

TOWN OF FARMVILLE
Farmville, North Carolina

FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2016

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FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2016

Prepared By
BARROW, PARRIS & DAVENPORT, P.A.
Certified Public Accountants
Kinston, North Carolina

TOWN OF FARMVILLE

Robert L. Evans
Mayor

BOARD OF COMMISSIONERS

Jamin Dixon

Brenda Elks

John Moore

David Shackelford

Hunter Walters

TOWN ADMINISTRATION

David Hodgkins
Town Manager

Donnie D. Greene, Jr.
Police Chief

Amy B. Johnson
Finance Director/Town Clerk

Tommy Brady
Fire Chief

Matthew Johnston
Recreation Director

David R. Miller
Library Director

Wesley Thomas
Public Works

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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Farmville, North Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Farmville, North Carolina as of June 30, 2016, 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 Management's Discussion and Analysis on pages 3 through 12, the Law Enforcement Officers' Special Separation Allowance's and the Other Postemployment Benefits' Schedule of Funding Progress and Schedule of Employer Contributions on page 60 and 61, respectively, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 62 and 63, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which 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 Farmville, North Carolina. The combining and individual fund statements, budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2016 on our consideration of Town of Farmville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Farmville's internal control over financial reporting and compliance.

Barrow, Parris & Davenport, P.A.

BARROW, PARRIS & DAVENPORT, P.A.
KINSTON, NC

December 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Town of Farmville, we offer readers of the Town of Farmville's financial statements this narrative overview and analysis of the financial activities of the Town of Farmville for the fiscal year ended June 30, 2016. 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 of the Town of Farmville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$43,979,137 (*net position*).
- The government's total net position increased by \$1,603,829 due to increases in the business-type activities net position. This compares to an increase of \$333,841 in 2015.
- As of the close of the current fiscal year, the Town of Farmville's governmental funds reported combined ending fund balances of \$3,270,479 with a net change of \$235,850 in fund balance. Approximately 44.79% of this total amount, or \$1,464,958 is available for spending at the government's discretion (unassigned fund balance). In 2015, the unassigned fund balance was \$1,079,664, or 35.58% of combined governmental fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,464,958 or approximately 31.90% of total general fund expenditures for the fiscal year. In 2015, unassigned fund balance in the General Fund was \$1,079,664, or 23.77% of total general fund expenditures.
- The Town of Farmville's total debt decreased by a net of \$696,982 (4.64%) during the current fiscal year. New debt in the amount of \$195,482 was issued in governmental activities for the purchase of new police cars, a code enforcement truck, and land for recreation purposes.

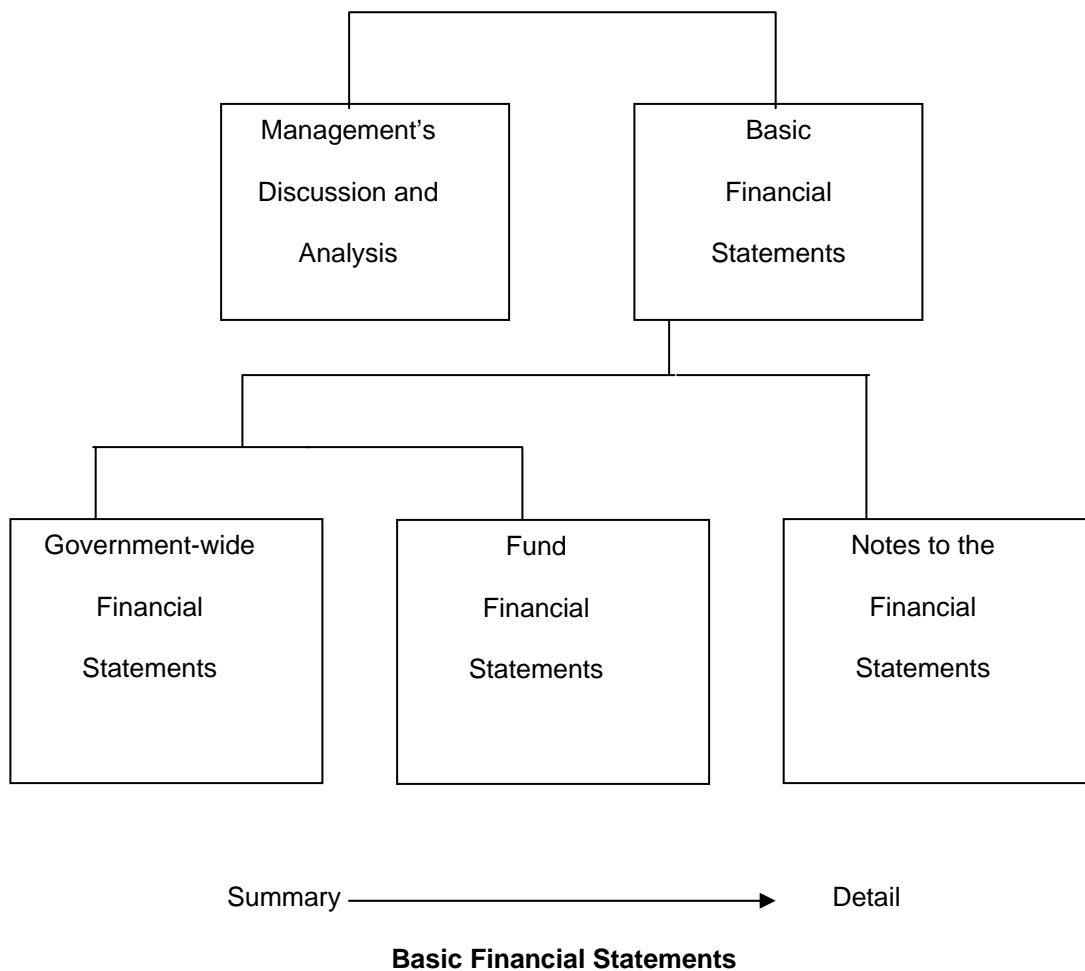
Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Town of Farmville'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 Farmville.

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Required Components of Annual Financial Report

Figure 1



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

The next statements (Exhibits 3 through 10) 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 four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary 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.

Management's Discussion and Analysis (Continued)
Town of Farmville

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

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, environmental protection and general administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the electric, water, and sewer services offered by the Town of Farmville.

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Farmville, 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 Farmville can be divided into three categories: governmental funds, proprietary funds and fiduciary 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 Farmville 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 – The Town of Farmville has only one type 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 Farmville uses enterprise funds to account for its electric, water and sewer activity operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds – Fiduciary funds are used to account for the resources held for the benefit of parties outside the government. The Town of Farmville has one fiduciary fund.

Management's Discussion and Analysis (Continued)
Town of Farmville

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 begin on page 27 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 Farmville's progress in funding its obligation to provide postemployment healthcare benefits to its employees. Required supplementary information can be found beginning on page 60 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 government and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis
Town of Farmville's Net Position

Figure 2

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$3,814,556	\$3,701,948	\$6,757,860	\$5,777,614	\$10,572,416	\$9,479,562
Capital assets	6,183,889	6,388,838	44,183,007	44,431,781	50,366,896	50,820,619
Deferred outflows of resources	130,262	143,522	33,220	36,988	163,482	180,510
Total assets and deferred outflows of resources	\$10,128,707	\$10,234,308	\$50,974,087	\$50,246,383	\$61,102,794	\$60,480,691
Current liabilities	\$601,461	\$321,458	\$1,778,605	\$1,857,368	\$2,380,066	\$2,178,826
Long-term liabilities	1,273,129	1,194,298	13,325,137	14,026,702	14,598,266	15,221,000
Deferred inflows of resources	115,795	560,120	29,530	145,437	145,325	705,557
Total liabilities and deferred inflows of resources	\$1,990,385	\$2,075,876	\$15,133,272	\$16,029,507	\$17,123,657	\$18,105,383
Net position:						
Net Investment in capital assets	\$5,775,351	\$6,096,140	\$30,272,376	\$29,708,326	\$36,047,727	\$35,804,466
Restricted	1,135,586	1,253,709			1,135,586	1,253,709
Unrestricted	1,227,385	808,583	5,568,439	4,508,550	6,795,824	5,317,133
Total net position	\$8,138,322	\$8,158,432	\$35,840,815	\$34,216,876	\$43,979,137	\$42,375,308

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Farmville exceeded liabilities and deferred inflows by \$43,979,137 as of June 30, 2016. As of June 30, 2015, the net position of The Town of Farmville stood at \$42,375,308. The Town's net position increased by \$1,603,829 for the current fiscal year. The Town's net position increased by \$333,841 for 2015. However, the largest portion \$36,047,727 (81.97%) reflects the Town's net investment in capital assets (e.g. land, buildings, water and sewer distribution lines, machinery, and equipment). The Town of Farmville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Farmville'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 Farmville's net position \$1,135,586 (2.58%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,795,824 (15.45%) is unrestricted. In 2015, the net investment in capital assets was \$35,804,466. An additional portion of the Town of Farmville's net position \$1,253,709 represented resources that were subject to external restrictions on how they may be used. The remaining \$5,317,133 was unrestricted net position for the 2015 year.

Management's Discussion and Analysis (Continued)
Town of Farmville

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 collecting 95.37%
- Continued low cost of debt due to the Town's high bond rating.

Town of Farmville Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$863,966	\$829,940	\$10,341,763	\$10,952,339	\$11,205,729	\$11,782,279
Operating grants and contributions	411,471	243,921			411,471	243,921
Capital grants and contributions	33,444	14,024	921,679	62,139	955,123	76,163
General revenues:						
Property taxes	1,593,173	1,454,077			1,593,173	1,454,077
Other taxes	932,603	897,859			932,603	897,859
Grants and contributions not restricted to specific programs	442,447	446,585			442,447	446,585
Other	183,787	228,063	641,591	659,921	825,378	887,984
Special Item	(211,647)				(211,647)	
Total revenues	\$4,249,244	\$4,114,469	\$11,905,033	\$11,674,399	\$16,154,277	\$15,788,868
Expenses:						
General government	\$735,512	\$797,828			\$735,512	\$797,828
Public safety	1,882,100	1,632,168			1,882,100	1,632,168
Transportation	206,524	426,247			206,524	426,247
Economic Development	344,769	78,205			344,769	78,205
Environmental Protection/Public Works	896,685	794,127			896,685	794,127
Cultural and recreation/Public Services	601,615	684,057			601,615	684,057
Special services		13,335				13,335
Capital Outlay	10,875				10,875	
Garage		43,610				43,610
Interest on long-term debt	4,785	7,194			4,785	7,194
Electric			\$5,760,737	\$6,844,985	5,760,737	6,844,985
Water			2,464,784	2,477,401	2,464,784	2,477,401
Sewer			1,642,062	1,655,870	1,642,062	1,655,870
Total expenses	\$4,682,865	\$4,476,771	\$9,867,583	\$10,978,256	\$14,550,448	\$15,455,027
Increase (Decrease) in net position before transfers:	(\$433,621)	(\$362,302)	\$2,037,450	\$696,143	\$1,603,829	\$333,841
Transfers	413,511	427,625	(413,511)	(427,625)		
Increase (Decrease) in net position	(\$20,110)	\$65,323	\$1,623,939	\$268,518	\$1,603,829	\$333,841
Net position, July 1	8,158,432	8,815,591	34,216,876	34,035,008	42,375,308	42,850,599
Net position, beginning, restated		8,093,109		33,948,358		42,041,467
Net position, June 30	\$8,138,322	\$8,158,432	\$35,840,815	\$34,216,876	\$43,979,137	\$42,375,308

Management's Discussion and Analysis (Continued)
Town of Farmville

Governmental activities. Governmental activities decreased the Town's net position by \$20,110 thereby reducing the total growth in the net position of the Town of Farmville by (1.25%). A key element of this decrease is as follows:

- The Town sold approximately 48 acres of its Industrial Park to Strata Land Holding, LLC to allow Strata to construct a solar farm. The sale resulted in a \$211,647 loss in the General Fund. However, as a condition of the sale, Strata contributed approximately \$591,000 of electrical upgrades to the Town's Electric Fund. (See Note XI.)

Business-type activities: Business-type activities increased the Town of Farmville's net position by \$1,623,939 accounting for 101.25% of the total growth in the government's net position. The key elements of this increase are as follows:

- The Town received approximately \$591,000 of contributed electrical upgrades from Strata Solar as a condition of their purchase of 48 acres of Industrial Park land (see Note XI).
- The Town experienced an increase in electric profits as a result of being able to purchase electricity at a cheaper rate. The Town has in turn lowered electrical rates by 10% in order to pass this savings on to its customers.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Farmville'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 Farmville'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 Farmville. At the end of the current fiscal year, Town of Farmville's fund balance available in the General Fund was \$1,464,958 while total fund balance increased to \$2,600,804.

At June 30, 2016, the total governmental funds of the Town of Farmville reported a combined fund balance of \$3,270,479 an approximate 7.77% increase from last year; with a net increase in fund balance of \$235,580. Included in this change in fund balance are increases in fund balance in both General and Capital Project Funds.

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

The actual revenue amounts exceeded original budgeted amounts primarily due to an increase in Sale of Fixed Assets. Expenditures were held in check to try and comply with its budgetary requirements.

Proprietary Funds. The Town of Farmville's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Electric Fund at the end of the fiscal year amounted to \$1,765,266, the Water Fund amounted to \$3,245,715; and the Sewer Fund amounted to \$557,458. The total change in net position for the Electric, Water and Sewer Funds were \$1,126,810, \$212,585, and \$284,544, respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the Town of Farmville's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Farmville's investment in capital assets for its governmental and business-type activities as of June 30, 2016, totaled \$50,366,896 (net of accumulated depreciation). These assets include buildings and substations, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following additions:

Governmental-type Activities:

- Construction to Main Street sidewalks - \$97,729
- Roof replacement and repairs- \$17,825; Hardware Store Building- \$175,975; Removal of metal skin to Hardware store- \$3,500; Field grading to soccer/football field- \$45,500; Installation of chain link fence- \$26,961; Monk property (land) - \$73,702 for recreation.
- Purchase of 2 monitors and 8 air bottles- \$6,010; Fire equipment- \$44,351; Lights for firetrucks- \$11,347; 2 Mowers- \$11,774; mowing equipment- \$16,800; Police Dispatch Recorder - \$12,446.
- 3 Dodge Chargers- \$72,018; 2 Ford Explorers- \$55,224; Ford F-250 - \$25,460.

Business-type Activities:

- Purchase of 3 trucks- \$78,521
- LED Street lights for Main Street, Wilson St. and Horne Ave- \$49,985
- Electrical System Upgrade- Industrial Park/ Solar Farm - \$591,730 (donated)

**Town of Farmville's Capital Assets
(Net of depreciation)**

Figure 4

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$1,772,894	\$2,213,042	\$248,034	\$248,034	\$2,020,928	\$2,461,076
Buildings and Systems	3,121,753	2,958,959	41,299,591	41,806,223	44,421,344	44,765,182
Equipment	303,538	271,880	287,741	290,631	591,279	562,511
Vehicles/Motorized Equipment	758,314	776,290	685,985	743,008	1,444,299	1,519,298
Infrastructure	209,390	150,667			209,390	150,667
Construction in progress	18,000	18,000	1,661,656	1,343,885	1,679,656	1,361,885
Total	\$6,183,889	\$6,388,838	\$44,183,007	\$44,431,781	\$50,366,896	\$50,820,619

Additional information on the Town's capital assets can be found in Note III. A. 4 beginning on page 39 of the notes to the Financial Statements.

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Management's Discussion and Analysis (Continued)
Town of Farmville

Long-term Debt. As of June 30, 2016, the Town of Farmville had total debt outstanding of \$14,319,171 (not including compensated absences and other postemployment benefits). All of the above debt is backed by the full faith and credit of the Town.

Town of Farmville's Outstanding Debt

Figure 5

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Installment Agreements	\$365,758	\$292,698	\$4,399,633	\$5,073,453	\$4,765,391	\$5,366,151
Note Payable	42,780				42,780	
Revenue Bonds			9,511,000	9,650,000	9,511,000	9,650,000
Total	\$408,538	\$292,698	\$13,910,633	\$14,723,453	\$14,319,171	\$15,016,151

The Town of Farmville's total debt decreased by \$696,980 (4.64%) during the past fiscal year. The Town issued new debt in the amount of \$195,482 for the purchase of new police cars, a code enforcement truck, and land for recreation.

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 Farmville is \$25,720,343 of which \$11,401,172 is available. The Town has \$0 in bonds authorized but un-issued at June 30, 2016.

Additional information regarding the Town of Farmville's long-term debt can be found in note III. B. 7. beginning on page 52 of this report in the notes to the basis financial statements.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators impact the potential growth and prosperity of the Town.

- The Farmville Downtown area remains strong and viable. The mix of tenants in Downtown Farmville includes a variety of locally owned retail establishments as well as restaurants, service businesses, professional offices, and governmental offices and is anchored by Farmville Furniture, which is more than 100 years old, as well as other larger merchants and service businesses that draw customers from throughout the region. A new antique store, a new thrift store, a new book store, a new gun shop, and several other small businesses have opened in the downtown area in the past year. Several downtown storefronts have been recently renovated through the Town's Façade Grant Program which has leveraged significant amounts of new private investment for downtown. Several long-time vacant buildings have been sold in past years and are currently under renovation for new retail and office tenants.
- The Pitt County Public School System, in collaboration with East Carolina University, Pitt Community College, and STEM East has secured a formerly vacant building in the downtown area with the intent of establishing the county's only **E**ntrepreneurial, **S**cience, **T**echnology, **E**ngineering, **A**rts, & **M**athematics (ESTEAM) lab for advanced study by high school students throughout the county. Once completed, this exciting new concept in learning will create a network with businesses, industries, governmental organizations and educational institutions to improve student-learning pathways that will lead to employment. The collaboration will allow ESTEAM lab students to engage in real-world learning modules that directly align with career opportunities in Eastern North Carolina.

Management's Discussion and Analysis (Continued)
Town of Farmville

- East Carolina University recently completed its renovation of formerly vacant structures in the downtown area to house classrooms and faculty studios to support graduate classes in the fine arts and working studios producing goods made on site for display and sale. Pitt Community College completed its renovation of a former bank building in the downtown area and has established a new satellite campus to better meet the education needs of a growing local student population. These projects, as well as existing antique, art work, dance studio, and fine furniture businesses, are transforming this portion of the downtown area into a mini fine arts and education district.
- Existing businesses in other areas of the Town have continued to do well and sales are increasing over time.
- US 264, which passes through the northern edge of Farmville, is a 4 lane, limited access highway which provides easy access from Raleigh to eastern North Carolina. A shopping center, several fast food establishments, a discount retail store, and a convenience and travel center have been built in recent years on this road. More business ventures are anticipated in this area due to easy access to major transportation arteries as well as the shovel ready tracts available for immediate development.
- The Farmville Community Arts Council and the May Museum are both located in the Central Business District and continue to provide diverse cultural programs and activities that draw visitors from throughout the region.
- The Colonial Inn, formerly a historic home located in the Central Business District, is a fine dining establishment and a place for private parties and other events such as wedding receptions. This establishment also serves to bring visitors to Farmville.
- A formerly vacant industrial building was entirely renovated with the assistance of a federal Community Development Block Grant and is now home to Natural Blends Dehydrated Vegetables, Inc., a manufacturing facility that has brought more than 40 new jobs to Farmville, with more jobs planned in future years. Duck Rabbit Brewing Company, a producer of craft beer, has recently doubled its warehouse space and has expanded its production.
- A 5 MW solar farm was constructed on the western edge of the town by Strata Solar. The solar farm is operational and provides a source of clean, renewable energy for the electric grid. As part of the project, Strata is also making approximately \$590,000 in improvements to the Town of Farmville's electric system which will provide service to the Farmville Industrial Park.
- DR Burton, a medical device manufacturer has purchased an existing 29,000 square foot shell building in the Farmville Corporate Park. The company plans to create 20 jobs initially and will have approximately 50 new jobs within five years.

Governmental Activities

- The tax rate for the Town remains at \$.49 per \$100 of assessed valuation and the collection rate remains high.
- Generally, revenue levels are stable. Some increases in revenue have occurred due to growth but also as a result of rate and fee increases. The local economy continues to improve.
- The Town has been very successful in seeking out grant funds for capital improvements. In the past year, the Town has received grants for public safety equipment, wastewater improvements, and water and sewer improvements.
- The Town continues to pursue an aggressive program to address substandard structures in our jurisdiction. In the last year, several such structures have been condemned and either demolished or renovated. This has had a positive effect on the Town's appearance and has spurred increased interest in investment in the community by private entities.

Management's Discussion and Analysis (Continued)
Town of Farmville

Business – Type Activities

- The Town's projected revenues from water and sewer appear on track to meet current revenue projections. The Town initiated a water rate increase effective last July to meet operational and capital needs in this fund and to provide sufficient reserves for future needs.
- The North Carolina Eastern Municipal Power Agency (NCEMPA), of which the Town of Farmville is a member, sold its generating assets to Duke Progress Energy in July 2015. The sale relieved Farmville of the vast majority of its electrical debt and enabled the Town of Farmville to reduce its retail electric rates by an average of 6.4%, effective November 1. This strategy will enable electric rates to remain unchanged for the next several years and provide for an electrical rate stabilization fund while granting current customers rate relief in the near term.
- The Town was able to reduce its sanitary sewer use charges in the past year due to operational savings and debt service retirement.
- The Town has recently commenced construction on two major water projects that, once completed, will address water volume and pressure issues in the northern portion of the Farmville Water System and also provide needed water service to some newly served areas. This will generate additional income from water sales to new utility customers served by the new lines.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance; Town of Farmville; P.O. Box 86; Farmville, N.C. 27828. You can also call (252)-753-5116, visit our website www.farmville-nc.com or send an email to ajohnson@farmville-nc.com for more information.

BASIC FINANCIAL STATEMENTS

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Assets:			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$2,412,250	\$4,447,826	\$6,860,076
Taxes Receivables (Net)	254,955		254,955
Accrued Interest Receivable	89,005	45	89,050
Accounts Receivable (Net)	73,088	1,319,045	1,392,133
Due From Other Governments	314,913	8,906	323,819
Internal Balances	(90,000)	90,000	
Inventories	12,760	215,859	228,619
Restricted Cash and Cash Equivalents	747,585	676,179	1,423,764
Total Current Assets	\$3,814,556	\$6,757,860	\$10,572,416
<i>Noncurrent Assets:</i>			
Net Pension Asset			
<i>Capital Assets (Note 4):</i>			
Land, Non-depreciable Improvements, and Construction in Progress	\$1,790,894	\$1,909,690	\$3,700,584
Other Capital Assets, Net of Depreciation	4,392,995	42,273,317	46,666,312
Total Capital Assets	\$6,183,889	\$44,183,007	\$50,366,896
Total Assets	\$9,998,445	\$50,940,867	\$60,939,312
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Contributions to pension plan in current fiscal year	\$130,262	\$33,220	\$163,482
<u>LIABILITIES</u>			
<i>Current Liabilities:</i>			
Accounts Payable and Accrued Liabilities	\$200,117	\$602,572	\$802,689
Accrued Interest Payable	2,766	95,724	98,490
Customer Deposits		313,638	313,638
Current Portion of Long-Term Liabilities	251,462	729,153	980,615
Total Current Liabilities	\$454,345	\$1,741,087	\$2,195,432
<i>Long-term Liabilities:</i>			
Net Pension Liability	\$147,116	\$37,518	\$184,634
Due in more than one year	1,273,129	13,325,137	14,598,266
Total Liabilities	\$1,874,590	\$15,103,742	\$16,978,332
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension Deferrals	\$115,795	\$29,530	\$145,325
	\$115,795	\$29,530	\$145,325
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$5,775,351	\$30,272,376	\$36,047,727
Restricted for:			
Stabilization by State Statute	388,001		388,001
Streets - Powell Bill	409,001		409,001
Fire - Capital Outlay	325,933		325,933
Police Drug Funds	12,651		12,651
Unrestricted	1,227,385	5,568,439	6,795,824
Total Net Position	\$8,138,322	\$35,840,815	\$43,979,137

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

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$735,512	\$60,546		
Public Safety	1,882,100	123,227	\$23,579	
Transportation	206,524		143,253	
Economic and Physical Development	344,769		241,584	
Environmental Protection/Public Works	896,685	521,080	3,055	\$9,000
Public Services/Cultural and Recreation	601,615	159,113		24,444
Capital Outlay	10,875			
Garage				
Interest on Long-Term Debt	4,785			
Total Governmental Activities (See Note 1)	\$4,682,865	\$863,966	\$411,471	\$33,444
Business-type Activities:				
Electric	\$5,760,737	\$6,527,062		\$591,730
Water	2,464,784	2,212,993		
Sewer	1,642,062	1,601,708		329,949
Total Business-type Activities	\$9,867,583	\$10,341,763	\$0	\$921,679

General Revenues:

Taxes:

Property Taxes, Levied for General Purpose

Other Taxes and Licenses

Grants and Contributions Not Restricted to Specific Programs

Investment Earnings, Unrestricted

Miscellaneous, Unrestricted

Special Item (See Note XI)

Total General Revenues excluding Transfers

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, Beginning

NET POSITION, ENDING

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
(\$674,966)		(\$674,966)
(1,735,294)		(1,735,294)
(63,271)		(63,271)
(103,185)		(103,185)
(363,550)		(363,550)
(418,058)		(418,058)
(10,875)		(10,875)
(4,785)		(4,785)
(\$3,373,984)	\$0	(\$3,373,984)
	\$1,358,055	\$1,358,055
	(251,791)	(251,791)
	289,595	289,595
\$0	\$1,395,859	\$1,395,859
\$1,593,173		\$1,593,173
932,603		932,603
442,447		442,447
3,635	\$6,380	10,015
180,152	635,211	815,363
(211,647)		(211,647)
\$2,940,363	\$641,591	\$3,581,954
413,511	(413,511)	
\$3,353,874	\$228,080	\$3,581,954
(20,110)	1,623,939	1,603,829
8,158,432	34,216,876	42,375,308
\$8,138,322	\$35,840,815	\$43,979,137

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

TOWN OF FARMVILLE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	<u>Major Fund</u>	<u>Total</u>	<u>Total</u>
	<u>General</u>	<u>Non-Major</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
ASSETS:			
Cash and Cash Equivalents	\$1,750,015	\$662,235	\$2,412,250
Restricted Cash	747,585		747,585
Receivables, Net:			
Taxes	254,955		254,955
Accounts	60,588	12,500	73,088
Due From Other Governments	314,913		314,913
Inventories	12,760		12,760
TOTAL ASSETS	<u>\$3,140,816</u>	<u>\$674,735</u>	<u>\$3,815,551</u>
LIABILITIES AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts Payable and Accrued Liabilities	\$195,057	\$5,060	\$200,117
Due to Other Funds	90,000		90,000
Total Liabilities	<u>\$285,057</u>	<u>\$5,060</u>	<u>\$290,117</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Receivable	\$254,955		\$254,955
Total Deferred Inflows of Resources	<u>\$254,955</u>	<u>\$0</u>	<u>\$254,955</u>
<i>Fund Balances:</i>			
Non Spendable:			
Inventories	\$12,760		\$12,760
Restricted:			
Stabilization by State Statute	375,501	\$12,500	388,001
Streets	409,001		409,001
Fire - Capital Outlay	325,933		325,933
Police Drug Funds	12,651		12,651
Assigned:			
Cemetery Maintenance		139,533	139,533
Subdivision Participation		154,081	154,081
Dogwood Festival		108,970	108,970
Library and May Museum		254,591	254,591
Unassigned, General Fund	1,464,958		1,464,958
Total Fund Balances	<u>\$2,600,804</u>	<u>\$669,675</u>	<u>\$3,270,479</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$3,140,816</u>	<u>\$674,735</u>	

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

TOWN OF FARMVILLE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	6,183,889
Net Pension Liability	(147,116)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	130,262
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	89,005
Earned revenues considered deferred inflows of resources in fund statements.	254,955
Pension related deferrals	(115,795)
Other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Installment financing	(365,758)
Note Payable	(42,780)
Compensated absences	(200,392)
Other Postemployment Benefits	(517,768)
Separation Allowance for Law Enforcement Officers	(397,893)
Accrued interest payable	(2,766)
Net Position of Governmental Activities	<u><u>\$8,138,322</u></u>

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

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Fiscal Year Ended June 30, 2016

	<u>Major Fund</u> <u>General</u> <u>Fund</u>	<u>Total</u> <u>Non-Major</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
REVENUES:			
Ad Valorem Taxes	\$1,551,891		\$1,551,891
Unrestricted Intergovernmental	1,375,050		1,375,050
Restricted Intergovernmental	175,102	\$241,584	416,686
Licenses and Permits	59,267		59,267
Sales and Services	713,319	97,899	811,218
Investment Earnings	2,835	800	3,635
Other Revenues	56,570	90,574	147,144
Miscellaneous Revenues	329,710		329,710
TOTAL REVENUES	\$4,263,744	\$430,857	\$4,694,601
EXPENDITURES:			
<i>Current:</i>			
General Government	\$672,828		\$672,828
Public Safety	2,007,270		2,007,270
Transportation	194,589		194,589
Economic and Physical Development	33,972	\$310,727	344,699
Environmental Protection/Public Works	919,292		919,292
Public Services/Cultural and Recreation	678,607	111,718	790,325
Capital Outlay		10,875	10,875
<i>Debt Service:</i>			
Principal Retirement	79,642		79,642
Interest and Other Charges	5,444		5,444
TOTAL EXPENDITURES	\$4,591,644	\$433,320	\$5,024,964
Excess of Revenues Over Expenditures	(\$327,900)	(\$2,463)	(\$330,363)
OTHER FINANCING SOURCES (USES):			
Transfers from Other Funds	\$431,611		\$431,611
Transfers to Other Funds		(\$18,100)	(18,100)
Loan Proceeds	152,702		152,702
TOTAL OTHER FINANCING SOURCES (USES)	\$584,313	(\$18,100)	\$566,213
Net Change in Fund Balance	\$256,413	(\$20,563)	\$235,850
<i>Fund Balances, Beginning</i>	2,344,391	690,238	3,034,629
FUND BALANCES, ENDING	\$2,600,804	\$669,675	\$3,270,479

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

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Fiscal Year Ended June 30, 2016

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

Net changes in fund balances - total governmental funds		\$235,850
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Capital Outlay expenditures which are capitalized	\$634,240	
Depreciation expense for government assets	<u>(384,888)</u>	249,352
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities</p>		
		127,704
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in unavailable revenue for tax revenues	\$41,282	
Change in unearned revenues	13,000	
Donated Assets	<u>19,602</u>	73,884
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
New long-term debt issued.	(\$152,702)	
Principal payments on long-term debt	79,642	
Increase in accrued interest payable	<u>659</u>	(72,401)
<p>Net Book Value of Assets Sold</p>		
		(516,683)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences	(\$1,360)	
Pension Expense	(70,836)	
Other Postemployment Benefits	(43,898)	
Law Enforcement Separation Allowance	<u>(1,722)</u>	(117,816)
Total Changes in Net Position of Governmental Activities		<u><u>(\$20,110)</u></u>

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

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2016

	General Fund			Variance with Final Favorable (Unfavorable)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
Ad Valorem Taxes	\$1,463,030	\$1,521,530	\$1,551,891	\$30,361
Unrestricted Intergovernmental	1,311,900	1,311,900	1,375,050	63,150
Restricted Intergovernmental	176,097	173,097	175,102	2,005
Licenses and Permits	58,300	58,300	59,267	967
Sales and Services	1,631,289	754,362	713,319	(41,043)
Investment Earnings	1,500	1,525	2,835	1,310
Other Revenues	53,401	53,401	56,570	3,169
Miscellaneous Revenues	30,000	270,383	329,710	59,327
Total Revenues	\$4,725,517	\$4,144,498	\$4,263,744	\$119,246
Expenditures:				
<i>Current:</i>				
General Government	\$986,181	\$740,367	\$672,828	\$67,539
Public Safety	1,881,796	2,074,829	2,007,270	67,559
Transportation	193,178	196,002	194,589	1,413
Economic and Physical Development	56,800	37,814	33,972	3,842
Public Works	1,375,838	999,882	919,292	80,590
Public Services	621,620	693,415	678,607	14,808
<i>Debt Service:</i>				
Principal Retirement	79,658	79,658	79,642	16
Interest and Other Charges	5,446	5,446	5,444	2
Total Expenditures	\$5,200,517	\$4,827,413	\$4,591,644	\$235,769
Revenues Over (Under) Expenditures	(\$475,000)	(\$682,915)	(\$327,900)	\$355,015
Other Financing Sources (Uses):				
Transfers from Other Funds	\$475,000	\$431,611	\$431,611	
Loan Proceeds		152,702	152,702	
Fund Balance Appropriated		98,602		(\$98,602)
Total Other Financing Sources (Uses)	\$475,000	\$682,915	\$584,313	(\$98,602)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$0	\$0	\$256,413	\$256,413
<i>Fund Balances, Beginning</i>			2,344,391	
Fund Balance, Ending			\$2,600,804	

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

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

<u>Assets</u>	<u>Major Enterprise Funds</u>			
	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Current Assets:				
Cash and Cash Equivalents	\$993,043	\$2,701,692	\$753,091	\$4,447,826
Accounts Receivable (Net)	828,618	289,977	200,450	1,319,045
Interest Receivable	15	15	15	45
Due from Other Governments		8,104	802	8,906
Due From Other Funds	290,000	30,000	(230,000)	90,000
Inventories	176,741	35,697	3,421	215,859
Restricted Cash and Cash Equivalents	205,522	407,379	63,278	676,179
Total Current Assets	\$2,493,939	\$3,472,864	\$791,057	\$6,757,860
Noncurrent Assets:				
Capital Assets:				
Land and Construction in Progress	\$58,900	\$99,134	\$1,751,656	\$1,909,690
Other Capital Assets, Net of Depreciation	4,616,484	20,103,870	17,552,963	42,273,317
Total Capital Assets	\$4,675,384	\$20,203,004	\$19,304,619	\$44,183,007
Total Noncurrent Assets	\$4,675,384	\$20,203,004	\$19,304,619	\$44,183,007
Total Assets	\$7,169,323	\$23,675,868	\$20,095,676	\$50,940,867
Deferred Outflows of Resources				
Contributions to Pension Plan	\$16,104	\$9,269	\$7,847	\$33,220
	\$16,104	\$9,269	\$7,847	\$33,220
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$413,837	\$8,277	\$180,458	\$602,572
Accrued Interest Payable	52,525	29,847	13,352	95,724
Long-Term Debt, Current Portion	209,971	254,687	246,495	711,153
Current Portion Compensated Absences	6,000	6,000	6,000	18,000
Customer Deposits	205,522	95,116	13,000	313,638
Total Current Liabilities	\$887,855	\$393,927	\$459,305	\$1,741,087
Noncurrent Liabilities:				
Net Pension Liability	\$18,187	\$10,469	\$8,862	\$37,518
Compensated Absences Payable	23,355	3,832	3,832	31,019
Other Postemployment Benefits	11,035	74,638	8,967	94,640
Long-Term Debt, Non-Current Portion	1,186,619	8,955,092	3,057,767	13,199,478
Total Noncurrent Liabilities	\$1,239,196	\$9,044,031	\$3,079,428	\$13,362,655
Total Liabilities	\$2,127,051	\$9,437,958	\$3,538,733	\$15,103,742
Deferred Inflows of Resources				
Pension Deferrals	\$14,316	\$8,239	\$6,975	\$29,530
	\$14,316	\$8,239	\$6,975	\$29,530
Net Position				
Net Investment in Capital Assets	\$3,278,794	\$10,993,225	\$16,000,357	\$30,272,376
Unrestricted	1,765,266	3,245,715	557,458	5,568,439
Total Net Position	\$5,044,060	\$14,238,940	\$16,557,815	\$35,840,815

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

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2016

	Major Enterprise Funds			Total
	Electric Fund	Water Fund	Sewer Fund	
OPERATING REVENUES:				
Charges for Services	\$6,517,717	\$2,200,557	\$1,597,429	\$10,315,703
Water and Sewer Tap Fees		4,356	3,300	7,656
Other Operating Revenues	62,109	573,102		635,211
Total Operating Revenues	\$6,579,826	\$2,778,015	\$1,600,729	\$10,958,570
OPERATING EXPENSES				
Administration	\$485,828	\$293,087	\$83,932	\$862,847
Electric Operations	757,445			757,445
Electric Power Purchases	4,220,153			4,220,153
Water Treatment and Distribution		1,327,452		1,327,452
Waste Collection and Treatment			950,340	950,340
Depreciation	239,207	531,704	515,871	1,286,782
Total Operating Expenses	\$5,702,633	\$2,152,243	\$1,550,143	\$9,405,019
Operating Income	\$877,193	\$625,772	\$50,586	\$1,553,551
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	\$1,472	\$3,959	\$949	\$6,380
Sale of Materials	9,345	8,080	979	18,404
Interest and Other Charges	(58,104)	(312,541)	(91,919)	(462,564)
Total Nonoperating Revenues (Expenses)	(\$47,287)	(\$300,502)	(\$89,991)	(\$437,780)
Income (Loss) Before Contributions and Transfers	\$829,906	\$325,270	(\$39,405)	\$1,115,771
Capital Grant & Developer Contributions	591,730		329,949	921,679
Transfers (To) Other Funds	(294,826)	(112,685)	(6,000)	(413,511)
Change in Net Position	\$1,126,810	\$212,585	\$284,544	\$1,623,939
Total Net Position Beginning as Restated	3,917,250	14,026,355	16,273,271	34,216,876
Total Net Position Ending	\$5,044,060	\$14,238,940	\$16,557,815	\$35,840,815

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

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2016

	Major Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received From Customers	\$6,641,311	\$2,165,866	\$1,596,831	\$10,404,008
Cash Paid for Goods and Services	(5,230,626)	(1,339,892)	(825,919)	(7,396,437)
Cash Paid to or on Behalf of Employees for Services	(349,050)	(266,147)	(215,399)	(830,596)
Customer Deposits Received	29,715	12,840		42,555
Customer Deposits Returned	(20,355)	(8,520)		(28,875)
Other Operating Revenues	62,109	573,102		635,211
Net Cash Provided (Used) by Operating Activities	\$1,133,104	\$1,137,249	\$555,513	\$2,825,866
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Net Transfers (To) From Other Funds	(\$294,826)	(\$112,685)	(\$6,000)	(\$413,511)
Cash Flows (To) From Noncapital Financing Activities	(\$294,826)	(\$112,685)	(\$6,000)	(\$413,511)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and Construction of Capital Assets	(\$64,614)	(\$66,198)	(\$150,531)	(\$281,343)
Principal Paid on Long - Term Debt	(201,683)	(248,551)	(362,591)	(812,825)
Interest Paid on Long - Term Debt	(65,689)	(314,715)	(94,994)	(475,398)
Sale of Materials	9,345	8,080	979	18,404
Capital Contributions - State Grants & Developers			329,949	329,949
Net Cash Provided (Used) by Capital and Related Financing Activities	(\$322,641)	(\$621,384)	(\$277,188)	(\$1,221,213)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on Investments	\$1,472	\$3,959	\$949	\$6,380
Net Increase (Decrease) in Cash and Cash Equivalents	\$517,109	\$407,139	\$273,274	\$1,197,522
Cash and Cash Equivalents, July 1	681,456	2,701,932	543,095	3,926,483
Cash and Cash Equivalents, June 30	\$1,198,565	\$3,109,071	\$816,369	\$5,124,005
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:				
Cash consists of the following:				
Unrestricted Cash and Cash Equivalents	\$993,043	\$2,701,692	\$753,091	\$4,447,826
Restricted Cash and Cash Equivalents - Customer Deposits	205,522	95,116	13,000	313,638
Restricted Cash and Cash Equivalents - Debt Service Reserve		252,617		252,617
Restricted Cash and Cash Equivalents - GUC Waterline Projects		59,646		59,646
Restricted Cash and Cash Equivalents - East Sanitary Projects			50,278	50,278
Cash and Cash Equivalents - June 30, 2016	\$1,198,565	\$3,109,071	\$816,369	\$5,124,005

Noncash investing, capital, and financing activities:

The Town received \$591,730 of donated electrical upgrades in the Electric Fund.

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

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2016

	Major Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Total
<i>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</i>				
Operating Income	\$877,193	\$625,772	\$50,586	\$1,553,551
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</i>				
Depreciation	\$239,207	\$531,704	\$515,871	\$1,286,782
Pension Expense	(4,828)	(8,136)	(4,749)	(17,713)
<i>Changes in Assets and Liabilities:</i>				
Decrease (Increase) in Accounts Receivable	123,594	(44,180)	(3,898)	75,516
Decrease (Increase) in Due From Other Governments		5,133	(408)	4,725
Decrease (Increase) in Inventory	(1,275)	332	(1,910)	(2,853)
Decrease (Increase) in Prepays	30,380	27,738	24,436	82,554
Decrease (Increase) in Net Pension Asset	24,389	18,969	13,549	56,907
Decrease (Increase) in Deferred Outflows of Resources for Pension	610	2,665	493	3,768
Increase (Decrease) in Net Pension Liability	18,187	10,469	8,862	37,518
Increase (Decrease) in Deferred Inflows of Resources for Pensions	(48,014)	(40,211)	(27,653)	(115,878)
Increase (Decrease) in Accounts Payable & Accrued Liabilities	(144,507)	4,337	(22,110)	(162,280)
Increase (Decrease) in Compensated Absences	2,607	(6,208)	(596)	(4,197)
Increase (Decrease) in Customer Deposits	9,360	4,320		13,680
Increase (Decrease) in Accrued OPEB Liabilities	6,201	4,545	3,040	13,786
Total Adjustments	\$255,911	\$511,477	\$504,927	\$1,272,315
Net Cash Provided (Used) by Operating Activities	\$1,133,104	\$1,137,249	\$555,513	\$2,825,866

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

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Fiscal Year Ended June 30, 2016

	2016
Assets:	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$27,130
Total Assets	\$27,130
Liabilities and Net Assets:	
<i>Current Liabilities:</i>	
Accounts Payable and Accrued Liabilities	-
Total Liabilities	\$0
Net Position	
<i>Unrestricted:</i>	
Assets held in trust for benefit payments	\$27,130
Total Liabilities and Net Position	\$27,130

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

TOWN OF FARMVILLE, NORTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Fiscal Year Ended June 30, 2016

	2016
Additions:	
Investment Earnings	\$34
<i>Total Revenues</i>	\$34
Deductions:	
Claims	\$600
<i>Total Expenditures</i>	\$600
Change in Net Position	(\$566)
<i>Net Position Beginning of Year</i>	27,696
Net Position End of Year	\$27,130

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

NOTES TO THE
FINANCIAL STATEMENTS

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Farmville 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 Farmville is a municipal corporation that is governed by an elected mayor and a five-member council. The Town of Farmville is located in Pitt County, in the eastern part of North Carolina, and has a population of approximately 4,700 persons within the Town limits. The Town maintains its own police department, and provides substantial financial support, equipment, and supervision to its principal volunteer fire department and rescue squad.

In addition, the Town operates electric, water, and sewer service utilities for paying customers within the Town limits and certain immediate surrounding areas.

B. BASIS OF PRESENTATION

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the Town). 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, including the fiduciary fund. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The Town reports the following major governmental fund:

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

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

The Town reports the following non-major governmental funds:

Cemeteries Perpetual Care Fund. This fund is used to account for the ongoing care of the municipal cemeteries.

Subdivision Participation Project Fund. This fund is used to account for Subdivision Participation Project moneys.

Dogwood Festival Fund. This fund is used to account for the annual Dogwood Festival.

Library (Trust) Fund. This fund is used to account for contributions restricted for the Library.

May Museum and Park (Trust) Fund. This fund is used to account for contributions restricted for the May Museum and Park.

CDBG – Natural Blend Vegetable Dehydration Fund. This fund is used to account for economic development grant funds that are restricted for use for a particular purpose.

The Town reports the following major enterprise funds:

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

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

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

The Town reports the following fiduciary fund, which is a private purpose trust fund:

Fire Supplemental Hospitalization Insurance Fund. This fund is used to hold moneys restricted for supplemental hospitalization benefits for Firefighters.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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.

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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

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

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

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

D. BUDGETARY DATA

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, all Enterprise Funds and certain non-major funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for certain Non-Major Project Funds and the Enterprise Capital Projects Funds. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. 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. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. During the year, several material budget amendments to the original budgets 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.

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

E. ASSETS, LIABILITIES DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND EQUITY

1. Deposit and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a 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 value 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. The Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

The unexpended funds in the water and sewer capital project funds are classified as restricted assets in the enterprise funds because their use is completely restricted to the purpose for which the funds were borrowed or received. Customer Deposits held by the Town before any services were supplied are restricted to the service for which the deposit was collected. Powell Bill funds are classified as restricted cash because it can be expended only for purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. The Fire Department funds are restricted cash because it can be expended only for purposes of the Fire Department. The Police Department has funds for drug money that is also restricted cash because it can only be expended for purposes of the Police Department, as it relates to undercover drug activity.

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TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

<u>Town of Farmville Restricted Cash</u>	
Governmental Activities	
General Fund	
Streets	\$409,001
Fire Department	325,933
Public Safety	12,651
Total governmental activities	<u>\$747,585</u>
Business-type Activities	
Electric Fund	
Customer Deposits	<u>\$205,522</u>
Water Fund	
Customer Deposits	\$95,116
Debt Service	252,617
Capital Projects	59,646
	<u>\$407,379</u>
Sewer Fund	
Customer Deposits	\$13,000
Capital Projects	50,278
	<u>\$63,278</u>
Total Business-type Activities	<u>\$676,179</u>
Total Restricted Cash	<u>\$1,423,764</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 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2015. 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. Inventory and Prepaid Items

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

The inventories of the Town's enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

From time to time, 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 expensed as the items are used.

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND EQUITY
(CONTINUED)

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 cost for all assets is \$5,000. Donated capital assets received prior to June 15, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015, are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost.

General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

	<u>Estimated Useful Lives</u>
Infrastructure	25 - 50
Buildings	50
Improvements	25
Vehicles	5
Furniture and Equipment	10
Computer Equipment	3
Computer Software	5

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 2016 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has the following items that meets the criterion for this category – property taxes receivable and deferrals of pension expense that result from the implementation of GASB Statement 68.

9. Long-Term Obligations

In the government-wide financial statements, and in the 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 reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND EQUITY
(CONTINUED)

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

10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements. The sick leave policies of the Town provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

Restricted for Fire – Capital Outlay – portion of fund balance that is restricted for fire department capital outlay purchases.

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND EQUITY
(CONTINUED)

Restricted for Police Drug Funds – portion of fund balance that is restricted for the use of undercover drug activities by the police department.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Farmville’s governing body (highest level of decision making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. The Town currently does not have any committed Fund Balance.

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

Cemetery Maintenance – portion of fund balance that has been assigned for cemetery expenses.

Subdivision Participation – portion of fund balance that has been assigned for subdivision participation.

Dogwood Festival – portion of fund balance that has been assigned for dogwood festival expenses.

Library and May Museum – portion of fund balance that has been assigned for contributor related expenses.

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

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

The Town of Farmville currently does not have an adopted minimum fund balance policy.

12. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of 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 Farmville’s employer contributions are recognized when due and the Town of Farmville has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

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TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

F. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$4,867,843 consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$10,848,447
Less Accumulated Depreciation	(4,664,558)
Net Capital Assets	\$6,183,889
Assets for expenses deferred but incurred and therefore reported in the fund and are therefore not reported in the funds (net pension asset government-wide statement in governmental activities column)	(147,116)
Pension assets used in governmental activities are not financial resources do not require current resources to pay and are therefore not reported in the fund statements:	
Installment financing	130,262
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements	89,005
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	
Unearned revenues	254,955
Pension related	(115,795)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Installment financing	(365,758)
Note Payable	(42,780)
Compensated absences	(200,392)
Other Postemployment Benefits	(517,768)
Separation Allowance for Law Enforcement Officers	(397,893)
Accrued interest payable	(2,766)
Total Adjustment	\$4,867,843

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TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in net position includes a reconciliation between net changes in fund balance – total governmental funds and changes in net position – governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$255,960 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$634,240
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(384,888)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statement of net position	79,642
Long-term debt issued is recorded as an other financing source on the fund statements but again affect only the statement of net position in the government-wide statement of net position	(152,702)
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	659
Deferral of current year pension contributions	127,704
Change in unearned revenue	13,000
Net book value of assets sold	(516,683)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(1,360)
Other postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(43,898)
Seperation allowance for law enforcement officers is accrued in the government-wide statements but not in the fund statements because they donot use current resources	(1,722)
Pension expenses are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(70,836)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	
Reversal of deferred tax revenue recorded at 7/1/15	(236,977)
Recording of tax receipts deferred in the fund statements as of 6/30/16	254,955
Increase in accrued taxes receivable for year ended 6/30/16	23,304
Fair value of assets donated that is not recorded in the fund statements but is recorded in the government-wide statements	19,602
Total Adjustment	<u>(\$255,960)</u>

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. SIGNIFICANT VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

None noted.

B. DEFICIT FUND BALANCE OR NET POSITION OF INDIVIDUAL FUNDS

None noted.

C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

None noted.

III. *DETAIL NOTES ON ALL FUNDS*

A. ASSETS

1. Deposits

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

At June 30, 2016, the Town's deposits had a carrying amount of \$7,245,353 and a bank balance of \$7,411,097. Of this balance, \$913,914 was covered by federal depository insurance and \$6,497,183 was covered by collateral held under the Pooling method. At June 30, 2016, the petty cash funds totaled \$780.

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TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

2. Investments

At June 30, 2016, the Town's investment balances were as follows:

Investments by Type	Valuation	Book Value at 6/30/2016	Maturity	Rating
	Measurements Method			
NC Capital Management Trust - Cash Portfolio	\$1,064,837	\$1,064,837	N/A	AAAm
Total Investments	\$1,064,837	\$1,064,837		

All investments are measured using the market approach; using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

3. Receivables – Allowances for Doubtful Accounts

Receivables at the Government-wide level at June 30, 2016, were as follows:

	Taxes and Related Interest	Other	Accounts	Due from Other Governments	Total
Governmental Activities:					
General	\$400,666	\$89,005	\$60,588	\$314,913	\$865,172
Other Governmental			12,500		12,500
Total Receivables	\$400,666	\$89,005	\$73,088	\$314,913	\$877,672
Allowance for Doubtful Accounts	145,711				145,711
Total Governmental Activities	\$254,955	\$89,005	\$73,088	\$314,913	\$731,961
Business Type Activities:					
Electric Fund		\$15	\$874,619		\$874,634
Water Fund		15	363,977	\$8,104	372,096
Sewer Fund		15	211,449	802	212,266
Total Receivables		\$45	\$1,450,045	\$8,906	\$1,458,996
Allowance for Doubtful Accounts			131,000		131,000
Total Business Type Activities	\$0	\$45	\$1,319,045	\$8,906	\$1,327,996

The due from other governments that is owed to the Town consists of the following:

Local Option Sales Tax	\$149,732
Sales Tax	54,542
Franchise Tax	89,285
Solid Waste Disposal Tax	757
DMV - Tags & Titles	4,110
Vehicle Taxes - Pitt County	14,386
Pitt County Housing Authority	2,101
Total General Fund	\$314,913
1/2 Water Project - Greene Co.	\$8,104
Sales Tax	802
Total Enterprise Fund	\$8,906
Total Due	\$323,819

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

4. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2016, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$2,213,042	\$73,702	\$513,850	\$1,772,894
Construction in Progress	18,000			18,000
Total Capital Assets Not Being Depreciated	\$2,231,042	\$73,702	\$513,850	\$1,790,894
Capital Assets Being Depreciated:				
Buildings	\$5,154,844	\$269,761		\$5,424,605
Equipment	862,966	102,728	\$13,630	952,064
Vehicles and Motorized Equipment	1,543,088	152,702	53,540	1,642,250
Infrastructure	940,905	97,729		1,038,634
Total Capital Assets Being Depreciated	\$8,501,803	\$622,920	\$67,170	\$9,057,553
<i>Less Accumulated Depreciation for:</i>				
Buildings	\$2,195,885	\$106,967		\$2,302,852
Equipment	591,086	71,070	\$13,630	648,526
Vehicles and Motorized Equipment	766,798	167,845	50,707	883,936
Infrastructure	790,238	39,006		829,244
Total Accumulated Depreciation	\$4,344,007	\$384,888	\$64,337	\$4,664,558
<i>Total Capital Assets Being Depreciated, Net</i>	4,157,796			4,392,995
Governmental Activity Capital Assets, Net	\$6,388,838			\$6,183,889

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

General Government	\$214,991
Transportation	47,836
Public Safety	82,002
Public Works	30,381
Public Service	9,678
Total Depreciation Expense	\$384,888

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TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

4. Capital Assets (Continued)

Capital asset activity for the Enterprise Funds for the year ended June 30, 2016, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activity:				
Electric Fund:				
Capital assets not being depreciated:				
Land	\$58,900			\$58,900
<i>Total Capital Assets Not Being Depreciated</i>	\$58,900	\$0	\$0	\$58,900
Capital Assets Being Depreciated:				
Substations, Lines and Related	\$6,170,203	\$591,729		\$6,761,932
Furniture and Equipment	1,358,374	49,986	\$6,701	1,401,659
Vehicles	698,296	12,323	11,875	698,744
<i>Total Assets Being Depreciated</i>	\$8,226,873	\$654,038	\$18,576	\$8,862,335
Less Accumulated Depreciation for:				
Substations, Lines and Related	\$2,489,087	\$121,037		\$2,610,124
Furniture and Equipment	1,067,743	52,876	\$6,701	1,113,918
Vehicles	468,391	65,293	11,875	521,809
Total Accumulated Depreciation	\$4,025,221	\$239,206	\$18,576	\$4,245,851
<i>Total Capital Assets Being Depreciated, Net</i>	4,201,652			4,616,484
Electric Fund Capital Assets, Net	\$4,260,552			\$4,675,384
Water Fund:				
Capital assets not being depreciated:				
Land	\$99,134			\$99,134
<i>Total Capital Assets Not Being Depreciated</i>	\$99,134	\$0	\$0	\$99,134
Capital Assets Being Depreciated:				
Plant and Distribution Systems	\$25,045,238			\$25,045,238
Vehicles and Construction Equipment	880,988	\$66,197		947,185
<i>Total Assets Being Depreciated</i>	\$25,926,226	\$66,197	\$0	\$25,992,423
Less Accumulated Depreciation for:				
Plant and Distribution Systems	\$4,963,859	\$493,151		\$5,457,010
Vehicles and Construction Equipment	392,991	38,552		431,543
Total Accumulated Depreciation	\$5,356,850	\$531,703	\$0	\$5,888,553
<i>Total Capital Assets Being Depreciated, Net</i>	20,569,376			20,103,870
Water Fund Capital Assets, Net	\$20,668,510			\$20,203,004

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TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

4. Capital Assets (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Sewer Fund:				
Capital assets not being depreciated:				
Land	\$90,000			\$90,000
Construction in Progress	1,343,885	\$317,771		1,661,656
<i>Total Capital Assets Not Being Depreciated</i>	\$1,433,885	\$317,771	\$0	\$1,751,656
Capital Assets Being Depreciated:				
Plant and Distribution Systems	\$25,847,819			\$25,847,819
Vehicles and Construction Equipment	556,857			556,857
Total Assets Being Depreciated	\$26,404,676	\$0	\$0	\$26,404,676
Less Accumulated Depreciation for:				
Plant and Distribution Systems	\$7,804,091	\$484,172		\$8,288,263
Vehicles and Construction Equipment	531,751	31,699		563,450
Total Accumulated Depreciation	\$8,335,842	\$515,871	\$0	\$8,851,713
<i>Total Capital Assets Being Depreciated, Net</i>	18,068,834			17,552,963
Sewer Fund Capital Assets, Net	\$19,502,719			\$19,304,619
Business-type Activities Capital Assets, Net	\$44,431,781			\$44,183,007

Construction Commitments

The government has active construction projects as of June 30, 2016. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Sewer Projects		
Dalton's Cove Subdivision	\$37,060	\$243,382
Marlboro Baptist Church-Sanitary Sewer Pump Station		74,214
2013 CDBG Infrastructure Project- Waktins MHP Sewer	250,610	2,175,990
Total	\$287,670	\$2,493,586

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TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

B. LIABILITIES

1. Payables

Payables at the government-wide level at June 30, 2016, were as follows:

	Vendors	Accrued Interest	Total
Governmental Activities:			
General	\$200,117	\$2,766	\$202,883
Total Governmental Activities	\$200,117	\$2,766	\$202,883
Business Type Activities:			
Electric Fund	\$413,837	\$52,525	\$466,362
Water Fund	8,277	29,847	38,124
Sewer Fund	180,458	13,352	193,810
Total Business Type Activities	\$602,572	\$95,724	\$698,296

2. Pension Plan and Post Employment Obligations

a. Local Governmental Employees' Retirement System

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

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

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

2. Pension Plan and Post Employment Obligations (continued)

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 Farmville 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 Farmville's contractually required contribution rate for the year ended June 30, 2016, was 7.15% of compensation for law enforcement officers and 6.81% 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 Farmville were \$163,482 for the year ended June 30, 2016.

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

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

At June 30, 2016, the Town reported a liability of \$184,634 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015, utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the Town's proportion was 0.041%, which was a decrease of 0.005% from its proportion measured as of June 30, 2014.

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TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

2. Pension Plan and Post Employment Obligations (continued)

For the year ended June 30, 2016, the Town recognized pension expense of \$74,581. At June 30, 2016, 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		\$43,400
Net difference between projected and actual earnings on pension plan investments		52,565
Changes in proportion and differences between Town contributions and proportionate share of contributions		49,360
Town contributions subsequent to the measurement date	\$163,482	
Total	\$163,482	\$145,325

\$163,482 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 inflows of resources related to pensions will be recognized in pension expense as follows:

Years ended June 30:

2017	(\$75,916)
2018	(75,916)
2019	(75,769)
2020	82,276
	(\$145,325)

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	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, 2014 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.

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

2. Pension Plan and Post Employment Obligations (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, 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
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 3.00%. All rates of return and inflation are annualized.

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.

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TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

2. Pension Plan and Post Employment Obligations (continued)

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 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)	\$1,287,479	\$184,634	(\$744,488)

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 Farmville 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. If officer gains employment with another law enforcement agency, then the Town may not be liable for future payments. 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.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2015, the Separation Allowance's membership consisted of:

Retirees Receiving Benefits	2
Terminated Plan Members entitled to but not yet Receiving Benefits	0
Active Plan Members	17
Total	19

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.

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

2. Pension Plan and Post Employment Obligations (continued)

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 administration costs. These expenditures are paid as they come due.

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 annual required contribution for the current year was determined as part of the December 31, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.0% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25-7.85% per year. Both (a) and (b) included an inflation component of 3.0%. The assumptions did not include post-employment benefit increases.

Annual Pension Cost and Net Pension Obligation. The Town's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual Required Contribution	\$40,477
Interest on net pension obligation	19,826
Adjustment to Annual Required Contribution	(34,844)
Annual OPEB Cost (expense)	\$25,459
Contributions Made	23,737
Increase (Decrease) in Net OPEB Obligation	\$1,722
<i>Net OPEB Obligation - Beginning of Year</i>	396,171
Net OPEB Obligation - End of Year	\$397,893

3 Year Trend Information

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$25,445	101.38%	\$396,511
2015	25,429	101.70%	396,171
2016	25,459	93.24%	397,893

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

2. Pension Plan and Post Employment Obligations (continued)

4. Funded Status and Funding Progress.

As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$286,088. The covered payroll (annual payroll of active employees covered by the plan) was \$658,055 and the ratio of the UAAL to the covered payroll was 43.47 percent.

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 liability for benefits.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5.00% 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, 2016, were \$44,100 which consisted of \$37,875 from the Town and \$6,225 from the law enforcement officers.

d. Supplemental Retirement Income Plan for Employees not Engaged in Law Enforcement

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 the general employees not engaged in law enforcement.

Funding Policy. The Town has elected to contribute each month an amount equal to 2.75% of each employee's salary. Also, the employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2016, were \$63,732, which consisted of \$46,824 from the Town and \$16,908 from the employees not engaged in law enforcement.

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TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

2. Pension Plan and Post Employment Obligations (continued)

e. Other Postemployment Benefit (OPEB)

1. Healthcare Benefits

Plan Description. Under the terms of a Town resolution, the Town administers a single-employer defined Healthcare Benefits Plan (the HCB plan). As of September 5, 1995, this plan provides postemployment healthcare benefits to retirees of the Town, provided they participate in the Local Government Employees' Retirement System (System) and have at least twenty (20) years of creditable service with the Town (fifteen (15) years for retirees due to disability). Prior to September 5, 1995, employees qualified for similar level benefits after at least ten (10) years of creditable service with the Town (five (5) years for retirees due to disability). The Town pays the full cost of coverage for these benefits through private insurers. The Town's retirees cannot purchase additional coverage for their dependents at the Town's group rates. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at December 31, 2014, the date of the latest actuarial valuation

	General Employees	Law Enforcement Officers
Retirees and Dependents Receiving Benefits	8	1
Active Plan Members	34	11
Total	42	12

Funding Policy. The Town pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a Town resolution that can be amended by the Town Council. The Town has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 6.66% of the annual covered payroll. For the current year, the Town contributed \$98,356 or 5.11% of annual covered payroll. The Town obtains healthcare coverage through private insurers. The Town's required contributions, under a Town resolution, for employees not engaged in law enforcement and for law enforcement officers represented 3.90% and 1.21% of covered payroll, respectively. The Town's contributions totaled \$98,356 in fiscal year 2016. There were no contributions made by employees. The Town's obligation to contribute to the HCB Plan is established and may be amended by the Town Council.

Summary of Significant Accounting Policies. Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

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TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

2. Pension Plan and Post Employment Obligations (continued)

Annual OPEB Cost and Net OPEB Obligation. The Town's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), and an amount actuarially determined in accordance with the parameters of GASB Statement 45. 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 year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation for the healthcare benefits:

Annual Required Contribution	\$163,515
Interest on net OPEB Obligation	19,159
Adjustment to Annual Required Contribution	<u>(26,634)</u>
Annual OPEB Cost (expense)	\$156,040
Contributions Made	<u>98,356</u>
Increase (Decrease) in Net OPEB Obligation	\$57,684
<i>Net OPEB Obligation - Beginning of Year</i>	<u>554,724</u>
Net OPEB Obligation - End of Year	<u>\$612,408</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2016, were as follows:

3 Year Trend Information			
For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	\$156,040	63.03%	\$612,408
2015	156,040	51.46%	554,724
2014	159,603	47.87%	478,977

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the plan was 100 percent not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$1,261,790. The covered payroll (annual payroll of active employees covered by the plan) was \$1,924,203, and the ratio of the UAAL to the covered payroll was 65.58%. Actuarial valuations of an ongoing plan involve 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 expectations 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, (after the initial year of implementation) presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

2. Pension Plan and Post Employment Obligations (continued)

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 types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the 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.

In the December 31, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 9.5 to 5.0 percent annually. The investment rate included a 3.00% inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014, was 30 years.

3. Other Employment Benefit

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government 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.

4. Deferred Outflows and Inflows of Resources

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

Source	Amount
Contributions to pension plan in current fiscal year	\$163,482

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

Pension Deferrals	\$145,325
Total	\$145,325

5. 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 carries commercial insurance for general liability of \$1 million per occurrence and \$3 million aggregate and auto liability 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 an unlimited limit.

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

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

The Town carries flood insurance for coverage up to \$1 million per occurrence.

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

6. Claims and Judgements

On March 22, 2011, the Town was notified by the North Carolina Department of Environmental Quality Control (DEQ) of a potential issue associated with soil contamination that was discovered during installation of a waterline along a Town street. As of report date, it has not been determined who is at fault for the contamination. The Town does not feel that it is responsible for the contamination and plans to defend itself against the issue raised by DEQ. The Town's council is unable to predict an outcome in this matter.

7. Long-Term Obligations

Serviced by the Town's General Fund

a. Installment Purchase

On October 18, 2010, the Town entered into an installment purchase contract with Branch Banking & Trust Company for the purchase of equipment and vehicles. The terms of this agreement call for 59 monthly payments in the amount of \$4,195 that began on November, 18 2010. The agreement carries an interest rate of 2.44%. The asset and the related liability have been recorded in the General Fund. The installment purchase contract has been paid in full as of June 30, 2016.

On November 28, 2012, the Town entered into an installment purchase contract with Branch Banking & Trust Company for the purchase of a knuckle boom truck. The terms of this agreement call for 59 payments in the amount of \$2,117 that began in December 2012. The agreement carries an interest rate of 2.17%. The asset and the related liability have been recorded in the General Fund. The balance at June 30, 2016, was \$33,272.

On September 18, 2014, the Town entered into an installment purchase contract with Branch Banking & Trust Company for the purchase of a Street Sweeper. The terms of this agreement called for 5 annual payments in the amount of \$47,163 that began on September 18, 2015. The agreement carries an interest rate of 1.97%. The asset and the related liability were recorded in the General Fund. The balance at June 30, 2016 was \$179,784.

On November 19, 2015, the Town entered into an installment purchase contract with Branch Banking & Trust Company for the purchase of new vehicles. The terms of this agreement called for 5 annual payments in the amount of \$32,859 beginning on November 19, 2016. The agreement carries an interest rate of 2.49%. The asset and related liability were recorded in the General Fund. The balance at June 30, 2016, was \$152,702.

Total Long-Term Obligations Serviced by the General Fund at June 30, 2016, was \$365,758.

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

Serviced by the Town's Electric Fund

On August 1, 2006, the Town entered into an installment purchase contract with Branch Banking & Trust Company for the purpose of constructing a point-of-delivery electric substation and electric transmission line. The terms of this agreement call for 15 annual payments in the amount of \$267,371 that began on August 1, 2007, and continue through August 1, 2021. The agreement carries an interest rate of 4.11%. The asset and the related liability have been recorded in the Electric Fund. The balance at June 30, 2016, was \$1,396,591.

Total Long-Term Obligations Serviced by the Electric Fund at June 30, 2016, was \$1,396,591.

Serviced by the Town's Water Fund

On August 21, 2003, the Town entered into a financing agreement with Branch Banking & Trust Company to aide in the construction of an overhead water storage tank. The financing contract requires 15 annual payments in the amount of \$69,563 that began on August 21, 2004, with an interest rate of 3.53%. The asset and the related liability have been recorded in the Water Fund. The balance at June 30, 2016, was \$194,779.

On May 14, 2009, the Town entered into a financing agreement with NC Department of Environment & Natural Resources – Division of Environmental Health to complete a construction project designed to provide an alternative water source to local area residents. The financing contract is part of the American Recovery Reinvestment Act of 2009 (ARRA) and totals \$3,000,000, with a forgiveness principal amount of \$1,500,000. The loan requires 20 annual principal payments in the amount of \$75,000 that began in June 2016. The agreement carries an interest rate of 0%. The project assets and the related liability have been recorded in the Water Fund. The total at June 30, 2016, was \$2,250,000, with ½ to be forgiven of \$1,125,000, leaving a balance of \$1,125,000.

Total Long-Term Obligations Serviced by the Water Fund at June 30, 2016, was \$1,319,779.

Serviced by the Town's Sewer Fund

On December 5, 1996, the Town entered into a financing arrangement with NC Department of Environment, Health, and Natural Resources to aide in the construction of a sanitary sewer project. The financing contract requires 18 annual principal payments in the amount of \$119,005 beginning May 2004, with an interest rate of 3.035%. The wastewater treatment plant assets and the related liability have been recorded in the Sewer Fund. The installment purchase contract has been paid in full as of June 30, 2016.

On December 3, 2003, the Town entered into a financing agreement with NC Department of Environment, Health, and Natural Resources to aide in the construction of a sanitary sewer project. The financing contract requires 20 annual principal payments in the amount of \$100,000 beginning May 2005, with an interest rate of 2.36%. The project assets and the related liability have been recorded in the Sewer Fund. The balance at June 30, 2016, was \$800,000.

On March 27, 2006, the Town entered into a financing agreement with NC Department of Environment & Natural Resources – Division of Water Quality to aide in the purchase of a sewer sludge drying unit. The financing contract requires 20 annual principal payments in the amount of \$72,650 beginning November 2007, and semi-annual interest payments due May 1 and November 1 each year. The agreement carries an interest rate of 2.205%. The project assets and the related liability have been recorded in the Sewer Fund. The balance at June 30, 2016, was \$785,014.

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

On August 1, 2006, the Town entered into a financing agreement with Branch Banking & Trust Company for the purpose of refinancing general obligation bonds. The terms of this agreement call for 11 annual payments in the amount of \$52,188 beginning August 1, 2007, and continue through August 1, 2017. This agreement carries an interest rate of 4.13%. The related liability has been recorded in the Sewer Fund. The balance at June 30, 2016, was \$98,248.

Total Long-Term Obligations Serviced by the Sewer Fund at June 30, 2016, was \$1,683,262.

The future minimum payments of the installment purchases are as follows:

Year Ending June 30,	Governmental Activity		Business-Type Activity					
	General Fund		Electric Fund		Water Fund		Sewer Fund	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$97,542	\$7,820	\$209,971	\$57,400	\$137,687	\$6,876	\$219,495	\$40,248
2018	82,669	5,799	218,601	48,770	139,900	4,663	221,483	34,326
2019	75,878	4,143	227,586	39,786	142,192	2,372	171,365	28,332
2020	77,608	2,414	236,939	30,432	75,000		171,365	24,389
2021	32,061	798	246,678	20,694	75,000		171,365	20,455
2022-2026			256,816	10,554	300,000		656,825	45,632
2027-2030					450,000		71,364	1,574
	\$365,758	\$20,974	\$1,396,591	\$207,636	\$1,319,779	\$13,911	\$1,683,262	\$194,956

b. Note Payable

On March 3, 2016, the Town of Farmville purchased 2.81 acres of land on Ryon Dr. from Monk Brothers LLP for \$54,100, to be paid in two installments with no interest. The first installment of \$11,320 was paid during the June 30, 2016, fiscal year. The remaining balance of \$42,780 is to be paid in full in the 2016/2017 fiscal year.

During the Year Ending June 30,	Principal	Interest	Total
2017	\$42,780		\$42,780
	\$42,780	\$0	\$42,780

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TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

c. Revenue Bonds

Serviced by the Town's Water Fund:

\$3,802,000 Water Revenue Bonds, Series 2010, issued for water system improvements. Annual installments are due June 1 at an annual interest rate of 4.00%	\$3,614,000
\$2,000,000 Water Revenue Bonds, Series 2010, issued for water system improvements. Annual installments are due June 1 at an annual interest rate of 4.00%	1,886,000
\$2,514,000 Water Revenue Bonds, Series 2010, issued for water system improvements. Annual installments are due June 1 at an annual interest rate of 4.00%	2,390,000
Total	<u><u>\$7,890,000</u></u>

The future payments of the revenue bonds for the years ending June 30, are as follows:

During the Year Ending June 30,	Principal	Interest	Total
2017	\$117,000	\$301,455	\$418,455
2018	122,000	297,008	419,008
2019	126,000	292,367	418,367
2020	130,000	287,575	417,575
2021	136,000	282,630	418,630
2022-2026	762,000	1,331,403	2,093,403
2027-2031	886,000	1,174,540	2,060,540
2032-2036	1,067,000	985,338	2,052,338
2037-2041	1,287,000	756,990	2,043,990
2042-2046	1,551,000	481,158	2,032,158
2047-2050	1,706,000	148,468	1,854,468
	<u><u>\$7,890,000</u></u>	<u><u>\$6,338,932</u></u>	<u><u>\$14,228,932</u></u>

The Town has been in compliance with the covenants as to rates, fees, rentals and charges in Section 5.01 of the Bond Orders, authorizing the issuance of the Water Revenue Bonds, Series 2010-A, 2010-B and 2010-C, since their adoption in 2010, 2010 and 2010. Section 5.01-C of the Bond Orders requires the debt service coverage ratio to be no less than 110%. The debt service coverage ratio calculation for the year ended June 30, 2016, is as follows:

Operating Revenues	\$2,778,015
Operating Expenses*	1,620,539
Operating Income	<u>\$1,157,476</u>
Nonoperating Revenues (Expenses)**	<u>(29,752)</u>
Income Available for Debt Service	\$1,127,724
Debt Service, Principal and Interest Paid (Revenue Bonds Only)	\$418,780
Debt Service Coverage Ratio	269%

* Per rate covenants, this does not include the depreciation expense of \$531,704.

** Per rate covenants, this does not include revenue bond interest paid of \$305,750.

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

c. Revenue Bonds (continued)

Serviced by the Town's Sewer Fund:

\$1,672,000 Water and Sewer Revenue Bonds, Series 2012, issued for water and sewer system improvements. Annual installments are due June 1 at an annual interest rate of 2.75%. \$1,621,000

The future payments of the revenue bonds for the years ending June 30, are as follows:

<u>During the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$27,000	\$44,578	\$71,578
2018	28,000	43,835	71,835
2019	28,000	43,065	71,065
2020	29,000	42,295	71,295
2021	30,000	41,498	71,498
2022-2026	163,000	194,590	357,590
2027-2031	180,000	171,050	351,050
2032-2036	207,000	144,155	351,155
2037-2041	237,000	113,218	350,218
2042-2046	272,000	77,742	349,742
2047-2051	314,000	37,070	351,070
2052-2055	106,000	1,952	107,952
	<u>\$1,621,000</u>	<u>\$955,048</u>	<u>\$2,576,048</u>

The Town has been in compliance with the covenants as to rates, fees, rentals and charges in Section 5.01 of the Bond Order, authorizing the issuance of the Water and Sewer Revenue Bond, Series 2012, since their adoption in 2012. Section 5.01-C of the Bond Orders requires the debt service coverage ratio to be no less than 110%. The debt service coverage ratio calculation for the year ended June 30, 2016, is as follows:

Operating Revenues	\$1,600,729
Operating Expenses*	<u>1,034,272</u>
Operating Income	\$566,457
Nonoperating Revenues (Expenses)**	<u>(44,698)</u>
Income Available for Debt Service	\$521,759
Debt Service, Principal and Interest Paid (Revenue Bonds Only)	\$71,293
Debt Service Coverage Ratio	732%

* Per rate covenants, this does not include the depreciation expense of \$515,871.

** Per rate covenants, this does not include revenue bond interest paid of \$45,293.

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TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

8. Changes in Long-Term Liabilities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion of Balance</u>
Governmental Activities:					
Installment Purchases	\$292,698	\$152,702	\$79,642	\$365,758	\$97,542
Note Payable		42,780		42,780	42,780
Compensated Absences	199,032	111,141	109,781	200,392	111,140
Other Postemployment Benefits	473,870	124,435	80,537	517,768	
Separation Allowance for Law Enforcement Officer:	396,171	25,459	23,737	397,893	
Net Pension Liability (LGERS)		147,116		147,116	
Governmental Activity Long-Term Liabilities	<u>\$1,361,771</u>	<u>\$603,633</u>	<u>\$293,697</u>	<u>\$1,671,707</u>	<u>\$251,462</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion of Balance</u>
Business-type Activities:					
Installment Purchases	\$5,073,455		\$673,822	\$4,399,633	\$567,153
Revenue Bonds	9,650,000		139,000	9,511,000	144,000
Compensated Absences	53,216	\$27,276	31,472	49,020	
Other Postemployment Benefits	80,854	39,080	25,294	94,640	
Net Pension Liability (LGERS)		37,518		37,518	
Business-type Activity Long-Term Liabilities	<u>\$14,857,525</u>	<u>\$103,874</u>	<u>\$869,588</u>	<u>\$14,091,811</u>	<u>\$711,153</u>

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

The LGERS plan had a net pension liability as of June 30, 2016; however, the plan had a net pension asset at the beginning of the fiscal year.

C. INTERFUND BALANCES AND ACTIVITY

Balances Due to/from Other Funds:

Balances due to/from other funds at June 30, 2016, consist of the following:

Due to the Enterprise Funds from the General Fund	\$90,000
	<u>\$90,000</u>

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

Transfers to/from Other Funds:

Transfers to/from other funds for the year ended June 30, 2016, consisted of the following:

<u>GENERAL</u>	<u>FROM</u>
From the Electric Fund to the General Fund	\$238,828
From the Electric Fund to the General Fund - Payment In Lieu of Taxes	20,998
From the Electric Fund to the General Fund Economic Development	35,000
From the Water Fund to the General Fund	71,685
From the Water Fund to the General Fund-Streets	6,000
From the Water Fund to the General Fund Economic Development	35,000
From the Sewer Fund to the General Fund-Streets	6,000
	<u><u>\$413,511</u></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. FUND BALANCE

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

Total Fund Balance General Fund	\$2,600,804
Less:	
Inventories	12,760
Stabilization by State Statue	375,501
Streets-Powell Bill	409,001
Fire - Capital Outlay	325,933
Police Drug Funds	12,651
Remaining Fund Balance	<u>1,464,958</u>

IV. JOINTLY GOVERNED ORGANIZATION

The Town is a member of the North Carolina Eastern Municipal Power Agency (the "Agency"). The Agency was formed to enable municipalities and town electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. The Town receives power from the Agency and is contractually allocated a 1.29% interest in the Agency, with the balance being shared by the 31 other local governments. Each participating government appoints one commissioner to the Agency's governing board. The Town is billed monthly for 1.29% of the Agency's operating expenditures (including debt service) of the Agency and is obligated to purchase all of its power supply requirements from the Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The Town's purchases of power for the fiscal year ended June 30, 2016, were \$4,220,153.

On July 31, 2015 the NCEMPA completed the sale of most of its electricity generating assets to Duke Energy. These proceeds were used to defease the NCEMPA's outstanding revenue bonds. The NCEMPA entered into contractual arrangements with its member cities and Duke Energy. Under these arrangements, the NCEMPA will supply wholesale power to its members and will purchase this power from Duke Energy. In addition to payments made for electric power, NCEMPA members will make payments for their share of the debt service on the NCEMPA's new revenue bonds.

TOWN OF FARMVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

V. RELATED ORGANIZATION

The mayor of the Town of Farmville appoints the five-member board of the Town of Farmville Housing Authority. The Town is accountable for the Housing Authority because it appoints the governing board; however, the Town is not financially accountable for the Housing Authority. The Town of Farmville is also disclosed as a related organization in the notes to the financial statements for the Town of Farmville Housing Authority.

VI. FARMVILLE HOUSING DEVELOPMENT CORPORATION

The Farmville Housing Development Corporation is a nonprofit organization qualifying as exempt under Section 501(c)(3) of the United States Internal Revenue Code. The Corporation was specifically organized and has been operated exclusively for the purpose of promoting opportunities available to the residents of the Farmville area and groups to obtain adequate low-cost housing accommodations by constructing, rehabilitating, and providing decent, safe, and sanitary housing in Farmville for persons and families of low to moderate income who otherwise would not be able to find or afford a suitable place to live. The Town of Farmville acts as agent in handling moneys for the Corporation.

VII. RELATED PARTY TRANSACTIONS

There were no related party transactions during the fiscal year.

VIII. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

IX. MAJOR ENTERPRISE CUSTOMER

The Town's Water and Sewer Fund have one industrial customer who provides a substantial amount of the fund's sales. Billings to this customer comprised 6.88% and 7.81%, respectively, of total billings.

The Town's Electric Fund has one industrial customer who provides a substantial amount of the fund's sales. Billings to this customer comprised 7.46% of total billings.

X. DATE OF MANAGEMENT'S REVIEW

Subsequent events were evaluated through December 30, 2016, the date the financial statements were available to be issued.

XI. SPECIAL ITEM – SALE OF INDUSTRIAL PARK LAND

On August 4, 2015, the Town completed the sale of 48.59 acres of the Industrial Park to Strata Land Holdings, LLC. The Town received \$302,203 in cash and \$591,730 in electrical system upgrades at the remaining industrial park site. The purchase price of the 48.59 acres was \$513,850 in April of 2008. Because the acreage was purchased and sold in the General Fund and the electric upgrades were received by the Electric Fund, the recording of this transaction resulted in an unusually large loss in the General Fund-Unit Wide Statement and an unusually large contributed capital item in the Electric Fund. The following is a summary of the recording of the transaction and how it is recorded in the financial statements:

- \$302,203 reported as Sale of Fixed Asset in the General Fund
- \$591,730 reported as Contributed Capital and added to fixed assets in the Electric Fund
- (\$211,647) Special Item reported in the Unit-Wide Statement of Activities that represents a loss in the General Activities of the Town based on the sales price of \$302,203 less a cost of \$513,850.

REQUIRED SUPPLEMENTARY FINANCIAL DATA

Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance

Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance

Schedule of Funding Progress for the Other Postemployment Benefits

Schedule of Employer Contributions for the Other Postemployment Benefits

Proportionate Share of Net Pension Liability (Asset) for Local Government Employees' Retirement System

Schedule of Contributions to Local Government Employees' Retirement System

TOWN OF FARMVILLE, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation</u> <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) - Projected Unit Credit <u>(b)</u>	Unfunded AAL (UAAL) <u>(b - a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a % of Covered Payroll <u>((b - a)/c)</u>
December 31, 2014	\$0	\$286,088	\$286,088	0%	\$658,055	43.47%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2016	\$40,477	58.64%
2015	40,477	63.74%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of actuarial valuation as follows:

Valuation Date	December 31, 2014
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar Amount, open
Remaining Amortization Period	16 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return*	5.00%
Projected Salary Increases*	4.25-7.85%
*Includes Inflation at	3.00%
Cost-of-living adjustments	N/A

TOWN OF FARMVILLE, NORTH CAROLINA
OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(AAL) -</u> <u>Projected</u> <u>Unit Credit</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b - a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a/b)</u>	<u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UAAL as</u> <u>a % of</u> <u>Covered</u> <u>Payroll</u> <u>((b - a)/c)</u>
December 31, 2014	\$0	\$1,261,790	\$1,261,790	0%	\$1,924,203	65.58%
December 31, 2011	0	1,617,105	1,617,105	0%	2,249,374	71.89%
December 31, 2008	0	1,650,299	1,650,299	0%	2,630,366	62.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2016	\$163,515	63.03%
2015	156,040	51.46%
2014	159,603	47.87%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of actuarial valuation as follows:

Valuation Date	December 31, 2014
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar Amount, open
Remaining Amortization Period	30 Years
Amortization Factor	17.9837
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Investment Rate of Return*	4.00%
Medical Trend Assumptions	
Pre-Medicare Trend Rate	7.50%-5.00%
Year of Ultimate Trend Rate	2020
*Includes Inflation at	3.00%

TOWN OF FARMVILLE, NORTH CAROLINA
PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
For the Last Three Fiscal Years

Local Government Employees' Retirement System

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability (asset) (%)	0.04114%	0.04595%	0.04930%
Town's proportion of the net pension liability (asset) (\$)	\$253,606	(\$594,254)	\$270,988
Town's covered -employee payroll	2,400,777	2,620,146	2,678,378
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.56%	(22.68%)	10.12%
Plan fiduciary net position as a percentage of the total pension liability**	98.09%	102.64%	94.35%

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

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

TOWN OF FARMVILLE, NORTH CAROLINA
PENSION CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
For the Last Three Fiscal Years

Local Government Employees' Retirement System

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$163,482	\$180,510	\$181,890
Contributions in relation to the contractually required contribution	163,482	180,510	181,890
Contribution deficiency (excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
Town's covered-employee payroll	\$2,400,777	\$2,620,146	\$2,678,378
Contributions as a percentage of covered-employee payroll	6.81%	6.89%	6.79%

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

Resources are provided primarily through taxes and intergovernmental revenue and are expended for services deemed not susceptible to a user charge financing method.

The Fund is accounted for on the modified accrual basis of accounting.

TOWN OF FARMVILLE, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Ad Valorem Taxes:			
Current Year	\$1,479,230	\$1,509,748	\$30,518
Prior Years	32,300	34,542	2,242
Penalties and Interest	10,000	7,601	(2,399)
Total Ad Valorem Taxes	\$1,521,530	\$1,551,891	\$30,361
Unrestricted Intergovernmental Revenues:			
Local Option Sales Tax	\$905,000	\$932,603	\$27,603
Payments in Lieu of Taxes	2,300	2,360	60
Piped Natural Gas Sales Tax	15,577	16,954	1,377
Utility Sales Tax	280,534	305,567	25,033
Telecommunications Tax	43,882	47,802	3,920
Vehicle Tag Fees	14,000	16,349	2,349
Video Franchise Fee	30,007	32,678	2,671
Beer & Wine Tax	20,600	20,737	137
Total Unrestricted Intergovernmental Revenues	\$1,311,900	\$1,375,050	\$63,150
Restricted Intergovernmental Revenues:			
Powell Bill Allocation	\$144,000	\$143,253	(\$747)
Library Grants	3,950	5,215	1,265
Controlled Substance Tax	1,391	3,821	2,430
Solid Waste Disposal Tax	3,000	3,055	55
Fire Dept State Grant	20,756	19,758	(998)
Total Restricted Intergovernmental Revenues	\$173,097	\$175,102	\$2,005
Licenses & Permits:			
Privilege Licenses			
Building Permits	\$46,000	\$47,449	\$1,449
Plumbing Permits	1,500	1,602	102
Electrical Permits	7,000	6,561	(439)
Other Applications & Permits	3,800	3,655	(145)
Total Licenses & Permits	\$58,300	\$59,267	\$967

TOWN OF FARMVILLE, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Sales and Services:			
Garbage Collection	\$556,000	\$519,927	(\$36,073)
Sale of Yard Waste Carts	800	1,152	352
Fire Protection	58,162	57,803	(359)
Recreation Concessions	4,000	4,543	543
Recreation Participation	23,900	28,065	4,165
Recreation Other	500	1,213	713
Cemetery Service Fees	28,000	21,264	(6,736)
Sale of Baled Materials	8,000	8,853	853
Materials and Services	8,800	4,248	(4,552)
Community Center Use Fees	5,500	5,705	205
DMV Fees	60,700	60,546	(154)
<i>Total Sales & Services</i>	<u>\$754,362</u>	<u>\$713,319</u>	<u>(\$41,043)</u>
Investment Earnings	<u>\$1,525</u>	<u>\$2,835</u>	<u>\$1,310</u>
Other Revenues:			
Library Fees	\$4,200	\$424	(\$3,776)
Library Donations	18,400	19,229	829
Court and Arrest Fees	5,600	6,157	557
Smart Communities Grant	4,000	4,000	
Municipal Support Grant	5,000	5,000	
Insurance Settlement	16,201	21,760	5,559
<i>Total Other Revenues</i>	<u>\$53,401</u>	<u>\$56,570</u>	<u>\$3,169</u>
Miscellaneous Income:			
Sundry	\$8,050	\$15,226	\$7,176
Industrial Park Land Lease	4,151	4,134	(17)
Sales of Fixed Assets	258,182	310,350	52,168
<i>Total Miscellaneous Income</i>	<u>\$270,383</u>	<u>\$329,710</u>	<u>\$59,327</u>
TOTAL REVENUES	<u>\$4,144,498</u>	<u>\$4,263,744</u>	<u>\$119,246</u>

TOWN OF FARMVILLE, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES:			
General Government:			
Legislative:			
Personnel Expenses	\$43,181	\$42,893	\$288
Operating Expenses	128,144	106,844	21,300
Professional Services	20,000	20,707	(707)
Capital Outlay	179,975	179,475	500
Reimbursement - Proprietary Funds	(30,925)	(30,925)	
Total Legislative	\$340,375	\$318,994	\$21,381
Administrative:			
Personnel Expenses	\$201,412	\$195,976	\$5,436
Operating Expenses	21,500	18,964	2,536
Professional Services	8,000	5,512	2,488
Reimbursement - Proprietary Funds	(116,576)	(116,576)	
Total Administrative	\$114,336	\$103,876	\$10,460
Finance:			
Personnel Expenses	\$338,015	\$328,571	\$9,444
Operating Expenses	95,340	89,779	5,561
Professional Services	42,975	42,965	10
Contracted Services	8,995	7,417	1,578
Reimbursement - Proprietary Funds	(270,633)	(270,633)	
Total Finance	\$214,692	\$198,099	\$16,593
Information Technology:			
Personnel Expenses	\$67,302	\$66,411	\$891
Operating Expenses	15,700	13,538	2,162
Capital Outlay (Under Threshold)	24,600	23,548	1,052
Reimbursement - Proprietary Funds	(51,638)	(51,638)	
Total Information Technology	\$55,964	\$51,859	\$4,105
Total General Government	\$725,367	\$672,828	\$52,539
Public Safety:			
Police Department:			
Personnel Expenses	\$1,402,128	\$1,396,616	\$5,512
Operating Expenses	164,011	143,941	20,070
Professional Services	200	178	22
Contracted Services	1,400	606	794
Capital Outlay (Under Threshold)	22,493	19,206	3,287
Capital Outlay	127,500	127,457	43
Reimbursement Proprietary Funds	(19,869)	(19,869)	
Total Police Department	\$1,697,863	\$1,668,135	\$29,728

TOWN OF FARMVILLE, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Fire Department:			
Personnel Expenses	\$9,147	\$8,605	\$542
Operating Expenses	106,209	106,244	(35)
Capital Outlay (Under Threshold)	24,152	12,366	11,786
Capital Outlay	53,545	65,296	(11,751)
Fire Truck Reserve	19,000		19,000
Reimbursement Proprietary Funds	(2,448)	(2,448)	
Total Fire Department	\$209,605	\$190,063	\$19,542
Code Enforcement:			
Personnel Expenses	\$137,075	\$128,080	\$8,995
Operating Expenses	40,440	34,902	5,538
Professional Services	3,400	3,215	185
Contracted Services	1,700	1,645	55
Capital Outlay (Under Threshold)		770	(770)
Capital Outlay	29,746	25,460	4,286
Reimbursement - Proprietary Fund	(45,000)	(45,000)	
Total Code Enforcement	\$167,361	\$149,072	\$18,289
Total Public Safety	\$2,074,829	\$2,007,270	\$67,559
Transportation:			
Streets-Powell Bill:			
Operating Expenses	\$12,000	\$11,315	\$685
Professional Services	400	365	35
Capital Outlay	183,602	182,909	693
Total Streets	\$196,002	\$194,589	\$1,413
Total Transportation	\$196,002	\$194,589	\$1,413
Economic and Physical Development:			
Operating Expenses	\$30,400	\$26,512	\$3,888
Professional Services	7,414	7,460	(46)
Total Economic and Physical Development	\$37,814	\$33,972	\$3,842
Environmental Protection:			
Public Works:			
Personnel Expenses	\$562,095	\$548,527	\$13,568
Operating Expenses	251,255	195,461	55,794
Professional Services	3,500	4,769	(1,269)
Contracted Services	7,000	4,992	2,008
Capital Outlay (Under Threshold)	2,900	3,915	(1,015)
Capital Outlay	47,000	36,399	10,601
Reimbursement Proprietary Funds	(377,868)	(377,868)	
Total Public Works	\$495,882	\$416,195	\$79,687

TOWN OF FARMVILLE, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Sanitation:			
Contracted Services	\$504,000	\$503,097	\$903
Total Sanitation	\$504,000	\$503,097	\$903
 Total Environmental Protection	 \$999,882	 \$919,292	 \$80,590
 Public Services:			
Recreation & Parks:			
Personnel Expenses	\$103,194	\$101,651	\$1,543
Operating Expenses	122,710	114,042	8,668
Contracted Services	38,000	31,455	6,545
Capital Outlay (Under Threshold)	8,000	9,836	(1,836)
Capital Outlay	86,420	83,781	2,639
Total Recreation & Parks	\$358,324	\$340,765	\$17,559
 Library:			
Personnel Expenses	\$229,651	\$226,744	\$2,907
Operating Expenses	68,265	65,320	2,945
Professional Services	300	168	132
Capital Outlay (Under Threshold)	875	875	
Total Library	\$299,091	\$293,107	\$5,984
 May Museum:			
Personnel Expenses	\$17,487	\$18,057	(\$570)
Operating Expenses	14,013	8,810	5,203
Capital Outlay	15,000	14,708	292
Total May Museum	\$46,500	\$41,575	\$4,925

TOWN OF FARMVILLE, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budget	Actual	Variance Favorable (Unfavorable)
Dogwood Festival	\$4,500	\$3,160	\$1,340
Total Public Services	\$708,415	\$678,607	\$29,808
Debt Service:			
Principal Retirement	\$79,658	\$79,642	\$16
Interest and Other Charges	5,446	5,444	2
Total Debt Service	\$85,104	\$85,086	\$18
TOTAL EXPENDITURES	\$4,827,413	\$4,591,644	\$235,769
Revenues Over (Under) Expenditures	(\$682,915)	(\$327,900)	\$355,015
Other Financing Sources (Uses):			
<i>Operating Transfers-In (Out):</i>			
Cemetery Fund	\$18,100	\$18,100	
Electric Fund	294,826	294,826	
Water Fund	112,685	112,685	
Sewer Fund	6,000	6,000	
Installment Purchase Obligation Issued	152,702	152,702	
Total Other Financing Sources (Uses)	\$584,313	\$584,313	\$0
Fund Balance Appropriated	\$98,602		(\$98,602)
Net Change in Fund Balance	\$0	\$256,413	\$256,413
<i>Fund Balances, Beginning</i>		2,344,391	
Fund Balance, June 30		\$2,600,804	

OTHER GOVERNMENTAL FUNDS

The following comprise the Town's Other Governmental Funds:

NON-MAJOR FUNDS

Cemeteries Perpetual Care Fund

Subdivision Participation Project Fund

Dogwood Festival Fund

Library (Trust) Fund

May Museum and Park (Trust) Fund

CDBG – Natural Blend Vegetable Dehydration Fund

TOWN OF FARMVILLE, NORTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2016

	Special Revenue Funds				
	Cemeteries Perpetual Care Fund	Subdivision Participation Project Fund	Dogwood Festival Fund	Library (Trust) Fund	May Museum and Park (Trust) Fund
<u>ASSETS</u>					
<i>Current Assets:</i>					
Cash and Investments	\$139,533	\$154,081	\$109,030	\$220,550	\$34,041
Accounts Receivable			12,500		
TOTAL ASSETS	\$139,533	\$154,081	\$121,530	\$220,550	\$34,041
<u>LIABILITIES AND FUND BALANCE</u>					
<i>Other Liabilities:</i>					
Accounts Payable			\$60		
Total Current Liabilities	\$0	\$0	\$60	\$0	\$0
Total Liabilities	\$0	\$0	\$60	\$0	\$0
<i>Fund Balance:</i>					
Stabilization by State Statute			\$12,500		
Assigned	\$139,533	\$154,081	108,970	\$220,550	\$34,041
Unassigned					
Total Fund Balances	\$139,533	\$154,081	\$121,470	\$220,550	\$34,041
TOTAL LIABILITIES AND FUND BALANCE	\$139,533	\$154,081	\$121,530	\$220,550	\$34,041

CDBG - Natural Blend Vegetable Deydration Fund	Total Non-major Special Revenue Funds	Total Non-major Governmental Funds
\$5,000	\$662,235 12,500	\$662,235 12,500
\$5,000	\$674,735	\$674,735
\$5,000	\$5,060	\$5,060
\$5,000	\$5,060	\$5,060
\$5,000	\$5,060	\$5,060
	\$12,500 657,175	\$12,500 657,175
\$0	\$669,675	\$669,675
\$5,000	\$674,735	\$674,735

TOWN OF FARMVILLE, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2016

	Special Revenue Funds				
	Cemeteries Perpetual Care Fund	Subdivision Participation Project Fund	Dogwood Festival Fund	Library (Trust) Fund	May Museum and Park (Trust) Fund
Revenues:					
Restricted Intergovernmental					
Investment Earnings	\$179	\$224	\$129	\$226	\$42
Sales and Services	18,651		79,248		
Other Revenues	917		46,685	42,972	
Total Revenues	\$19,747	\$224	\$126,062	\$43,198	\$42
Expenditures:					
Economic and Physical Development		\$64,143			
Public Services	\$2,070		\$109,268	\$380	
Capital Outlay			10,875		
Total Expenditures	\$2,070	\$64,143	\$120,143	\$380	\$0
Revenues Over (Under) Expenditures	\$17,677	(\$63,919)	\$5,919	\$42,818	\$42
Other Financing Sources (Uses)					
Transfers In (Out)	(\$18,100)				
Total Other Financing Sources (Uses)	(\$18,100)	\$0	\$0	\$0	\$0
Revenues Over (Under) Expenditures and Other Financing Sources	(\$423)	(\$63,919)	\$5,919	\$42,818	\$42
Fund Balances:					
<i>Beginning of year, July 1</i>	\$139,956	\$218,000	\$115,551	\$177,732	\$33,999
End of year, June 30	\$139,533	\$154,081	\$121,470	\$220,550	\$34,041

CDBG - Natural Blend Vegetable Dehydration Fund	Total Non-major Special Revenue Funds	Total Non-major Governmental Funds
\$241,584	\$241,584	\$241,584
	800	800
	97,899	97,899
	90,574	90,574
\$241,584	\$430,857	\$430,857
\$246,584	\$310,727	\$310,727
	111,718	111,718
	10,875	10,875
\$246,584	\$433,320	\$433,320
(\$5,000)	(\$2,463)	(\$2,463)
	(\$18,100)	(\$18,100)
\$0	(\$18,100)	(\$18,100)
(\$5,000)	(\$20,563)	(\$20,563)
\$5,000	\$690,238	\$690,238
\$0	\$669,675	\$669,675

TOWN OF FARMVILLE, NORTH CAROLINA
SPECIAL REVENUE FUND – CEMETERIES PERPETUAL CARE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Annual Budget	2016 Actual	Variance Favorable (Unfavorable)
Revenues:			
Investment Earnings	\$100	\$179	\$79
Cemetery Sales	17,070	18,651	1,581
Penalties & Interest	3,000	917	(2,083)
Total Revenues	\$20,170	\$19,747	(\$423)
Expenditures:			
Maintenance	\$2,070	\$2,070	
Total Expenditures	\$2,070	\$2,070	\$0
Revenues Over (Under) Expenditures	\$18,100	\$17,677	(\$423)
Other Financing Sources (Uses):			
Transfer to General	(\$18,100)	(\$18,100)	
Total Other Financing Sources (Uses)	(\$18,100)	(\$18,100)	\$0
Revenues Over Expenditures and Appropriations	\$0	(\$423)	(\$423)
<i>Beginning Fund Balance, July 1</i>		139,956	
Ending Fund Balance, June 30		\$139,533	

TOWN OF FARMVILLE, NORTH CAROLINA
SPECIAL REVENUE FUND – SUBDIVISION PARTICIPATION PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
From Inception and For the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Favorable (Unfavorable)
Revenues:					
Pitt County Board of Education	\$17,000	\$17,000		\$17,000	
Owner Contributions - Evans	250	250		250	
Owner Contributions - Arrowhead	137,265	119,440		119,440	(\$17,825)
Owner Contributions - Other	230,768	154,112		154,112	(76,656)
Investment Earnings	47,000	13,132	\$224	13,356	(33,644)
Total Revenues	\$432,283	\$303,934	\$224	\$304,158	(\$128,125)
Expenditures:					
Professional Services	\$83,809	\$45,622	\$12,187	\$57,809	\$26,000
Construction Streets	262,341	261,905	35,920	297,825	(35,484)
Construction Water and Sewer	285,254	94,364	16,036	110,400	174,854
Construction Electric	26,279	26,279		26,279	
Contingency	74,154				74,154
Total Expenditures	\$731,837	\$428,170	\$64,143	\$492,313	\$239,524
Revenues Over (Under) Expenditures and Appropriations	(\$299,554)	(\$124,236)	(\$63,919)	(\$188,155)	\$111,399
Other Financing Sources(Uses):					
Transfer from General Fund	\$19,352	\$19,352		\$19,352	
Transfer from Heritage Farmville		14,508		14,508	\$14,508
Transfer to SARF Fund		(63,624)		(63,624)	(63,624)
Transfer from Electric Fund	104,140	99,000		99,000	(5,140)
Transfer from Water Fund	91,022	143,000		143,000	51,978
Transfer from Sewer Fund	85,040	130,000		130,000	44,960
Total Other Financing Sources (Uses)	\$299,554	\$342,236	\$0	\$342,236	\$42,682
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$0	\$218,000	(\$63,919)	\$154,081	\$154,081
<i>Beginning Fund Balance, July 1</i>			218,000		
Ending Fund Balance , June 30				\$154,081	

TOWN OF FARMVILLE, NORTH CAROLINA
SPECIAL REVENUE FUND – DOGWOOD FESTIVAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2016

	Annual Budget	2016 Actual	Variance Favorable (Unfavorable)
Revenues:			
Investment Earnings	\$150	\$129	(\$21)
Festival Revenues	118,750	79,248	(39,502)
Donations	40,000	46,685	6,685
Total Revenues	\$158,900	\$126,062	(\$32,838)
Expenditures:			
Entertainment	\$75,000	\$67,806	\$7,194
Advertising	18,000	15,544	2,456
Purchases for Resale	15,000	13,441	1,559
Rentals	24,000	9,385	14,615
Miscellaneous Expenses	1,500	753	747
Insurance & Bonds	6,000		6,000
Printing & Postage	2,500	1,010	1,490
Kids Cool Fest	1,500	1,108	392
Special Venues	3,925		3,925
Travel	250	21	229
Dues & Subscriptions	125		125
Telephone & Postage	225	200	25
Total	\$148,025	\$109,268	\$38,757
Capital Outlay	\$10,875	\$10,875	\$0
Total Expenditures	\$158,900	\$120,143	\$38,757
Revenues Over (Under) Expenditures	\$0	\$5,919	\$5,919
<i>Beginning Fund Balance, July 1</i>		115,551	
Ending Fund Balance, June 30		\$121,470	

TOWN OF FARMVILLE, NORTH CAROLINA
SPECIAL REVENUE FUND - LIBRARY (TRUST) FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2016

	2016
Revenues:	
Investment Earnings	\$226
Contributions	42,972
Total Revenues	\$43,198
Expenditures:	
Public Services:	
Veterans Memorial Trust	\$380
Total Expenditures	\$380
Revenues Over (Under) Expenditures	\$42,818
<i>Beginning Fund Balance, July 1</i>	177,732
Ending Fund Balance, June 30	\$220,550

TOWN OF FARMVILLE, NORTH CAROLINA
SPECIAL REVENUE FUND - MAY MUSEUM AND PARK (TRUST) FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2016

	2016
Revenues:	
Investment Earnings	\$42
<i>Total Revenues</i>	\$42
Expenditures:	
<i>Total Expenditures</i>	\$0
Revenues Over (Under) Expenditures	\$42
<i>Beginning Fund Balance, July 1</i>	33,999
Ending Fund Balance, June 30	\$34,041

TOWN OF FARMVILLE, NORTH CAROLINA
SPECIAL REVENUE FUND – CDBG - NATURAL BLEND VEGETABLE DEHYDRATION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2016

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total To Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Restricted Intergovernmental:					
Community Development Block Grant	\$750,000	\$508,416	\$241,584	\$750,000	
Other Revenues:					
Pitt County Development Commission	25,000	25,000		25,000	
TOTAL REVENUES	\$775,000	\$533,416	\$241,584	\$775,000	\$0
Expenditures:					
Construction/Rehabilitation	\$750,000	\$508,416	\$241,584	\$750,000	
Administration and Program Management	25,000	20,000	5,000	25,000	
TOTAL EXPENDITURES	\$775,000	\$528,416	\$246,584	\$775,000	\$0
Revenues Over (Under) Expenditures	\$0	\$5,000	(\$5,000)	\$0	\$0
<i>Beginning Fund Balance, July 1</i>			5,000		
Ending Fund Balance, June 30			\$0		

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

The following comprise the Town's Enterprise Funds:

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

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

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

TOWN OF FARMVILLE, NORTH CAROLINA
ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2016

REVENUES:	Budget	2016 Actual	Variance Favorable (Unfavorable)
Operating Revenues:			
Electric Sales	\$7,382,500	\$6,517,717	(\$864,783)
Other Operating Revenues	58,000	62,109	4,109
Total Operating Revenues	\$7,440,500	\$6,579,826	(\$860,674)
Non-Operating Revenues:			
Investment Earnings	\$750	\$1,472	\$722
Miscellaneous Non-Operating Revenue	1,000	9,345	8,345
Total Non-Operating Revenues	\$1,750	\$10,817	\$9,067
TOTAL REVENUES	\$7,442,250	\$6,590,643	(\$851,607)
EXPENDITURES:			
Electric Power Costs:			
Electricity Purchased	\$5,330,000	\$4,220,153	\$1,109,847
Administrative:			
Personnel Expenses	\$33,510	\$32,258	\$1,252
Operating Expenses	81,550	66,927	14,623
Utility Service Fee	386,643	386,643	
Total Administrative	\$501,703	\$485,828	\$15,875
Electric Distribution:			
Personnel Expenses	\$357,995	\$325,600	\$32,395
Operating Expenses	179,100	156,730	22,370
Maintenance	111,400	93,405	17,995
Professional Services	3,900	3,140	760
Contracted Services	33,000	26,532	6,468
Utility Service Fee	146,419	146,419	
Capital Outlay (Under Threshold)	3,000	2,306	694
Total Electric Distribution	\$834,814	\$754,132	\$80,682
Debt Service Expenditures			
Interest and Other Charges	\$65,689	\$65,689	
Debt Principal	201,683	201,683	
Total Debt Service Expenditures	\$267,372	\$267,372	\$0

TOWN OF FARMVILLE, NORTH CAROLINA
ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>2016 Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Capital Outlay			
Equipment	\$82,000	\$64,614	\$17,386
Total Capital Outlay	\$82,000	\$64,614	\$17,386
 TOTAL EXPENDITURES	 \$7,015,889	 \$5,792,099	 \$1,223,790
 Revenues Over (Under) Expenditures	 \$426,361	 \$798,544	 \$372,183
Other Financing Sources (Uses):			
Operating Transfers In (Out):			
General Fund	(\$238,828)	(\$238,828)	
General Fund (Payment in Lieu of Taxes)	(20,998)	(20,998)	
General Fund (Economic Development)	(35,000)	(35,000)	
Contribution to Rate Stabilization	(131,535)		\$131,535
Total Other Financing Sources (Uses)	(\$426,361)	(\$294,826)	\$131,535
 Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	 \$0	 \$503,718	 \$503,718
 Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:			
 Revenues Over (Under) Expenditures and Other Financing Uses		 \$503,718	
Reconciling Items:			
Capital Debt Principal Payments		\$201,683	
Capital Outlay		64,614	
Depreciation Expense		(239,207)	
Increase/(Decrease) in Inventory		1,277	
(Increase)/Decrease in Compensated Absences Payable		(2,607)	
(Increase)/Decrease in Accrued OPEB Liability		(6,201)	
(Increase)/Decrease in Accrued Interest		7,585	
Deferred Outflows of Resources for Contributions made to Pension Plan in Current Fiscal Year		(610)	
Pension Expense		4,828	
Donated Asset- Strata Solar		591,730	
Total		\$623,092	
 Change in Net Position		 \$1,126,810	

TOWN OF FARMVILLE, NORTH CAROLINA
 NCDOT PROJECT US 258
 SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)
 From Inception and For the Fiscal Year Ended June 30, 2016

	<u>Project</u> <u>Authorization</u>	<u>Actual</u> <u>Prior Years</u>	<u>Actual</u> <u>Current Year</u>	<u>Actual Total</u> <u>To Date</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues					
NCDOT Contribution	\$170,000	\$70,869		\$70,869	(\$99,131)
Investment Earnings		2		2	2
TOTAL REVENUES	\$170,000	\$70,871	\$0	\$70,871	(\$99,129)
Expenditures					
Engineering	\$65,000	\$70,869		\$70,869	(\$5,869)
Construction	105,000	4,067		4,067	100,933
TOTAL EXPENDITURES	\$170,000	\$74,936	\$0	\$74,936	\$95,064
Revenues Over (Under) Expenditures	\$0	(\$4,065)	\$0	(\$4,065)	(\$4,065)
<i>Beginning Fund Balance, July 1</i>			(4,065)		
Ending Fund Balance, June 30			(\$4,065)		

TOWN OF FARMVILLE, NORTH CAROLINA
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2016

REVENUES:	Budget	2016 Actual	Variance Favorable (Unfavorable)
Operating Revenues:			
Water Sales	\$2,265,023	\$2,200,575	(\$64,448)
Tap on Fees	2,600	4,356	1,756
Other Operating Revenues	587,460	573,102	(14,358)
Total Operating Revenues	\$2,855,083	\$2,778,033	(\$77,050)
Non-Operating Revenues:			
Investment Earnings	\$2,225	\$3,887	\$1,662
Miscellaneous Non-Operating Revenues	9,200	8,080	(1,120)
Total Non-Operating Revenues	\$11,425	\$11,967	\$542
TOTAL REVENUES	\$2,866,508	\$2,790,000	(\$76,508)
EXPENDITURES:			
Administrative:			
Personnel Expenses	\$37,033	\$36,730	\$303
Operating Expenses	55,800	45,393	10,407
Professional Services	5,000	2,863	2,137
Utility Service Fee	201,300	201,300	
Capital Outlay (Under Threshold)	7,000	6,801	199
Total Administrative	\$306,133	\$293,087	\$13,046
Water Supply:			
Personnel Expenses	\$69,500	\$40,743	\$28,757
Operating Expenses	938,500	838,705	99,795
Maintenance	16,500	8,777	7,723
Professional Services	4,200	1,856	2,344
Utility Service Fee	134,200	134,200	
Contracted Services	100,000	75,756	24,244
Total Water Supply	\$1,262,900	\$1,100,037	\$162,863

TOWN OF FARMVILLE, NORTH CAROLINA
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2016

	Budget	2016 Actual	Variance Favorable (Unfavorable)
Water Distribution:			
Personnel Expenses	\$166,400	\$159,018	\$7,382
Operating Expenses	56,500	50,214	6,286
Maintenance	10,000	5,917	4,083
Professional Services	25,000	24,398	602
Total Water Distribution	\$257,900	\$239,547	\$18,353
Debt Service Expenditures:			
Bond Interest & Fees	\$314,864	\$314,715	\$149
Bond Principal Payments	248,551	248,551	
Total Debt Service	\$563,415	\$563,266	\$149
Capital Outlay:			
Equipment & Improvements	\$314,100	\$66,198	\$247,902
Total Capital Outlay	\$314,100	\$66,198	\$247,902
TOTAL EXPENDITURES	\$2,704,448	\$2,262,135	\$442,313
Revenues Over (Under) Expenditures	\$162,060	\$527,865	\$365,805
Other Financing Sources (Uses)			
Operating Transfers In (Out):			
General Fund	(\$77,685)	(\$77,685)	
General Fund (Economic Development)	(35,000)	(35,000)	
Reserve GUC Waterline Phase 1A - Primary	(19,656)		\$19,656
Reserve GUC Waterline Phase 1A - Secondary	(9,227)		9,227
Reserve GUC Waterline Phase 1B	(12,992)		12,992
Reserve GUC Waterline Phase 1D	(7,500)		7,500
Total Other Financing Sources (Uses)	(\$162,060)	(\$112,685)	\$49,375
Revenues Over (Under) Expenditures and Other Financing Uses	\$0	\$415,180	\$415,180

TOWN OF FARMVILLE, NORTH CAROLINA
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>2016 Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Reconciliation From Budgetary Basis (Modified Accrual) To Full Accrual:			
Revenues Over (Under) Expenditures and Other Financing Uses		\$415,180	
Reconciling Items:			
Capital Debt Principal Payments		\$248,551	
Capital Outlay		66,198	
Depreciation Expense		(531,704)	
Increase/(Decrease) in Inventory		(332)	
(Increase)/Decrease in Compensated Absences Payable		6,190	
(Increase)/Decrease in Accrued OPEB Liability		(4,545)	
(Increase)/Decrease in Accrued Interest		2,174	
Deferred Outflows of Resources for Contributions made to Pension Plan in Current Fiscal Year		2,665	
Pension Expense		8,136	
Phase 1B - Non-USDA Eligible		72	
Total		(\$202,595)	
Change in Net Position		\$212,585	

TOWN OF FARMVILLE, NORTH CAROLINA
GREENVILLE UTILITIES COMMISSION WATERLINE PROJECT
PHASE 1B – NON-USDA ELIGIBLE
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Favorable (Unfavorable)
Revenues:					
Investment Earnings	\$1,447	\$2,058	\$72	\$2,130	\$683
Liquidated Damages	160,000	160,000		160,000	
Miscellaneous Revenue	3,850	100		100	(3,750)
TOTAL REVENUES	\$165,297	\$162,158	\$72	\$162,230	(\$3,067)
Expenditures:					
Funding Assistance	\$25,000	\$25,000		\$25,000	
General Project Administration	25,000	25,000		25,000	
Grant Administration	25,000	25,000		25,000	
Contract No. 3 - Inspection from 10/19/10 to 12/15/10 + 12/15/10 thru Substantial Completion	56,301	56,301		56,301	
Contract No. 3 - Administration from 10/19/10 to 01/14/11	10,000	10,000		10,000	
Engineering - Belcher St. Soil Contamination	708	1,489		1,489	(\$781)
Contract No. 3 - Engineering and Inspection from 03/21/10 thru 03/21/12	46,480	46,480		46,480	
Legal - Belcher St. Soil Contamination	19,731	1,648		1,648	18,083
Contingency	46,480				46,480
TOTAL EXPENDITURES	\$254,700	\$190,918	\$0	\$190,918	\$63,782
Revenues Over (Under) Expenditures	\$89,403	(\$28,760)	\$72	(\$28,688)	\$60,715
Other Financing Sources (Uses):					
Transfer from Phase 1A - Sales Tax	\$99,834	\$97,450		\$97,450	(\$2,384)
Transfer Sales Tax to 1B USDA Eligible	(10,431)	(10,431)		(10,431)	
Total Other Sources	\$89,403	\$87,019	\$0	\$87,019	(\$2,384)
Revenues and Other Sources (Uses) Over (Under) Expenditures and Appropriations	\$178,806	\$58,259	\$72	\$58,331	\$58,331
<i>Beginning Fund Balance, July 1</i>			58,259		
Ending Fund Balance, June 30			\$58,331		

TOWN OF FARMVILLE, NORTH CAROLINA
GREENVILLE UTILITIES COMMISSION WATERLINE PROJECT
PHASE 1D – ALTERNATIVE WATER SUPPLY
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2016

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total To Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
DWSRF Revolving Loan	\$1,500,000	\$1,500,000		\$1,500,000	
Town of Farmville Project Contributions	25,000	23,967		23,967	(\$1,033)
Liquidated Damages	145,000				(145,000)
TOTAL REVENUES	\$1,670,000	\$1,523,967	\$0	\$1,523,967	(\$146,033)
Expenditures:					
Contract No. 7 - Water Line Transmission	\$2,551,868	\$2,338,338		\$2,338,338	\$213,530
Preliminary Engineering Report	17,500	17,500		17,500	
Basic Engineering Fees	167,147	167,147		167,147	
Basic Engineering Fees BLP	10,030	10,030		10,030	
Additional Services Engineering Fees	10,040	10,040		10,040	
Construction Observation	167,348	167,348		167,348	
Construction Observation Beyond Construction Period	66,030	66,030		66,030	
Legal	2,373	2,373		2,373	
Appraisals	1,250	1,250		1,250	
Permanent Land Acquisition	30,600	30,600		30,600	
Accounting	1,700	1,700		1,700	
Administrative	4,277	4,277		4,277	
Project Administrative	85,000	85,000		85,000	
Funding Assistance	25,000	25,000		25,000	
DBE Administration	46,500	46,500		46,500	
Grant Administration	25,000	25,000		25,000	
Reimbursable	8,022	6,421		6,421	1,601
Railroad Maintenance Fee	18,100	18,100		18,100	
Contingency	669				669
TOTAL EXPENDITURES	\$3,238,454	\$3,022,654	\$0	\$3,022,654	\$215,800
Revenues Over (Under) Expenditures	(\$1,568,454)	(\$1,498,687)	\$0	(\$1,498,687)	\$69,767
Other Financing Sources (Uses):					
DWSRF Principal Forgiveness Loan	\$1,500,000	\$1,500,000		\$1,500,000	
Temp. Financing from Town Fund 61	50,000				(\$50,000)
Sales Tax Refund	68,454				(68,454)
Repayment Temp. Financing Loan to Fund 6	(50,000)				50,000
Total Other Sources	\$1,568,454	\$1,500,000	\$0	\$1,500,000	(\$68,454)
Revenues and Other Sources (Uses) Over (Under) Expenditures and Appropriations	\$0	\$1,313	\$0	\$1,313	\$1,313
<i>Beginning Fund Balance, July 1</i>			1,313		
Ending Fund Balance, June 30			\$1,313		

TOWN OF FARMVILLE, NORTH CAROLINA
SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>2016 Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Operating Revenues:			
Sewer Sales	\$1,621,110	\$1,597,429	(\$23,681)
Tap Ons	1,700	3,300	1,600
Total Operating Revenues	\$1,622,810	\$1,600,729	(\$22,081)
Non-Operating Revenues:			
Investment Earnings	\$525	\$875	\$350
Miscellaneous Non-Operating Revenues	1,700	979	(721)
Total Non-Operating Revenues	\$2,225	\$1,854	(\$371)
TOTAL REVENUES	\$1,625,035	\$1,602,583	(\$22,452)
EXPENDITURES:			
Administrative:			
Personnel Expenses	\$37,207	\$36,729	\$478
Operating Expenses	63,250	47,203	16,047
Total Administrative	\$100,457	\$83,932	\$16,525
Wastewater Collections:			
Personnel Expenses	\$163,865	\$162,571	\$1,294
Operating Expenses	74,910	43,211	31,699
Maintenance	9,750	5,392	4,358
Professional Services	1,500	1,130	370
Utility Service Fee	46,395	46,395	
Total Wastewater Collections	\$296,420	\$258,699	\$37,721

TOWN OF FARMVILLE, NORTH CAROLINA
SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2016

	Budget	2016 Actual	Variance Favorable (Unfavorable)
Wastewater Treatment:			
Operating Expenses	\$291,795	\$251,195	\$40,600
Maintenance	60,000	54,362	5,638
Professional Services	6,935	2,946	3,989
Contracted Services	392,940	392,940	
Total Wastewater Treatment	\$751,670	\$701,443	\$50,227
Debt Service:			
Interest & Fees	\$94,996	\$94,994	\$2
Principal Payments	362,592	362,591	1
Total Debt Service	\$457,588	\$457,585	\$3
Capital Outlay:			
Equipment & Improvements	\$12,900		\$12,900
Total Capital Outlay	\$12,900	\$0	\$12,900
TOTAL EXPENDITURES	\$1,619,035	\$1,501,659	\$117,376
Revenues Over (Under) Expenditures	\$6,000	\$100,924	\$94,924
Other Financing Sources (Uses):			
Operating Transfers In (Out):			
General Fund - Street Cuts	(\$6,000)	(\$6,000)	
Total Other Financing Sources (Uses)	(\$6,000)	(\$6,000)	\$0
Revenues Over (Under) Expenditures and Other Financing Uses	\$0	\$94,924	\$94,924

TOWN OF FARMVILLE, NORTH CAROLINA
SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2016

	Budget	2016 Actual	Variance Favorable (Unfavorable)
Reconciliation From Budgetary Basis (Modified Accrual) To Full Accrual:			
Revenues Over (Under) Expenditures and Other Financing Uses		\$94,924	
Reconciling Items:			
Capital Debt Principal Payments		\$362,591	
Depreciation Expense		(515,871)	
Increase/(Decrease) in Inventory		1,910	
(Increase)/Decrease in Compensated Absences Payable		596	
(Increase)/Decrease in Accrued OPEB Liability		3,040	
(Increase)/Decrease in Accrued Interest		3,075	
Deferred Outflows of Resources for Contributions made to Pension Plan in Current Fiscal Year		(493)	
Pension Expense		4,749	
Investment Earnings from 2009 24" East Sanitary Project Fund		69	
Investment Earnings from Marlboro Baptist Church Sanitary Sewer Pump Station Project Fund		5	
Contributed Capital 2009 24" East Sanitary Project Fund		79,339	
Contributed Capital Watkins MHP Sewer Project Fund		250,610	
		\$189,620	
Change in Net Position		\$284,544	

TOWN OF FARMVILLE, NORTH CAROLINA
 2009 CDBG – DALTON'S COVE SUBDIVISION PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
 From Inception and For the Fiscal Year Ended June 30, 2016

	<u>Project</u> <u>Authorization</u>	<u>Actual</u> <u>Prior Years</u>	<u>Actual</u> <u>Current Year</u>	<u>Actual Total</u> <u>To Date</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:					
Town of Farmville	\$178,078				(\$178,078)
Murphrey Development, LLC	50,000				(50,000)
Murphrey Development, LLC (Easement)	15,264				(15,264)
TOTAL REVENUES	\$243,342	\$0	\$0	\$0	(\$243,342)
Expenditures:					
Construction					
CN 1 - Sanitary Sewer Improvements	\$212,912				\$212,912
Inspection	15,330				15,330
AS - Coordination with Dalton's Cove	800				800
Legal	3,500				3,500
Contingency	10,800				10,800
Administration	1,700	\$1,686		\$1,686	14
Professional Services	35,400	35,374		35,374	26
TOTAL EXPENDITURES	\$280,442	\$37,060	\$0	\$37,060	\$243,382
Revenues Over (Under) Expenditures	(\$37,100)	(\$37,060)	\$0	(\$37,060)	\$40
Other Financing Sources (Uses)					
Transfer from Sewer Fund	\$37,100				(\$37,100)
Total Other Financing Sources	\$37,100	\$0	\$0	\$0	(\$37,100)
Revenues and Other Sources Over (Under) Expenditures and Appropriations	\$0	(\$37,060)	\$0	(\$37,060)	(\$37,060)
<i>Beginning Fund Balance, July 1</i>			(37,060)		
Ending Fund Balance, June 30			(\$37,060)		

Supplementary Information

Fund Allocation of Project Expenditures:

General Fund - Streets

Water Fund

Sewer Fund

	<u>Actual</u> <u>Prior Year</u>	<u>Actual</u> <u>Current Year</u>	<u>Actual Total</u> <u>To Date</u>
Sewer Fund	\$37,060		\$37,060
TOTAL	\$37,060	\$0	\$37,060

TOWN OF FARMVILLE, NORTH CAROLINA
09-24" EAST SANITARY PROJECT – USDA ELIGIBLE
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2016

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total To Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues - Sewer Projects:					
Restricted Intergovernmental:					
Interest		\$1,602	\$69	\$1,671	\$1,671
USDA-Rural Development Grant	\$1,327,500	1,327,500		1,327,500	
Rural Center Supplemental Grant	400,000	309,154	79,339	388,493	(11,507)
Town of Farmville Contribution	33,000				(33,000)
TOTAL REVENUES	\$1,760,500	\$1,638,256	\$79,408	\$1,717,664	(\$42,836)
Expenditures - Sewer Projects:					
24" Outfall Line:					
Construction	\$1,573,062	\$1,528,288		\$1,528,288	\$44,774
Interest	70,000	35,584		35,584	34,416
Legal Fees	16,650	16,650		16,650	
Administration	25,000	25,000		25,000	
Preliminary Engineering Report	22,500	22,500		22,500	
Engineering	175,500	175,500		175,500	
Environmental Report	5,000	5,000		5,000	
USDA Funding Assistance	17,500	17,500		17,500	
Wetlands Consultant	4,810	4,810		4,810	
Redesign Pump Station	15,000	15,000		15,000	
Inspection	110,120	110,120		110,120	
RR Maintenance	26,000	26,000		26,000	
Permit Fees	3,158	3,158		3,158	
Permit Application	3,122	3,122		3,122	
Closing Costs	910	910		910	
Advertising	543	543		543	
Total 24" Outfall Line	\$2,068,875	\$1,989,685	\$0	\$1,989,685	\$79,190
Johnsonfield Pump Station					
Construction	\$1,123,103	\$1,070,175	\$30,953	\$1,101,128	\$21,975
Engineering	84,800	84,800		84,800	
Easement Acquisition	2,295	2,295		2,295	
Easement Survey	13,500	1,250	12,011	13,261	239
Inspection	75,368	75,368		75,368	
Rural Center Grant Administration	20,000	20,000		20,000	
Legal Fees	1,574	1,007	567	1,574	
Land Easement	1,300	1,300		1,300	
Advertising	1,000	486		486	514
Wetland Survey	500	300		300	200
Wetlands Consultant	3,220	3,220		3,220	
Permit Fees	2,250	2,250		2,250	
GIS As-Built	3,500		3,500	3,500	
Contingency	31,215		20,130	20,130	11,085
Total Johnsonfield Pump Station	\$1,363,625	\$1,262,451	\$67,161	\$1,329,612	\$34,013
TOTAL EXPENDITURES	\$3,432,500	\$3,252,136	\$67,161	\$3,319,297	\$113,203

TOWN OF FARMVILLE, NORTH CAROLINA
09-24" EAST SANITARY PROJECT – USDA ELIGIBLE
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2016

Revenues Over (Under) Expenditures	(\$1,672,000)	(\$1,613,880)	\$12,247	(\$1,601,633)	\$70,367
Other Financing Sources (Uses)					
USDA Rural Development Loan	\$1,672,000	\$1,672,000		\$1,672,000	
Total Other Financing Sources	\$1,672,000	\$1,672,000	\$0	\$1,672,000	\$0
Revenues and Other Sources Over (Under) Expenditures and Appropriations	\$0	\$58,120	\$12,247	\$70,367	\$70,367
<i>Beginning Fund Balance, July 1</i>			58,120		
Ending Fund Balance, June 30			\$70,367		

TOWN OF FARMVILLE, NORTH CAROLINA
 09-24" EAST SANITARY PROJECT – NON-USDA ELIGIBLE
 SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
 From Inception and For the Fiscal Year Ended June 30, 2016

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total To Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Sales Tax Refund - CN 1 Sanitary Sewer	\$44,273				(\$44,273)
Investment Earnings		\$7		\$7	7
TOTAL REVENUES	\$44,273	\$7	\$0	\$7	(\$44,266)
Expenditures:					
Construction					
USDA Grant Administration	\$17,500	\$17,500		\$17,500	
Rural Center Project Administration	5,000	5,000		5,000	
Rural Center Preliminary Engineering Re	5,000	5,000		5,000	
Electrical Allowance	10,000				\$10,000
Contingency	6,773				6,773
TOTAL EXPENDITURES	\$44,273	\$27,500	\$0	\$27,500	\$16,773
Revenues Over (Under) Expenditures	\$0	(\$27,493)	\$0	(\$27,493)	(\$27,493)
<i>Beginning Fund Balance, July 1</i>			(27,493)		
Ending Fund Balance, June 30			(\$27,493)		

TOWN OF FARMVILLE, NORTH CAROLINA
MARLBORO BAPTIST CHURCH SANITARY SEWER PUMP STATION
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Favorable (Unfavorable)
Revenues:					
Marlboro Baptist Church Phase 1 Design/Permit	\$20,000	\$20,000		\$20,000	
Marlboro Baptist Church Phase 2 Construction	74,378	74,378		74,378	
Tap Fee	600	600		600	
Facility Fee	300	300		300	
Interest Earned		65	\$5	70	\$70
TOTAL REVENUES	\$95,278	\$95,343	\$5	\$95,348	\$70
Expenditures:					
Construction	\$74,378	\$74,214		\$74,214	\$164
Tap Installation	600				600
Technical Assistance	9,500	9,500		9,500	
DWQ Sewer Permit Preparation	1,000	1,000		1,000	
DOT Permit Application Preparation	400				400
Easement Survey	1,600	\$1,600		1,600	
Legal Fees	500				500
Project Coordination/Admin. Assistance	4,500	3,825		3,825	675
Facility Fee	300				300
Advertisement Fee	600	475		475	125
Permit Fee Reimbursable	480				480
Contingency	1,420	732		732	688
Excess Refunded to Marlboro Baptist Church		3,997		3,997	(3,997)
TOTAL EXPENDITURES	\$95,278	\$95,343	\$0	\$95,343	(\$65)
Revenues Over (Under) Expenditures	\$0	\$0	\$5	\$5	\$5
<i>Beginning Fund Balance, July 1</i>					
Ending Fund Balance, June 30			\$5		

TOWN OF FARMVILLE, NORTH CAROLINA
 2013 CDBG INFRASTRUCTURE PROJECT- WATKINS MHP SEWER
 SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
 From Inception and For the Fiscal Year Ended June 30, 2016

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total To Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Restricted Intergovernmental:					
Community Development Block Grant	\$2,426,600		\$250,610	\$250,610	
TOTAL REVENUES	\$2,426,600	\$0	\$250,610	\$250,610	\$0
Expenditures:					
Public Sewer Improvements	\$2,165,500		\$164,622	\$164,622	
Housing Rehabilitation- Sewer	40,500				
Administration	220,600		85,988	85,988	
TOTAL EXPENDITURES	\$2,426,600	\$0	\$250,610	\$250,610	\$0
Revenues Over (Under) Expenditures	\$0	\$0	\$0	\$0	\$0
<i>Beginning Fund Balance, July 1</i>					
Ending Fund Balance, June 30			\$0		

FIDUCIARY FUND

Fiduciary Funds are used to account for assets held by the Town in a trustee capacity to be used for restricted purposes.

Private Purpose Trust Fund

Fire Supplemental Hospitalization Insurance Fund

TOWN OF FARMVILLE, NORTH CAROLINA
 TRUST FUND – FIRE SUPPLEMENTAL HOSPITALIZATION INSURANCE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 For the Fiscal Year Ended June 30, 2016

Revenues:	
Investment Earnings	\$34
	<hr/>
Total Revenues	\$34
	<hr/>
Expenditures:	
Claims	\$600
	<hr/>
Total Expenditures	\$600
	<hr/>
Revenues Over (Under) Expenditures	(\$566)
	<hr/>
<i>Beginning Fund Balance, July 1</i>	27,696
	<hr/>
Ending Fund Balance, June 30	\$27,130
	<hr/> <hr/>

TOWN OF FARMVILLE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
For the Fiscal Year Ended June 30, 2016

Fiscal Year	Uncollected Balance June 30, 2015	Additions	Collections and Credits	Uncollected Balance June 30, 2016
2015-16		\$1,575,371	\$1,509,748	\$65,623
2014-15	\$58,762		11,816	46,946
2013-14	42,463		6,773	35,690
2012-13	62,607		8,031	54,576
2011-12	28,781		2,550	26,231
2010-11	18,050		2,343	15,707
2009-10	46,560		1,475	45,085
2008-09	12,144		1,230	10,914
2007-08	7,587		78	7,509
2006-07	6,000		104	5,896
2005-06	86,629		140	86,489
2004-05	3,730		3,730	
	\$373,313	\$1,575,371	\$1,548,018	\$400,666
<i>Less: Allowance for Uncollected Ad Valorem Taxes Receivable</i>				(145,711)
Ad Valorem Taxes Receivable-Net				\$254,955
<u>Reconciliation With Revenues:</u>				
<i>Taxes-Ad Valorem-General Fund</i>				\$1,551,891
<i>Reconciling Items:</i>				
Interest Collected				(7,601)
Taxes written off				3,728
Total Collections and Credits				\$1,548,018

OTHER SCHEDULES

TOWN OF FARMVILLE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
For the Fiscal Year Ended June 30, 2016

	Town-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property Taxed at Current Year's Rate	\$320,611,837	0.4900	\$1,570,998	\$1,412,002	\$158,996
Total	\$320,611,837		\$1,570,998	\$1,412,002	\$158,996
Discoveries:					
Current Year Taxes	\$941,429	0.4900	\$4,613	\$4,613	
Total	\$941,429		\$4,613	\$4,613	\$0
Abatements	(\$48,980)		(\$240)	(\$240)	
Total Property Valuation	\$321,504,286				
Net Levy			\$1,575,371	\$1,416,375	\$158,996
Uncollected Taxes at June 30, 2016			65,623	65,623	
Current Year's Taxes Collected			\$1,509,748	\$1,350,752	\$158,996
Current Levy Collection Percentage			95.83%	95.37%	100.00%

TOWN OF FARMVILLE, NORTH CAROLINA
TAXABLE PROPERTY VALUATION LAST TEN YEARS
For the Fiscal Year Ended June 30, 2016

Fiscal Year	Real Property	Personal Property	Public Services Companies	Total Valuation
2015-16	\$227,126,505	\$86,399,006	\$7,978,775	\$321,504,286
2014-15	225,363,125	63,328,418	7,225,600	295,917,143
2013-14	221,218,688	74,503,887	7,412,730	303,135,305
2012-13	221,947,314	66,207,992	7,385,306	295,540,612
2011-12	240,914,463	65,047,782	6,981,224	312,943,469
2010-11	238,427,054	61,637,076	7,905,258	307,969,388
2009-10	248,663,752	61,141,580	8,217,117	318,022,449
2008-09	240,197,062	59,933,695	8,175,912	308,306,669
2007-08	208,022,707	64,738,635	7,847,638	280,608,980
2006-07	202,617,123	83,169,738	7,721,421	293,508,282
2005-06	193,624,932	84,473,804	7,776,046	285,874,782
2004-05	190,340,300	83,228,478	7,563,838	281,132,616

TOWN OF FARMVILLE, NORTH CAROLINA
SPECIAL REVENUE FUND - LIBRARY (TRUST) FUND
CHANGES IN FUND BALANCE IN DETAIL
For the Fiscal Year Ended June 30, 2016

	Beginning Balances	Revenues	Expenditures	Ending Balances
Arndt Trust	\$8,402	\$11		\$8,413
Barker Trust	37,190	39,941		77,131
Cockrell Trust	4,725	6		4,731
Davis Trust	29,232	38		29,270
DeVisconti Trust	77,009	89		77,098
Library Friends	10,327	2,647		12,974
Monk Trust	1,032	2		1,034
Veterans Memorial	9,815	464	\$380	9,899
Totals	\$177,732	\$43,198	\$380	\$220,550

COMPLIANCE SECTION



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Commissioners
Town of Farmville, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of Town of Farmville, North Carolina as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprises Town of Farmville's basic financial statements, and have issued our report thereon dated December 30, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Farmville's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Town of Farmville's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be a material weakness

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as Finding 16-1 to be a material weakness.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. However, we did not identify any deficiencies in internal control over financial reporting that we consider significant deficiencies, as defined above.

Compliance and Other Matters

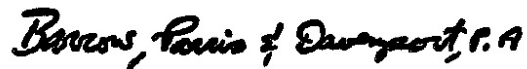
As part of obtaining reasonable assurance about whether the Town of Farmville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material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

Town of Farmville's Response to Findings

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

Purpose of this Report

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



BARROW, PARRIS & DAVENPORT, P.A.
Kinston, NC

December 30, 2016

TOWN OF FARMVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
For The Fiscal Year Ended June 30, 2016

II. FINANCIAL STATEMENT FINDINGS**FINDING 16-1 - REPORTING****MATERIAL WEAKNESS**

Criteria: The Town should have personnel in place that have expertise in financial accounting and reporting sufficient to prepare or review financial statements to ensure they are in accordance with generally accepted accounting principles.

Condition: Although the Town has competent financial personnel to perform the daily functions of the finance department, the staff does not have the technical training and background to prevent, detect, and correct potential misstatements in the financial statements and notes prepared in accordance with generally accepted accounting principles.

Effect: The financial statements could include material misstatements or inadequate disclosures that are not in accordance with generally accepted accounting principles.

Cause: Although competent in other financial areas, the Town does not have financial personnel that have the necessary technical training and expertise to ensure financial statements are prepared in accordance with generally accepted accounting principles.

Recommendation: The Town may consider providing the necessary training to current personnel or outsourcing the financial statement preparation function.

*Views of Responsible
Officials and Planned
Corrective Action:*

Due to the related costs in eliminating this control deficiency, management has determined that we are willing to accept the risks associated with the control deficiency. We will continue to monitor the internal controls over financial reporting, and will make attempts to improve the related internal control process when feasible.