

TOWN OF ST. JAMES, NORTH CAROLINA

AUDITED FINANCIAL STATEMENTS

June 30, 2018

Town Council

**Jean Toner, Mayor
David DeLong, Mayor Pro-Tem
Wayne Deutscher, Councilor
Don Lund, Councilor
Jeff Mount, Councilor**

Administrative and Financial Staff

**Gary L. Brown, Town Manager / Town Clerk
Barry Duncan, Finance Officer**

**TOWN OF ST. JAMES, NORTH CAROLINA
TABLE OF CONTENTS
June 30, 2018**

EXHIBIT

FINANCIAL SECTION

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements:

Statement of Net Position	1
Statement of Activities	2
Balance Sheet - Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	4
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	5
Notes to the Financial Statements	6

REQUIRED SUPPLEMENTAL FINANCIAL DATA

Proportionate Share of Net Pension Liability (Asset)	A-1
Town of St. James Contributions – Local Government Employee's Retirement System	A-2

SUPPLEMENTARY STATEMENTS:

General Fund	
Comparative Balance Sheet – Budgetary Basis	A-3
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	A-4

Capital Reserve Funds

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

Capital Reserve Fund - Municipal Facilities	A-5
Capital Reserve Fund – Fire Department Facilities and Equipment	A-6
Capital Reserve Fund – Municipal Buildings	A-7
Capital Reserve Fund - Street Lights	A-8
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Capital Reserve Funds	A-9

OTHER SCHEDULES

Schedule of Ad Valorem Taxes Receivable	B-1
Analysis of Current Tax Levy	B-2

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members
of the Town Council
St. James, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of St. James, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of St. James, North Carolina as of June 30, 2018, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

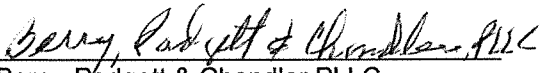
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Local Government Employee's Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions, on Exhibits A-1 and A-2, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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


Berry, Padgett & Chandler, PLLC
Berry, Padgett & Chandler PLLC

Southport, NC
November 5, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of St. James, we offer readers of the Town of St. James' financial statements this narrative overview and analysis of the financial activities of the Town of St. James for the fiscal year ended June 30, 2018. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Strong consistent growth in ad valorem revenues from the construction of 200 new homes each year, combined with the increases in shared revenues from the State have allowed the Town of St. James to continue to maintain a flat 5 cent tax rate.

Financial Highlights

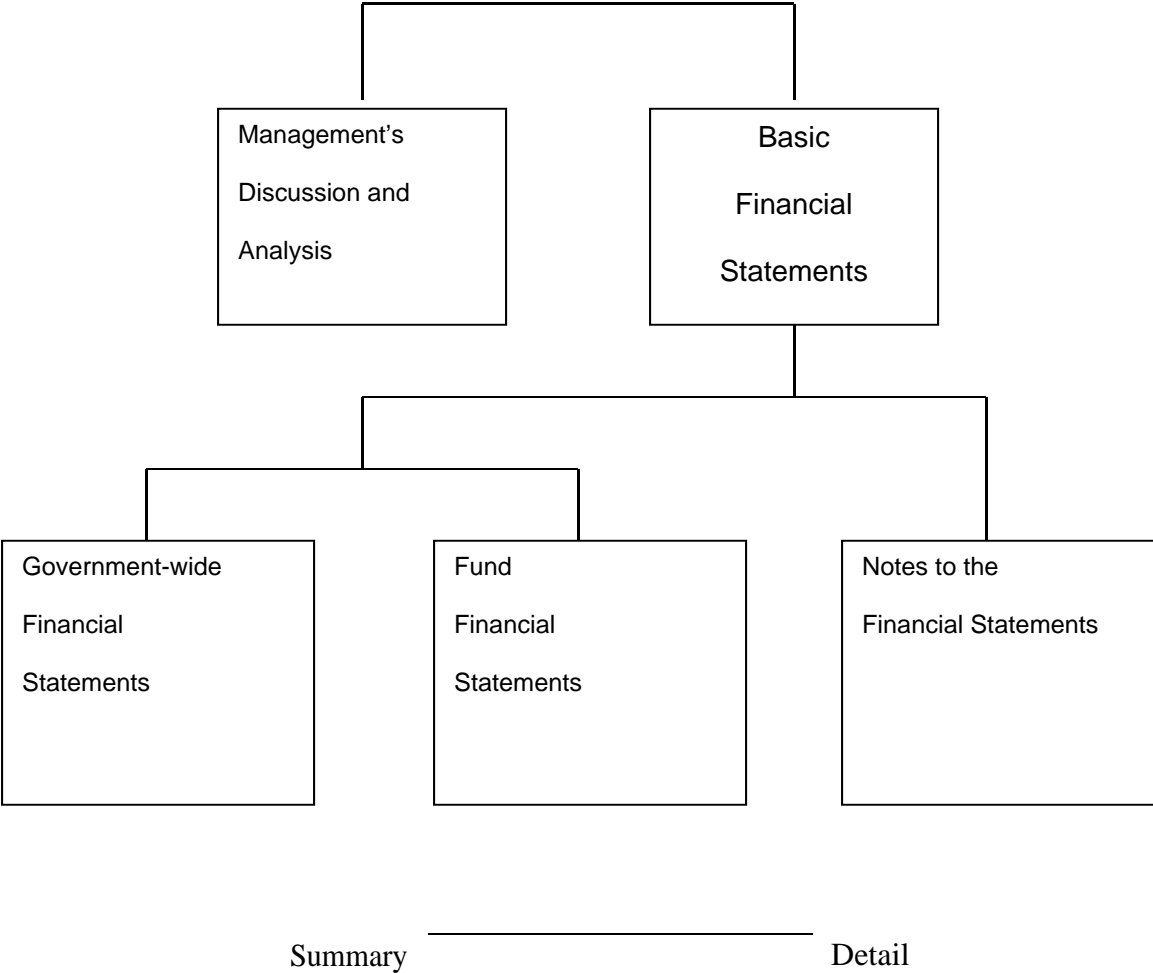
The assets and deferred outflows of the Town of St. James exceeded its liabilities and deferred inflows at the close of the fiscal year by \$6,577,835 (*net position*). The government's total net position increased by \$13,774. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,277,129, an increase of \$222,487. At June 30, 2018, the Town had \$121,971 committed to future capital outlays. \$600,000 dedicated to the St. James Fire Department for a new Fire Station and other smaller amounts for other projects.

Overview of the Financial Statements

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

Required Components of Annual Financial Reports

Figure 1



Basic Financial Statements

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

The next statements (Exhibit 3 through 5) are Fund Financial Statements. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements and 2) the budgetary comparison 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 Town's total assets and total liabilities. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are of the governmental activities. The governmental activities include the Town's basic services such as public safety, environmental protection and general administration. Property taxes and shared state revenue, federal grants, and financial revenue from investments support the activities.

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

Fund Financial Statements

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

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

The Town of St. James 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, by the Town Council. 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 Council; 2) the final budget as amended by the Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

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

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain supplementary information concerning the Town of St. James. The supplementary information can be found beginning with Exhibit A-1 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of St. James exceeded liabilities and deferred inflows by \$6,577,835 as of June 30, 2018. The Town's net position increased by \$13,774 for the fiscal year ended June 30, 2018. Of the net position, \$2,924,835 is unrestricted. The Town uses these revenues to provide services to citizens and for planning the future growth of the community.

Figure 2

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Current and other assets	3,356,653	3,402,817
Capital assets	6,166,892	6,387,415
Deferred outflows of revenue	<u>45,085</u>	<u>55,513</u>
Total assets and deferred outflows of resources	9,568,630	9,845,745
Long-term liabilities outstanding	2,888,356	3,168,192
Other liabilities	99,971	112,109
Deferred inflows of resources	<u>2,468</u>	<u>1,383</u>
Total liabilities and deferred inflows of resources	2,990,795	3,281,684
Net Position		
Investment in capital assets	3,327,395	3,275,046
Restricted	325,605	302,817
Unrestricted	<u>2,924,835</u>	<u>2,986,198</u>
Total Net Position	<u><u>6,577,835</u></u>	<u><u>6,564,061</u></u>

Of the Town's net position \$3,327,395 (51.%) reflects the Town's investment in capital assets (land, buildings, infrastructure, furniture and equipment) less any related debt still outstanding that was issued to acquire those items. 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.

As reflected by Exhibits A-3 through 5, a portion of the Town of St. James' fund balances \$121,971 (4%) represents resources that are subject to internal designation on how they may be used. \$1,419 for Municipal Facilities Capital Reserve, \$772 for Fire Facilities Capital Reserve, \$119,780 for the Municipal Building Capital Reserve Fund have been committed.

Several particular aspects of the Town's financial operations influenced the total unrestricted governmental Fund balances.

Retaining the tax rate of five cents per \$100 and the continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.79%.

Maintaining operating expenses comparable to prior years.

Town of St. James' Net Position

Figure 3

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Revenues		
Program revenues:		
Environmental protection	3,043	2,899
Other	93,868	98,203
General revenues		
Property taxes	814,905	773,921
Other taxes	1,620,311	1,528,082
Investment earnings	34,779	16,668
Special item - gain on sale of right of way	-	344,275
Total revenues	<u>2,566,906</u>	<u>2,764,048</u>
Expenses		
General government	1,170,410	1,108,021
Public safety	948,488	546,902
Transportation	20,897	4,990
Environmental protection	330,671	368,201
Interest on long-term debt	82,666	90,535
Total expenses	<u>2,553,132</u>	<u>2,118,649</u>
Increase in net position	13,774	645,399
Net position, beginning	<u>6,564,061</u>	<u>5,918,662</u>
Net position, June 30	<u><u>6,577,835</u></u>	<u><u>6,564,061</u></u>

Governmental Activities – Governmental activities did not change the net position by very much from the past year. Although the previous year had an unanticipated revenue for the sale of real property to NCDOT, overall the budgeted revenues for FY 18 saw growth of \$147,133. Similarly, the Town’s commitment to the Fire Department and exponential growth requiring street lighting also resulted in an increase in the expenditures.

Financial Analysis of the Town's Funds

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

Governmental Funds – The focus of the Town of St. James' governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the Town of St. James's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net

resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town of St. James. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,277,129 while total fund balance reached \$3,324,705. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 87.2 percent of total General Fund expenditures, while total fund balance represents 127.4 percent of that same amount.

At June 30, 2018, the governmental funds of Town of St. James reported a combined fund balance of \$3,324,705, a reduction of \$42,815 from last year.

Capital Asset and Debt Administration

Capital assets. The Town of St. James investment in capital assets for its governmental activities as of June 30, 2018, totals \$6,166,892 (net of accumulated depreciation). These assets include buildings, land, infrastructure, equipment, furniture and fixtures.

**Town of St. James' Net Position
 (net of depreciation)
 Figure 4**

	Governmental Activities	
	2018	2017
Land and other nondepreciable assets	494,653	494,653
Building	4,206,676	4,305,366
Infrastructure	1,223,993	1,266,419
Furniture and Fixtures	83,656	116,042
Equipment	157,914	204,935
Total	6,166,892	6,387,415

Additional information on the Town's capital assets can be found in note III, A, 3 of the Basic Financial Statements.

Long-term Debt: As of June 30, 2018, the Town of St. James had total long-term debt outstanding of \$2,839,497. This amount is a Promissory Note with BB&T secured by the Town Hall and Community Center. Installment payment in the amount of \$362,820 is due annually and includes interest at 2.89%.

Outstanding Debt
Figure 5

Town of St. James' Outstanding Debt

	Governmental Activities	
	2018	2017
Note payable	2,839,497	3,112,369
Net pension obligation (LGERS)	27,499	39,474
Compensated absences	21,360	16,349
Total	2,888,356	3,168,192

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of St. James is \$130,250,880.

Additional information regarding the Town of St. James long-term debt can be found in note III, B, 5 of this report.

General Fund Budgetary Highlights – Generally, budget amendments fall into one of three categories:

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.

Budget Highlights for the Fiscal Year Ending June 30, 2018

Governmental Activities: Property taxes have been retained at .05 cents per \$100 of valuation, sales tax revenues remain steady with consistent growth, and the Town made a commitment of \$1,000,000 to the St. James Fire Department for a new Fire Station.

Request for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Manager, Town of St. James, 4140A Southport-Supply Road, St. James, NC 28461.

BASIC FINANCIAL STATEMENTS

TOWN OF ST. JAMES, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2018

EXHIBIT 1

	Governmental Activities	Total
ASSETS		
Current assets		
Cash and Equivalents	257,933	257,933
Investments	2,645,091	2,645,091
Taxes Receivable (net)	4,764	4,764
Accounts Receivable (net)	14,607	14,607
Accrued Interest Receivable on Taxes	1,289	1,289
Due from Other Governmental Agencies	310,998	310,998
Restricted Investments	121,971	121,971
Total current assets	3,356,653	3,356,653
Non-current assets		
Capital assets		
Land and improvements	494,653	494,653
Other capital assets, net of depreciation	5,672,239	5,672,239
Total capital assets	6,166,892	6,166,892
Total non-current assets	6,166,892	6,166,892
Total assets	9,523,545	9,523,545
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	45,085	45,085
Total deferred outflows of resources	45,085	45,085
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	24,205	24,205
Accrued Interest Payable	75,766	75,766
Current portion of long-term liabilities	302,118	302,118
Total current liabilities	402,089	402,089
Long-term Liabilities		
Net pension liability	27,499	27,499
Due in more than one year	2,558,739	2,558,739
Total liabilities	2,988,327	2,988,327
DEFERRED INFLOWS OF RESOURCES		
Prepaid taxes	1,690	1,690
Pension deferrals	778	778
Total deferred inflow of resourcrs	2,468	2,468
NET POSITION		
Net investment in capital assets	3,327,395	3,327,395
Restricted for:		
Stabilization by State Statute	325,605	325,605
Unrestricted	2,924,835	2,924,835
Total net position	6,577,835	6,577,835

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

TOWN OF ST. JAMES, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

EXHIBIT 2

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>	
					<u>Governmental Activities</u>	<u>Total</u>
Primary government						
Governmental Activities						
General Government	1,170,410	86,818	-	-	(1,083,592)	(1,083,592)
Public Safety	948,488	7,050	-	-	(941,438)	(941,438)
Transportation	20,897				(20,897)	(20,897)
Environmental Protection	330,671	-	3,043	-	(327,628)	(327,628)
Interest on long-term debt	82,666	-	-	-	(82,666)	(82,666)
Total governmental activities:	2,553,132	93,868	3,043	-	(2,456,221)	(2,456,221)
General revenues:						
Taxes:						
Property taxes, levied for general purposes					814,905	814,905
Other taxes					1,620,311	1,620,311
Unrestricted investment earnings					34,779	34,779
Total general revenues					2,469,995	2,469,995
Change in net position					13,774	13,774
Net position - beginning					6,564,061	6,564,061
Net position - ending					6,577,835	6,577,835

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

**TOWN OF ST. JAMES, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018**

EXHIBIT 3
Page 1 of 2

	Major Funds	Total Governmental Funds
	General Fund	Funds
ASSETS		
Cash and cash equivalents	257,933	257,933
Investments	2,645,091	2,645,091
Restricted investments	121,971	121,971
Taxes receivable, net	4,764	4,764
Receivable from other governments	310,998	310,998
Other receivables	14,607	14,607
Total assets	3,355,364	3,355,364
 LIABILITIES		
Accounts payable	24,205	24,205
Total liabilities	24,205	24,205
 DEFERRED INFLOWS OF RESOURCES		
Property taxes receivable	4,764	4,764
Prepaid taxes	1,690	1,690
Total deferred inflows of resources	6,454	6,454
 FUND BALANCES		
Restricted		
Stabilization by State Statutes	325,605	325,605
Committed		
General Government	121,199	121,199
Public Safety	772	772
Assigned		
Subsequent year's expenditures	600,000	600,000
Unassigned	2,277,129	2,277,129
Total fund balances	3,324,705	3,324,705
Total liabilities, deferred inflows of resources and fund balances	3,355,364	3,355,364

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

TOWN OF ST. JAMES, NORTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2018

EXHIBIT 3
Page 2 of 2

Total fund balance, governmental funds		3,324,705
----------------------------------------	--	-----------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.

Gross capital assets at historical cost	7,578,046	
Accumulated depreciation	<u>(1,411,154)</u>	6,166,892

Deferred outflows of resources related to pensions are not reported in the funds		45,085
----------------------------------------------------------------------------------	--	--------

Other long-term assets (accrued interest receivable from taxes) are not available to pay for current period expenditures and therefore are inflows of resources in the funds.		1,289
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	-------

Liabilities for earned revenues considered deferred inflows of resources in fund statements.		4,764
----------------------------------------------------------------------------------------------	--	-------

Deferred inflows of resources related to pensions are not reported in the funds		(778)
---------------------------------------------------------------------------------	--	-------

Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

Bonds payable		(2,839,497)
Compensated absences		(21,360)
Accrued interest		(75,766)
Net pension liability		(27,499)

Net position of governmental activities		<u><u>6,577,835</u></u>
-----------------------------------------	--	-------------------------

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

TOWN OF ST. JAMES, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2018

EXHIBIT 4
Page 1 of 2

	<u>Major Funds</u>	
	<u>General Fund</u>	<u>Total Governmental Funds</u>
REVENUES		
Property Taxes	815,087	815,087
Unrestricted intergovernmental revenues	1,620,311	1,620,311
Restricted intergovernmental revenues	3,043	3,043
Licenses and permits	7,050	7,050
Investment earnings	34,779	34,779
Miscellaneous revenue	86,818	86,818
	<hr/>	<hr/>
Total revenues	2,567,088	2,567,088
	<hr/>	<hr/>
EXPENDITURES		
Current:		
General government	793,213	793,213
Public safety	1,102,303	1,102,303
Transportation	20,897	20,897
Environmental protection	330,671	330,671
Debt Service:		
Principal	272,872	272,872
Interest and other charges	89,947	89,947
	<hr/>	<hr/>
Total Expenditures	2,609,903	2,609,903
Excess (deficiency) of revenues over expenditures	<hr/> (42,815) <hr/>	<hr/> (42,815) <hr/>
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)		
Transfers out	<hr/> - <hr/>	<hr/> - <hr/>
Total other financing sources and uses	<hr/> - <hr/>	<hr/> - <hr/>
	<hr/>	<hr/>
Net change in fund balances	(42,815)	(42,815)
Fund balances - beginning	3,367,520	3,367,520
	<hr/>	<hr/>
Fund balances - ending	<u>3,324,705</u>	<u>3,324,705</u>

TOWN OF ST. JAMES, NORTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

EXHIBIT 4
Page 2 of 2

Net change in fund balances - total governmental funds (42,815)

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay	8,000
Depreciation	(228,523)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	17,901
--------------------------------------------------------------------------------------------------------------	--------

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.

Change in unavailable revenue for tax revenue	(190)
Change in accrued interest receivable on taxes	8

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the 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.

Principal payments	272,872
--------------------	---------

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Accrued interest not reflected on Governmental fund	7,281
Pension expense	(15,749)
Compensated absences	(5,011)

Change in net position of governmental activities	13,774
---------------------------------------------------	--------

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

TOWN OF ST. JAMES, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT 5

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	with Final
				Budget -
				Positive
				(Negative)
REVENUES				
Ad valorem taxes	784,770	784,770	815,087	30,317
Other taxes	26,000	26,000	-	(26,000)
Unrestricted intergovernmental revenues	1,415,000	1,415,000	1,620,311	205,311
Restricted intergovernmental revenues	2,250	2,250	3,043	793
Licenses and permits	6,000	6,000	7,050	1,050
Investment earnings	5,000	14,916	32,070	17,154
Miscellaneous	86,000	86,000	86,818	818
Total revenues	<u>2,325,020</u>	<u>2,334,936</u>	<u>2,564,379</u>	<u>229,443</u>
EXPENDITURES				
Current:				
General government	862,933	846,933	793,213	53,720
Public Safety	1,467,836	1,699,332	1,102,303	597,029
Transportation	25,000	25,000	20,897	4,103
Environmental protection	351,650	351,650	330,671	20,979
Debt Service				
Principal	272,872	272,872	272,872	-
Interest	89,948	89,948	89,947	1
Total Expenditures	<u>3,070,239</u>	<u>3,285,735</u>	<u>2,609,903</u>	<u>675,832</u>
Excess (deficiency) of revenues over expenditure:	<u>(745,219)</u>	<u>(950,799)</u>	<u>(45,524)</u>	<u>905,275</u>
OTHER FINANCING SOURCES (USES)				
Fund balance appropriated	369,219	369,219	-	369,219
Transfers in	256,000	441,000	381,000	60,000
Transfers out	120,000	140,580	140,580	-
Total other financing sources and use:	<u>745,219</u>	<u>950,799</u>	<u>521,580</u>	<u>429,219</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>476,056</u>	<u>476,056</u>
Fund balance - beginning			<u>2,726,678</u>	
Fund balance - ending			<u>3,202,734</u>	
Legally budgeted Municipal Facilities Capital Reserve Funds and Fire Facilities Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Interest income			2,709	
Transfers out			(521,580)	
Fund balance - beginning			<u>640,842</u>	
Fund balance - ending (Exhibit 4)			<u>3,324,705</u>	

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of St. James, North Carolina conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of St. James is a municipal corporation governed by a five-member council. The mayor is elected by the council from among its membership.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. The Town only has one type of activity, its governmental activity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program of 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 and 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. A statement for the one fund category - governmental- is presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The Town reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety and administrative services. Under GASB 54 guidance the Municipal Facilities Capital Reserve Fund, the Fire Facilities Capital Reserve Fund, the Municipal Buildings Reserve Fund and the Street Light Capital Reserve Fund are consolidated in the General Fund. The budgetary comparison for these funds has been included in the supplemental information.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year end on behalf of the Town are recognized as revenue. Sales taxes are considered shared revenue for the Town of St. James because the tax is levied by Brunswick County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursements 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, the Municipal Facilities Capital Reserve Fund, the Fire Department Facilities Capital Reserve Fund and the Municipal Buildings Capital Reserve Fund. All annual appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. The budget officer recommends budget amendments. All such amendments are approved by the Town Council. All contingency transfers require the approval of the governing Council. The budget ordinance must be adopted by July 1 of the fiscal year or the governing Council 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 Council-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

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

2. Cash and Cash Equivalents

All cash and certificates of deposits are essentially demand deposits and are considered cash and cash equivalents.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3 Restricted Assets

Money and investments in the Municipal Facilities Capital Reserve Fund, the Fire Department Facilities and Equipment Capital Reserve Fund and the Municipal Buildings Capital Reserve Fund are classified as restricted assets because use of these funds is restricted to the purpose for which they are established under G. S. Chapter 159, Article 3, Part 2.

Town of St. James Restricted Assets

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Governmental Activities			
General Fund			
General Government Capital Outlay	-	121,199	121,199
Public Safety Capital Outlay	-	772	772
	<u> </u>	<u> </u>	<u> </u>
Total governmental activities	<u> </u>	<u>121,971</u>	<u>121,971</u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2017.

5. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$10,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$15,000; infrastructure, \$20,000; furniture and equipment, \$5,000; and vehicles, \$6,000. Purchased or constructed capital assets are reported at cost or estimated historical cost .

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Improvements	25
Vehicles	6
Furniture and equipment	10
Computer equipment	3

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Deferred Outflows/Inflows of Resources

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

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activity statement of net position. In the fund financial statements, governmental fund types, the face amount of debt issued is reported as other financing sources. Issuance costs are reported as debt service expenditures.

8. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide financial statements, 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 Town's sick leave policies provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

9. Net Position/Fund Balances

Net Position

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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:

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

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

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

Committed for General Government – portion of fund balance that has been budgeted by the Council for future construction of public buildings and facilities.

Committed for Public Safety – portion of fund balance that has been budgeted by Council for future purchase of public safety equipment and facilities.

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

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

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

10. Defined Benefit Cost-Sharing Plan

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 St. James' employer contributions are recognized when due and the Town of St. James 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.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Noncompliance with N.C. General Statutes

There are no material instances of non-compliance with N. C. General Statutes.

III. DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

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

III. DETAIL NOTES ON ALL FUNDS

A. Assets (Continued)

At June 30, 2018, the Town's deposits had a carrying amount of \$257,856 and a bank balance of \$300,837. Of the bank balance \$276,956 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2018, the Town's petty cash fund was \$77.

2. Investments

At June 30, 2018, the Town's investment balances were as follows:

<u>Investment by Type</u>	<u>Method</u>	<u>6/30/2017</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust:				
- Government portfolio	Amortized Cost	1,532,342	N/A	AAAm
- Term portfolio	Fair Value - Level 1	<u>1,234,720</u>	0.09 years	Unrated
Total		<u>2,767,062</u>		

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from declining interest rates, the Town's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than five years.

Credit Risk. The Town's investment policy regarding credit risk requires diversification in securities empowered by North Carolina G.S.158-38(C). All investment in the town's portfolio are rated AAA by Standard and Poor's and Aaa by Moody's Investing Service.

Concentration of Credit Risk. The Town limits the amount that the Town may invest in a single security type, with the exception of U.S. Treasury securities and authorized pools, to no more than 25% of the Town's total investment portfolio.

III. DETAIL NOTES ON ALL FUNDS

A. Assets (Continued)

3. Capital Assets

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

	<u>Beginning Balances</u>	<u>Current Additions</u>	<u>Current Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated				
Land	494,653			494,653
Total assets not being depreciated	<u>494,653</u>	-	-	<u>494,653</u>
Capital assets being depreciated:				
Buildings	4,934,495			4,934,495
Furniture	323,852			323,852
Equipment	544,286	8,000		552,286
Infrastructure	1,272,760			1,272,760
Total assets being depreciated	<u>7,075,393</u>	8,000	-	<u>7,083,393</u>
Less accumulated depreciation for:				
Buildings	629,129	98,690		727,819
Furniture	207,810	32,386		240,196
Equipment	339,351	55,021		394,372
Infrastructure	6,341	42,426		48,767
Total accumulated depreciation	<u>1,182,631</u>	228,523	-	<u>1,411,154</u>
Net capital assets being depreciated	<u>5,892,762</u>			<u>5,672,239</u>
Governmental activity capital assets, net	<u><u>6,387,415</u></u>			<u><u>6,166,892</u></u>

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

General Government	224,841
Public Safety	<u>3,682</u>
Total depreciation expense	<u><u>228,523</u></u>

III. DETAIL NOTES ON ALL FUNDS

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of St. James 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 government 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 the State School Superintendent, who serves as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454 or at www.osc.nc.gov.

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

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.

III. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Pension Plan Obligations (Continued)

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of St. James 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 St. James' contractually required contribution rate for the year ended June 30, 2018, was 7.50% of compensation for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. For the year ended June 30, 2018, the Town had no qualifying law enforcement officers. Contributions to the pension plan from the Town of St. James were \$17,901 for the year ended June 30, 2018.

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

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

At June 30, 2018, the Town reported a liability of \$27,499 for its proportionate share of the net pension asset. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2017, the Town's proportion was 0.00180%, which was a decrease of 0.00006% over its proportion measured as of June 30, 2016.

III. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Pension Plan Obligations (Continued)

For the year ended June 30, 2018, the Town recognized pension expense of \$15,747. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	1,584	778
Changes of assumptions	3,927	
Net difference between projected and actual earnings on pension plan investments	6,677	
Changes in proportion and differences between Town contributions and proportionate share of contributions	14,996	
Town contributions subsequent to the measurement date	<u>17,901</u>	
Total	<u><u>45,085</u></u>	<u><u>778</u></u>

\$17,901 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	7,909
2020	12,721
2021	6,345
2022	(569)
2023	-
Thereafter	<u>-</u>
Total	<u><u>26,406</u></u>

III. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Pension Plan Obligations (Continued)

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	<u>6.0%</u>	4.0%
Total	<u>100.0%</u>	

III. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Pension Plan Obligations (Continued)

The information above is based on 30-year expectations developed with the consulting actuary for the 2016 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Town's proportionate share of the net pension liability (asset)	82,553	27,499	(18,453)

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. Supplemental Retirement Income Plan

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 Council of Trustees. The plan provides retirement benefits to employees of the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each employee's salary engaged in law enforcement. The Town has elected to contribute 5% of salary for other employees. All amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2018 were \$33,294, which consisted of \$9,744 from the Town and \$23,550 from the employees.

III. DETAIL NOTES ON ALL FUNDS (CONTINUED)

2. Deferred Outflows and Inflows of Resources

The Town has several deferred outflows and inflows of resources. Deferred at year-end is comprised of the following:

<u>Source</u>	<u>Amount</u>
Deferred outflows of resources:	
Contribution to pension plan in current fiscal year	17,901
Differences between expected and actual experience	1,584
Changes of assumptions	3,927
Net difference between projected and actual earnings	6,677
Changes in porportion and differences between employer contributions and proportionate share of contributions	14,996
Total	<u>45,085</u>

Deferred Inflows of resources:

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Prepaid taxes	1,690	1,690
Taxes receivable, less penalties (General Fund)		4,764
Differences between expected and actual experience	778	-
Total	<u>2,468</u>	<u>6,454</u>

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability of \$2,000,000 per occurrence and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits and employee health coverage. 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. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

III. DETAIL NOTES ON ALL FUNDS CONTINUED

3. Risk Management (Continued)

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

The Town does not own real property in a flood zone and has elected not to purchase flood coverage.

In accordance with G.S. 159-29, the Town's finance officer is individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond of \$50,000.

4. Claims and Judgments

During the year ended June 30, 2018, management knew of no pending legal actions that would have a material adverse effect on the Town's financial position.

B. Liabilities (Continued)

5. Long-Term Obligations

a. Notes Payable

On March 12, 2015, the Town signed a note with Branch Banking and Trust Company to refinance their note with Rural Housing Service, an agency of the United States Department of Agriculture (USDA) and executed a promissory note in the amount of \$3,700,000. The note is secured by the Town Hall and Community Center property. Installment payments are due in the amount of \$362,819 including interest at 2.89% beginning July 28, 2015 and each year thereafter until the final payment on July 28, 2027.

Annual debt service payments of the installment contract as of June 30, 2018 are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	280,758	82,061
2020	288,871	73,948
2021	297,220	65,599
2022	305,810	57,009
2023	314,648	48,171
2024-2027	1,352,190	99,087
	<u>2,839,497</u>	<u>425,875</u>

At June 30, 2018, the Town of St. James had a legal debt margin of \$130,250,880.

III. DETAIL NOTES ON ALL FUNDS (CONTINUED)

b. Changes in Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2018 consisted of the following:

<u>Governmental activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Note Payable	3,112,369		272,872	2,839,497	280,758
Net pension obligation (LGERS)	39,474		11,975	27,499	
Compensated absences	16,349	23,861	18,850	21,360	21,360
Governmental activities long-term debt	<u>3,168,192</u>	<u>23,861</u>	<u>303,697</u>	<u>2,888,356</u>	<u>302,118</u>

C. Interfund Transfers

Transfers to/from other funds at June 30, 2018, consist of the following:

<u>From</u>	<u>To</u>					
	<u>Municipal Facilities Capital Reserve Fund</u>	<u>Fire Facilities Capital Reserve Fund</u>	<u>Municipal Buildings Capital Reserve Fund</u>	<u>Street Light Capital Reserve Fund</u>		<u>Total</u>
General Fund	521,580					
Municipal Facilities - Capital Reserve		20,000				20,000
Fire Facilities - Capital Reserve			196,000			196,000
Municipal Buildings - Capital Reserve				165,000		165,000
Street Light - Capital Reserve					140,580	140,580
Total	<u>521,580</u>	<u>20,000</u>	<u>196,000</u>	<u>165,000</u>	<u>140,580</u>	<u>521,580</u>

Transfers are used to move unrestricted revenues to finance various programs and projects that the government must account for in other funds in accordance with budgetary appropriations.

D. Net Investment in Capital Assets

	<u>Governmental</u>
Capital Assets	6,166,892
Less: Long-term debt	<u>2,839,497</u>
Net investment in capital assets	<u><u>3,327,395</u></u>

III. DETAIL NOTES ON ALL FUNDS (CONTINUED)

E. Fund Balance

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

Total fund balance-General Fund	<u>3,324,705</u>
Less:	
Stabilization by State Statute	325,605
Appropriated fund balance in 2018-2019 budget	600,000
Committed for General Government	121,199
Committed for Public Safety	<u>772</u>
Remaining fund balance	<u>2,277,129</u>

IV. JOINTLY GOVERNED ORGANIZATION

Cape Fear Council of Governments

The Town, in conjunction with four counties and thirty-two other municipalities established the Cape Fear Council of Governments (Council). The participating governments established the Council to coordinate various funding received from Federal and State agencies. Each participating government appoints one member to the Council's governing Council. The Town paid membership fees of \$1,077 to the Council during the fiscal year ended June 30, 2018.

V. SUBSEQUENT EVENTS.

Events occurring after June 30, 2018 were evaluated by management on November 5, 2018 to ensure that any subsequent events that met the criteria for recognition and/or disclosure to these financial statements have been included. There were no subsequent events requiring disclosure.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles.

- Schedule of Proportionate Share of Net Pension Liability (Asset) of Local Government Employee's Retirement System.
- Schedule of Contributions to Local Government Employee's Retirement System

**TOWN OF ST. JAMES, NORTH CAROLINA
TOWN OF ST. JAMES' PROPORTIONATE SHARE OF PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST FIVE FISCAL YEARS**

LOCAL GOVERNMENT EMPLOYEE'S RETIREMENT SYSTEM

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town of St. James's proportion of the net pension liability (asset) (%)	0.00180%	0.00186%	0.21200%	0.00120%	0.00120%
Town of St. James's proportion of the net pension liability (asset) (\$)	27,499	39,474	9,514	(7,077)	10,797
Town of St. James' covered-employee payroll	223,312	213,282	167,555	152,719	135,518
Town of St. James' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	12.31%	18.51%	5.68%	(4.63%)	7.97%
Plan fiduciary net position as a percentage of the total pension liability	94.18%	91.47%	98.09%	102.64%	94.35%

**TOWN OF ST. JAMES, NORTH CAROLINA
TOWN OF ST. JAMES' CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST FIVE FISCAL YEARS**

EXHIBIT A-2

LOCAL GOVERNMENT EMPLOYEE'S RETIREMENT SYSTEM

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required Contribution	17,901	16,190	14,226	13,924	12,691
Contributions in relation to the contractually required contribution	<u>17,901</u>	<u>16,190</u>	<u>14,226</u>	<u>13,924</u>	<u>12,691</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Town of St. James' covered-employee payroll	238,681	223,312	213,282	167,555	152,719
Contributions as a percentage of covered-employee payroll	7.50%	7.25%	6.67%	8.31%	8.31%

SUPPLEMENTARY STATEMENTS

**TOWN OF ST. JAMES, NORTH CAROLINA
GENERAL FUND
COMPARATIVE BALANCE SHEET - BUDGETARY BASIS
June 30, 2018 and 2017**

EXHIBIT A-3

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	257,933	311,503
Investments	2,645,091	2,141,420
Receivables (net):		
Taxes	4,764	4,954
Accounts	14,607	19,865
Other governments	<u>310,998</u>	<u>282,952</u>
TOTAL ASSETS	<u>3,233,393</u>	<u>2,760,694</u>
 LIABILITIES		
Accounts payable	<u>24,205</u>	<u>29,062</u>
Total liabilities	<u>24,205</u>	<u>29,062</u>
 DEFERRED INFLOWS OF RESOURCES		
Property taxes receivable	4,764	4,954
Prepaid taxes	<u>1,690</u>	<u>-</u>
Total deferred inflows of resources	<u>6,454</u>	<u>4,954</u>
 FUND BALANCE		
Restricted		
Stabilization by State Statute	325,605	302,817
Assigned		
Subsequent year's expenditure	600,000	369,219
Unassigned	<u>2,277,129</u>	<u>2,054,642</u>
Total fund balances	<u>3,202,734</u>	<u>2,726,678</u>
TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u><u>3,233,393</u></u>	<u><u>2,760,694</u></u>

**TOWN OF ST. JAMES, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018**

EXHIBIT A-4
Page 1 of 5

(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	<u>2018</u>		Variance Favorable (Unfavorable)	<u>2017</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues				
Ad valorem				
Current year	44,000	56,440	12,440	52,198
Prior year	740,000	757,777	17,777	720,646
Penalties and interest	770	870	100	890
Total	<u>784,770</u>	<u>815,087</u>	<u>30,317</u>	<u>773,734</u>
Other taxes				
Franchise fees	26,000	-	(26,000)	27,497
Total	<u>26,000</u>	<u>-</u>	<u>(26,000)</u>	<u>27,497</u>
Unrestricted intergovernmental revenues				
Local option sales tax	1,025,000	1,221,824	196,824	1,105,421
Franchise tax	230,000	229,276	(724)	226,985
Telecommunications tax	38,000	36,782	(1,218)	38,226
Video programming tax	105,000	112,592	7,592	110,418
Beer and wine tax	17,000	19,837	2,837	19,535
Total	<u>1,415,000</u>	<u>1,620,311</u>	<u>205,311</u>	<u>1,500,585</u>
Restricted intergovernmental revenue				
Solid waste disposal tax	2,250	3,043	793	2,899
Total	<u>2,250</u>	<u>3,043</u>	<u>793</u>	<u>2,899</u>
Licenses and permits				
Zoning permits	6,000	7,050	1,050	6,080
Total	<u>6,000</u>	<u>7,050</u>	<u>1,050</u>	<u>6,080</u>
Investment earnings				
Investment earnings	14,916	32,070	17,154	9,930
Total	<u>14,916</u>	<u>32,070</u>	<u>17,154</u>	<u>9,930</u>
Miscellaneous				
POA Rentals-Town Hall	28,000	28,011	11	28,581
Community Center fees	58,000	57,743	(257)	63,542
Other income	-	1,064	1,064	-
Sale of Right of Way	-	-	-	344,275
Total	<u>86,000</u>	<u>86,818</u>	<u>818</u>	<u>436,398</u>
Total revenues	<u>2,334,936</u>	<u>2,564,379</u>	<u>229,443</u>	<u>2,757,123</u>

TOWN OF ST. JAMES, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

EXHIBIT A-4
Page 2 of 5

(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018		Variance Favorable (Unfavorable)	2017
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures				
General government				
Governing body				
Board member expenses	2,000	1,797		725
Professional services - other	40,800	40,777		45,812
Professional services - accounting	23,250	23,000		22,500
Professional services - consulting	16,180	10,050		17,816
GIS Services	8,000	7,386		12,295
Training and education	1,200	1,160		-
Committee expenses	300	-		73
Volunteer recognition	2,000	1,585		-
Planning and zoning	500	34		2,501
Website	1,300	1,245		600
Elections	4,300	4,262		-
Insurance and bonding	4,500	3,680		3,818
Community relations	5,500	5,497	-	5,886
Total	<u>109,830</u>	<u>100,473</u>	<u>9,357</u>	<u>112,026</u>
Administration				
Salaries	191,475	189,402		172,468
Fringe benefits	68,850	67,292		84,321
Collection fees	12,000	14,220		12,841
Office supplies	4,500	3,776		2,407
Material and supplies	1,900	1,218		4,709
Computers and maintenance	9,500	9,289		10,153
Employee education	1,000	850		-
Travel and transportation	4,500	4,260		1,990
Telephone	15,250	14,419		8,484
Video	3,000	2,200		2,615
Postage	700	329		470
Utilities and lights	500	355		352
Brunswick County fire fees	200	37		40
IT Support	15,920	15,678		14,880
Legal advertising	1,200	675		1,080
Shredder collection	1,600	1,500		1,500
Equipment lease	6,500	6,308		6,238
Insurance - general	2,300	2,089		2,090
Dues and subscriptions	8,500	8,294	-	7,884
Capital outlay	8,100	8,000	-	-
Total	<u>357,495</u>	<u>350,191</u>	<u>7,304</u>	<u>334,522</u>

**TOWN OF ST. JAMES, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018**

EXHIBIT A-4
Page 3 of 5

(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018		Variance Favorable (Unfavorable)	2017
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Community Center Operations				
Salaries	91,014	89,625		87,832
Fringe benefits	19,550	10,145		26,762
Materials and supplies	5,726	4,952		5,125
Janitorial and cleaning supplies	3,725	2,229		2,255
Travel and training	2,650	-		771
Telephone	2,250	1,557		1,785
Music Licenses	1,720	761		1,076
Credit card fees	650	680		651
Electricity and lighting	35,000	35,112		32,581
Water, sewer and waste collection	4,550	3,065		2,889
Equipment maintenance	5,000	1,690		2,144
Proven system wall maintenance	1,700	-		850
Temporary help	10,625	10,625		15,470
Cleaning service	48,145	44,358		32,065
Special events cleaning	4,975	4,975		13,923
Copy machine lease payments	2,883	2,841		2,364
Insurance	500	360		360
Volunteers insurance	300	-		243
Marketing	3,125	1,156		1,633
Capital outlay	1,700	-	-	812
Total	245,788	214,131	31,657	231,591
Facility Maintenance and Repair				
Pest control	1,500	1,000		1,175
Security	3,020	3,017		3,413
Outside lighting	14,250	14,113		14,110
Building and pond maintenance	58,000	56,023		73,219
Equipment maintenance	9,150	8,363		7,872
Fire system/extinguisher maintenance	3,000	2,950		3,033
Art changeout	850	616		515
AV/IT Whitlock Group	10,000	9,979		9,900
Facility insurance	9,450	9,402	-	9,909
Capital outlay- Storage building renovation	-	-	-	4,192
Total	109,220	105,463	3,757	127,338

**TOWN OF ST. JAMES, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018**

EXHIBIT A-4
Page 4 of 5

(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018		Variance Favorable (Unfavorable)	2017
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Town Hall Operations				
Custodial services	18,000	16,525		7,743
Electric service	4,500	4,573		4,246
Water and sewer	1,100	961		947
Waste collection	<u>1,000</u>	<u>896</u>	-	<u>995</u>
Total	<u>24,600</u>	<u>22,955</u>	<u>1,645</u>	<u>13,931</u>
Total general government	<u>846,933</u>	<u>793,213</u>	<u>53,720</u>	<u>819,408</u>
Public Safety				
Traffic and road safety	2,000	1,554		520
Fire protection service contract	173,700	173,700		192,900
Fire Department contribution	1,000,000	400,000		-
Street light improvements	150,496	157,497		96,821
Emergency management	25,136	23,701		17,808
Emergency exit	-	-		13,500
Street lighting	330,000	328,964		297,618
Deer culling	16,500	16,307		19,498
Fire wise program	1,500	580		168
Capital purchases	-	-	-	-
Total public safety	<u>1,699,332</u>	<u>1,102,303</u>	<u>597,029</u>	<u>638,833</u>
Transportation				
Landscaping Maxwell Drive	17,000	17,833		4,800
Irrigation	3,000	833		190
Maintenance Maxwell Drive	<u>5,000</u>	<u>2,231</u>	-	-
Total transportation	<u>25,000</u>	<u>20,897</u>	<u>4,103</u>	<u>4,990</u>
Environmental Protection				
Stormwater assessment	10,150	75		2,956
Recycling	163,000	162,537		148,442
Yard waste pickup	155,000	148,059		196,958
White goods pickup	2,500	-		-
St. James P.R.I.D.E.	1,000	-		853
Summer intern program	<u>20,000</u>	<u>20,000</u>	-	<u>18,992</u>
Total environmental protection	<u>351,650</u>	<u>330,671</u>	<u>20,979</u>	<u>368,201</u>
Debt Service				
Principal	272,872	272,872		265,207
Interest	<u>89,948</u>	<u>89,947</u>	-	<u>97,612</u>
Total debt service	<u>362,820</u>	<u>362,819</u>	<u>1</u>	<u>362,819</u>

**TOWN OF ST. JAMES, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018**

EXHIBIT A-4
Page 5 of 5

(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018			2017
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>
Total expenditures	<u>3,285,735</u>	<u>2,609,903</u>	<u>675,832</u>	<u>2,194,251</u>
Revenues over (under) expenditures	<u>(950,799)</u>	<u>(45,524)</u>	<u>905,275</u>	<u>562,872</u>
Other financing sources (uses)				
Fund balance appropriated	369,219	-	(369,219)	-
Transfers from other funds				
Fire Dept. Facilities and Equip. Cap. Res.	256,000	196,000	(60,000)	-
Municipal Facilities Capital Reserve Fund	185,000	185,000	-	-
Capital Project Fund			-	104,605
Street Light Capital Reserve	140,580	140,580	-	100,000
Transfers to other funds				
Municipal Buildings Capital Reserve Fund	-	-	-	(36,000)
Municipal Facilities Capital Reserve Fund	-	-	-	(100,000)
Fire Department Facilities and EquipmentC	-	-	-	(100,000)
Total other financing sources	<u>950,799</u>	<u>521,580</u>	<u>(429,219)</u>	<u>(31,395)</u>
Revenue and other sources over (under) expenditures and other uses	<u>-</u>	<u>476,056</u>	<u>476,056</u>	<u>531,477</u>
Fund balance, beginning of year		<u>2,726,678</u>		<u>2,195,201</u>
Fund balance, end of year		<u>3,202,734</u>		<u>2,726,678</u>

TOWN OF ST. JAMES, NORTH CAROLINA
MUNICIPAL FACILITIES CAPITAL RESERVE FUND
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

EXHIBIT A-5

	<u>2018</u>			<u>2017</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenue				
Interest on Investment	-	123	123	545
Total Revenue	-	123	123	545
Expenditure				
Capital Purchases	-	-	-	-
Total Expenditure	-	-	-	-
Total Revenue over Expenditures	-	123	123	545
Other financing sources (uses)				
Fund balance appropriated	20,000	-	(20,000)	-
Transfer from General Fund	-	-	-	100,000
Transfer to General Fund	-	(20,000)	(20,000)	(100,000)
Transfer to Street Light Capital Reserve Fund	(20,000)	-	20,000	(140,000)
Total Other financing sources (uses)	-	(20,000)	(20,000)	(140,000)
Revenue and other financing sources in Excess of expenditure	-	(19,877)	(19,877)	(139,455)
Fund Balance, beginning		<u>21,296</u>		<u>160,751</u>
Fund Balance, ending		<u>1,419</u>		<u>21,296</u>

TOWN OF ST. JAMES, NORTH CAROLINA
FIRE DEPARTMENT FACILITIES AND EQUIPMENT CAPITAL RESERVE FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

EXHIBIT A-6

For the Year Ended June 30, 2018

(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018		2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
		Variance Positive (Negative)	
REVENUE			
Investment Income	-	10	10
	-	10	1,105
Total Revenue	-	10	1,105
	-	10	1,105
EXPENDITURES			
Capital purchases	-	-	-
	-	-	-
Total Expenditures	-	-	-
	-	-	-
Total Revenue over Expenditures	-	10	1,105
	-	10	1,105
OTHER FINANCING SOURCES (USES)			
Fund balance appropriated	196,000	-	(196,000)
Transfer from General Fund	-	-	-
Transfer to General Fund	(196,000)	(196,000)	-
	-	(196,000)	(196,000)
Total other financing sources (uses)	-	(196,000)	(196,000)
	-	(196,000)	(196,000)
Revenue and other financing sources in excess of expenditures	-	(195,990)	(195,990)
	-	(195,990)	101,105
Fund Balance, beginning		196,762	95,657
Fund Balance, ending		772	196,762

TOWN OF ST. JAMES, NORTH CAROLINA
MUNICIPAL BUILDINGS CAPITAL RESERVE FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

EXHIBIT A-7

	2018		Variance	2017
	Budget	Actual	Positive (Negative)	Actual
REVENUE				
Investment Income	-	2,425	2,425	1,624
Total Revenue	-	2,425	2,425	1,624
EXPENDITURES				
Future asset purchases	-	-	-	-
Total Expenditures	-	-	-	-
Total Revenue over Expenditures	-	2,425	2,425	1,624
OTHER FINANCING SOURCES (USES)				
Fund balance appropriated	165,000	-	(165,000)	-
Transfer from General Fund	-	-	-	36,000
Transfer to General Fund	(165,000)	(165,000)	-	-
Total other financing sources (uses)	-	(165,000)	(165,000)	36,000
Revenue and other financing sources in excess of expenditures	-	(162,575)	(162,575)	37,624
Fund Balance, beginning		282,355		244,731
Fund Balance, ending		119,780		282,355

TOWN OF ST. JAMES, NORTH CAROLINA
STREET LIGHT CAPITAL RESERVE FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

EXHIBIT A-8

For the Year Ended June 30, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018		Variance Positive (Negative)	2017
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
REVENUE				
Investment Income	-	151	151	429
Total Revenue	<u>-</u>	<u>151</u>	<u>151</u>	<u>429</u>
EXPENDITURES				
Street light improvements	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue over Expenditures	<u>-</u>	<u>151</u>	<u>151</u>	<u>429</u>
OTHER FINANCING SOURCES (USES)				
Fund balance appropriated	140,580	-	(140,580)	-
Transfer from Municipal Facilities Cap. Res.				140,000
Transfer to General Fund	<u>(140,580)</u>	<u>(140,580)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(140,580)</u>	<u>(140,580)</u>	<u>140,000</u>
Revenue and other financing sources in excess of expenditures	<u>-</u>	<u>(140,429)</u>	<u>(140,429)</u>	<u>140,429</u>
Fund Balance, beginning		<u>140,429</u>		<u>-</u>
Fund Balance, ending		<u>-</u>		<u>140,429</u>

Town of St. James, North Carolina
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Capital Reserve Funds (Budgetary Purposes Only)
 For the Year Ended June 30, 2018

EXHIBIT A-9

	Municipal Facilities Capital Reserve Fund	Fire Department Facilities and Equipment Capital Reserve Fund	Municipal Buildings Capital Reserve Fund	Street Light Capital Reserve	Total - Other Governmental Funds
REVENUES					
Investment earnings	123	10	2,425	151	2,709
Total revenues	<u>123</u>	<u>10</u>	<u>2,425</u>	<u>151</u>	<u>2,709</u>
EXPENDITURES					
Current:					
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>123</u>	<u>10</u>	<u>2,425</u>	<u>151</u>	<u>2,709</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(20,000)	(196,000)	(165,000)	(140,580)	(521,580)
Total other financing sources and uses	<u>(20,000)</u>	<u>(196,000)</u>	<u>(165,000)</u>	<u>(140,580)</u>	<u>(521,580)</u>
Net change in fund balances	(19,877)	(195,990)	(162,575)	(140,429)	(518,871)
Fund balances - beginning	<u>21,296</u>	<u>196,762</u>	<u>282,355</u>	<u>140,429</u>	<u>640,842</u>
Fund balances - ending	<u><u>1,419</u></u>	<u><u>772</u></u>	<u><u>119,780</u></u>	<u><u>-</u></u>	<u><u>121,971</u></u>

OTHER SCHEDULES

This section contains additional information required on property taxes.

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

TOWN OF ST. JAMES, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2018

EXHIBIT B-1

	<u>Uncollected Balance June 30, 2017</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2018</u>
2017 - 2018		814,324	812,697	1,627
2016 - 2017	2,037		1,171	866
2015 - 2016	527		69	458
2014 - 2015	360		45	315
2013 - 2014	369		48	321
2012 - 2013	393		84	309
2011 - 2012	733		278	455
2010 - 2011	381		55	326
2009 - 2010	85		9	76
2008 - 2009	20		9	11
2007 - 2008	49	-	49	-
	<u>4,954</u>	<u>814,324</u>	<u>814,514</u>	<u>4,764</u>

Reconciliation with revenue:

Ad Valorem taxes - General Fund

815,087

Reconciling items:

Penalties and interest received

(870)

Releases

297

Total collections and credits

814,514

TOWN OF ST. JAMES, NORTH CAROLINA
ANALYSIS OF CURRENT YEAR TAX LEVY
 June 30, 2018

EXHIBIT B-2

	Town-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Motor Vehicles	Registered Motor Vehicles
Original Levy					
Property taxed at					
- current year's rate	1,517,598,000	0.05	758,799	758,799	
Motor Vehicle taxed at					
current year's rate	110,538,000	0.05	55,269		55,269
Late fees	-		256	182	74
Total Property Valuation	<u>1,628,136,000</u>				
Net levy			814,324	758,981	55,343
Uncollected at June 30,			<u>1,627</u>	<u>1,627</u>	<u>-</u>
Current year's taxes collected			<u>812,697</u>	<u>757,354</u>	<u>55,343</u>
Current levy collection percentage			<u>99.80%</u>	<u>99.79%</u>	<u>100.00%</u>