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 273,393	$ 236,111	$ 229,825	$ 204,593	$ 204,834	$ 201,431
Contribution in relation to the contractually required contribution	273,393	236,111	229,825	204,593	204,834	201,431
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Town's covered payroll	$ 3,428,871	$ 3,049,272	$ 3,080,754	$ 2,993,280	$ 2,858,529	$ 2,825,548
Contributions as a percentage of covered-employee payroll	7.97%	7.74%	7.46%	6.84%	7.17%	7.13%

The pension schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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SUPPLEMENTARY INFORMATION

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-5**

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund

Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes			
Taxes	$ 1,275,000	$ 1,299,329	$ 24,329
Penalties and interest	5,000	7,810	2,810
Total ad valorem taxes	1,280,000	1,307,139	27,139
Other taxes and licenses			
Local option sales tax	1,065,000	1,143,664	78,664
Total other taxes and licenses			
Unrestricted intergovernmental revenues			
Franchise taxes	360,000	372,926	12,926
Beer and wine tax	22,300	21,500	(800)
Cable TV franchise	56,000	64,213	8,213
Other taxes and licenses	58,553	68,688	10,135
Total unrestricted intergovernmental revenues	496,853	527,327	30,474
Restricted intergovernmental revenues			
Powell Bill	150,000	147,467	(2,533)
Grants	320,879	166,141	(154,738)
Total restricted intergovernmental revenues	470,879	313,608	(157,271)

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-5**

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund (continued)

Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues (continued)			
Permits and fees			
Court facility fees	$ 8,000	$ 5,614	$ (2,386)
Building permits	14,000	4,500	(9,500)
Total licenses and permits	22,000	10,114	(11,886)
Sales and services			
Sanitation revenues	312,000	313,870	1,870
Cemetery	32,000	28,425	(3,575)
Rents	32,500	19,836	(12,664)
Recreation fees	68,000	79,044	11,044
Fire protection services	187,330	218,328	30,998
Total sales and services	631,830	659,503	27,673
Interest earned on investments	22,000	48,774	26,774
Miscellaneous	61,000	133,535	72,535
Total revenues	4,049,562	4,143,664	94,102

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-5**

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund (continued)

Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Expenditures			
Current			
General government			
Governing body			
Salaries and employee benefits	$	$ 36,816	$
Operating expenses		189,690	
Total	227,874	226,506	1,368
Administration			
Salaries and employee benefits		52,301	
Operating expenses		107,665	
Total	160,050	159,966	84
Finance			
Salaries and employee benefits		64,603	
Operating expenses		40,779	
Total	105,736	105,382	354
Public Buildings			
Salaries and employee benefits		54,627	
Operating expenses		100,983	
Total	156,216	155,610	606
Central services			
Salaries and employee benefits		16,146	
Operating expenses		49,559	
Total	65,863	65,705	158
Total general government	715,739	713,169	2,570
Public safety			
Police			
Salaries and employee benefits		1,535,874	
Operating expenses		158,775	
Total	1,696,529	1,694,649	1,880
Fire protection			
Salaries and employee benefits		23,201	
Operating expenses		54,758	
Total	78,467	77,959	508
Rural fire department			
Salaries and employee benefits		23,200	
Operating expenses		129,337	
Total	159,252	152,537	6,715
Total public safety	1,934,248	1,925,145	9,103

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-5**

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund (continued)

Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued)			
Current (continued)			
Transportation			
Streets			
Salaries and employee benefits	$	$ 394,902	$
Powell Bill and other operating expenses		147,350	
Total transportation	562,456	542,252	20,204
Environmental protection			
Sanitation			
Salaries and employee benefits		176,409	
Other operating expenses		128,410	
Total environmental protection	307,472	304,819	2,653
Economic and physical development			
Planning & Economic Development			
Salaries and employee benefit		87,956	
Other expenses		86,618	
Total economic and physical development	195,935	174,574	21,361

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-5**

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund (continued)

Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued)			
Current (continued)			
Cultural and recreational			
Library			
Salaries and employee benefits		$ 98,946	
Operating expenses		36,563	
Total	139,014	135,509	3,505
Recreation			
Salaries and employee benefits		238,119	
Operating expenses		241,950	
Total	499,341	480,069	19,272
Total cultural and recreational	638,355	615,578	22,777
Debt service			
Note principal		209,897	
Interest and fees		10,843	
Total debt service	225,210	220,740	4,470
Capital Outlay	1,147,065	1,032,902	114,163
Total expenditures	5,726,480	5,529,179	197,301
Revenues over (under) expenditures	(1,676,918)	(1,385,515)	(103,199)

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-5**

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund (continued)

Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses)			
Transfers from other funds	$ 614,278	$ 596,154	$ (18,124)
Transfers to other funds	(22,000)	(96,175)	(74,175)
Issuance of Debt	655,996	639,078	(16,918)
Insurance proceeds		291	291
Fund balance appropriated	428,644	-	(428,644)
Total other financing sources (uses)	1,676,918	1,139,348	(537,570)
Revenues and other financing sources (uses) and appropriated fund balance over expenditures	$ -	(246,167)	$ (246,167)
Fund balance			
Beginning of year - July 1		2,628,799	
End of year - June 30		$ 2,382,632	

TOWN OF AYDEN, NORTH CAROLINA
Combining Balance Sheet
Non-Major Governmental Funds

Schedule A-6

June 30, 2019

	Special Revenue Funds				Capital Projects Fund	Total
	Library Fund	Police Unauthorized Substance Tax Fund	Federal & State Grants Fund	CDBG Catalyst Fund	Capital Projects Fund	
Assets						
Restricted cash and investments	$ 37,400	$ 1,049	$ -	$ -	$ -	$ 38,449
Accounts receivable	-	-	30,586	165,644	-	196,230
Total assets	$ 37,400	$ 1,049	$ 30,586	$ 165,644	$ -	$ 234,679
Liabilities:						
Accounts payable	$ 113	$ -	$ -	$ 78,121	$ -	$ 78,234
Due to other funds			30,586	87,523		118,109
Total liabilities	113	-	30,586	165,644	-	196,343
Fund balances:						
Restricted:						
Restricted, other	37,287	1,049	-	-	-	38,336
Total fund balances	37,287	1,049	-	-	-	38,336
Total liabilities and fund balances	$ 37,400	$ 1,049	$ 30,586	$ 165,644	$ -	$ 234,679

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-7**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non Major Governmental Funds

Year Ended June 30, 2019

	Special Revenue Funds				Capital Projects Fund	Total
	Library Fund	Police Unauthorized Substance Tax Fund	Federal & State Assistance	CDBG Catalyst Fund	Capital Projects Fund	
Revenues						
Restricted intergovernmental	$ -	$ -	$ 385,290	$ 693,833	$	$ 1,079,123
Investment earnings	990	-	-	-	-	990
Total revenues	990	-	385,290	693,833	-	1,080,113
Expenditures						
Economic and phyiscal development	-	-	409,393	654,129	68,752	1,132,274
Cultural and recreational	995	-	-	-	-	995
Total expenditures	995	-	409,393	654,129	68,752	1,133,269
Excess (deficiency) of revenues over (under) expenditures	(5)	-	(24,103)	39,704	(68,752)	(53,156)
Net change in fund balances	(5)	-	(24,103)	39,704	(68,752)	(53,156)
Other Financing Sources (Uses)						
Transfers in (out)						
General Fund	-		27,321	102	68,752	96,175
Net change in fund balance	(5)	-	3,218	39,806	-	43,019
Fund balance - beginning	37,292	1,049	(3,218)	(39,806)	-	(4,683)
Fund balance - ending	$ 37,287	$ 1,049	$ -	$ -	$ -	$ 38,336

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-8**

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Library Fund
Year Ended June 30, 2019
(With Comparative Totals for June 30, 2018)

	2019			
	Budget	Actual	Variance Positive (Negative)	2018
Revenues				
Investment earnings	$ 250	$ 990	$ 740	$ 144
Total revenues	250	990	740	144
Expenditures				
Cultural and recreational				
Supplies	1,000	995	5	400
Total expenditures	1,000	995	5	400
Other financing sources (uses):				
Fund balance appropriated	750	-	750	-
Revenues over expenditures	$ -	(5)	$ (5)	(256)
Fund balances				
Beginning of year - July 1		37,292		37,548
End of year - June 30		$ 37,287		$ 37,292

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-9**

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – Police Unauthorized Substance Tax Fund
Year Ended June 30, 2019
(With Comparative Totals for June 30, 2018)

	2019			
	Budget	Actual	Variance Positive (Negative)	2018
Revenues				
Restricted intergovernmental revenue				
Unauthorized substance tax	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
Expenditures				
Program expenses	-	-	-	1,804
Total expenditures	-	-	-	1,804
Revenues over (under) expenditures	-	-	-	(1,804)
Other financing sources (uses):				
Fund balance appropriated	-	-	-	-
Net change in fund balance	$ -	-	$ -	(1,804)
Fund balances				
Beginning of year - July 1		1,049		2,853
End of year - June 30		$ 1,049		$ 1,049

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-10**

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – Federal and State Grants Fund

From Inception and for Year Ended June 30, 2019

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Restricted intergovernmental revenue	$ 776,318	$ 306,253	$ 385,290	691,543	$ (84,775)
Total revenues	776,318	306,253	385,290	691,543	(84,775)
Expenditures					
Economic and physical development	776,318	309,471	409,393	718,864	(57,454)
Total expenditures	776,318	309,471	409,393	718,864	(57,454)
Revenues over expenditures	(0)	(3,218)	(24,103)	(27,321)	(27,321)
Other Financing Sources (Uses)					
Transfers in (out)					
General Fund	-	-	27,321	27,321	27,321
Net change in fund balance	$ -	$ (3,218)	$ 3,218	$ -	
Beginning of year - July 1			(3,218)		
End of year - June 30			-		

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-11**

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – CDBG Catalyst Fund
From Inception and for Year Ended June 30, 2019

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Postive (Negative)
Revenues					
Restricted intergovernmental					
CDBG Catalyst program	$ 3,499,725	$ 665,827	$ 693,833	$ 1,359,660	$ (2,140,065)
Total revenues	3,499,725	665,827	693,833	1,359,660	(2,140,065)
Expenditures					
Program expenses	3,499,725	705,633	654,129	1,359,762	2,139,963
Total expenditures	3,499,725	705,633	654,129	1,359,762	2,139,963
Revenues over (under) expenditures	-	(39,806)	39,704	(102)	(102)
Other Financing Sources (Uses)					
Transfers in (out)					
General Fund	-	-	102	102	(102)
Net change in fund balance	$ -	$ (39,806)	39,806	$ -	$ -
Fund balance					
Beginning of year - July 1			(39,806)		
End of year - June 30			$ -		

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-12**

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – Governmental Capital Projects Fund
From Inception and for Year Ended June 30, 2019

	Project Authorization	Current Year	Total to Date	Variance Postive (Negative)
Expenditures				
Program expenses	80,000	68,752	68,752	11,248
Total expenditures	80,000	68,752	68,752	11,248
Revenues over (under) expenditures	(80,000)	(68,752)	(68,752)	11,248
Other Financing Sources (Uses)				
Transfers in (out)				
General Fund	80,000	68,752	68,752	11,248
Net change in fund balance	$ -	-	$ -	$ -
Fund balance				
Beginning of year - July 1		-		
End of year - June 30		$ -		

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-13**
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Proprietary Fund – Electric

Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Operating revenues			
Electric charges	$ 11,420,000	$ 11,374,852	
Service charges	234,800	269,367	
Other operating revenues	149,637	207,349	
Total operating revenues	11,804,437	11,851,568	47,131
Nonoperating revenues			
Interest earnings	102,000	139,054	
Total revenues	$ 11,906,437	$ 11,990,622	$ 84,185
Expenditures			
Electrical operations			
Salaries and employee benefits	$ 1,002,570	$ 954,227	
Operating expenditures	484,617	544,516	
Maintenance and repairs	437,517	263,712	
Electrical power purchases	7,970,931	8,083,031	
Contracted services	31,287	37,741	
Total	9,926,922	9,883,227	43,695
Consumer billing and collection			
Salaries and employee benefits	259,049	251,482	
Operating expenditures	35,760	39,062	
Contracted services	196,358	189,580	
Total	491,167	480,124	11,043
Debt service			
Principal payments	270,089	270,089	
Interest and fees	53,855	53,685	
Total	323,944	323,774	170
Capital outlay	533,250	521,932	11,318
Total expenditures	11,275,283	11,209,057	66,226
Revenues over (under) expenditures	631,154	781,565	150,411
Other financing sources (uses)			
Transfers (to) from other funds			
Transfers out	(631,154)	(631,154)	
Total	(631,154)	(631,154)	-
Revenues and other sources over (under) expenditures and other uses	$ -	$ 150,411	$ 150,411

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-13**
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Proprietary Fund – Electric (continued)

Year Ended June 30, 2019

Reconciliation of modified accrual basis to full accrual basis		
Total revenues and other financing sources	$	150,411
Reconciling items		
Depreciation		(541,348)
Bad debt provision		(10,656)
Principal payments		270,089
Increase in Deferred Outflows		97,143
Increase in Deferred Inflows		(16,770)
Increase in Net Pension Liability		(110,062)
Capital Outlay		521,932
Change in net position	$	360,739

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-14**

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

Proprietary Fund – Water and Sewer

Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Operating revenues			
Water sales	$ 1,212,000	$ 1,149,122	
Sewer charges	1,610,000	1,598,257	
Miscellaneous revenue	26,133	55,377	
Water and sewer taps	8,000	29,591	
Total operating revenues	2,856,133	2,832,347	(23,786)
Nonoperating revenues and other financing sources			
Interest earnings	21,000	19,412	
Total revenues	2,877,133	2,851,759	(25,374)
Operating expenditures			
General operations			
Salaries and employee benefits		525,904	
Operating expenditures		135,554	
Maintenance and repairs		108,859	
Contracted services		1,474,437	
Total operating expenditures	2,275,859	2,244,754	31,105
Debt service			
Principal payments	301,052	301,027	
Interest and fees	150,539	150,479	
Total	451,591	451,506	85
Capital outlay	111,350	105,639	5,711
Other financing sources (uses):			
Contribution to fund balance	38,333	-	(38,333)
Total expenditures and other financing uses	2,877,133	2,801,899	75,234
Revenues and other sources over (under) expenditures and other uses	$ -	$ 49,860	$ 49,860

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-14**
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Proprietary Fund – Water and Sewer (continued)

Year Ended June 30, 2019

Revenues and other sources over (under) expenditures and other uses	$ 49,860
Reconciling items	
Capital outlay	105,639
Depreciation	(433,975)
Bad Debt Provision	(33,176)
Principal payments	301,027
Increase in Deferred Outflows	51,073
Increase in Deferred Inflows	(23,198)
Increase in Net Pension Liability	(63,940)
Capital project expenditures	16,478
Change in net position	$ (30,212)

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-15**

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

Proprietary Fund - Stormwater

Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Operating revenues			
Stormwater Fees	$ 111,828	$ 111,253	
Miscellaneous revenue	10,566	10,567	
Total operating revenues	122,394	121,820	(574)
Total revenues	122,394	121,820	(574)
Operating expenditures			
General operations			
Salaries and employee benefits	98,501	97,956	
Operating expenditures	6,258	6,565	
Maintenance and repairs	50,981	50,882	
Contracted services	1,654	1,589	
Total operating expenditures	157,394	156,992	402
Other financing sources (uses):			
Transfers In	35,000	35,000	
Appropriated fund balance			
Total expenditures and other financing uses	122,394	121,992	402
Revenues and other sources over (under) expenditures and other uses	$ -	$ (172)	$ (172)
Revenues and other sources over (under) expenditures and other uses		$ (172)	
Reconciling items			
Bad debt provision		(5,528)	
Change in net position		$ (5,700)	

TOWN OF AYDEN, NORTH CAROLINA — Schedule A-16

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Water and Sewer Capital Projects Fund

From Inception and for the Year Ended June 30, 2019

	Project Authorization	Prior Years	Current Year	Closed Projects	Total To Date	Variance Positive (Negative)
Expenditures						
Construction	$ 2,741,562	$ 368,298	$ 1,479,991	$ 1,031,771	$ 1,848,289	$ 893,273
Engineering	541,800	130,835	289,660	420,495	420,495	121,305
Contingency	156,238	31,000	20,154	51,154	51,154	105,084
Total expenditures	3,439,600	530,133	1,789,805	1,503,420	2,319,938	1,119,662
Revenues over (under) expenditures	(3,439,600)	(530,133)	(1,789,805)	(1,503,420)	(2,319,938)	(1,119,662)
Other Financing Sources (Uses)						
Loan proceeds	2,466,000	514,597	1,768,837	-	2,283,434	(182,566)
Grant proceeds	784,000	-	-	-	-	-
Town contribution	189,600	-	36,504	-	36,504	153,096
Total other financing sources	3,439,600	514,597	1,805,341	-	2,319,938	(29,470)
Revenues and other financing sources over (under) expenditures	$ -	$ (15,536)	$ 15,536	$ (1,503,420)	$ -	$ -

TOWN OF AYDEN, NORTH CAROLINA — Schedule A-17

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Electric Capital Projects Fund

From Inception and For the Year Ended June 30, 2019

	Project Authorization	Prior Years	Current Year	Closed Projects	Total To Date	Variance Positive (Negative)
Expenditures						
Construction	$ 651,471	$ -	$ 651,471	$ 651,471	$ 651,471	$ -
Total expenditures	651,471	-	651,471	651,471	651,471	-
Revenues over (under) expenditures	(651,471)	-	(651,471)	(651,471)	(651,471)	-
Other Financing Sources (Uses)						
Loan proceeds	651,471	-	651,649	-	651,649	178
Grant proceeds				-	-	-
Town contribution	-	-	-	-	-	-
Total other financing sources	651,471		651,649	-	651,649	178
Revenues and other financing sources over (under) expenditures	$ -	$	$ 178	$ (651,471)	178	$ 178

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-18**

Schedule of Ad Valorem Taxes Receivable

June 30, 2019

Fiscal Year	Uncollected Balance June 30, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2018-2019	$ -	$ 1,281,447	$ 1,266,213	$ 15,234
2017-2018	26,290	-	13,205	13,085
2016-2017	10,215	-	4,676	5,539
2015-2016	28,269	-	2,530	25,739
2014-2015	25,624	-	2,777	22,847
2013-2014	11,102	-	1,226	9,876
2012-2013	15,815	-	1,774	14,041
2011-2012	8,015	-	912	7,103
2010-2011	5,903	-	658	5,245
2009-2010	6,764	-	791	5,973
2008-2009	4,779	-	545	4,234
	$ 142,776	$ -	$ 1,295,307	128,917
	Less: allowance for uncollectible accounts			
	General fund			(43,936)
	Ad valorem taxes receivable - net			$ 84,980

Ad valorem taxes - General Fund	$ 1,307,139
Reconciling Items	
Penalties and interest	(7,810)
Adjustments	13,859
Municipal Vehicle Fee	(17,881)
Subtotal	(11,832)
Total Collections and Credits	$ 1,295,307

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-19**

Analysis of Current Tax Levy

Town-Wide Levy

June 30, 2019

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	$ 237,309,313	0.54	$ 1,281,470	$ 1,115,368	$ 166,102
Penalties	-		-	-	-
Total	237,309,313		1,281,470	1,115,368	158,916
Discoveries:					
Current year taxes	462,778	0.54	2,499	2,499	-
Penalties	-		-	-	-
Total	462,778		2,499	2,499	-
Abatements	(467,037)		(2,522)	(2,522)	-
Total property valuation	$ 237,305,054				
Net Levy			1,281,447	1,115,345	158,916
Uncollected taxes as of June 30, 2019			15,234	14,406	828
Current year's taxes collected			$ 1,266,213	$ 1,100,939	$ 158,088
Current levy collection percentage			98.81%	98.71%	99.48%
Prior year collection percentage			97.92%	97.67%	99.70%

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STATISTICAL SECTION

TOWN OF AYDEN, NORTH CAROLINA **Table 1**

Net Position by Component

Last Ten Fiscal Years
(unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
Net investment in capital assets	$ 3,108,602	$ 3,765,711	$ 3,809,354	$ 4,174,459	$ 4,743,747	$ 4,483,995	$ 4,588,597	$ 4,451,727	$ 4,274,148	$ 4,413,435
Restricted for stabilization	-	645,041	588,086	499,582	636,185	531,177	634,346	886,344	823,371	994,002
Restricted	43,192	82,979	53,037	200,059	169,099	379,435	482,463	333,835	372,402	572,436
Unrestricted	2,193,970	1,118,802	1,641,106	1,569,802	1,646,514	1,304,202	501,901	358,423	241,581	(395,223)
Total governmental activities net position	5,345,764	5,612,533	6,091,583	6,443,902	7,195,545	6,698,809	6,207,307	6,030,329	5,711,502	5,584,650
Business-type activities:										
Net investment in capital assets	14,179,025	13,811,977	13,201,172	8,573,742	8,539,499	9,892,721	10,050,359	8,486,229	8,566,881	8,836,727
Restricted									293,700	293,700
Unrestricted	8,942,044	9,229,443	9,128,592	7,615,207	7,159,925	5,944,121	5,655,917	7,380,250	7,507,183	7,651,673
Total business-type activities net position	23,121,069	23,041,420	22,329,764	16,188,949	15,699,424	15,836,842	15,706,276	15,866,479	16,367,764	16,782,100
Primary government:										
Net investment in capital assets	17,287,627	17,577,688	17,010,526	12,748,201	13,283,246	14,376,676	14,638,956	12,937,956	12,841,029	13,250,162
Restricted for stabilization	-	645,041	588,086	499,582	636,185	531,177	634,346	886,344	823,371	994,002
Restricted	43,192	82,979	53,037	200,059	169,099	379,435	482,463	333,835	666,102	866,136
Unrestricted	11,136,014	10,348,245	10,769,698	9,185,009	8,806,439	7,248,323	6,157,818	7,738,673	7,748,764	7,256,450
Total primary government net position	$ 28,466,833	$ 28,653,953	$ 28,421,347	$ 22,632,851	$ 22,894,969	$ 22,535,611	$ 21,913,583	$ 21,896,808	$ 22,079,266	$ 22,366,750

* FYE 2010,2011 & 2012 include the assets of the Ayden Housing Authority.

TOWN OF AYDEN, NORTH CAROLINA **Table 2**

Changes in Net Position

Last Ten Fiscal Years
(unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities										
General government	$ 717,193	$ 804,013	$ 666,360	$ 743,600	$ 726,966	$ 661,639	$ 1,235,644	$ 823,723	$ 923,565	$ 787,462
Public safety	1,581,125	1,641,574	1,376,675	1,565,843	1,630,617	1,627,515	1,595,026	1,788,273	1,829,536	2,125,164
Transportation	577,273	572,786	522,395	661,647	591,579	669,403	700,389	788,981	771,898	585,502
Environmental Protection	218,476	215,400	189,537	198,438	220,042	235,489	218,076	295,492	305,365	365,550
Econ and Physical Development	623,233	351,730	539,699	202,990	207,294	472,657	447,007	473,052	1,220,725	1,449,789
Cultural and Recreational	328,809	389,589	373,905	421,874	599,715	501,867	494,183	894,560	595,154	620,138
Interest on long-term debt	14,932	10,562	6,123	4,176	8,917	27,309	95,211	68,389	15,189	10,843
Total governmental activities expenses	4,061,041	3,985,654	3,674,694	3,798,568	3,985,130	4,195,879	4,785,536	5,132,470	5,661,432	5,944,448
Business-type activities:										
Electric	12,054,697	12,401,694	12,788,639	12,675,340	13,048,383	12,025,369	10,261,525	10,968,831	10,661,688	10,998,554
Water and Sewer	2,264,929	2,347,075	2,394,413	2,409,206	2,630,572	2,709,417	2,930,107	2,933,911	3,021,229	4,650,807
Stormwater	-	-	-	-	-	-	-	-	-	162,520
Total business-type activities expenses	14,319,626	14,748,769	15,183,052	15,084,546	15,678,955	14,734,786	13,191,632	13,902,742	13,682,917	15,811,881
Total primary government expenses	$ 18,380,667	$ 18,734,423	$ 18,857,746	$ 18,883,114	$ 19,664,085	$ 18,930,665	$ 17,977,168	$ 19,035,212	$ 19,344,349	$ 21,756,329
Program Revenues										
Governmental activities										
Charges for services:										
Refuse collection	$ 293,987	$ 292,668	$ 293,725	$ 298,668	$ 300,794	$ 287,604	$ 306,944	$ 362,143	$ 311,349	$ 313,870
Culture and recreation	6,937	9,533	14,066	25,438	41,709	60,003	69,347	84,498	91,405	79,044
Other activities	202,795	277,519	244,428	342,393	327,277	321,026	375,167	478,034	421,253	228,733
Operating grants and contributions	903,974	472,246	508,673	270,092	839,769	55,148	66,571	349,273	518,227	548,804
Capital grants and contributions	-	362,721	164,806	252,637	209,472	419,311	372,469	390,845	688,060	841,300
Total gvtmental activities program revenues	1,407,693	1,414,687	1,225,698	1,189,228	1,719,021	1,143,092	1,190,498	1,664,793	2,030,294	2,011,751
Business-type activities:										
Charges for services:										
Electric	11,894,652	12,712,314	12,144,594	12,612,648	13,136,959	13,031,644	10,974,130	11,413,703	11,814,889	11,851,392
Water and Sewer	2,063,820	2,189,864	2,212,658	2,313,533	2,359,362	2,451,240	2,511,347	2,819,500	2,930,153	2,832,347
Stormwater	-	-	-	-	-	-	-	-	-	121,820
Capital grants and contributions	736,922	304,898	829,867	77,976	92,097	-	-	-	-	1,768,837
Total business-type activities program revenue	14,695,394	15,207,076	15,187,119	15,004,157	15,588,418	15,482,884	13,485,477	14,233,203	14,745,042	16,574,396
Total primary government program revenues	$ 16,103,087	$ 16,621,763	$ 16,412,817	$ 16,193,385	$ 17,307,439	$ 16,625,976	$ 14,675,975	$ 15,897,996	$ 16,775,336	$ 18,586,147

TOWN OF AYDEN, NORTH CAROLINA **Table 2**

Changes in Net Position (continued)

Last Ten Fiscal Years

(unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 1,087,803	$ 1,091,098	$ 1,119,855	$ 1,190,108	$ 1,265,139	$ 1,247,917	$ 1,259,559	$ 1,298,611	$ 1,226,773	$ 1,307,139
Sales taxes	798,442	822,208	860,151	859,168	844,197	981,370	899,890	1,047,280	1,086,698	1,143,664
Franchise taxes	410,173	420,888	411,409	423,210	418,296	393,042	505,295	520,104	514,568	527,327
Investment earnings	32,650	22,598	15,719	12,113	8,649	7,195	14,312	5,595	24,199	49,764
Miscellaneous	47,876	67,093	62,373	59,295	60,807	53,789	-	204,785	168,849	181,796
Transfers	307,997	413,850	458,540	417,765	420,664	424,520	424,520	599,520	529,015	596,154
Total governmental activities	2,684,941	2,837,735	2,928,047	2,961,659	3,017,752	3,107,833	3,103,576	3,675,895	3,550,102	3,805,844
Business-type activities:										
Investment earnings	6,174	4,867	3,631	848	176	102	109	25,910	89,507	158,466
Miscellaneous	-	-	-	-	21,500	-	-	-	-	-
Transfers	(307,997)	(413,850)	(458,540)	(417,765)	(420,664)	(424,520)	(424,520)	(599,520)	(529,015)	(596,154)
Total business-type activities	(301,823)	(408,983)	(454,909)	(416,917)	(398,988)	(424,418)	(424,411)	(573,610)	(439,508)	(437,688)
Total primary government	$ 2,383,118	$ 2,428,752	$ 2,473,138	$ 2,544,742	$ 2,618,764	$ 2,683,415	$ 2,679,165	$ 3,102,285	$ 3,110,594	$ 3,368,156
Changes in Net Assets:										
Governmental activities	$ 31,593	$ 266,769	$ 479,050	$ 352,319	$ 751,643	$ 55,046	$ (491,462)	$ 208,219	$ (81,036)	$ (126,853)
Business-type activities	7,699	(79,649)	(711,656)	(497,306)	(489,525)	323,680	(130,566)	(243,149)	622,617	324,827
Prior period adjustments	-	-	-	-	-	-	-	18,155	(359,122)	89,509
Total primary gov't change in net position	$ 39,292	$ 187,120	$ (232,606)	$ (144,987)	$ 262,118	$ 378,726	$ (622,028)	$ (16,775)	$ 182,459	$ 287,483

TOWN OF AYDEN, NORTH CAROLINA **Table 3**

Fund Balances of Governmental Funds

Last Ten Fiscal Years
(unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ 264,866	$ -	$ 27,533	$ 38,744	$ 138,538
Restricted for Stabilization	-	506,278	588,086	473,014	472,266	531,177	634,346	886,344	823,371	994,002
Restricted	-	43,837	53,037	57,218	83,477	237,540	391,455	293,434	377,085	534,100
Committed	-	5,684	4,567	52,112	65,582	48,279	47,704	-	-	-
Assigned	-	-	-	-	-	59,351	70,121	102,822	224,950	240,082
Unassigned	-	1,293,193	1,615,205	1,631,837	1,400,923	1,352,380	773,658	1,086,369	1,164,649	475,910
Reserved	479,137	-	-	-	-	-	-	-	-	-
Unreserved	1,723,855	-	-	-	-	-	-	-	-	-
Total general fund	$ 2,202,992	$ 1,848,992	$ 2,260,895	$ 2,214,181	$ 2,022,248	$ 2,493,593	$ 1,917,284	$ 2,396,502	$ 2,628,799	$ 2,382,632
All Other Governmental Funds										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted for Stabilization	-	-	-	26,568	163,625	-	-	-	-	-
Restricted	-	138,763	124,477	142,841	85,622	141,895	91,008	40,401	(4,683)	38,336
Committed	-	39,142	1,039	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	(84,182)	-	(26,568)	(158,900)	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	21,498	-	-	-	-	-	-	-	-	-
Permanent funds	38,155	-	-	-	-	-	-	-	-	-
Total all other government funds	$ 59,653	$ 93,723	$ 125,516	$ 142,841	$ 90,347	$ 141,895	$ 91,008	$ 40,401	$ (4,683)	$ 38,336

TOWN OF AYDEN, NORTH CAROLINA **Table 4**

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years
(unaudited)

Fiscal Year Ending	Real Property Residential and Commercial Property	Personal Property Motor Vehicle and Other Personal Property	Total Taxable Assessed Value	(1) Total Direct Tax Rate	Estimated Actual Taxable/ Market Value	(2) Assessed Value as a Percentage of Market Value
2010	190,867,494	26,683,600	217,551,094	0.50	n/a	n/a
2011	190,603,756	25,766,000	216,369,756	0.50	n/a	n/a
2012	195,593,162	27,921,400	223,514,562	0.50	n/a	n/a
2013	192,572,117	28,103,889	220,676,006	0.54	n/a	n/a
2014	197,685,555	36,490,926	234,176,481	0.54	n/a	98.50%
2015	200,998,070	29,499,074	230,497,144	0.54	n/a	98.61%
2016	201,997,068	27,118,889	229,115,957	0.54	229,115,957	100.00%
2017	202,776,666	29,428,889	232,205,555	0.54	232,205,555	100.00%
2018	205,197,258	28,863,230	234,060,487	0.54	234,060,487	100.00%
2019	206,545,356	30,759,698	237,305,054	0.54	237,305,054	100.00%

(1) Per $100 Value
(2) Source: Pitt County Tax Assessor's Office

TOWN OF AYDEN, NORTH CAROLINA **Table 5**

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years
(unaudited)

Fiscal Year Ending	Town Direct Rates		Overlapping Rates		
	Basic Rate	Total Direct	Rescue District	Fire District	County
2010	$ 0.50	$ 0.50	$ 0.0440	$ 0.0300	$ 0.6650
2011	0.50	0.50	0.0440	0.0425	0.6650
2012	0.50	0.50	0.0460	0.0475	0.6650
2013	0.54	0.54	0.0460	0.0475	0.6800
2014	0.54	0.54	0.0460	0.0475	0.6800
2015	0.54	0.54	0.0460	0.0475	0.6800
2016	0.54	0.54	0.0460	0.0599	0.6800
2017	0.54	0.54	0.0460	0.0599	0.6860
2018	0.54	0.54	0.0460	0.0724	0.0696
2019	0.54	0.54	0.0460	0.0799	0.0696

Note: Tax rates are based on $100 per assessed valuation for Town of Ayden and all overlapping governments.

Source: Pitt County Tax Assessor

TOWN OF AYDEN, NORTH CAROLINA **Table 6**

Principal Taxpayers

Last Ten Fiscal Years
(unaudited)

	2019			2010		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
ROSEMYR CORPORATION, THE	$ 5,148,891	1	2.17%	$ -		
ARBORS PARK LL	3,305,952	2	1.39%			
HILLCO LTD	2,357,644	3	0.99%	2,009,821	2	0.92%
ROBINSON, RUDOLPH/RUDY P	1,835,525	4	0.77%			
AYDEN GOLF AND COUNTRY CLUB	1,714,393	5	0.72%			
GREENBRIAR APARTMENTS	1,635,839	6	0.69%			
LENOIR COMMUNITY COLLEGE FOUND	1,634,896	7	0.69%			
EASTERN AREA MANAGEMENT	1,506,189	8	0.63%			
MINNESOT LANDING LLC	1,410,641	9	0.59%			
GOLDSBORO MILLING CO INC	1,375,620	10	0.58%			
FAIRMONT VILLAGE APARTMENTS				1,216,970	7	0.56%
AYDEN ASSOCIATES				2,942,444	1	1.35%
GREENBRIAR APARTMENTS				1,604,955	3	0.73%
JOYCE HARRIS				1,394,249	4	0.64%
AYDEN PLAZA, LLC				1,374,962	5	0.63%
CAROLINA DH IX, LLC				1,294,692	6	0.59%
JUSTIN POPE, LLC				1,167,830	8	0.53%
BRIARCLIFF MANOR APTS				993,594	9	0.45%
DM PROPERTIES OF PIIT COUNTY				931,777	10	0.43%
Totals	$ 21,925,590		9.24%	$ 14,931,294		6.83%

Source: Pitt County Tax Office

TOWN OF AYDEN, NORTH CAROLINA **Table 7**

Property Tax Levies and Collections

Last Ten Fiscal Years

(unaudited)

Fiscal Year Ending 30-Jun	Total Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	of Levy		Amount	Percentage of Levy
2010	$ 1,093,333	$ 1,047,361	96.12%	$ 42,642	$ 1,090,003	99.70%
2011	1,087,394	1,037,439	95.80%	44,430	1,081,869	99.49%
2012	1,123,507	1,069,742	95.41%	43,685	1,113,427	99.10%
2013	1,197,941	1,116,143	95.21%	37,444	1,153,587	96.30%
2014	1,271,512	1,211,509	93.17%	60,688	1,272,197	100.05%
2015	1,245,006	1,141,635	95.28%	50,844	1,192,479	95.78%
2016	1,214,741	1,178,388	91.70%	19,204	1,197,592	98.59%
2017	1,259,310	1,242,225	98.64%	6,869	1,249,094	99.19%
2018	1,263,927	1,237,936	97.94%	13,205	1,251,141	98.99%
2019	1,281,447	1,266,213	98.81%	-	1,266,213	98.81%

TOWN OF AYDEN, NORTH CAROLINA **Table 8**

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years
(unaudited)

Fiscal Year Ending	General Obligation Bonds	Installment Purchases	Revenue Bonds	Installment Purchases	Notes Payable	Total Primary Government	Per Capita
2010	$ -	$ 238,019	$ 2,937,000	$ -	$ 2,352,623	$ 5,527,642	$ 1,104
2011	-	129,453	2,906,000	-	2,221,922	5,257,375	1,047
2012	-	88,280	2,873,000	-	2,091,221	5,052,501	1,004
2013	-	455,160	2,839,000	-	1,960,520	5,254,680	1,041
2014	-	422,466	2,803,000	-	1,829,819	5,055,285	999
2015	-	317,058	2,766,000	-	1,699,118	4,782,176	946
2016	-	644,819	2,727,000	316,975	1,568,415	5,257,209	1,013
2017	-	632,312	2,686,000	1,941,352	1,437,714	6,697,378	1,290
2018	-	626,094	2,644,000	1,678,344	2,061,610	7,010,048	1,363
2019	-	1,055,274	2,600,000	2,059,905	3,574,413	9,289,592	1,806

TOWN OF AYDEN, NORTH CAROLINA **Table 9**

Direct and Overlapping Activities Debt

Last Ten Fiscal Years
(unaudited)

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct General Obligation Debt			
Town of Ayden, NC			
Installment Purchase Debt	$ -	100%	$ -
Subtotal, direct debt	-		-
Overlapping General Obligation Debt	-		-
Total Direct and Overlapping Debt	$ -		$ -

TOWN OF AYDEN, NORTH CAROLINA **Table 10**

Legal Debt Margin Information

Last Ten Fiscal Years
(unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	$ 17,404,088	$ 17,309,580	$ 17,881,165	$ 17,654,080	$ 18,734,118	$ 18,439,772	$ 18,329,277	$ 18,576,444	$ 18,724,839	$ 18,984,404
Total net debt applicable to limit	5,527,642	5,386,828	5,052,501	5,254,680	5,055,285	4,782,176	4,940,234	6,697,378	-	-
Legal debt margin	$ 11,876,446	$ 11,922,752	$ 12,828,664	$ 12,399,400	$ 13,678,833	$ 13,657,596	$ 13,389,043	$ 11,879,066	$ 18,724,839	$ 18,984,404
Total net debt applicable to the limit as a percentage of debt limit	31.76%	31.12%	28.26%	29.76%	26.98%	25.93%	26.95%	36.05%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year Ending 2019

Assessed value	$ 237,305,054
Debt limit (8% of assessed value)	18,984,404
Debt applicable to limit:	
General obligation bonds	-
Legal debt margin	$ 18,984,404

Note: Under state finance law, the Name of Government's outstanding general obligation debt should not exceed 8 percent of total assessed property value.
By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

TOWN OF AYDEN, NORTH CAROLINA **Table 11**

Pledged-Revenue Coverage

Last Ten Fiscal Years
(unaudited)

	Water Revenue Bonds					
Fiscal Year Ending	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2010	$ 2,051,727	$ 1,584,986	$ 466,741	$ -	$ 128,494	363%
2011	2,178,059	1,693,895	484,164	31,000	128,494	304%
2012	2,211,108	1,810,078	401,030	33,000	127,138	250%
2013	2,313,533	1,828,086	485,447	34,000	125,684	304%
2014	2,359,362	2,048,888	310,474	36,000	124,206	194%
2015	2,476,405	2,116,348	360,057	36,000	123,631	226%
2016	2,511,347	2,379,382	131,965	39,000	121,013	82%
2017	2,819,500	2,465,037	354,463	41,000	119,306	221%
2018	2,946,457	2,410,752	535,705	42,000	117,513	336%
2019	2,851,759	2,305,600	546,159	44,000	115,675	342%

Note: Debt Service is represented by current portion of Revenue Bond Debt

TOWN OF AYDEN, NORTH CAROLINA **Table 12**

Demographic and Economic Statistics

Last Ten Fiscal Years
(unaudited)

Year	Population	Per Capita Personal Income (1)	County Public School Enrollment (2)	County Unemployment Rate (3)	Median Age
2010	4,943	$ 17,797	23,267	9.8%	42.4
2011	5,008	17,797	23,235	7.8%	39.3
2012	5,022	17,797	23,386	10.6%	40.0
2013	5,032	17,797	23,495	9.6%	36.6
2014	5,048	17,018	23,500	6.9%	37.5
2015	5,059	18,880	23,511	6.9%	38.1
2016	5,053	18,558	23,056	5.9%	36.8
2017	5,191	19,137	23,310	4.9%	(4)
2018	5,143	19,137	23,301	4.5%	(4)
2019	5,143	19,393	23,487	5.2%	(4)

1 Provided by the US Census Bureau Quick Facts
2 Provided by the Pitt County Board of Education
3 NC Employment Security Commission. Annual Average for prior calendar years for Pitt County
4 Information unavailable for this period

TOWN OF AYDEN, NORTH CAROLINA **Table 13**

Principal Employers

Current Year and Nine Years Ago

(unaudited)

	2019			2010		
Employer	FT Employees	Rank	Percentage of Total city Employment	FT Employees	Rank	Percentage of Total city Employment
Weyerhaeuser	178	1	n/a	200	1	n/a
Minges Bottling Group	150	2	n/a	160	2	n/a
Carolina Catfish	125	3	n/a	128	3	n/a
Town of Ayden	69	4	n/a	70	5	n/a
Ayden Court	61	5	n/a	92	4	n/a
RSB Tobacco	46	6	n/a			
CMI Plastics	32	7	n/a	30	7	n/a
Growers Gin	30	8	n/a	35	6	
Harvest Time Foods	25	9	n/a	27	8	n/a
Russ Pest Control	13	10	n/a	17	9	

TOWN OF AYDEN, NORTH CAROLINA **Table 14**

Full-time Equivalent City Government Employees by Function/ Program

Last Ten Fiscal Years
(unaudited)

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
Administration	3	2	2	2	2	2	2	2	2	2
Finance	3	3	3	3	3	3	3	3	3	3
Tax Collector	1	1	1	1	1	1	1	-	-	-
Garage	1	1	1	1	1	1	1	1	2	2
Buildings	2	2	2	2	2	2	2	2	2	2
Public Safety										
Sworn Officers	18	16	17	18	18	18	18	18	18	19
Civilians	4	4	4	3	4	4	4	4	4	4
Transportation/Street	8	8	7	7	8	8	8	7	8	9
Sanitation	3	2	3	3	3	3	3	3	3	3
Economic & Physical Dev.	3	3	3	3	3	3	3	3	3	3
Cultural and Recreation	4	4	4	4	4	4	4	4	4	5
Electric Operation	11	11	11	12	12	12	12	12	9	11
Billing and Collections	3	3	2	2	2	2	3	3	3	3
Water and Sewer Operations	6	6	6	6	6	6	6	4	6	6
Total	70	66	66	67	69	69	70	66	67	72

Source: Town Finance Department as of 6/30/19

TOWN OF AYDEN, NORTH CAROLINA **Table 15**

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years
(unaudited)

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	12	12	12	12	12	12	11	11	11	15
Fire Stations	1	1	1	1	1	1	1	1	2	2
Refuse collection										
Collection trucks	2	2	2	3	3	3	3	3	3	4
Other public works										
Streets (miles)	30	30	30	31	31	31	31	31	31	31
Highways (miles)	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Streetlights	590	595	601	611	613	625	625	634	634	634
Traffic signals	5	5	5	5	5	5	5	5	5	5
Parks and recreation										
Acreage	9	9	9	9	61	61	61	61	61	61
Playgrounds	2	2	2	2	3	3	3	3	3	3
Baseball/softball diamond:	1	1	1	1	1	1	1	1	1	1
Soccer/football fields	1	1	1	1	3	3	3	2	2	2
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	60	60	60	60	60	60	60	60	60	61
Fire hydrants	237	241	248	251	252	252	252	252	252	252
Wastewater										
Sanitary sewers (miles)	40	40	40	40	40	40	40	40	40	44
Treatment capacity (thou:	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650

Sources: Town departments

TOWN OF AYDEN, NORTH CAROLINA **Table 16**

Operating Indicators by Function/Program

Last Ten Fiscal Years
(unaudited)

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Zoning Compliance Issued	91	81	99	90	88	83	84	85	72	84
Cemetery Lots/Plots Sold	30	18	21	21	26	24	25	21	19	17
Police										
Traffic Citations	2,215	1,536	1,058	1,072	1,158	738	312	575	1,026	1,356
Physical Arrests	603	546	453	511	472	285	-	364	385	179
Fire stations										
Emergency Responses (town)	145	165	244	141	208	170	153	206	164	174
Emergency Responses (Rural)	120	142	130	118	144	127	115	154	134	120
Refuse collection										
Refuse Collected (tons)	1,337	1,448	1,421	1,819	1,799	2,242	2,212	2,315	2,269	2,300
Recycling Collected (tons)	105.0	109.0	1,047.0	149.0	136.0	140.0	124.0	128.0	110.0	115.0
Tires/White Goods (Tons)	6	4	4	4	4	5	4	-	-	-
Other public works										
Streets Resurfaced (linear ft.)	2,460	3,350	4,070	2,875	2,770	-	-	-	325	-
Graves Opened/Closed	39	32	32	38	40	55	56	53	48	18
Parks and recreation										
Program Participants	267	287	304	360	402	1,156	1,784	1,901	2,023	1,841
Facility Rentals	58	84	88	95	108	108	144	160	224	131
Library										
Total Visitors	10,622	9,667	9,209	9,950	9,978	8,913	9,420	10,230	9,437	9,771
New Library Patrons	387	280	267	279	242	279	384	253	280	339
Book Checkouts	6,681	5,980	5,881	5,922	6,003	5,514	6,010	5,046	5,540	5,875
Internet Patrons	3,382	2,928	3,257	4,677	4,921	4,652	5,652	4,927	4,347	3,633
Billing and Collections										
New Account Connections	705	630	708	663	642	647	681	689	688	758
Electric Operations										
New Underground/Overhead Servic	35	29	21	23	19	22	19	32	43	70
Water/Sewer Operations										
Water Taps/ Impact fees	19	16	9	18	12	12	12	5	5	26
Sewer Taps/Impact Fees	14	12	2	7	4	15	5	19	19	16

Sources: Town departments

SINGLE AUDIT AND COMPLIANCE SECTION

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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor 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*

To the Honorable Mayor
Members of the Board of Commissioners
Town of Ayden, 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 financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Ayden, North Carolina (the "Town"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated January 13, 2020. Our report includes a reference to other auditors, who audited the financial statements of the Ayden Housing Authority (the "Authority"), which represents 100 percent of assets, net position, and revenue of the aggregate discretely-held component units, as described in our report on the Town's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the Town'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'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 Town's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Raleigh, North Carolina
January 13, 2020

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor on Compliance with Requirements Applicable for Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Ayden, North Carolina's (the "Town") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2019. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Our audit, described below, did not include the operations of the Ayden Housing Authority (the "Authority"), which represents 100 percent of assets, net position, and revenue of the aggregate discretely-held component units. Our audit, described below, did not include the operations of the component unit since it was audited by other auditors.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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

Cherry Bekaert LLP

Raleigh, North Carolina
January 13, 2020

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor on Compliance with Requirements Applicable for Each Major State Program and on Internal Control over Compliance in Accordance with the Uniform Guidance and the State Single Audit Implementation Act

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

Report on Compliance for Each Major State Program

We have audited the Town of Ayden, North Carolina's (the "Town") compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina,* issued by the Local Government Commission that could have a direct and material effect on the Town's major state program for the year ended June 30, 2019. The Town's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Our audit, described below, did not include the operations of the Ayden Housing Authority (the "Authority"), which represents 100 percent of assets, net position, and revenue of the aggregate discretely-held component units. Our audit, described below, did not include the operations of the component unit since it was audited by other auditors.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state program.

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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

Cherry Bekaert LLP

Raleigh, North Carolina
January 13, 2020

TOWN OF AYDEN, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2019

Section I—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes ___X___ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes ___X___ none reported
- Noncompliance material to financial statements noted? _____ yes ___X___ no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes ___X___ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes ___X___ no
- Noncompliance material to federal awards noted? _____ yes ___X___ no

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes ___X___ no

Identification of major federal programs:

CFDA Numbers	Names of Federal Program or Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? ___X___ yes _____ no

Section I—Summary of Auditor's Results (continued)

State Awards

Internal control over major state programs:

- Material weakness(es) identified? _____ yes ___X___ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes ___X___ no
- Noncompliance material to state awards noted? _____ yes ___X___ no

Type of auditor's report issued on compliance for major state programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act _____ yes ___X___ no

Identification of major state programs:

Program Name

Special Appropriations – Pitt/MLK Storm Sewer Mitigation
Special Appropriations – Westhaven Storm Drainage
Special Appropriations – MLK Jr. Storm Drain
Special Appropriations – Monclair Subdivisioin Storm Drainage

Section II—Findings Related to the Audit of the Basic Financial Statements

None reported.

Section III—Federal Award Findings and Questioned Costs

None reported.

Section IV—State Award Findings and Questioned Costs

None reported.

Section VI. Status of Prior Year Findings and Questioned Costs

None reported.

TOWN OF AYDEN, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2019

Grantor/Pass Through Grantor/Program Title	Project Code	Federal CFDA Number	State / Pass-through Grantor's Number	Federal (Direct and Pass Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures	Total Expenditures
FEDERAL FINANCIAL ASSISTANCE:								
U.S. Department of Housing and Urban Development								
Direct Programs -								
CDBG 16-E-2936			16-E-2936	$ 34,800	$ -	$ -	$ -	$ 34,800
CDBG 16-I-2912		14.228	16-I-2912	346,630	-	-	-	346,630
CDBG 15-I-2759		14.228	15-I-2759	311,387	-	-	2,425	313,812
CDBG 17-C-2983		14.228	17-C-2983	1,118	-	-	-	1,118
U.S. Environmental Protection Agency								
Sanitary Sewer Replacement - loan		SRF 66.458	CS370902-01	952,319	-	-	-	952,319
Sanitary Sewer Replacement loan/grant		SRF66.458	CS370902-02					
							-	
Total U.S. Department of Housing and Urban Development				**1,646,254**	**-**	**-**	**2,425**	**1,648,679**
Department of Emergency Management								
F.E.M.A - Hurricane Florence Disaster Relief	MATT		XXXX	-	-	-		-
Total Department of Emergency Management				**-**	**-**	**-**	**-**	**-**
Total Assistance - Federal Programs				**1,646,254**	**-**	**-**	**2,425**	**1,648,679**
STATE OF NORTH CAROLINA FINANCIAL ASSISTANCE								
State of North Carolina								
NC Department of Commerce								
Food Commercialization Center			2017-107-5301-1534	-	24,345	-	-	24,345
Special Appropriations - Pitt/MLK Storm Sewer Mitigation		COM-5	2017-124-3214-2593	-	34,398	-	497	34,895
Special Appropriations - Westhaven Storm Drainage		COM-5	2017-150-3214-2593	-	167,722	-	316	168,038
Total State of North Carolina					**226,465**	**-**	**813**	**227,278**
Department of Transportation								-
Division of Highways -								-
Powell Bill Funds		DOT-4	XXXX	-	147,467	-	-	147,467
Total Department of Transportation					**147,467**	**-**	**-**	**147,467**
Golden Leaf Foundation								-
Special Appropriations - MLK Jr Storm Drain		COM-5	FY2019-028	-	5,840	-	-	5,840
Special Appropriations - Monclair Subdivsion Storm Drainage		COM-5		-	152,987	-	26,508	179,495
Total Golden Leaf					**158,827**	**-**	**26,508**	**185,335**
Total Assistance - State Programs				**-**	**532,759**	**-**	**27,321**	**560,080**
Total Federal and State Assistance				**$ 1,646,254**	**$ 532,759**	**$ -**	**$ 29,746**	**$ 2,208,759**

TOWN OF AYDEN, NORTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2019

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards ("SEFSA") includes the federal and State grant activity of the Town of Ayden ("Town") under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this SEFSA is presented in accordance with the requirements of Title 2 US *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act*. Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the Town.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

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