

TOWN OF SUMMERFIELD
SUMMERFIELD, NORTH CAROLINA

Financial Statements
Year Ended June 30, 2015

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

<u>Exhibit</u>		<u>Page</u>
	Introductory Section	
	List of Principal Officials	
	Financial Section	
	Independent Auditor's Report	1
	Management's Discussion and Analysis	3
	Basic Financial Statements	
	Government-wide Financial Statements:	
1	Statement of Net Assets	13
2	Statement of Activities	14
	Fund Financial Statements	
3	Balance Sheet – General Fund	15
4	Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund	16
4	Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	17
5	Statement of Revenues, Expenditures, and Changes, in Fund Balance – Budget and Actual – General Fund	18
	Notes to Financial Statements	19
	Schedule of Proportionate Share of Net Pension Asset for Local Government Employees' Retirement System	41
	Schedule of Contributions to Local Government Employees' Retirement System	42
	Supplementary Information Individual Fund Financial Statements	
	<u>Schedule</u>	
1	Comparative Balance Sheets – General Fund	43
2	Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual – General Fund	44
3	Schedule of Ad Valorem Taxes Receivable	48
4	Analysis of Current Tax Levy	49

Town of Summerfield, North Carolina

TOWN COUNCIL

Tim Sessoms	Mayor
Dena Barnes	Mayor Pro-Tem
Mike Adams	Councilperson
Alicia Flowers	Councilperson
Dianne Laughlin	Councilperson
Elizabeth McClellan	Councilperson

TOWN OFFICIALS

Tim Sessoms	Mayor
Dena Barnes	Mayor Pro-Tem
Scott Whitaker	Town Manager
Katrina Whitt	Finance Officer
Cheryl Gore	Mgr Asst/Events Coordinator
Julie Reid	Town Planner
William Hill	Town Attorney
Valarie Halvorsen	Town Clerk

Rouse, Rouse, Penn & Rouse, L.L.P.
Certified Public Accountants

R. Rex Rouse, Jr., CPA
Judy Grogan Rouse, CPA

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Boulevard
Eden, NC 27289-2152
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Patricia E. Penn, CPA
Victor B. Rouse, CPA

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Summerfield, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents..

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order 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 opinion.

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Summerfield, 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 & Analysis be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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


Rouse, Rouse, Penn & Rouse, LLP
Certified Public Accountants

October 27, 2015

Management's Discussion and Analysis

Management's Discussion and Analysis is designed to highlight important financial matters, provide a summary of financial activity, recognize changes in financial position, and identify individual fund issues or concerns. This narrative and analysis of the Town of Summerfield's (the Town) performance through June 30, 2015 is provided as a supplement to the Town's fiscal year-end financial statements. Please read it in conjunction with the Town's financial statements and notes to the financial statements that follow.

OVERVIEW OF THE TOWN OF SUMMERFIELD

The Town of Summerfield was incorporated in 1996. The Town is governed by an elected mayor and five-member Town Council. Effective with the November 2005 election, the mayor is elected every two years directly by the voters. Council members serve four-year staggered terms. A voter referendum in 2007 changed the form of government from Mayor/Council to Council/Manager. In addition to the Town Council and staff, there are many volunteer committees that serve the Town.

FINANCIAL HIGHLIGHTS

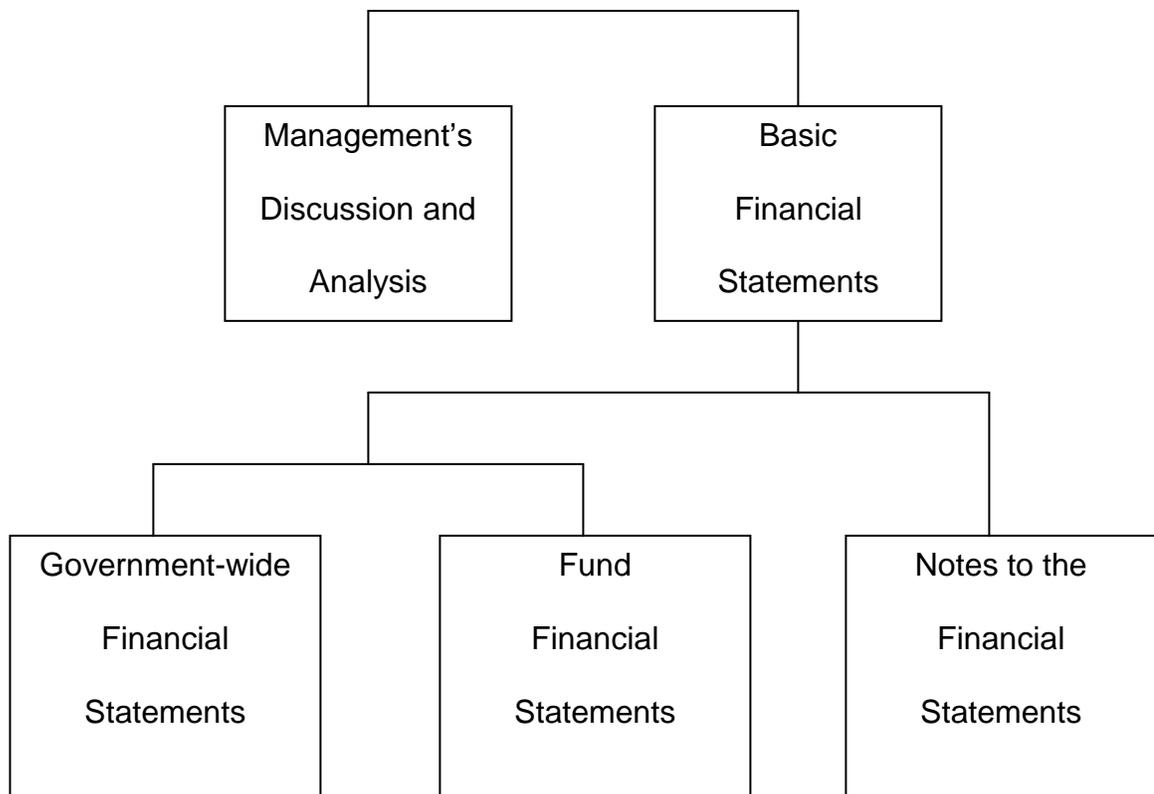
- The assets and deferred outflows of resources of the Town of Summerfield exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$13,920,140 (net position).
- The government's total net position increased by \$89,874, primarily due to fixed asset transactions, as general fund revenues exceeded expenditures net of capital outlays.
- As of the close of the current fiscal year, the Town of Summerfield's governmental funds reported combined ending fund balances of \$8,347,590, an increase of \$300,384 from the prior year. Approximately ninety-seven percent of this total amount, or \$8,127,076, is available for spending at the government's discretion.
- At the end of the current fiscal year, available fund balance for the General Fund was \$8,127,076, or 856 percent of total general fund expenditures for the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Required Components of Annual Financial Report

Figure 1



Summary → Detail

Management Discussion and Analysis
Town of Summerfield

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 5) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town government and provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental fund statements, and 2) the budgetary comparison statements.

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

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

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

The Statement of Net Position includes all of the Town's assets and liabilities and provides information about the amounts invested in capital assets and the obligations to the Town's creditors. The statement is presented in the format where assets, minus liabilities, equals "Net Position", formerly known as equity. It also provides a basis of assessing the liquidity and financial flexibility of the Town. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current". The focus of the Statement of Net Position (the "Unrestricted Net Position") is to present the net available liquid (non-capital) assets, net of liabilities, for the entire Town. Net Position is reported in three broad categories:

Net Investment in Capital Assets consists of all capital assets net of depreciation.

Management Discussion and Analysis

Town of Summerfield

Restricted Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position consists of those assets that do not meet the definition of “Net Investment in Capital Assets, Net of Related Debt”, or “Restricted Net Assets”.

The Statement of Revenues, Expenditures, and Changes in Fund Balance (comparable to an Income Statement) includes Revenues, such as ad valorem taxes and investment earnings, and Expenditures, such as general government and planning and zoning. The focus of this statement is the “Change in Fund Balance”, which is similar to Net Income or Loss.

Fund Financial Statements: The fund financial statements (see Figure 2) 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 Summerfield, 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 Summerfield can be divided into one category: governmental funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Town of Summerfield’s basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash, and what monies are available at year-end for spending in the subsequent year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps in determining if there are more or less financial resources available to finance the Town’s programs. The relationship between governmental 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 Summerfield 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 Council about which services to provide and how to pay for those services. The budget also authorizes the Town to obtain funds from identified sources to finance 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

Management Discussion and Analysis

Town of Summerfield

budget document. The statement shows four columns: 1) the original budget as adopted by the Council; 2) the final budget as amended by the Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 19-39 of this report.

Government-Wide Financial Analysis

The Town of Summerfield's Net Assets

Figure 2

	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 8,429,314	\$ 8,086,588
Capital assets	5,635,322	5,838,213
Deferred Outflows of Resources	22,184	22,184
Total assets & Deferred Outflows of Resources	<u>14,086,787</u>	<u>13,924,801</u>
Long-term liabilities outstanding	25,289	18,861
Other liabilities	55,599	36,692
Total liabilities	<u>80,888</u>	<u>55,553</u>
Deferred Inflows of Resources	63,608	80
Net position:		
Net Investment in capital assets	5,635,322	5,838,213
Restricted	217,905	142,185
Unrestricted	8,089,097	7,888,770
Total net position	<u>\$ 13,942,324</u>	<u>\$ 13,869,168</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 Summerfield exceeded liabilities and deferred inflows by \$13,942,324 as June 30, 2015. The Town's net position increased by \$112,058 for the fiscal year ended June 30, 2015; however, a portion (40.42%) of total net position reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Summerfield uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the Town of Summerfield's net position totaling \$217,905 represents resources that are subject to external restrictions on how they may be used. The remaining balance

Management Discussion and Analysis
Town of Summerfield

of \$8,089,097 is unrestricted. Also, the Town of Summerfield 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 \$38,902. Decisions regarding the allocations are made by the administrators of the pension plan, not by the Town's management.

Town of Summerfield Changes in Net Position

Figure 3

	Governmental Activities	Governmental Activities
	2015	2014
Revenues:		
Program revenues:		
Charges for services	57,241	48,725
Operating grants and contributions	282	512
General revenues:		
Property taxes	383,569	481,604
Intergovernmental allocations	753,201	645,447
Investment Earnings	53,521	15,525
Other	735	909
Total revenues	<u>1,248,549</u>	<u>1,192,722</u>
Expenditures:		
General government	444,887	445,057
Public safety	40,821	40,706
Planning and zoning	128,714	130,698
Trails & Open Space	804	-
Community Relations	25,968	23,969
Historical Commission	1,438	755
Culture and recreation	493,859	504,261
Total expenses	<u>1,136,491</u>	<u>1,145,446</u>
Increase in net assets	<u>112,058</u>	<u>47,276</u>
Net position, July 1	13,869,168	13,821,892
Restatement	<u>(38,902)</u>	<u>-</u>
Net position, beginning restated	<u>13,830,266</u>	<u>13,821,892</u>
Net position, June 30	<u><u>13,942,324</u></u>	<u><u>13,869,168</u></u>

Management Discussion and Analysis

Town of Summerfield

Governmental activities - Governmental activities increased the Town's net position by \$89,874, thereby accounting for the total growth in the net position of the Town of Summerfield. Several particular aspects of the Town's financial operations affected the growth:

- The Town of Summerfield levied an ad valorem property tax rate of \$.0275 per \$100 of assessed value for the fiscal year ended June 30, 2015. An ad valorem property tax rate of \$.035 per \$100 of assessed value was levied for the fiscal years ended June 30, 2014, 2013, 2012 and 2011 in comparison to none for the fiscal year ended June 30, 2010, \$.035 per \$100 of assessed value for the fiscal year ended June 30, 2009, \$.039 for the fiscal years ended June 30, 2008 and 2007, \$.05 for the fiscal year ended June 30, 2006, and \$.105 for the fiscal year ended June 30, 2005.
- With the enactment of a property tax in the fiscal year ended June 30, 2005, the Town was once again participating in sales tax revenue sharing with Guilford County and other local municipalities in the fiscal year ended June 30, 2006. The Town received \$119,473 in the prior fiscal year in comparison to approximately \$130,318 in the current fiscal year.
- Although interest rates continue to remain low during the current fiscal year, investment earnings increased \$37,996 or 244.74% over the prior fiscal year due to investment of monies in CDARS.
- The Town did not receive any capital grants or contributions.

Financial Analysis of the Town's Funds

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

Governmental Funds - The focus of the Town of Summerfield'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 Summerfield's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Summerfield. At the end of the current fiscal year, available fund balance of the General Fund was \$8,127,076, while total fund balance was \$8,347,590, a 3.73% increase from the prior year. As a measure of the general fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 856 percent of total General Fund expenditures while total fund balance represents 879 percent of that same amount.

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

Management Discussion and Analysis
Town of Summerfield

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.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town of Summerfield’s investment in capital assets for its governmental activities as of June 30, 2015, totals \$5,635,322 (net of accumulated depreciation). These assets include buildings, land, equipment, park facilities, and vehicles.

Major capital asset transactions during the year included the following:

- Improvements to the Summerfield Athletic Park (SAP) in the amount of \$71,764,
- Improvements to the Gordon Property in the amount of \$46,168,
- Annual depreciation expense of \$348,962.

Town of Summerfield’s Capital Assets

Figure 4

(net of depreciation)

	Governmental Activities 2015	Governmental Activities 2014
Land	1,679,750	1,679,750
Buildings and improvements	787,568	806,946
Land improvements	2,876,016	3,101,427
Vehicles	17,966	9,007
Office Furniture and Equipment	122,851	103,639
Construction in progress	151,171	137,444
Total	5,635,322	5,838,213

Management Discussion and Analysis

Town of Summerfield

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

Debt Administration

As of June 30, 2011, the Town of Summerfield had long-term debt outstanding of \$475,000. The debt proceeds were used to finish construction of the Summerfield Athletic Park with the purchase of lighting, and the debt was incurred to avoid the early withdrawal of high interest rate certificates of deposit. In May of 2012, the first of the five year certificates of deposit matured, and the funds were used to retire the debt. For the fiscal years ending June 30, 2015 and June 30, 2014, the Town had no remaining debt outstanding.

Additional information regarding the Town of Summerfield's long-term debt can be found in Note II of the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following key economic indicators and budget highlights reflect the growth and prosperity of the Town of Summerfield for the fiscal year ending June 30, 2016:

- The Town will levy a property tax of \$.0275 per \$100 of assessed value for the fiscal year ending June 30, 2016. A property revaluation occurred in 2012. The tax base is approximately \$1.4 billion.
- The 2010 US Census lists the population as 10,252 residents. This figure is 3,214 more residents than the 2000 US Census, a 45.7% increase.
- The Town will use a combination of revenues and fund balance to finance programs currently in place and to construct and repair Town facilities.
- Despite a budgeted use of \$812,104 of fund balance during the fiscal year ending June 30, 2016, available fund balance will be approximately \$7.5 million and over 640% of estimated general fund expenditures excluding parks and recreation capital outlay.
- Budgeted expenditures in the General Fund are expected to increase from \$1,476,607 to \$1,945,029 as budgeted expenditures during the fiscal year ended June 30, 2016 include Capital Projects as follows: Trail Development (\$325,000), Summerfield Athletic Park Second Entrance/Road Development (\$190,000) and Strategic Property Acquisitions (\$125,000).

Management Discussion and Analysis
Town of Summerfield

REQUESTS FOR INFORMATION

This report is designed to provide an overview of the Town of Summerfield'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 by mail to the Town Manager, Town of Summerfield, PO Box 970, Summerfield, NC 27358, by telephone at (336) 643-8655, or by e-mail at townmanager@summerfieldgov.com.

Town of Summerfield
Statement of Net Position
June 30, 2015

Exhibit 1

ASSETS

Activities

Current assets:

Cash and investments-unrestricted	8,182,730
Cash and investments-restricted	2,355
Receivables:	
Taxes receivable (net)	1,419
Accounts receivable (net)	7,990
Due from other governments	207,560
Prepaid Items	2,609

Total current assets	<u>8,404,663</u>
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Non Current asset

Net pension asset	<u>24,651</u>
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Capital assets:

Land and other nondepreciable assets	1,830,921
Other capital assets, net of depreciation	<u>3,804,401</u>

Total capital assets	<u>5,635,322</u>
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Total assets	<u><u>14,064,636</u></u>
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CURRENT OUTFLOWS OF RESOURCES

Contributions to Pension Plan in Current Fiscal Year	<u>22,184</u>
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LIABILITIES

Current liabilities:

Accounts payable and accrued liabilities	55,599
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Long-term liabilities:

Compensated Absences	<u>25,289</u>
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Total liabilities	<u>80,888</u>
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Deferred Inflows of Resources

Prepaid Taxes	55
Pension Deferrals	<u>63,553</u>

Total deferred inflows of resources	<u>63,608</u>
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NET POSITION

Net investment in capital assets	5,635,322
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Restricted for:

Stabilization by state statute	215,550
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Other	2,355
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Unrestricted	<u>8,089,097</u>
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Total net position	<u><u>13,942,324</u></u>
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The notes to the financial statements are an integral part of this statement.

Town of Summerfield
Statement of Activities
For the Year Ended June 30, 2015

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Expense (Revenue) and Changes in Net Position
Primary Government:					
Governmental Activities:					
General government	444,887		17		444,870
Public safety	40,821				40,821
Planning and zoning	128,714	18,705			110,009
Trails & open space	804				804
Community relations	25,968	5,331	25		20,612
Historical commission	1,438		240		1,198
Cultural and recreation	493,859	33,205	0		460,654
Total Governmental Activities	1,136,491	57,241	282	0	1,078,968
General revenues:					
					383,569
					753,201
					53,521
					735
					1,191,026
					112,058
					13,869,168
					(38,902)
					13,830,266
					13,942,324

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

**Town of Summerfield, North Carolina
Balance Sheet
Governmental Fund
June 30, 2015**

Exhibit 3

General Fund

June 30,
2015

Assets	
Cash and investments-unrestricted	8,182,730
Cash and investments-restricted	2,355
Taxes receivable (net)	1,419
Accounts receivable (net)	7,990
Due from other governments	207,560
Prepaid items	<u>2,609</u>
Total Assets	<u><u>8,404,663</u></u>
Liabilities and Fund Balance	
Liabilities:	
Accounts payable and accrued liabilities	<u>55,599</u>
Total Liabilities	<u>55,599</u>
Deferred Inflows of Resources	
Property tax receivable	1,419
Prepaid taxes	<u>55</u>
Total Liabilities	<u>1,474</u>
Fund Balance	
Nonspendable:	
Prepaid items	2,609
Restricted for:	
Stabilization by state statute	215,550
Other	2,355
Committed to:	
Parks and recreation	100,000
Transportation	50,000
Assigned to:	
Subsequent year expenditures	812,104
Unassigned	<u>7,164,972</u>
Total Fund Balance	8,347,590

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

Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.	5,635,322
Net pension asset	24,651
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	22,184
Liabilities for earned but deferred revenues in fund statements.	1,419
Pension related deferrals	(63,553)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(25,289)</u>
Net position of governmental activities	<u><u>13,942,324</u></u>

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

**Town of Summerfield, North Carolina
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Fund Types
For the Fiscal Year Ended June 30, 2015**

Exhibit 4

Governmental
Fund Types

General
Fund

June 30, 2015

Revenues

Ad valorem taxes	384,760
Unrestricted intergovernmental revenues	753,201
Fees and permits	18,705
Investment earnings	53,521
Miscellaneous	<u>39,553</u>
Total Revenues	<u>1,249,740</u>

Expenditures

Current operating:	
General government	494,355
Public safety	40,821
Planning and zoning	131,670
Trails & open space	804
Historical commission	191
Community relations	25,968
Culture and recreation	<u>255,547</u>
Total Expenditures	<u>949,356</u>

Excess (Deficiency) of Revenues over Expenditures	300,384
Fund Balance, Beginning of Year	<u>8,047,206</u>
Fund Balance, End of Year	<u><u>8,347,590</u></u>

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

Town of Summerfield, North Carolina
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Fund Types
For the Fiscal Year Ended June 30, 2015

Exhibit 4
(Continued)

**Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balance to the Statement of
Activities:**

Total net change in fund balance - governmental funds 300,384

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

Governmental funds report capital outlays as expenditures. However, in
the statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense.

Capital Outlays/Contributions	146,071	
Depreciation	<u>(348,962)</u>	(202,891)

Revenues that do not provide current financial resources are not
reported as revenues in the funds.

Change in deferred/unearned revenues (1,191)

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

Compensated absences		(6,428)
Net pension obligation		<u>(38,902)</u>

Changes in net position of governmental activities 50,972

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

Town of Summerfield, North Carolina
 General Fund
 Statement of Revenues, Expenditures
 and Changes in Fund Balances
 Budget and Actual
 For the Year Ended June 30, 2015

Exhibit 5

	General Fund 2015			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	361,000	361,000	384,760	23,760
Unrestricted intergovernmental revenues	613,500	613,500	753,201	139,701
Fees and permits	19,000	19,000	18,705	(295)
Investment earnings	25,000	25,000	53,521	28,521
Miscellaneous	34,750	34,750	39,553	4,803
Total Revenue	1,053,250	1,053,250	1,249,740	196,490
Expenditures:				
Current operating:				
General government	553,107	570,107	494,355	75,752
Public safety	46,500	46,500	40,821	5,679
Planning and zoning	146,500	161,500	131,670	29,830
Board of Adjustment	1,050	1,050	0	1,050
Trails and Open Space	1,000	1,000	804	196
Community relations	30,000	30,000	25,968	4,032
Historical commission	2,150	2,150	191	1,959
Culture and recreation	696,300	664,300	255,547	408,753
Total Expenditures	1,476,607	1,476,607	949,356	527,251
Revenues Over (Under) Expenditures	(423,357)	(423,357)	300,384	723,741
Appropriated Fund Balance	423,357	423,357	0	(423,357)
Net Change in Fund Balance	0	0	300,384	300,384
Fund Balance - Beginning of Year			8,047,206	
Fund Balance - End of Year			8,347,590	

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

Town of Summerfield, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

Note I. Summary of Significant Accounting Policies

The accounting policies of the Town of Summerfield 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 Summerfield is an incorporated Town which is governed by an elected mayor and a five-member Town Council. For financial reporting purposes, the Town of Summerfield includes all funds, agencies, boards, commissions, and authorities which are controlled by or are financially dependent upon the Town.

B. Basis of Presentation - Fund Accounting

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 Town of Summerfield has no business type activities.

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

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category - *governmental and proprietary* - are presented. The emphasis of fund

Town of Summerfield, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

financial statements is on major governmental funds. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

The Town reports the following major governmental fund:

General Fund. The General fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and state-shared revenues. The primary expenditures are for Cultural and Recreational services, Planning and Zoning and General Government.

C. Measurement Focus and Basis of Accounting

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

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

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

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

Town of Summerfield, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

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 are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned 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 are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the

**Town of Summerfield, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015**

modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for multi-year funds. The Finance Officer is authorized to transfer appropriations between functional areas within a fund; however, any revisions that alter the total expenditures of any fund or that change functional appropriations must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year, or the governing board must adopt an interim budget that covers 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 NCCMT-Term Portfolio's securities are valued at fair value.

2. Restricted Assets

Restricted Assets are comprised as follows:

Brittain Building Clock	1,324
Historical Committee	1,011
Welcome Sign	<u>20</u>
	<u>2,355</u>

Town of Summerfield, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

3. 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, 2012. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

4. Allowances for Doubtful Accounts

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

5. Prepaid Items

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

6. Capital Assets

As a part of the implementation of GASB Statement 34, the Town is permitted to forgo the retroactive reporting of governmental infrastructure networks. The Town has chosen to do so.

A capitalization threshold has been established for furniture and equipment of \$1,000. A capitalization threshold has not been established for other capital assets. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Town of Summerfield, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

	Useful Life
Land improvements, buildings, and infrastructure	15 to 50 years
Furniture, fixtures, equipment, heavy equipment, and vehicles	3 to 10 years
Computer equipment and software	3 to 5 years

7. 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 does not have any items that meet this criterion. 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.

8. Long Term Obligations

In the government-wide 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. The face amount of debt issued is reported as other financing sources.

9. 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 funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

Town of Summerfield, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

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

10. Net Position/Fund Balances

Net position in government-wide statements are classified as net investment in capital assets, net of related debt; 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.

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

The governmental fund types classify fund balances as follows:

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

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

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

Restricted for Other - portion of fund balance that is restricted by revenue source for historical, Town welcome sign, and Town clock expenditures.

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town'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

Town of Summerfield, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

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 intends to use for specific purposes imposed by majority vote by quorum of the Town's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body.

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

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

The Town has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 30% of General Fund budgeted expenditures.

11. 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's employer contributions are recognized when due and the Town 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 Summerfield, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

Note II. Detail Notes on All Funds

A. Assets

1. Deposits

All 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 Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, the 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, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralized public deposits under the Pooling Method.

At June 30, 2015, the Town's deposits had a carrying amount of \$8,181,318, and a bank balance of \$8,255,787. Of the bank balance, \$4,547,337 was covered by federal depository insurance, and \$3,708,450 was covered by collateral held under the Pooling Method. The Town had \$300 of petty cash on hand at June 30, 2015.

2. Investments

Summerfield had \$3,467 invested with the North Carolina Capital Management Trust's Cash Portfolio

Town of Summerfield, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

which carried a credit rating of AAAM by Standard and Poor's. The Town has a credit risk policy which limits its investments to the following:

- A. Obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States.
- B. Obligations of the State of North Carolina.
- C. Savings Certificates issued by any savings and loan association having its principal office in North Carolina; provided that any principal amount of such certificate in excess of the amount insured by the federal government or any agency thereof, or by a mutual deposit guaranty association authorized by the Commissioner of Banks of the Department of Commerce of the State of North Carolina, be fully collateralized.
- D. Prime quality commercial paper bearing the highest rating of at least one nationally recognized rating service and not bearing a rating below the highest (A1, P1, F1) by any nationally recognized rating service which rates the particular obligation.
- E. Participating shares in a mutual fund for local government investment (such as the N.C. Cash Management Trust), which is certified by the N.C. Local Government Commission.

It is recognized that the Town may want to diversify its investments further by allowing other legally recognized investments to be utilized. The decision to add investment vehicle options to this policy shall be based on a recommendation from the Finance Officer and Finance Committee to the Town Council.

The combined total investment in commercial paper shall not exceed fifteen percent (15%) of the total portfolio and the investment in commercial paper of a single issuer shall not exceed the lesser of three hundred thousand dollars (\$300,000) or seven percent (7%) of the total portfolio at the time of investment.

No investment shall be made in any security with maturity greater than five (5) years from the date of purchase. No more than twenty-five percent (25%) of the total portfolio at the time of

**Town of Summerfield, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015**

investment can be in any security with maturity greater than four (4) years.

3. Receivables - Allowance for Doubtful Accounts

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

General Fund:

Taxes Receivable	4,631
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4. Due from Governmental Agencies

Amounts due from governmental agencies consist of the following:

	<u>Local</u>	<u>State</u>	<u>Total</u>
Sales Tax Distribution		20,528	20,528
Utilities and Franchise Tax		161,888	161,888
Sales Tax Refund		4,725	4,725
Ad Valorem Taxes	4,201		4,201
ABC Distribution	16,189		16,189
Motor Fuel Tax		29	29
	<u>20,390</u>	<u>187,170</u>	<u>207,560</u>

Town of Summerfield, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

5. Capital Assets

Capital Asset activity for the Town of Summerfield for the year ended June 30, 2015 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	1,679,750	0	0	1,679,750
Construction in progress	137,444	13,727		151,171
Total capital assets not being depreciated	1,817,194	13,727	0	1,830,921
 Capital assets being depreciated:				
Buildings and improvements	961,905	11,709		973,614
Land improvements	4,265,073	60,205		4,325,278
Office furniture and equipment	277,117	48,253	12,937	312,433
Vehicles	26,238	12,177		38,415
Total capital assets being depreciated	5,530,333	132,344	12,937	5,649,740
 Less accumulated depreciation for:				
Buildings and improvements	154,959	31,087		186,046
Land improvements	1,163,646	285,616		1,449,262
Office furniture and equipment	173,478	29,041	12,937	189,582
Vehicles	17,231	3,218		20,449
Total accumulated depreciation	1,509,314	348,962	12,937	1,845,339
Total capital assets being depreciated, net	4,021,019			3,804,401
Governmental activity capital assets, net	5,838,213			5,635,322

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

General Government	22,963
Planning and Zoning	3,538
Historic	1,247
Recreation	321,214
	348,962

Town of Summerfield, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Summerfield 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. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect

Town of Summerfield, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Summerfield 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 Summerfield contractually required contribution rate for the year ended June 30, 2015, was 7.07% for general employees 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 Summerfield were \$22,184 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 \$24,651 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 0.0042%, which was a decrease of 0.0004% from its proportion measured as of June 30, 2013.

Town of Summerfield, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

For the year ended June 30, 2015, the Town recognized pension expense of \$675. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,694
Net difference between projected and actual earnings on pension plan investments	-	57,388
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	3,471
Town contributions subsequent to the measurement date	<u>22,184</u>	<u>-</u>
Total	\$ 22,184	\$ 63,553

\$22,184 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	\$ (15,892)
2017	(15,892)
2018	(15,892)
2019	(15,877)
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:

Town of Summerfield, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

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 and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields 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:

Town of Summerfield, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>4.5%</u>	3.7%
Total	<u>100%</u>	

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Town of Summerfield, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015**

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 <u>(6.25%)</u>	Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Town's proportionate share of the net pension liability (asset)	\$83,677	\$(24,651)	\$(115,861)

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. Supplemental Retirement Income Plan

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 Town matches three percent of employees' salaries. All employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2015 were \$22,129 which consisted of \$9,685 from the Town and \$12,444 from the employees.

2. Deferred/Inflows of Resources

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

Prepaid Taxes	55
Pension Deferrals	<u>63,553</u>
Total	<u>63,608</u>

Town of Summerfield, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$2 million per occurrence, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up to statutory limits. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values. Claims incurred have not exceeded coverage in any of the past three fiscal years.

The Town carries flood insurance through the Interlocal Risk Financial Fund of North Carolina. The Town is in an area of the State that has been mapped and designated an "X". The "X" flood rate zone is outside the 1% annual charge flood plain. The policy carries a coverage limit of \$5,000,000 and a \$50,000 deductible clause.

In accordance with G.S.159-29, the Finance Officer is bonded for \$50,000. The remaining employees are covered under an employee dishonesty policy for \$10,000.

4. Long- Term Obligation

The Town of Summerfield incurred debt on July 22, 2010 in the amount of \$475,000 with an interest rate of 4% and a maturity date of July 22, 2012 for improvements to the Summerfield Athletic Park. The loan terms were modified on July 21, 2011 to change the payment schedule to interest only until loan maturity. The debt was paid in full on May 17, 2012. Interest for the year-ended June 30, 2012 was \$16,994.

**Town of Summerfield, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015**

a. Changes in Long-Term Liabilities

	Balance July 1, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2015</u>
Governmental Activities:				
Compensated Absences	<u>18,861</u>	<u>25,289</u>	<u>18,861</u>	<u>25,289</u>
Total	<u>18,861</u>	<u>25,289</u>	<u>18,861</u>	<u>25,289</u>

At June 30, 2014 the Town of Summerfield had a legal debt margin of \$110,900,460.

C. Fund Balance

Total Fund Balance - General Fund	8,347,590
Less:	
Stabilization by State Statute	215,550
Other Restricted Donations	2,355
Appropriated Fund Balance in 2016 Budget	812,104
Working Capital/ Fund Balance Policy	583,509
Remaining Fund Balance	<u>6,734,072</u>

Note III. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

Town of Summerfield, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

Note IV. 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 activities decreased by \$63,553.

**Town of Summerfield, North Carolina
Required Supplementary Financial Data
For the Fiscal Year Ended June 30, 2015**

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

- 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 Summerfield
Town of Summerfield's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Two Fiscal Years*

Local Government Employees' Retirement System

	<u>2015</u>	<u>2014</u>
Town of Summerfield's proportion of the net pension liability (asset) (%)	0.00418%	0.00460%
Town of Summerfield's proportion of the net pension liability (asset) (\$)	(\$24,651)	\$55,448
Town of Summerfield's covered-employee payroll	\$243,581	\$235,695
Town of Summerfield's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-10.12%	23.53%
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 Summerfield
Town of Summerfield's Contributions
Required Supplementary Information
Last Two Fiscal Years

Local Government Employees' Retirement System

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$22,184	\$17,221
Contributions in relation to the contractually required contribution	<u>\$22,184</u>	<u>\$17,221</u>
Contribution deficiency (excess)	\$0	\$0
Town of Summerfield's covered-employee payroll	\$313,777	\$243,581
Contributions as a percentage of covered-employee payroll	7.07%	7.07%

Town of Summerfield, North Carolina
Comparative Balance Sheets
Governmental Fund
June 30, 2015

Schedule 1

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Assets		
Cash and investments	8,185,085	7,942,395
Taxes receivable	1,419	2,610
Accounts receivable	7,990	1,528
Due from other governments	207,560	138,542
Prepaid items	<u>2,609</u>	<u>1,513</u>
Total Assets	<u><u>8,404,663</u></u>	<u><u>8,086,588</u></u>
 Liabilities and Fund Balance		
Liabilities:		
Accounts payable and accrued liabilities	<u>55,599</u>	<u>36,692</u>
	<u>55,599</u>	<u>36,692</u>
 Deferred Inflows of Resources		
Property tax receivable	1,419	2,610
Prepaid Taxes	<u>55</u>	<u>80</u>
	<u>1,474</u>	<u>2,690</u>
 Fund Balance		
Nonspendable:		
Prepaid items	2,609	1,513
Restricted for:		
Stabilization by state statute	215,550	422,497
Restricted donations	2,355	2,115
Committed to:		
Parks and recreation	100,000	100,000
Transportation	50,000	50,000
Assigned to:		
Subsequent year expenditures	812,104	423,357
Unassigned	<u>7,164,972</u>	<u>7,047,724</u>
Total Fund Balance	<u>8,347,590</u>	<u>8,047,206</u>
	<u><u>8,404,663</u></u>	<u><u>8,086,588</u></u>

Town of Summerfield
General Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2015
With Comparative Actual Amounts for the Year Ended June 30, 2014

Schedule 2

	2015			2014 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
Revenues				
Ad Valorem Taxes - Current Year	361,000	380,471	19,471	476,394
Prior Years	0	4,289	4,289	6,824
	<u>361,000</u>	<u>384,760</u>	<u>23,760</u>	<u>483,218</u>
Unrestricted Intergovernmental Revenues:				
Local ABC revenues	72,000	84,612	12,612	73,226
Beer and wine excise tax	46,500	51,919	5,419	46,617
Local Option Sales Tax Article. 39	44,000	58,452	14,452	53,945
Local Option Sales Tax Article. 40	19,000	24,328	5,328	22,184
Local Option Sales Tax Article. 42	19,000	28,324	9,324	26,108
Local Option Sales Tax Article. 44	0	5	5	(8)
City Hold Harmless Sales Tax	12,000	19,208	7,208	17,244
Piped natural gas tax	8,000	68,101	60,101	8,699
Utilities franchise tax on electric	272,000	293,394	21,394	275,427
Telecommunications sales tax	22,500	20,627	(1,873)	21,603
Solid Waste Disposal Tax	6,500	7,025	525	6,511
Cable franchise tax	92,000	97,206	5,206	93,891
	<u>613,500</u>	<u>753,201</u>	<u>139,701</u>	<u>645,447</u>
Total Taxes				
Fees and permits:				
Planning fees	19,000	18,705	(295)	16,396
Investment Earnings	25,000	53,521	28,521	15,525
Miscellaneous:				
Program Revenues - Parks and Recreation	30,550	33,205	2,655	29,386
Program Revenues - Founders Day	3,900	5,331	1,431	2,943
Donations - Other	0	282	282	512
Other	300	735	435	909
	<u>34,750</u>	<u>39,553</u>	<u>4,803</u>	<u>33,750</u>
Total Miscellaneous				
Total Revenues	<u>1,053,250</u>	<u>1,249,740</u>	<u>196,490</u>	<u>1,194,336</u>
Expenditures:				
General government				
Governing body				
Operating expenditures				
Town Council	15,000	15,000	0	15,000
FICA on Town Council	1,750	1,148	602	1,147
Workers compensation	105	102	3	78
Insurance and bonding	7,495	6,529	966	6,285
Dues and subscriptions	13,668	13,632	36	14,231
Per diem and travel	1,200	656	544	861
Education	1,400	600	800	950
Volunteer appreciation	1,200	1,154	46	945
Retreat	1,200	886	314	0
	<u>43,018</u>	<u>39,707</u>	<u>3,311</u>	<u>39,497</u>
Total Expenditures				

Town of Summerfield
General Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2015
With Comparative Actual Amounts for the Year Ended June 30, 2014

Schedule 2

	2015		Variance Favorable (Unfavorable)	2014 Actual
	Budget	Actual		
Administration:				
Operating expenditures				
Salaries and wages	154,600	150,698	3,902	131,410
Social Security	11,700	11,547	153	10,068
Unemployment	0	0	0	4,676
Worker's compensation	550	535	15	272
Health, vision, dental ins.	41,000	40,778	222	35,988
Life insurance	950	837	113	802
Employee retirement	10,800	10,654	146	9,291
Employee retirement - 401(k)	4,600	4,521	79	3,695
Office supplies and materials	4,000	3,900	100	4,916
Dues and subscriptions	1,200	1,104	96	942
Copier lease/maintenance	2,500	2,242	258	2,485
Telephone	3,000	2,589	411	2,410
Postage	900	703	197	795
Internet expense	3,200	2,915	285	2,555
Education	2,000	1,325	675	1,390
Per diem and travel expense	3,800	3,744	56	3,975
Website Redesign	6,000	0	6,000	0
Branding	5,000	2,706	2,294	2,805
Town Newsletter	4,000	0	4,000	0
Information technology expense	8,300	8,271	29	5,243
Furniture and equipment	1,800	1,782	18	1,746
Town meeting refreshments	600	201	399	361
Insurance	9,000	6,871	2,129	7,686
Advertising	4,000	2,425	1,575	2,123
Records storage	850	628	222	810
Miscellaneous	800	375	425	685
Vehicle maintenance	3,500	3,178	322	2,208
Software	1,500	0	1,500	0
Capital outlay - audio visual equipment	1,400	1,297	103	0
Capital outlay - computer equip & peripherals	12,800	11,129	1,671	10,603
Total Administration	304,350	276,955	27,395	249,940
Finance				
Salaries and wages	53,250	51,018	2,232	51,014
Social Security	4,100	3,903	197	3,902
Unemployment	50	0	50	257
Worker's compensation	200	175	25	134
Employee retirement	4,300	3,607	693	3,607
Employee retirement - 401(k)	1,600	1,531	69	0
Dues & Subscriptions	400	270	130	270
Training/Education	1,750	995	755	1,190
Per Diem & Travel	1,000	409	591	0
Audit	10,000	9,975	25	9,450
Tax collection fee	2,639	2,639	0	2,639
Insurance and bonding - fidelity	600	396	204	474
Miscellaneous	850	583	267	787
Total Finance	80,739	75,501	5,238	73,724
Legal				
Contract legal services	60,000	23,426	36,574	45,931
Elections				
Contract election service	0	0	0	6,972
Public property/buildings				
Repairs and maintenance	8,005	8,002	3	3,546
Office cleaning	2,700	2,342	358	2,391
Heating and utilities	5,150	4,894	256	4,028
Rental of offices	1,945	1,560	385	1,560
Landscaping	10,200	10,170	30	6,136
Capital outlay - land acquisition/improvements	44,000	43,613	387	411,365
Capital outlay - construction services	10,000	8,185	1,815	32,117
Total Public property/buildings	82,000	78,766	3,234	461,143
Total General Government	570,107	494,355	75,752	877,207

Town of Summerfield
 General Fund
 Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2015
 With Comparative Actual Amounts for the Year Ended June 30, 2014

Schedule 2

	2015		Variance Favorable (Unfavorable)	2014 Actual
	Budget	Actual		
Public Safety:				
Police and fire safety				
Community project	1,800	1,800	0	1,800
Fire inspections	3,500	3,209	291	1,693
Per diem and travel	250	0	250	0
Education	750	0	750	0
Municipal equipment - generator	1,700	781	919	635
Emergency shelter/preparedness	1,000	566	434	0
Summerfield community senior program	12,000	9,856	2,144	11,861
Animal Control	25,500	24,609	891	24,717
Total Public safety	46,500	40,821	5,679	40,706
Planning and zoning				
Zoning board:				
Membership and dues	400	400	0	400
Training and education	750	0	750	40
Per diem and travel	300	0	300	0
Planning library	150	0	150	34
Planning and advisory service	0	0	0	795
	1,600	400	1,200	1,269
Planning services:				
Salaries and wages	59,000	58,992	8	12,027
Social security	4,150	3,826	324	872
Unemployment compensation	9,400	9,100	300	6,862
Worker's compensation	650	443	207	242
Health, vision, dental ins.	16,000	15,507	493	2,051
Life insurance	400	370	30	58
Employee retirement	4,900	4,171	729	850
Employee retirement - 401(k)	2,100	2,042	58	89
Dues and subscriptions	5,000	4,975	25	4,055
Office supplies	1,100	437	663	621
Equipment maintenance	1,000	400	600	800
Education	1,200	0	1,200	0
Per diem and travel	1,000	154	846	51
Planning Services	5,000	0	5,000	50,213
Development Ordinance	800	400	400	24,100
Zoning enforcement	15,400	11,678	3,722	12,299
Lighting services contract	600	0	600	100
Town engineer contract	30,200	16,789	13,411	11,700
Capital outlay - computer equip & peripherals	2,000	1,986	14	3,500
Total Planning services	159,900	131,270	28,630	130,490
Total Planning and zoning	161,500	131,670	29,830	131,759
Trails & Open Space Committee:				
Trails & Open Space Expenses	1,000	804	196	0
Total Trails & Open Space Committee	1,000	804	196	0
Board of Adjustments:				
Per diem and travel	300	0	300	0
Education	750	0	750	0
Total Board of Adjustments	1,050	0	1,050	0
Community relations				
Community events				
Special event - Founders Day	30,000	25,968	4,032	23,969
Total Community events	30,000	25,968	4,032	23,969

Town of Summerfield
General Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2015
With Comparative Actual Amounts for the Year Ended June 30, 2014

Schedule 2

	2015		Variance Favorable (Unfavorable)	2014 Actual
	Budget	Actual		
Historical commission				
Services - Per Diem and Travel	200	0	200	0
Services - Town Hall and rotating exhibits	500	0	500	0
Services - Special Events	250	142	108	162
Services - Town History Project	1,200	49	1,151	0
Services - Historic District Property Markers	0	0	0	460
Capital Outlay - Historic District Banners	0	0	0	3,742
Total Historical commission	2,150	191	1,959	4,364
Cultural and recreation				
Parks and recreation				
Salaries and wages	65,330	64,618	712	55,221
Social security	4,970	4,947	23	4,227
Worker's compensation	2,000	1,990	10	767
Unemployment	0	0	0	275
Life insurance	350	305	45	292
Employee retirement	3,850	3,752	98	3,473
Employee retirement - 401(k)	1,600	1,592	8	1,474
Summerfield Community Park:				
Park landscape maintenance	21,750	18,136	3,614	16,353
Park janitorial service	0	0	0	2,676
Maintenance and contracts	13,000	10,223	2,777	8,745
Tools & supplies	3,000	2,144	856	1,408
Trail maintenance	1,500	64	1,436	0
Summerfield Athletic Park:				
Park landscape maintenance	22,500	18,201	4,299	22,115
Park janitorial service	0	0	0	2,425
Maintenance and contracts	33,200	27,453	5,747	33,463
Tools & supplies	3,000	2,658	342	2,562
Field maintenance	9,000	8,814	186	8,441
Services - education	500	0	500	30
Services - per diem and travel	500	0	500	0
Parks and recreation programs	12,250	10,789	1,461	6,844
Capital outlay - Grounds Equipment	5,500	5,273	227	5,000
Capital outlay - SAP Field House Repairs	0	0	0	15,757
Capital outlay - SAP Entrance Development	135,000	8,097	126,903	0
Capital outlay - SAP Grounds Improvement	98,500	66,491	32,009	4,023
Capital outlay - Trail Construction	227,000	0	227,000	0
Total Cultural and recreation	664,300	255,547	408,753	195,571
Total Expenditures	1,476,607	949,356	527,251	1,273,576
Revenues Over (Under) Expenditures	(423,357)	300,384	723,741	(79,240)
Other Financing Sources (Uses)				
Proceeds from Sale of Donated Property	0	0	0	98,000
Insurance Recovery	0	0	0	0
Total other financing sources	0	0	0	98,000
Appropriated Fund Balance	423,357	0	(423,357)	0
Revenues and Appropriated Fund Balance Over Expenditures	0	300,384	300,384	18,760
Fund Balance, Beginning of Year		8,047,206		8,028,446
Fund Balance, End of Year		8,347,590		8,047,206

Town of Summerfield
Schedule of Ad Valorem Taxes Receivable
June 30, 2015

Schedule 3

Fiscal Year	Uncollected Balance June 30, 2014	Additions	Credits	Collections	Uncollected Balance June 30, 2015
2014-2015		382,430	1210	379,959	1,261
2013-2014	2,941		196	1,848	897
2012-2013	1,540		31	732	777
2011-2012	1,244		4	440	800
2010-2011	680			311	369
2009-2010	144			38	106
2008-2009	543			102	441
2007-2008	421			19	402
2006-2007	381			60	321
2005-2006	460			33	427
2004-2005	268			19	249
	<u>8,622</u>	<u>382,430</u>	<u>1,441</u>	<u>383,561</u>	<u>6,050</u>
Less: Allowance for Uncollectible Ad Valorem Taxes Receivable					<u>4,631</u>
Ad Valorem Taxes Receivable - Net					<u>1,419</u>
Reconcilement with Revenues:					
Ad Valorem Taxes - General Fund					384,760
Interest Collected					(1,199)
Discounts, Releases, and Write-offs					<u>1,441</u>
Total collections and credits					<u>385,002</u>

NOTE: The Town of Summerfield did not levy a property tax until the year ended June 30, 2005.

Town of Summerfield, North Carolina
 Analysis of Current Tax Levy
 For the Fiscal Year Ended June 30, 2015

Schedule 4

	City-Wide			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Total Levy		
Original levy: Property taxed at current year's rate	1,390,655,745	0.0275	382,430	345,604	36,826
Abatements and Discounts	4,400,000	0.0275	1,210	1,210	0
Total property valuation	1,386,255,745	0.0275	381,220	344,394	36,826
Uncollected Taxes at June 30, 2015			1,261	1,120	141
Current Year's Taxes Collected			379,959	343,274	36,685
Current Levy Collection Percentage			99.67%	99.67%	99.62%