

**TOWN OF BLADENBORO, NORTH CAROLINA**  
**FINANCIAL STATEMENTS**  
**June 30, 2016**



TOWN OF BLADENBORO, NORTH CAROLINA  
FINANCIAL STATEMENTS  
June 30, 2016

BOARD OF TOWN COUNCIL

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Billy Benson - Mayor Pro Tem

T. Cris Harrelson - Commissioner

Sarah Benson - Commissioner

Jeff Atkinson - Commissioner

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TOWN CLERK/FINANCE OFFICER

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TAX COLLECTOR

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ATTORNEY

Maynard Law Firm



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June 30, 2016

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## Financial Section







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## **Independent Auditors' Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bladenboro, North Carolina, as of and for the year ended June 30, 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.

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bladenboro, North Carolina as of June 30, 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 the Management's Discussion and Analysis and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset/(Liability) and Contributions, on pages 40 and 41 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2016 on our consideration of Town of Bladenboro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Bladenboro's internal control over financial reporting and compliance.

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

Elizabethtown, North Carolina

September 20, 2016

**Town of Bladenboro**  
Management's Discussion and Analysis

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

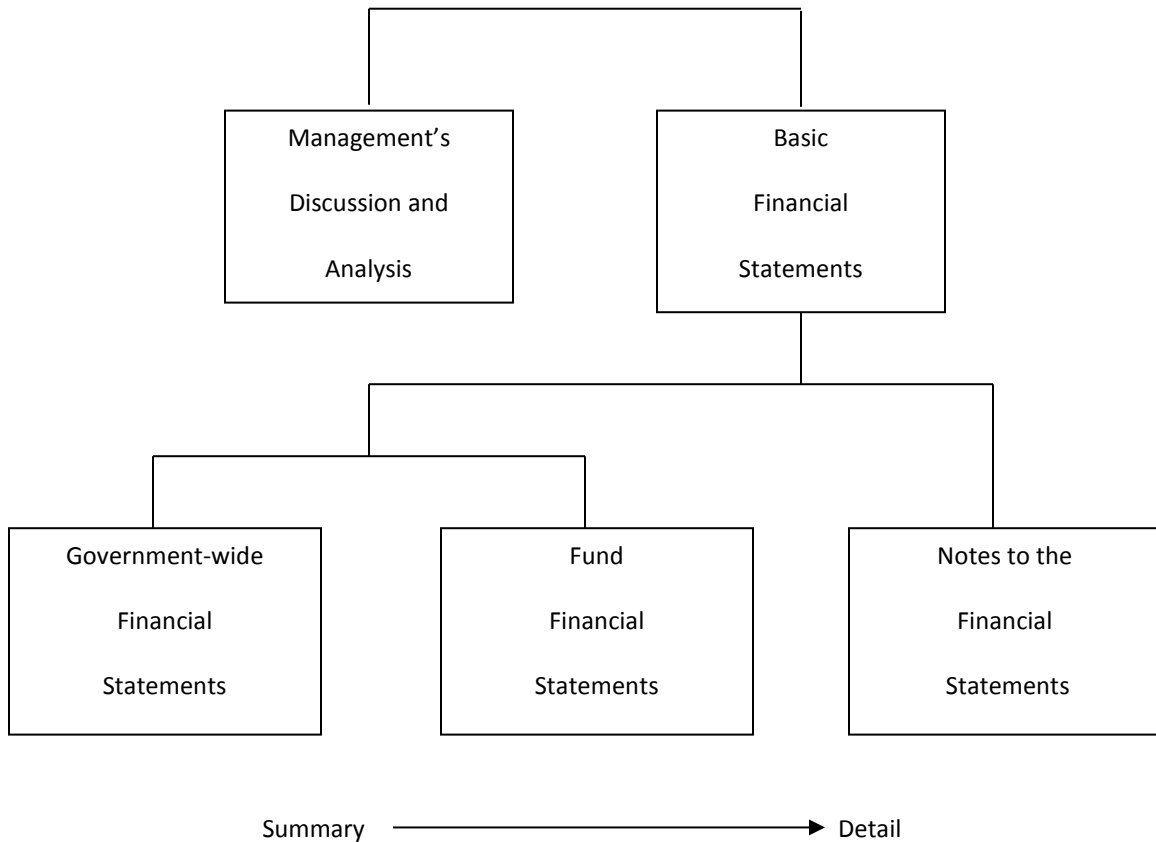
- The assets and deferred outflows of resources of the Town of Bladenboro exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$9,946,151 (net position).
- The government's total net position decreased by \$16,535, primarily due to the decrease in the business type activity net position.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$312,445 a decrease of \$23,883. Approximately 47 percent of this total amount, or \$145,374 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$108,364, or 8 percent of the total general fund expenditures for the fiscal year.
- The Town of Bladenboro's total debt decreased by \$48 during the current fiscal year. The key factor in this change was the loan acquired to finance the fire department building.

**Overview of the Financial Statements**

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

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

## **Government-Wide Financial Statements**

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

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

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

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

## **Fund Financial Statements**

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

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

The Town of Bladenboro adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 21-39 of this report.

**Interdependence with Other Entities:** The Town depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

**Government-Wide Financial Analysis**

Town of Bladenboro’s Net Position  
Figure 2

|   | Governmental Activities |              | Business-Type Activities |              | Totals        |               |
|---|-------------------------|--------------|--------------------------|--------------|---------------|---------------|
|   | 2016                    | 2015         | 2016                     | 2015         | 2016          | 2015          |
| Current and other assets                            | \$ 432,608              | \$ 725,544   | \$ 256,946               | \$ 264,482   | \$ 689,554    | \$ 990,026    |
| Capital assets                                      | 3,142,181               | 2,962,064    | 7,634,381                | 7,845,881    | 10,776,562    | 10,807,945    |
| Deferred inflows of resources                       | 23,805                  | 24,669       | 10,202                   | 10,572       | 34,007        | 35,241        |
| Total assets and deferred outflows of resources     | \$ 3,598,594            | \$ 3,712,277 | \$ 7,901,529             | \$ 8,120,935 | \$ 11,500,123 | \$ 11,833,212 |
| Current and other liabilities                       | \$ 75,724               | \$ 309,994   | \$ 61,493                | \$ 66,191    | \$ 137,217    | \$ 376,185    |
| Long-term liabilities                               |                         |              |                          |              |               |               |
| Due within one year                                 | 113,530                 | 118,999      | 18,251                   | 29,803       | 131,781       | 148,802       |
| Due in more than one year                           | 1,219,881               | 1,179,321    | 35,470                   | 25,551       | 1,255,351     | 1,204,872     |
| Deferred inflows of resources                       | 20,825                  | 98,688       | 8,798                    | 41,979       | 29,623        | 140,667       |
| Total liabilities and deferred inflows or resources | 1,429,960               | 1,707,002    | 124,012                  | 163,524      | 1,553,972     | 1,870,526     |
| <b>Net Position</b>                                 |                         |              |                          |              |               |               |
| Net investment in capital assets                    | 1,864,098               | 1,703,505    | 7,608,127                | 7,800,055    | 9,472,225     | 9,503,560     |
| Restricted  | 145,374                 | 248,366      | -                        | -            | 145,374       | 248,366       |
| Unrestricted  | 159,162                 | 53,404       | 169,390                  | 157,356      | 328,552       | 210,760       |
| Total net position                                  | \$ 2,168,634            | \$ 2,005,275 | \$ 7,777,517             | \$ 7,957,411 | \$ 9,946,151  | \$ 9,962,686  |

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The assets and deferred outflows of resources of the Town of Bladenboro exceeded liabilities and deferred inflows by \$9,946,151 as of June 30, 2016. The Town's net position decreased by \$16,535 for the fiscal year ended June 30, 2016. However, the largest portion \$9,472,225 (95%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Bladenboro uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position \$145,374 (2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$328,552 (3%) is unrestricted.

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

- A tax collection percentage of 94.02%, which is less than the statewide average of 96.79%.
- Increased operating costs.
- Minimal growth in the water and sewer fund.

**Town of Bladenboro's Changes in Net Position**  
**Figure 3**

|  | Governmental Funds  |                     | Business-Type Activities |                     | Total               |                     |
|--|---------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
|  | 2016                | 2015                | 2016                     | 2015                | 2016                | 2015                |
| <b>Revenues</b>  |                     |                     |                          |                     |                     |                     |
| <b>Program Revenues</b>                                      |                     |                     |                          |                     |                     |                     |
| Charges for Services   | \$ 432,301          | \$ 299,463          | \$ 460,628               | \$ 459,477          | \$ 892,929          | \$ 758,940          |
| Operating Grants & Contributions                             | 162,904             | 223,143             | -                        | -                   | 162,904             | 223,143             |
| Capital Grants & Contributions                               | 38,910              | 501,327             | -                        | -                   | 38,910              | 501,327             |
| <b>General Revenue</b>                                       |                     |                     |                          |                     |                     |                     |
| Property Taxes   | 552,988             | 484,441             | -                        | -                   | 552,988             | 484,441             |
| Other Taxes  | 6,113               | 6,683               | -                        | -                   | 6,113               | 6,683               |
| Grants and contributions not restricted to specific programs | 275,402             | 274,132             | -                        | -                   | 275,402             | 274,132             |
| Investment Earnings  | 633                 | 355                 | 48                       | 39                  | 681                 | 394                 |
| Other  | 22,635              | 26,253              | 6,740                    | 4,908               | 29,375              | 31,161              |
| <b>Total Revenues</b>  | <b>1,491,886</b>    | <b>1,815,797</b>    | <b>467,416</b>           | <b>464,424</b>      | <b>1,959,302</b>    | <b>2,280,221</b>    |
| <b>Expenses</b>  |                     |                     |                          |                     |                     |                     |
| General Government   | 265,365             | 226,902             | -                        | -                   | 265,365             | 226,902             |
| Public Safety  | 632,831             | 550,913             | -                        | -                   | 632,831             | 550,913             |
| Transportation   | 216,243             | 198,228             | -                        | -                   | 216,243             | 198,228             |
| Economic Development   | -                   | -                   | -                        | -                   | -                   | -                   |
| Environmental Protection                                     | 141,385             | 150,937             | -                        | -                   | 141,385             | 150,937             |
| Cultural and Recreation                                      | 44,225              | 10,587              | -                        | -                   | 44,225              | 10,587              |
| Interest on Long-Term Debt                                   | 28,478              | 29,804              | -                        | -                   | 28,478              | 29,804              |
| Water and Sewer Fund   | -                   | -                   | 647,310                  | 650,591             | 647,310             | 650,591             |
| <b>Total Expenses</b>  | <b>1,328,527</b>    | <b>1,167,371</b>    | <b>647,310</b>           | <b>650,591</b>      | <b>1,975,837</b>    | <b>1,817,962</b>    |
| <b>Increase in Net Position before Transfers</b>             |                     |                     |                          |                     |                     |                     |
| Transfers  | 163,359             | 648,426             | (179,894)                | (186,167)           | (16,535)            | 462,259             |
| Transfers  | -                   | 10,000              | -                        | (10,000)            | -                   | -                   |
| <b>Increase(Decrease) in Net Position</b>                    | <b>163,359</b>      | <b>658,426</b>      | <b>(179,894)</b>         | <b>(196,167)</b>    | <b>(16,535)</b>     | <b>462,259</b>      |
| Net Position, beginning                                      | 2,005,275           | 1,346,849           | 7,957,411                | 8,153,578           | 9,962,686           | 9,500,427           |
| <b>Net Position, ending</b>                                  | <b>\$ 2,168,634</b> | <b>\$ 2,005,275</b> | <b>\$ 7,777,517</b>      | <b>\$ 7,957,411</b> | <b>\$ 9,946,151</b> | <b>\$ 9,962,686</b> |

**Governmental activities:** Governmental activities increased the Town's net position by \$163,359. Key elements of this increase are as follows:

- Tax revenues increased based on Bladen County revaluation.
- Increase in charges for services.
- Capital grants for the community building, fire department building and park improvements.

**Business-type activities:** Business-type activities refer to the Water/Sewer Fund and decreased the Town of Bladenboro's net position by \$179,894. Key elements of this increase are as follows:

- Operating revenues were flat.
- Operating expenses were reduced.

## Financial Analysis of the Town of Bladenboro's Funds

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

**Governmental Funds.** The focus of The Town of Bladenboro's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements. Specifically, 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 Bladenboro. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$108,364 while total fund balance reached \$294,353. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 8% of the total General Fund expenditures. Total fund balance represents 20% of that same amount.

At June 30, 2016, the governmental funds of the Town reported a combined fund balance of \$312,445 with a 7% decrease over last year. Included in this change in fund balance is a decrease in fund balance of the General Fund and the PARTF Capital Project.

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

Revenues were more than the budgeted amounts primarily because revenue was budgeted conservatively, as were the expenditures. The Town was able to comply with its budgetary requirements.

**Proprietary Funds.** The Town of Bladenboro's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer fund at the end of the fiscal year amounted to \$169,390. The decrease in net position for this fund was \$179,894. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Bladenboro's business-type activities.

### Capital Asset and Debt Administration

**Capital assets.** The Town of Bladenboro's investment in capital assets for its governmental and business-type activities as of June 30, 2016, totals \$10,776,562 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

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

- Construction in progress in the PARTF Park Capital Project, Fire Department Building Capital Project and CDBG Community Center Capital Project Funds.
- Fire department equipment.



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

**Figure 4**

|                                   | Governmental Activities |                    | Business-Type Activities |                    | Total               |                     |
|-----------------------------------|-------------------------|--------------------|--------------------------|--------------------|---------------------|---------------------|
|                                   | 2016                    | 2015               | 2016                     | 2015               | 2016                | 2015                |
| Land and Construction in Progress | \$ 410,799              | \$1,920,514        | \$ 466,358               | \$ 466,358         | \$ 877,157          | \$ 2,386,872        |
| Buildings and Other Improvements  | 2,502,307               | 885,740            | -                        | -                  | 2,502,307           | 885,740             |
| Plant and Distribution            | -                       | -                  | 7,156,997                | 7,374,069          | 7,156,997           | 7,374,069           |
| Equipment                         | 5,894                   | 13,519             | 1,528                    | 3,054              | 7,422               | 16,573              |
| Vehicles                          | 215,261                 | 133,491            | 9,498                    | 2,402              | 224,759             | 135,893             |
| Infrastructure                    | 7,920                   | 8,800              | -                        | -                  | 7,920               | 8,800               |
|                                   | <u>\$3,142,181</u>      | <u>\$2,962,064</u> | <u>\$7,634,381</u>       | <u>\$7,845,883</u> | <u>\$10,776,562</u> | <u>\$10,807,947</u> |

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

**Long-term Debt.** As of June 30, 2016, the Town of Bladenboro had no bonded debt outstanding.

**Town of Bladenboro's Outstanding Debt**

**Figure 5**

|                | Governmental Activities |                     | Business-Type Activities |                  | Total               |                     |
|----------------|-------------------------|---------------------|--------------------------|------------------|---------------------|---------------------|
|                | 2016                    | 2015                | 2016                     | 2015             | 2016                | 2015                |
| Notes Payable  | \$ 1,107,809            | \$ 1,021,162        | \$ -                     | \$ 11,524        | \$ 1,107,809        | \$ 1,032,686        |
| Capital Leases | 170,274                 | 237,397             | -                        | -                | 170,274             | 237,397             |
| Revolving Loan | -                       | -                   | 26,254                   | 34,302           | 26,254              | 34,302              |
|                | <u>\$ 1,278,083</u>     | <u>\$ 1,258,559</u> | <u>\$ 26,254</u>         | <u>\$ 45,826</u> | <u>\$ 1,304,337</u> | <u>\$ 1,304,385</u> |

**Town of Bladenboro's Outstanding Debt**

The Town of Bladenboro's General Fund debt decreased by \$48 due to a final draw down from BB&T for financing to construct the Fire Department building net of regular scheduled debt payments.

The Town has a bond rating of 75 (as rated by the North Carolina Municipal Council) which is similar to a BBB+ rating from one of the national bond rating agencies.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The Town of Bladenboro's legal debt margin is \$5,683,642.

Additional information regarding the Town of Bladenboro's long-term debt can be found in the notes beginning on page 36 of this report.

**Economic Factors and Next Year's Budgets and Rates**

For the upcoming year, management does not expect any surge of new development within the Town.

Due to Bladenboro's size, it is difficult to show any real increase in jobs within the Town's boundaries. Management reviews the County of Bladen's economic conditions to monitor for effects on the economy of the Town.

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

The property tax rate for the Town is not expected to change for the coming budget year.

**Budget Highlights for the Fiscal Year Ending June 30, 2017**

**Governmental Activities:** Property taxes will remain the same for 2016-2017. General Fund expenditures have been budgeted accordingly with only a small increase from the 2016-2017 Budget. The Town will continue its commitment to reducing the cost of delivering services.

**Business - type Activities:** The water and sewer rates in the Town are expected to remain constant.

**Requests for Information**

This report is designed to provide an overview of the Town of Bladenboro's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the attention of Town Clerk, Town of Bladenboro, P.O. Box 455, N.C. 28320. You may also call 910-863-3655.

## Basic Financial Statements

TOWN OF BLADENBORO

BLADENBORO, NORTH CAROLINA

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## Statement of Net Position

June 30, 2016

|  | Primary Government         |                             | Total               |
|--|----------------------------|-----------------------------|---------------------|
|  | Governmental<br>Activities | Business-Type<br>Activities |                     |
| <b>Assets</b>  |                            |                             |                     |
| Current Assets:                                      |                            |                             |                     |
| Cash & cash equivalents                              | \$ 271,880                 | \$ 59,569                   | \$ 331,449          |
| Restricted cash                                      | 4,831                      | 51,560                      | 56,391              |
| Taxes receivable (Net)                               | 80,277                     | -                           | 80,277              |
| Accounts Receivable (Net)                            | 46,869                     | 87,500                      | 134,369             |
| Due from other governments                           | 82,692                     | -                           | 82,692              |
| Inventories  | -                          | 4,376                       | 4,376               |
| Internal balances                                    | (53,941)                   | 53,941                      | -                   |
| Total current assets                                 | <u>432,608</u>             | <u>256,946</u>              | <u>689,554</u>      |
| Non-current Assets:                                  |                            |                             |                     |
| Capital Assets:                                      |                            |                             |                     |
| Land and nondepreciable improvements                 | 410,799                    | 466,358                     | 877,157             |
| Other capital assets, net of depreciation            | <u>2,731,382</u>           | <u>7,168,023</u>            | <u>9,899,405</u>    |
| Total capital assets                                 | <u>3,142,181</u>           | <u>7,634,381</u>            | <u>10,776,562</u>   |
| Total Assets   | <u>3,574,789</u>           | <u>7,891,327</u>            | <u>11,466,116</u>   |
| <b>Deferred Outflows of Resources:</b>               |                            |                             |                     |
| Contributions to Pension Plan in Current Fiscal Year | <u>23,805</u>              | <u>10,202</u>               | <u>34,007</u>       |
| Total Deferred Outflows of Resources                 | <u>23,805</u>              | <u>10,202</u>               | <u>34,007</u>       |
| <b>Liabilities</b>                                   |                            |                             |                     |
| Current liabilities                                  |                            |                             |                     |
| Accounts Payable and Accrued Liabilities             | 39,592                     | 9,933                       | 49,525              |
| Accrued Interest                                     | 36,132                     | -                           | 36,132              |
| Current Portion of Long-Term Liabilities             | 103,530                    | 8,751                       | 112,281             |
| Compensated Absences                                 | 10,000                     | 9,500                       | 19,500              |
| Payable From Restricted Assets                       |                            |                             |                     |
| Customer Deposits                                    | -                          | 51,560                      | 51,560              |
| Long-term Liabilities:                               |                            |                             |                     |
| Net Pension Liability                                | 25,509                     | 10,932                      | 36,441              |
| Due in More Than One Year                            | <u>1,194,372</u>           | <u>24,538</u>               | <u>1,218,910</u>    |
| Total liabilities                                    | <u>1,409,135</u>           | <u>115,214</u>              | <u>1,524,349</u>    |
| <b>Deferred Inflows of Resources</b>                 |                            |                             |                     |
| Prepaid Taxes  | 294                        | -                           | 294                 |
| Pension Deferrals                                    | <u>20,531</u>              | <u>8,798</u>                | <u>29,329</u>       |
| Total Deferred Inflows of Resources                  | <u>20,825</u>              | <u>8,798</u>                | <u>29,623</u>       |
| <b>Net Position</b>                                  |                            |                             |                     |
| Net Investments in Capital Assets                    | 1,864,098                  | 7,608,127                   | 9,472,225           |
| Restricted for:                                      |                            |                             |                     |
| Stabilization by State Statute                       | 129,561                    | -                           | 129,561             |
| Transportation                                       | 4,831                      | -                           | 4,831               |
| Debt Service   | 10,982                     | -                           | 10,982              |
| Unrestricted   | <u>159,162</u>             | <u>169,390</u>              | <u>328,552</u>      |
| Total Net Position                                   | <u>\$ 2,168,634</u>        | <u>\$ 7,777,517</u>         | <u>\$ 9,946,151</u> |

Town of Bladenboro, North Carolina  
**Statement of Activities**  
For the Year Ended June 30, 2016

Exhibit 2

| Functions/Programs   | Expenses            | Program Revenues       |  |  | Net (Expense) Revenue and Changes in Net Position |                                |                     |
|--|---------------------|------------------------|--|--|---|--------------------------------|---------------------|
|  |                     | Charges for<br>Service | Operating Grants<br>and<br>Contributions | Capital Grants<br>and<br>Contributions | Governmental<br>Activities                        | Business<br>Type<br>Activities | Total               |
| <b>Primary Government:</b>                                   |                     |                        |  |  |   |                                |                     |
| <b>Governmental Activities:</b>                              |                     |                        |  |  |   |                                |                     |
| General Government   | \$ 265,365          | \$ 7,230               | \$ 9,948                                 | \$ 3,618                               | \$ (244,569)                                      | \$ -                           | \$ (244,569)        |
| Public Safety  | 632,831             | 227,322                | 39,321                                   | 35,292                                 | (330,896)   | -                              | (330,896)           |
| Transportation   | 216,243             | -                      | 58,958                                   | -                                      | (157,285)   | -                              | (157,285)           |
| Environmental Protection                                     | 141,385             | 194,973                | -  | -                                      | 53,588  | -                              | 53,588              |
| Cultural and Recreation                                      | 44,225              | 2,776                  | 54,677                                   | -                                      | 13,228  | -                              | 13,228              |
| Interest on Long-Term Debt                                   | 28,478              | -                      | -  | -                                      | (28,478)  | -                              | (28,478)            |
| Total Governmental Activities                                | <u>1,328,527</u>    | <u>432,301</u>         | <u>162,904</u>                           | <u>38,910</u>                          | <u>(694,412)</u>                                  | <u>-</u>                       | <u>(694,412)</u>    |
| <b>Business-Type Activities:</b>                             |                     |                        |  |  |   |                                |                     |
| Water and Sewer Fund   | 647,310             | 460,628                | -  | -                                      | -   | (186,682)                      | (186,682)           |
| Total Business-Type Activities                               | <u>647,310</u>      | <u>460,628</u>         | <u>-</u>                                 | <u>-</u>                               | <u>-</u>  | <u>(186,682)</u>               | <u>(186,682)</u>    |
| <b>Total Primary Government</b>                              | <u>\$ 1,975,837</u> | <u>\$ 892,929</u>      | <u>\$ 162,904</u>                        | <u>\$ 38,910</u>                       | <u>(694,412)</u>                                  | <u>(186,682)</u>               | <u>(881,094)</u>    |
| <b>General Revenues:</b>                                     |                     |                        |  |  |   |                                |                     |
| <b>Taxes:</b>  |                     |                        |  |  |   |                                |                     |
| Property taxes, levied for general purpose                   |                     |                        |  |  | 552,988   | -                              | 552,988             |
| Other taxes  |                     |                        |  |  | 6,113   | -                              | 6,113               |
| Grants and contributions not restricted to specific programs |                     |                        |  |  | 275,402   | -                              | 275,402             |
| Unrestricted investment earnings                             |                     |                        |  |  | 633   | 48                             | 681                 |
| Miscellaneous  |                     |                        |  |  | 22,635  | 6,740                          | 29,375              |
| Total general revenues not including transfers               |                     |                        |  |  | <u>857,771</u>                                    | <u>6,788</u>                   | <u>864,559</u>      |
| Transfers  |                     |                        |  |  | -   | -                              | -                   |
| Total general revenues and transfers                         |                     |                        |  |  | <u>857,771</u>                                    | <u>6,788</u>                   | <u>864,559</u>      |
| Change in net position                                       |                     |                        |  |  | 163,359   | (179,894)                      | (16,535)            |
| Net position - Beginning                                     |                     |                        |  |  | 2,005,275   | 7,957,411                      | 9,962,686           |
| Net position - Ending  |                     |                        |  |  | <u>\$ 2,168,634</u>                               | <u>\$ 7,777,517</u>            | <u>\$ 9,946,151</u> |

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

**Balance Sheet**  
**Governmental Funds**  
June 30, 2016

|  | Major Funds       |                                     |                  |                         | Total<br>Governmental<br>Funds |
|--|-------------------|-------------------------------------|------------------|-------------------------|--------------------------------|
|  | General           | Fire Depart Bldg<br>Capital Project | PARTF<br>Project | CDBG<br>Capital Project |                                |
| <b>Assets:</b>   |                   |                                     |                  |                         |                                |
| Cash and cash equivalents  | \$ 253,788        | \$ -                                | \$ 18,092        | \$ -                    | \$ 271,880                     |
| Restricted cash  | 4,831             | -                                   | -                | -                       | 4,831                          |
| Receivables (net):   |                   |                                     |                  |                         |                                |
| Taxes  | 70,640            | -                                   | -                | -                       | 70,640                         |
| Accounts   | 46,869            | -                                   | -                | -                       | 46,869                         |
| Due from other funds   | -                 | -                                   | -                | -                       | -                              |
| Due from other governments   | 82,692            | -                                   | -                | -                       | 82,692                         |
| Total assets   | <u>\$ 458,820</u> | <u>\$ -</u>                         | <u>\$ 18,092</u> | <u>\$ -</u>             | <u>\$ 476,912</u>              |
| <b>Liabilities:</b>  |                   |                                     |                  |                         |                                |
| Accounts payable & accrued liabilities                                 | \$ 39,592         | \$ -                                | \$ -             | \$ -                    | \$ 39,592                      |
| Due to other funds   | 53,941            | -                                   | -                | -                       | 53,941                         |
| Total liabilities  | <u>93,533</u>     | <u>-</u>                            | <u>-</u>         | <u>-</u>                | <u>93,533</u>                  |
| <b>Deferred Inflows of Resources:</b>                                  |                   |                                     |                  |                         |                                |
| Property taxes receivable  | 70,640            | -                                   | -                | -                       | 70,640                         |
| Prepaid taxes  | 294               | -                                   | -                | -                       | 294                            |
| Total deferred inflows of resources                                    | <u>70,934</u>     | <u>-</u>                            | <u>-</u>         | <u>-</u>                | <u>70,934</u>                  |
| <b>Fund Balances:</b>  |                   |                                     |                  |                         |                                |
| Restricted   |                   |                                     |                  |                         |                                |
| Stabilization by state statute   | 129,561           | -                                   | -                | -                       | 129,561                        |
| Streets  | 4,831             | -                                   | -                | -                       | 4,831                          |
| Debt Service   | 10,982            | -                                   | -                | -                       | 10,982                         |
| Committed  |                   |                                     |                  |                         |                                |
| Cultural and Recreation  | -                 | -                                   | 18,092           | -                       | 18,092                         |
| Assigned   |                   |                                     |                  |                         |                                |
| Subsequent years' expenditures   | 40,615            | -                                   | -                | -                       | 40,615                         |
| Unassigned   | 108,364           | -                                   | -                | -                       | 108,364                        |
| Total fund balances  | <u>294,353</u>    | <u>-</u>                            | <u>18,092</u>    | <u>-</u>                | <u>312,445</u>                 |
| Total liabilities & deferred inflows<br>of resources and fund balances | <u>\$ 458,820</u> | <u>\$ -</u>                         | <u>\$ 18,092</u> | <u>\$ -</u>             | <u>\$ 476,912</u>              |

Town of Bladenboro, North Carolina  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2016

Exhibit 3

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

|  |    |                         |
|--|----|-------------------------|
| Total Fund Balance, Governmental Funds   | \$ | 312,445                 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.  |    |                         |
| Gross capital assets at historical cost  | \$ | 4,619,807               |
| Accumulated depreciation   |    | <u>(1,477,626)</u>      |
|  |    | 3,142,181               |
| Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position   |    |                         |
|  |    | 23,805                  |
| Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred inflows of resources in the funds. |    |                         |
|  |    | 9,637                   |
| Liabilities for earned revenues considered deferred inflows of resources in fund statements.   |    |                         |
|  |    | 70,640                  |
| Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds   |    |                         |
| Gross long-term debt   |    | (1,307,902)             |
| Net pension liability  |    | (25,509)                |
| Deferred inflows of resources related to pensions are not reported in the funds  |    |                         |
|  |    | (20,531)                |
| Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.  |    |                         |
|  |    | <u>(36,132)</u>         |
| Net position of government activities  | \$ | <u><u>2,168,634</u></u> |



Town of Bladenboro, North Carolina  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
For the Year Ended June 30, 2016

Exhibit 4

|  | Major Funds       |                                     |                  |                         | Total<br>Governmental<br>Funds |
|--|-------------------|-------------------------------------|------------------|-------------------------|--------------------------------|
|  | General           | Fire Depart Bldg<br>Capital Project | PARTF<br>Project | CDBG<br>Capital Project |                                |
| <b>Revenues</b>  |                   |                                     |                  |                         |                                |
| Ad valorem taxes   | \$ 531,096        | \$ -                                | \$ -             | \$ -                    | \$ 531,096                     |
| Other taxes and licenses                                     | 6,113             | -                                   | -                | -                       | 6,113                          |
| Unrestricted intergovernmental                               | 275,402           | -                                   | -                | -                       | 275,402                        |
| Restricted intergovernmental                                 | 94,250            | 35,000                              | 54,477           | 3,618                   | 187,345                        |
| Permits and fees   | 1,329             | -                                   | -                | -                       | 1,329                          |
| Sales and services   | 430,972           | -                                   | -                | -                       | 430,972                        |
| Investment earnings  | 562               | 71                                  | -                | -                       | 633                            |
| Miscellaneous  | 36,904            | -                                   | 200              | -                       | 37,104                         |
| Total revenues   | <u>1,376,628</u>  | <u>35,071</u>                       | <u>54,677</u>    | <u>3,618</u>            | <u>1,469,994</u>               |
| <b>Expenditures</b>  |                   |                                     |                  |                         |                                |
| Current:   |                   |                                     |                  |                         |                                |
| General government   | 262,106           | -                                   | -                | 3,618                   | 265,724                        |
| Public safety  | 669,464           | 104,674                             | -                | -                       | 774,138                        |
| Transportation   | 206,087           | -                                   | -                | -                       | 206,087                        |
| Environmental protection                                     | 141,385           | -                                   | -                | -                       | 141,385                        |
| Cultural and recreation                                      | 28,791            | -                                   | 85,150           | -                       | 113,941                        |
| Debt service:  |                   |                                     |                  |                         |                                |
| Principal  | 94,824            | 907,500                             | -                | -                       | 1,002,324                      |
| Interest   | 12,126            | -                                   | -                | -                       | 12,126                         |
| Total expenditures   | <u>1,414,783</u>  | <u>1,012,174</u>                    | <u>85,150</u>    | <u>3,618</u>            | <u>2,515,725</u>               |
| Excess (Deficiency) of Revenues over<br>(under) expenditures | <u>(38,155)</u>   | <u>(977,103)</u>                    | <u>(30,473)</u>  | <u>-</u>                | <u>(1,045,731)</u>             |
| <b>Other financing sources (uses)</b>                        |                   |                                     |                  |                         |                                |
| Proceeds From Installment Financing                          | -                 | 1,021,848                           | -                | -                       | 1,021,848                      |
| Total Other Financing Sources<br>(Uses)                      | <u>-</u>          | <u>1,021,848</u>                    | <u>-</u>         | <u>-</u>                | <u>1,021,848</u>               |
| Net Change in Fund Balance                                   | (38,155)          | 44,745                              | (30,473)         | -                       | (23,883)                       |
| Fund Balances, Beginning                                     | 332,508           | (44,745)                            | 48,565           | -                       | 336,328                        |
| Fund Balances, Ending  | <u>\$ 294,353</u> | <u>\$ -</u>                         | <u>\$ 18,092</u> | <u>\$ -</u>             | <u>\$ 312,445</u>              |

Town of Bladenboro, North Carolina  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds to the Statement of Activities**  
For the Year Ended June 30, 2016

Exhibit 4,  
Continued

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

|   |    |          |
|---|----|----------|
| Net changes in fund balances - total governmental funds | \$ | (23,883) |
|---|----|----------|

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

|  |                  |         |
|--|------------------|---------|
| Capital outlay expenditures which were capitalized | \$ 318,801       |         |
| Depreciation expense for governmental assets       | <u>(138,684)</u> | 180,117 |

|  |  |       |
|--|--|-------|
| Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Activities |  | (864) |
|--|--|-------|

|   |  |        |
|---|--|--------|
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.<br>Change in unavailable revenue for tax revenues. |  | 21,892 |
|---|--|--------|

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.

|                                      |                 |          |
|--------------------------------------|-----------------|----------|
| New long-term debt issued            | (1,021,848)     |          |
| Principal payments on long-term debt | 1,002,324       |          |
| Increase in accrued interest payable | <u>(16,352)</u> | (35,876) |

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

|                      |               |               |
|----------------------|---------------|---------------|
| Compensated absences | 9,942         |               |
| Pension expense      | <u>12,031</u> | <u>21,973</u> |

|   |    |                       |
|---|----|-----------------------|
| Total changes in net position of governmental activities. | \$ | <u><u>163,359</u></u> |
|---|----|-----------------------|

**General Fund and Annually Budgeted Special Revenue Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual**  
For the Year Ended June 30, 2016

|  | General Fund     |                  |                   | Variance<br>With Final<br>Budget -<br>Positive<br>(Negative) |
|--|------------------|------------------|-------------------|--|
|  | Original         | Final            | Actual<br>Amounts |  |
| <b>Revenues:</b>                       |                  |                  |                   |  |
| Ad valorem taxes                       | \$ 475,000       | \$ 520,092       | \$ 531,096        | \$ 11,004  |
| Other taxes and licenses               | 8,900            | 5,500            | 6,113             | 613  |
| Unrestricted intergovernmental         | 255,000          | 255,000          | 275,402           | 20,402   |
| Restricted intergovernmental           | 58,000           | 93,292           | 94,250            | 958  |
| Permits and Fees                       | 1,000            | 1,200            | 1,329             | 129  |
| Sales and services                     | 262,123          | 431,323          | 430,972           | (351)  |
| Investment earnings                    | 700              | 700              | 562               | (138)  |
| Miscellaneous                          | 15,000           | 28,262           | 36,904            | 8,642  |
| Total revenues                         | <u>1,075,723</u> | <u>1,335,369</u> | <u>1,376,628</u>  | <u>41,259</u>  |
| <b>Expenditures:</b>                   |                  |                  |                   |  |
| <b>Current:</b>                        |                  |                  |                   |  |
| General government                     | 249,275          | 272,176          | 262,106           | 10,070   |
| Public safety                          | 445,983          | 677,792          | 669,464           | 8,328  |
| Transportation                         | 185,774          | 211,037          | 206,087           | 4,950  |
| Economic development                   | 200              | -                | -                 | -  |
| Environmental protection               | 137,862          | 143,362          | 141,385           | 1,977  |
| Cultural and recreation                | 15,100           | 30,257           | 28,791            | 1,466  |
| Debt service                           | 106,951          | 106,951          | 106,950           | 1  |
| Total expenditures                     | <u>1,141,145</u> | <u>1,441,575</u> | <u>1,414,783</u>  | <u>26,792</u>  |
| Revenues over (under) expenditures     | <u>(65,422)</u>  | <u>(106,206)</u> | <u>(38,155)</u>   | <u>68,051</u>  |
| <b>Other financing sources (uses):</b> |                  |                  |                   |  |
| Transfer to Other Funds                | -                | -                | -                 | -  |
| Proceeds From Installment Financing    | -                | -                | -                 | -  |
| Total other financing sources (uses)   | <u>-</u>         | <u>-</u>         | <u>-</u>          | <u>-</u>   |
| Fund Balance Appropriated              | <u>65,422</u>    | <u>106,206</u>   | <u>-</u>          | <u>(106,206)</u>   |
| Net Change in Fund Balance             | <u>\$ -</u>      | <u>\$ -</u>      | <u>(38,155)</u>   | <u>\$ (38,155)</u>   |
| Fund balances, beginning               |                  |                  | <u>332,508</u>    |  |
| Fund balances, ending                  |                  |                  | <u>\$ 294,353</u> |  |

Town of Bladenboro, North Carolina  
**Statement of Fund Net Position**  
**Proprietary Fund**  
June 30, 2016

Exhibit 6

|   | Major<br>Enterprise<br><u>Fund</u><br>Water and<br><u>Sewer Fund</u> |
|---|--|
| <b>Assets</b>                                   |  |
| Current assets:                                 |  |
| Cash and cash equivalents                       | \$ 59,569  |
| Restricted cash                                 | 51,560   |
| Accounts receivable (net) - billed              | 70,290   |
| Accounts receivable (net) - unbilled            | 17,210   |
| Due from other fund                             | 53,941   |
| Inventories                                     | 4,376  |
| Total   | <u>256,946</u>   |
| Non-Current Assets:                             |  |
| Capital Assets:                                 |  |
| Land and other non-depreciable assets           | 466,358  |
| Other capital assets, net of depreciation       | <u>7,168,023</u>   |
| Total capital assets                            | <u>7,634,381</u>   |
| Total assets                                    | <u>7,891,327</u>   |
| <b>Deferred Outflows of Resources:</b>          |  |
| Contributions to Pension Plan in Current Fiscal | <u>10,202</u>  |
| Total Deferred Outflows of Resources            | <u>10,202</u>  |
| <b>Liabilities</b>                              |  |
| Current liabilities:                            |  |
| Accounts payable and Accrued Liabilities        | 9,933  |
| Compensated Absences                            | 9,500  |
| Current Portion of Long-Term Liabilities        | <u>8,751</u>   |
| Total   | <u>28,184</u>  |
| Noncurrent liabilities:                         |  |
| Liabilities payable from restricted assets:     |  |
| Customer deposits                               | 51,560   |
| Notes Payable                                   | 17,503   |
| Net Pension Liability                           | 10,932   |
| Compensated Absences                            | <u>7,035</u>   |
| Total   | <u>87,030</u>  |
| Total liabilities                               | <u>115,214</u>   |
| <b>Deferred Inflows of Resources</b>            |  |
| Pension Deferrals                               | <u>8,798</u>   |
| Total Deferred Inflows of Resources             | <u>8,798</u>   |
| <b>Net position</b>                             |  |
| Net investments in capital assets               | 7,608,127  |
| Unrestricted                                    | <u>169,390</u>   |
| Total net position                              | <u>\$ 7,777,517</u>  |

Town of Bladenboro, North Carolina  
**Statement of Revenues, Expenditures, and Changes in Fund Net Position**  
**Proprietary Fund**  
For the Year Ended June 30, 2016

Exhibit 7

|  | Major<br>Enterprise<br>Fund<br><u>Water and<br/>Sewer Fund</u> |
|--|--|
| <b>Operating revenues:</b>                       |  |
| Charges for Services                             | \$ 456,526   |
| Other Operating Revenues                         | 4,102  |
| Total  | <u>460,628</u>   |
| <b>Operating Expenses:</b>                       |  |
| Administration                                   | 68,800   |
| Water Operations                                 | 149,466  |
| Sewer Operations                                 | 65,320   |
| Waste Collections and Treatment                  | 143,129  |
| Depreciation                                     | 218,970  |
| Total  | <u>645,685</u>   |
| Operating income                                 | <u>(185,057)</u>   |
| <b>Nonoperating revenues (expenses):</b>         |  |
| Investment earnings                              | 48   |
| Gain of Sale of Asset                            | -  |
| Miscellaneous Revenue                            | 6,740  |
| Interest and fees                                | (1,625)  |
| Total nonoperating revenues<br>(expenses)        | <u>5,163</u>   |
| Income (loss) before contributions and transfers | (179,894)  |
| Transfer to Other Fund                           | -  |
| Capital Contributions - Grant                    | -  |
| Change in net position                           | <u>(179,894)</u>   |
| Net position - Beginning                         | <u>7,957,411</u>   |
| Net position - Ending                            | <u>\$ <u>7,777,517</u></u>                                     |

Town of Bladenboro, North Carolina  
**Statement of Cash Flows**  
**Proprietary Fund**  
For The Year Ended June 30, 2016

Exhibit 8

|  | Major<br>Enterprise<br>Fund |
|--|-----------------------------|
|  | Water and<br>Sewer Fund     |
| <b>Cash flows from operating activities:</b>   |                             |
| Cash received from customers   | \$ 465,333                  |
| Cash paid for goods and services   | (268,368)                   |
| Cash paid to employees for services  | (157,116)                   |
| Customer deposits received   | (3,710)                     |
| Other operating revenues   | 4,102                       |
| Net cash provided by (used) operating activities                                       | 40,241                      |
| <b>Cash flows from noncapital financing activities:</b>                                |                             |
| Other Nonoperating Income  | 6,740                       |
| Operating transfers in(out)  | -                           |
| Net cash provided by (used) noncapital financing activities:                           | 6,740                       |
| <b>Cash flows from capital and related financing activities</b>                        |                             |
| Acquisition and construction of capital assets   | (7,470)                     |
| Debt reduction   | (19,572)                    |
| Interest paid  | (1,625)                     |
| Net cash provided by (used) capital and related financing activities                   | (28,667)                    |
| <b>Cash flows from investing activities:</b>   |                             |
| Interest on investments  | 47                          |
| <b>Net decrease in cash and cash equivalents</b>                                       | 18,361                      |
| <b>Cash and cash equivalents:</b>  |                             |
| Beginning of year, July 1  | 92,768                      |
| End of year, June 30   | \$ 111,129                  |
| <b>Reconciliation of operating income to net cash provided by operating activities</b> |                             |
| Operating income (loss)  | \$ (185,057)                |
| Adjustments to reconcile operating income to net cash provided by operating activities |                             |
| Depreciation   | 218,970                     |
| Changes in assets, deferred in/outflows of resources and liabilities:                  |                             |
| (Increase) decrease in accounts receivable   | 8,807                       |
| (Increase)/Decrease in net pension asset   | 17,091                      |
| (Increase)/Decrease in deferred outflows of resources-pensions                         | 370                         |
| Increase/(Decrease) in net pension liability   | 10,932                      |
| Increase/(Decrease) in deferred inflows of resources-pensions                          | (33,181)                    |
| Increase (decrease) in accounts payable and accrued liabilities                        | (988)                       |
| Increase (decrease) in accrued vacation  | 7,007                       |
| Increase (decrease) in customer deposits   | (3,710)                     |
| Total adjustments  | 225,298                     |
| Net cash provided by (used) operating activities                                       | \$ 40,241                   |

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2016

**NOTE 1:** Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Basis of Presentation

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

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

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

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

The Town reports the following major government funds:

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

**Fire Department Building Capital Project Fund** - This fund is for the construction of a fire department building.

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

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2016

**CDBG Community Building Capital Project Fund** - This fund is for the grant obtained to construct the Town's community center.

The Town reports the following major enterprise funds:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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



TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2016

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

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Capital Project Funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for the multi-year funds. The Budget Officer is authorized by the budget ordinance to transfer appropriations between departments within a fund; however, any revisions that alter total expenditures of any fund must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers the time until annual ordinance can be adopted.

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

Deposits and Investments

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

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

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

Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and considered cash and cash equivalents.

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2016

Restricted Assets – Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

|                                    |                         |
|------------------------------------|-------------------------|
| Town of Bladenboro Restricted Cash |                         |
| Governmental Activities            |                         |
| General Fund                       |                         |
| Streets                            | \$ <u>4,831</u>         |
| Total Governmental Activities      | \$ <u><u>4,831</u></u>  |
| Business Type Activities           |                         |
| Water and Sewer Fund               |                         |
| Customer Deposits                  | \$ <u>51,560</u>        |
| Total Business Type Activities     | \$ <u><u>51,560</u></u> |
| Total Restricted Cash              | \$ <u><u>56,391</u></u> |

Ad Valorem Taxes Receivable

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

Allowance for Doubtful Accounts

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

Inventory

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

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are as follows: land, \$5,000; Buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; infrastructure, \$5,000; furniture and equipment, \$5,000; and vehicles, \$5,000. Donated capital assets received prior to June 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. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2016

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meet this criterion, 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 two items that meet the criterion for this category - prepaid taxes property taxes receivable, and deferrals of pension expense that result from the implementation of GASB Statement 68.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as an other financing source.

Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Net Position/Fund Balances

Net Position

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

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2016

Fund Balance

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

The governmental fund types classify fund balances as follows:

**Nonspendable Fund Balance** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. There were no non-spendable items for the Town.

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

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

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

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

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

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

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

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

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

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

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2016

Pension

For purposes of measuring the net pension (asset)/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERs) and additions to/deductions from LGERs' fiduciary net position have been determined on the same basis as they are reported by LGERs. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Bladenboro's employer contributions are recognized when due and the Town of Bladenboro has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERs. Investments are reported at fair value.

NOTE 2: Stewardship, Compliance and Accountability

A. Significant Violations of Finance-Related Legal and Contractual Provisions

Noncompliance with N.C. General Statutes

None.

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

None.

NOTE 3: Detail Notes on All Funds

A. Assets

Deposits

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

At June 30, 2016, the Town's deposits had a carrying amount of \$387,840 and a bank balance of \$538,875. Of the bank balance, \$538,875 was covered by federal depository insurance and the remaining \$0 was covered by collateral and held under the Pooling Method.

Investments

The Town did not have any investments at June 30, 2016.

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2016

Receivables – Allowances for Doubtful Accounts

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

| Fund                | 6/30/2016 |
|---------------------|-----------|
| General Fund        |           |
| Taxes Receivable    | \$ 23,000 |
| Accounts Receivable | -         |
| Total               | 23,000    |
| Enterprise Funds:   |           |
| Total               | \$ 23,000 |

Capital Assets

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

|  | Beginning<br>Balances | Increases  | Decreases | Ending<br>Balances |
|--|-----------------------|------------|-----------|--------------------|
| <b>Governmental Activities:</b>                  |                       |            |           |                    |
| <b>Capital Assets not Being Depreciated:</b>     |                       |            |           |                    |
| Land   | \$ 242,799            | \$ 168,000 | \$ -      | \$ 410,799         |
| Construction in Progress                         | 1,677,715             | 159,111    | 1,836,826 | -                  |
| Total Capital Assets not Being Depreciated:      | 1,920,514             | 327,111    | 1,836,826 | 410,799            |
| <b>Capital Assets Being Depreciated:</b>         |                       |            |           |                    |
| Buildings  | 963,566               | 1,398,387  | -         | 2,361,953          |
| Other Improvements                               | 21,456                | 270,439    | -         | 291,895            |
| Equipment  | 251,429               | 7,190      | -         | 258,619            |
| Vehicles   | 1,122,041             | 152,500    | -         | 1,274,541          |
| Infrastructure                                   | 22,000                | -          | -         | 22,000             |
| Total Capital Assets Being Depreciated:          | 2,380,492             | 1,828,516  | -         | 4,209,008          |
| <b>Less Accumulated Depreciation for:</b>        |                       |            |           |                    |
| Buildings  | 83,272                | 46,239     | -         | 129,511            |
| Other Improvements                               | 16,010                | 6,020      | -         | 22,030             |
| Equipment  | 237,910               | 14,815     | -         | 252,725            |
| Vehicles   | 988,550               | 70,730     | -         | 1,059,280          |
| Infrastructure                                   | 13,200                | 880        | -         | 14,080             |
| Total Accumulated Depreciation                   | 1,338,942             | \$ 138,684 | \$ -      | 1,477,626          |
| Total Capital Assets Being Depreciated, net      | 1,041,550             |            |           | 2,731,382          |
| <b>Governmental Activity Capital Assets, net</b> | \$ 2,962,064          |            |           | \$ 3,142,181       |

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

|                            |            |
|----------------------------|------------|
| General Government         | \$ 8,489   |
| Public Safety              | 89,776     |
| Transportation             | 24,985     |
| Cultural and Recreational  | 15,434     |
| Total Depreciation Expense | \$ 138,684 |

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2016

|  | <u>Beginning<br/>Balances</u> | <u>Increases</u>  | <u>Decreases</u> | <u>Ending<br/>Balances</u> |
|--|-------------------------------|-------------------|------------------|----------------------------|
| <b>Business-type Activities:</b>             |                               |                   |                  |                            |
| <b>Water and Sewer Fund</b>                  |                               |                   |                  |                            |
| <b>Capital Assets not Being Depreciated:</b> |                               |                   |                  |                            |
| Land   | \$ 466,358                    | \$ -              | \$ -             | \$ 466,358                 |
| Construction in Progress                     | -                             | -                 | -                | -                          |
| Total Capital Assets not Being Depreciated:  | <u>466,358</u>                | <u>-</u>          | <u>-</u>         | <u>466,358</u>             |
| <b>Capital Assets Being Depreciated:</b>     |                               |                   |                  |                            |
| Plant and Distribution                       | 10,902,937                    | -                 | -                | 10,902,937                 |
| Equipment                                    | 110,460                       | -                 | -                | 110,460                    |
| Vehicles                                     | 48,318                        | 7,470             | -                | 55,788                     |
| Total Capital Assets Being Depreciated:      | <u>11,061,713</u>             | <u>7,470</u>      | <u>-</u>         | <u>11,069,185</u>          |
| <b>Less Accumulated Depreciation for:</b>    |                               |                   |                  |                            |
| Plant and Distribution                       | 3,528,868                     | 217,072           | -                | 3,745,940                  |
| Equipment                                    | 107,406                       | 1,526             | -                | 108,932                    |
| Vehicles                                     | 45,916                        | 374               | -                | 46,290                     |
| Total Accumulated Depreciation               | <u>3,682,190</u>              | <u>\$ 218,972</u> | <u>\$ -</u>      | <u>3,901,162</u>           |
| Total Capital Assets Being Depreciated, net  | <u>7,379,523</u>              |                   |                  | <u>7,168,023</u>           |
| <b>Water and Sewer Capital Assets, Net</b>   | <u>\$ 7,845,881</u>           |                   |                  | <u>\$ 7,634,381</u>        |

B. Liabilities

Pension Plan Obligations

1. Local Governmental Employees' Retirement System

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

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

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Bladenboro employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Bladenboro's contractually required contribution rate for the year ended June 30, 2016, was 7.14% of compensation for law enforcement officers and 6.88% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Bladenboro were \$34,007 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 \$36,441 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, 2016, the Town's proportion was 0.00812%, which was a decrease of 0.00154% from its proportion measured as of June 30, 2015.



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For the year ended June 30, 2016, the Town recognized pension expense of \$13,860. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|---|---|--|
| Differences between expected and actual experience  | \$ -  | \$ 8,566                                 |
| Changes of assumptions  | -   | -  |
| Net difference between projected and actual earnings on pension plan investments                          | -   | 10,375                                   |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | -   | 10,386                                   |
| Town contributions subsequent to the measurement date   | 34,007  | -  |
| Total   | \$ 34,007                                     | \$ 29,327                                |

\$34,007 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

|            |             |
|------------|-------------|
| 2016       | \$ (14,866) |
| 2017       | (14,866)    |
| 2018       | (14,850)    |
| 2019       | 15,255      |
| 2020       | -           |
| Thereafter | -           |
|            | \$ (29,327) |

*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.

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

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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:

| <b>Asset Class</b>   | <b>Target Allocation</b> | <b>Long-Term<br/>Expected Real<br/>Rate of Return</b> |
|----------------------|--------------------------|---|
| 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 2014 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.

*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:

|   | <b>1% Decrease<br/>(6.25%)</b> | <b>Discount Rate<br/>(7.25%)</b> | <b>1% Increase<br/>(8.25%)</b> |
|---|--------------------------------|----------------------------------|--------------------------------|
| Town's proportionate share of the net pension liability | \$ 254,115                     | \$ 36,441                        | \$ (146,943)                   |

*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.

2. Law Enforcement Officers Special Separation Allowance

*Plan Description* - The Town of Bladenboro administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. 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

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year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Town has made no contributions to this plan. A separate report was not issued for the plan.

All full-time Town law enforcement officers are covered by the Separation Allowance. At June 30, 2016, the Separation Allowance's membership consisted of:

|   |                 |
|---|-----------------|
| Retirees receiving benefits   | 3               |
| Terminated plan members entitled to<br>but not yet receiving benefits | -               |
| Active plan members   | <u>6</u>        |
| Total   | <u><u>9</u></u> |

A separate report was not issued for the plan.

*Summary of Significant Accounting Policies*

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

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

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

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

*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. \$19,150 in contributions were paid during the year to both employees as part of the pay as you go.

The Town has not obtained an actuarial valuation, which would be necessary in order to determine the unfunded pension benefit obligation. Therefore, no liability has been included set up. Any amounts which may eventually become due will be an expense in the period they become due and are not considered material.

3. Supplemental Retirement Income Plan for Law Enforcement Officers

*Plan Description* - The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in

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the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy* - Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2016 were \$11,498, which consisted of \$10,737 from the Town and \$761 from the law enforcement officers. The Town also provides for all other employees the same plan with a 5% Town contribution rate. Contributions for the year ended June 30, 2016 were \$18,863, which consisted of \$13,727 from the Town and \$5,136 from the employees.

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

*Plan Description* - The State of North Carolina contributes, on behalf of the Town of Bladenboro, to the Firefighter's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the Fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firefighter's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

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

Other Employment Benefits

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

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3. Deferred Outflows and Inflows of Resources

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

| Source   | Amount    |
|--|-----------|
| Contributions to pension plan in current fiscal year | \$ 34,007 |
|  | \$ 34,007 |

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

|                                 |        |
|---------------------------------|--------|
| Prepaid taxes (General Fund)    | \$ 294 |
| Taxes Receivable (General Fund) | 70,640 |
| Pension deferrals               | 29,329 |

4. Risk Management

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

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

In accordance with G.S. 159-29, Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety. The Town has a \$50,000 fidelity bond on the finance officer, \$10,000 on the tax collector, and a blanket bond for \$10,000 on other employees. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

5. Claims, Judgments and Contingent Liabilities

There are no pending monetary suits against the Town as of June 30, 2016.

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6. Long-Term Obligations

Capital Leases

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

Capital Leases at June 30, 2016, were as follows:

General Fund

1. Home Trust Bank agreement dated December 2000 for lease purchase of a fire truck for the fire department, payable in 20 annual payments of \$16,039 including interest at 6.61%. Outstanding balance at year-end was \$58,159. Maturing date is October 2020.
2. Home Trust Bank agreement dated June 2002 for lease purchase of a fire truck for the fire department, payable in 15 annual payments of \$21,665 including interest at 5.85%. Outstanding balance at year-end was \$55,247. Maturing date is June 2018.
3. Bladen County 2009 to finance the purchase of the VIPER radio system. The financing contract requires 10 annual payments of \$3,504 including interest at 3.87%. Outstanding balance at year-end was \$6,732. Maturing date is May 2018.
4. First Citizens Bank agreement dated December 2012 for lease purchase of a 2006 Ford F650 Dump truck payable in 5 annual payments of \$8,453 including interest at 2.65%. Outstanding balance at year end was \$16,257. Maturity date is December 2017.
5. First Citizens Bank agreement dated January 2013 for lease purchase of a 2009 Ford F650 Dump truck payable in 5 annual payments of \$11,609 including interest at 2.65%. Outstanding balance at year end was \$22,327. Maturity date is January 2018.
6. First Citizens Bank agreement dated November 14, 2013 for lease purchase of a 2014 Dodge Charger payable in 3 annual payments of \$11,775 including interest at 1.94%. Outstanding balance at year end was \$11,552. Maturity date is November 2016.

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

For The Town of Bladenboro, the future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

| Year Ending | Governmental Activities |           |          |
|-------------|-------------------------|-----------|----------|
|             | 30-Jun                  | Principal | Interest |
| 2017        | 63,809                  | 9,238     |          |
| 2018        | 54,729                  | 6,541     |          |
| 2019        | 30,879                  | 3,998     |          |
| 2020        | 20,857                  | 1,926     |          |
| 2021        | -                       | -         |          |
| Total       | \$ 170,274              | \$ 21,703 |          |

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Notes Payable

General Fund

1. First Citizens Bank agreement dated June 6, 2011 for financing street renovations, payable in five annual payments of \$25,000 including interest at 3.70%. Outstanding balance at year-end was \$24,364. Maturing date is June 2017.
2. USDA agreement dated December 29, 2010 for the financing of the construction of the Town hall building, payable in 30 annual payments of \$11,218 including interest at 3.75%. Outstanding balance at year end was \$175,945. Maturity is December 29, 2040.
3. USDA agreement dated July 16, 2015 paid off the above BB&T construction loan for the fire department building and is payable in 40 annual payments of \$42,496 including interest at 3.50%. Outstanding balance at year end was \$0. Maturity is July, 2055. Due to the interim financing above, the future minimum payments below represent the terms of this refinancing loan using the final loan balance of \$907,500.

For The Town of Bladenboro, the future minimum payments as of June 30, 2016 are as follows:

| Year Ending | Governmental Activities |            |
|-------------|-------------------------|------------|
|             | 30-Jun                  | Principal  |
| 2017        | 39,721                  | 39,252     |
| 2018        | 15,905                  | 37,812     |
| 2019        | 16,474                  | 37,243     |
| 2020        | 17,063                  | 36,653     |
| 2021        | 17,673                  | 36,044     |
| 2022-2026   | 98,312                  | 170,272    |
| 2027-2031   | 117,193                 | 151,390    |
| 2032-2036   | 139,708                 | 128,875    |
| 2037-2041   | 156,446                 | 101,993    |
| 2042-2046   | 136,061                 | 76,434     |
| 2047-2051   | 161,598                 | 50,896     |
| 2052-2056   | 191,655                 | 20,567     |
| Total       | \$ 1,107,809            | \$ 887,431 |

North Carolina Revolving Loan Fund

Dated November 1998, the Town secured a 20-year revolving loan from the State of North Carolina in the amount of \$175,026 to complete the Ashe Street Water and Sewer Project. The loan has a fixed rate of 2.68% with the principal payments beginning in November 1999. 20 annual payments of \$21,342 including interest are currently being paid. Maturity date is November 2019. The outstanding balance is \$26,254.

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For The Town of Bladenboro, the future minimum payments as of June 30, 2016 are as follows:

| Year Ending | Business Type Activities |          |
|-------------|--------------------------|----------|
|             | 30-Jun                   | Interest |
| 2017        | 8,751                    | 704      |
| 2018        | 8,751                    | 469      |
| 2019        | 8,751                    | 234      |
| Total       | \$ 26,254                | \$ 1,407 |

At June 30, 2016, Town of Bladenboro had a legal debt margin of \$5,683,642.

Changes in General Long-Term Liabilities

|                                  | Beginning<br>Balance | Increases    | Decreases      | Ending<br>Balance | Current<br>Portion<br>of Balance |
|----------------------------------|----------------------|--------------|----------------|-------------------|----------------------------------|
| <b>Governmental Activities:</b>  |                      |              |                |                   |                                  |
| Notes Payable                    | \$ 1,021,162         | \$ 1,021,848 | \$ (935,201)   | \$ 1,107,809      | \$ 39,721                        |
| Capital Leases                   | 237,397              | -            | (67,123)       | 170,274           | 63,809                           |
| Net Pension Liability - LGERS    | -                    | 25,509       | -              | 25,509            | -                                |
| Compensated Absences             | 39,761               | 9,362        | (19,304)       | 29,819            | 5,218                            |
| Total Governmental Activities    | \$ 1,298,320         | \$ 1,056,719 | \$ (1,021,628) | \$ 1,333,411      | \$ 108,748                       |
| <b>Business-Type Activities:</b> |                      |              |                |                   |                                  |
| <b>Water and Sewer Fund</b>      |                      |              |                |                   |                                  |
| Revolving Loan                   | \$ 34,302            | -            | \$ (8,048)     | \$ 26,254         | \$ 8,751                         |
| Notes Payable                    | 11,524               | -            | (11,524)       | -                 | -                                |
| Net Pension Liability - LGERS    | -                    | 10,932       | -              | 10,932            | -                                |
| Compensated Absences             | 9,528                | 9,500        | (2,493)        | 16,535            | 9,500                            |
| Total Water and Sewer Fund       | \$ 55,354            | \$ 20,432    | \$ (22,065)    | \$ 53,721         | \$ 18,251                        |

Compensated absences for governmental activities have typically 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.

**7. Interfund Balances and Activity**

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

|  |    |        |
|--|----|--------|
| General Fund owes Water and Sewer Fund | \$ | 53,941 |
|--|----|--------|

The amount between the General Fund and Water/Sewer Fund is the use of a consolidated checking account and funds were used and will repaid at the board's discretion.



TOWN OF BLADENBORO, NORTH CAROLINA  
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8. Fund Balance

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

|   |                   |
|---|-------------------|
| <b>Total fund balance-General Fund</b>          | <b>\$ 294,353</b> |
| <b>Less:</b>                                    |                   |
| <b>Stabilization by State Statute</b>           | 129,561           |
| <b>Debt Service</b>                             | 10,982            |
| <b>Streets - Powell Bill</b>                    | 4,831             |
| <b>Appropriated Fund Balance in 2017 Budget</b> | 40,615            |
| <b>Remaining Fund Balance</b>                   | <b>108,364</b>    |

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

NOTE 4: Jointly Governed Organization

The Town, along with several other counties and municipalities participate in the Lumber River Council of Governments (COG). The participating governments established the Council to coordinate various funding received from Federal and State agencies. Each participating government appoints one member to the Council's governing board. The Town paid \$140 to the Council during the fiscal year ended June 30, 2016.

NOTE 5: Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

NOTE 6: SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 20, 2016, the date which the financial statements were available for issue.

TOWN OF BLADENBORO

BLADENBORO, NORTH CAROLINA

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Required Supplementary Financial Data

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The section contains additional information required by the generally accepted  
accounting principles

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Schedule of Proportionate Share of Net Pension Liability (Asset)

Schedule of Contributions to Local Government Employees' Retirement System

TOWN OF BLADENBORO

BLADENBORO, NORTH CAROLINA

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

Local Government Employees' Retirement System

|   | 2016       | 2015        | 2014       |
|---|------------|-------------|------------|
| Town's proportion of the net pension liability (asset) (%)  | 0.00812%   | 0.00966%    | 0.00960%   |
| Town's proportion of the net pension liability (asset) (\$)   | \$ 36,441  | \$ (56,970) | \$ 115,717 |
| Town's covered-employee payroll   | \$ 488,266 | \$ 480,600  | \$ 508,657 |
| Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 7.46%      | ( 11.85%)   | 22.75%     |
| 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 Bladenboro, North Carolina  
Schedule of Contributions  
Required Supplementary Information  
Last Three Fiscal Years

Local Government Employees' Retirement System

|  | 2016        | 2015        | 2014        |
|--|-------------|-------------|-------------|
| Contractually required contribution                                  | \$ 34,007   | \$ 35,241   | \$ 36,062   |
| Contributions in relation to the contractually required contribution | 34,007      | 35,241      | 36,062      |
| Contribution deficiency (excess)                                     | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Town's covered-employee payroll                                      | \$ 488,266  | \$ 480,600  | \$ 508,657  |
| Contributions as a percentage of covered-employee payroll            | 6.96%       | 7.33%       | 7.09%       |

## Supplementary Statements

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

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TOWN OF BLADENBORO

BLADENBORO, NORTH CAROLINA

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Town of Bladenboro, North Carolina  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2016

|                                 | <u>Budget</u>  | <u>Actual</u>  | <u>Variance<br/>Positive<br/>(Negative)</u> |
|---------------------------------|----------------|----------------|---|
| <b>Revenues:</b>                |                |                |   |
| Ad valorem taxes:               |                |                |   |
| Taxes                           | \$             | \$ 525,261     | \$  |
| Penalties and interest          |                | 5,835          |   |
| Total                           | <u>520,092</u> | <u>531,096</u> | <u>11,004</u>                               |
| Other taxes and licenses:       |                |                |   |
| Motor Vehicle Tax               |                | 6,113          |   |
| Total                           | <u>5,500</u>   | <u>6,113</u>   | <u>613</u>                                  |
| Unrestricted intergovernmental: |                |                |   |
| Local Option Sales Tax          |                | 166,014        |   |
| Utility Sales Tax               |                | 79,413         |   |
| Video Franchise Tax             |                | 13,502         |   |
| Solid Waste Disposal Tax        |                | 1,146          |   |
| Telecom Sales Tax               |                | 15,327         |   |
| Total                           | <u>255,000</u> | <u>275,402</u> | <u>20,402</u>                               |
| Restricted intergovernmental:   |                |                |   |
| Powell Bill Allocation          |                | 58,958         |   |
| Grants                          |                | 35,292         |   |
| Total                           | <u>93,292</u>  | <u>94,250</u>  | <u>958</u>                                  |
| Permits & Fees:                 |                |                |   |
| Planning and zoning fees        |                | 730            |   |
| Court fees                      |                | 599            |   |
| Total                           | <u>1,200</u>   | <u>1,329</u>   | <u>129</u>                                  |
| Sales and services:             |                |                |   |
| Sanitation Fees                 |                | 194,973        |   |
| Fire District Contract          |                | 226,723        |   |
| Park Revenue                    |                | 2,776          |   |
| Administration Fee              |                | 6,500          |   |
| Rent                            |                | -              |   |
| Total Sales and Services        | <u>431,323</u> | <u>430,972</u> | <u>(351)</u>                                |
| Investment earnings:            |                |                |   |
| Powell Bill                     |                | 14             |   |
| Regular                         |                | 548            |   |
| Total Other Revenues            | <u>700</u>     | <u>562</u>     | <u>(138)</u>                                |

Town of Bladenboro, North Carolina  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2016

|                                 | Budget           | Actual           | Variance<br>Positive<br>(Negative) |
|---------------------------------|------------------|------------------|------------------------------------|
| <b>Other Revenues:</b>          |                  |                  |                                    |
| Police Christmas                |                  | 4,321            |                                    |
| Sale of Fixed Assets            |                  | 1,300            |                                    |
| Donations                       |                  | 9,948            |                                    |
| Miscellaneous                   |                  | 21,335           |                                    |
| <b>Total Other Revenues</b>     | <b>28,262</b>    | <b>36,904</b>    | <b>8,642</b>                       |
| <br>                            |                  |                  |                                    |
| <b>Total Revenues</b>           | <b>1,335,369</b> | <b>1,376,628</b> | <b>41,259</b>                      |
| <br>                            |                  |                  |                                    |
| <b>General government:</b>      |                  |                  |                                    |
| <b>Governing body:</b>          |                  |                  |                                    |
| Salaries                        |                  | 22,459           |                                    |
| Professional Services           |                  | 20,235           |                                    |
| Employee Benefits               |                  | 1,718            |                                    |
| Insurance                       |                  | 4,530            |                                    |
| Capital outlay                  |                  | -                |                                    |
| Miscellaneous                   |                  | 8,342            |                                    |
| <b>Total</b>                    | <b>57,886</b>    | <b>57,284</b>    | <b>602</b>                         |
| <br>                            |                  |                  |                                    |
| <b>Administration:</b>          |                  |                  |                                    |
| Salaries                        |                  | 79,409           |                                    |
| Employee Benefits               |                  | 27,433           |                                    |
| Operating Expenses              |                  | 31,986           |                                    |
| Capital outlay                  |                  | -                |                                    |
| <b>Total</b>                    | <b>145,760</b>   | <b>138,828</b>   | <b>6,932</b>                       |
| <br>                            |                  |                  |                                    |
| <b>Elections:</b>               |                  |                  |                                    |
| Operating Expenses              |                  | 3,688            |                                    |
| <b>Total</b>                    | <b>4,000</b>     | <b>3,688</b>     | <b>312</b>                         |
| <br>                            |                  |                  |                                    |
| <b>Public Buildings:</b>        |                  |                  |                                    |
| Utilities                       |                  | 23,704           |                                    |
| Maintenance                     |                  | 10,113           |                                    |
| Departmental Supplies           |                  | 1,594            |                                    |
| Other operating expenditures    |                  | 5,736            |                                    |
| Insurance                       |                  | 21,159           |                                    |
| Capital Outlay                  |                  | -                |                                    |
| <b>Total</b>                    | <b>64,530</b>    | <b>62,306</b>    | <b>2,224</b>                       |
| <br>                            |                  |                  |                                    |
| <b>Total General Government</b> | <b>272,176</b>   | <b>262,106</b>   | <b>10,070</b>                      |

Town of Bladenboro, North Carolina  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2016

|                                  | <u>Budget</u>  | <u>Actual</u>  | <u>Variance<br/>Positive<br/>(Negative)</u> |
|----------------------------------|----------------|----------------|---|
| Public safety:                   |                |                |   |
| Police:                          |                |                |   |
| Salaries and employee benefits   |                | 225,635        |   |
| Special separation allowance     |                | 16,495         |   |
| Employee Benefits                |                | 81,088         |   |
| Vehicle maintenance              |                | 22,207         |   |
| Other operating expenditures     |                | 52,936         |   |
| Capital outlay                   |                | -              |   |
| Total                            | <u>406,570</u> | <u>398,361</u> | <u>8,209</u>                                |
| Fire:                            |                |                |   |
| Employee benefits                |                | 39             |   |
| Vehicle maintenance              |                | 15,658         |   |
| Fireman's Relief Fund            |                | -              |   |
| Other operating expenditures     |                | 110,406        |   |
| Capital outlay                   |                | 145,000        |   |
| Total                            | <u>271,222</u> | <u>271,103</u> | <u>119</u>                                  |
| Total Public Safety              | <u>677,792</u> | <u>669,464</u> | <u>8,328</u>                                |
| Transportation:                  |                |                |   |
| Streets and highways:            |                |                |   |
| Salaries                         |                | 54,943         |   |
| Contracted Services              |                | 3,000          |   |
| Employee Benefits                |                | 24,981         |   |
| Vehicle maintenance              |                | 6,255          |   |
| Grant Expenditure-Capital Outlay |                | -              |   |
| Operating Expenses               |                | 53,912         |   |
| Capital Outlay                   |                | 14,690         |   |
| Total Streets and Highways       | <u>162,647</u> | <u>157,781</u> | <u>4,866</u>                                |
| Powell Bill:                     |                |                |   |
| Operating Expenses               |                | 48,306         |   |
| Total Powell Bill                | <u>48,390</u>  | <u>48,306</u>  | <u>84</u>                                   |
| Total Transportation             | <u>211,037</u> | <u>206,087</u> | <u>4,950</u>                                |

Town of Bladenboro, North Carolina  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2016

|                                     | Budget    | Actual     | Variance<br>Positive<br>(Negative) |
|-------------------------------------|-----------|------------|------------------------------------|
| Environmental Protection:           |           |            |                                    |
| Solid Waste:                        |           |            |                                    |
| Contracted Services                 |           | 10,055     |                                    |
| Operating Expenses                  |           | 131,330    |                                    |
| Total Environmental Protection      | 143,362   | 141,385    | 1,977                              |
| Culture and recreation:             |           |            |                                    |
| Recreation Department:              |           |            |                                    |
| Operating Expenses                  |           | 10,746     |                                    |
| Capital Outlay                      |           | -          |                                    |
| Total Recreation Department         | 11,857    | 10,746     | 1,111                              |
| Library:                            |           |            |                                    |
| Contracted Services                 |           | 7,000      |                                    |
| Operating Expenses                  |           | 9,795      |                                    |
| Capital Outlay                      |           | -          |                                    |
| Total Library                       | 16,900    | 16,795     | 105                                |
| Community Events                    | 1,500     | 1,250      | 250                                |
| Total Culture and Recreation        | 30,257    | 28,791     | 1,466                              |
| Debt service:                       |           |            |                                    |
| Principal retirement                |           | 94,824     |                                    |
| Interest and fees                   |           | 12,126     |                                    |
| Total Debt Service                  | 106,951   | 106,950    | 1                                  |
| Total Expenditures                  | 1,441,575 | 1,414,783  | 26,792                             |
| Revenues over (under) expenditures  | (106,206) | (38,155)   | 68,051                             |
| Other Financing Sources (Uses):     |           |            |                                    |
| Transfers To/From Other Funds:      |           |            |                                    |
| To PARTF Park Project               | -         | -          | -                                  |
| Proceeds from Installment Financing | -         | -          | -                                  |
| Total Other Financing Sources(Uses) | -         | -          | -                                  |
| Fund Balance Appropriated           | 106,206   | -          | (106,206)                          |
| Net Change in Fund Balance          | \$ -      | (38,155)   | \$ (38,155)                        |
| Fund Balances, Beginning            |           | 332,508    |                                    |
| Fund Balances, Ending               |           | \$ 294,353 |                                    |

Town of Bladenboro, North Carolina  
**Fire Department Building Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance-Budget and Actual**  
For the Fiscal Year Ended June 30, 2016

|                                       | Actual                        |                  |                  | Variance<br>Positive<br>(Negative) |                 |
|---------------------------------------|-------------------------------|------------------|------------------|------------------------------------|-----------------|
|                                       | Project<br>Author-<br>ization | Prior Years      | Current Year     |                                    | Total to Date   |
| <b>Revenues:</b>                      |                               |                  |                  |                                    |                 |
| Restricted Intergovernmental Revenue  |                               |                  |                  |                                    |                 |
| NC Dept of Transportation             | \$ 8,513                      | \$ -             | \$ 25,000        | \$ 25,000                          | \$ 16,487       |
| Bladen County Fire District Donation  | 600,000                       | 525,000          | 10,000           | 535,000                            | (65,000)        |
| Other Income                          |                               |                  |                  |                                    |                 |
| Interest Income                       | -                             | 6,591            | 71               | 6,662                              | 6,662           |
| Total Revenue                         | <u>608,513</u>                | <u>531,591</u>   | <u>35,071</u>    | <u>566,662</u>                     | <u>(41,851)</u> |
| <b>Expenditures:</b>                  |                               |                  |                  |                                    |                 |
| Public Safety                         |                               |                  |                  |                                    |                 |
| Capital Outlay                        | 1,431,682                     | 1,324,426        | 70,343           | 1,394,769                          | 36,913          |
| Refund Back to Fire District          | 34,331                        | -                | 34,331           | 34,331                             | -               |
| Capital Outlay-Well                   | 50,000                        | 45,062           | -                | 45,062                             | 4,938           |
| Total Public Safety                   | <u>1,516,013</u>              | <u>1,369,488</u> | <u>104,674</u>   | <u>1,474,162</u>                   | <u>41,851</u>   |
| Debt Service                          |                               |                  |                  |                                    |                 |
| Principal                             | 907,500                       | -                | 907,500          | 907,500                            | -               |
| Interest                              | -                             | -                | -                | -                                  | -               |
| Total Debt Service                    | <u>907,500</u>                | <u>-</u>         | <u>907,500</u>   | <u>907,500</u>                     | <u>-</u>        |
| Total Expenditures                    | <u>2,423,513</u>              | <u>1,369,488</u> | <u>1,012,174</u> | <u>2,381,662</u>                   | <u>41,851</u>   |
| <b>Other Financing Sources (Uses)</b> |                               |                  |                  |                                    |                 |
| USDA Loan Proceeds                    | 907,500                       | -                | 907,500          | 907,500                            | -               |
| Interim Finance Proceeds              | 907,500                       | 793,152          | 114,348          | 907,500                            | -               |
| Total Other Financing Sources(Uses)   | <u>1,815,000</u>              | <u>793,152</u>   | <u>1,021,848</u> | <u>1,815,000</u>                   | <u>-</u>        |
| <b>Revenues and Other Sources</b>     |                               |                  |                  |                                    |                 |
| Over Other Uses                       | \$ -                          | \$ (44,745)      | 44,745           | \$ -                               | \$ -            |
| Fund Balances, beginning              |                               |                  | (44,745)         |                                    |                 |
| Fund Balances, ending                 |                               |                  | <u>\$ -</u>      |                                    |                 |

Town of Bladenboro, North Carolina  
**PARTF Park Capital Project**  
**Schedule of Revenues and Expenditures -**  
**Budget and Actual (Non - GAAP)**  
From Inception and for the Fiscal Year Ended June 30, 2016

|   | Actual                        |                  |                  | Variance<br>Positive<br>(Negative) |                  |
|---|-------------------------------|------------------|------------------|------------------------------------|------------------|
|   | Project<br>Author-<br>ization | Prior Years      | Current Year     |                                    | Total to Date    |
| Revenues:   |                               |                  |                  |                                    |                  |
| Restricted Intergovernmental  |                               |                  |                  |                                    |                  |
| PARTF   | \$ 213,000                    | \$ 153,642       | \$ 54,477        | \$ 208,119                         | \$ (4,881)       |
| Total Restricted Intergovernmental                                  | <u>213,000</u>                | <u>153,642</u>   | <u>54,477</u>    | <u>208,119</u>                     | <u>(4,881)</u>   |
| Other Income  |                               |                  |                  |                                    |                  |
| Land Donation   | 168,000                       | 168,000          | -                | 168,000                            | -                |
| Donations   | -                             | -                | 200              | 200                                | 200              |
| Kate B Reynolds Trust Grant   | 10,000                        | 10,000           | -                | 10,000                             | -                |
| Total Other Income  | <u>178,000</u>                | <u>178,000</u>   | <u>200</u>       | <u>178,200</u>                     | <u>200</u>       |
| Total Revenues  | <u>391,000</u>                | <u>331,642</u>   | <u>54,677</u>    | <u>386,319</u>                     | <u>(4,681)</u>   |
| Expenditures:   |                               |                  |                  |                                    |                  |
| Cultural and Recreational   |                               |                  |                  |                                    |                  |
| Capital Outlay  | 445,400                       | 353,289          | 85,150           | 438,439                            | 6,961            |
| Total Expenditures  | <u>445,400</u>                | <u>353,289</u>   | <u>85,150</u>    | <u>438,439</u>                     | <u>6,961</u>     |
| Revenue over (under) Expenditures                                   | <u>(54,400)</u>               | <u>(21,647)</u>  | <u>(30,473)</u>  | <u>(52,120)</u>                    | <u>2,280</u>     |
| Other Financing Sources (Uses)                                      |                               |                  |                  |                                    |                  |
| Transfers To/From Other Funds:                                      |                               |                  |                  |                                    |                  |
| From General Fund   | 54,400                        | 70,212           | -                | 70,212                             | 15,812           |
| Total Other Financing Sources(Uses)                                 | <u>54,400</u>                 | <u>70,212</u>    | <u>-</u>         | <u>70,212</u>                      | <u>15,812</u>    |
| Excess of Revenue and<br>Other Sources over<br>(Under) Expenditures | \$ <u>-</u>                   | \$ <u>48,565</u> | (30,473)         | \$ <u>18,092</u>                   | \$ <u>18,092</u> |
| Fund Balances, beginning  |                               |                  | 48,565           |                                    |                  |
| Fund Balances, ending   |                               |                  | \$ <u>18,092</u> |                                    |                  |

Town of Bladenboro, North Carolina  
**CDBG Community Center Capital Project**  
**Schedule of Revenues and Expenditures -**  
**Budget and Actual (Non - GAAP)**  
From Inception and for the Fiscal Year Ended June 30, 2016

|   | Actual                        |                |              |                | Variance<br>Positive<br>(Negative) |
|---|-------------------------------|----------------|--------------|----------------|------------------------------------|
|   | Project<br>Author-<br>ization | Prior Years    | Current Year | Total to Date  |                                    |
| Revenues:   |                               |                |              |                |                                    |
| Restricted Intergovernmental  |                               |                |              |                |                                    |
| CDBG  | \$ 500,000                    | \$ 492,660     | \$ 3,618     | \$ 496,278     | \$ (3,722)                         |
| Total Revenues  | <u>500,000</u>                | <u>492,660</u> | <u>3,618</u> | <u>496,278</u> | <u>(3,722)</u>                     |
| Expenditures:   |                               |                |              |                |                                    |
| Capital Outlay Community Center                                     | <u>505,000</u>                | <u>497,660</u> | <u>3,618</u> | <u>501,278</u> | <u>3,722</u>                       |
| Total Expenditures  | <u>505,000</u>                | <u>497,660</u> | <u>3,618</u> | <u>501,278</u> | <u>3,722</u>                       |
| Revenue over (under) Expenditures                                   | <u>(5,000)</u>                | <u>(5,000)</u> | <u>-</u>     | <u>(5,000)</u> | <u>-</u>                           |
| Other Financing Sources (Uses)                                      |                               |                |              |                |                                    |
| Transfers To/From Other Funds:                                      |                               |                |              |                |                                    |
| From General Fund   | <u>5,000</u>                  | <u>5,000</u>   | <u>-</u>     | <u>5,000</u>   | <u>-</u>                           |
| Total Other Financing Sources(Uses)                                 | <u>5,000</u>                  | <u>5,000</u>   | <u>-</u>     | <u>5,000</u>   | <u>-</u>                           |
| Excess of Revenue and<br>Other Sources over<br>(Under) Expenditures | \$ <u>-</u>                   | \$ <u>-</u>    | -            | \$ <u>-</u>    | \$ <u>-</u>                        |
| Fund Balances, beginning  |                               |                | <u>-</u>     |                |                                    |
| Fund Balances, ending   |                               |                | <u>-</u>     |                |                                    |

Town of Bladenboro, North Carolina  
**Water and Sewer Fund**  
**Schedule of Revenues Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non - GAAP)**  
For the Fiscal Year Ended June 30, 2016

|                               | <u>Budget</u>  | <u>Actual</u>  | <u>Variance<br/>Positive<br/>(Negative)</u> |
|-------------------------------|----------------|----------------|---|
| <b>Revenues:</b>              |                |                |   |
| Charges for services:         |                |                |   |
| Water and Sewer Sales         | \$             | \$ 425,794     | \$  |
| Taps and Connection Fees      |                | 30,732         |   |
| Miscellaneous                 |                | 4,102          |   |
| Total                         | <u>472,022</u> | <u>460,628</u> | <u>(11,394)</u>                             |
| Nonoperating Revenues:        |                |                |   |
| Gain on Sale of Assets        |                |                |   |
| Farm Lease                    |                | 6,740          |   |
| Interest Earned on Investment |                | 48             |   |
| Total                         | <u>6,050</u>   | <u>6,788</u>   | <u>738</u>                                  |
| Total revenues                | <u>478,072</u> | <u>467,416</u> | <u>(10,656)</u>                             |
| <b>Expenditures:</b>          |                |                |   |
| Administration:               |                |                |   |
| Salaries                      |                | 28,514         |   |
| Employee Benefits             |                | 9,751          |   |
| Operating Expenses            |                | 29,869         |   |
| Total                         | <u>70,840</u>  | <u>68,134</u>  | <u>2,706</u>                                |
| Water Department:             |                |                |   |
| Salaries                      |                | 61,324         |   |
| Employee Benefits             |                | 21,043         |   |
| System Repairs                |                | 1,855          |   |
| Contract Services             |                | 15,177         |   |
| Departmental Supplies         |                | 12,160         |   |
| Operating Expenses            |                | 37,098         |   |
| Total                         | <u>169,569</u> | <u>148,657</u> | <u>20,912</u>                               |
| Sewer Department:             |                |                |   |
| Salaries                      |                | 35,009         |   |
| Employee Benefits             |                | 13,813         |   |
| System Repairs                |                | 2,800          |   |
| Departmental Supplies         |                | 3,882          |   |
| Operating Expenses            |                | 8,815          |   |
| Total                         | <u>94,740</u>  | <u>64,319</u>  | <u>30,421</u>                               |
| Wastewater Treatment:         |                |                |   |
| Salaries                      |                | 32,269         |   |
| Employee Benefits             |                | 13,084         |   |
| System Repairs                |                | 2,788          |   |
| Departmental Supplies         |                | 12,710         |   |
| Contract Services             |                | 21,084         |   |
| Operating Expenses            |                | 61,451         |   |
| Total                         | <u>171,540</u> | <u>143,386</u> | <u>28,154</u>                               |



Town of Bladenboro, North Carolina  
**Water and Sewer Fund**  
**Schedule of Revenues Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non - GAAP)**  
For the Fiscal Year Ended June 30, 2016

|  | <u>Budget</u>  | <u>Actual</u>       | Variance<br>Positive<br>(Negative) |
|--|----------------|---------------------|------------------------------------|
| Total General Expenses   | <u>506,689</u> | <u>424,496</u>      | <u>82,193</u>                      |
| Debt service:  |                |                     |                                    |
| Interest and fees  |                | 1,625               |                                    |
| Principal retirement   |                | <u>19,572</u>       |                                    |
| Total debt service   | <u>22,163</u>  | <u>21,197</u>       | <u>966</u>                         |
| Capital outlay:  |                |                     |                                    |
| Administration   |                | -                   |                                    |
| Water  |                | 7,470               |                                    |
| Sewer  |                | -                   |                                    |
| Wastewater Treatment   |                | -                   |                                    |
| Total capital outlay   | <u>13,700</u>  | <u>7,470</u>        | <u>6,230</u>                       |
| Total expenditures   | <u>542,552</u> | <u>453,163</u>      | <u>89,389</u>                      |
| Capital Contributions - Grants   | <u>-</u>       | <u>-</u>            | <u>-</u>                           |
| Other Financing Sources(Uses)  |                |                     |                                    |
| Contribution to Community Bldg Fund  |                |                     |                                    |
| Total Other Financing Sources(Uses)  | <u>-</u>       | <u>-</u>            | <u>-</u>                           |
| Fund Balance Appropriated  | 64,480         | -                   | (64,480)                           |
| Revenues and other sources over<br>expenditures and other uses                     | \$ <u>-</u>    | \$ <u>14,253</u>    | \$ <u>14,253</u>                   |
| <b>Reconciliation from budgetary basis<br/>(modified accrual) to full accrual:</b> |                |                     |                                    |
| Revenues over expenditures   |                | \$ <u>14,253</u>    |                                    |
| Reconciling items:   |                |                     |                                    |
| Principal retirement   |                | 19,572              |                                    |
| (Increase)/Decrease in compensated absences payable                                |                | (7,007)             |                                    |
| Increase/(Decrease) in net pension asset   |                | (17,091)            |                                    |
| Increase/(Decrease) in deferred outflows of resources-pensions                     |                | (370)               |                                    |
| (Increase)/Decrease in net pension liability                                       |                | (10,932)            |                                    |
| (Increase)/Decrease in deferred inflows of resources-pensions                      |                | 33,181              |                                    |
| Capital outlay   |                | 7,470               |                                    |
| Depreciation   |                | <u>(218,970)</u>    |                                    |
| Total reconciling items  |                | <u>(194,147)</u>    |                                    |
| Changes in Net Position  |                | \$ <u>(179,894)</u> |                                    |

TOWN OF BLADENBORO

BLADENBORO, NORTH CAROLINA

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## OTHER SCHEDULES

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This section includes additional information on property taxes.

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

TOWN OF BLADENBORO

BLADENBORO, NORTH CAROLINA

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Town of Bladenboro, North Carolina  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
For the Fiscal Year Ended June 30, 2016

| <u>Fiscal Year</u>                  | <u>Uncollected<br/>Balance<br/>June 30, 2015</u> | <u>Additions</u>  | <u>Collections<br/>And Credits</u>      | <u>Uncollected<br/>Balance<br/>June 30, 2016</u> |
|-------------------------------------|--|-------------------|---|--|
| 2015 - 2016                         | \$ -   | \$ 544,854        | \$ 513,231                              | \$ 31,623  |
| 2014 - 2015                         | 25,035   | -                 | 7,658                                   | 17,377   |
| 2013 - 2014                         | 16,072   | -                 | 2,501                                   | 13,571   |
| 2012 - 2013                         | 9,305  | -                 | 766                                     | 8,539  |
| 2011 - 2012                         | 8,884  | -                 | 712                                     | 8,172  |
| 2010 - 2011                         | 3,514  | -                 | 32                                      | 3,482  |
| 2009 - 2010                         | 2,792  | -                 | 44                                      | 2,748  |
| 2008 - 2009                         | 4,072  | -                 | 248                                     | 3,824  |
| 2007 - 2008                         | 2,253  | -                 | -                                       | 2,253  |
| 2006 - 2007                         | 2,137  | -                 | 86                                      | 2,051  |
| 2005 - 2006                         | 1,491  | -                 | 1,491                                   | -  |
|                                     | <u>\$ 75,555</u>                                 | <u>\$ 544,854</u> | <u>\$ 526,769</u>                       | <u>\$ 93,640</u>                                 |
|                                     |  |                   | Less Allowance for Doubtful Collections | <u>23,000</u>                                    |
|                                     |  |                   |   | <u>\$ 70,640</u>                                 |
| <u>Reconcilement with revenues:</u> |  |                   |   |  |
|                                     | Ad valorem taxes - General Fund                  |                   |   | \$ 531,096                                       |
|                                     | Reconciling items:                               |                   |   |  |
|                                     | Interest collected                               |                   |   | (5,835)  |
|                                     | Releases and Refunds                             |                   |   | <u>1,508</u>                                     |
|                                     | Subtotal   |                   |   | <u>(4,327)</u>                                   |
|                                     | Total collections and credits                    |                   |   | <u>\$ 526,769</u>                                |

Town of Bladenboro, North Carolina  
**Analysis of Current Tax Levy**  
**Town - Wide Levy**  
For the Fiscal Year Ended June 30, 2016

|  | Town - Wide           |         |                   | Total Levy   |                                 |
|--|-----------------------|---------|-------------------|--|---------------------------------|
|  | Property<br>Valuation | Rate    | Total<br>Levy     | Property<br>excluding<br>Registered<br>Motor<br>Vehicles | Registered<br>Motor<br>Vehicles |
| Original levy:                           |                       |         |                   |  |                                 |
| Property taxed at current<br>year's rate | \$ 86,074,375         | \$ 0.64 | \$ 550,876        | \$ 483,203   | \$ 67,673                       |
| Total                                    | <u>86,074,375</u>     |         | <u>550,876</u>    | <u>483,203</u>   | <u>67,673</u>                   |
| Discoveries:                             |                       |         |                   |  |                                 |
| Current year taxes                       | <u>3,125</u>          | 0.64    | <u>20</u>         | <u>20</u>  | <u>-</u>                        |
| Total                                    | <u>3,125</u>          |         | <u>20</u>         | <u>20</u>  | <u>-</u>                        |
| Abatements:                              |                       |         |                   |  |                                 |
| Total property valuation                 | <u>(944,063)</u>      | 0.64    | <u>(6,042)</u>    | <u>(6,042)</u>   | <u>-</u>                        |
|  | <u>\$ 87,021,563</u>  |         |                   |  |                                 |
| Net levy                                 |                       |         | 544,854           | 477,181  | 67,673                          |
| Uncollected taxes at June 30, 2016       |                       |         | <u>31,623</u>     | <u>31,623</u>  | <u>-</u>                        |
| Current year's taxes collected           |                       |         | <u>\$ 513,231</u> | <u>\$ 445,558</u>  | <u>\$ 67,673</u>                |
| Current levy collection percentage       |                       |         | <u>94.20%</u>     | <u>93.37%</u>  | <u>100.00%</u>                  |

## COMPLIANCE SECTION

TOWN OF BLADENBORO

BLADENBORO, NORTH CAROLINA

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

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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 Auditors' Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregated remaining fund information of the Town of Bladenboro, North Carolina, as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprises the Town of Bladenboro's basic financial statements, and have issued our report thereon dated September 20, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency, 2016-001.

Compliance and Other Matters

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

Town of Bladenboro's Response to Finding

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

Purpose of this Report

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

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

Elizabethtown, North Carolina

September 20, 2016

Town of Bladenboro, North Carolina  
Schedule of Findings and Responses  
For the Fiscal Year Ended June 30, 2016

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**Section I. Summary of Auditors' Results**

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Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?       yes       no

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**Section II – Financial Statement Findings**

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SIGNIFICANT DEFICIENCY

2016 – 001 Segregation of Duties

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

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

Effect: Transactions could be mishandled.

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

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2015-1.

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

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

Town of Bladenboro, North Carolina  
Corrective Action Plan  
For the Fiscal Year Ended June 30, 2016

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**Section II – Financial Statement Findings**

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SIGNIFICANT DEFICIENCIES

2016 – 001 Segregation of Duties

Name of contact person: Rufus Duckworth, Mayor

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

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

TOWN OF BLADENBORO

BLADENBORO, NORTH CAROLINA

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