

Town of Williamston

FOR THE FISCAL YEAR ENDED JUNE 30, 2015



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Town of Williamston, North Carolina
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June 30, 2015

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the Town Council
Town of Williamston, 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 Williamston, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Williamston, North Carolina'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 from 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 auditors' 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 presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Williamston, North Carolina, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows 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 on pages 4.1 through 4.10, the Law Enforcement Officers' Special Separation Allowance Schedule of Employer Contributions on page 21, the Other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions on pages 22 and 23, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 24 and 25, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Williamston, North Carolina's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and State awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2015, on our consideration of the Town of Williamston's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that 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 the Town of Williamston's internal control over financial reporting and compliance.

Cam, Riggs & Ingram, L.L.C.

Wilson, North Carolina
December 8, 2015

Management's Discussion and Analysis

Town of Williamston, North Carolina Management's Discussion and Analysis June 30, 2015

As management of the Town of Williamston, we offer readers of the Town of Williamston's financial statements this narrative overview and analysis of the financial activities of the Town of Williamston 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.

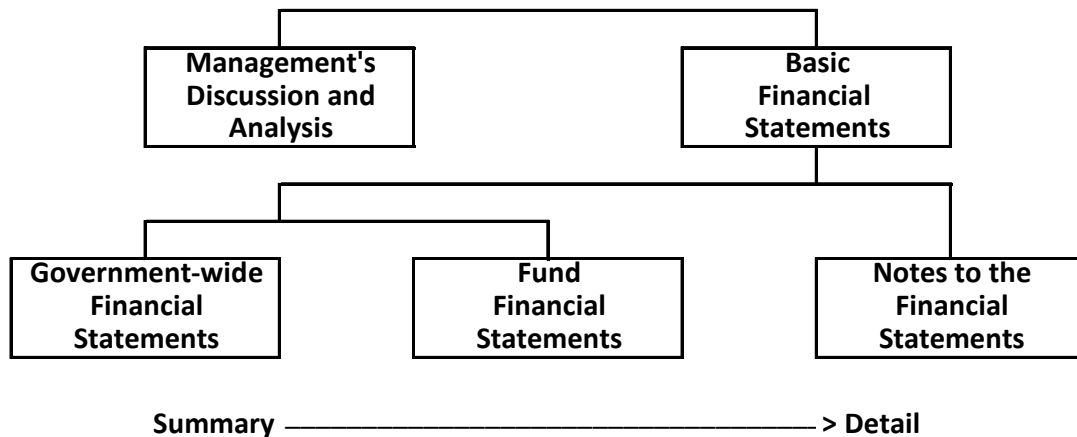
Financial Highlights

- The assets of the Town of Williamston exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$25,591,876 (*net position*).
- The government's total net position increased by \$1,932,752, primarily due to increases in the business-type activities net position.
- As of the close of the current fiscal year, the Town of Williamston's governmental funds reported combined ending fund balances of \$3,252,367, an increase of \$168,093. Approximately 22.14 percent of this total amount, or \$719,980, is non spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,373,040, or 42.86% of total general fund expenditures for the fiscal year.
- The Town of Williamston's total debt decreased by \$788,136 (14.57%) during the current fiscal year. Governmental activity debt decreased \$212,000 while Water and Sewer debt decreased \$576,136.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Williamston'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 Williamston.

Figure 1
Required Components of Annual Financial Report



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 12) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

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

Town of Williamston, North Carolina Management's Discussion and Analysis June 30, 2015

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

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Williamston, 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 Williamston can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

The Town of Williamston 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.

Town of Williamston, North Carolina
Management's Discussion and Analysis
June 30, 2015

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

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Town of Williamston has two fiduciary funds, an Other Post Employment Benefits Trust Fund and a Private Purpose Trust Fund related to library maintenance.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 20.1 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Williamston's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 21 of this report.

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

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Government-Wide Financial Analysis

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 3,862,928	\$ 3,780,712	\$ 7,302,521	\$ 6,957,657	\$ 11,165,449	\$ 10,738,369
Non-current assets	273,877	-	44,586	-	318,463	-
Capital assets	10,356,479	10,600,795	10,738,770	10,051,278	21,095,249	20,652,073
Deferred outflows of resources	189,787	-	30,897	-	220,684	-
Total assets and deferred outflows of resources	<u>14,683,071</u>	<u>14,381,507</u>	<u>18,116,774</u>	<u>17,008,935</u>	<u>32,799,845</u>	<u>31,390,442</u>
Current liabilities	474,805	680,960	782,311	781,623	1,257,116	1,462,583
Long-term liabilities	1,355,759	1,399,343	3,808,181	4,385,283	5,163,940	5,784,626
Deferred inflows of resources	678,248	48,484	108,665	-	786,913	48,484
Total liabilities and deferred inflows of resources	<u>2,508,812</u>	<u>2,128,787</u>	<u>4,699,157</u>	<u>5,166,906</u>	<u>7,207,969</u>	<u>7,295,693</u>
Net position:						
Net investment in capital assets	10,020,479	9,781,437	6,453,166	5,189,538	16,473,645	14,970,975
Restricted	704,878	1,002,208	-	-	704,878	1,002,208
Unrestricted	1,448,902	1,469,075	6,964,451	6,652,491	8,413,353	8,121,566
Total net position	<u>\$ 12,174,259</u>	<u>\$ 12,252,720</u>	<u>\$ 13,417,617</u>	<u>\$ 11,842,029</u>	<u>\$ 25,591,876</u>	<u>\$ 24,094,749</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 the Town of Williamston exceeded liabilities and deferred inflows by \$25,591,876 as of June 30, 2015. The Town's net position increased by \$1,932,752 for the fiscal year ended June 30, 2015. However, the largest portion (64.37%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Williamston uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Williamston'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 of Williamston's net position (2.75%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8,413,353 is unrestricted. Also, the Town of Williamston 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 \$435,625. Decisions regarding the allocations are made by the administrators of the pension plan, not by the Town of Williamston's management.

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

- Continued diligence in the collection of property taxes by increasing aggressive collection procedures through the debt setoff program, garnishments and bank account attachments.
- Sales tax receipts have shown significant improvement in recent years as a combined result of local commercial development and an increase in tourist activity. The latter is attributable to the

Town of Williamston, North Carolina
Management's Discussion and Analysis
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benefits of travel on Highway 64 and the constantly improving popularity of the Senator Bob Martin facility.

- Continued low cost of debt due to the Town's sound financial position.

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
REVENUES:						
Program revenues:						
Charges for services	\$ 539,986	\$ 527,429	\$ 3,598,769	\$ 3,553,639	\$ 4,138,755	\$ 4,081,068
Operating grants & contributions	1,131,599	2,248,296	-	27,660	1,131,599	2,275,956
Capital grants & contributions	253,929	254	1,000,000	3,201	1,253,929	3,455
General revenues:						
Property taxes	2,787,392	2,738,620	-	-	2,787,392	2,738,620
Other taxes	1,027,118	1,116,110	-	-	1,027,118	1,116,110
Grants and contributions not restricted to specific programs	481,187	378,075	-	-	481,187	378,075
Unrestricted investment earnings	1,419	1,448	10,202	11,449	11,621	12,897
Miscellaneous	62,780	52,518	2,445	1,254	65,225	53,772
Total revenues	<u>6,285,410</u>	<u>7,062,750</u>	<u>4,611,416</u>	<u>3,597,203</u>	<u>10,896,826</u>	<u>10,659,953</u>
EXPENSES:						
Governmental activities:						
General government	503,428	507,038	-	-	503,428	507,038
Public safety	3,142,854	4,022,775	-	-	3,142,854	4,022,775
Transportation	675,784	586,431	-	-	675,784	586,431
Economic and physical development	193,753	455,942	-	-	193,753	455,942
Environmental protection	577,017	671,758	-	-	577,017	671,758
Cultural and recreational	854,520	816,982	-	-	854,520	816,982
Interest on long-term debt	18,146	26,078	-	-	18,146	26,078
Business-type activities:						
Water and sewer	-	-	2,998,572	2,767,745	2,998,572	2,767,745
Total expenses	<u>5,965,502</u>	<u>7,087,004</u>	<u>2,998,572</u>	<u>2,767,745</u>	<u>8,964,074</u>	<u>9,854,749</u>
Increase (decrease) in net position before transfers	319,908	(24,254)	1,612,844	829,458	1,932,752	805,204
Transfers	(23,731)	123,843	23,731	(123,843)	-	-
Increase (decrease) in net position	296,177	99,589	1,636,575	705,615	1,932,752	805,204
NET POSITION, BEGINNING, PREVIOUSLY REPORTED	12,252,720	12,153,131	11,842,029	11,136,414	24,094,749	23,289,545
Restatement	(374,638)	-	(60,987)	-	(435,625)	-
NET POSITION, BEGINNING, RESTATED	11,878,082	12,153,131	11,781,042	11,136,414	23,659,124	23,289,545
NET POSITION, ENDING	<u>\$ 12,174,259</u>	<u>\$ 12,252,720</u>	<u>\$ 13,417,617</u>	<u>\$ 11,842,029</u>	<u>\$ 25,591,876</u>	<u>\$ 24,094,749</u>

Town of Williamston, North Carolina Management's Discussion and Analysis June 30, 2015

Governmental activities: Governmental activities increased the Town's net position by \$296,177, thereby accounting for 15.32% of the total growth in the net position of the Town of Williamston. The key elements of this increase are as follows:

- Increases in restricted intergovernmental revenue.
- Capital grants and contributions in the amount of \$253,929 positively affected the Town's net position.

Business-type activities: Business-type activities increased the Town of Williamston's net position by \$1,636,575, accounting for 84.68% of the total growth in the government's net position. The key element of this increase is as follows:

- Capital grants and contributions in the amount of \$1,000,000 positively affected the Town's net position.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Williamston's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Williamston's financing requirements.

The General Fund is the chief operating fund of the Town of Williamston. At the end of the current fiscal year, the Town of Williamston's fund balance unassigned in the General Fund was \$2,373,040, while total fund balance reached \$3,101,900. 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 42.86% of total General Fund expenditures, while total fund balance represents 56.03% of that same amount.

At June 30, 2015, the governmental funds of the Town of Williamston reported a combined fund balance of \$3,252,367 with a net increase in fund balance of \$168,093. Included in this change in fund balance are increases in both the fund balance in the General Fund and in the other governmental funds.

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

Revenues were less than the budgeted amounts primarily because miscellaneous income received was less than the Town originally had expected to receive. Expenditures were held in check to allow the Town to comply with its budgetary requirements.

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Proprietary Funds. The Town of Williamston'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 \$6,964,451. The total increase in net position for the fund was \$1,636,575. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Williamston's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Williamston's investment in capital assets for its governmental and business-type activities as of June 30, 2015, totals \$21,095,249 (net of accumulated depreciation). These assets include buildings, infrastructure, 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):

- Land and current year construction in progress of \$173,371 in governmental-type activities for various infrastructure assets.
- Current year capital asset additions of \$384,523 in governmental-type activities.
- Current year construction in progress of \$1,196,190 in business-type activities for various infrastructure assets.
- Current year capital asset additions of \$64,984 in business-type activities.

SUMMARY OF CAPITAL ASSETS
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 707,276	\$ 554,601	\$ 112,022	\$ 112,022	\$ 819,298	\$ 666,623
Buildings	779,170	865,683	94,492	101,641	873,662	967,324
Land improvements	1,242,148	1,346,373	42,262	45,080	1,284,410	1,391,453
Plant & distribution/ collection systems	-	-	10,068,453	8,420,475	10,068,453	8,420,475
Equipment & furniture	735,990	688,884	121,804	113,086	857,794	801,970
Vehicles & motorized equipment	1,238,176	1,378,914	82,207	72,819	1,320,383	1,451,733
Infrastructure	4,856,307	4,989,624	-	-	4,856,307	4,989,624
Construction in progress	797,412	776,716	217,530	1,186,155	1,014,942	1,962,871
TOTALS	\$ 10,356,479	\$ 10,600,795	\$ 10,738,770	\$ 10,051,278	\$ 21,095,249	\$ 20,652,073

Additional information on the Town's capital assets can be found in Note III.A.4 of the Basic Financial Statements.

Town of Williamston, North Carolina
Management's Discussion and Analysis
June 30, 2015

Long-Term Debt. As of June 30, 2015, the Town of Williamston had debt outstanding of \$4,621,604. Of this, \$336,000 represents governmental activities installment purchase financing debt and \$4,285,604 represents business-type activities debt related to water and sewer improvements.

TOWN OF WILLIAMSTON'S OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Installment purchase debt - Williamston Rec Park	\$ 150,000	\$ 300,000	\$ -	\$ -	\$ 150,000	\$ 300,000
Installment purchase debt - Fire Truck	186,000	248,000	-	-	186,000	248,000
NC Clean Water Revolving Loan	-	-	2,838,888	3,204,920	2,838,888	3,204,920
Drinking Water State Revolving Loan	-	-	1,188,502	1,251,055	1,188,502	1,251,055
Installment purchase debt - WWTP Chlorination	-	-	258,214	405,765	258,214	405,765
TOTALS	\$ 336,000	\$ 548,000	\$ 4,285,604	\$ 4,861,740	\$ 4,621,604	\$ 5,409,740

The Town of Williamston's total debt decreased by \$788,136 (14.57%) during the current year.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Williamston is \$25,458,666. The Town has no bonds authorized but un-issued at June 30, 2015.

Additional information regarding the Town of Williamston's long-term debt can be found in Note III.B.7 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- Commercial growth although slow remains steady. We have had several new businesses build in town and expect more new builds in the coming year. Additionally we have had two major renovations occur in our downtown business district. Our available retail space has diminished throughout all business districts. We continue to seek more investment in our downtown.
- The local unemployment rate remains steady from the previous year showing a stable local economy even though not growing to any great extent.
- Our annexation project continues to move forward with expectation of having all the water and sewer completed in the 2016 calendar year.

Town of Williamston, North Carolina
Management's Discussion and Analysis
June 30, 2015

Budget Highlights for the Fiscal Year Ending June 30, 2016

Governmental Activities: Property taxes and revenues from unrestricted intergovernmental revenues are again expected to remain steady. Sales tax revenues are anticipated to increase slightly from last year due to annexation and the State adjusting the distribution formula.

Budgeted expenditures in the General Fund are \$5,900,872. This is a slight increase from last year due to a \$250,000 Brownfields grant to mitigate contamination at the Roanoke River. Debt service payments in the General Fund continue to decrease. This year our debt service liability equates to 5.91% of the budget; down from 6.14% last year. We will also make our final payment on our Godwin-Coppage Park debt which should equate to a significant reduction to our total debt service liabilities.

Business-type Activities: Total budgeted expenditures for the Water and Sewer fund for the upcoming year are \$4,560,213. This is a large increase from the previous year due to our requirement to purchase all our water from the Martin County Water and Sewer Authority (MCRWASA). This purchase requirement is \$1,312,409 and accounts for all of the increase in the Enterprise fund. The total expenditures in this fund also included debt service payments for the upgrade to our SCADA system and a major Inflow and Infiltration (I&I) project. Both projects are financed by zero interest rate loans from the State. To cover this large increase in expenditures water rates were significantly increased. Sewer Rates remain unchanged from the previous year. The membership fee previously charged to cover the startup costs of the MCRWASA is no longer being charged since the plant will be operational in the Fiscal 2016 budget year. When the plant is operational and the Town has a good feel for the impact of this state mandate, both the water and sewer rates will be reevaluated for adequacy and possible adjustment up or down.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Administrator, Town of Williamston, P.O. Box 506, Williamston, NC 27892. One can also call (252)792-5142, visit our website www.townofwilliamston.com or send an email to epearson@townofwilliamston.com for more information.

Town Council Members

Tommy E. Roberson, Mayor

Al R. Chesson, Mayor Pro Tem

Herman Daniels

Junious J. Horton

Jerry Knox

William Coffield

Administrative and Financial Staff

Eric Pearson, Town Administrator

Linda Harrison, Finance Officer

Tiffany White, Tax Collector

Basic Financial Statements

Town of Williamston, North Carolina
Statement of Net Position
June 30, 2015
Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,606,760	\$ 6,783,091	\$ 9,389,851
Taxes receivable (net)	578,338	-	578,338
Accrued interest receivable on taxes	114,954	-	114,954
Accounts receivable (net)	125,975	296,209	422,184
Due from other governments	418,210	-	418,210
Internal balances	(99,290)	99,290	-
Inventories	15,102	-	15,102
Restricted cash and cash equivalents	102,879	123,931	226,810
Total current assets	<u>3,862,928</u>	<u>7,302,521</u>	<u>11,165,449</u>
Non-current assets:			
Restricted net pension asset	273,877	44,586	318,463
Capital assets:			
Land, non-depreciable improvements, and construction in progress	1,504,688	329,552	1,834,240
Other capital assets, net of depreciation	8,851,791	10,409,218	19,261,009
Total capital assets	<u>10,356,479</u>	<u>10,738,770</u>	<u>21,095,249</u>
TOTAL ASSETS	<u>14,493,284</u>	<u>18,085,877</u>	<u>32,579,161</u>
DEFERRED OUTFLOWS OF RESOURCES			
Contributions to pension plan in current fiscal year	189,787	30,897	220,684
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	146,502	71,057	217,559
Miscellaneous liabilities	8,771	-	8,771
Current portion of long-term liabilities	319,532	587,323	906,855
Payable from restricted assets	-	123,931	123,931
Total current liabilities	<u>474,805</u>	<u>782,311</u>	<u>1,257,116</u>
Long-term liabilities:			
Due in more than one year	1,355,759	3,808,181	5,163,940
TOTAL LIABILITIES	<u>1,830,564</u>	<u>4,590,492</u>	<u>6,421,056</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	10,740	-	10,740
Pension deferrals	667,508	108,665	776,173
Total deferred inflows of resources	<u>678,248</u>	<u>108,665</u>	<u>786,913</u>
NET POSITION			
Net investment in capital assets	10,020,479	6,453,166	16,473,645
Restricted for:			
Stabilization by state statute	601,999	-	601,999
Streets	102,879	-	102,879
Unrestricted	1,448,902	6,964,451	8,413,353
TOTAL NET POSITION	<u>\$ 12,174,259</u>	<u>\$ 13,417,617</u>	<u>\$ 25,591,876</u>

The accompanying footnotes are an integral part of these financial statements

Town of Williamston, North Carolina
Statement of Activities
For the Fiscal Year Ended June 30, 2015
Exhibit 2

	Program Revenues		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS	Expenses		
PRIMARY GOVERNMENT:			
GOVERNMENTAL ACTIVITIES:			
General government	\$ 503,428	\$ 2,540	\$ -
Public safety	3,142,854	462,447	733,913
Transportation	675,784	5,344	171,099
Economic and physical development	193,753	-	145,963
Environmental protection	577,017	47,550	70,947
Cultural and recreational	854,520	22,105	9,677
Interest on long-term debt	18,146	-	-
Total governmental activities	5,965,502	539,986	1,131,599
BUSINESS-TYPE ACTIVITIES:			
Water and sewer	2,998,572	3,598,769	-
Total primary government	\$ 8,964,074	\$ 4,138,755	\$ 1,131,599
			\$ 1,253,929

The accompanying footnotes are an integral part of these financial statements

Town of Williamston, North Carolina
Statement of Activities
For the Fiscal Year Ended June 30, 2015
Exhibit 2

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
FUNCTIONS/PROGRAMS			
PRIMARY GOVERNMENT:			
GOVERNMENTAL ACTIVITIES:			
General government	\$ (500,888)	\$ -	\$ (500,888)
Public safety	(1,922,628)	-	(1,922,628)
Transportation	(374,341)	-	(374,341)
Economic and physical development	(47,790)	-	(47,790)
Environmental protection	(458,520)	-	(458,520)
Cultural and recreational	(717,675)	-	(717,675)
Interest on long-term debt	(18,146)	-	(18,146)
Total governmental activities	<u>(4,039,988)</u>	-	<u>(4,039,988)</u>
BUSINESS-TYPE ACTIVITIES:			
Water and sewer	-	1,600,197	1,600,197
Total primary government	<u>(4,039,988)</u>	<u>1,600,197</u>	<u>(2,439,791)</u>
GENERAL REVENUES:			
Taxes:			
Property taxes, levied for general purpose	2,787,392	-	2,787,392
Other taxes	1,027,118	-	1,027,118
Grants & contributions not restricted to specific programs	481,187	-	481,187
Unrestricted investment earnings	1,419	10,202	11,621
Miscellaneous	62,780	2,445	65,225
Transfers	(23,731)	23,731	-
Total general revenues and transfers	<u>4,336,165</u>	<u>36,378</u>	<u>4,372,543</u>
Change in net position	296,177	1,636,575	1,932,752
NET POSITION, BEGINNING, PREVIOUSLY REPORTED	12,252,720	11,842,029	24,094,749
Restatement	(374,638)	(60,987)	(435,625)
NET POSITION, BEGINNING, RESTATED	11,878,082	11,781,042	23,659,124
NET POSITION, ENDING	<u>\$ 12,174,259</u>	<u>\$ 13,417,617</u>	<u>\$ 25,591,876</u>

The accompanying footnotes are an integral part of these financial statements

Town of Williamston, North Carolina
Governmental Funds
Balance Sheet
June 30, 2015
Exhibit 3

	Major Funds	Non-Major Funds Other Governmental Funds	Total Governmental Funds
	General		
ASSETS			
Cash and cash equivalents	\$ 2,546,266	\$ 60,494	\$ 2,606,760
Restricted cash	102,879	-	102,879
Taxes receivable, net	578,338	-	578,338
Accounts receivable, net	975	125,000	125,975
Due from other funds	182,814	-	182,814
Due from other governments	418,210	-	418,210
Inventories	15,102	-	15,102
TOTAL ASSETS	<u>\$ 3,844,584</u>	<u>\$ 185,494</u>	<u>\$ 4,030,078</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 144,835	\$ 1,667	\$ 146,502
Miscellaneous liabilities	8,771	-	8,771
Due to other funds	-	33,360	33,360
Total liabilities	<u>153,606</u>	<u>35,027</u>	<u>188,633</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	578,338	-	578,338
Prepaid taxes	10,740	-	10,740
Total deferred inflows of resources	<u>589,078</u>	<u>-</u>	<u>589,078</u>
FUND BALANCES			
Non spendable:			
Inventories	15,102	-	15,102
Restricted:			
Stabilization by state statute	601,999	-	601,999
Streets	102,879	-	102,879
Assigned:			
Public safety	8,880	-	8,880
Transportation	-	181,156	181,156
Economic and physical development	-	2,671	2,671
Subsequent year's expenditures	-	-	-
Unassigned	2,373,040	(33,360)	2,339,680
Total fund balances	<u>3,101,900</u>	<u>150,467</u>	<u>3,252,367</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 3,844,584</u>	<u>\$ 185,494</u>	<u>\$ 4,030,078</u>

The accompanying footnotes are an integral part of these financial statements

Town of Williamston, North Carolina
Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
For the Fiscal Year Ended June 30, 2015
Exhibit 4

Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position follows:

Total fund balances of governmental funds		\$ 3,252,367
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 19,213,207	
Less accumulated depreciation	<u>(8,856,728)</u>	
Net capital assets		10,356,479
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred		114,954
Net pension asset		273,877
Deferred outflows of resources related to pensions:		
Differences between contributions and proportional share of contributions and changes in proportion		1,456
Contributions made to the pension plan in current fiscal year		188,331
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		578,338
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and therefore are not reported in the fund statements:		
Installment financing debt		(336,000)
Internal balances		(248,744)
Other postemployment benefits		(1,131,693)
Compensated absences		(207,598)
Deferred inflows of resources related to pensions:		
Differences between expected and actual experience		(29,926)
Differences between projected and actual earnings on plan investments		<u>(637,582)</u>
Net position of governmental activities		<u>\$ 12,174,259</u>

The accompanying footnotes are an integral part of these financial statements

Town of Williamston, North Carolina
Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2015

Exhibit 5

	Major Funds	Non-Major Funds	
		Other Governmental Funds	Total Governmental Funds
	General		
REVENUES			
Ad valorem taxes	\$ 2,646,793	\$ -	\$ 2,646,793
Other taxes and licenses	21,101	-	21,101
Unrestricted intergovernmental	1,410,369	-	1,410,369
Restricted intergovernmental	887,021	250,273	1,137,294
Permits and fees	82,184	-	82,184
Sales and services	539,069	-	539,069
Investment earnings	1,407	12	1,419
Miscellaneous and project income	4,999	138,739	143,738
Total revenues	5,592,943	389,024	5,981,967
EXPENDITURES			
Current:			
General government	487,718	-	487,718
Public safety	2,872,680	54,952	2,927,632
Transportation	603,917	-	603,917
Economic and physical development	180,023	146,325	326,348
Environmental protection	549,027	63,097	612,124
Cultural and recreational	612,684	-	612,684
Debt service:			
Principal	212,000	-	212,000
Interest and other charges	18,146	-	18,146
Capital outlay	-	20,696	20,696
Total expenditures	5,536,195	285,070	5,821,265
Revenues over expenditures	56,748	103,954	160,702
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	53,188	-	53,188
Insurance claims	4,593	-	4,593
Loan repayments to Water & Sewer Fund	(22,614)	-	(22,614)
Transfers from other funds	-	8,584	8,584
Transfers to other funds	(32,315)	-	(32,315)
Total other financing sources (uses)	2,852	8,584	11,436
Revenues and other financing sources over expenditures and other uses	59,600	112,538	172,138
FUND BALANCES, BEGINNING			
Change in reserve for inventories	(4,045)	-	(4,045)
FUND BALANCES, ENDING	\$ 3,101,900	\$ 150,467	\$ 3,252,367

The accompanying footnotes are an integral part of these financial statements

Town of Williamston, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balance of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2015
Exhibit 6

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

Net changes in fund balances of governmental funds	\$ 172,138
Change in fund balance due to change in reserve for inventories	(4,045)
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	452,831
Fair value of donated assets	105,063
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(802,210)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	188,330
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:	
Loan repayments to Water and Sewer Fund	22,614
Principal payments on long-term debt	212,000
Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements:	
Change in unavailable revenue for tax revenues	119,474
Increase in accrued interest receivable on taxes	21,125
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the fund statements:	
Pension expense	(17,536)
Compensated absences	(24,022)
Other postemployment benefits	(149,585)
	(171,133)
Total changes in net position of governmental activities	\$ 296,177

The accompanying footnotes are an integral part of these financial statements

Town of Williamston, North Carolina
General Fund

**Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Fiscal Year Ended June 30, 2015
Exhibit 7**

General Fund				
Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	
REVENUES				
Ad valorem taxes	\$ 2,609,500	\$ 2,609,500	\$ 2,646,793	\$ 37,293
Other taxes and licenses	20,000	20,000	21,101	1,101
Unrestricted intergovernmental	1,438,800	1,438,800	1,410,369	(28,431)
Restricted intergovernmental	842,050	869,450	887,021	17,571
Permits and fees	58,075	58,075	82,184	24,109
Sales and services	563,744	563,444	539,069	(24,375)
Investment earnings	1,400	1,400	1,407	7
Miscellaneous income	2,970	281,481	4,999	(276,482)
Total revenues	<u>5,536,539</u>	<u>5,842,150</u>	<u>5,592,943</u>	<u>(249,207)</u>
EXPENDITURES				
Current:				
General government	542,290	600,790	487,718	113,072
Public safety	2,940,796	3,032,562	2,872,680	159,882
Transportation	586,427	664,427	603,917	60,510
Economic and physical development	149,685	184,185	180,023	4,162
Environmental protection	453,644	583,489	549,027	34,462
Cultural and recreational	692,320	692,320	612,684	79,636
Debt service:				
Principal	301,225	301,225	212,000	89,225
Interest and other charges	27,272	27,272	18,146	9,126
Total expenditures	<u>5,693,659</u>	<u>6,086,270</u>	<u>5,536,195</u>	<u>550,075</u>
Revenues over (under) expenditures	<u>(157,120)</u>	<u>(244,120)</u>	<u>56,748</u>	<u>300,868</u>
OTHER FINANCING SOURCES (USES)				
Fund balance appropriated - Powell Bill	-	78,000	-	(78,000)
Sale of capital assets	6,000	6,000	53,188	47,188
Insurance claims	1,000	1,000	4,593	3,593
Installment purchase proceeds	172,734	231,734	-	(231,734)
Loan repayments to Water and Sewer Fund	(22,614)	(22,614)	(22,614)	-
Transfers to other funds	-	(50,000)	(32,315)	17,685
Total other financing sources (uses)	<u>157,120</u>	<u>244,120</u>	<u>2,852</u>	<u>(241,268)</u>
Revenues and other financing sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>59,600</u>	<u>\$ 59,600</u>
FUND BALANCE, BEGINNING		3,046,345		
Change in reserve for inventories		(4,045)		
FUND BALANCE, ENDING		<u><u>\$ 3,101,900</u></u>		

The accompanying footnotes are an integral part of these financial statements

Town of Williamston, North Carolina
Proprietary Funds
Statement of Fund Net Position
June 30, 2015
Exhibit 8

	Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 6,783,091
Accounts receivable (net)	296,209
Loan receivable - General Fund	22,614
Restricted cash and cash equivalents	123,931
Total current assets	7,225,845
Non-current assets:	
Loan receivable - General Fund	226,130
Restricted net pension asset	44,586
Total non-current assets	270,716
Capital assets:	
Land and other non-depreciable assets	329,552
Other capital assets, net of depreciation	10,409,218
Capital assets (net)	10,738,770
TOTAL ASSETS	18,235,331
DEFERRED OUTFLOWS OF RESOURCES	
Contributions to pension plan	30,897
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	71,057
Due to other funds	149,454
Compensated absences payable - current	16,879
NC Clean Water Revolving Loan - current	360,340
Drinking Water State Revolving Loan - current	62,553
Installment purchase payable - current	147,551
Liabilities payable from restricted assets:	
Customer deposits	123,931
Total current liabilities	931,765
Noncurrent liabilities:	
Other postemployment benefits	79,750
Compensated absences payable	13,271
NC Clean Water Revolving Loan	2,478,548
Drinking Water State Revolving Loan	1,125,949
Installment purchase payable	110,663
Total noncurrent liabilities	3,808,181
TOTAL LIABILITIES	4,739,946
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	108,665
NET POSITION	
Net investment in capital assets	6,453,166
Unrestricted	6,964,451
TOTAL NET POSITION	\$ 13,417,617

The accompanying footnotes are an integral part of these financial statements

Town of Williamston, North Carolina
Proprietary Funds

Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2015
Exhibit 9

	Water and Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 3,557,944
Water and sewer taps	6,725
Other operating revenues	34,100
Total operating revenues	3,598,769
OPERATING EXPENSES	
Water treatment and distribution	1,084,941
Water District 1	46,036
Water District 2	156,724
Waste collection and treatment	1,067,433
Depreciation	573,683
Total operating expenses	2,928,817
Operating income	669,952
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	10,202
Miscellaneous	2,445
Interest and other charges	(69,755)
Total nonoperating revenues (expenses)	(57,108)
Income before contributions and transfers	612,844
Capital contributions	1,000,000
Transfers from other funds	23,731
CHANGE IN NET POSITION	1,636,575
TOTAL NET POSITION, BEGINNING, PREVIOUSLY REPORTED	11,842,029
Restatement	(60,987)
TOTAL NET POSITION, BEGINNING, RESTATED	11,781,042
TOTAL NET POSITION, ENDING	\$ 13,417,617

The accompanying footnotes are an integral part of these financial statements

Town of Williamston, North Carolina
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2015
Exhibit 10

	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 3,511,810
Cash paid for goods and services	(1,804,816)
Cash paid to or on behalf of employees for services	(568,533)
Customer deposits received (net)	8,895
Net cash provided by operating activities	1,147,356
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Increase in due to other funds	149,454
Transfers from other funds	23,731
Miscellaneous revenue	2,445
Net cash provided by noncapital financing activities	175,630
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
NC Clean Water Revolving Loan proceeds	1,230,251
Drinking Water State Revolving Loan proceeds	325,069
Acquisition and construction of capital assets	(1,279,938)
Principal paid on NC Clean Water Revolving Loan	(362,439)
Principal paid on NC Drinking Water State Revolving Loan	(62,553)
Principal paid on installment purchase contract	(147,551)
Interest paid on NC Clean Water Revolving Loan	(56,106)
Interest paid on installment purchase contract	(13,649)
Net cash provided (used) by capital and related financing activities	(366,916)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	10,202
Loan repayments from General Fund	22,614
Net cash provided by investing activities	32,816
Net increase (decrease) in cash and cash equivalents	988,886
CASH AND CASH EQUIVALENTS, BEGINNING	5,918,136
CASH AND CASH EQUIVALENTS, ENDING	\$ 6,907,022

The accompanying footnotes are an integral part of these financial statements

Town of Williamston, North Carolina
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2015
Exhibit 10

Water and Sewer Fund

**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating income	<u>\$ 669,952</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	573,683
Pension expense	2,855
Changes in assets, deferred outflows of resources and liabilities:	
(Increase) decrease in accounts receivable	(112,414)
Increase (decrease) in allowance for doubtful accounts	25,455
(Increase) decrease in deferred outflows of resources for pensions	(30,659)
Increase (decrease) in accounts payable and accrued liabilities	11,072
Increase (decrease) in customer deposits	8,895
Increase (decrease) in compensated absences payable	1,388
Increase (decrease) in accrued OPEB liability	<u>(2,871)</u>
Total adjustments	<u>477,404</u>
Net cash provided by operating activities	<u><u>\$ 1,147,356</u></u>

The accompanying footnotes are an integral part of these financial statements

Town of Williamston, North Carolina
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2015
Exhibit 11

	OPEB Trust Fund	Martin Memorial Library Trust Fund
ASSETS		
Cash and cash equivalents	\$ 260,919	\$ 36,435
LIABILITIES AND NET POSITION		
Liabilities	\$ -	\$ -
Net Position:		
Assets held in trust for OPEB benefits	260,919	-
Assets held in trust for citizens of the Town of Williamston	-	36,435
Total net position	<u>\$ 260,919</u>	<u>\$ 36,435</u>

The accompanying footnotes are an integral part of these financial statements

Town of Williamston, North Carolina
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2015
Exhibit 12

	OPEB Trust Fund	Martin Memorial Library Trust Fund
ADDITIONS:		
Employer contributions	\$ 194,802	\$ -
Martin Memorial Library - roof repairs	-	26,647
Investment income:		
Net appreciation in fair value of investments	4,522	-
Interest	2,219	7
Total additions	<u>201,543</u>	<u>26,654</u>
DEDUCTIONS:		
Benefits	94,802	-
Library repairs	-	33,211
Total deductions	<u>94,802</u>	<u>33,211</u>
Change in net position	106,741	(6,557)
NET POSITION, BEGINNING	<u>154,178</u>	<u>42,992</u>
NET POSITION, ENDING	<u>\$ 260,919</u>	<u>\$ 36,435</u>

The accompanying footnotes are an integral part of these financial statements

Notes to the Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Williamston 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 Williamston is a municipal corporation that is governed by an elected mayor and a five-member council.

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

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

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

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

Town of Williamston, North Carolina Notes to the Financial Statements

The Town reports the following major governmental funds:

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

The Town reports the following non-major governmental funds:

Grant Project Special Revenue Fund. This fund is used to account for four grant project funds that are restricted for use for a particular purpose.

Capital Projects Fund. This fund is used to account for two governmental capital projects that are related to transportation improvements.

The Town reports the following major enterprise fund:

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

The Town reports the following fund types:

Fiduciary Funds. Fiduciary funds are used to account for assets the Town holds on behalf of others. The Town maintains one Other Postemployment Benefits Trust Fund and one Private Purpose Trust Fund.

Other Postemployment Benefits Trust Fund. The Town maintains the Other Postemployment Benefits Trust Fund to report resources that are required to be held in trust for the members of the Other Postemployment Benefits Plan. The Other Postemployment Benefits Fund accounts for the Town's contributions for healthcare coverage provided to qualified retirees.

Private Purpose Trust Fund. The Martin Memorial Library Fund represents excess citizen contributions left over after library construction. The funds are used to maintain and repair the library as needed.

C. Measurement Focus and Basis of Accounting

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

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

Town of Williamston, North Carolina Notes to the Financial Statements

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 fund 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 the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

Sales taxes and certain intergovernmental revenues, such as the 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 Williamston because the tax is levied by Martin 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 the fiscal year-end. Project ordinances are adopted for Special Revenue Funds, Capital Projects Funds and the Enterprise Capital Project Funds. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds and at the project level for the multi-year funds. The Town administrator is authorized to reallocate appropriations within departments and may execute interdepartmental transfers, within the same fund, not to exceed ten percent (10%) of the appropriated monies for the department whose allocation is reduced. The governing board must approve any budget revision that alters the total expenditures of any fund. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

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

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

2. Cash and Cash Equivalents

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

Town of Williamston, North Carolina
Notes to the Financial Statements

3. 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 they 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

Restricted cash as of June 30, 2015 was comprised of the following amounts:

Governmental Activities

General Fund:

Powell Bill funds	\$ 102,879
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Business-type activities

Water and Sewer Fund:

Customer utility deposits	<u>123,931</u>
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Total restricted cash	<u><u>\$ 226,810</u></u>
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4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2014.

5. Allowances for Doubtful Accounts

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

6. Inventory

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

Enterprise fund supplies are not inventoried at year-end because the amounts are considered immaterial.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The Town has elected to record general infrastructure assets on a prospective basis beginning with the year of implementing GASB 34. 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 Williamston, North Carolina
Notes to the Financial Statements

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

Asset Class	Estimated Useful Lives
Infrastructure	30-60
Buildings	10-30
Land improvements	20-25
Plant and distribution/collection systems	20-30
Vehicles and motorized equipment	5-30
Equipment and furniture	5-20
Computer equipment	3-7

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, changes in proportion and differences between employer contributions and proportionate share of contributions and 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.

9. Long-Term Obligations

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

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

10. Compensated Absences

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

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

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

Restricted for Economic and Physical Development – portion of fund balance restricted by revenue source for use for economic and physical development purposes.

Town of Williamston, North Carolina Notes to the Financial Statements

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

Assigned fund balance – portion of fund balance that the Town of Williamston intends to use for specific purposes.

Assigned for Public Safety – portion of fund balance that has been budgeted by the Board for police related drug enforcement activities.

Assigned for Transportation – portion of fund balance that has been budgeted by the Board for transportation or drainage related capital projects.

Assigned for Economic and Physical Development – portion of fund balance that has been budgeted by the Board for economic and physical development activities in special revenue funds.

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

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

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

12. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees’ Retirement System (LGERS) and additions to/deductions from LGERS’ fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Williamston’s employer contributions are recognized when due and the Town of Williamston 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.

Town of Williamston, North Carolina
Notes to the Financial Statements

F. Reconciliation of Government-Wide and Fund Financial Statements

1. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. The net adjustment of \$8,921,892 consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide governmental activities column)	\$ 19,213,207
Less accumulated depreciation	<u>(8,856,728)</u>
Net capital assets	10,356,479
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred	114,954
Net pension asset	273,877
Deferred outflows of resources related to pensions:	
Differences between contributions and proportional share of contributions and changes in proportion	1,456
Contributions made to the pension plan in current fiscal year	188,331
Liabilities for earned revenues considered deferred inflows of resources in fund statements	578,338
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and therefore are not reported in the fund statements:	
Installment financing debt	(336,000)
Internal balances	(248,744)
Other postemployment benefits	(1,131,693)
Compensated absences	(207,598)
Deferred inflows of resources related to pensions:	
Differences between expected and actual experience	(29,926)
Differences between projected and actual earnings on plan investments	<u>(637,582)</u>
Total adjustment	<u>\$ 8,921,892</u>

Town of Williamston, North Carolina
Notes to the Financial Statements

2. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$124,039 as follows:

Description	Amount
Change in fund balance due to change in reserve for inventories	\$ (4,045)
Capital outlay expenditures recorded in the fund statements but capitalized in the statement of activities	452,831
Fair value of donated assets	105,063
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(802,210)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	188,330
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:	
Loan repayment to Water and Sewer Fund	22,614
Principal payments on long-term debt	212,000
Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements:	
Change in unavailable revenue for tax revenues	119,474
Increase in accrued interest receivable on taxes	21,125
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the fund statements:	
Pension expense	(17,536)
Compensated absences	(24,022)
Other postemployment benefits	(149,585)
Total adjustment	<u>\$ 124,039</u>

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Noncompliance with North Carolina General Statutes

None were detected by our audit.

2. Contractual Violations

None were detected by our audit.

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

The following fund balance deficit existed as of June 30, 2015:

	Deficit Fund Balance
Governmental Capital Project Funds:	
Annexation Area E	\$ (33,360)

The deficit in this project ordinance is temporary timing differences caused by fiscal year-end accruals which should be resolved within the next fiscal year.

C. Excess of Expenditures over Appropriations

None.

III. DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

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

Town of Williamston, North Carolina Notes to the Financial Statements

At June 30, 2015, the Town's deposits had a carrying amount of \$2,768,606 and a bank balance of \$2,904,905. Of the bank balance, \$947,854 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2015, the Town's petty cash fund totaled \$150.

The above figures include a Fiduciary Fund that had deposits with financial institutions with a carrying amount of \$260,919. The bank balance with the financial institution was \$210,919. Fiduciary Funds do not appear on the Statement of Net Position.

2. Investments

At June 30, 2015, the Town's investment balances were as follows:

Investment Type	Fair Value	Maturity	Rating
NC Capital Management Trust - Cash Portfolio	\$ 4,071,559	N/A	AAAm
NC Capital Management Trust - Term Portfolio	3,073,700	0.19 years	Unrated
Total Investments	<u>\$ 7,145,259</u>		

The above investment figures for the North Carolina Capital Management Trust – Cash Portfolio include a Fiduciary Fund that had funds invested in the amount of \$36,435. Fiduciary Funds do not appear on the Statement of Net Position

Interest Rate Risk. The Town has no formal investment policy regarding interest rate risk.

Credit risk. The Town has no formal policy regarding credit risk. The Town's investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2015. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

Town of Williamston, North Carolina
Notes to the Financial Statements

3. Receivables – Allowances for Doubtful Accounts

Receivables at the government-wide level at June 30, 2015, were as follows:

	Accounts Receivable	Taxes Receivable	Interest Receivable	Due from Other Governments	Total
Governmental activities:					
General	\$ 975	\$ 613,163	\$ 114,954	\$ 418,210	\$ 1,147,302
Other governmental	125,000	-	-	-	125,000
Total receivables	125,975	613,163	114,954	418,210	1,272,302
Allowance for doubtful accounts	-	(34,825)	-	-	(34,825)
Total governmental activities	<u>\$ 125,975</u>	<u>\$ 578,338</u>	<u>\$ 114,954</u>	<u>\$ 418,210</u>	<u>\$ 1,237,477</u>
Business-type activities					
Water and sewer	\$ 500,918	\$ -	\$ -	\$ -	\$ 500,918
Allowance for doubtful accounts	(204,709)	-	-	-	(204,709)
Total business-type activities	<u>\$ 296,209</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 296,209</u>

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

General Fund:

Sales tax refund	\$ 79,167
Local option sales tax	160,791
Utility franchise tax	94,214
Homeland Security Grant Program	23,865
N.C. Department of Public Safety - Regional Response Team Grant	12,362
Martin County - fire district taxes	24,576
Martin County - vehicle taxes	23,235
	<u> </u>
Total	<u>\$ 418,210</u>

Town of Williamston, North Carolina
Notes to the Financial Statements

4. Capital Assets

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

	Beginning Balances	Increases and Transfers	Decreases and Transfers	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 554,601	\$ 152,675	\$ -	\$ 707,276
Construction in progress	776,716	20,696	-	797,412
Total capital assets not being depreciated	<u>1,331,317</u>	<u>173,371</u>	<u>-</u>	<u>1,504,688</u>
Capital assets being depreciated:				
Buildings	3,149,873	8,000	-	3,157,873
Land improvements	2,031,322	-	-	2,031,322
Equipment and furniture	1,892,600	184,350	6,252	2,070,698
Vehicles and motorized equipment	4,044,623	166,021	303,690	3,906,954
Infrastructure	6,481,954	59,718	-	6,541,672
Total capital assets being depreciated	<u>17,600,372</u>	<u>418,089</u>	<u>309,942</u>	<u>17,708,519</u>
Less accumulated depreciation for:				
Buildings	2,284,190	94,513	-	2,378,703
Land improvements	684,949	104,225	-	789,174
Equipment and furniture	1,203,716	137,244	6,252	1,334,708
Vehicles and motorized equipment	2,665,709	306,759	303,690	2,668,778
Infrastructure	1,492,330	193,035	-	1,685,365
Total accumulated depreciation	<u>8,330,894</u>	<u>\$ 835,776</u>	<u>\$ 309,942</u>	<u>8,856,728</u>
Total capital assets being depreciated, net	<u>9,269,478</u>			<u>8,851,791</u>
Governmental activity capital assets, net	<u>\$ 10,600,795</u>			<u>\$ 10,356,479</u>

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

General government	\$ 30,633
Public safety	295,529
Transportation	196,356
Economic and physical development	14,025
Environmental protection	23,724
Cultural and recreational	241,943
Total depreciation expense	<u>\$ 802,210</u>

Town of Williamston, North Carolina
Notes to the Financial Statements

	Beginning Balances	Increases and Transfers	Decreases and Transfers	Ending Balances
Business-type activities:				
Water and Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 112,022	\$ -	\$ -	\$ 112,022
Construction in progress	1,186,155	1,196,190	2,164,815	217,530
Total capital assets not being depreciated	<u>1,298,177</u>	<u>1,196,190</u>	<u>2,164,815</u>	<u>329,552</u>
Capital assets being depreciated:				
Buildings	217,012	-	-	217,012
Land improvements	56,349	-	-	56,349
Plant and distribution/collection systems	19,732,822	2,164,815	-	21,897,637
Equipment and furniture	465,224	39,394	10,067	494,551
Vehicles and motorized equipment	292,495	46,381	23,499	315,377
Total capital assets being depreciated	<u>20,763,902</u>	<u>2,250,590</u>	<u>33,566</u>	<u>22,980,926</u>
Less accumulated depreciation for:				
Buildings	115,371	7,149	-	122,520
Land improvements	11,269	2,818	-	14,087
Plant and distribution systems	11,312,347	516,837	-	11,829,184
Equipment and furniture	352,138	30,676	10,067	372,747
Vehicles and motorized equipment	219,676	36,993	23,499	233,170
Total accumulated depreciation	<u>12,010,801</u>	<u>\$ 594,473</u>	<u>\$ 33,566</u>	<u>12,571,708</u>
Total capital assets being depreciated, net	<u>8,753,101</u>			<u>10,409,218</u>
Water and Sewer Fund capital assets, net	<u><u>\$ 10,051,278</u></u>			<u><u>\$ 10,738,770</u></u>

5. Construction Commitments

The Town has active construction projects as of June 30, 2015. At year-end, the Town's commitments with contractors are as follows:

Project	Spent-to- Date	Remaining Commitment
Annexation Area A - Technical services	<u>\$ 245,417</u>	<u>\$ 364,583</u>

Town of Williamston, North Carolina
Notes to the Financial Statements

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2015, were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental Activities:				
General	\$ 58,658	\$ 86,177	\$ 8,771	\$ 153,606
Other Governmental	1,667	-	-	1,667
Total governmental activities	<u>\$ 60,325</u>	<u>\$ 86,177</u>	<u>\$ 8,771</u>	<u>\$ 155,273</u>
Business-type Activities:				
Water and sewer	<u>\$ 58,037</u>	<u>\$ 13,020</u>	<u>\$ -</u>	<u>\$ 71,057</u>

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Williamston 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.

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 Williamston, North Carolina Notes to the Financial Statements

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 Williamston 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 Williamston'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 Williamston were \$218,990 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 \$318,463 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 0.054%, which was an increase of 0.002% from its proportion measured as of June 30, 2013.

Town of Williamston, North Carolina Notes to the Financial Statements

For the year ended June 30, 2015, the Town recognized pension expense of \$20,391. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 34,798
Net difference between projected and actual earnings on pension plan investments	-	741,375
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,694	-
Town contribution subsequent to the measurement date	218,990	-
Total	\$ 220,684	\$ 776,173

\$218,990 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	\$ (193,640)
2017	(193,640)
2018	(193,640)
2019	25,431
2020	-
Thereafter	-

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.

Town of Williamston, North Carolina Notes to the Financial Statements

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	100.0%	

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%.

Town of Williamston, North Carolina Notes to the Financial Statements

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:

1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
------------------------	-----------------------------	------------------------

Town's proportionate share of the net pension liability (asset) \$ 1,081,002 \$ (318,463) \$ (1,496,767)

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

b. Law Enforcement Officers Special Separation Allowance

Plan Description. The Town of Williamston 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.

All full time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2014, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	15
Total	16

A separate report was not issued for the plan.

Town of Williamston, North Carolina Notes to the Financial Statements

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 costs. 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. There were no contributions made by employees.

Annual Pension Cost and Net Pension Obligation. The Town has not obtained an actuarial valuation for the plan because its required contributions are considered immaterial. The Town's expense for the benefit payments to current retirees for the fiscal year was \$3,201.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 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 \$105,832, which consisted of \$39,412 from the Town and \$66,420 from the law enforcement officers and other employees not engaged in law enforcement.

Town of Williamston, North Carolina Notes to the Financial Statements

The Town also offers its general employees the option to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Regardless of the employees' elective deferral, the Town does not contribute to the plan.

d. Firefighters' and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the Town of Williamston, to the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. FRSWPF provides pension benefits for eligible fire and rescue squad workers who 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. 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 Firefighters' 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 Firefighters' and Rescue Squad Workers' Pension Fund. 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.

Benefits Provided. FRSWPF provides retirement and survivor benefits. The present retirement benefit is \$170 per month. Plan members are eligible to receive the monthly benefit at age 55 with 20 years of creditable service as a firefighter or rescue squad worker, and have terminated duties as a firefighter or rescue squad worker. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member and contributions paid on the member's behalf into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

Contributions. Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The Town does not contribute to the plan. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly.

Refunds of Contributions – Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by FRSWPF.

e. Other Post-Employment Benefit

Healthcare Benefits

Plan Description. Under the terms of a Town resolution, the Town provides healthcare benefits to employees hired before July 1, 2013 through the Healthcare Benefits Plan (the HCB Plan) as a single-employer defined benefit plan to cover retirees of the Town who retire (under early, normal or disabled retirement conditions) from the North Carolina Local Government Employees' Retirement System (NCLGERS) and must meet certain requirements in order to qualify for OPEB upon retirement. Only those that retire due to becoming permanently disabled while performing a job-related duty qualify for OPEB.

A) Employees with at least 11 years of service with the Town as of July 1, 2013 qualify for OPEB.

B) Employees with less than 11 years of service with the Town as of July 1, 2013 must have the last 11 years of service with the Town of Williamston, and must meet one of the requirements in section 1 or section 2 to qualify for OPEB upon retirement.

1) Employees excluding full-time Law Enforcement:

i. Employees younger than age 60 that have 20 years of NCLGERS service qualify for OPEB.

ii. Employees age 60 (age 55 for Fire Engineer/EMT) and older that have 11 years of NCLGERS service qualify for OPEB.

2) Full-time Law Enforcement:

i. Employees age 50 to 54 that have 15 years of NCLGERS service qualify for OPEB.

ii. Employees age 55 and older that have 11 years of NCLGERS service qualify for OPEB.

Employees hired July 1, 2013 or later are not eligible for OPEB.

Health care, prescription drug coverage, dental coverage and life insurance are provided in the Town's group health plan to retirees under Medicare age. Vision coverage is available at the retirees' expense. In addition, the Town will reimburse retirees participating in the group health plan up to \$750 of group medical insurance deductibles incurred by the retiree during the plan year once the retiree has met the first \$1,500 up to \$2,250 of the retiree only (not including dependents) deductible expense, and up to \$1,000 for employees who pay out over the current \$3,000 deductible to the new \$4,000 out-of-pocket maximum.

A standard Medicare Supplement Plan providing health care only may be paid for retirees once they reach Medicare eligibility age. Dental, vision and life insurance are available at the Medicare eligible retirees' expense, as is prescription drug coverage. The Town pays the full cost of coverage for these benefits through private insurers. Also, the Town's retirees can purchase coverage for their dependents at the Town's group rates under certain conditions as explained below. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

Dependent Coverage. The retiree may continue dependent coverage (and pay the full cost of this coverage) if enrolled in dependent coverage at the time of retirement. Dependent coverage terminates upon the retiree becoming eligible for Medicare (attaining age 65), upon the spouse becoming eligible for Medicare (attaining age 65) or upon the retirees' death, whichever comes first.

Town of Williamston, North Carolina
Notes to the Financial Statements

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

Membership	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	15	-
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	60	15
Total	75	15

Funding Policy. The Town Council established the contribution requirements of plan members which may be amended by the Board. Per a Town resolution dated October 7, 2013, the Town created an Other Post Employment Benefits (OPEB) Trust Fund to be administered by the NC Department of State Treasurer. The Town is required to contribute the projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Board.

The Town contributes toward the cost of retiree health, dental and life insurance premiums until the retiree becomes eligible for Medicare. The Town contributes 50% of the total retiree and dependent dental and life insurance premiums. Life insurance consists of retiree life (a factor of 1 times annual salary at retirement rounded to the next highest \$1,000, with a \$100,000 maximum) and dependent life (up to \$2,000 maximum). Retiree life benefits reduce at scheduled ages, with the first reduction occurring at age 55 with a 50% reduction factor.

For employees retired before June 16, 2008, coverage in the group health plan will continue until the retiree becomes Medicare eligible. The Town pays based on the schedule below:

Employees Retired Before June 16, 2008		
Years of Service with Town at Retirement	Town Contribution Toward Employee Only Coverage	
	Pre-65	Post-65
20 or more	100%	0%
17-19	100%	0%
14-16	100%	0%
11-13	100%	0%
0-10	100%	0%

Town of Williamston, North Carolina Notes to the Financial Statements

For employees retired after June 16, 2008 and before July 1, 2013, coverage in the group health plan will continue until the retiree becomes Medicare eligible, at which time coverage can be converted to a Medicare Supplement Plan with the Town paying a percentage of the Medicare Supplement Plan premium. The Town pays based on the schedule below:

Employees Retired Between June 16, 2008 and July 1, 2013		
Years of Service with Town at Retirement	Town Contribution Toward Employee Only Coverage	
	Pre-65	Post-65
20 or more	100%	100%
17-19	100%	75%
14-16	100%	50%
11-13	100%	25%
0-10	100%	0%

For employees retiring on or after July 1, 2013, coverage in the group health plan may continue until the retiree becomes Medicare eligible, at which time coverage can be converted to a Medicare Supplement Plan with the Town paying a percentage or dollar amount of the Medicare Supplement Plan premium. The benefits vary based on the schedules below:

Employees with at least 11 Years of Service with the Town as of July 1, 2013		
Years of Service with Town at Retirement	Town Contribution Toward Employee Only Coverage	
	Pre-65	Post-65
20 or more	100%	100%
17-19	100%	75%
14-16	100%	50%
11-13	100%	25%

Employees with less than 11 Years of Service with the Town as of July 1, 2013		
Years of Service with Town at Retirement	Town Contribution Toward Employee Only Coverage	
	Pre-65	Post-65 Cap
20 or more	100%	\$125.00
17-19	75%	\$93.75
14-16	50%	\$62.50
11-13	25%	\$31.25

Town of Williamston, North Carolina Notes to the Financial Statements

The current annual required contribution (ARC) rate is 12.91% of annual covered payroll. For the current year, the Town contributed \$194,802 or 7.36% of annual covered payroll. The Town obtains healthcare coverage through private insurers. The Town's required contributions, under a Town resolution, for employees not engaged in law enforcement and for law enforcement officers represented 7.36% and 0.00% of covered payroll, respectively. There were no contributions made by employees, except for dependent coverage amounts. The Town's obligation to contribute to the HCB Plan is established and may be amended by the Town Council.

Summary of Significant Accounting Policies. The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Under a Town resolution, the contributions are recognized when due and the Town is required to contribute the projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Board. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarially accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Short-term money market debt instruments, deposits, and repurchase agreements, are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price. Administration costs of the HCB Plan are financed through investment earnings.

Annual OPEB Cost and Net OPEB Obligation. The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

Annual required contribution	\$ 358,132
Interest on net OPEB obligation	42,589
Adjustment to annual required contribution	(59,205)
Annual OPEB cost (expense)	341,516
Contributions made	(194,802)
Increase (decrease) in net OPEB obligation	146,714
Net OPEB obligation, beginning of year	1,064,729
Net OPEB obligation, end of year	\$ 1,211,443

Town of Williamston, North Carolina Notes to the Financial Statements

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

3 Year Trend Information			
For Years Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 341,516	57.0%	\$ 1,211,443
2014	\$ 363,905	60.1%	\$ 1,064,729
2013	\$ 363,340	13.0%	\$ 919,675

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the plan was 4.2% funded. The actuarially accrued liability for benefits was \$3,740,425, and the actuarial value of assets was \$157,883, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,582,542. The covered payroll (annual payroll of active employees covered by the plan) was \$2,645,916, and the ratio of the UAAL to the covered payroll was 135.4%.

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

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

In the December 31, 2014 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.5 to 5.00 percent for pre-Medicare costs and 5.5 to 5.00 percent for post-Medicare costs annually. The investment rate included a 3.00% inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected unit credit of pay, open basis. The remaining amortization period at December 31, 2014, was 30 years.

Town of Williamston, North Carolina
Notes to the Financial Statements

3. Other Employment Benefits

The Town has also 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 number 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 post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

4. Deferred Outflows and Inflows of Resources

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

Source	Amount
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 1,694
Contributions to pension plan in current fiscal year	218,990
Total	<u>\$ 220,684</u>

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

Source	Amount
Prepaid taxes (General Fund)	\$ 10,740
Property taxes receivable (General Fund)	578,338
Pension deferrals	776,173
Total	<u>\$ 1,365,251</u>

5. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in two self-funded risk-financing pools administered by the North Carolina League of Municipalities. These pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability, police professional liability and public officials liability in excess of \$1,000,000; property in excess of \$500,000; and \$1,000,000 up to statutory limits for workers' compensation. 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 insured values.

Town of Williamston, North Carolina Notes to the Financial Statements

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

The Town carries flood insurance through the National Flood Insurance Plan (NFIP). Because the Town is in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency, the Town is eligible for and has purchased coverage of \$604,100 for the Wastewater Treatment Plant through the NFIP.

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

6. Claims, Judgments and Contingent Liabilities

According to the Town attorney, at June 30, 2015, the Town had no lawsuits.

7. Long-Term Obligations

a. Installment Purchase

In May 2006, the Town entered into an installment purchase contract to finance construction related to the Williamston Recreation Park. The financing contract requires quarterly principal payments of \$37,500 with an interest rate of 3.85%.

The future minimum payments of the installment purchase as of June 30, 2015, including \$3,613 of interest, are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2016	\$ 150,000	\$ 3,613	\$ 153,613

Current fiscal year interest paid of \$9,348 has been reported as an expense on the Statement of Activities.

Town of Williamston, North Carolina
Notes to the Financial Statements

b. Installment Purchase

In April 2013, the Town entered into an installment purchase contract to finance a fire truck. The financing contract requires quarterly principal payments of \$15,500 with an interest rate of 1.5%.

The future minimum payments of the installment purchase as of June 30, 2015, including \$4,533 of interest, are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2016	\$ 62,000	\$ 2,441	\$ 64,441
2017	62,000	1,511	63,511
2018	62,000	581	62,581
Totals	<u>\$ 186,000</u>	<u>\$ 4,533</u>	<u>\$ 190,533</u>

Current fiscal year interest paid of \$3,371 has been reported as an expense on the Statement of Activities.

c. NC Clean Water Revolving Loan

The Town is financing a wastewater treatment plant renovation by means of a NC Clean Water Revolving Loan. Interest will accrue at the rate of 2.6% per annum and will be paid semiannually on or before November 1 and May 1.

The future minimum payments of the NC Clean Water Revolving Loan as of June 30, 2015, including \$168,318 of interest, are as follows:

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2016	\$ 308,275	\$ 48,090	\$ 356,365
2017	308,275	40,076	348,351
2018	308,275	32,061	340,336
2019	308,275	24,045	332,320
2020	308,275	16,030	324,305
Next 5 years	308,272	8,016	316,288
Totals	<u>\$ 1,849,647</u>	<u>\$ 168,318</u>	<u>\$ 2,017,965</u>

Related interest expense for the year ended June 30, 2015 in the amount of \$56,106 has been reported as a direct water and sewer functional expense on the Statement of Activities.

Town of Williamston, North Carolina
Notes to the Financial Statements

d. Installment Purchase

In March 2007, the Town entered into an installment purchase contract to finance construction related to the wastewater treatment plant chlorination project. The financing contract requires quarterly principal payments of \$36,888 with an interest rate of 3.92%.

The future minimum payments of the installment purchase as of June 30, 2015, including \$10,122 of interest, are as follows:

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2016	\$ 147,551	\$ 7,953	\$ 155,504
2017	110,663	2,169	112,832
Totals	<u>\$ 258,214</u>	<u>\$ 10,122</u>	<u>\$ 268,336</u>

Related interest expense for the year ended June 30, 2015 in the amount of \$13,649 has been reported as a direct water and sewer functional expense on the Statement of Activities.

e. NC Clean Water Revolving Loan

The Town is financing a sanitary sewer rehabilitation project by means of a NC Clean Water Revolving Loan. Annual debt service requirements on the 0% loan, including interest of \$0, are as follows:

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2016	\$ 52,065	\$ -	\$ 52,065
2017	52,065	-	52,065
2018	52,065	-	52,065
2019	52,065	-	52,065
2020	52,065	-	52,065
Next 5 years	260,326	-	260,326
Next 5 years	260,326	-	260,326
Next 5 years	208,264	-	208,264
Totals	<u>\$ 989,241</u>	<u>\$ -</u>	<u>\$ 989,241</u>

Town of Williamston, North Carolina
Notes to the Financial Statements

f. NC Drinking Water Revolving Loan

The Town is financing a water system control improvements project by means of a NC Drinking Water Revolving Loan. Annual debt service requirements on the 0% loan, including interest of \$0, are as follows.

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2016	\$ 62,553	\$ -	\$ 62,553
2017	62,553	-	62,553
2018	62,553	-	62,553
2019	62,553	-	62,553
2020	62,553	-	62,553
Next 5 years	312,764	-	312,764
Next 5 years	312,764	-	312,764
Next 5 years	250,209	-	250,209
Totals	<u>\$ 1,188,502</u>	<u>\$ -</u>	<u>\$ 1,188,502</u>

g. Changes in Long-Term Liabilities

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Current Portion of Balance
Governmental activities:					
Installment purchase - Williamston Recreation Park	\$ 300,000	\$ -	\$ 150,000	\$ 150,000	\$ 150,000
Installment purchase - Fire Truck	248,000	-	62,000	186,000	62,000
Other postemployment benefits	982,108	149,585	-	1,131,693	-
Compensated absences	183,576	24,022	-	207,598	107,532
Net pension liability (LGERS)	550,451	-	550,451	-	-
Governmental activity long-term liabilities	<u>\$ 2,264,135</u>	<u>\$ 173,607</u>	<u>\$ 762,451</u>	<u>\$ 1,675,291</u>	<u>\$ 319,532</u>

Town of Williamston, North Carolina
Notes to the Financial Statements

g. Changes in Long-Term Liabilities (continued)

	Balance July 1, 2014	Increases	Decreases and Adjustments	Balance June 30, 2015	Current Portion of Balance
Business-type activities:					
NC Clean Water					
Revolving Loan	\$ 2,157,922	\$ -	\$ 308,275	\$ 1,849,647	\$ 308,275
NC Clean Water					
Revolving Loan	1,046,998	-	57,757	989,241	52,065
Drinking Water State					
Revolving Loan	1,251,055	-	62,553	1,188,502	62,553
Installment purchase -					
WWTP Chlorination Project	405,765	-	147,551	258,214	147,551
Other postemployment benefits	82,621	-	2,871	79,750	-
Compensated absences	28,762	1,388	-	30,150	16,879
Net pension liability (LGRS)	89,608	-	89,608	-	-
Business-type activity long-term liabilities	\$ 5,062,731	\$ 1,388	\$ 668,615	\$ 4,395,504	\$ 587,323

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

At June 30, 2015, the Town of Williamston had a legal debt margin of \$25,458,666.

C. Interfund Balances and Activity

Balances Due to/from Other Funds

Balances due to/from other funds at June 30, 2015, consist of the following:

Due to the General Fund from Annexation Area A Project	\$ 149,454
Due to the General Fund from Annexation Area E Project	33,360
Total	<u>\$ 182,814</u>

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

Town of Williamston, North Carolina
Notes to the Financial Statements

Internal Balances

Instead of using external financing, the Water and Sewer Fund loaned money to the General Fund so that the General Fund could acquire various capital assets.

The terms of this loan are as follows:

The Water and Sewer Fund loaned the General Fund \$339,200 on July 13, 2011 with interest at 2.0% to fund the improvements to the Skinner Warehouse. Annual repayments are set at \$22,614 principal plus interest. The balance at June 30, 2015 was \$248,744. The loan will be repaid by June 2026.

\$ 248,744

Interest expense in the General Fund and the related interest income in the Water and Sewer Fund related to these internal balances was \$5,427.

Transfers to/from Other Funds

From the General Fund to the Annexation Area A Project \$ 23,731

From the General Fund to the Annexation Area E Project 8,584

Total \$ 32,315

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

During the 2015 fiscal year, the Town made a one-time transfer from the General Fund of \$23,731 to finance annexation activities in the Annexation Area A Project and also made a one-time transfer from the General Fund of \$8,584 to finance annexation activities in the Annexation Area E Project.

D. On-Behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2015, the Town has recognized on-behalf payments for pension contributions made by the State as a revenue and an expenditure of \$3,115 for the 9 employed firefighters who perform firefighting duties for the Town's fire department and on-behalf payments of \$2,769 as a revenue and an expenditure for the 8 employed rescue squad workers. The employees elected to be members of the Firefighter's and Rescue Squad Workers' Pension Fund, a cost sharing, multiple employer public employee retirement system established and administered by the State of North Carolina. The Plan is funded by a \$10 monthly contribution paid by each member, investment income, and a State appropriation.

Town of Williamston, North Carolina
Notes to the Financial Statements

E. Fund Balance

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

Total Fund Balance - General Fund	\$ 3,101,900
Less:	
Inventories	15,102
Stabilization by State Statute	601,999
Streets - Powell Bill	102,879
Assigned for Public Safety	8,880
Appropriated Fund Balance in 2015 budget	<u>-</u>
Remaining Fund Balance	<u><u>\$ 2,373,040</u></u>

IV. JOINTLY GOVERNED ORGANIZATION

The Town, in conjunction with five counties and various other municipalities, established the Mid-East Commission Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The Town of Williamston paid membership fees of \$1,584 to the Council during the fiscal year ended June 30, 2015.

V. RELATED ORGANIZATION

The five-member board of the Town of Williamston Housing Authority is appointed by the Commissioners of the Town of Williamston. The Town is accountable for the Housing Authority because it appoints the governing board; however, the Town is not financially accountable for the Housing Authority. The Town is also disclosed as a related organization in the notes to the financial statements of the Williamston Housing Authority. Complete financial statements for the Housing Authority can be obtained from the Authority's offices at 504 E. Main Street, Williamston, NC 27892.

VI. RELATED PARTY TRANSACTIONS

No significant or improper related party transactions were detected by our audit.

VII. 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 monies 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 monies.

VIII. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

The Board has evaluated subsequent events through December 8, 2015, the date which the financial statements were available to be issued.

In September 2015, the Town was awarded a \$250,000 “Play Together” Construction Grant from East Carolina Behavioral Health to purchase inclusive playground equipment for Godwin Coppage Park.

In November 2015, the Town accepted a loan offer of \$4,230,300 from NCDENR for extension of sanitary sewer to Annexation Area “A” relative to a Clean Water State Revolving Fund Loan. The loan offer calls for a loan repayment term of 20 years with an interest rate not to exceed 4%.

In November 2015, the Town was awarded a \$250,000 Rapid Response Team FY 2015 US Department of Homeland Security Grant related to emergency management planning, operations, equipment purchases, training and exercises.

In November 2015, the Town was awarded a \$54,500 Rapid Response Team FY 2015 US Department of Homeland Security Grant related to funding a DPR 1 Prime Mover.

IX. 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 \$374,638 and \$60,987, respectively.

Required Supplementary Financial Data

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

- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Funding Progress for the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Schedule of Proportionate Share of Net Pension Asset for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System

**Town of Williamston, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Employer Contributions**

<u>Year Ended June 30</u>	<u>Revenues by Source</u>	<u>Expenses by Type</u>
	<u>Employer Contributions</u>	<u>Benefits</u>
2006	\$ 1,574	\$ 1,574
2007	\$ -	\$ -
2008	\$ -	\$ -
2009	\$ -	\$ -
2010	\$ -	\$ -
2011	\$ 3,273	\$ 3,273
2012	\$ 13,312	\$ 13,312
2013	\$ 13,276	\$ 13,276
2014	\$ 13,276	\$ 13,276
2015	\$ 3,201	\$ 3,201

**Town of Williamston, North Carolina
Other Postemployment Benefits
Required Supplementary Information
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b - a) / c
12/31/14	\$ 157,883	\$ 3,740,425	\$ 3,582,542	4.2%	\$ 2,645,916	135.4%
12/31/11	\$ -	\$ 3,644,636	\$ 3,644,636	0.0%	\$ 2,613,217	139.5%
12/31/10	\$ -	\$ 3,056,979	\$ 3,056,979	0.0%	\$ 2,858,624	106.9%
12/31/09	\$ -	\$ 2,995,985	\$ 2,995,985	0.0%	\$ 2,855,036	104.9%

NOTE: Due to certain criteria of GASB 43 and GASB 45, the Town is not required to have an annual actuarial study performed. The date of the last actuarial study performed was December 31, 2014.

**Town of Williamston, North Carolina
Other Postemployment Benefits
Required Supplementary Information
Schedule of Employer Contributions**

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2015	\$ 341,516	57.0%
2014	\$ 363,905	60.1%
2013	\$ 363,340	13.0%
2012	\$ 362,749	8.8%
2011	\$ 176,617	18.4%
2010	\$ 171,531	25.1%

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

Local Government Employees' Retirement System

	2015	2014
Town of Williamston's proportion of the net pension liability (asset) (%)	0.05400%	0.05310%
Town of Williamston's proportion of the net pension liability (asset) (\$)	\$ (318,463)	\$ 640,059
Town of Williamston's covered-employee payroll	\$ 2,869,087	\$ 2,775,413
Town of Williamston's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(11.10%)	23.06%
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 Williamston, North Carolina
Schedule of Town Contributions
Required Supplementary Information
Last Two Fiscal Years

Local Government Employees' Retirement System

	2015	2014
Contractually required contribution	\$ 218,990	\$ 204,434
Contributions in relation to the contractually required contribution	<u>218,990</u>	<u>204,434</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Town of Williamston's covered-employee payroll	\$ 3,058,933	\$ 2,869,087
Contributions as a percentage of covered-employee payroll	7.16%	7.13%

Individual Fund Schedules

**Town of Williamston, North Carolina
General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual**

For the Fiscal Year Ended June 30, 2015

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014)

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
REVENUES				
Ad valorem taxes				
Current year	\$	\$ 2,497,820	\$	\$ 2,517,974
Prior years		121,883		144,255
Penalties and interest		27,090		38,384
Total		<u>2,609,500</u>	<u>37,293</u>	<u>2,700,613</u>
Other taxes and licenses				
Auto licenses		21,101		14,476
Total		<u>20,000</u>	<u>1,101</u>	<u>14,476</u>
Unrestricted intergovernmental				
Local option sales taxes		929,182		1,023,374
Payments in lieu of taxes		3,059		2,908
Telecommunications sales tax		92,194		94,468
Utility sales tax		292,504		203,887
Piped natural gas sales tax		6,287		-
Video franchise fee		42,109		42,560
ABC profit distributions		19,527		10,570
Beer and wine tax		25,507		23,682
Total		<u>1,438,800</u>	<u>(28,431)</u>	<u>1,401,449</u>
Restricted intergovernmental				
Powell Bill allocation		171,099		169,341
Controlled substance tax		4,128		3,519
Homeland Security Grant Program N.C. Department of Public Safety - Regional Response Team Grant		23,866		-
Fire district - Martin County		57,000		56,997
Rescue squad - Martin County		286,576		273,755
Recreation - Martin County		325,373		288,079
On-behalf of payments - Fire and Rescue		9,677		9,677
Solid waste disposal tax		5,884		6,439
Total		<u>869,450</u>	<u>17,571</u>	<u>810,852</u>
Permits and fees				
Fire code permits & inspection application fees		2,180		1,455
Court fees		3,169		1,641
Business registration fees		76,835		78,260
Total		<u>58,075</u>	<u>24,109</u>	<u>81,356</u>

(continued)

Town of Williamston, North Carolina
General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual

For the Fiscal Year Ended June 30, 2015

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014)

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Sales and services				
EMS collections		413,263		444,461
EMS - Medicaid cost settlement		40,840		62,419
EMS - Medicaid cost settlement payback		-		(76,409)
Recreation fees and rents		22,105		16,083
Cemetery revenues		47,550		66,650
Rooks cemetery maintenance funds		4,432		4,063
Police department		2,995		1,340
Zoning		2,540		2,900
Street, driveways and lot cleaning		-		1,700
Street sweeper contract		5,344		5,189
Total	563,444	539,069	(24,375)	528,396
Investment earnings	1,400	1,407	7	1,436
Miscellaneous				
Returned checks		100		1,100
Miscellaneous		4,899		18,797
Total	281,481	4,999	(276,482)	19,897
Total revenues	5,842,150	5,592,943	(249,207)	5,558,475
EXPENDITURES	6,086,270	5,536,195	550,075	5,257,761
Revenues over (under) expenditures	(244,120)	56,748	300,868	300,714
OTHER FINANCING SOURCES (USES)				
Fund balance appropriated - Powell Bill	78,000	-	(78,000)	-
Sale of capital assets	6,000	53,188	47,188	23,926
Insurance claims	1,000	4,593	3,593	16,123
Installment purchase proceeds	231,734	-	(231,734)	-
Loan repayments to Water and Sewer Fund	(22,614)	(22,614)	-	(78,066)
Transfers from other funds:				
Capital Projects Fund	-	-	-	6,616
Transfers to other funds:				
Special Revenue Funds	-	-	-	(1,125)
Capital Projects Fund from General Fund	(50,000)	(32,315)	17,685	(55,286)
Capital Projects Fund from Powell Bill Fund	-	-	-	(413,511)
Total other financing sources (uses)	244,120	2,852	(241,268)	(501,323)

(continued)

Town of Williamston, North Carolina
General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual

For the Fiscal Year Ended June 30, 2015

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014)

	2015		2014	
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues and other financing sources over (under) expenditures and other uses	\$ -	59,600	\$ 59,600	(200,609)
FUND BALANCE, BEGINNING		3,046,345		3,241,217
Change in reserve for inventories		(4,045)		5,737
FUND BALANCE, ENDING		<u>\$ 3,101,900</u>		<u>\$ 3,046,345</u>

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2015

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014)

	2015		2014
	Budget	Actual	Variance Positive (Negative)
GENERAL GOVERNMENT			
Governing body and administration:			
Salaries - elected officials	\$	\$ 28,686	\$ 30,863
Salaries - regular		338,288	319,381
Temporary salaries		-	135
FICA tax		26,308	24,998
Group insurance		85,051	72,455
Retirement		23,475	22,364
Professional services		76,781	68,972
Employee training		4,859	3,597
Telephone		6,668	6,264
Postage		4,461	4,208
Travel / meetings		2,030	2,079
Repairs - equipment		3,949	2,984
Equipment - rents, leases		4,744	2,845
Advertising		6,983	6,156
Automotive supplies		584	686
Office supplies		6,761	7,398
Department supplies		1,334	2,492
Bank charges		414	443
Garbage collection		556	579
Contracted services		-	448
Govdeals auction fees		3,944	2,550
Dues		1,829	1,350
Insurance		9,830	5,520
Miscellaneous		1,335	113
Tax collection fees		8,746	8,422
Small expendable equipment		5,887	4,545
Enterprise fund administration		(589,428)	(555,141)
Total	115,828	64,075	51,753
Planning department:			
Salaries - regular		110,317	98,956
Temporary salaries		107	14,743
FICA tax		8,259	8,518
Group insurance		9,653	10,210
Retirement		6,692	6,925
Professional services		336	426
Marketing Town of Williamston		5,127	5,315
Employee training		1,246	3,205
Telephone		648	798
Postage		256	522

(continued)

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2015

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014)

	2015		2014
	Budget	Actual	Actual
Planning department, continued			
Travel / meetings		274	691
Repairs - equipment		2,588	2,305
Repairs - vehicles		107	572
Advertising		423	443
Automotive supplies		363	823
Office supplies		256	77
Department supplies		798	533
Contracted services		1,224	600
Code enforcement		7,945	8,646
Dues		629	479
Insurance		2,019	1,765
Capital outlay		55,612	23,903
Small expendable equipment		2,347	2,638
Total	249,425	217,226	193,093
Public buildings:			
Salaries - regular		10,939	9,605
FICA tax		809	710
Utilities		10,986	10,267
Repairs - buildings and grounds		10,320	17,207
Repairs - equipment		2,689	4,628
Department supplies		1,793	2,478
Bank charges		42	42
Uniforms		-	67
Insurance		6,788	8,192
Small expendable equipment		-	553
Total	50,533	44,366	53,749
Town garage:			
Salaries - regular		109,396	105,153
FICA tax		7,257	6,859
Group insurance		17,074	17,789
Retirement		7,617	7,323
Employee training		70	-
Telephone		204	204
Utilities		2,953	1,484
Repairs - buildings and grounds		1,010	987
Repairs - equipment		944	2,626
Automotive supplies		1,204	1,894
Department supplies		2,950	3,521
Bank charges		76	76

(continued)

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2015

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014)

	2015		2014
	Budget	Actual	Actual
Town garage, continued			
Uniforms		1,649	1,636
Garbage collection		1,141	1,129
Contracted services		1,225	371
Insurance		4,259	4,238
Miscellaneous		33	19
Small expendable equipment		2,989	956
Total	185,004	162,051	156,265
Total general government	600,790	487,718	449,813
PUBLIC SAFETY			
Police department:			
Salaries - regular		794,183	756,207
Salaries - temporary		43,225	37,036
Special separation allowance		3,201	13,276
FICA tax		62,822	59,469
Group insurance		109,949	115,816
Retirement		100,638	94,134
Professional services		14,336	10,147
Employee training		14,697	10,144
Telephone		11,445	11,329
Postage		281	382
Travel		-	343
Repairs - equipment		5,772	2,809
Repairs - vehicles		13,770	5,197
Equipment - rents, leases		-	1,229
Advertising		262	39
Automotive supplies		45,880	60,997
Office supplies		2,372	1,934
Department supplies		6,085	5,763
Bank charges		586	586
Uniforms		15,413	11,832
Garbage collection		416	417
Dues		1,440	1,400
Insurance		62,794	52,326
Drug control		6,000	8,000
Miscellaneous		926	1,235
Community involvement		746	626
Capital outlay		108,187	63,139
Small expendable equipment		35,478	19,281
Total	1,522,137	1,460,904	1,345,093

(continued)

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2015

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014)

	2015		2014
	Budget	Actual	Actual
Fire department:			
Salaries - regular		347,836	387,277
Salaries - temporary		23,057	18,432
Supplemental retirement and other benefits		9,992	9,992
FICA tax		26,618	29,432
Group insurance		58,510	67,275
Retirement		24,430	27,424
On-behalf of payments - Fire		3,115	3,577
Professional services		5,091	3,902
Employee training		3,073	5,473
Telephone		5,269	4,511
Postage		161	162
Utilities		1,151	2,088
Travel		139	201
Repairs - buildings and grounds		2,710	1,571
Repairs - equipment		20,554	21,160
Automotive supplies		22,151	25,210
Office supplies		787	359
Department supplies		2,942	5,099
Bank charges		298	298
Uniforms		4,683	3,269
Garbage collection		342	533
Dues		1,089	719
Insurance		34,720	31,813
Miscellaneous		642	1,109
Lightning strike		-	15,828
Capital outlay		32,011	10,566
Small expendable equipment		32,780	21,474
2014 DHS Equipment Grant		23,866	-
Total	731,738	688,017	698,754
Regional response team:			
Salaries - regular		50	198
Salaries - training		6,036	5,005
Professional services		14,985	14,985
Employee training		12,539	15,555
Telephone		469	456
Postage		110	106
Travel		454	400
Department supplies		240	270
Uniforms		2,097	-
Insurance		5,000	5,000

(continued)

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2015

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014)

	2015		2014
	Budget	Actual	Actual
Regional response team, continued			
Capital outlay		2,324	-
Small expendable equipment		7,508	4,737
Total	92,048	51,812	46,712
Rescue squad:			
Salaries - regular		259,070	198,474
Salaries - temporary		16,279	9,605
Supplemental retirement		720	720
FICA tax		20,795	15,767
Group insurance		45,793	41,078
Retirement		19,585	15,220
On-behalf of payments - Rescue		2,769	2,862
Professional services		39,815	38,964
EMS / MC partnership		176,800	192,235
Employee training		2,219	2,298
Telephone		2,129	2,146
Postage		4	3
Utilities		13,532	12,151
Travel		60	160
Repairs - buildings and grounds		5,573	5,194
Repairs - equipment		9,936	8,255
Equipment - rents, leases		2,031	1,712
Automotive supplies		12,495	12,164
Office supplies		2,123	1,910
Department supplies		10,028	10,481
Bank charges		248	248
Uniforms		2,595	3,625
Garbage collection		1,693	1,615
Dues		696	708
Insurance		20,699	20,757
Miscellaneous		193	375
Small expendable equipment		4,067	2,538
Total	686,639	671,947	601,265
Total public safety	3,032,562	2,872,680	159,882

TRANSPORTATION

Street repair and construction:

Salaries - regular	156,572	149,603
Salaries - temporary	2,007	1,178
FICA tax	11,645	10,829

(continued)

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2015

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014)

	2015		2014
	Budget	Actual	Actual
Street repair and construction, continued			
Group insurance		33,590	33,081
Retirement		11,200	9,931
Professional services		1,120	95
Employee training		170	1,363
Telephone		525	589
Travel		25	149
Utilities		132,357	130,495
Repairs - buildings and grounds		3,038	491
Repairs - equipment		3,190	1,607
Advertising		51	138
Automotive supplies		11,196	10,161
Department supplies		4,370	7,313
Bank charges		232	232
Uniforms		3,231	3,265
Powell Bill - services		68,046	44,789
Powell Bill - equipment operations		66,649	12,894
Powell Bill - capital outlay		77,913	170,744
Contracted services		1,694	281
Insurance		13,380	14,898
Miscellaneous		235	208
Small expendable equipment		1,481	1,113
Total transportation	664,427	603,917	605,447
ECONOMIC AND PHYSICAL DEVELOPMENT			
Martin County Arts Council		6,000	6,000
Williamston Downtown		3,757	2,223
Williamston Downtown, Inc. Facade		3,000	5,000
Williamston Beautification		4,743	224
Audubon Society / NC State		500	614
Hwy 17 Association		3,000	2,500
Mid-East Commission		1,584	1,584
Institute of Government		619	603
Martin County Chamber		715	715
Committee of 100		500	500
NCLM		5,985	5,553
Roanoke River Partners		1,500	1,500
Roanoke River Basin		500	500
Committee of 1000		1,000	1,000
Employer contributions to OPEB Trust Fund		146,620	153,284
Total economic & physical development	184,185	180,023	181,800

(continued)

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2015

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014)

ENVIRONMENTAL PROTECTION

Sanitation:

	2015		2014
	Budget	Actual	Actual
Salaries - regular		214,636	193,415
Salaries - temporary		3,054	2,017
FICA tax		16,281	14,708
Group insurance		45,635	47,958
Retirement		15,160	12,921
Professional services		175	35
Employee training		24	70
Telephone		535	522
Repairs - equipment		6,164	4,791
Advertising		65	28
Automotive supplies		26,477	35,785
Department supplies		1,815	1,560
Mosquito control		1,858	1,736
Martin County Landfill		14,442	-
Bank charges		153	153
Garbage collection		742	1,145
Uniforms		5,187	5,032
Contracted services		2,892	281
Insurance		19,473	12,682
Miscellaneous		135	189
Capital outlay		82,500	50,859
Total	481,520	457,403	385,887

Cemetery:

Salaries - regular	52,911	55,681
Salaries - temporary	4,168	4,498
FICA tax	4,353	4,532
Group insurance	10,175	11,756
Retirement	3,999	4,184
Professional services	-	10
Telephone	753	639
Utilities	708	922
Repairs - buildings and grounds	2,709	45
Repairs - equipment	2,080	729
Automotive supplies	1,715	2,520
Department supplies	2,261	2,198
Bank charges	39	39
Rooks fund expense	480	370
Uniforms	1,390	1,181
Insurance	2,863	3,010

(continued)

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2015

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014)

	2015		2014
	Budget	Actual	Actual
Cemetery, continued			
Miscellaneous		11	113
Purchase back cemetery lots		300	-
Capital outlay		-	13,795
Small expendable equipment		709	1,010
Total	101,969	91,624	107,232
Total environmental protection	583,489	549,027	493,119
CULTURAL AND RECREATIONAL			
Recreation:			
Salaries - regular		187,092	166,987
Salaries - temporary		74,010	72,440
FICA tax		18,728	17,086
Group insurance		25,304	27,364
Retirement		13,867	12,923
Professional services		45	-
Employee training		1,345	1,029
Telephone		5,131	4,988
Postage		264	216
Utilities		28,072	26,210
Travel		51	-
Repairs - buildings and grounds		58,862	29,732
Repairs - equipment		5,292	6,394
Automotive supplies		12,690	15,807
Department supplies		18,168	24,932
Bank charges		225	225
Supplies - turf grass management		14,522	13,397
Uniforms		2,366	1,892
Garbage collection		4,083	4,048
Contracted services		6,967	2,916
Dues		90	485
Insurance		16,807	16,277
Miscellaneous		5,240	3,813
Capital outlay		-	19,178
Small expendable equipment		5,381	10,626
Contingency		25	-
Total	578,138	504,627	478,965

(continued)

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2015

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014)

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Cultural:				
Martin Memorial Library		96,051		96,051
Stampede Festival		7,779		19,715
Christmas decorations		537		836
Christmas parade		3,690		2,113
Total	114,182	108,057	6,125	118,715
Total cultural and recreational	692,320	612,684	79,636	597,680
Debt service:				
Principal retirement	301,225	212,000	89,225	212,000
Interest	27,272	18,146	9,126	26,078
Total debt service	328,497	230,146	98,351	238,078
Total expenditures	\$ 6,086,270	\$ 5,536,195	\$ 550,075	\$ 5,257,761

Town of Williamston, North Carolina
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2015

	Total Non-Major Special Revenue Funds	Total Non-Major Capital Projects Funds	Total Non-Major Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,399	\$ 57,095	\$ 60,494
Accounts receivable	-	125,000	125,000
	<hr/>		
TOTAL ASSETS	\$ 3,399	\$ 182,095	\$ 185,494
<hr/>			
LIABILITIES			
Accounts payable and accrued liabilities	\$ 728	\$ 939	\$ 1,667
Due to other funds	-	33,360	33,360
Total liabilities	728	34,299	35,027
<hr/>			
FUND BALANCES			
Assigned:			
Transportation	-	181,156	181,156
Economic and physical development	2,671	-	2,671
<hr/>			
Unassigned			
Total fund balances	-	(33,360)	(33,360)
<hr/>			
Total fund balances	2,671	147,796	150,467
<hr/>			
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,399	\$ 182,095	\$ 185,494
<hr/>			

Town of Williamston, North Carolina
Non-Major Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2015

	Total Non-Major Special Revenue Funds	Total Non-Major Capital Projects Funds	Total Non-Major Governmental Funds
REVENUES			
Restricted intergovernmental	\$ 250,273	\$ -	\$ 250,273
Investment earnings	-	12	12
Miscellaneous and project income	13,739	125,000	138,739
Total revenues	264,012	125,012	389,024
EXPENDITURES			
Current:			
Public safety	54,952	-	54,952
Economic and physical development	146,325	-	146,325
Environmental protection	63,097	-	63,097
Capital outlay	-	20,696	20,696
Total expenditures	264,374	20,696	285,070
Revenues over (under) expenditures	(362)	104,316	103,954
OTHER FINANCING SOURCES			
Transfers from other funds:			
General Fund	-	8,584	8,584
Revenues and other financing sources over (under) expenditures and other uses	(362)	112,900	112,538
FUND BALANCE, BEGINNING	3,033	34,896	37,929
FUND BALANCE, ENDING	\$ 2,671	\$ 147,796	\$ 150,467

Town of Williamston, North Carolina
Non-Major Governmental Special Revenue Funds
Combining Balance Sheet
June 30, 2015

	Strategic Economic Development - Golden Leaf	Brownfields Assessment Grants	FEMA Communi- cations Grant
ASSETS			
Cash and cash equivalents	\$ 3,399	\$ -	\$ -
LIABILITIES			
Accounts payable and accrued liabilities	\$ 728	\$ -	\$ -
FUND BALANCES			
Assigned:			
Economic and physical development	2,671	-	-
Total fund balances	2,671	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,399	\$ -	\$ -

Town of Williamston, North Carolina
Non-Major Governmental Special Revenue Funds
Combining Balance Sheet
June 30, 2015

	CDBG E.J. Hayes Revitalization Area Project	Total Non-Major Special Revenue Funds
ASSETS		
Cash and cash equivalents	\$ -	\$ 3,399
LIABILITIES		
Accounts payable and accrued liabilities	\$ -	\$ 728
FUND BALANCES		
Assigned:		
Economic and physical development	-	2,671
Total fund balances	-	2,671
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ -	\$ 3,399

Town of Williamston, North Carolina
Non-Major Governmental Special Revenue Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2015

	Strategic Economic Development - Golden Leaf	Brownfields Assessment Grants	FEMA Communi- cations Grant
REVENUES			
Restricted intergovernmental	\$ 1,450	\$ 63,097	\$ 54,952
Miscellaneous and project income	5,000	-	-
Total revenues	<u>6,450</u>	<u>63,097</u>	<u>54,952</u>
EXPENDITURES			
Current:			
Public safety	-	-	54,952
Economic and physical development	4,312	-	-
Environmental protection	-	63,097	-
Total expenditures	<u>4,312</u>	<u>63,097</u>	<u>54,952</u>
Revenues over (under) expenditures	2,138	-	-
FUND BALANCE, BEGINNING	<u>533</u>	-	-
FUND BALANCE, ENDING	<u><u>\$ 2,671</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Town of Williamston, North Carolina
Non-Major Governmental Special Revenue Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2015

	CDBG E.J. Hayes Revitalization Area Project	Total Non-Major Special Revenue Funds
REVENUES		
Restricted intergovernmental	\$ 130,774	\$ 250,273
Miscellaneous and project income	8,739	13,739
Total revenues	<u>139,513</u>	<u>264,012</u>
EXPENDITURES		
Current:		
Public safety	-	54,952
Economic and physical development	142,013	146,325
Environmental protection	-	63,097
Total expenditures	<u>142,013</u>	<u>264,374</u>
Revenues over (under) expenditures	(2,500)	(362)
FUND BALANCE, BEGINNING	<u>2,500</u>	<u>3,033</u>
FUND BALANCE, ENDING	<u><u>\$ -</u></u>	<u><u>\$ 2,671</u></u>

Town of Williamston, North Carolina
Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual
From Inception and for the Fiscal Year Ended June 30, 2015

STRATEGIC ECONOMIC DEVELOPMENT - GOLDEN LEAF

	Project Author - ization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
REVENUES					
Restricted intergovernmental revenues:					
Martin County	\$ 3,625	\$ 3,625	\$ -	\$ 3,625	\$ -
Martin County Tourism Development	1,950	500	1,450	1,950	-
Martin County Water Authority	500	500	-	500	-
Investment earnings	10	1	-	1	(9)
Miscellaneous and project income:					
Golden Leaf Foundation	20,000	20,000	-	20,000	-
Local Funds	5,000	-	5,000	5,000	-
Committee of 100	8,000	8,000	-	8,000	-
Total revenues	39,085	32,626	6,450	39,076	(9)
EXPENDITURES					
Current:					
Economic and physical development:					
Strategic Economic Plan	47,710	40,718	4,312	45,030	2,680
Revenues over (under) expenditures	(8,625)	(8,092)	2,138	(5,954)	2,671
OTHER FINANCING SOURCES					
Transfers from other funds:					
General Fund	8,625	8,625	-	8,625	-
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 533</u>	2,138	<u>\$ 2,671</u>	<u>\$ 2,671</u>
FUND BALANCE, BEGINNING			<u>533</u>		
FUND BALANCE, ENDING			<u>\$ 2,671</u>		

**Town of Williamston, North Carolina
Special Revenue Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual
From Inception and for the Fiscal Year Ended June 30, 2015**

BROWNFIELDS ASSESSMENT GRANTS

Project Author - ization	Actual			Variance Positive (Negative)
	Prior Years	Current Year	Total to Date	

REVENUES

Restricted intergovernmental revenues:

EPA - Brownfields Assessment Grant - Hazardous	\$ 200,000	\$ 184,093	\$ 15,585	\$ 199,678	\$ (322)
EPA - Brownfields Assessment Grant - Petroleum	200,000	152,348	47,512	199,860	(140)
Total revenues	400,000	336,441	63,097	399,538	(462)

EXPENDITURES

Current:

Environmental protection:

Hazardous:

Personnel	-	3,451	3,451		
Travel	1,758	-	1,758		
Supplies	57	96	153		
Contract Services	182,278	12,038	194,316		
Total hazardous	200,000	184,093	15,585	199,678	322

Petroleum:

Personnel	-	6,442	6,442		
Travel	1,758	-	1,758		
Supplies	57	278	335		
Contract Services	150,533	40,792	191,325		
Total petroleum	200,000	152,348	47,512	199,860	140
Total expenditures	400,000	336,441	63,097	399,538	462

Revenues over expenditures	\$	-	\$	-	-	\$	-	\$	-
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FUND BALANCE, BEGINNING

-

FUND BALANCE, ENDING

\$ -

**Town of Williamston, North Carolina
Special Revenue Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual
From Inception and for the Fiscal Year Ended June 30, 2015**

FEMA COMMUNICATIONS GRANT

Project Author - ization	Actual			Variance Positive (Negative)
	Prior Years	Current Year	Total to Date	

REVENUES

Restricted intergovernmental revenues:

FEMA Communications Grant	\$ 917,833	\$ 862,881	\$ 54,952	\$ 917,833	\$ -
Martin County 10% Match	101,981	101,981	-	101,981	-
Total revenues	1,019,814	964,862	54,952	1,019,814	-

EXPENDITURES

Current:

Public safety:

Equipment	1,019,814	964,862	54,952	1,019,814	-
Total expenditures	1,019,814	964,862	54,952	1,019,814	-

Revenues over expenditures

\$ -	\$ -	-	\$ -	\$ -
------	------	---	------	------

FUND BALANCE, BEGINNING

-

FUND BALANCE, ENDING

\$ -

Town of Williamston, North Carolina
Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual
From Inception and for the Fiscal Year Ended June 30, 2015

COMMUNITY DEVELOPMENT BLOCK GRANT PROJECT FUND - E.J. HAYES
REVITALIZATION AREA PROJECT

Project Author - ization	Actual			Variance Positive (Negative)
	Prior Years	Current Year	Total to Date	

REVENUES

Restricted intergovernmental revenues:

CDBG Grant C-1 (11-C-2384) \$ 534,718 \$ 403,944 \$ 130,774 \$ 534,718 \$ -

Miscellaneous and project income:

Local Funds 11,239 2,500 8,739 11,239 -

Total revenues 545,957 406,444 139,513 545,957 -

EXPENDITURES

Current:

Economic and physical development:

C-1 Project:

Planning 7,000 - 7,000

Administration 32,660 8,601 41,261

Neighborhood facilities 364,284 122,173 486,457

Local Funds:

Neighborhood facilities - 11,239 11,239

Total expenditures 545,957 403,944 142,013 545,957 -

Revenues over (under) expenditures \$ - \$ 2,500 (2,500) \$ - \$ -

FUND BALANCE, BEGINNING

2,500

FUND BALANCE, ENDING

\$ -

Town of Williamston, North Carolina
Non-Major Governmental Capital Projects Funds
Combining Balance Sheet
June 30, 2015

	Skewarkee Canal Phase IV	Annexation Area E	Total Non-Major Capital Projects Funds
ASSETS			
Cash and cash equivalents	\$ 57,095	\$ -	\$ 57,095
Accounts receivable	125,000	-	125,000
	<hr/>		
TOTAL ASSETS	\$ 182,095	\$ -	\$ 182,095
<hr/>			
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 939	\$ -	\$ 939
Due to other funds	-	33,360	33,360
Total liabilities	939	33,360	34,299
	<hr/>		
Fund balances:			
Assigned:			
Transportation	181,156	-	181,156
Unassigned			
	-	(33,360)	(33,360)
Total fund balances	181,156	(33,360)	147,796
	<hr/>		
TOTAL LIABILITIES AND FUND BALANCES	\$ 182,095	\$ -	\$ 182,095
	<hr/>		

Town of Williamston, North Carolina
Non-Major Governmental Capital Projects Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2015

	Skewarkee Canal Phase IV	Annexation Area E	Total Non-Major Capital Projects Funds
REVENUES			
Investment earnings	\$ 12	\$ -	\$ 12
Miscellaneous and Project Income	125,000	-	125,000
Total revenues	<u>125,012</u>	<u>-</u>	<u>125,012</u>
EXPENDITURES			
Capital outlay:			
Transportation	9,863	10,833	20,696
Revenues over (under) expenditures	115,149	(10,833)	104,316
OTHER FINANCING SOURCES			
Transfers from other funds:			
General Fund	-	8,584	8,584
Revenues and other financing sources over (under) expenditures and other uses	115,149	(2,249)	112,900
FUND BALANCE (DEFICIT), BEGINNING	<u>66,007</u>	<u>(31,111)</u>	<u>34,896</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ 181,156</u>	<u>\$ (33,360)</u>	<u>\$ 147,796</u>

**Town of Williamston, North Carolina
Governmental Capital Projects Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual
From Inception and for the Fiscal Year Ended June 30, 2015**

SKEWARKEE CANAL PHASE IV

Project Author - ization	Actual			Variance Positive (Negative)
	Prior Years	Current Year	Total to Date	

REVENUES

Restricted intergovernmental revenues:

NC Division of Water Resources Dev Grant	\$ 554,823	\$ 295,569	\$ -	\$ 295,569	\$ (259,254)
NCDOT Grant	65,000	65,000	-	65,000	-
Sales tax refund	-	6,265	-	6,265	6,265

Miscellaneous and Project Income:

Contractor settlement - non-performance	-	-	125,000	125,000	125,000
Investment earnings	-	1,565	12	1,577	1,577

Total revenues	<u>619,823</u>	<u>368,399</u>	<u>125,012</u>	<u>493,411</u>	<u>(126,412)</u>
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EXPENDITURES

Capital outlay:

Transportation:

Engineering and inspections		208,363	-	208,363	
Legal and administration		19,533	9,608	29,141	
Construction		418,574	255	418,829	
Total expenditures	<u>969,000</u>	<u>646,470</u>	<u>9,863</u>	<u>656,333</u>	<u>312,667</u>

Revenues over (under) expenditures	<u>(349,177)</u>	<u>(278,071)</u>	<u>115,149</u>	<u>(162,922)</u>	<u>186,255</u>
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OTHER FINANCING SOURCES

Transfers from other funds:

Powell Bill Fund	168,000	168,000	-	168,000	-
Water and Sewer Fund	136,000	136,000	-	136,000	-
CDBG Rehab Loans Project	45,177	40,078	-	40,078	(5,099)
Total other financing sources	<u>349,177</u>	<u>344,078</u>	<u>-</u>	<u>344,078</u>	<u>(5,099)</u>

Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 66,007</u>	<u>115,149</u>	<u>\$ 181,156</u>	<u>\$ 181,156</u>
--	-------------	------------------	----------------	-------------------	-------------------

FUND BALANCE, BEGINNING

66,007

FUND BALANCE, ENDING

\$ 181,156

**Town of Williamston, North Carolina
Governmental Capital Projects Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual
From Inception and for the Fiscal Year Ended June 30, 2015**

ANNEXATION AREA E

Project Author - ization	Actual			Variance Positive (Negative)
	Prior Years	Current Year	Total to Date	
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Capital outlay:				
Transportation:				
Engineering and surveying	36,847	10,833	47,680	
Easement acquisition and miscellaneous	2,070	-	2,070	
Construction	-	-	-	
Contingency	-	-	-	
Total expenditures	<u>89,600</u>	<u>38,917</u>	<u>10,833</u>	<u>49,750</u>
Revenues over (under) expenditures	<u>(89,600)</u>	<u>(38,917)</u>	<u>(10,833)</u>	<u>(49,750)</u>
OTHER FINANCING SOURCES				
Transfers from other funds:				
General Fund	16,400	7,806	8,584	16,390
Powell Bill Fund	73,200	-	-	-
Total other financing sources	<u>89,600</u>	<u>7,806</u>	<u>8,584</u>	<u>16,390</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (31,111)</u>	<u>(2,249)</u>	<u>\$ (33,360)</u>
FUND BALANCE (DEFICIT), BEGINNING			<u>(31,111)</u>	
FUND BALANCE (DEFICIT), ENDING			<u>\$ (33,360)</u>	

Town of Williamston, North Carolina

Water and Sewer Fund

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2015

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014)

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Charges for services:				
Water sales	\$	\$ 1,398,536	\$	\$ 1,347,157
Water District 1 sales		138,870		134,297
Water District 2 sales		300,154		303,719
Sewer sales		1,720,384		1,740,626
Water and sewer taps		6,725		5,555
Total charges for services	3,586,250	3,564,669	(21,581)	3,531,354
Other operating revenues:				
Late penalties	23,000	34,100	11,100	22,285
Total operating revenues	3,609,250	3,598,769	(10,481)	3,553,639
Non-operating revenues:				
Investment earnings	5,000	10,202	5,202	11,449
NC Rural Economic Development Center Grant	-	-	-	27,660
Miscellaneous	500	2,445	1,945	1,254
Total non-operating revenues	5,500	12,647	7,147	40,363
Total revenues	3,614,750	3,611,416	(3,334)	3,594,002
EXPENDITURES				
Water treatment and distribution	1,311,337	1,097,682	213,655	1,019,446
Water District 1	48,025	46,036	1,989	48,025
Water District 2	160,606	156,724	3,882	160,426
Waste collection and treatment	1,187,908	1,083,979	103,929	977,894
Debt service	772,174	642,298	129,876	539,360
Capital outlay	136,845	64,984	71,861	41,185
Total expenditures	3,616,895	3,091,703	525,192	2,786,336
Revenues over (under) expenditures	(2,145)	519,713	521,858	807,666
OTHER FINANCING SOURCES (USES)				
Appropriated net position	285,000	-	(285,000)	-
Sale of capital assets	1,000	-	(1,000)	3,201
Loan repayments from General Fund	63,879	22,614	(41,265)	78,066
Transfers from other funds:				
Water & Sewer Capital Projects Fund	-	-	-	45
Transfers to other funds:				
Water & Sewer Capital Projects Fund	-	-	-	(41,667)
Capital Projects Fund	(347,734)	-	347,734	(123,843)
Total other financing sources (uses)	2,145	22,614	20,469	(84,198)
Revenues and other financing sources over expenditures and other uses	\$ -	\$ 542,327	\$ 542,327	\$ 723,468

Town of Williamston, North Carolina

Water and Sewer Fund

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2015

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014)

2015			2014
Budget	Actual	Variance Positive (Negative)	Actual

**RECONCILIATION FROM BUDGETARY BASIS
(MODIFIED ACCRUAL) TO FULL ACCRUAL BASIS:**

Revenues and other financing sources over
expenditures and other uses

\$ 542,327

Reconciling items:

Principal retirement

572,543

Capital outlay

64,984

Deferred outflows of resources for contributions
made to pension plan in current fiscal year

30,659

Pension expense

(2,855)

(Increase) decrease in accrued vacation pay

(1,388)

(Increase) decrease in accrued OPEB liability

2,871

Depreciation

(573,683)

Capital contributions

1,000,000

Loan repayments from General Fund

(22,614)

Transfer in from General Fund to

Water and Sewer Capital Projects Fund

23,731

Total reconciling items

1,094,248

Change in net position

\$ 1,636,575

Town of Williamston, North Carolina
Water and Sewer Fund
Schedule of Expenditures- Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2015
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014)

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
WATER TREATMENT AND DISTRIBUTION				
Administration expense	\$	\$ 202,209	\$	\$ 184,107
Salaries - regular		191,592		177,634
Salaries - temporary		15,176		18,690
FICA tax		15,351		14,655
Group insurance		28,566		29,885
Employer contributions to OPEB Trust Fund		28,182		35,567
Retirement		14,424		13,888
Professional services		7,009		7,791
Employee training		4,402		740
Telephone		4,046		4,263
Postage		4,130		5,290
Utilities		65,359		58,197
Travel		106		121
Repairs - buildings and grounds		620		3,576
Repairs - equipment		14,086		12,607
Advertising		128		30
Automotive supplies		20,831		25,357
Office supplies		-		67
Department supplies		34,485		28,935
Bank charges		450		450
Uniforms		3,608		3,179
Contracted services		78,716		63,868
Dues		3,013		3,310
Insurance		16,150		25,025
Miscellaneous		22		68
Small expendable equipment		49,579		40,638
Repair / replace fire hydrants		-		6,719
Repair lines		12,209		9,456
Water purchases		63,135		103,302
Martin County Regional Water Authority membership fees		212,463		137,020
Bad debts		7,635		5,011
Total water treatment and distribution	<u>1,311,337</u>	<u>1,097,682</u>	<u>213,655</u>	<u>1,019,446</u>
WATER DISTRICT 1				
Monthly overhead costs		46,036		48,025
Total Water District 1	<u>48,025</u>	<u>46,036</u>	<u>1,989</u>	<u>48,025</u>

(continued)

Town of Williamston, North Carolina
Water and Sewer Fund
Schedule of Expenditures- Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2015
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014)

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
WATER DISTRICT 2				
Water service fees		29,472		29,472
Monthly overhead costs		127,252		130,954
Total Water District 2	160,606	156,724	3,882	160,426
WASTE COLLECTION AND TREATMENT				
Administration expense		387,564		371,034
Salaries - regular		225,655		196,568
Salaries - temporary		6,421		4,827
FICA tax		17,567		15,080
Group insurance		38,854		41,020
Employer contributions to OPEB Trust Fund		20,000		30,000
Retirement		16,228		13,828
Professional services		3,513		9,051
Employee training		782		859
Telephone		3,377		2,919
Postage		9,241		9,617
Utilities		95,960		89,622
Travel		74		70
Repairs - buildings and grounds		805		8,126
Repairs - equipment		72,001		26,068
Equipment rent, leases		1,734		-
Advertising		243		101
Automotive supplies		9,863		10,753
Office supplies		145		-
Department supplies		25,393		30,678
Lab supplies		7,896		7,040
Bank charges		801		801
Uniforms		4,789		4,012
Garbage collection		1,228		1,204
Contracted services		68,666		44,453
Dues		8,183		7,580
Insurance		35,796		38,130
Miscellaneous		1,046		142
Small expendable equipment		1,408		1,534
Line repairs		926		1,084
Bad debts		17,820		11,693
Total waste collection and treatment	1,187,908	1,083,979	103,929	977,894

(continued)

Town of Williamston, North Carolina
Water and Sewer Fund
Schedule of Expenditures- Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2015
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014)

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
DEBT SERVICE				
Principal retirement	648,168	572,543	75,625	455,826
Interest and other charges	124,006	69,755	54,251	83,534
Total debt service	<u>772,174</u>	<u>642,298</u>	<u>129,876</u>	<u>539,360</u>
CAPITAL OUTLAY				
Water capital outlay		34,951		9,245
Sewer capital outlay		30,033		31,940
Total capital outlay	<u>136,845</u>	<u>64,984</u>	<u>71,861</u>	<u>41,185</u>
Total expenditures	<u>\$ 3,616,895</u>	<u>\$ 3,091,703</u>	<u>\$ 525,192</u>	<u>\$ 2,786,336</u>

Town of Williamston, North Carolina
Water and Sewer Fund Capital Projects Fund
Schedule of Revenue and Expenditures- Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2015

ANNEXATION AREA A

	Project Author - ization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
REVENUES		\$ -	\$ -	\$ -	\$ -
EXPENDITURES					
Professional services		17,747	(44)	17,703	
Technical services		-	197,737	197,737	
Easement acquisition & miscellaneous		-	2,090	2,090	
Construction		-	-	-	
Contingency		-	-	-	
Total expenditures		5,116,500	17,747	199,783	217,530
Revenues over (under) expenditures		(5,116,500)	(17,747)	(199,783)	(217,530)
OTHER FINANCING SOURCES					
Transfers from other funds:					
Water and Sewer Fund		3,520,000	23,832	-	23,832
General Fund		93,100	1,203	23,731	24,934
Powell Bill Fund		322,800	-	-	-
Long-term debt financing		1,180,600	-	-	-
Total other financing sources		5,116,500	25,035	23,731	48,766
Revenues and other financing sources over (under) expenditures		\$ -	\$ 7,288	\$ (176,052)	\$ (168,764)

Town of Williamston, North Carolina
Water and Sewer Fund Capital Projects Fund
Schedule of Revenue and Expenditures- Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2015

SANITARY SEWER REHABILITATION PROJECT

	Project Author - ization	Actual			Variance Positive (Negative)	
		Prior Years	Current Year	Total to Date		
REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	
EXPENDITURES						
Construction		681,817	841,612	1,523,429		
Closing Fee		41,667	-	41,667		
Legal Fees		-	-	-		
Technical Services		364,704	154,795	519,499		
Contingency		477	-	477		
Total expenditures		2,124,956	1,088,665	996,407	2,085,072	39,884
Revenues over (under) expenditures		(2,124,956)	(1,088,665)	(996,407)	(2,085,072)	39,884
OTHER FINANCING SOURCES						
Clean Water State Revolving Fund		1,083,289	1,046,998	(3,593)	1,043,405	(39,884)
Clean Water State Revolving Fund - Principal Forgiveness		1,000,000	-	1,000,000	1,000,000	-
Transfers from other funds:						
Water and Sewer Fund		41,667	41,667	-	41,667	-
Total other financing sources		2,124,956	1,088,665	996,407	2,085,072	(39,884)
Revenues and other financing sources over expenditures		\$ -	\$ -	\$ -	\$ -	\$ -

Other Schedules

This Section Contains additional information required on property taxes.

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

Town of Williamston, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2015

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2014</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Releases</u>	<u>Uncollected Balance June 30, 2015</u>
2014-2015	\$ -	\$ 2,755,713 (a)	\$ 2,497,820 (b)	\$ 4,368 (a)	\$ 253,525
2013-2014	167,967	-	61,214	-	106,753
2012-2013	109,838	-	25,275	-	84,563
2011-2012	72,499	-	16,152	27	56,320
2010-2011	47,544	-	9,128	27	38,389
2009-2010	36,637	-	6,150	27	30,460
2008-2009	18,213	-	1,763	18	16,432
2007-2008	14,081	-	951	18	13,112
2006-2007	7,963	-	710	18	7,235
2005-2006	6,684	-	310	-	6,374
2004-2005	8,468	-	230	8,238	-
	<u>\$ 489,894</u>	<u>\$ 2,755,713</u>	<u>\$ 2,619,703 (d)</u>	<u>\$ 12,741</u>	<u>613,163</u>
Less: allowance for uncollectible ad valorem taxes receivable					<u>(34,825)</u>
Ad valorem taxes receivable - net					<u>\$ 578,338</u>
 Reconciliation to Revenues:					
Ad valorem taxes - General Fund					\$ 2,646,793
Reconciling items:					
Penalties and interest collected					<u>(27,090)</u>
Total collections and credits					<u>\$ 2,619,703</u>

Town of Williamston, 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	\$ 355,590,000	\$ 0.74	\$ 2,631,366	\$ 2,399,903	\$ 231,463
DISCOVERIES:					
Current year taxes	16,803,649		124,347	124,347	-
ABATEMENTS	(590,270)		(4,368)	(4,368)	-
Total property valuation	<u>\$ 371,803,379</u>				
Net levy			2,751,345 (a)	2,519,882	231,463
Uncollected taxes at June 30, 2015			<u>(253,525) (c)</u>	<u>(253,525)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 2,497,820 (b)</u>	<u>\$ 2,266,357</u>	<u>\$ 231,463</u>
Current levy collection percentage			<u>90.79%</u>	<u>89.94%</u>	<u>100.00%</u>

Compliance Section



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INDEPENDENT AUDITORS' 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

To the Honorable Mayor and Members of the Town Council
Town of Williamston, 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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Williamston, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Williamston's basic financial statements, and have issued our report thereon dated December 8, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Williamston'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 Williamston's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Williamston'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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of 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. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Williamston's financial statements are free from 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*.

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 results 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.

Carly Riggs & Ingram, L.L.C.

Wilson, North Carolina
December 8, 2015



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Williamston, North Carolina's 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 Williamston's major federal programs for the year ended June 30, 2015. The Town of Williamston's major federal programs are identified in the summary of auditors' 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 Williamston'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 Williamston'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 Williamston's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Williamston 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 Williamston 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 Williamston's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an 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 of Williamston'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 a 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.

Cary, Riggs & Ingram, L.L.C.

Wilson, North Carolina
December 8, 2015



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH APPLICABLE SECTIONS OF OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

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

Report on Compliance for Each Major State Program

We have audited the Town of Williamston, North Carolina's, compliance with the types of compliance requirements described in 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 Williamston's major State programs for the year ended June 30, 2015. The Town of Williamston's major State programs are identified in the summary of auditors' 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 State programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Williamston's major State 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 applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, 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 State program occurred. An audit includes examining, on a test basis, evidence about the Town of Williamston'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 State program. However, our audit does not provide a legal determination of the Town of Williamston's compliance.

Opinion on Each Major State Program

In our opinion, the Town of Williamston 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 State programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Town of Williamston 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 Williamston's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State 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 State 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 State 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 State 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.

Carly Riggs & Ingram, L.L.C.

Wilson, North Carolina
December 8, 2015

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

SECTION 1 - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted yes no

Federal Awards

Internal control over major federal programs:

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

Type of auditors' report issued on compliance for major federal programs: Unmodified, for all federal programs.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 yes no

Identification of major federal programs:

CFDA Numbers

Names of Federal Program or Cluster

66.458

Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B Programs \$ 300,000

Auditee qualified as low-risk auditee? yes no

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

State Awards

Internal control over major State programs:

- Material weakness(es) identified? yes no

- Significant Deficiency(s) identified
that are not considered to be
material weaknesses yes none reported

Type of auditors' report issued on compliance for major State programs: Unmodified, for all State programs.

Any audit findings disclosed that are
required to be reported in accordance
with the State Single Audit Implementation Act yes no

Identification of major State programs:

Program Name

Capitalization Grants for Clean Water State Revolving Funds

SECTION II – FINANCIAL STATEMENT FINDINGS


None.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

SECTION IV – STATE AWARD FINDINGS AND QUESTIONED COSTS

None.



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

SECTION II – FINANCIAL STATEMENT FINDINGS

No corrective action required.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No corrective action required.

SECTION IV – STATE AWARD FINDINGS AND QUESTIONED COSTS

No corrective action required.



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

As of June 30, 2015, the Town of Williamston had no unresolved findings from prior years.

**Town of Williamston, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2015**

<u>Grantor/Pass-through Grantor/Program Title</u>	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal - (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
FEDERAL GRANTS:					
CASH ASSISTANCE:					
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Passed-through N.C.					
Department of Commerce					
Community Development Block Grant - State's Program:					
CDBG E.J. Hayes					
Revitalization Area Project	14.228	11-C-2384	\$ 130,774	\$ -	\$ -
Total U.S. Department of Housing and Urban Development			130,774	-	-
U.S. ENVIRONMENTAL PROTECTION AGENCY					
Direct Program:					
ARRA - Brownfields Assessment and Cleanup Cooperative Agreements	66.818	EPA-OSWER- OBLR-10-09	63,097	-	-
Passed-through N.C. Department of Environment and Natural Resources					
Capitalization Grants for Clean Water State Revolving Funds					
	66.458	CS370435-05	494,621	494,620	-
Total U.S. Environmental Protection Agency			557,718	494,620	-
U.S. DEPARTMENT OF HOMELAND SECURITY					
Direct Program:					
Assistance to Firefighters Grant	97.044	EMW-2011-FR- 00231	54,952	-	-
Passed-through N.C. Department of Public Safety					
Homeland Security Grant Program	97.067	EMW-2014-SS- 00069-S01	23,866	-	-
Total U.S. Department of Homeland Security			78,818	-	-
TOTAL FEDERAL AWARDS			767,310	494,620	-

(continued)

Town of Williamston, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2015

<u>Grantor/Pass-through Grantor/Program Title</u>	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal - (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
STATE GRANTS:					
CASH ASSISTANCE:					
N.C. DEPARTMENT OF TRANSPORTATION					
Non-State System Street-Aid Allocation (Powell Bill)		WBS 32570	-	212,608	-
N.C. DEPARTMENT OF COMMERCE					
N.C. DEPARTMENT OF PUBLIC SAFETY					
Regional Response Team Grant		072314-9814	-	51,812	-
TOTAL STATE AWARDS			-	264,420	-
TOTAL FEDERAL AND STATE AWARDS			\$ 767,310	\$ 759,040	\$ -

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 includes the federal and State grant activity of the Town of Williamston and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

2. Loans Outstanding

The Town of Williamston had the following loan balances outstanding at June 30, 2015. These loan balances are also included in the federal and State expenditures presented in the schedule.

<u>Program Title</u>			Amount Outstanding
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS370435-05	\$ 989,241