

TOWN OF CHADBOURN, NORTH CAROLINA

Report of Audit

For the Fiscal Year Ended June 30, 2015



The **North Carolina
Strawberry Festival**

Chadbourn, North Carolina

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Financial Section

Independent Auditor's Report

To the Honorable Mayor
And the Town Council
Chadbourn, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Chadbourn, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Chadbourn'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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Chadbourn, North Carolina as of June 30, 2015, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions 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 Chadbourn, North Carolina. The combining and individual fund statements, budgetary schedules, and other schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

W Greene PLLC

Whiteville, North Carolina
August 1, 2015

Management's Discussion and Analysis

As management of the Town of Chadbourn, we offer readers of the Town of Chadbourn's financial statements this narrative overview and analysis of the financial activities of the Town of Chadbourn for the fiscal year ended June 30, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

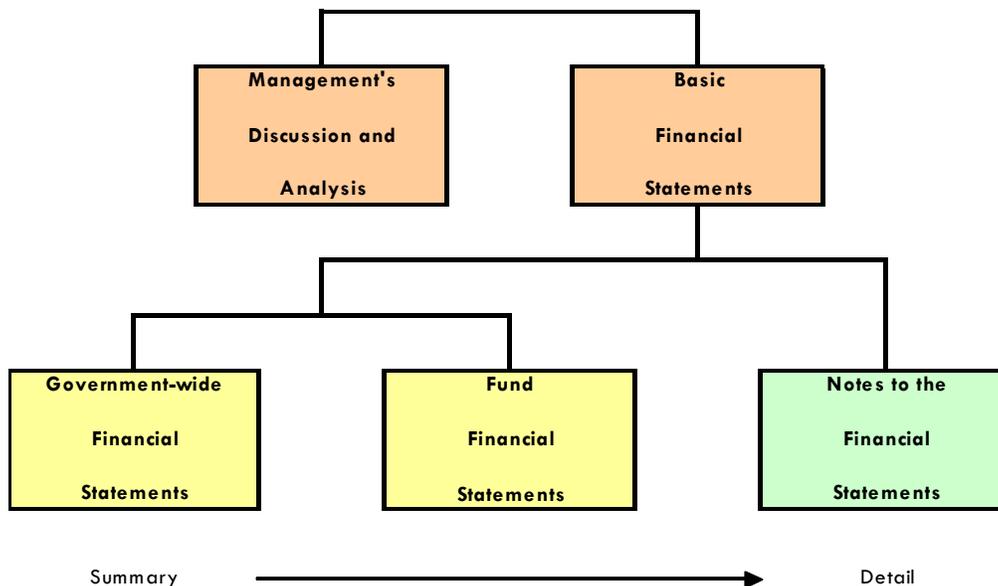
- The assets and deferred outflows of resources of the Town of Chadbourn exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$10,302,408 (net position).
- The government's total net position increased by \$210,452, primarily due to an increase in capital grants and contributions.
- As of the close of the current fiscal year, the Town of Chadbourn's governmental funds reported combined ending fund balances of \$1,196,930, with an increase of \$283,531 in fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,021,540 or 85.86 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (pages 18 through 21) 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 (pages 22 through 33) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements, 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

Government-wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; and 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as administration, streets and highways, and inspections. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. This includes the water and sewer services offered by the Town of Chadbourn. The final category is the component unit. Although legally separate from the Town, the ABC Board is important to the Town. The Town exercises control over the Board by appointing its members and the Board is required to distribute its profits to the Town.

The government-wide financial statements are on pages 18 through 21 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 Chadbourn, 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 Chadbourn can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* 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 Chadbourn adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 34 through 63 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Chadbourn's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 66 of this report.

Interdependence with Other Entities: The Town depends on financial resources flowing from, or associated with, both the federal government and the state of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

Management's Discussion and Analysis (Continued)

Government-Wide Financial Analysis

The Town of Chadbourn's Net Position

Figure 2

	Governmental		Business-Type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 1,396,647	\$ 1,097,306	\$ 958,374	\$ 964,874	\$ 2,355,021	\$ 2,062,180
Capital assets	2,336,370	2,340,569	8,661,783	8,809,966	10,998,153	11,150,535
Deferred outflows of resources	30,516	-	12,289	-	42,805	-
Total assets and deferred outflows of resources	3,763,533	3,437,875	9,632,446	9,774,840	13,395,979	13,212,715
Long-term liabilities outstanding	709,506	691,817	1,939,740	2,018,563	2,649,246	2,710,380
Other liabilities	73,103	80,876	207,020	227,186	280,123	308,062
Deferred inflows of resources	117,060	-	47,142	-	164,202	-
Total liabilities and deferred inflows of resources	899,669	772,693	2,193,902	2,245,749	3,093,571	3,018,442
Net position:						
Net investment in capital assets	1,609,521	1,661,827	6,661,157	6,735,243	8,270,678	8,397,070
Restricted	175,390	177,732	-	-	175,390	177,732
Unrestricted	1,078,953	825,623	777,387	793,848	1,856,340	1,619,471
Total net position	\$ 2,863,864	\$ 2,665,182	\$ 7,438,544	\$ 7,529,091	\$ 10,302,408	\$ 10,194,273
Total Liabilities and Net Position	3,763,533	3,437,875	9,632,446	9,774,840	13,395,979	13,212,715

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 Chadbourn exceeded liabilities and deferred inflows by \$10,302,408 as of June 30, 2015. The Town's net position increased by \$210,452 for the fiscal year ended June 30, 2015. However, the largest portion (80.28%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. The Town of Chadbourn uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Chadbourn's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Chadbourn's net position \$175,390 represents sources that are subject to external restrictions on how they may be used. The remaining balance of \$1,856,340 is unrestricted. Also, the Town of Chadbourn implemented GASB Statement 68 this year. With the new reporting change, the Town is allocated its proportionate share of the Local Government Employees' Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. A restatement to record the effects of the new reporting guidance decreased beginning net position by \$102,317. Decisions regarding the allocations are made by the administrators of the pension plan, not by the Town of Chadbourn's management.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 91.43%

Management's Discussion and Analysis (Continued)

The Town of Chadbourn's Changes in Net Position

Figure 3

	Governmental		Business-Type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 292,199	\$ 313,932	\$ 1,023,224	\$ 1,115,698	\$ 1,315,423	\$ 1,429,630
Operating grants and contributions	66,437	65,888	-	-	66,437	65,888
Capital grants and contributions	19,989	-	15,000	24,400	34,989	24,400
General Revenues						
Property taxes	499,851	512,882	-	-	499,851	512,882
Other taxes	440,262	406,486	-	-	440,262	406,486
ABC Profit Distribution	-	-	-	-	-	-
Other	89,540	26,479	6,795	5,550	96,335	32,029
Total revenues	1,408,278	1,325,667	1,045,019	1,145,648	2,453,297	2,471,315
Expenses:						
Governing Body	32,205	34,621	-	-	32,205	34,621
Administration	185,043	221,809	-	-	185,043	221,809
Civic Center	5,783	7,154	-	-	5,783	7,154
Public Buildings	11,981	21,745	-	-	11,981	21,745
Police	460,110	532,962	-	-	460,110	532,962
Inspections	14,043	23,924	-	-	14,043	23,924
Fire	22,956	35,821	-	-	22,956	35,821
Street Department	77,895	100,269	-	-	77,895	100,269
Powell Bill	74,046	51,731	-	-	74,046	51,731
Sanitation	172,809	175,016	-	-	172,809	175,016
Recreation	21,338	45,695	-	-	21,338	45,695
Special Appropriations	29,802	36,567	-	-	29,802	36,567
Interest on long-term debt	28,643	31,891	-	-	28,643	31,891
Water	-	-	721,681	1,045,816	721,681	1,045,816
Sewer	-	-	370,433	-	370,433	-
Stormwater	-	-	14,077	21,000	14,077	21,000
Total expenses	1,136,654	1,319,205	1,106,191	1,066,816	2,242,845	2,386,021
Increase(Decrease) in net position before transfers	271,624	6,462	(61,172)	78,832	210,452	85,294
Transfers	-	-	-	-	-	-
Change in net position	271,624	6,462	(61,172)	78,832	210,452	85,294
Net position, July 1	2,665,182	2,658,720	7,529,091	7,450,256	10,194,273	10,108,976
Restatement	(72,942)	-	(29,375)	-	(102,317)	-
Net Position, July 1, Restated	2,592,240	2,658,720	7,499,716	7,450,256	10,091,956	10,108,976
Net position, June 30	\$ 2,863,864	\$ 2,665,182	\$ 7,438,544	\$ 7,529,088	\$ 10,302,408	\$ 10,194,270

Governmental activities. Governmental activities increased the Town's net position by \$271,624. Key element of this increase is as follows:

- Revenues increased during the year.

Management's Discussion and Analysis (Continued)

Business-type activities. Business-type activities decreased the Town of Chadbourn's net position by \$61,172 primarily due to a decrease in revenues in and an increase in expenses in the water and sewer fund.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Chadbourn's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Chadbourn'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 Chadbourn. At the end of the current fiscal year, Town of Chadbourn's fund balance available in the General Fund was \$1,074,238, while total fund balance reached \$1,196,930. The Town currently has an available fund balance of 95.28 percent of total General Fund expenditures, while total fund balance represents 106.77 percent of the same amount.

At June 30, 2015, the governmental funds of Town of Chadbourn reported a combined fund balance of \$1,196,930, with a net increase in fund balance of \$283,531. Included in this change in fund balance are increases in fund balance in the General Fund.

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

Revenues were less than the budgeted amounts primarily because the Town did not receive some of the unrestricted intergovernmental funds that were anticipated. Expenditures were held in check to comply with its budgetary requirements.

Proprietary Funds. The Town of Chadbourn's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Proprietary Funds at the end of the fiscal year amounted to \$777,387. The total change in net position for the Proprietary Funds was a decrease of \$61,172.

Management's Discussion and Analysis (Continued)

Capital Asset and Debt Administration

Capital assets. The Town of Chadbourn's investment in capital assets for its governmental and business-type activities as of June 30, 2015, totals \$10,998,153 (net of accumulated depreciation). These assets include buildings, land, vehicles, infrastructure, and equipment.

Major capital asset transactions during the year include the following:

- Infrastructure (including water and sewer lines)
- Vehicle and equipment in the Business-type activities

The Town of Chadbourn's Capital Assets

Figure 4

(Net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 117,520	\$ 117,520	\$ -	\$ -	\$ 117,520	\$ 117,520
Construction in Progress	-	-	-	-	-	-
Buildings	1,252,071	1,282,502	-	-	1,252,071	1,282,502
Vehicles and Equipment	92,366	47,529	221,483	140,977	313,849	188,506
Infrastructure	874,413	893,018	8,440,300	8,668,989	9,314,713	9,562,007
Total	\$ 2,336,370	\$ 2,340,569	\$ 8,661,783	\$ 8,809,966	\$ 10,998,153	\$ 11,150,535

Additional information on the Town's capital assets can be found on page 43 in the Notes to the Financial Statements.

Long-term Debt. As of 5, the Town of Chadbourn had total debt outstanding of \$2,691,155. Of this, \$1,873,000 is debt backed by the full faith and credit of the Town of Chadbourn.

The Town of Chadbourn's Outstanding Debt
Installment Purchases and General Obligation Debt

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Installment Purchases	\$ 708,689	\$ 651,984	\$ 109,466	\$ 129,465	\$ 818,155	\$ 781,449
General Obligation Debt	-	-	1,873,000	1918,500	1,873,000	1918,500
Total	\$ 708,689	\$ 651,984	\$ 1,982,466	\$ 2,047,965	\$ 2,691,155	\$ 2,699,949

Management's Discussion and Analysis (Continued)

The Town of Chadbourn's total debt decreased by \$8,794 during the fiscal year.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Chadbourn is \$6,296,019. The Town of Chadbourn does not have any authorized but un-issued debt at June 30, 2015.

Additional information regarding the Town of Chadbourn's long-term debt can be found beginning on page 58 in the Notes to the Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the current status of the Town.

- Population growth. The Town's stagnant population growth is primarily due to lack of industry to support jobs.

Budget Highlights for the Fiscal Year Ending June 30, 2016

Governmental Activities. Property taxes expected to lead the increase in budgeted revenue. The Town will use these increases in revenues to finance programs currently in place.

Business-type Activities. Water and Sewer rates in the Town will increase for the next year.

Requests for Information

This report is designed to provide an overview of the Town 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 following:

**Patricia Garrell
Finance Director
Town of Chadbourn
602 N. Brown Street
Chadbourn, NC 28431**



The **North Carolina
Strawberry Festival**

Chadbourn, North Carolina

Basic Financial Statements

TOWN OF CHADBOURN, NORTH CAROLINA

Statement of Net Position

June 30, 2015

	Primary Government			West Columbus ABC Board
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 1,049,966	\$ 828,286	\$ 1,878,252	\$ 264,639
Receivables (net):				
Ad Valorem Taxes	104,852	-	104,852	-
Interest	22,546	-	22,546	-
Accounts	19,594	112,412	132,006	-
Inventories	-	-	-	59,774
Prepaid Expenses	-	-	-	-
Due from Component Unit	3,787	-	3,787	-
Due from Other Governments	99,311	-	99,311	-
Restricted Cash and Cash Equivalents	52,698	-	52,698	-
Total Current Assets	1,352,754	940,698	2,293,452	324,413
Noncurrent Assets:				
Net Pension Asset	43,893	17,676	61,569	1,062
Capital Assets				
Land, Nondepreciable Improvements, and Construction in Progress	117,520	-	117,520	67,702
Other Capital Assets, Net of Depreciation	2,218,850	8,661,783	10,880,633	39,622
Total Noncurrent Assets	2,380,263	8,679,459	11,059,722	108,386
Total Assets	\$ 3,733,017	\$ 9,620,157	\$ 13,353,174	\$ 432,799
DEFERRED OUTFLOWS OF RESOURCES				
Contributions to Pension Plan in Current Fiscal Year				
	30,516	12,289	42,805	2,059
Pension Deferrals	-	-	-	1,732
Total Deferred Outflows of Resources	\$ 30,516	\$ 12,289	\$ 42,805	\$ 3,791

TOWN OF CHADBOURN, NORTH CAROLINA

Statement of Net Position (Continued)

June 30, 2015

	Primary Government			West Columbus ABC Board
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 28,426	\$ 61,081	\$ 89,507	\$ 43,539
Customer Deposits	-	67,970	67,970	-
Prepaid Water Billings	-	970	970	-
Due to Primary Government	-	-	-	3,787
Distributions Payable	-	-	-	-
Current Portion of Long-Term Liabilities	44,677	76,999	121,676	-
Total Current Liabilities	73,103	207,020	280,123	47,326
Long-Term Liabilities:				
Due in More Than One year	709,506	1,939,740	2,649,246	14,867
Total Liabilities	782,609	2,146,760	2,929,369	62,193
DEFERRED INFLOWS OF RESOURCES				
Prepaid Taxes	-	-	-	-
Pension Deferrals	117,060	47,142	164,202	2,587
Total Deferred Inflows of Resources	117,060	47,142	164,202	2,587
NET POSITION				
Net Investment in Capital Assets	1,609,521	6,661,157	8,270,678	107,324
Restricted for:				
Transportation	52,698	-	52,698	-
Stabilization by State Statute	122,692	-	122,692	-
Capital Improvements	-	-	-	160,070
Working Capital	-	-	-	19,035
Unrestricted	1,078,953	777,387	1,856,340	85,381
Total Net Position	\$ 2,863,864	\$ 7,438,544	\$ 10,302,408	\$ 371,810

TOWN OF CHADBOURN, NORTH CAROLINA

Statement of Activities

For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Governing Body	\$ 32,205	\$ -	\$ -	\$ -
Administration	185,043	2,291	-	-
Civic Center	5,783	-	-	-
Public Buildings	11,981	-	-	-
Police	460,110	-	285	-
Inspections	14,043	9,750	-	-
Fire	22,956	-	-	19,989
Street Department	77,895	-	-	-
Powell Bill	74,046	-	64,945	-
Sanitation	172,809	274,063	1,207	-
Recreation	21,338	6,095	-	-
Special Appropriations	29,802	-	-	-
Interest on long-term debt	28,643	-	-	-
Total Governmental Activities	1,136,654	292,199	66,437	19,989
Business-Type Activities:				
Water	721,681	990,877	-	15,000
Sewer	370,433	1,083	-	-
Stormwater	14,077	31,264	-	-
Total Business-Type Activities	1,106,191	1,023,224	-	15,000
Total Primary Government	2,242,845	1,315,423	66,437	34,989
Component Units:				
West Columbus ABC Board	615,847	640,290	-	-
Total Component Units	\$ 615,847	\$ 640,290	\$ -	\$ -

TOWN OF CHADBOURN, NORTH CAROLINA
Statement of Activities (Continued)
For the Year Ended June 30, 2015

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			West Columbus ABC Board
	Governmental Activities	Business-Type Activities	Totals	
Primary Government:				
Governmental Activities:				
Governing Body	\$ (32,205)	\$ -	\$ (32,205)	\$ -
Administration	(182,752)	-	(182,752)	-
Civic Center	(5,783)	-	(5,783)	-
Public Buildings	(11,981)	-	(11,981)	-
Police	(459,825)	-	(459,825)	-
Inspections	(4,293)	-	(4,293)	-
Fire	(2,967)	-	(2,967)	-
Street Department	(77,895)	-	(77,895)	-
Powell Bill	(9,101)	-	(9,101)	-
Sanitation	102,461	-	102,461	-
Recreation	(15,243)	-	(15,243)	-
Special Appropriations	(29,802)	-	(29,802)	-
Interest on long-term debt	(28,643)	-	(28,643)	-
Total Governmental Activities	(758,029)	-	(758,029)	-
Business-Type Activities:				
Water	-	284,196	284,196	-
Sewer	-	(369,350)	(369,350)	-
Stormwater	-	17,187	17,187	-
Total Business-Type Activities	-	(67,967)	(67,967)	-
Total Primary Government	(758,029)	(67,967)	(825,996)	-
Component Units:				
West Columbus ABC Board	-	-	-	24,443
Total Component Units	-	-	-	24,443
General Revenues:				
Property Taxes, Levied for General Purpose	499,851	-	499,851	-
Other Taxes and Licenses	440,262	-	440,262	-
Investment Earnings	146	61	207	294
Miscellaneous	89,394	6,734	96,128	-
Transfers	-	-	-	-
Total General Revenues and Transfers	1,029,653	6,795	1,036,448	294
Change in Net Position	271,624	(61,172)	210,452	24,737
Net Position - Beginning of Year	2,665,182	7,529,091	10,194,273	346,366
Restatement	(72,942)	(29,375)	(102,317)	707
Net Position - Beginning of Year - Restated	2,592,240	7,499,716	10,091,956	347,073
Net Position - End of Year	\$ 2,863,864	\$ 7,438,544	\$ 10,302,408	\$ 371,810

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

TOWN OF CHADBOURN, NORTH CAROLINA

Balance Sheet

Governmental Funds

June 30, 2015

	<u>Major Funds</u>		Total Governmental Funds
	General	CDBG Capital Project Fund	
ASSETS			
Cash and Cash Equivalents	\$ 1,049,966	\$ -	\$ 1,049,966
Restricted Cash	52,698	-	52,698
Receivables (net):			
Ad Valorem Taxes	104,852	-	104,852
Sanitation	19,594	-	19,594
Due from Component Unit	3,787	-	3,787
Due from Other Governments	99,311	-	99,311
Total Assets	<u>1,330,208</u>	<u>-</u>	<u>1,330,208</u>
LIABILITIES			
Accounts Payable and Accrued Liabilities	28,426	-	28,426
Total Liabilities	<u>28,426</u>	<u>-</u>	<u>28,426</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Receivable	104,852	-	104,852
Prepaid Taxes	-	-	-
Total Deferred Inflows of Resources	<u>104,852</u>	<u>-</u>	<u>104,852</u>
FUND BALANCES			
Restricted			
Stabilization by State Statute	122,692	-	122,692
Streets	52,698	-	52,698
Assigned			
Subsequent Year's Expenditures:	-	-	-
Unassigned	1,021,540	-	1,021,540
Total Fund Balances	<u>1,196,930</u>	<u>-</u>	<u>1,196,930</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,330,208</u>	<u>\$ -</u>	

TOWN OF CHADBOURN, NORTH CAROLINA

Balance Sheet (Continued)

Governmental Funds

June 30, 2015

	Total Governmental Funds
	<u> </u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total Governmental Fund Balance	\$ 1,196,930
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Gross capital assets at historical costs	2,969,645
Accumulated depreciation	<u>(633,275)</u>
	2,336,370
Net pension asset	43,893
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	30,516
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred	
Accrued interest - taxes	<u>22,546</u>
	22,546
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	
Ad valorem taxes	<u>104,852</u>
	104,852
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Installment purchases	(708,689)
Capital lease purchases	(18,160)
Other postemployment benefits	(8,857)
Compensated absences	<u>(18,477)</u>
	(754,183)
Pension related deferrals	<u>(117,060)</u>
Net position of governmental activities	<u><u>\$ 2,863,864</u></u>

TOWN OF CHADBOURN, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	Major Funds		Total Governmental Funds
	General Fund	CDBG Capital Project Fund	
Revenues			
Ad Valorem Taxes	\$ 496,162	\$ -	\$ 496,162
Other Taxes and Licenses	2,291	-	2,291
Unrestricted Intergovernmental	440,262	-	440,262
Restricted Intergovernmental	86,426	-	86,426
Permits and Fees	9,750	-	9,750
Sales and Services	280,158	-	280,158
Investment Earnings	146	-	146
Miscellaneous	89,394	-	89,394
Total Revenues	1,404,589	-	1,404,589
Expenditures			
Current			
Governing Body	32,205	-	32,205
Administration	166,571	-	166,571
Civic Center	5,783	-	5,783
Public Buildings	11,981	-	11,981
Police	465,329	-	465,329
Inspections	14,952	-	14,952
Fire	22,956	-	22,956
Street Department	55,071	-	55,071
Powell Bill	74,154	-	74,154
Sanitation	172,809	-	172,809
Recreation	19,138	-	19,138
Special Appropriations	29,802	-	29,802
Debt Service			
Principal	20,678	-	20,678
Interest and Other charges	29,629	-	29,629
Capital Outlay			
Police	68,785	-	68,785
Street Department	-	-	-
Powell Bill	-	-	-
Total Expenditures	1,189,843	-	1,189,843
Excess (Deficiency) of Revenues Over Expenditures	214,746	-	214,746
Other Financing Sources (Uses)			
Capital Leases Issued	68,785	-	68,785
Transfers from Other Funds	792	-	792
Transfers to Other Funds	-	(792)	(792)
Total Other Financing Sources (Uses)	69,577	(792)	68,785
Net Change in Fund Balance	284,323	(792)	283,531
Fund Balance - Beginning of Year	912,607	792	913,399
Fund Balance - End of Year	\$ 1,196,930	\$ -	\$ 1,196,930

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

TOWN OF CHADBOURN, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)

Governmental Funds

For the Year Ended June 30, 2015

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

Net changes in fund balances - total governmental funds	\$	283,531
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures which were capitalized	68,785	
Depreciation expense	<u>(72,984)</u>	(4,199)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	<u>30,516</u>	30,516
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.

Change in unavailable revenue for tax revenues	4,002	
Interest earned on ad valorem taxes	<u>(313)</u>	3,689

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issuance	(68,785)	
Debt retirement	<u>20,678</u>	(48,107)

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

Other postemployment benefits	(1,203)	
Compensated absences	7,622	
Pension expense	<u>(225)</u>	6,194

Total changes in net position of governmental activities	<u>\$</u>	<u>271,624</u>
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The **North Carolina
Strawberry Festival**

Chadbourn, North Carolina

TOWN OF CHADBOURN, NORTH CAROLINA
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2015

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues				
Ad Valorem Taxes	\$ 457,460	\$ 473,660	\$ 496,162	\$ 22,502
Other Taxes and Licenses	5,000	5,000	2,291	(2,709)
Unrestricted Intergovernmental	337,439	337,439	440,262	102,823
Restricted Intergovernmental	55,255	65,760	86,426	20,666
Permits and Fees	8,000	8,000	9,750	1,750
Sales and Services	255,856	256,294	280,158	23,864
Investment Earnings	100	110	146	36
Miscellaneous	60,000	66,300	89,394	23,094
Total Revenues	1,179,110	1,212,563	1,404,589	192,026
Expenditures				
Governing Body	24,306	35,806	32,205	3,601
Administration	198,726	200,126	166,571	33,555
Civic Center	3,000	5,800	5,783	17
Public Buildings	13,350	13,350	11,981	1,369
Police	521,879	592,464	534,114	58,350
Inspections	19,622	19,622	14,952	4,670
Fire	40,500	40,500	22,956	17,544
Street Department	69,705	70,205	59,863	10,342
Powell Bill	47,395	97,395	78,946	18,449
Sanitation	183,757	183,757	172,809	10,948
Recreation	30,650	38,897	19,138	19,759
Special Appropriations	81,008	81,008	70,525	10,483
Contingency	-	16,815	-	16,815
Total Expenditures	1,233,898	1,395,745	1,189,843	205,902
Revenues Over (Under) Expenditures	(54,788)	(183,182)	214,746	397,928
Other Financing Sources (Uses)				
Installment Notes	-	68,785	68,785	-
Transfers from Other Funds	-	-	792	792
Transfers to Other Funds	-	-	-	-
Total Other Financing Sources (Uses)	-	68,785	69,577	792
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(54,788)	(114,397)	284,323	398,720
Appropriated Fund Balance	54,788	114,397	-	(114,397)
Net Change in Fund Balance	\$ -	\$ -	284,323	\$ 284,323
Fund Balance - Beginning of Year			912,607	
Fund Balance - End of Year			\$ 1,196,930	

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

TOWN OF CHADBOURN, NORTH CAROLINA

Statement of Fund Net Position

Proprietary Fund

June 30, 2015

	Major Enterprise Funds			
	Water Fund	Sewer Fund	Stormwater Fund	Total
ASSETS				
Current Assets				
Cash and Investments	\$ 543,747	\$ 269,750	\$ 14,789	\$ 828,286
Accounts Receivable (net)	65,647	45,442	1,323	112,412
Total Current Assets	609,394	315,192	16,112	940,698
Noncurrent Assets				
Net Pension Asset	7,247	10,429	-	17,676
Capital Assets				
Other Capital Assets, Net of Depreciation	5,923,556	2,713,784	24,443	8,661,783
Total Capital Assets	5,923,556	2,713,784	24,443	8,661,783
Total Noncurrent Assets	5,930,803	2,724,213	24,443	8,679,459
Total Assets	6,540,197	3,039,405	40,555	9,620,157
DEFERRED OUTFLOWS OF RESOURCES				
Contributions to Pension Plan	5,052	7,237	-	12,289
Total Deferred Outflows of Resources	\$ 5,052	\$ 7,237	\$ -	\$ 12,289

TOWN OF CHADBOURN, NORTH CAROLINA
Statement of Fund Net Position (Continued)
Proprietary Fund
June 30, 2015

	Major Enterprise Funds			
	Water Fund	Sewer Fund	Stormwater Fund	Total
LIABILITIES				
Current Liabilities				
Accounts Payable and Accrued Liabilities	\$ 61,081	\$ -	\$ -	\$ 61,081
Customer Deposits	67,970	-	-	67,970
Prepaid Utilities	970	-	-	970
Installment Purchase Obligations Payable	20,583	-	-	20,583
Capital Lease Obligations Payable	8,916	-	-	8,916
General Obligations Bonds Payable	-	47,500	-	47,500
Total Current Liabilities	159,520	47,500	-	207,020
Noncurrent Liabilities				
Installment Purchase Obligation Payable	88,883	-	-	88,883
Capital Lease Obligations Payable	9,244	-	-	9,244
General Obligations Bonds Payable	-	1,825,500	-	1,825,500
Other Postemployment Benefits	2,259	3,251	-	5,510
Compensated Absences Payable	4,347	6,256	-	10,603
Total Noncurrent Liabilities	104,733	1,835,007	-	1,939,740
Total Liabilities	264,253	1,882,507	-	2,146,760
DEFERRED INFLOWS OF RESOURCES				
Pension Deferrals	19,328	27,814	-	47,142
Total Deferred Inflows of Resources	19,328	27,814	-	47,142
NET POSITION				
Net Investment in Capital Assets	5,795,930	840,784	24,443	6,661,157
Unrestricted	465,738	295,537	16,112	777,387
Total Net Position	\$ 6,261,668	\$ 1,136,321	\$ 40,555	\$ 7,438,544



The **North Carolina
Strawberry Festival**

Chadbourn, North Carolina

TOWN OF CHADBOURN, NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2015

	Major Enterprise Funds			
	Water Fund	Sewer Fund	Stormwater Fund	Total
Operating Revenues				
Water Charges	\$ 473,808	\$ -	\$ -	\$ 473,808
Sewer Charges	462,553	1,083	-	463,636
Water and Sewer Taps	10,918	-	-	10,918
Reserve Assessments	43,598	-	-	43,598
Stormwater Fees	-	-	31,264	31,264
Total Operating Revenues	990,877	1,083	31,264	1,023,224
Operating Expenses				
Water Operations	240,329	-	-	240,329
Wastewater Treatment	225,196	-	-	225,196
Sewer Operations	283,607	-	-	283,607
Stormwater	-	-	13,257	13,257
Depreciation	251,563	-	820	252,383
Total Operating Expenses	1,000,695	-	14,077	1,014,772
Operating Income (Loss)	(9,818)	1,083	17,187	8,452
Nonoperating Revenues (Expenses)				
Investment Earnings	57	4	-	61
Miscellaneous	6,734	-	-	6,734
Interest Expense	(91,419)	-	-	(91,419)
Total Nonoperating Revenues (Expenses)	(84,628)	4	-	(84,624)
Total Income (Loss) Before Contributions and Transfers	(94,446)	1,087	17,187	(76,172)
Capital Contributions	15,000	-	-	15,000
Transfers from Other Funds	-	1,135,234	-	1,135,234
Transfers to Other Funds	(1,135,234)	-	-	(1,135,234)
Change in Net Position	(1,214,680)	1,136,321	17,187	(61,172)
Net Position - Beginning of Year	7,505,723	-	23,368	7,529,091
Restatement	(29,375)	-	-	(29,375)
Net Position - Beginning of Year, Restated	7,476,348	-	23,368	7,499,716
Net Position - End of Year	\$ 6,261,668	\$ 1,136,321	\$ 40,555	\$ 7,438,544

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

TOWN OF CHADBOURN, NORTH CAROLINA

Statement of Cash Flows

Proprietary Fund

For the Year Ended June 30, 2015

	Major Enterprise Funds			
	Water Fund	Sewer Fund	Stormwater Fund	Totals
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 1,034,536	\$ 1,083	\$ 31,872	\$ 1,067,491
Cash Paid for Goods and Services	(600,921)	-	(13,257)	(614,178)
Cash Paid to Employees for Services	(233,897)	-	-	(233,897)
Customer Deposits Received	5,772	-	-	5,772
Customer Deposits Returned	(2,100)	-	-	(2,100)
Net Cash Provided (Used) by Operating Activities	203,390	1,083	18,615	223,088
Cash Flows from Noncapital Financing Activities				
Transfers from Other Funds	-	268,663	-	268,663
Transfers to Other Funds	(268,663)	-	-	(268,663)
Net Cash Provided (Used) by Noncapital Financing Activities	(268,663)	268,663	-	-
Cash Flows from Capital Financing Activities				
Acquisition of Capital Assets	(78,937)	-	(25,263)	(104,200)
Interest Paid on Debt Obligations	(91,419)	-	-	(91,419)
Principal Paid on Debt Obligations	(74,097)	-	-	(74,097)
Installment Purchase Obligations Issued	-	-	-	-
Capital Lease Obligations Issued	-	-	-	-
Capital Contributions - Grants	15,000	-	-	15,000
Capital Contributions - Federal Grants	-	-	-	-
Net Cash Provided (Used) by Capital Financing Activities	(229,453)	-	(25,263)	(254,716)
Cash Flows from Investing Activities				
Interest on Investments	57	4	-	61
Net Increase(Decrease) in Cash and Cash Equivalents	(294,669)	269,750	(6,648)	(31,567)
Cash and Cash Equivalents Beginning of Year	838,416	-	21,437	859,853
End of Year	\$ 543,747	\$ 269,750	\$ 14,789	\$ 828,286

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

TOWN OF CHADBOURN, NORTH CAROLINA
Statement of Cash Flows (Continued)
Proprietary Fund
For the Year Ended June 30, 2015

	Major Enterprise Funds			
	Water Fund	Sewer Fund	Stormwater Fund	Totals
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ (9,818)	\$ 1,083	\$ 17,187	\$ 8,452
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities				
Depreciation	251,563	-	820	252,383
Pension Expense	91	-	-	91
Miscellaneous Income	6,734	-	-	6,734
Changes in Assets and Liabilities (Increase)Decrease in -				
Accounts Receivable	(7,999)	-	608	(7,391)
Contributions to Pension Plan	(12,289)	-	-	(12,289)
Increase (Decrease) in -				
Accounts Payable	(26,222)	-	-	(26,222)
Prepaid Items	(518)	-	-	(518)
Customer Deposits	3,672	-	-	3,672
Compensated Absences Payable	(2,819)	-	-	(2,819)
Other Postemployment Benefits	995	-	-	995
Total Adjustments	213,208	-	1,428	214,636
Net Cash Provided (Used) by Operating Activities	\$ 203,390	\$ 1,083	\$ 18,615	\$ 223,088

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Town of Chadbourn and its discretely presented component unit 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 Chadbourn is a municipal corporation that is governed by an elected mayor and a five member council. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town.

West Columbus ABC Board

The Board, as provided by North Carolina Alcoholic Beverage Control Laws, operate one retail location in Chadbourn. The members of the ABC Board's governing board are appointed by the Town. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the Town. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at West Columbus ABC Board, 505 Joe Brown Highway North, Chadbourn, North Carolina 28431.

B. Basis of Presentation, Basis of Accounting

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued)

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

The Town reports the following major governmental funds:

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

CDBG Capital Project Fund – This fund is used to account for grant funds that are assigned for a particular use.

The Town reports the following major enterprise funds:

Water Fund – This fund is used to account for the operations of the Town-wide water system.

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

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

C. Measurement Focus, Basis of Accounting

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting (Continued)

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

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

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

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Chadbourn because the tax is levied by Columbus County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by 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 and the Enterprise Fund. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for any Grant Project Special Revenue Funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. The Finance Officer is authorized by the budget ordinance to relocate departmental amounts not exceeding \$2,000 between departments of the same fund with an official report to be made by memorandum within the month of transfer to the Board; however, any revisions that alter total expenditures of any fund or that change departmental expenses by more than \$2,000 must be approved by the governing board. The governing board must approve all amendments. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

State law [G.S.159-30(c)] authorized the Town, and the ABC Board 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 and the ABC Board's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

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

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. West Columbus ABC Board considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be 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

Powell bill funds are classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S.136-41.1 through 136-41.4.

Town of Chadbourn Restricted Cash

Governmental Activities	
General Fund	
Transportation	\$ 52,698
Total governmental activities	<u>52,698</u>
Total Restricted Cash	<u><u>\$ 52,698</u></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, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2014. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventories and Prepaid Items

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

The inventory of the Town's enterprise funds as well as those of the ABC Board consists of materials and supplies held for consumption or resale. The cost of the inventory carried in the Town's enterprise funds and that of the ABC Board is recorded as an expense as it is consumed or sold.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. Inventories and Prepaid Items (Continued)

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

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, buildings, and infrastructure, \$100,000; furniture, equipment, and vehicles, \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Class	Estimated Useful Lives
Buildings and Improvements	50
Infrastructure	50
Vehicles	6
Furniture and Equipment	10

Capital assets of the West Columbus ABC Board are depreciated over their useful lives on a straight-line basis as follows:

Asset Class	Estimated Useful Lives
Buildings	50
Improvements	50
Vehicles	7
Furniture and equipment	10

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, contributions made to the pension plan in the 2015 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Deferred Outflows/Inflows of Resources (Continued)

The Town has three items that meet the criterion for this category – prepaid taxes, property taxes receivable, deferrals of pension expense that result from the implementation of GASB Statement 68.

9. Long-Term Obligations

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

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

10. Compensated Absences

The vacation policies of the Town and the ABC Board provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide, proprietary funds, and the ABC Board an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The sick leave policies of the Town and the ABC Board 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 neither the Town nor the ABC Board has any obligation for the accumulated sick leave until it is actually taken, no accruals for sick leave have been made.

11. Net Position/Fund Balances

Net Position

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Net Position/Fund Balances (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:

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

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

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

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

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Chadbour's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance – portion of fund balance that Town of Chadbour 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 Chadbour 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.

TOWN OF CHADBOURN, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

12. Pensions

For purposes of measuring the net pension asset, 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 Chadbourn and West Columbus ABC Board's employer contributions are recognized when due and the Town of Chadbourn and West Columbus ABC Board has a legal requirement to provide the contributions. Benefits and returns are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

II. DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All of the deposits of the Town and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Town's or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and the ABC Board, these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town, the ABC Board or with the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town, or the ABC Board 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. The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2015, the Town's deposits had a carrying amount of \$720,472 and a bank balance of \$720,473. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The carrying amount of deposits for the ABC Board was \$264,639 and the bank balance was \$275,758. All of the bank balance was covered by federal depository insurance. At June 30, 2015, the Town's petty cash fund totaled \$120.

TOWN OF CHADBOURN, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2015

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

2. Investments

At June 30, 2015, the Town of Chadbourn had \$1,210,358 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAm by Standard and Poor's. The Town has no policy regarding credit risk.

3. Receivables – Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2015 are net of the following allowances for doubtful accounts:

Fund	06/30/2015
General Fund	
Taxes Receivable	\$ 12,000
Sanitation	41,000
Total	<u>53,000</u>
Enterprise Funds	
Water	132,000
Sewer	91,000
Storm Water	4,000
Total	<u>\$ 227,000</u>

4. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 117,520	\$ -	\$ -	\$ 117,520
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>117,520</u>	<u>-</u>	<u>-</u>	<u>117,520</u>
Capital assets being depreciated:				
Buildings and Improvements	1,521,549	-	-	1,521,549
Equipment and Vehicles	331,564	68,785	-	400,349
Infrastructure	930,227	-	-	930,227
Total capital assets being depreciated	<u>2,783,340</u>	<u>68,785</u>	<u>-</u>	<u>2,852,125</u>
Less accumulated depreciation for:				
Buildings and Improvements	239,047	30,431	-	269,478
Equipment and Vehicles	284,035	23,948	-	307,983
Infrastructure	37,209	18,605	-	55,814
Total accumulated depreciation	<u>560,291</u>	<u>72,984</u>	<u>-</u>	<u>633,275</u>
Total capital assets being depreciated, net	<u>2,223,049</u>			<u>2,218,850</u>
Governmental activity capital assets, net	<u>\$ 2,340,569</u>			<u>\$ 2,336,370</u>

TOWN OF CHADBOURN, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2015

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

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

	<u>Depreciation</u>
Administration	\$ 30,272
Police	18,181
Street Department	22,331
Recreation	<u>2,200</u>
Total	<u>\$ 72,984</u>

Business-Type Activities:

Water Fund

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ -	\$ -	-	\$ -
Construction in Progress	-	-	-	-
Total capital assets not being Depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets being depreciated:				
Buildings and Improvements	-	-	-	-
Infrastructure	11,434,472	-	4,076,333	7,358,139
Other Equipment	219,224	78,937	-	298,161
Total capital assets being Depreciated	<u>11,653,696</u>	<u>78,937</u>	<u>4,076,333</u>	<u>7,656,300</u>
Less accumulated depreciation for:				
Buildings and Improvements	-	-	-	-
Infrastructure	2,765,483	228,689	1,362,549	1,631,623
Other Equipment	78,247	22,874	-	101,121
Total accumulated depreciation	<u>2,843,730</u>	<u>251,563</u>	<u>1,362,549</u>	<u>1,732,744</u>
Total capital assets being depreciated, net	<u>8,809,966</u>			<u>5,923,556</u>
Water Fund capital assets, net	<u>\$ 8,809,966</u>			<u>\$ 5,923,556</u>

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

Sewer Fund

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	-	-	-
Total capital assets not being Depreciated	-	-	-	-
Capital assets being depreciated:				
Buildings and Improvements	-	-	-	-
Infrastructure	-	4,076,333	-	4,076,333
Other Equipment	-	-	-	4,076,333
Total capital assets being Depreciated	-	4,076,333	-	4,076,333
Less accumulated depreciation for:				
Buildings and Improvements	-	-	-	-
Infrastructure	-	1,362,549	-	1,362,549
Other Equipment	-	-	-	-
Total accumulated depreciation	-	1,362,549	-	1,362,549
Total capital assets being depreciated, net	-			2,713,784
Sewer Fund capital assets, net	\$ -			\$ 2,713,784

Stormwater Fund

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	-	-	-
Total capital assets not being Depreciated	-	-	-	-
Capital assets being depreciated:				
Buildings and Improvements	-	-	-	-
Infrastructure	-	-	-	-
Other Equipment	-	25,263	-	25,263
Total capital assets being Depreciated	-	25,263	-	25,263
Less accumulated depreciation for:				
Buildings and Improvements	-	-	-	-
Infrastructure	-	-	-	-
Other Equipment	-	820	-	820
Total accumulated depreciation	-	820	-	820
Total capital assets being depreciated, net	-			24,443
Stormwater Fund capital assets, net	\$ -			\$ 24,443

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

Discretely presented component unit

Activity for the West Columbus ABC Board for the year ended June 30, 2015 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated				
Land	\$ 67,702	\$ -	\$ -	\$ 67,702
Construction in Progress	26,657	-	-	26,657
Total capital assets not being depreciated	94,359	-	-	94,359
Capital assets being depreciated:				
Store fixtures and equipment	51,345	-	-	51,345
Office furniture	14,440	-	-	14,440
Total capital assets being depreciated	65,785	-	-	65,785
Less accumulated depreciation for:				
Store fixtures and equipment	35,626	2,754	-	38,380
Office furniture	14,440	-	-	14,440
Total accumulated depreciation	50,066	2,754	-	52,820
Total capital assets being depreciated, net	15,719			12,965
West Columbus ABC Board capital assets, net	\$ 110,078			\$ 107,324

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

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. 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 or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Chadbour 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 Chadbour's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Chadbour were \$42,805 for the year ended June 30, 2015.

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.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

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

At June 30, 2015, the Town reported an asset of \$61,569 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the Town's proportion was 0.01044% which was a decrease of 0.0019% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Town recognized pension expense of \$316. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,728
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	143,332
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	14,142
Town contributions subsequent to the measurement date	42,805	-
Total	\$ 42,805	\$ 164,202

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

\$42,805 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2016	\$ (41,064)
2017	(41,064)
2018	(41,064)
2019	(41,010)
2020	-
Thereafter	-
	<u>\$ (164,202)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increase	4.25 to 8.55 percent, including inflation and productivity factor
Investment Rate of Return	7.25 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, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

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, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 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 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.25%. 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 and Board'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 7.25 percent, as well as what the City'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 (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of the net pension liability (asset)	\$ 208,994	\$ (61,569)	\$ (289,375)

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

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description

The Town of Chadbourg administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance (Continued)

1. Plan Description (Continued)

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At June 30, 2015, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>9</u>
Total	<u>9</u>

A separate report was not issued for the plan.

2. Summary of Significant Accounting Policies

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

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- Contributions to the pension plan and earnings on those contributions are irrevocable
- Pension plan assets are dedicated to providing benefits to plan members
- Pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members.

Method Used to Value Investments – No funds are set aside to pay benefits and administrative costs. These expenditures are paid as they come due.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance (Continued)

3. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The Town has chosen not to have an actuarial study performed because the liability is considered to be immaterial.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires that the Town contribute each month an amount equal to 5 percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2015 were \$14,056, which consisted of \$13,286 from the Town and \$770 from the law enforcement officers.

All Other Employees

Plan Description. All other employees have the option of contributing to the Supplemental Retirement Plan of North Carolina 401(k). This plan is a defined contribution pension plan and participation is optional.

Funding Policy. For the year ended June 30, 2015, total contributions to the plan equaled \$1,235, all from the participating employees.

TOWN OF CHADBOURN, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2015

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

d. Other Postemployment Benefit

Healthcare Benefits

Plan Description. Under the terms of a Town resolution, the Town's policy provides that retirees may participate in the Town's healthcare plan, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) for at least 10 years and have at least five years of creditable service with the Town. The retiree will be required to pay 100% of the cost of their insurance.

Annual OPEB Cost and Net OPEB Obligation. The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution* of the employer (ARC).

The Town has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Town's annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation for the postemployment healthcare benefits:

Annual required contribution	\$	1,817
Interest on net OPEB obligation		70
Adjustment to annual required contribution		311
Annual OPEB cost (expense)		<u>2,198</u>
Contributions made		<u>-</u>
Increase (decrease) in net OPEB obligation		2,198
Net OPEB obligation, beginning of year		12,169
Net OPEB obligation, end of year	\$	<u>14,367</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2015 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	2,198	0.00%	14,367
2014	2,702	0.00%	12,080
2013	2,580	0.00%	9,467

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

d. Other Postemployment Benefit (Continued)

Funded Status and Funding Progress. As of December 31, 2014, the actuarial accrued liability for benefits was \$14,367, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$620,474, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 2.32%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future.

Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectation and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 62, or at the first subsequent year in which the member would qualify for benefits.

Marital status – Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality – Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2005 United States Life Tables for Males and for Females were used.

Turnover – Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for development of an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

TOWN OF CHADBOURN, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2015

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

d. Other Postemployment Benefit (Continued)

Healthcare cost trend rate – The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 12.00 percent initially, reduced to an ultimate rate of 6.00 percent after six years, was used.

Health insurance premiums – 2009 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation rate – The expected long-term inflation assumption of 3.8 percent was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in The 2007 Annual Report of the Board of Trustees of Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds for an intermediate growth scenario.

Payroll growth rate – The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the Town's short-term investment portfolio, a discount rate of 4.00 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2015, was twenty five years.

2. Other Employment Benefits

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

TOWN OF CHADBOURN, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2015

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

3. Deferred Outflows and Inflows of Resources

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

	Unavailable Revenue	Unearned Revenue
Contributions to pension plan in current fiscal year	42,805	-
Total	\$ 42,805	\$ -

Deferred inflows of resources at year-end are composed of the following:

	Unavailable Revenue	Unearned Revenue
Prepaid taxes (General Fund)	\$ -	\$ -
Taxes receivable (General Fund)	104,852	-
Pension deferrals	164,202	-
Total	\$ 269,054	\$ -

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage up to \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

The Town carries no flood insurance through the National Flood Insurance Plan (NFIP), as they are considered to be in a low-risk area.

TOWN OF CHADBOURN, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2015

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

4. Risk Management (Continued)

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Finance Officer and Tax Collector are each individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$25,000.

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

The West Columbus ABC Board 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 ABC Board has property, general liability, and workers' compensation. The ABC Board also has liquor legal liability. There have been no significant reductions in insurance coverage from coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

In accordance with G.S. 18B-803, the ABC Board's employees that have access to any money at any given time of the Board's funds are performance bonded through a commercial surety bond. The policy provides a blanket bond of \$25,000 for the store manager and employees.

5. Claims, Judgments and Contingent Liabilities

At June 30, 2015, the Town did not have any litigation pending.

6. Long-Term Obligations

a. Installment Purchases

In October 2005, the Town entered into an installment loan in the amount of \$417,261 for the construction of a new town hall. The financing contract requires principal payments beginning October 2006. Principal installments of \$23,425 are due annually on October 14 at an annual interest rate of 4.5%.

In October 2006, the Town entered into an installment loan in the amount of \$310,855 for the construction of a new town hall. The financing contract requires principal payments beginning October 2007. Principal installments of \$17,299 are due annually on October 14 at an annual interest rate of 4.25%.

In September 2009, the Town entered into an installment loan in the amount of \$110,420 for the purchase of Police vehicles. The financing contract requires principal payments beginning September 2010. Principal installments of \$25,066 are due annually on September 23 at an annual interest rate of 4.375%.

TOWN OF CHADBOURN, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2015

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations

a. Installment Purchases

In March 2012 the Town entered into an installment loan in the amount of \$42,780 for a new computer software system. The financing contract requires principal payment beginning March 2013. Principal installments of \$9,152 are due annually on March 28 at an annual interest rate of 2.290%.

In November 2011 the Town entered into an installment loan in the amount of \$125,000 for new Radio Read Meters. The financing contract requires principal payment beginning November 2012. Principal installments of \$14,947 are due annually on March 28 at an annual interest rate of 3.390%.

In July 2014 the Town entered into an installment loan in the amount of \$68,785 for new Police vehicles. The financing contract requires principal payment beginning July 2015. Principal installments of \$23,838 are due annually on July 8 at an annual interest rate of 1.97%.

For Town of Chadbourn, the future minimum payments as of June 30, 2015, including \$487,572 of interest, are:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2016	35,093	29,469
2017	36,089	28,472
2018	37,118	27,443
2019	14,344	26,380
2020	14,973	25,751
2021-2025	85,318	118,302
2026-2030	105,754	97,866
2031-2035	131,091	72,529
2036-2040	162,503	41,117
2041-2045	86,406	6,774
Total	\$ 708,689	\$ 474,103

Year Ending June 30	Water and Sewer Activities	
	Principal	Interest
2016	\$ 20,583	\$ 3,516
2017	21,185	2,915
2018	12,652	2,295
2019	13,081	1,866
2020	13,524	1,423
2021-2022	28,441	1,454
Total	\$ 109,466	\$ 13,469

TOWN OF CHADBOURN, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2015

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

b. General Obligation Indebtedness

All general obligation bonds serviced by the Town's General Fund are collateralized by the full faith, credit, and taxing power of the Town. Town of Chadbourn's Water Fund issues general obligation bonds to provide funds for the acquisition and construction of major water system capital improvements. These bonds, which are recorded in the Water Fund, are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest payments are appropriated when due.

The Town's general obligation bonds payable at June 30, 2015 are comprised of the following individual issues:

Serviced by the Town's Water and Sewer Fund:

\$2,044,000 Series 1999 Water and Sewer Bonds	
Principal and interest due on June 1, in annual installments through June 1, 2039	\$ 1,873,000
Total	<u>\$ 1,873,000</u>

Annual debt service requirements to maturity for the Town's and the Water Fund's general obligation bonds are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2016	\$ 47,500	\$ 84,285
2017	50,000	82,148
2018	52,000	79,897
2019	54,000	77,557
2020	56,500	75,128
2021-2025	320,500	335,362
2026-2030	389,500	256,523
2031-2035	487,000	161,415
2036-2040	416,000	46,800
Total	<u>\$ 1,873,000</u>	<u>\$ 1,199,115</u>

At June 30, 2015, the Town of Chadbourn had a legal debt margin of \$6,296,019.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

3. Long-Term Obligations (Continued)

c. Capital Leases

The Town has entered into an agreement to lease certain equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The agreement was executed on July 24, 2013 to lease landscaping maintenance equipment and requires 4 annual payments of \$19,169. Title passes to the Town at the end of the lease term.

The following is an analysis of the assets recorded under capital leases at June 30, 2015:

Classes of Property	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 72,684	\$ 6,663	\$ 66,021
Total	\$ 72,684	\$ 6,663	\$ 66,021

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

Year Ending June 30	
2016	19,169
2017	19,169
Total minimum lease payments	38,338
Less: amount representing interest	2,018
Present value of the minimum lease payments	\$ 36,320

TOWN OF CHADBOURN, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2015

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

4. Long-Term Obligations (Continued)

d. Long-Term Obligation Activity

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental activities:					
Installment purchase	\$ 651,984	\$ 68,785	\$ 12,080	\$ 708,689	\$ 35,093
Capital Lease	26,758	-	8,598	18,160	9,584
Compensated absences	26,099	-	7,622	18,477	-
Other post-employment benefits	7,654	1,203	-	8,857	-
Total governmental activities	<u>\$ 712,495</u>	<u>\$ 69,988</u>	<u>\$ 28,300</u>	<u>\$ 754,183</u>	<u>\$ 44,677</u>
Business-type activities:					
General obligation debt	\$ 1,918,500	\$ -	\$ 45,500	\$ 1,873,000	\$ 47,500
Capital Lease	26,758	-	8,598	18,160	8,916
Installment purchase	129,465	-	19,999	109,466	20,583
Compensated absences	13,422	-	2,819	10,603	-
Other post-employment benefits	4,515	995	-	5,510	-
Total business-type activities	<u>\$ 2,092,660</u>	<u>\$ 995</u>	<u>\$ 76,916</u>	<u>\$ 2,016,739</u>	<u>\$ 76,999</u>

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

C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2015, consists of the following:

From the Water Fund to the Sewer Fund	\$ 268,663
From the Water Fund to the Water and Sewer Capital Reserve Fund	43,442
From the Water and Sewer Capital Reserve Fund to the water Fund	135,397
From the CDBG Capital Project Fund to the General Fund	792
Total	<u>\$ 448,294</u>

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

D. Net Investments in Capital Assets

	Governmental	Business Type
Capital Assets	\$ 2,336,370	\$ 8,661,783
Less: Long-term Debt	726,849	2,000,626
Add: Unexpected debt proceeds	-	-
Net Investment in Capital Assets	<u>\$ 1,609,521</u>	<u>\$ 6,661,157</u>

TOWN OF CHADBOURN, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2015

II. DETAIL NOTES ON ALL FUNDS (Continued)

E. Fund Balance

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

<i>Total fund balance – General Fund</i>	\$	1,196,930
Less:		
Stabilization by State Statute		122,692
Streets – Powell Bill		52,698
Appropriated Fund Balance in 2016 budget		-
Remaining Fund Balance		1,021,540

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

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contract that remain unperformed at year-end.

<i>Encumbrances</i>	General Fund	Non-Major Funds
\$ -	\$ -	\$ -

III. SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

A. Federal and State Assisted Programs

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

TOWN OF CHADBOURN, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2015

IV. SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 1, 2015, which is the date the financial statements were available to be issued.

VI. CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT

The Town and Board implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the Town and Board to record beginning net pension liability and the effects on net position of contributions made by the Town and Board during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$72,942, \$29,375, respectively.

Required Supplementary

Financial Data

TOWN OF CHADBOURN, NORTH CAROLINA

Other Postemployment Benefits

Required Supplementary Information

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2009	\$ -	\$ 279,999	\$ 279,999	0.00%	\$ 790,275	35.43%
12/31/2010	-	8,960	8,960	0.00%	791,450	1.13%
12/31/2011	-	9,916	9,916	0.00%	787,750	1.26%
12/31/2012	-	12,791	12,791	0.00%	671,952	1.90%
12/31/2013	-	14,625	14,625	0.00%	660,314	2.21%
12/31/2014	-	14,367	14,367	0.00%	620,474	2.32%

TOWN OF CHADBOURN, NORTH CAROLINA
Other Postemployment Benefits
Required Supplementary Information
Schedule of Employer Contributions

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2010	\$ 50,746	0.00%
2011	2,280	0.00%
2012	2,327	0.00%
2013	2,580	0.00%
2014	2,702	0.00%
2015	1,817	0.00%

TOWN OF CHADBOURN

Proportionate Share of Net Pension Liability (Asset)

Required Supplementary Information

Last Two Fiscal Years

Local Government Employees' Retirement System

	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability (asset) (%)	0.01044%	0.01230%
Town's proportion of the net pension liability (asset) (\$)	\$ (61,569)	\$ 148,262
Town's covered-employee payroll	\$ 640,362	\$ 659,947
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(9.61%)	22.47%
Plan fiduciary net position as a percentage of the total pension liability	102.64%	94.35%

TOWN OF CHADBOURN
 Town's Contributions
 Required Supplementary Information
 Last Two Fiscal Years

Local Government Employee's Retirement System

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 42,805	\$ 45,946
Contributions in relation to the contractually required contribution	42,805	45,946
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Town's covered employee payroll	\$ 592,943	\$ 640,362
Contributions as a percentage of covered-employee payroll	7.22%	7.18%



The **North Carolina
Strawberry Festival**

Chadbourn, North Carolina

Major Governmental Funds

General Fund

TOWN OF CHADBOURN, NORTH CAROLINA
 General Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad Valorem Taxes			
Taxes		\$ 465,950	
Penalties and Interest		30,212	
Total Ad Valorem Taxes	\$ 473,660	496,162	\$ 22,502
Other Taxes and Licenses			
Privilege Licenses		2,291	
Total Other Taxes and Licenses	5,000	2,291	(2,709)
Unrestricted Intergovernmental			
Local Option Sales Tax		312,920	
Utility Sales Tax		118,566	
Beer and Wine Tax		8,776	
Total Unrestricted Intergovernmental	337,439	440,262	102,823
Restricted Intergovernmental			
Powell Bill Allocation		64,945	
Federal Grants		19,989	
State Grants		-	
ABC Revenue for Law Enforcement		285	
Solid Waste Disposal Tax		1,207	
Total Restricted Intergovernmental	65,760	86,426	20,666
Permits and Fees			
Inspection Fees		8,200	
Zoning Permits		1,550	
Total Permits and Fees	8,000	9,750	1,750
Sales and Services			
Recreation Fees		6,095	
Solid Waste		274,063	
Total Sales and Services	256,294	280,158	23,864
Investment Earnings			
General		136	
Powell Bill		10	
Total Investment Earnings	110	146	36
Miscellaneous			
Other		89,394	
Total Miscellaneous	66,300	89,394	23,094
Total Revenues	1,212,563	1,404,589	192,026

TOWN OF CHADBOURN, NORTH CAROLINA

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)

Budget and Actual

For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Expenditures			
Governing Body			
Salaries and Employee Benefits		\$ 13,139	
Other Expenditures		19,066	
Total Governing Body	\$ 35,806	32,205	\$ 3,601
Administration			
Salaries and Employee Benefits		143,078	
Other Expenditures		23,493	
Total Administration	200,126	166,571	33,555
Civic Center			
Other Expenditures		5,783	
Total Civic Center	5,800	5,783	17
Public Buildings			
Other Expenditures		11,981	
Total Public Buildings	13,350	11,981	1,369
Police			
Salaries and Employee Benefits		391,172	
Other Expenditures		74,157	
Capital Outlays		68,785	
Total Police	592,464	534,114	58,350
Inspections			
Salaries and Employee Benefits		12,612	
Other Expenditures		2,340	
Total Inspections	19,622	14,952	4,670
Fire			
Salaries and Employee Benefits		5,026	
Other Expenditures		17,930	
Total Fire	40,500	22,956	17,544
Street Department			
Salaries and Employee Benefits		3,666	
Other Expenditures		51,405	
Debt Service			
Principal		4,299	
Interest		493	
Total Street Department	70,205	59,863	10,342

TOWN OF CHADBOURN, NORTH CAROLINA

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)

Budget and Actual

For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Powell Bill			
Salaries and Employee Benefits		22,754	
Other Expenditures		51,400	
Debt Service			
Principal		4,299	
Interest		493	
Total Powell Bill	<u>97,395</u>	<u>78,946</u>	<u>18,449</u>
Sanitation			
Other Expenditures		172,809	
Total Sanitation	<u>183,757</u>	<u>172,809</u>	<u>10,948</u>
Recreation			
Salaries and Employee Benefits		8	
Other Expenditures		19,130	
Total Recreation	<u>38,897</u>	<u>19,138</u>	<u>19,759</u>
Special Appropriations			
Other Expenditures		29,802	
Debt Service			
Principal		12,080	
Interest		28,643	
Total Special Appropriations	<u>81,008</u>	<u>70,525</u>	<u>10,483</u>
Contingency	<u>16,815</u>	<u>-</u>	<u>16,815</u>
Total Expenditures	<u>1,395,745</u>	<u>1,189,843</u>	<u>205,902</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(183,182)</u>	<u>214,746</u>	<u>397,928</u>
Other Financing Sources (Uses)			
Installment Notes	68,785	68,785	-
Transfers from other funds:			
CDBG Capital Project Fund	-	792	792
Total Other Financing Sources (Uses)	<u>68,785</u>	<u>69,577</u>	<u>792</u>
Fund Balance Appropriated	<u>114,397</u>	<u>-</u>	<u>(114,397)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 284,323</u>	<u>\$ 284,323</u>
Fund Balance - Beginning of Year		<u>912,607</u>	
Fund Balance - End of Year		<u>\$ 1,196,930</u>	

Major Governmental Funds

Capital Project Funds

TOWN OF CHADBOURN, NORTH CAROLINA
 CDBG Capital Project Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2015

	<u>Project Authorization</u>	<u>Actual</u>		<u>Totals to Date</u>	<u>Variance Positive (Negative)</u>
		<u>Prior Year</u>	<u>Current Year</u>		
Revenues					
Restricted Intergovernmental					
Community Development Block Grant	\$ 850,000	\$ 850,000	\$ -	\$ 850,000	\$ -
Expenditures					
Current					
Community Development Capital Outlay	935,000	930,227	-	930,227	4,773
Total Expenditures	<u>935,000</u>	<u>930,227</u>	<u>-</u>	<u>930,227</u>	<u>4,773</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(85,000)</u>	<u>(80,227)</u>	<u>-</u>	<u>(80,227)</u>	<u>4,773</u>
Other Financing Sources (Uses)					
Transfers in:					
General Fund	85,000	80,000	-	80,000	(5,000)
Transfers out:					
General Fund	-	-	792	792	(792)
Total Other Financing Sources (Uses)	<u>85,000</u>	<u>80,000</u>	<u>(792)</u>	<u>79,208</u>	<u>(5,792)</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>(227)</u>	(792)	\$ <u>(1,019)</u>	\$ <u>(1,019)</u>
Fund Balance - Beginning			<u>792</u>		
Fund Balance - Ending			\$ <u>-</u>		

Enterprise Funds

TOWN OF CHADBOURN, NORTH CAROLINA

Water Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Operating Revenues			
Water Charges		\$ 473,808	
Sewer Charges		462,553	
Water and Sewer Taps		10,918	
Reserve Assessments		43,598	
Total Operating Revenues	\$ 937,000	990,877	\$ 53,877
Nonoperating Revenues			
Investment Earnings		57	
Miscellaneous		6,734	
Grants		15,000	
Total Nonoperating Revenues	15,020	21,791	6,771
Total Revenues	952,020	1,012,668	60,648
Expenditures			
Water Operations			
Salaries and Employee Benefits		72,357	
Other Expenditures		172,932	
Debt Service			
Principal		24,298	
Interest		4,593	
Total Water Operations	304,295	274,180	30,115
Wastewater Treatment			
Salaries and Employee Benefits		23,370	
Other Expenditures		203,691	
Total Wastewater Treatment	240,545	227,061	13,484
Sewer Operations			
Salaries and Employee Benefits		137,175	
Other Expenditures		153,629	
Capital Outlay		78,937	
Debt Service			
Principal		49,799	
Interest		86,826	
Total Sewer Operations	533,484	506,366	27,118
Total Expenditures	1,078,324	1,007,607	70,717
Excess (Deficiency) of Revenues Over (Under) Expenditures	(126,304)	5,061	131,365

TOWN OF CHADBOURN, NORTH CAROLINA
 Water Fund
 Schedule of Revenues and Expenditures (Continued)
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Other Financing Sources (Uses)			
Appropriated Fund Balance	171,304	-	(171,304)
Capital Lease Obligations Issued	-	-	-
Transfers In:			
Water and Sewer Capital Reserve Fund	-	135,397	135,397
Transfers Out:			
Sewer Fund	-	(268,663)	(268,663)
Water and Sewer Capital Reserve Fund	(45,000)	(43,442)	1,558
Total Other Financing Sources (Uses)	126,304	(176,708)	(303,012)
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ (171,647)	\$ (171,647)

TOWN OF CHADBOURN, NORTH CAROLINA
 Water Fund
 Schedule of Revenues and Expenditures (Continued)
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)		<u>\$ (171,647)</u>	
Reconciling Items:			
Depreciation Expense		(251,563)	
Capital Outlay		78,937	
Principal Retirement		74,097	
Pension Expense		12,198	
Decrease in Compensated Absences Payable		2,819	
Increase in Other Postemployment Benefits		(995)	
Residual Equity Transfer - Sewer Fund		(866,571)	
Transfer out from Water and Sewer Capital Reserve Fund		(91,955)	
Total Reconciling Items		<u>(1,043,033)</u>	
Change in Net Position		<u><u>\$ (1,214,680)</u></u>	

TOWN OF CHADBOURN, NORTH CAROLINA
 Water and Sewer Capital Reserve Fund
 Schedule of Revenues and Expenditures
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Other Financing Sources (Uses)			
Transfers in:			
Water Fund	-	43,442	43,442
Transfers out:			
Water Fund	-	(135,397)	(135,397)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(91,955)</u>	<u>(91,955)</u>
Appropriated Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (91,955)</u>	<u>\$ (91,955)</u>

TOWN OF CHADBOURN, NORTH CAROLINA
 Sewer Fund
 Schedule of Revenues and Expenditures
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Operating Revenues			
Sewer Charges		\$ 1,083	
Total Operating Revenues	\$ -	1,083	\$ 1,083
Nonoperating Revenues			
Investment Earnings	-	4	
Total Nonoperating Revenues	-	4	-
Total Revenues	-	1,087	1,087
Expenditures			
Sewer Operations			
Salaries and Employee Benefits		-	
Other Expenditures		-	
Capital Outlay		-	
Debt Service			
Principal		-	
Interest		-	
Total Sewer Operations	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	1,087	1,087
Other Financing Sources (Uses)			
Appropriated Fund Balance	-	-	-
Transfers In:			
Water Fund	-	268,663	268,663
Transfers Out:			
Water and Sewer Capital Reserve Fund	-	-	-
Total Other Financing Sources (Uses)	-	268,663	268,663
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ 269,750	\$ 269,750

TOWN OF CHADBOURN, NORTH CAROLINA
 Sewer Fund
 Schedule of Revenues and Expenditures (Continued)
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)		\$ 269,750	
Reconciling Items:			
Depreciation Expense		-	
Capital Outlay		-	
Principal Retirement		-	
Decrease in Compensated Absences Payable		-	
Increase in Other Postemployment Benefits		-	
Capital Contributions		-	
Residual Equity Transfer - Sewer Fund		866,571	
Transfer out from Water and Sewer Capital Reserve Fund		-	
Total Reconciling Items		<u>866,571</u>	
Change in Net Position		<u>\$ 1,136,321</u>	

TOWN OF CHADBOURN, NORTH CAROLINA
Stormwater Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Operating Revenues			
Stormwater Fees		\$ 31,264	
Total Operating Revenues	\$ 40,132	31,264	\$ (8,868)
Nonoperating Revenues			
Investment Earnings		-	
Miscellaneous		-	
Total Nonoperating Revenues	-	-	-
Total Revenues	40,132	31,264	(8,868)
Expenditures			
Stormwater			
Other Expenditures		13,257	
Capital Outlay		25,263	
Total Water Operations	40,132	38,520	1,612
Total Expenditures	40,132	38,520	1,612
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ (7,256)	\$ (7,256)

TOWN OF CHADBOURN, NORTH CAROLINA
Stormwater Fund
Schedule of Revenues and Expenditures (Continued)
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)		<u>\$ (7,256)</u>	
Reconciling Items:			
Depreciation Expense		(820)	
Pension Expense		-	
Capital Outlay		<u>25,263</u>	
Total Reconciling Items		<u>24,443</u>	
Change in Net Position		<u>\$ 17,187</u>	



The **North Carolina
Strawberry Festival**

Chadbourn, North Carolina

Other Schedules

TOWN OF CHADBOURN, NORTH CAROLINA
 General Fund
 Schedule of Ad Valorem Taxes Receivable
 June 30, 2015

Fiscal Year	Uncollected Balance 7-1-14	Additions and Adjustments	Collections and Credits	Uncollected Balance 6-30-15
2014-15	\$ -	\$ 487,429	\$ 445,673	\$ 41,756
2013-14	39,211	-	19,226	19,985
2012-13	17,678	-	2,961	14,717
2011-12	19,020	-	3,802	15,218
2010-11	12,302	-	2,136	10,166
2009-10	5,500	-	1,282	4,218
2008-09	5,718	-	1,696	4,022
2007-08	4,414	-	1,374	3,040
2006-07	3,642	-	1,181	2,461
2005-06	2,124	-	855	1,269
2004-05	2,242	-	2,242	-
	<u>\$ 111,851</u>	<u>\$ 487,429</u>	<u>\$ 482,428</u>	116,852
Less: Allowance for Uncollectible Accounts: General Fund				<u>12,000</u>
Ad Valorem Taxes Receivable - Net				<u>\$ 104,852</u>
<u>Reconciliation with Revenues</u>				
Ad Valorem Taxes - General Fund				\$ 496,162
Reconciling Items:				
Interest and Penalties Collected				(30,212)
Taxes Released				1,727
Taxes Written Off				<u>14,751</u>
Total Collections and Credits				<u>\$ 482,428</u>

TOWN OF CHADBOURN, NORTH CAROLINA
 Analysis of Current Tax Levy
 Town-Wide Levy
 June 30, 2015

	Town-Wide		Total Levy		
	Property Valuation	Rate Per \$100	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property Taxed at Current Year's Rate	\$ 78,700,242	0.620	\$ 487,941	\$ 431,953	\$ 55,988
Penalties	-		427	427	-
	<u>78,700,242</u>		<u>488,368</u>	<u>432,380</u>	<u>55,988</u>
Discoveries:					
Current Year Taxes	-	0.620	161	161	-
Penalties	-		11	11	-
	<u>-</u>		<u>172</u>	<u>172</u>	<u>-</u>
Abatements:					
Property Taxes - Current Year's Rate	-	0.620	\$ (1,112)	-	(1,112)
Total Property Valuations	<u>\$ 78,700,242</u>				
Net Levy			487,429	432,552	54,877
Uncollected Taxes at June 30, 2015			41,756	41,704	52
Current Year's Taxes Collected			<u>\$ 445,673</u>	<u>\$ 390,848</u>	<u>\$ 54,825</u>
Current Levy Collection Percentage			<u>91.43%</u>	<u>90.36%</u>	<u>99.91%</u>



The **North Carolina
Strawberry Festival**

Chadbourn, North Carolina