

**TOWN OF BLADENBORO, NORTH CAROLINA**  
**FINANCIAL STATEMENTS**  
**June 30, 2015**



TOWN OF BLADENBORO, NORTH CAROLINA  
FINANCIAL STATEMENTS  
June 30, 2015

BOARD OF TOWN COUNCIL

Rufus Duckworth - Mayor

Sarah Benson - Mayor Pro Tem

Everette Butler - Commissioner

Billy Benson - Commissioner

Jeff Atkinson - Commissioner

Patsi Callihan - Commissioner

Terry Nance, Jr - Commissioner

ADMINISTRATIVE AND FINANCE STAFF

TOWN ADMINSTRATOR

Melanie Hester

TOWN CLERK/TAX COLLECTOR

Pamela Bowen

ATTORNEY

Maynard Law Firm

TOWN OF BLADENBORO, NORTH CAROLINA  
TABLE OF CONTENTS  
June 30, 2015

<u>Exhibit</u>		<u>Page</u>
<b>FINANCIAL SECTION:</b>		
	<b>Independent Auditors' Report</b>	1-2
	<b>Management's Discussion and Analysis</b>	3-10
	<b>Basic Financial Statements:</b>	
	Government-wide Financial Statements:	
1	Statement of Net Position	11
2	Statement of Activities	12
	Fund Financial Statements:	
3	Balance Sheet – Governmental Funds	13
	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
4	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15
4	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
5	Statement of Revenues, Expenditures, and Changes in Fund Balances – Annual Budget and Actual – General Fund	17
6	Statement of Fund Net Position – Proprietary Funds	18
7	Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	19
8	Statement of Cash Flows – Proprietary Funds	20
	Notes to the Financial Statements	20-40

**Required Supplemental Financial Data:**

Schedule of Proportionate Share of Net Pension Liability (Asset) - Local Government Employees' Retirement System	41
Schedule of Contributions to Local Government Employees' Retirement System	42

**Individual Fund Financial Schedules:**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
General Fund	43-46
Fire Department Building Capital Project	47
PARTF Parks Capital Project Fund	48
CDBG Community Center Capital Project Fund	49
Water and Sewer Fund	50-51

**Other Schedules:**

Schedule of Ad Valorem Taxes Receivable	52
Analysis of Current Tax Levy – Town-Wide Levy	53

**Compliance Section:**

Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	54-55
Report On Compliance With Requirements Applicable To Each Major Federal Program And Internal Control Over Compliance In Accordance With Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act	56-57
Schedule of Findings and Questioned Costs	58-59
Corrective Action Plan	60
Summary Schedule of Prior Year Findings	61
Schedule of Expenditures of Federal and State Awards	62



## Financial Section







Thompson, Price, Scott, Adams & Co., P.A.  
Post Office Box 1690  
Elizabethtown, North Carolina 28337  
Telephone (910) 862-8129  
Fax (910) 862-8120

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

---

## **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, 2015, 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, 2015, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions, on pages 41 and 42 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, other schedules, and Schedule of Expenditures of Federal and State Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for purposed of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards 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 and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the combining and individual fund statements, budgetary schedules, Schedule of Expenditures of Federal and State Awards, and 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 October 29, 2015 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

October 29, 2015

**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, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

**Financial Highlights**

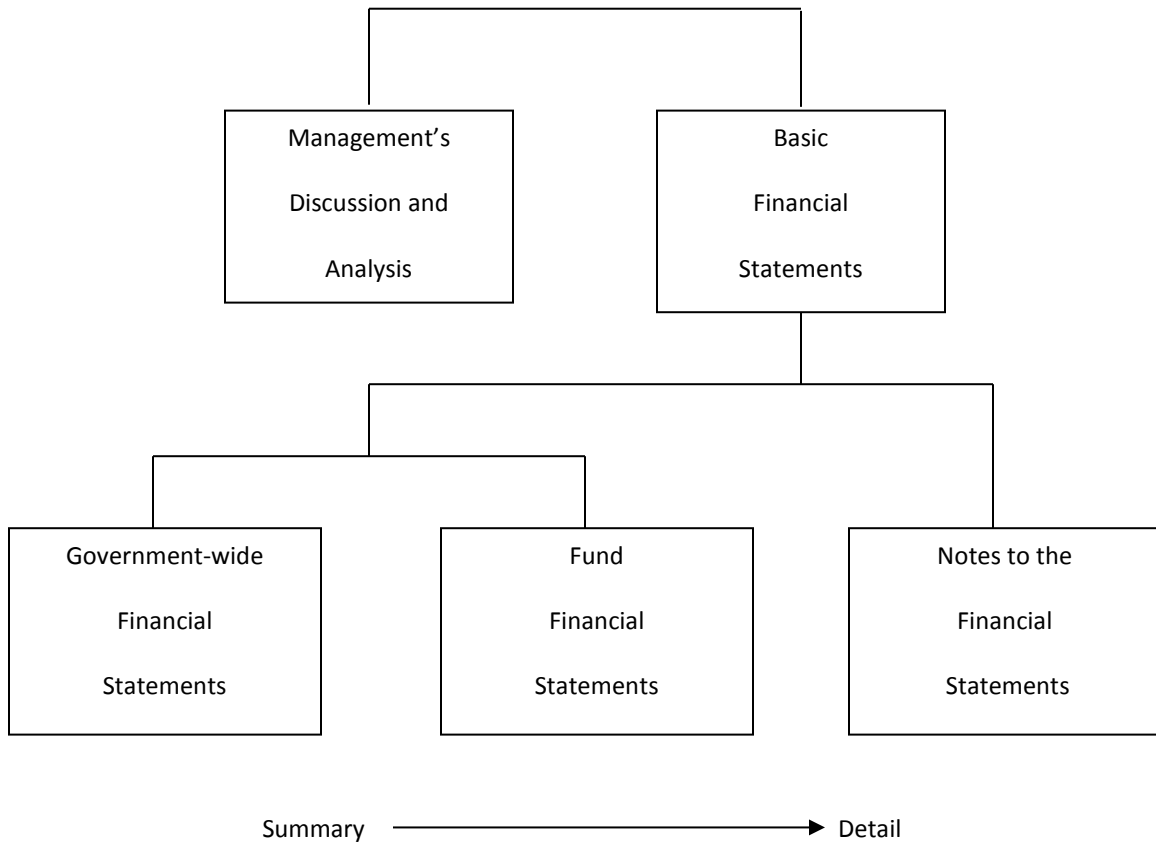
- The assets and deferred outflows of resources of the Town of Bladenboro exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$9,962,686 (net position).
- The government's total net position increased by \$462,259, primarily due to the increase in the governmental type activity net position.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$336,328 a decrease of \$189,949. Approximately 73 percent of this total amount, or \$248,366 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$100,467, or 10 percent of the total general fund expenditures for the fiscal year.
- The Town of Bladenboro's total debt increased by \$687,835 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 on Exhibits 1 and 2 of this report.

## **Fund Financial Statements**

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of 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 20-40 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	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 725,544	\$ 673,452	\$ 264,482	\$ 250,953	\$ 990,026	\$ 924,405
Capital assets	2,962,064	1,421,508	7,845,881	8,064,738	10,807,945	9,486,246
Deferred inflows of resources	24,669	-	10,572	-	35,241	-
Total assets and deferred outflows of resources	<u>\$ 3,712,277</u>	<u>\$ 2,094,960</u>	<u>\$ 8,120,935</u>	<u>\$ 8,315,691</u>	<u>\$ 11,833,212</u>	<u>\$ 10,410,651</u>
Current and other liabilities	\$ 309,994	\$ 104,681	\$ 66,191	\$ 64,671	\$ 376,185	\$ 169,352
Long-term liabilities						
Due within one year	118,999	104,352	29,803	27,719	148,802	132,071
Due in more than one year	1,179,321	483,254	25,551	45,826	1,204,872	529,080
Deferred inflows of resources	98,688	64	41,979	-	140,667	64
Total liabilities and deferred inflows or resources	<u>1,707,002</u>	<u>692,351</u>	<u>163,524</u>	<u>138,216</u>	<u>1,870,526</u>	<u>830,567</u>
<b>Net Position</b>						
Net investment in capital assets	1,703,505	870,594	7,800,055	7,999,102	9,503,560	8,869,696
Restricted	248,366	204,361	-	-	248,366	204,361
Unrestricted	53,404	327,654	157,356	178,373	210,760	506,027
Total net position	<u>\$ 2,005,275</u>	<u>\$ 1,402,609</u>	<u>\$ 7,957,411</u>	<u>\$ 8,177,475</u>	<u>\$ 9,962,686</u>	<u>\$ 9,580,084</u>

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 \$9,962,686 as of June 30, 2015. The Town's net position increased by \$462,259 for the fiscal year ended June 30, 2015. However, the largest portion \$9,503,560 (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 \$248,366 (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$210,760 (2%) is unrestricted. Also, the Town of Bladenboro implemented GASB Statement 68 this year. With the new reporting change, the Town is allocated its proportionate share of the Local Government Employees' Retirement System's net pension asset,

deferred outflows of resources, deferred inflows of resources, and pension expense. A restatement to record the effects of the new reporting guidance decreased beginning net position by \$79,657. Decisions regarding the allocations are made by the administrators of the pension plan, not by the Town of Bladenboro's management.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 94.87%, which is less than the statewide average of 96.79%.
- Continued efforts of staff to reduce operating costs.
- Capital grants for the community building, fire department building and park improvements.

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

	Governmental Funds		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 299,463	\$ 243,869	\$ 459,477	\$ 466,755	\$ 758,940	\$ 710,624
Operating Grants & Contributions	223,143	81,305	-	-	223,143	81,305
Capital Grants & Contributions	501,327	164,833	-	-	501,327	164,833
<b>General Revenue</b>						
Property Taxes	484,441	480,536	-	-	484,441	480,536
Other Taxes	6,683	10,614	-	-	6,683	10,614
Grants and contributions not restricted to specific programs	274,132	256,159	-	-	274,132	256,159
Investment Earnings	355	1,790	39	66	394	1,856
Other	26,253	59,219	4,908	14,048	31,161	73,267
<b>Total Revenues</b>	<b>1,815,797</b>	<b>1,298,325</b>	<b>464,424</b>	<b>480,869</b>	<b>2,280,221</b>	<b>1,779,194</b>
<b>Expenses</b>						
General Government	226,902	246,119	-	-	226,902	246,119
Public Safety	550,913	591,027	-	-	550,913	591,027
Transportation	198,228	228,092	-	-	198,228	228,092
Economic Development	-	200	-	-	-	200
Environmental Protection	150,937	134,649	-	-	150,937	134,649
Cultural and Recreation	10,587	11,576	-	-	10,587	11,576
Interest on Long-Term Debt	29,804	16,601	-	-	29,804	16,601
Water and Sewer Fund	-	-	650,591	710,813	650,591	710,813
<b>Total Expenses</b>	<b>1,167,371</b>	<b>1,228,264</b>	<b>650,591</b>	<b>710,813</b>	<b>1,817,962</b>	<b>1,939,077</b>
<b>Increase in Net Position before</b>						
Transfers	648,426	70,061	(186,167)	(229,944)	462,259	(159,883)
Transfers	10,000	-	(10,000)	-	-	-
<b>Increase(Decrease) in Net Position</b>	<b>658,426</b>	<b>70,061</b>	<b>(196,167)</b>	<b>(229,944)</b>	<b>462,259</b>	<b>(159,883)</b>
<b>Net Position, beginning (restated)</b>	<b>1,346,849</b>	<b>1,332,548</b>	<b>8,153,578</b>	<b>8,407,419</b>	<b>9,500,427</b>	<b>9,739,967</b>
<b>Net Position, ending</b>	<b>\$ 2,005,275</b>	<b>\$ 1,402,609</b>	<b>\$ 7,957,411</b>	<b>\$ 8,177,475</b>	<b>\$ 9,962,686</b>	<b>\$ 9,580,084</b>

**Governmental activities:** Governmental activities increased the Town's net position by \$658,426. Key elements of this increase are as follows:

- Tax revenues decreased, however expenses were reduced.
- 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 \$196,167. Key elements of this increase are as follows:

- Operating revenue decreased.
- Operating expenses also decreased.

### **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 \$100,467 while total fund balance reached \$332,508. 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 9% of the total General Fund expenditures. Total fund balance represents 28% of that same amount.

At June 30, 2015, the governmental funds of the Town reported a combined fund balance of \$336,328 with a 36% decrease over last year. Included in this change in fund balance is a decrease in fund balance of the Fire Department Building 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 \$157,356. The decrease in net position for this fund was \$196,167. 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, 2015, totals \$10,807,945 (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.

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

**Figure 4**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land and Construction in Progress	\$1,920,514	\$ 765,056	\$ 466,358	\$ 466,358	\$ 2,386,872	\$1,231,414
Buildings and Other Improvements	885,740	397,257	-	-	885,740	397,257
Plant and Distribution	-	-	7,374,069	7,593,800	7,374,069	7,593,800
Equipment	13,519	29,020	3,054	4,580	16,573	33,600
Vehicles	133,491	220,495	2,400	-	135,891	220,495
Infrastructure	8,800	9,680	-	-	8,800	9,680
	<u>\$2,962,064</u>	<u>\$1,421,508</u>	<u>\$7,845,881</u>	<u>\$8,064,738</u>	<u>\$ 10,807,945</u>	<u>\$9,486,246</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, 2015, the Town of Bladenboro had no bonded debt outstanding.

**Town of Bladenboro's Outstanding Debt**

**Figure 5**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Notes Payable	\$ 1,021,162	\$ 254,721	\$ 11,524	\$ 22,583	\$ 1,032,686	\$ 277,304
Capital Leases	237,397	296,193	-	-	237,397	296,193
Revolving Loan	-	-	34,302	43,053	34,302	43,053
	<u>\$ 1,258,559</u>	<u>\$ 550,914</u>	<u>\$ 45,826</u>	<u>\$ 65,636</u>	<u>\$ 1,304,385</u>	<u>\$ 616,550</u>

**Town of Bladenboro's Outstanding Debt**

The Town of Bladenboro's General Fund debt increased by \$793,152 due to a loan from BB&T for the short term financing to construct the Fire Department building until USDA loan proceeds were available in 2015-2016. Scheduled debt payments reduced debt by \$105,317.

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 \$5,648,009.

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, 2016**

**Governmental Activities:** Property taxes will remain the same for 2015-2016. General Fund expenditures have been budgeted accordingly with only a small increase from the 2015-2016 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



## Statement of Net Position

June 30, 2015

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Assets</b>			
Current Assets:			
Cash & cash equivalents	\$ 436,220	\$ 37,497	\$ 473,717
Restricted cash	27,741	55,270	83,011
Taxes receivable (Net)	58,385	-	58,385
Accounts Receivable (Net)	51,545	96,307	147,852
Due from other governments	165,715	-	165,715
Inventories	-	4,376	4,376
Internal balances	(53,941)	53,941	-
Total current assets	<u>685,665</u>	<u>247,391</u>	<u>933,056</u>
Non-current Assets:			
Net Pension Asset	39,879	17,091	56,970
Capital Assets:			
Land and nondepreciable improvements	1,920,514	466,358	2,386,872
Other capital assets, net of depreciation	<u>1,041,550</u>	<u>7,379,523</u>	<u>8,421,073</u>
Total capital assets	<u>2,962,064</u>	<u>7,845,881</u>	<u>10,807,945</u>
Total Assets	<u>3,687,608</u>	<u>8,110,363</u>	<u>11,797,971</u>
<b>Deferred Outflows of Resources:</b>			
Contributions to Pension Plan in Current Fiscal Year	<u>24,669</u>	<u>10,572</u>	<u>35,241</u>
Total Deferred Outflows of Resources	<u>24,669</u>	<u>10,572</u>	<u>35,241</u>
<b>Liabilities</b>			
Current liabilities			
Accounts Payable and Accrued Liabilities	290,214	10,921	301,135
Accrued Interest	19,780	-	19,780
Current Portion of Long-Term Liabilities	99,674	20,275	119,949
Compensated Absences	19,325	9,528	28,853
Payable From Restricted Assets			
Customer Deposits	-	55,270	55,270
Long-term Liabilities:			
Due in More Than One Year	<u>1,179,321</u>	<u>25,551</u>	<u>1,204,872</u>
Total liabilities	<u>1,608,314</u>	<u>121,545</u>	<u>1,729,859</u>
<b>Deferred Inflows of Resources</b>			
Prepaid Taxes	738	-	738
Pension Deferrals	<u>97,950</u>	<u>41,979</u>	<u>139,929</u>
Total Deferred Inflows of Resources	<u>98,688</u>	<u>41,979</u>	<u>140,667</u>
<b>Net Position</b>			
Net Investments in Capital Assets	1,703,505	7,800,055	9,503,560
Restricted for:			
Stabilization by State Statute	217,260	-	217,260
Transportation	27,741	-	27,741
Debt Service	3,365	-	3,365
Unrestricted	<u>53,404</u>	<u>157,356</u>	<u>210,760</u>
Total Net Position	<u>\$ 2,005,275</u>	<u>\$ 7,957,411</u>	<u>\$ 9,962,686</u>

TOWN OF BLADENBORO

BLADENBORO, NORTH CAROLINA

(This page left blank intentionally)

Town of Bladenboro, North Carolina  
**Statement of Activities**  
For the Year Ended June 30, 2015

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General Government	\$ 226,902	\$ 20,146	\$ -	\$ 276,327	\$ 69,571	\$ -	\$ 69,571
Public Safety	550,913	87,277	25,089	225,000	(213,547)	-	(213,547)
Transportation	198,228	-	59,412	-	(138,816)	-	(138,816)
Economic Development	-	-	-	-	-	-	-
Environmental Protection	150,937	190,413	-	-	39,476	-	39,476
Cultural and Recreation	10,587	1,627	138,642	-	129,682	-	129,682
Interest on Long-Term Debt	29,804	-	-	-	(29,804)	-	(29,804)
Total Governmental Activities	<u>1,167,371</u>	<u>299,463</u>	<u>223,143</u>	<u>501,327</u>	<u>(143,438)</u>	<u>-</u>	<u>(143,438)</u>
<b>Business-Type Activities:</b>							
Water and Sewer Fund	650,591	459,477	-	-	-	(191,114)	(191,114)
Total Business-Type Activities	<u>650,591</u>	<u>459,477</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(191,114)</u>	<u>(191,114)</u>
Total Primary Government	<u>\$ 1,817,962</u>	<u>\$ 758,940</u>	<u>\$ 223,143</u>	<u>\$ 501,327</u>	<u>(143,438)</u>	<u>(191,114)</u>	<u>(334,552)</u>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property taxes, levied for general purpose					484,441	-	484,441
Other taxes					6,683	-	6,683
Grants and contributions not restricted to specific programs					274,132	-	274,132
Unrestricted investment earnings					355	39	394
Miscellaneous					26,253	4,908	31,161
Total general revenues not including transfers					<u>791,864</u>	<u>4,947</u>	<u>796,811</u>
Transfers					10,000	(10,000)	-
Total general revenues and transfers					<u>801,864</u>	<u>(5,053)</u>	<u>796,811</u>
Change in net position					658,426	(196,167)	462,259
Net position - Beginning(as previously reported)					1,402,609	8,177,475	9,580,084
Restatement					(55,760)	(23,897)	(79,657)
Net position - Beginning (restated)					<u>1,346,849</u>	<u>8,153,578</u>	<u>9,500,427</u>
Net position - Ending					<u>\$ 2,005,275</u>	<u>\$ 7,957,411</u>	<u>\$ 9,962,686</u>

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

**Balance Sheet**  
**Governmental Funds**  
June 30, 2015

	Major Funds				Total Governmental Funds
	General	Fire Depart Bldg Capital Project	PARTF Project	CDBG Capital Project	
<b>Assets</b>					
Cash and cash equivalents	\$ 261,306	\$ 157,014	\$ 17,900	\$ -	\$ 436,220
Restricted cash	27,741	-	-	-	27,741
Receivables (net):					
Taxes	52,555	-	-	-	52,555
Accounts	51,545	-	-	-	51,545
Due from other funds	-	-	-	-	-
Due from other governments	83,968	10,605	71,142	-	165,715
Total assets	<u>\$ 477,115</u>	<u>\$ 167,619</u>	<u>\$ 89,042</u>	<u>\$ -</u>	<u>\$ 733,776</u>
<b>Liabilities</b>					
Liabilities:					
Accounts payable & accrued liabilities	\$ 37,373	\$ 212,364	\$ 40,477	\$ -	\$ 290,214
Due to other funds	53,941	-	-	-	53,941
Total liabilities	<u>91,314</u>	<u>212,364</u>	<u>40,477</u>	<u>-</u>	<u>344,155</u>
<b>Deferred Inflows of Resources</b>					
Property taxes receivable	52,555	-	-	-	52,555
Prepaid taxes	738	-	-	-	738
Total deferred inflows of resources	<u>53,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,293</u>
Fund Balances:					
Restricted					
Stabilization by state statute	135,513	10,605	71,142	-	217,260
Streets	27,741	-	-	-	27,741
Debt Service	3,365	-	-	-	3,365
Committed					
Public safety	-	-	-	-	-
Assigned					
Subsequent years' expenditures	65,422	-	-	-	65,422
Unassigned					
Total fund balances	<u>100,467</u>	<u>(55,350)</u>	<u>(22,577)</u>	<u>-</u>	<u>22,540</u>
Total liabilities & deferred inflows	<u>\$ 477,115</u>	<u>\$ 167,619</u>	<u>\$ 89,042</u>	<u>\$ -</u>	<u>\$ 733,776</u>
of resources and fund balances					



**Balance Sheet**  
**Governmental Funds**  
June 30, 2015

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

Total Fund Balance, Governmental Funds	\$	336,328
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$	4,301,006
Accumulated depreciation		<u>(1,338,942)</u>
		2,962,064
Net pension asset		39,879
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position		24,669
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.		5,830
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		52,555
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		(1,298,320)
Pension related deferrals		(97,950)
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.		<u>(19,780)</u>
Net position of government activities	\$	<u><u>2,005,275</u></u>

Town of Bladenboro, North Carolina  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
For the Year Ended June 30, 2015

Exhibit 4

	Major Funds				Total Governmental Funds
	General	Fire Depart Capital Project	PARTF Project	CDBG Capital Project	
<b>Revenues</b>					
Ad valorem taxes	\$ 479,909	\$ -	\$ -	\$ -	\$ 479,909
Other taxes and licenses	6,683	-	-	-	6,683
Unrestricted intergovernmental	274,132	-	-	-	274,132
Restricted intergovernmental	84,501	225,000	138,642	276,327	724,470
Permits and fees	11,774	-	-	-	11,774
Sales and services	285,583	-	-	-	285,583
Investment earnings	355	-	-	-	355
Miscellaneous	28,359	-	-	-	28,359
Total revenues	<u>1,171,296</u>	<u>225,000</u>	<u>138,642</u>	<u>276,327</u>	<u>1,811,265</u>
<b>Expenditures</b>					
Current:					
General government	216,757	-	-	265,018	481,775
Public safety	482,961	1,243,198	-	-	1,726,159
Transportation	183,052	-	-	-	183,052
Economic development	-	-	-	-	-
Environmental protection	150,937	-	-	-	150,937
Cultural and recreation	10,587	-	144,902	-	155,489
Debt service:					
Principal	85,507	-	-	-	85,507
Interest	21,447	-	-	-	21,447
Total expenditures	<u>1,151,248</u>	<u>1,243,198</u>	<u>144,902</u>	<u>265,018</u>	<u>2,804,366</u>
Excess of Revenues over (under) expenditures	<u>20,048</u>	<u>(1,018,198)</u>	<u>(6,260)</u>	<u>11,309</u>	<u>(993,101)</u>
<b>Other financing sources (uses)</b>					
Transfers From Other Funds	-	-	30,000	-	30,000
Transfers To Other Funds	(20,000)	-	-	-	(20,000)
Proceeds From Installment Financing	-	793,152	-	-	793,152
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>793,152</u>	<u>30,000</u>	<u>-</u>	<u>803,152</u>
Net Change in Fund Balance	48	(225,046)	23,740	11,309	(189,949)
Fund Balances, Beginning	332,460	180,301	24,825	(11,309)	526,277
Fund Balances, Ending	<u>\$ 332,508</u>	<u>\$ (44,745)</u>	<u>\$ 48,565</u>	<u>\$ -</u>	<u>\$ 336,328</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, 2015

Exhibit 4,  
Continued

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

Net changes in fund balances - total governmental funds	\$	(189,949)
---	----	-----------

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	\$ 1,655,518	
Depreciation expense for governmental assets	<u>(114,962)</u>	1,540,556

Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	24,669
--	--------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Change in unavailable revenue for tax revenues.	4,532
---	-------

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	(793,152)	
Principal payments on long-term debt	85,507	
Increase in accrued interest payable	<u>(8,357)</u>	(716,002)

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	(3,069)	
Pension expense	<u>(2,311)</u>	<u>(5,380)</u>

Total changes in net position of governmental activities.	\$	<u><u>658,426</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, 2015

	General Fund			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>Revenues:</b>				
Ad valorem taxes	\$ 485,482	\$ 485,482	\$ 479,909	\$ (5,573)
Other taxes and licenses	8,900	8,840	6,683	(2,157)
Unrestricted intergovernmental	253,000	253,000	274,132	21,132
Restricted intergovernmental	58,000	83,089	84,501	1,412
Permits and Fees	4,800	11,472	11,774	302
Sales and services	255,623	288,243	285,583	(2,660)
Investment earnings	500	500	355	(145)
Miscellaneous	15,000	31,827	28,359	(3,468)
Total revenues	<u>1,081,305</u>	<u>1,162,453</u>	<u>1,171,296</u>	<u>8,843</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	212,618	225,287	216,757	8,530
Public safety	466,091	507,751	482,961	24,790
Transportation	207,119	212,353	183,052	29,301
Economic development	200	-	-	-
Environmental protection	139,062	153,462	150,937	2,525
Cultural and recreation	15,100	12,850	10,587	2,263
Debt service	100,451	106,954	106,954	-
Total expenditures	<u>1,140,641</u>	<u>1,218,657</u>	<u>1,151,248</u>	<u>67,409</u>
Revenues over (under) expenditures	<u>(59,336)</u>	<u>(56,204)</u>	<u>20,048</u>	<u>76,252</u>
<b>Other financing sources (uses):</b>				
Transfer to Other Funds	-	(20,000)	(20,000)	-
Proceeds From Installment Financing	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Fund Balance Appropriated	<u>59,336</u>	<u>76,204</u>	<u>-</u>	<u>(76,204)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	48	<u>\$ 48</u>
Fund balances, beginning			332,460	
Fund balances, ending			<u>\$ 332,508</u>	

Town of Bladenboro, North Carolina  
**Statement of Fund Net Position**  
**Proprietary Fund**  
June 30, 2015

Exhibit 6

	Major Enterprise <u>Fund</u> Water and <u>Sewer Fund</u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 37,497
Restricted cash	55,270
Accounts receivable (net) - billed	79,070
Accounts receivable (net) - unbilled	17,237
Due from other fund	53,941
Inventories	4,376
Total	<u>247,391</u>
Non-Current Assets:	
Net Pension Asset	17,091
Capital Assets:	
Land and other non-depreciable assets	466,358
Other capital assets, net of depreciation	<u>7,379,523</u>
Total capital assets	<u>7,845,881</u>
Total assets	\$ <u>8,110,363</u>
<b>Deferred Outflows of Resources:</b>	
Contributions to Pension Plan in Current Fiscal	<u>10,572</u>
Total Deferred Outflows of Resources	<u>10,572</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and Accrued Liabilities	\$ 10,921
Compensated Absences	9,528
Current Portion of Long-Term Liabilities	20,275
Payable From Restricted Assets	
Customer deposits	<u>55,270</u>
Total	<u>95,994</u>
Noncurrent liabilities:	
Notes Payable	25,551
Compensated Absences	<u>-</u>
Total	<u>25,551</u>
Total liabilities	<u>121,545</u>
<b>Deferred Inflows of Resources</b>	
Pension Deferrals	<u>41,979</u>
Total Deferred Inflows of Resources	<u>41,979</u>
<b>Net position</b>	
Net investments in capital assets	7,800,055
Unrestricted	<u>157,356</u>
Total net position	\$ <u>7,957,411</u>

Town of Bladenboro, North Carolina  
**Statement of Revenues, Expenditures, and Changes in Fund Net Position**  
**Proprietary Fund**  
For the Year Ended June 30, 2015

Exhibit 7

	Major Enterprise Fund
	Water and Sewer Fund
<b>Operating revenues:</b>	
Charges for Services	\$ 457,598
Other Operating Revenues	1,879
Total	459,477
<b>Operating Expenses:</b>	
Administration	83,485
Water Operations	119,602
Sewer Operations	80,739
Waste Collections and Treatment	143,767
Depreciation	221,255
Total	648,847
Operating income	(189,370)
<b>Nonoperating revenues (expenses):</b>	
Investment earnings	39
Gain of Sale of Asset	-
Miscellaneous Revenue	4,908
Interest and fees	(1,744)
Total nonoperating revenues (expenses)	3,203
Income (loss) before contributions and transfers	(186,167)
Transfer to Other Fund	(10,000)
Capital Contributions - Grant	-
Change in net position	(196,167)
Net position - Beginning(as previously reported)	8,177,475
Restatement	(23,897)
Net position - Beginning (restated)	8,153,578
Net position, ending	\$ 7,957,411

Town of Bladenboro, North Carolina  
**Statement of Cash Flows**  
**Proprietary Fund**  
For The Year Ended June 30, 2015

Exhibit 8

	Major Enterprise Fund
	Water and Sewer Fund
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 459,799
Cash paid for goods and services	(282,912)
Cash paid to employees for services	(145,512)
Customer deposits received	(610)
Other operating revenues	1,879
Net cash provided by (used) operating activities	32,644
<b>Cash flows from noncapital financing activities:</b>	
Other Nonoperating Income	4,908
Operating transfers in(out)	(10,000)
Net cash provided by (used) noncapital financing activities:	(5,092)
<b>Cash flows from capital and related financing activities</b>	
Acquisition and construction of capital assets	(2,400)
Debt reduction	(19,810)
Interest paid	(1,744)
Net cash provided by (used) capital and related financing activities	(23,954)
<b>Cash flows from investing activities:</b>	
Interest on investments	38
<b>Net decrease in cash and cash equivalents</b>	3,636
<b>Cash and cash equivalents:</b>	
Beginning of year, July 1	89,131
End of year, June 30	\$ 92,767
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income (loss)	\$ (189,370)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	221,255
Pension Expense	991
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	2,201
(Increase) decrease in inventory	5,000
(Increase) decrease in deferred outflows of resources for pensions	(10,572)
Increase (decrease) in accounts payable and accrued liabilities	2,130
Increase (decrease) in accrued vacation	1,619
Increase (decrease) in customer deposits	(610)
Total adjustments	222,014
Net cash provided by (used) operating activities	\$ 32,644

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2015

**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, 2015

**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, 2015

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 as determined by quoted market prices. The securities of the NCCMT-Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair value.

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

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, 2015

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>27,741</u>
Total Governmental Activities	\$ <u><u>27,741</u></u>
Business Type Activities	
Water and Sewer Fund	
Customer Deposits	\$ <u>55,270</u>
Total Business Type Activities	\$ <u><u>55,270</u></u>
Total Restricted Cash	\$ <u><u><u>83,011</u></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, 2014. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

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. 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, 2015

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	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 2015 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several 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 in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

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 (30) days earned vacation leave with such leave being fully vested when earned. For the Town's governments-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 current portion of the accumulated vacation pay is not considered to be material; therefore, no expenditure or liability has been reported in the governmental-wide or proprietary funds.

The Town's sick leave policy provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town 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, 2015

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 Public Safety – portion of fund balance assigned for the construction of the Fire Department new building.

**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, 2015

Pension

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of 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, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2015, the Town's deposits had a carrying amount of \$556,728 and a bank balance of \$558,353. Of the bank balance, \$421,869 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, 2015.

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2015

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	6/30/2015
General Fund	
Taxes Receivable	\$ 23,000
Accounts Receivable	-
Total	23,000
Enterprise Funds:	36,270
Total	\$ 59,270

Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental Activities:</b>				
<b>Capital Assets not Being Depreciated:</b>				
Land	\$ 242,799	\$ -	\$ -	\$ 242,799
Construction in Progress	522,257	1,653,118	497,660	1,677,715
Total Capital Assets not Being Depreciated:	765,056	1,653,118	497,660	1,920,514
<b>Capital Assets Being Depreciated:</b>				
Buildings	465,906	497,660	-	963,566
Other Improvements	21,456	-	-	21,456
Equipment	251,429	-	-	251,429
Vehicles	1,288,973	2,400	169,332	1,122,041
Infrastructure	22,000	-	-	22,000
Total Capital Assets Being Depreciated:	2,049,764	500,060	169,332	2,380,492
<b>Less Accumulated Depreciation for:</b>				
Buildings	74,954	8,318	-	83,272
Other Improvements	15,151	859	-	16,010
Equipment	222,409	15,501	-	237,910
Vehicles	1,068,478	89,404	169,332	988,550
Infrastructure	12,320	880	-	13,200
Total Accumulated Depreciation	1,393,312	\$ 114,962	\$ 169,332	1,338,942
Total Capital Assets Being Depreciated, net	656,452			1,041,550
<b>Governmental Activity Capital Assets, net</b>	\$ 1,421,508			\$ 2,962,064

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

General Government	\$ 8,739
Public Safety	82,889
Transportation	23,334
Environmental Protection	-
Cultural and Recreational	-
Total Depreciation Expense	\$ 114,962

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2015

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending 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	45,916	2,400	-	48,316
Total Capital Assets Being Depreciated:	<u>11,059,313</u>	<u>2,400</u>	<u>-</u>	<u>11,061,713</u>
<b>Less Accumulated Depreciation for:</b>				
Plant and Distribution	3,309,137	219,731	-	3,528,868
Equipment	105,880	1,526	-	107,406
Vehicles	45,916	-	-	45,916
Total Accumulated Depreciation	<u>3,460,933</u>	<u>\$ 221,257</u>	<u>\$ -</u>	<u>3,682,190</u>
Total Capital Assets Being Depreciated, net	<u>7,598,380</u>			<u>7,379,523</u>
<b>Water and Sewer Capital Assets, Net</b>	<u>\$ 8,064,738</u>			<u>\$ 7,845,881</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



TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2015

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, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Bladenboro were \$35,421 for the year ended June 30, 2015.

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

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

At June 30, 2015, the Town reported an asset of \$56,970 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the Town's proportion was 0.00966%, which was an increase of 0.000006% from its proportion measured as of June 30, 2013.

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2015

For the year ended June 30, 2015, the Town recognized pension expense of \$3,302. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 6,226
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	132,625
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	1,078
Town contributions subsequent to the measurement date	35,241	-
Total	<u>\$ 35,241</u>	<u>\$ 139,929</u>

\$35,241 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2016	\$ (34,986)
2017	(34,986)
2018	(34,986)
2019	(34,971)
2020	-
Thereafter	-
	<u>\$ (139,929)</u>

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

Inflation	3.0 percent
Salary 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, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

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

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2015

across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

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

*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 (6.25%)</b>	<b>Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 193,379	\$ (56,969)	\$ (267,755)

*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.

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2015

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 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, 2015, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>6</u>
Total	<u>9</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. \$25,129 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.

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2015

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 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, 2015 were \$12,418, which consisted of \$10,188 from the Town and \$2,230 from the law enforcement officers. The Town also provides for all other employees the same plan with a 4.5% Town contribution rate. Contributions for the year ended June 30, 2015 were \$14,435, which consisted of \$12,180 from the Town and \$2,255 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 to 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.

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2015

For the fiscal year ended June 30, 2015, the Town made contributions to the State for death benefits of \$0. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 7.07% and 7.41% of covered payroll, respectively.

Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows

No. Years Contributing	Years Relief	FY Contributions Resume
10 - 20	2	2015
20 or more	3	2016

The period of reprieve is determined separately for law enforcement officers. The Town of Bladenboro will have a three year reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

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	\$ 35,241
	<u>\$ 35,241</u>

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

Prepaid taxes (General Fund)	\$ 738
Taxes Receivable (General Fund)	52,555
Pension deferrals	139,929

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage up to 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.

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2015

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, 2015.

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, 2015, 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 \$74,364. 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 \$73,108. 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 \$9,909. 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 \$24,072. 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 \$33,060. 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 \$22,884. Maturity date is November 2016.

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

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2015

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

Year Ending 30-Jun	Governmental Activities	
	Principal	Interest
2016	61,240	11,806
2017	63,809	9,238
2018	54,731	6,541
2019	31,481	3,998
2020	26,136	1,926
Total	\$ 237,397	\$ 33,509

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 \$47,612. Maturing date is June 2016.
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 \$180,398. Maturity is December 29, 2040.
3. \$907,500 BB&T interim financing agreement dated July 16, 2014 for financing the fire department building construction, payable at maturity plus interest at 1.19%. The amount drawn down at year end was \$793,152. This balance plus amounts drawn down after year end was paid on the maturity date of July 16, 2015 with funds from a long term financing agreement from USDA described in item 4.
4. USDA agreement dated July 16, 2015 is to pay 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.

Water and Sewer Fund

5. First Citizens Bank agreement dated August 2005 for purchase of sewer lift station, payable in 10 annual payments of \$5,276 including interest at 4.50%. Outstanding balance at year-end was \$5,053. Maturing date is August 2015.
6. First Citizens Bank agreement dated October 25, 2010 for financing the match for a grant, payable in five annual payments of \$6,727 including interest at 3.94%. Outstanding balance at year-end was \$6,471. Maturing date is October 2015.



TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2015

For The Town of Bladenboro, the future minimum payments as of June 30, 2015 are as follows (including the terms of the USDA note obtained July 2015 for payoff of the BB&T interim financing):

Year Ending 30-Jun	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2016	935,201	19,316	11,524	482
2017	28,984	7,490	-	-
2018	4,793	6,425	-	-
2019	4,973	6,245	-	-
2020	5,159	6,058	-	-
2021-2025	28,849	27,240	-	-
2026-2030	34,679	21,409	-	-
2031-2035	41,687	14,401	-	-
2036-2040	51,185	5,977	-	-
2041-2045	-	-	-	-
Total	\$ 1,135,510	\$ 114,561	\$ 11,524	\$ 482

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 \$34,302.

For The Town of Bladenboro, the future minimum payments as of June 30, 2015 are as follows:

Year Ending 30-Jun	Business Type Activities	
	Principal	Interest
2016	8,751	938
2017	8,751	704
2018	8,751	469
2019	8,048	234
Total	\$ 34,302	\$ 2,345

At June 30, 2015, Town of Bladenboro had a legal debt margin of \$5,648,009.

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2015

Changes in General Long-Term Liabilities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion of Balance</u>
<b>Governmental Activities:</b>					
Notes Payable	\$ 254,721	\$ 793,152	\$ (26,711)	\$ 1,021,162	\$ 38,434
Capital Leases	296,193	-	(58,796)	237,397	61,240
Net Pension Liability - LGERS	81,002	-	(81,002)	-	-
Compensated Absences	<u>36,692</u>	<u>19,325</u>	<u>(16,256)</u>	<u>39,761</u>	<u>19,325</u>
Total Governmental Activities	<u>\$ 668,608</u>	<u>\$ 812,477</u>	<u>\$ (182,765)</u>	<u>\$ 1,298,320</u>	<u>\$ 118,999</u>
<b>Business-Type Activities:</b>					
<b>Water and Sewer Fund</b>					
Revolving Loan	\$ 43,053	\$ -	\$ (8,751)	\$ 34,302	\$ 8,751
Notes Payable	22,583	-	(11,059)	11,524	11,524
Net Pension Liability - LGERS	34,715	-	(34,715)	-	-
Compensated Absences	<u>7,909</u>	<u>9,567</u>	<u>(7,948)</u>	<u>9,528</u>	<u>9,528</u>
Total Water and Sewer Fund	<u>\$ 108,260</u>	<u>\$ 9,567</u>	<u>\$ (62,473)</u>	<u>\$ 55,354</u>	<u>\$ 29,803</u>

The changes in general long term debt reflect only the amounts drawn down from the interim BBT construction loan. The above maturities of debt payments reflect the actual terms of the refinance construction loan. This leaves \$114,348 to be drawn down in July 2015.

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

The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

**7. Interfund Balances and Activity**

Balances due to/from other funds at June 30, 2015, 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.

	<u>Transfers</u>	
	<u>From</u>	<u>To</u>
Transfers to/from other funds at June 30, 2015, consist of the following:		
General Fund	\$ 20,000	\$ -
Water and Sewer Fund	10,000	-
PARTF Parks Capital Project ( Local Match)	<u>-</u>	<u>30,000</u>
Total operating transfers - other funds	<u>\$ 30,000</u>	<u>\$ 30,000</u>

The transfers were local contributions to the newly constructed community building.

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2015

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>\$ 332,508</b>
<b>Less:</b>	
<b>Stabilization by State Statute</b>	135,513
<b>Debt Service</b>	3,365
<b>Streets - Powell Bill</b>	27,741
<b>Appropriated Fund Balance in 2016 Budget</b>	65,422
<b>Remaining Fund Balance</b>	100,467

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, 2015.

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 October 29, 2015, the date which the financial statements were available for issue.

NOTE 7: CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT

The Town implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the Town to record beginning net pension liability and the effects on net position of contributions made by the Town during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$55,760 and \$23,897, respectively.

TOWN OF BLADENBORO

BLADENBORO, NORTH CAROLINA

(This page left blank intentionally)

Required Supplementary Financial Data

---

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

---

Schedule of Proportionate Share of Net Pension Liability (Asset)

Schedule of Contributions to Local Government Employees' Retirement System

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

Local Government Employees' Retirement System

	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability (asset) (%)	0.00966%	0.00960%
Town's proportion of the net pension liability (asset) (\$)	\$ (56,970)	\$ 115,717
Town's covered-employee payroll	\$ 488,266	\$ 480,600
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	( 11.67%)	24.08%
Plan fiduciary net position as a percentage of the total pension liability**	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 Two Fiscal Years

Local Government Employees' Retirement System

	2015	2014
Contractually required contribution	\$ 35,241	\$ 36,062
Contributions in relation to the contractually required contribution	35,241	36,062
Contribution deficiency (excess)	\$ -	\$ -
Town's covered-employee payroll	\$ 488,266	\$ 480,600
Contributions as a percentage of covered-employee payroll	7.22%	7.50%

TOWN OF BLADENBORO

BLADENBORO, NORTH CAROLINA

(This page left blank intentionally)



## Supplementary Statements

---

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

---

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, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Taxes	\$	\$ 477,340	\$
Penalties and interest		2,569	
Total	<u>485,482</u>	<u>479,909</u>	<u>(5,573)</u>
Other taxes and licenses:			
Motor Vehicle Tax		6,683	
Total	<u>8,840</u>	<u>6,683</u>	<u>(2,157)</u>
Unrestricted intergovernmental:			
Local Option Sales Tax		172,275	
Utility Sales Tax		66,741	
Video Franchise Tax		20,737	
Solid Waste Disposal Tax		1,144	
Telecom Sales Tax		13,235	
Total	<u>253,000</u>	<u>274,132</u>	<u>21,132</u>
Restricted intergovernmental:			
Powell Bill Allocation		59,412	
Grants		25,089	
Total	<u>83,089</u>	<u>84,501</u>	<u>1,412</u>
Permits & Fees:			
Planning and zoning fees		1,055	
Business Registration Fee		10,485	
Court fees		234	
Total	<u>11,472</u>	<u>11,774</u>	<u>302</u>
Sales and services:			
Sanitation Fees		190,413	
Fire District Contract		87,043	
Park Revenue		1,627	
Administration Fee		6,500	
Rent		-	
Total Sales and Services	<u>288,243</u>	<u>285,583</u>	<u>(2,660)</u>
Investment earnings:			
Powell Bill		11	
Regular		344	
Total Other Revenues	<u>500</u>	<u>355</u>	<u>(145)</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, 2015

	Budget	Actual	Variance Positive (Negative)
Other Revenues:			
Police Christmas		1,264	
Sale of Fixed Assets		4,469	
Donations		2,106	
Miscellaneous		20,520	
Total Other Revenues	<u>31,827</u>	<u>28,359</u>	<u>(3,468)</u>
Total Revenues	<u>1,162,453</u>	<u>1,171,296</u>	<u>8,843</u>
General government:			
Governing body:			
Salaries		21,319	
Professional Services		22,265	
Employee Benefits		3,143	
Insurance		3,020	
Capital outlay		-	
Miscellaneous		5,806	
Total	<u>57,080</u>	<u>55,553</u>	<u>1,527</u>
Administration:			
Salaries		49,236	
Employee Benefits		20,413	
Operating Expenses		32,811	
Capital outlay		-	
Total	<u>109,402</u>	<u>102,460</u>	<u>6,942</u>
Public Buildings:			
Utilities		20,644	
Maintenance		11,837	
Departmental Supplies		1,351	
Other operating expenditures		2,190	
Insurance		22,722	
Capital Outlay		-	
Total	<u>58,805</u>	<u>58,744</u>	<u>61</u>
Total General Government	<u>225,287</u>	<u>216,757</u>	<u>8,530</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public safety:			
Police:			
Salaries and employee benefits		215,204	
Special separation allowance		25,129	
Employee Benefits		76,751	
Vehicle maintenance		24,833	
Other operating expenditures		40,367	
Capital outlay		-	
Total	<u>398,206</u>	<u>382,284</u>	<u>15,922</u>
Fire:			
Employee benefits		3,040	
Vehicle maintenance		17,845	
Fireman's Relief Fund		2,041	
Other operating expenditures		77,751	
Capital outlay		-	
Total	<u>109,545</u>	<u>100,677</u>	<u>8,868</u>
Total Public Safety	<u>507,751</u>	<u>482,961</u>	<u>24,790</u>
Transportation:			
Streets and highways:			
Salaries		62,387	
Contracted Services		1,425	
Employee Benefits		27,164	
Vehicle maintenance		9,784	
Grant Expenditure-Capital Outlay		-	
Operating Expenses		55,785	
Capital Outlay		2,400	
Total Streets and Highways	<u>180,137</u>	<u>158,945</u>	<u>21,192</u>
Powell Bill:			
Salaries		12,489	
Employee Benefits		6,067	
Operating Expenses		5,551	
Total Powell Bill	<u>32,216</u>	<u>24,107</u>	<u>8,109</u>
Total Transportation	<u>212,353</u>	<u>183,052</u>	<u>29,301</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, 2015

	Budget	Actual	Variance Positive (Negative)
Environmental Protection:			
Solid Waste:			
Contracted Services		126,746	
Operating Expenses		24,191	
Total Environmental Protection	<u>153,462</u>	<u>150,937</u>	<u>2,525</u>
Culture and recreation:			
Recreation Department:			
Operating Expenses		1,926	
Capital Outlay		-	
Total Recreation Department	<u>3,300</u>	<u>1,926</u>	<u>1,374</u>
Library:			
Contracted Services		7,000	
Operating Expenses		411	
Capital Outlay		-	
Total Library	<u>8,300</u>	<u>7,411</u>	<u>889</u>
Community Events	<u>1,250</u>	<u>1,250</u>	-
Total Culture and Recreation	<u>12,850</u>	<u>10,587</u>	<u>2,263</u>
Debt service:			
Principal retirement		85,507	
Interest and fees		21,447	
Total Debt Service	<u>106,954</u>	<u>106,954</u>	-
Total Expenditures	<u>1,218,657</u>	<u>1,151,248</u>	<u>67,409</u>
Revenues over (under) expenditures	<u>(56,204)</u>	<u>20,048</u>	<u>76,252</u>
Other Financing Sources (Uses):			
Transfers To/From Other Funds:			
To PARTF Park Project	(20,000)	(20,000)	-
Proceeds from Installment Financing	-	-	-
Total Other Financing Sources(Uses)	<u>(20,000)</u>	<u>(20,000)</u>	-
Fund Balance Appropriated	76,204	-	(76,204)
Net Change in Fund Balance	<u>\$ -</u>	48	<u>\$ 48</u>
Fund Balances, Beginning		332,460	
Fund Balances, Ending		<u>\$ 332,508</u>	

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, 2015

	Actual				Variance Positive (Negative)
	Project Author- ization	Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Bladen County Fire District Donation	\$ 600,000	\$ 300,000	\$ 225,000	\$ 525,000	\$ (75,000)
Interest Income	-	6,591	-	6,591	6,591
Total Revenue	<u>600,000</u>	<u>306,591</u>	<u>225,000</u>	<u>531,591</u>	<u>(68,409)</u>
<b>Expenditures:</b>					
Public Safety					
Capital Outlay	1,457,500	81,228	1,243,198	1,324,426	133,074
Capital Outlay-Well	50,000	45,062	-	45,062	4,938
Total Public Safety	<u>1,507,500</u>	<u>126,290</u>	<u>1,243,198</u>	<u>1,369,488</u>	<u>138,012</u>
<b>Other Financing Sources (Uses)</b>					
Interim Finance Proceeds	907,500	-	793,152	793,152	(114,348)
Total Other Financing Sources(Uses)	<u>907,500</u>	<u>-</u>	<u>793,152</u>	<u>793,152</u>	<u>(114,348)</u>
<b>Revenues and Other Sources</b>					
Over Other Uses	\$ <u>-</u>	<u>180,301</u>	(225,046)	<u>(44,745)</u>	\$ <u>(44,745)</u>
Fund Balances, beginning					
			<u>180,301</u>		
Fund Balances, ending					
			\$ <u><u>(44,745)</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, 2015

	Actual				Variance Positive (Negative)
	Project Author- ization	Prior Years	Current Year	Total to Date	
Revenues:					
Restricted Intergovernmental					
PARTF	\$ 213,000	\$ 15,000	\$ 138,642	\$ 153,642	\$ (59,358)
Total Restricted Intergovernmental	<u>213,000</u>	<u>15,000</u>	<u>138,642</u>	<u>153,642</u>	<u>(59,358)</u>
Other Income					
Land Donation	168,000	168,000	-	168,000	-
Kate B Reynolds Trust Grant	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Total Other Income	<u>178,000</u>	<u>178,000</u>	<u>-</u>	<u>178,000</u>	<u>-</u>
Total Revenues	<u>391,000</u>	<u>193,000</u>	<u>138,642</u>	<u>331,642</u>	<u>(59,358)</u>
Expenditures:					
Cultural and Recreational					
Capital Outlay	<u>436,000</u>	<u>208,387</u>	<u>144,902</u>	<u>353,289</u>	<u>82,711</u>
Total Expenditures	<u>436,000</u>	<u>208,387</u>	<u>144,902</u>	<u>353,289</u>	<u>82,711</u>
Revenue over (under) Expenditures	<u>(45,000)</u>	<u>(15,387)</u>	<u>(6,260)</u>	<u>(21,647)</u>	<u>23,353</u>
Other Financing Sources (Uses)					
Transfers To/From Other Funds:					
From General Fund	<u>45,000</u>	<u>40,212</u>	<u>30,000</u>	<u>70,212</u>	<u>25,212</u>
Total Other Financing Sources(Uses)	<u>45,000</u>	<u>40,212</u>	<u>30,000</u>	<u>70,212</u>	<u>25,212</u>
Excess of Revenue and Other Sources over (Under) Expenditures	\$ <u>-</u>	\$ <u>24,825</u>	23,740	\$ <u>48,565</u>	\$ <u>48,565</u>
Fund Balances, beginning			<u>24,825</u>		
Fund Balances, ending			\$ <u>48,565</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, 2015

	Actual				Variance Positive (Negative)
	Project Author- ization	Prior Years	Current Year	Total to Date	
Revenues:					
Restricted Intergovernmental					
CDBG	\$ 500,000	\$ 216,333	\$ 276,327	\$ 492,660	\$ (7,340)
Total Revenues	<u>500,000</u>	<u>216,333</u>	<u>276,327</u>	<u>492,660</u>	<u>(7,340)</u>
Expenditures:					
Capital Outlay Community Center	<u>505,000</u>	<u>232,642</u>	<u>265,018</u>	<u>497,660</u>	<u>7,340</u>
Total Expenditures	<u>505,000</u>	<u>232,642</u>	<u>265,018</u>	<u>497,660</u>	<u>7,340</u>
Revenue over (under) Expenditures	<u>(5,000)</u>	<u>(16,309)</u>	<u>11,309</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 Other Sources over (Under) Expenditures	\$ <u>-</u>	\$ <u>(11,309)</u>	11,309	\$ <u>-</u>	\$ <u>-</u>
Fund Balances, beginning			<u>(11,309)</u>		
Fund Balances, ending			<u>\$ -</u>		



TOWN OF BLADENBORO

BLADENBORO, NORTH CAROLINA

(This page left blank intentionally)

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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Charges for services:			
Water and Sewer Sales	\$	\$ 429,028	\$
Taps and Connection Fees		28,570	
Miscellaneous		1,879	
Total	<u>471,200</u>	<u>459,477</u>	<u>(11,723)</u>
Nonoperating Revenues:			
Gain on Sale of Assets			
Farm Lease		4,908	
Interest Earned on Investment		39	
Total	<u>12,750</u>	<u>4,947</u>	<u>(7,803)</u>
Total revenues	<u>483,950</u>	<u>464,424</u>	<u>(19,526)</u>
<b>Expenditures:</b>			
Administration:			
Salaries		40,169	
Employee Benefits		17,337	
Operating Expenses		28,368	
Total	<u>92,365</u>	<u>85,874</u>	<u>6,491</u>
Water Department:			
Salaries		39,067	
Employee Benefits		14,785	
System Repairs		7,033	
Contract Services		9,003	
Departmental Supplies		19,887	
Operating Expenses		31,895	
Total	<u>154,122</u>	<u>121,670</u>	<u>32,452</u>
Sewer Department:			
Salaries		38,671	
Employee Benefits		13,260	
System Repairs		11,000	
Departmental Supplies		6,357	
Operating Expenses		13,201	
Total	<u>105,716</u>	<u>82,489</u>	<u>23,227</u>
Wastewater Treatment:			
Salaries		27,605	
Employee Benefits		10,941	
System Repairs		1,018	
Departmental Supplies		9,625	
Contract Services		46,643	
Operating Expenses		49,689	
Total	<u>158,979</u>	<u>145,521</u>	<u>13,458</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, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Total General Expenses	<u>511,182</u>	<u>435,554</u>	<u>75,628</u>
Debt service:			
Interest and fees		1,744	
Principal retirement		<u>19,810</u>	
Total debt service	<u>22,163</u>	<u>21,554</u>	<u>609</u>
Capital outlay:			
Administration		-	
Water	2,400	2,400	
Sewer		-	
Wastewater Treatment		-	
Total capital outlay	<u>2,400</u>	<u>2,400</u>	-
Total expenditures	<u>535,745</u>	<u>459,508</u>	<u>76,237</u>
Capital Contributions - Grants	-	-	-
Other Financing Sources(Uses)			
Contribution to Community Bldg Fund	<u>(10,000)</u>	<u>(10,000)</u>	
Total Other Financing Sources(Uses)	<u>(10,000)</u>	<u>(10,000)</u>	-
Fund Balance Appropriated	61,795	-	(61,795)
Revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>(5,084)</u>	\$ <u>(5,084)</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Revenues over expenditures		\$ <u>(5,084)</u>	
Reconciling items:			
Principal retirement		19,810	
(Increase)/Decrease in compensated absences payable		(1,619)	
Pension Expense		(991)	
Deferred outflows of resources for contributions made to pension plan in the current year		10,572	
Capital outlay		2,400	
Depreciation		<u>(221,255)</u>	
Total reconciling items		<u>(191,083)</u>	
Changes in Net Position		\$ <u>(196,167)</u>	

TOWN OF BLADENBORO

BLADENBORO, NORTH CAROLINA

(This page left blank intentionally)

## OTHER SCHEDULES

---

This section includes additional information on property taxes.

---

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

Town of Bladenboro, North Carolina  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
For the Fiscal Year Ended June 30, 2015

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2014</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2015</u>
2014 - 2015	\$ -	\$ 488,179	\$ 463,144	\$ 25,035
2013 - 2014	30,029	-	13,957	16,072
2012 - 2013	11,869	-	2,564	9,305
2011 - 2012	9,114	-	230	8,884
2010 - 2011	3,721	-	207	3,514
2009 - 2010	2,973	-	181	2,792
2008 - 2009	4,243	-	171	4,072
2007 - 2008	2,289	-	36	2,253
2006 - 2007	2,156	-	19	2,137
2005 - 2006	1,491	-	-	1,491
2004 - 2005	1,514	-	1,514	-
	<u>\$ 69,399</u>	<u>\$ 488,179</u>	<u>\$ 482,023</u>	<u>\$ 75,555</u>
			Less Allowance for Doubtful Collections	<u>23,000</u>
				<u>\$ 52,555</u>
	<u>Reconcilement with revenues:</u>			
	Ad valorem taxes - General Fund			\$ 479,909
	Reconciling items:			
	Interest collected			(2,569)
	Releases and Refunds			<u>4,683</u>
	Subtotal			<u>2,114</u>
	Total collections and credits			<u>\$ 482,023</u>

Town of Bladenboro, North Carolina  
**Analysis of Current Tax Levy**  
**Town - Wide Levy**  
For the Fiscal Year Ended June 30, 2015

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 85,650,175	\$ 0.57	\$ 488,206	\$ 428,518	\$ 59,688
Total	<u>85,650,175</u>		<u>488,206</u>	<u>428,518</u>	<u>59,688</u>
Discoveries:					
Current year taxes	<u>338,596</u>	0.57	<u>1,930</u>	<u>1,930</u>	<u>-</u>
Total	<u>338,596</u>		<u>1,930</u>	<u>1,930</u>	<u>-</u>
Abatements:					
Total property valuation	<u>(343,333)</u>	0.57	<u>(1,957)</u>	<u>(1,957)</u>	<u>-</u>
	<u>\$ 86,332,105</u>				
Net levy			488,179	428,491	59,688
Uncollected taxes at June 30, 2015			<u>25,035</u>	<u>25,035</u>	<u>-</u>
Current year's taxes collected			<u>\$ 463,144</u>	<u>\$ 403,456</u>	<u>\$ 59,688</u>
Current levy collection percentage			<u>94.87%</u>	<u>94.16%</u>	<u>100.00%</u>

TOWN OF BLADENBORO

BLADENBORO, NORTH CAROLINA

(This page left blank intentionally)



## COMPLIANCE SECTION





Thompson, Price, Scott, Adams & Co., P.A.  
Post Office Box 1690  
Elizabethtown, North Carolina 28337  
Telephone (910) 862-8129  
Fax (910) 862-8120

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

---

**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, 2015, which collectively comprises the Town of Bladenboro's basic financial statements, and have issued our report thereon dated October 29, 2015.

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 question costs that we consider to be a significant deficiency, 2015-001.

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 questioned cost. 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

October 29, 2015



Thompson, Price, Scott, Adams & Co., P.A.  
Post Office Box 1690  
Elizabethtown, North Carolina 28337  
Telephone (910) 862-8129  
Fax (910) 862-8120

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

---

**Report On Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; In  
Accordance With OMB Circular A-133 and the State Single Audit Implementation Act**

**Independent Auditors' Report**

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

**Report on Compliance for Each Major Federal Program**

We have audited the Town of Bladenboro, North Carolina, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Bladenboro's major federal programs for the year ended June 30, 2015. The Town of Bladenboro's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Town of Bladenboro's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Bladenboro's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

### **Opinion on Each Major Federal Program**

In our opinion, the Town of Bladenboro complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

### **Report on Internal Control Over Compliance**

Management of the Town of Bladenboro is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Bladenboro's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Elizabethtown, North Carolina

October 29, 2015

Town of Bladenboro, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015

---

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

---

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?                           yes              X   no
  
- Significant Deficiency(s) identified  
that are not considered to be  
material weaknesses?                      X   yes                   none reported

Noncompliance material to financial  
statements noted

       yes              X   no

Federal Awards

Internal control over Federal awards:

- Material weakness(es) identified?                          yes              X   no
  
- Significant Deficiency(s) identified  
that are not considered to be  
material weaknesses?                          yes              X   none reported

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

Any audit findings disclosed that are required  
to be reported in accordance with Section  
510(a) of Circular A-133.

      yes              X  no

Identification of major Federal programs:

CFDA #   Program Name  
10.766   Community Facilities Loan and Grant

Dollar threshold used to distinguish between  
Type A and Type B Programs

\$ 300,000

Auditee qualified as low-risk auditee?

      yes              X  no

Town of Bladenboro, North Carolina  
Schedule of Findings and Question Costs  
For the Fiscal Year Ended June 30, 2015

---

**Section II – Financial Statement Findings**

---

SIGNIFICANT DEFICIENCY

2015 – 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.

Recommendation: The duties should be separated as much as possible. 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.

---

**Section III – Federal Award Findings and Questioned Costs**

---

None reported.

---

**Section IV – State Award Findings and Questioned Costs**

---

None reported.



Town of Bladenboro, North Carolina  
Corrective Action Plan  
For the Fiscal Year Ended June 30, 2015

---

**Section II – Financial Statement Findings**

---

SIGNIFICANT DEFICIENCIES

2015 – 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.

---

**Section III – Federal Award Findings and Questioned Costs**

---

None reported.

---

**Section IV – State Award Findings and Questioned Costs**

---

None reported.

Town of Bladenboro, North Carolina  
Summary Schedule of Prior Audit Findings  
For the Fiscal Year Ended June 30, 2015

**Finding: 2014-001**

Status: This finding is still occurring; however action is being considered to compensate for the issue.

Town of Bladenboro, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2015**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed. (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<b>Federal Awards:</b>					
Cash Programs:					
<u>United States Department of Agriculture</u>					
Rural Housing Service					
Community Facilities Loan and Grant	10.766		\$ 907,500	\$ -	\$ 335,698
<u>U.S. Dept. of Housing and Urban Development</u>					
Passed-through N.C. Department of Commerce					
CDBG - State Administered CDBG Cluster					
Community Development Block Grant -	14.228		265,018	-	-
<b>State Awards:</b>					
<u>N.C. Department of Cultural Resources:</u>					
Park and Recreation Trust Fund			-	138,642	6,260
<u>North Carolina Department of Insurance</u>					
Fire and Rescue			-	23,048	23,048
<u>N.C. Department of Transportation</u>					
Powell Bill			-	57,682	-
Total Assistance			\$ <u>1,172,518</u>	\$ <u>219,372</u>	\$ <u>365,006</u>

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Bladenboro under the programs of the federal government and the State of North Carolina for the year ended June 30, 2015. The information in this SEFSA is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Because the SEFSA presents only a select portion of the operations of the Town of Bladenboro, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Town of Bladenboro.

2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments or cost principles contained in Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursements.