

**TOWN OF FARMVILLE**  
Farmville, North Carolina

**FINANCIAL STATEMENTS**

**For The Fiscal Year Ended June 30, 2013**

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Farmville, North Carolina

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**For The Fiscal Year Ended June 30, 2013**

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

# TOWN OF FARMVILLE

Robert L. Evans  
Mayor

## BOARD OF COMMISSIONERS

John Baker  
Richard Hicks

Michael B. Dixon, Jr.  
John Moore

David Shackelford

## TOWN ADMINISTRATION

David Hodgkins  
Town Manager

Amy B. Johnson  
Finance Director/Town Clerk

Donnie D. Greene, Jr.  
Police Chief

Paul Ellis, Jr.  
Developmental Services

E. Lee Keel  
Fire Chief

Jeffery Polaski  
Recreation Director

David R. Miller  
Library Director

Glenn Letchworth  
Support Services Director

Dean Corbett  
Housing Development

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**FINANCIAL SECTION**



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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Farmville, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

### **Opinions**

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Farmville, North Carolina as of June 30, 2013, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Other Postemployment Benefits' Schedule of Funding Progress and Schedule of Employer Contributions on page 3 through 11, and 53 through 54, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated October 23, 2013 on our consideration of Town of Farmville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Town of Farmville's internal control over financial reporting and compliance.

*Barrow, Parris & Davenport, P.A.*

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

October 23, 2013

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## Management's Discussion and Analysis

As management of the Town of Farmville, we offer readers of the Town of Farmville's financial statements this narrative overview and analysis of the financial activities of the Town of Farmville for the fiscal year ended June 30, 2013. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

### Financial Highlights

- The assets of the Town of Farmville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$41,416,867 (*net position*).
- The government's total net position increased by \$419,122, due to increases in both the governmental and the business-type activities net position. This compares to an increase of \$1,032,138 in 2012.
- As of the close of the current fiscal year, the Town of Farmville's governmental funds reported combined ending fund balances of \$2,642,151, with a net change of \$241,547 in fund balance. Approximately 39.85% of this total amount, or \$1,052,953, is available for spending at the government's discretion (unassigned fund balance). In 2012, the unassigned fund balance was \$901,308, or 37.55% of combined governmental fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,052,953 or approximately 26.31% of total general fund expenditures for the fiscal year. In 2012, unassigned fund balance in the General Fund was \$901,308, or 22.27% of total general fund expenditures.
- The Town of Farmville's total debt decreased by a net of \$895,958 (5.12%) during the current fiscal year. New debt totaling \$118,069 was issued during the current fiscal year. Of this amount \$118,069 represents proceeds for the purchase of a knuckle boom truck in the general fund.

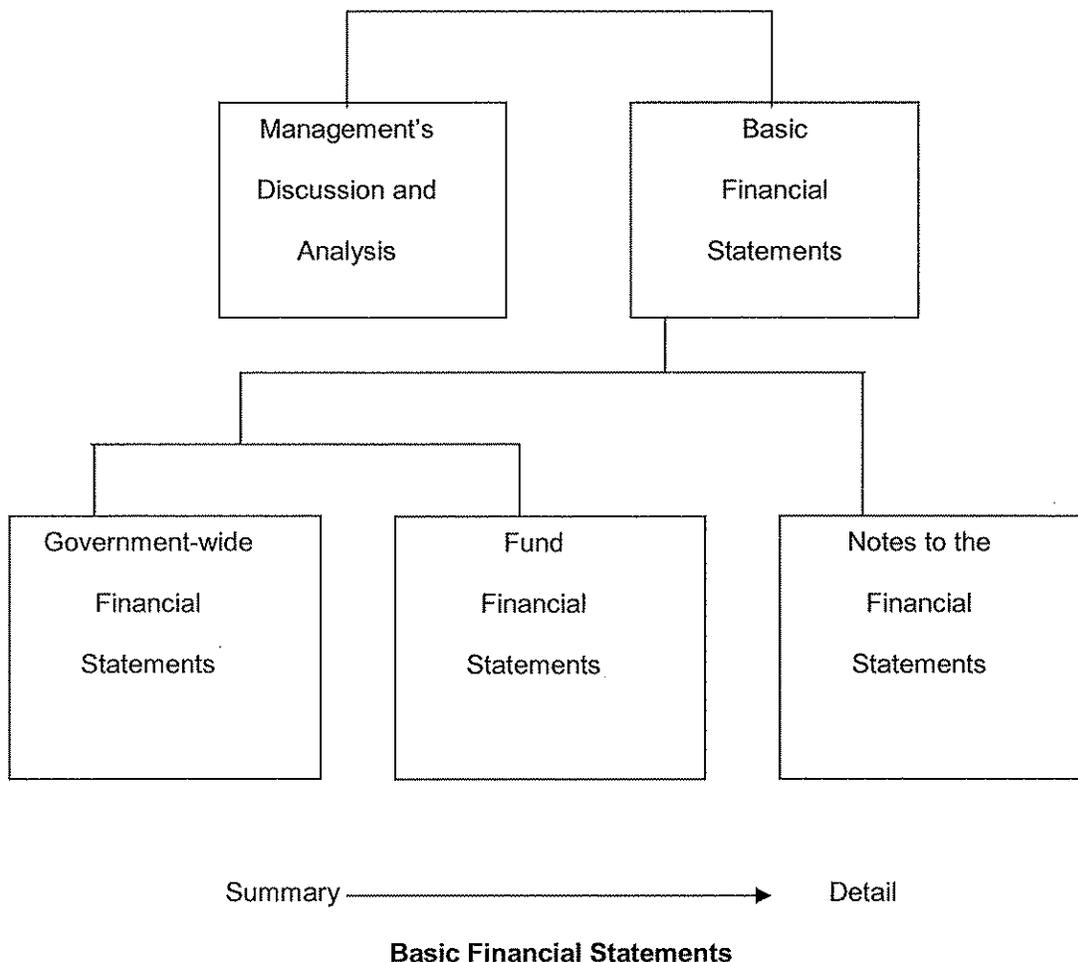
### Overview of the Financial Statements

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

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### Required Components of Annual Financial Report

Figure 1



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

The next statements (Exhibits 3 through 11) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

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

#### Government-wide Financial Statements

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

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

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

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

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

**Fund Financial Statements**

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

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

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

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

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

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

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 25 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Farmville's progress in funding its obligation to provide postemployment healthcare benefits to its employees. Required supplementary information can be found beginning on page 53 of this report.

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

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

Figure 2

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$3,304,430	\$2,768,415	\$5,400,101	\$5,756,600	\$8,704,531	\$8,525,015
Capital assets	6,367,841	6,215,432	45,098,367	45,959,313	51,466,208	52,174,745
<b>Total assets</b>	<b>\$9,672,271</b>	<b>\$8,983,847</b>	<b>\$50,498,468</b>	<b>\$51,715,913</b>	<b>\$60,170,739</b>	<b>\$60,699,760</b>
Current liabilities	\$590,474	\$363,395	\$1,896,216	\$2,371,575	\$2,486,690	\$2,734,970
Long-term liabilities	643,448	581,040	15,614,679	16,386,005	16,258,127	16,967,045
Deferred inflows of resources	9,055				9,055	
<b>Total liabilities and deferred inflows of resources</b>	<b>\$1,242,977</b>	<b>\$944,435</b>	<b>\$17,510,895</b>	<b>\$18,757,580</b>	<b>\$18,753,872</b>	<b>\$19,702,015</b>
Net position:						
Net Investment in capital assets	\$6,059,926	\$5,864,955	\$28,792,741	\$28,800,290	\$34,852,667	\$34,665,245
Restricted	1,013,975	794,671			1,013,975	794,671
Unrestricted	1,355,393	1,379,786	4,194,832	4,158,043	5,550,225	5,537,829
<b>Total net position</b>	<b>\$8,429,294</b>	<b>\$8,039,412</b>	<b>\$32,987,573</b>	<b>\$32,958,333</b>	<b>\$41,416,867</b>	<b>\$40,997,745</b>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Farmville exceeded liabilities and deferred inflows by \$41,416,867 as of June 30, 2013. As of June 30, 2012 the net position of The Town of Farmville stood at \$40,997,745. The Town's net position increased by \$419,122 for the current fiscal year. The Town's net position increased by \$1,032,138 for 2012. However, the largest portion \$34,852,667 (84.15%) reflects the Town's net investment in capital assets (e.g. land, buildings, water and sewer distribution lines, machinery, and equipment). The Town of Farmville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Farmville's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Farmville's net position \$1,013,975(2.45%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$5,550,225 (13.40%) is unrestricted. In 2012, the net investment in capital assets was \$34,665,245. An additional portion of the Town of Farmville's net position \$794,671 represented resources that were subject to external restrictions on how they may be used. The remaining \$5,537,829 was unrestricted net position for the 2012 year.

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

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

- Continued diligence in the collection of property taxes by collecting 95.06%.
- Continued low cost of debt due to the Town's high bond rating.

**Town of Farmville Changes in Net Position**

**Figure 3**

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$881,207	\$817,434	\$10,697,301	\$10,214,258	\$11,578,508	\$11,031,692
Operating grants and contributions	263,791	493,795		155,503	263,791	649,298
Capital grants and contributions	129,784	17,598	74,583	883,673	204,367	901,271
General revenues:						
Property taxes	1,483,478	1,528,619			1,483,478	1,528,619
Other taxes	807,691	812,897			807,691	812,897
Grants and contributions not restricted to specific programs	398,758	408,804			398,758	408,804
Other	358,324	279,925	654,649	361,254	1,012,973	641,179
<b>Total revenues</b>	<b>\$4,323,033</b>	<b>\$4,359,072</b>	<b>\$11,426,533</b>	<b>\$11,614,688</b>	<b>\$15,749,566</b>	<b>\$15,973,760</b>
<b>Expenses:</b>						
General government	\$609,397	\$819,352			\$609,397	\$819,352
Public safety	1,638,924	1,583,262			1,638,924	1,583,262
Transportation	512,449	490,837			512,449	490,837
Economic Development	48,108	17,598			48,108	17,598
Environmental Protection/Public Works	505,544	490,007			505,544	490,007
Cultural and recreation/Public Services	887,797	867,617			887,797	867,617
Special services	21,750	22,866			21,750	22,866
Garage	66,185	58,209			66,185	58,209
Interest on long-term debt	9,793	12,212			9,793	12,212
Electric			\$6,878,957	\$6,834,092	6,878,957	6,834,092
Water			2,420,867	2,134,101	2,420,867	2,134,101
Sewer			1,730,673	1,611,469	1,730,673	1,611,469
<b>Total expenses</b>	<b>\$4,299,947</b>	<b>\$4,361,960</b>	<b>\$11,030,497</b>	<b>\$10,579,662</b>	<b>\$15,330,444</b>	<b>\$14,941,622</b>
<b>Increase (Decrease) in net position before transfers:</b>	<b>\$23,086</b>	<b>(\$2,888)</b>	<b>\$396,036</b>	<b>\$1,035,026</b>	<b>\$419,122</b>	<b>\$1,032,138</b>
Transfers	366,796	407,721	(366,796)	(407,721)		
<b>Increase (Decrease) in net position</b>	<b>\$389,882</b>	<b>\$404,833</b>	<b>\$29,240</b>	<b>\$627,305</b>	<b>\$419,122</b>	<b>\$1,032,138</b>
Net position, July 1	8,039,412	7,634,579	32,958,333	32,331,028	40,997,745	39,965,607
<b>Net position, June 30</b>	<b>\$8,429,294</b>	<b>\$8,039,412</b>	<b>\$32,987,573</b>	<b>\$32,958,333</b>	<b>\$41,416,867</b>	<b>\$40,997,745</b>

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

**Governmental activities.** Governmental activities increased the Town's net position by \$389,882, thereby accounting for 93.02% of the total growth in the net position of the Town of Farmville. The key elements of this increase are as follows:

- Garbage collections increased, by way of rate increase.
- Transfers from business-type activities for the purchase of equipment, vehicles and construction of infrastructure assets.
- Increase in revenues from the Dogwood Festival.

**Business-type activities:** Business-type activities increased the Town of Farmville's net position by \$29,240, accounting for 6.98% of the total growth in the government's net position. The key elements of this increase are as follows:

- Adjustments to water and sewer rates.

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

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

**Governmental Funds.** The focus of the Town of Farmville's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Farmville's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Farmville. At the end of the current fiscal year, Town of Farmville's fund balance available in the General Fund was \$1,052,953, while total fund balance increased to \$1,978,518.

At June 30, 2013, the total governmental funds of the Town of Farmville reported a combined fund balance of \$2,642,151, an approximate 10.06% increase from last year; with a net increase in fund balance of \$241,547. Included in this change in fund balance are increases in fund balance in both General and Capital Project Funds.

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

The original budgeted amounts exceeded revenues primarily due to a decrease in Sales and Services. Expenditures were held in check to comply with its budgetary requirements.

**Proprietary Funds.** The Town of Farmville's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Electric Fund at the end of the fiscal year amounted to \$1,445,978; for the Water Fund amounted to \$2,290,722; and for the Sewer Fund amounted to \$458,132. The total change in net position for the Electric, Water and Sewer Funds were (\$25,163), \$60,471, and (\$6,068), respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the Town of Farmville's business-type activities.

**Capital Asset and Debt Administration**

**Capital assets.** The Town of Farmville's investment in capital assets for its governmental and business-type activities as of June 30, 2013, totaled \$51,466,208 (net of accumulated depreciation). These assets include buildings and substations, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

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

- One (1) parking lot - \$18,000.
- One (1) knuckle boom truck - \$118,069.
- Construction in progress of \$271,011 in governmental-type activities for Municipal Athletic Park improvements.
- Water Meters - \$62,755.
- Endpoint Transceivers- \$52,626.
- One (1) bucket truck - \$104,930.

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

**Figure 4**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Land	\$2,213,042	\$2,195,041	\$248,034	\$248,034	\$2,461,076	\$2,443,075
Buildings and Systems	2,774,316	2,831,497	43,893,824	45,009,627	46,668,140	47,841,124
Equipment	255,510	248,542	602,907	484,445	858,417	732,987
Vehicles/Motorized Equipment	720,156	733,318	216,315	162,792	936,471	896,110
Infrastructure	133,806	207,034			133,806	207,034
Construction in progress	271,011		137,287	54,415	408,298	54,415
<b>Total</b>	<b>\$6,367,841</b>	<b>\$6,215,432</b>	<b>\$45,098,367</b>	<b>\$45,959,313</b>	<b>\$51,466,208</b>	<b>\$52,174,745</b>

Additional information on the Town's capital assets can be found in Note III. A. 4 beginning on page 36 of the notes to the Financial Statements.

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

**Long-term Debt.** As of June 30, 2013, the Town of Farmville had total debt outstanding of \$16,613,541 (not including compensated absences and other postemployment benefits). All of the above debt is backed by the full faith and credit of the Town.

**Town of Farmville's Outstanding Debt**

**Figure 5**

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Installment Agreements	\$307,915	\$350,477	\$6,417,626	\$7,171,022	\$6,725,541	\$7,521,499
Revenue Bonds			9,888,000	9,988,000	9,888,000	9,988,000
<b>Total</b>	<b>\$307,915</b>	<b>\$350,477</b>	<b>\$16,305,626</b>	<b>\$17,159,022</b>	<b>\$16,613,541</b>	<b>\$17,509,499</b>

The Town of Farmville's total debt decreased by \$895,958 (5.12%) during the past fiscal year. \$118,069 of new debt incurred was added to the General Fund for the purchase of a knuckle boom truck. The Town's debt decreased by \$1,014,027 as a result of debt retirement.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Farmville is \$23,643,249 of which \$7,029,708 is available. The Town has \$0 in bonds authorized but un-issued at June 30, 2013.

Additional information regarding the Town of Farmville's long-term debt can be found in note III. B. 7. beginning on page 45 of this report in the notes to the basis financial statements.

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

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

- The Farmville Downtown area still remains fairly strong and viable. The mix of tenants in Downtown Farmville includes a variety of locally owned retail establishments as well as restaurants, service businesses, professional offices, and governmental offices and is anchored by Farmville Furniture, which is more than 100 years old, as well as other larger merchants that draw customers from throughout the region. Few storefronts remain vacant and a new gift and coffee shop, two new restaurants, and several smaller businesses have opened in the downtown area in the last year.
- Existing businesses in other areas of the Town continue to do well and sales are increasing with the improving economy.
- US 264, which passes through the northern edge of Farmville, is a 4 lane, limited access highway which provides easy access from Raleigh to eastern North Carolina. A shopping center and several fast food establishments have been built in recent years on this road and more out parcels are available for anticipated new establishments.
- The Farmville Community Arts Council and the May Museum are both located in the Central Business District and provide cultural programs and activities that draw visitors from throughout the region.

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

- The Colonial Inn, formerly a historic home located in the Central Business District, has re-opened as a fine dining establishment and a place for private parties and other events such as wedding receptions. This establishment also serves to bring visitors to Farmville.
- Plans are ongoing to renovate a largely vacant industrial building for a new manufacturing facility that will bring close to 100 new jobs to Farmville. Coastal Beverage, a large regional beverage distributor, just opened a newly expanded facility and Duck Rabbit Brewing Company, a producer of craft beer, has plans to expand its existing facility and expand its production in the coming year.
- The Town has optioned a portion of its industrial park property to Duke Energy for the establishment of a solar energy generation facility. This facility will provide rental income to the Town as well as generate electricity that may be introduced into the Town's electric grid.

**Governmental Activities**

- The tax rate for the Town remains at \$.49 per \$100 of assessed valuation and the collection rate remains high.
- Generally, revenue levels remain stable but stagnant. Increases in revenue tend to be as a result of rate and fee increases but the local economy appears to be slowly improving.
- The Town has been very successful in seeking out grant funds for capital improvements. In the past year, the Town has received grants for park improvements, public safety equipment, sidewalk and bikeway planning, and water and sewer improvements.
- The Town has instituted an aggressive program to address substandard structures in our jurisdiction. In the last year, several such structures have been condemned and either demolished or renovated. This has had a positive effect on the Town's appearance and has spurred increased interest in investment in the community by private entities.

**Business – Type Activities**

- The Town's projected revenues from water and sewer appear on track to meet current revenue projections. The Town initiated a water and sewer rate increase effective last July to meet operational and capital needs in these funds and to provide sufficient reserves for future needs.
- Electric rates are projected to remain constant for at least another 2-3 years.
- A contract has been awarded for renovation of the Johnsonfield Wastewater Pump Station. This project is predominantly funded through proceeds of a USDA grant and an infrastructure grant from the NC Rural Economic Development Center.

**Requests for Information**

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

**BASIC FINANCIAL STATEMENTS**

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>Assets:</b>			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$2,069,782	\$3,225,285	\$5,295,067
Taxes Receivables (Net)	237,137		237,137
Accrued Interest Receivable	48,846	48	48,894
Accounts Receivable (Net)	80,059	1,290,664	1,370,723
Due From Other Governments	394,424	105,124	499,548
Internal Balances	(90,000)	90,000	
Inventories	15,605	208,406	224,011
Restricted Cash and Cash Equivalents	548,577	480,574	1,029,151
<b>Total Current Assets</b>	<b>\$3,304,430</b>	<b>\$5,400,101</b>	<b>\$8,704,531</b>
<i>Noncurrent Assets:</i>			
<i>Capital Assets (Note 4):</i>			
Land, Non-depreciable Improvements, and Construction in Progress	\$2,484,053	\$385,321	\$2,869,374
Other Capital Assets, Net of Depreciation	3,883,788	44,713,046	48,596,834
<b>Total Capital Assets</b>	<b>\$6,367,841</b>	<b>\$45,098,367</b>	<b>\$51,466,208</b>
<b>Total Assets</b>	<b>\$9,672,271</b>	<b>\$50,498,468</b>	<b>\$60,170,739</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities:</b>			
<i>Current Liabilities:</i>			
Accounts Payable and Accrued Liabilities	\$367,211	\$679,308	\$1,046,519
Accrued Interest Payable	186	132,611	132,797
Customer Deposits		278,089	278,089
Current Portion of Long-Term Liabilities	223,077	806,208	1,029,285
<b>Total Current Liabilities</b>	<b>\$590,474</b>	<b>\$1,896,216</b>	<b>\$2,486,690</b>
<i>Long-term Liabilities:</i>			
Due in more than one year	\$643,448	\$15,614,679	\$16,258,127
<b>Total Liabilities</b>	<b>\$1,233,922</b>	<b>\$17,510,895</b>	<b>\$18,744,817</b>
<b>Deferred Inflows of Resources:</b>			
Prepaid Taxes	\$9,055		\$9,055
<b>Total Deferred Inflows of Resources</b>	<b>\$9,055</b>	<b>\$0</b>	<b>\$9,055</b>
<b>Net Position</b>			
Net Investment in Capital Assets	\$6,059,926	\$28,792,741	\$34,852,667
Restricted for:			
Stabilization by State Statute	465,398		465,398
Streets - Powell Bill	319,937		319,937
Fire - Capital Outlay	192,243		192,243
Police Drug Funds	36,397		36,397
Unrestricted	1,355,393	4,194,832	5,550,225
<b>Total Net Position</b>	<b>\$8,429,294</b>	<b>\$32,987,573</b>	<b>\$41,416,867</b>

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

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$609,397	\$84,461		
Public Safety	1,638,924	100,782	\$65,654	
Transportation	512,449		156,938	
Economic and Physical Development	48,108			
Environmental Protection/Public Works	505,544	518,092	5,432	
Cultural and Recreation/Public Services	887,797	177,872	35,767	\$129,784
Special Services	21,750			
Garage	66,185			
Interest on Long-Term Debt	9,793			
<b>Total Governmental Activities</b> <b>(See Note 1)</b>	<b>\$4,299,947</b>	<b>\$881,207</b>	<b>\$263,791</b>	<b>\$129,784</b>
Business-type Activities:				
Electric	\$6,878,957	\$7,039,817		\$10,667
Water	2,420,867	1,990,014		
Sewer	1,730,673	1,667,470		63,916
<b>Total Business-type Activities</b>	<b>\$11,030,497</b>	<b>\$10,697,301</b>	<b>\$0</b>	<b>\$74,583</b>

*General Revenues:*

Taxes:

Property Taxes, Levied for General Purpose

Other Taxes and Licenses

Grants and Contributions Not Restricted to Specific Programs

Investment Earnings, Unrestricted

Miscellaneous, Unrestricted

**Total General Revenues excluding Transfers**

Transfers

**Total General Revenues and Transfers**

**Change in Net Position**

*Net Position, Beginning*

**NET POSITION, ENDING**

<b>Net (Expense) Revenue and Changes in Net Position</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
(\$524,936)		(\$524,936)
(1,472,488)		(1,472,488)
(355,511)		(355,511)
(48,108)		(48,108)
17,980		17,980
(544,374)		(544,374)
(21,750)		(21,750)
(66,185)		(66,185)
(9,793)		(9,793)
<b>(\$3,025,165)</b>	<b>\$0</b>	<b>(\$3,025,165)</b>
	\$171,527	\$171,527
	(430,853)	(430,853)
	713	713
<b>\$0</b>	<b>(\$258,613)</b>	<b>(\$258,613)</b>
\$1,483,478		\$1,483,478
807,691		807,691
398,758		398,758
2,856	\$5,068	7,924
355,468	649,581	1,005,049
<b>\$3,048,251</b>	<b>\$654,649</b>	<b>\$3,702,900</b>
366,796	(366,796)	
<b>\$3,415,047</b>	<b>\$287,853</b>	<b>\$3,702,900</b>
389,882	29,240	419,122
8,039,412	32,958,333	40,997,745
<b>\$8,429,294</b>	<b>\$32,987,573</b>	<b>\$41,416,867</b>

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

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2013

	Major Fund	Total Non-Major Funds	Total Governmental Funds
	General		
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$1,301,960	\$767,822	\$2,069,782
Restricted Cash	548,577		548,577
Receivables, Net:			
Taxes	237,137		237,137
Accounts	67,237	12,822	80,059
Due From Other Governments	288,231	106,193	394,424
Inventories	15,605		15,605
<b>TOTAL ASSETS</b>	<b>\$2,458,747</b>	<b>\$886,837</b>	<b>\$3,345,584</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<i>Liabilities:</i>			
Accounts Payable and Accrued Liabilities	\$144,007	\$223,204	\$367,211
Due to Other Funds	90,000		90,000
<b>Total Liabilities</b>	<b>\$234,007</b>	<b>\$223,204</b>	<b>\$457,211</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes Receivable	\$237,167		\$237,167
Prepaid Taxes	9,055		9,055
<b>Total Deferred Inflows of Resources</b>	<b>\$246,222</b>	<b>\$0</b>	<b>\$246,222</b>
<i>Fund Balances:</i>			
Non Spendable:			
Inventories	\$15,605		\$15,605
Restricted:			
Stabilization by State Statute	346,383	\$119,015	465,398
Streets	319,937		319,937
Fire - Capital Outlay	192,243		192,243
Police Drug Funds	36,397		36,397
Assigned:			
Library and May Museum		200,784	200,784
Cemetery Maintenance		113,940	113,940
Subdivision Participation		249,568	249,568
Dogwood Festival		146,407	146,407
Municipal Athletic Park		(166,081)	(166,081)
Subsequent Year's Expenditures	15,000		15,000
Unassigned, General Fund	1,052,953		1,052,953
<b>Total Fund Balances</b>	<b>\$1,978,518</b>	<b>\$663,633</b>	<b>\$2,642,151</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$2,458,747</b>	<b>\$886,837</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	6,367,841
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	48,846
Liabilities for earned revenues considered deferred inflows of resources in fund statements. Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	237,167
Installment financing	(307,915)
Compensated absences	(223,835)
Other Postemployment Benefits	(334,775)
Accrued interest payable	(186)
<b>Net Position of Governmental Activities</b>	<b>\$8,429,294</b>

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

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
For The Fiscal Year Ended June 30, 2013

	<u>Major Fund</u> <u>General</u> <u>Fund</u>	<u>Total</u> <u>Non-Major</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>REVENUES:</b>			
Ad Valorem Taxes	\$1,452,733		\$1,452,733
Unrestricted Intergovernmental	1,206,449		1,206,449
Restricted Intergovernmental	244,846	\$129,784	374,630
Licenses and Permits	98,317		98,317
Sales and Services	691,220	151,910	843,130
Investment Earnings	2,020	836	2,856
Other Revenues	60,872	55,549	116,421
Miscellaneous Revenues	120,530		120,530
<b>TOTAL REVENUES</b>	<b>\$3,876,987</b>	<b>\$338,079</b>	<b>\$4,215,066</b>
<b>EXPENDITURES:</b>			
<i>Current:</i>			
General Government	\$588,901		\$588,901
Public Safety	1,463,171		1,463,171
Transportation	473,789		473,789
Economic and Physical Development		\$48,108	48,108
Public Works	797,598		797,598
Public Services	507,192	408,730	915,922
<i>Debt Service:</i>			
Principal Retirement	160,631		160,631
Interest and Other Charges	10,264		10,264
<b>TOTAL EXPENDITURES</b>	<b>\$4,001,546</b>	<b>\$456,838</b>	<b>\$4,458,384</b>
<b>Excess of Revenues Over Expenditures</b>	<b>(\$124,559)</b>	<b>(\$118,759)</b>	<b>(\$243,318)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers from Other Funds	\$396,846	\$114,325	\$511,171
Transfers to Other Funds	(114,325)	(30,050)	(144,375)
Loan Proceeds	118,069		118,069
<b>Total Other Financing Sources (Uses)</b>	<b>\$400,590</b>	<b>\$84,275</b>	<b>\$484,865</b>
<b>Net Change in Fund Balance</b>	<b>\$276,031</b>	<b>(\$34,484)</b>	<b>\$241,547</b>
<i>Fund Balances, Beginning</i>	1,702,487	698,117	2,400,604
<b>FUND BALANCES, ENDING</b>	<b>\$1,978,518</b>	<b>\$663,633</b>	<b>\$2,642,151</b>

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

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
For The Fiscal Year Ended June 30, 2013

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

Net changes in fund balances - total governmental funds		\$241,547
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Capital Outlay expenditures which are capitalized	\$442,063	
Depreciation expense for government assets	<u>(289,654)</u>	152,409
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in unavailable revenue for tax revenues		30,743
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items</p>		
New long-term debt issued		(118,069)
Principal payments on long-term debt		160,631
Decrease in accrued interest payable		471
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences	(\$8,330)	
Other Postemployment Benefits	<u>(69,520)</u>	(77,850)
<b>Total Changes in Net Position of Governmental Activities</b>		<b><u>\$389,882</u></b>

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

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**GENERAL FUND**  
For the Year Ended June 30, 2013

	General Fund			Variance with Final Favorable (Unfavorable)
	Original Budget	Final Budget	Actual Amounts	
<b>Revenues:</b>				
Ad Valorem Taxes	\$1,438,514	\$1,427,847	\$1,452,733	\$24,886
Unrestricted Intergovernmental	1,235,184	1,217,588	1,206,449	(11,139)
Restricted Intergovernmental	139,000	268,282	244,846	(23,436)
Licenses and Permits	75,000	97,840	98,317	477
Sales and Services	1,568,612	689,025	691,220	2,195
Investment Earnings	1,450	1,848	2,020	172
Other Revenues		52,536	60,872	8,336
Miscellaneous Revenues		116,100	120,530	4,430
<b>Total Revenues</b>	<b>\$4,457,760</b>	<b>\$3,871,066</b>	<b>\$3,876,987</b>	<b>\$5,921</b>
<b>Expenditures:</b>				
<i>Current:</i>				
General Government	\$1,256,380	\$673,049	\$588,901	\$84,148
Public Safety	1,606,334	1,552,181	1,463,171	89,010
Transportation		595,299	473,789	121,510
Public Works	1,096,722	806,982	797,598	9,384
Public Services	498,324	603,585	507,192	96,393
<i>Debt Service:</i>				
Principal Retirement		162,173	160,631	1,542
Interest and Other Charges		8,770	10,264	(1,494)
<b>Total Expenditures</b>	<b>\$4,457,760</b>	<b>\$4,402,039</b>	<b>\$4,001,546</b>	<b>\$400,493</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$0</b>	<b>(\$530,973)</b>	<b>(\$124,559)</b>	<b>\$406,414</b>
<b>Other Financing Sources (Uses):</b>				
Transfers From Other Funds		\$396,846	\$396,846	
Transfers To Other Funds		(114,325)	(114,325)	
Loan Proceeds		118,069	118,069	
Fund Balance Appropriated		130,383		(\$130,383)
<b>Total Other Financing Sources (Uses)</b>	<b>\$0</b>	<b>\$530,973</b>	<b>\$400,590</b>	<b>(\$130,383)</b>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$276,031</b>	<b>\$276,031</b>
<b>Fund Balance:</b>				
<i>Beginning of Year, July 1</i>			1,702,487	
<b>End of Year, June 30</b>			<b>\$1,978,518</b>	

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

TOWN OF FARMVILLE, NORTH CAROLINA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2013

<u>Assets</u>	Major Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Total
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$804,678	\$1,951,642	\$468,965	\$3,225,285
Due from Other Governments	10,667	30,541	63,916	105,124
Interest Receivable	16	16	16	48
Accounts Receivable (Net)	844,624	202,927	243,113	1,290,664
Inventories	179,764	27,239	1,403	208,406
Due From Other Funds	290,000	30,000	(230,000)	90,000
Restricted Cash and Cash Equivalents	190,219	258,854	31,501	480,574
<b>Total Current Assets</b>	<b>\$2,319,968</b>	<b>\$2,501,219</b>	<b>\$578,914</b>	<b>\$5,400,101</b>
<b>Noncurrent Assets:</b>				
<b>Capital Assets:</b>				
Land and Construction in Progress	\$58,900	\$99,134	\$227,287	\$385,321
Other Capital Assets, Net of Depreciation	4,367,667	21,389,389	18,955,990	44,713,046
<b>Total Capital Assets</b>	<b>\$4,426,567</b>	<b>\$21,488,523</b>	<b>\$19,183,277</b>	<b>\$45,098,367</b>
<b>Total Assets</b>	<b>\$6,746,535</b>	<b>\$23,989,742</b>	<b>\$19,762,191</b>	<b>\$50,498,468</b>
<u>Liabilities</u>				
<b>Current Liabilities:</b>				
Accounts Payable and Accrued Liabilities	\$566,497	\$23,848	\$88,963	\$679,308
Accrued Interest Payable	74,500	36,145	21,966	132,611
Long-Term Debt, Current Portion	217,720	235,491	332,997	786,208
Current Portion Compensated Absences	6,000	7,000	7,000	20,000
Customer Deposits	190,219	87,870		278,089
<b>Total Current Liabilities</b>	<b>\$1,054,936</b>	<b>\$390,354</b>	<b>\$450,926</b>	<b>\$1,896,216</b>
<b>Noncurrent Liabilities:</b>				
Compensated Absences Payable	\$23,116	\$8,293	\$2,853	\$34,262
Other Postemployment Benefits	13,658	47,341		60,999
Long-Term Debt, Non-Current Portion	1,791,993	9,700,815	4,026,610	15,519,418
<b>Total Noncurrent Liabilities</b>	<b>\$1,828,767</b>	<b>\$9,756,449</b>	<b>\$4,029,463</b>	<b>\$15,614,679</b>
<b>Total Liabilities</b>	<b>\$2,883,703</b>	<b>\$10,146,803</b>	<b>\$4,480,389</b>	<b>\$17,510,895</b>
<u>Net Position</u>				
Net Investment in Capital Assets	\$2,416,854	\$11,552,217	\$14,823,670	\$28,792,741
Unrestricted	1,445,978	2,290,722	458,132	4,194,832
<b>Total Net Position</b>	<b>\$3,862,832</b>	<b>\$13,842,939</b>	<b>\$15,281,802</b>	<b>\$32,987,573</b>

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

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2013

	Major Enterprise Funds			Total
	Electric Fund	Water Fund	Sewer Fund	
<b>OPERATING REVENUES:</b>				
Charges for Services	\$7,033,098	\$1,971,388	\$1,662,583	\$10,667,069
Water and Sewer Tap Fees		4,108	900	5,008
Other Operating Revenues	67,298	582,283	929	650,510
<b>Total Operating Revenues</b>	<b>\$7,100,396</b>	<b>\$2,557,779</b>	<b>\$1,664,412</b>	<b>\$11,322,587</b>
<b>OPERATING EXPENSES</b>				
Administration	\$378,359	\$230,785	\$159,883	\$769,027
Electric Operations	621,826			621,826
Electric Power Purchases	5,552,692			5,552,692
Water Treatment and Distribution		1,342,194	247,193	1,589,387
Waste Collection and Treatment			684,356	684,356
Depreciation	204,572	516,664	521,703	1,242,939
<b>Total Operating Expenses</b>	<b>\$6,757,449</b>	<b>\$2,089,643</b>	<b>\$1,613,135</b>	<b>\$10,460,227</b>
<b>Operating Income</b>	<b>\$342,947</b>	<b>\$468,136</b>	<b>\$51,277</b>	<b>\$862,360</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Earnings	\$1,320	\$2,929	\$819	\$5,068
Sales of Materials	6,719	14,518	3,058	24,295
Contributions (Out)	(27,515)			(27,515)
Interest and Other Charges	(83,326)	(331,224)	(117,538)	(532,088)
NCDOT US 258 - Line Relocation	(10,667)			(10,667)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(\$113,469)</b>	<b>(\$313,777)</b>	<b>(\$113,661)</b>	<b>(\$540,907)</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>\$229,478</b>	<b>\$154,359</b>	<b>(\$62,384)</b>	<b>\$321,453</b>
Capital Grant & Developer Contributions	10,667		63,916	74,583
Transfers (To) Other Funds	(265,308)	(93,888)	(7,600)	(366,796)
<b>Change in Net Position</b>	<b>(\$25,163)</b>	<b>\$60,471</b>	<b>(\$6,068)</b>	<b>\$29,240</b>
<i>Total Net Position Beginning</i>	3,887,995	13,782,468	15,287,870	32,958,333
<b>Total Net Position Ending</b>	<b>\$3,862,832</b>	<b>\$13,842,939</b>	<b>\$15,281,802</b>	<b>\$32,987,573</b>

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

TOWN OF FARMVILLE, NORTH CAROLINA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2013

	Major Enterprise Funds			Total
	Electric Fund	Water Fund	Sewer Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received From Customers	\$6,991,507	\$2,231,681	\$1,847,601	\$11,070,789
Cash Paid for Goods and Services	(6,175,883)	(1,356,311)	(985,326)	(8,517,520)
Cash Paid to or on Behalf of Employees for Services	(332,306)	(466,960)	(274,761)	(1,074,027)
Customer Deposits Received	24,267	11,186		35,453
Customer Deposits Returned	(24,792)	(13,575)		(38,367)
Other Operating Revenues	67,298	582,283	929	650,510
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$550,091</b>	<b>\$988,304</b>	<b>\$588,443</b>	<b>\$2,126,838</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Net Transfers (To) From Other Funds	(\$265,308)	(\$93,888)	(\$7,600)	(\$366,796)
<b>Cash Flows (To) From Noncapital Financing Activities</b>	<b>(\$265,308)</b>	<b>(\$93,888)</b>	<b>(\$7,600)</b>	<b>(\$366,796)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and Construction of Capital Assets	(\$236,365)	(\$62,755)	(\$82,874)	(\$381,994)
Principal Paid on Long - Term Debt	(209,540)	(312,551)	(331,306)	(853,397)
Interest Paid on Long - Term Debt	(90,590)	(336,260)	(120,453)	(547,303)
Sale of Materials	6,719	14,518	3,058	24,295
Contributions Out	(27,515)			(27,515)
Line Relocation Expenditures	(10,667)			(10,667)
Capital Contributions - State Grants & Developers	10,667		63,916	74,583
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(\$557,291)</b>	<b>(\$697,048)</b>	<b>(\$467,659)</b>	<b>(\$1,721,998)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on Investments	\$1,320	\$2,929	\$819	\$5,068
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(\$271,188)</b>	<b>\$200,297</b>	<b>\$114,003</b>	<b>\$43,112</b>
Cash and Cash Equivalents, July 1	1,266,085	2,010,199	386,463	3,662,747
<b>Cash and Cash Equivalents, June 30</b>	<b>\$994,897</b>	<b>\$2,210,496</b>	<b>\$500,466</b>	<b>\$3,705,859</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:</b>				
<b>Cash consists of the following:</b>				
Unrestricted Cash and Cash Equivalents	\$804,678	\$1,951,642	\$468,965	\$3,225,285
Restricted Cash and Cash Equivalents - Customer Deposits	190,219	87,870		278,089
Restricted Cash and Cash Equivalents - Debt Service Reserve		111,537		111,537
Restricted Cash and Cash Equivalents - GUC Waterline Projects		59,447		59,447
Restricted Cash and Cash Equivalents - East Sanitary Projects			31,501	31,501
<b>Cash and Cash Equivalents - June 30, 2013</b>	<b>\$994,897</b>	<b>\$2,210,496</b>	<b>\$500,466</b>	<b>\$3,705,859</b>

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

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2013

	<b>Major Enterprise Funds</b>			<b>Total</b>
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	
<i>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</i>				
Operating Income	<b>\$342,947</b>	<b>\$468,136</b>	<b>\$51,277</b>	<b>\$862,360</b>
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</i>				
Depreciation	\$204,572	\$516,664	\$521,703	\$1,242,939
<i>Changes in Assets and Liabilities:</i>				
Decrease (Increase) in Accounts Receivable	(29,800)	4,987	(34,479)	(59,292)
Decrease (Increase) in Due From Other Governments		253,301	218,972	472,273
Decrease (Increase) in Inventory	(11,790)	(2,103)	525	(13,368)
Increase (Decrease) in Accounts Payable & Accrued Liabilities	42,366	(265,508)	(166,899)	(390,041)
Increase (Decrease) in Accrued OPEB Liabilities	1,150	12,753		13,903
Increase (Decrease) in Customer Deposits	(524)	(2,390)		(2,914)
Increase (Decrease) in Compensated Absences	1,170	2,464	(2,656)	978
<b>Total Adjustments</b>	<b>\$207,144</b>	<b>\$520,168</b>	<b>\$537,166</b>	<b>\$1,264,478</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$550,091</b>	<b>\$988,304</b>	<b>\$588,443</b>	<b>\$2,126,838</b>

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

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
For the Fiscal Year Ended June 30, 2013

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	2013
<b>Assets:</b>	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$28,386
<b>Total Assets</b>	<b>\$28,386</b>
<b>Liabilities and Net Assets:</b>	
<i>Current Liabilities:</i>	
Accounts Payable and Accrued Liabilities	\$0
<b>Total Liabilities</b>	<b>\$0</b>
<b>Net Position</b>	
<i>Unrestricted:</i>	
Assets held in trust for benefit payments	\$28,386
<b>Total Liabilities and Net Position</b>	<b>\$28,386</b>

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

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
For the Fiscal Year Ended June 30, 2013

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	<b>2013</b>
<b>Additions:</b>	
Investment Earnings	\$35
<b>Total Revenues</b>	<b>\$35</b>
<b>Deductions:</b>	
Claims	\$600
<b>Total Expenditures</b>	<b>\$600</b>
 <b>Change in Net Position</b>	 <b>(\$565)</b>
<i>Net Position Beginning of Year</i>	28,951
<b>Net Position End of Year</b>	<b>\$28,386</b>

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

**NOTES TO THE**  
**FINANCIAL STATEMENTS**

**TOWN OF FARMVILLE, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS INDEX**

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**TOWN OF FARMVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2013

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. REPORTING ENTITY**

The Town of Farmville is a municipal corporation that is governed by an elected mayor and a five-member council. The Town of Farmville is located in Pitt County, in the eastern part of North Carolina, and has a population of approximately 4,600 persons within the Town limits. The Town maintains its own police department, and provides substantial financial support, equipment, and supervision to its principal volunteer fire department and rescue squad.

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

**B. BASIS OF PRESENTATION**

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

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

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

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

The Town reports the following major governmental fund:

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

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2013

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The Town reports the following non-major governmental funds:

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

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

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

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

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

***Municipal Athletic Park Fund.*** This fund is used to account for moneys used to improve the Municipal Athletic Facilities.

The Town reports the following major enterprise funds:

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

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

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

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

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

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services,

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2013

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**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)**

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 are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, 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, Pitt County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the Town of Farmville. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the Town's vehicle taxes for vehicles registered in Pitt County from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

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 is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

**D. BUDGETARY DATA**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, all Enterprise Funds and certain of the non-major funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for certain Non-Major Project Funds and the Enterprise Capital Projects Funds. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. During the year, several material budget amendments to the original budgets were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2013

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

**1. Deposit and Investments**

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

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

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

**2. Cash and Cash Equivalents**

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

**3. Restricted Assets**

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

**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 1<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2011. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

**5. Allowances for Doubtful Accounts**

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

TOWN OF FARMVILLE, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2013

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

**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 expendable supplies that are recorded as expenditures when purchased rather than when consumed.

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

**7. Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization cost for all assets is \$5,000. 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.

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

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

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

**8. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has no 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 two items that meet the criterion for this category – property taxes receivable and prepaid taxes.

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2013

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

**9. Long-Term Obligations**

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

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

**10. Compensated Absences**

The vacation policy of the Town provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

**11. Net Position/Fund Balances**

**Net Position**

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

**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 a follow:

**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.

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2013

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

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

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

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

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

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

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Farmville’s governing body (highest level of decision making authority). Any changes or removal of specific purpose requires majority action by the governing body. The Town currently does not have any committed Fund Balance.

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

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

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

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

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

Municipal Athletic Park – portion of fund balance that has been assigned for municipal athletic park expenses.

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 appropriations.

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

The Town of Farmville has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State Funds, local non-city funds, city 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.

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

**12. Date of Management’s Review**

Subsequent events were evaluated through October 23, 2013, the date the financial statements were available to be issued.

TOWN OF FARMVILLE, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Fiscal Year Ended June 30, 2013

**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 \$5,787,143 consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$10,229,000
Less Accumulated Depreciation	(3,861,159)
Net Capital Assets	6,367,841
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements	48,846
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	237,167
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Installment financing	(307,915)
Compensated absences	(223,835)
Other Postemployment Benefits	(334,775)
Accrued interest payable	(186)
<b>Total Adjustment</b>	<b>\$5,787,143</b>

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**TOWN OF FARMVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2013

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

The governmental fund statement of revenues, expenditures, and changes in net position includes a reconciliation between net changes in fund balance – total governmental funds and changes in net position – governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$148,335 as follows:

<b>Description</b>	<b>Amount</b>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$442,063
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	(289,654)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statement of net position	160,631
New Long Term Debt Issued	(118,069)
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	471
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(8,330)
Other postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(69,520)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	
Reversal of deferred tax revenue recorded at 7/1/12	(213,140)
Recording of tax receipts deferred in the fund statements as of 6/30/13	237,137
Increase in accrued taxes receivable for year ended 6/30/13	6,748
Decrease in Deferred interest income	(2)
<b>Total Adjustment</b>	<b><u>\$148,335</u></b>

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2013

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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

**Contractual Violations**

None noted.

**B. DEFICIT FUND BALANCE OR NET POSITION OF INDIVIDUAL FUNDS**

None noted.

**C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

None noted.

**III. DETAIL NOTES ON ALL FUNDS**

**A. ASSETS**

**1. Deposits**

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by their agent in the entity'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 collateralizes public deposits under the Pooling Method.

The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2013 the Town's deposits had a carrying amount of \$5,289,425 and a bank balance of \$5,455,322. Of this balance, \$1,391,876 was covered by federal depository insurance and \$4,063,446 was covered by collateral held under the Pooling method. At June 30, 2013 the petty cash funds totaled \$980.

**2. Investments**

At June 30, 2013, the Town's investment balances were as follows:

	<u>Reported Value</u>	<u>Fair Value</u>
NC Capital Management Trust - Cash Portfolio	\$1,062,199	\$1,062,199
<b>Total Investments</b>	<b>\$1,062,199</b>	<b>\$1,062,199</b>

The NCCMT's cash portfolio carries a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2013.

**3. Receivables – Allowances for Doubtful Accounts**

Receivables at the Government-wide level at June 30, 2013, were as follows:

	<b>Taxes and Related Interest</b>	<b>Other</b>	<b>Accounts</b>	<b>Due from Other Governments</b>	<b>Total</b>
Governmental Activities:					
General	\$360,270	\$48,846	\$68,712	\$394,424	\$872,252
Other Governmental			11,347		11,347
Total Receivables	\$360,270	\$48,846	\$80,059	\$394,424	\$883,599
Allowance for Doubtful Accounts	123,133				123,133
Total Governmental Activities	<u>\$237,137</u>	<u>\$48,846</u>	<u>\$80,059</u>	<u>\$394,424</u>	<u>\$760,466</u>
Business Type Activities:					
Electric Fund		\$16	\$898,624	\$10,667	\$909,307
Water Fund		16	213,927	30,541	244,484
Sewer Fund		16	261,113	63,916	325,045
Total Receivables		\$48	\$1,373,664	\$105,124	\$1,478,836
Allowance for Doubtful Accounts			83,000		83,000
Total Business Type Activities	<u>\$0</u>	<u>\$48</u>	<u>\$1,290,664</u>	<u>\$105,124</u>	<u>\$1,395,836</u>

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

Local Option Sales Tax	\$143,097
Sales Tax	43,887
Franchise Tax	84,173
Solid Waste Disposal Tax	428
DMV - Tags & Titles	3,754
Vehicle Taxes - Pitt County	12,563
NC Parks and Recreation Trust Fund	104,897
Pitt County Housing Authority	1,625
<b>Total General Fund</b>	<u>\$394,424</u>
USDA Economic Development Admin.	\$63,916
NC Department of Transportation	10,667
1/2 Water Project - Greene Co.	30,541
<b>Total Enterprise Fund</b>	<u>\$105,124</u>
<b>Total Due</b>	<u>\$499,548</u>

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2013

**4. Capital Assets**

**Primary Government**

Capital asset activity for the year ended June 30, 2013, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$2,195,042	\$18,000		\$2,213,042
Construction in Progress		271,011		271,011
<b>Total Capital Assets Not Being Depreciated</b>	<b>\$2,195,042</b>	<b>\$289,011</b>	<b>\$0</b>	<b>\$2,484,053</b>
<b>Capital Assets Being Depreciated:</b>				
Buildings	\$4,761,922			\$4,761,922
Equipment	763,616	\$27,512	\$12,486	778,642
Vehicles and Motorized Equipment	1,360,128	118,069	129,000	1,349,197
Infrastructure	847,715	7,471		855,186
<b>Total Capital Assets Being Depreciated</b>	<b>\$7,733,381</b>	<b>\$153,052</b>	<b>\$141,486</b>	<b>\$7,744,947</b>
<i>Less Accumulated Depreciation for:</i>				
Buildings	\$1,930,426	\$57,180		\$1,987,606
Equipment	499,074	36,544	\$12,486	523,132
Vehicles and Motorized Equipment	642,810	115,231	129,000	629,041
Infrastructure	640,681	80,699		721,380
<b>Total Accumulated Depreciation</b>	<b>\$3,712,991</b>	<b>\$289,654</b>	<b>\$141,486</b>	<b>\$3,861,159</b>
<i>Total Capital Assets Being Depreciated, Net</i>	<i>4,020,390</i>			<i>3,883,788</i>
<b>Governmental Activity Capital Assets, Net</b>	<b>\$6,215,432</b>			<b>\$6,367,841</b>

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

General Government	\$163,237
Transportation	36,321
Public Safety	59,681
Public Works	23,068
Public Service	7,347
<b>Total Depreciation Expense</b>	<b>\$289,654</b>

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**TOWN OF FARMVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2013

**4. Capital Assets (Continued)**

Capital asset activity for the Enterprise Funds for the year ended June 30, 2013, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type Activity:</b>				
<b>Electric Fund:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$58,900			\$58,900
<i>Total Capital Assets Not Being Depreciated</i>	<u>\$58,900</u>	<u>\$0</u>	<u>\$0</u>	<u>\$58,900</u>
<b>Capital Assets Being Depreciated:</b>				
Substations, Lines and Related	\$6,123,566			\$6,123,566
Furniture and Equipment	1,161,489	\$131,435		1,292,924
Vehicles	414,618	104,930		519,548
<i>Total Assets Being Depreciated</i>	<u>\$7,699,673</u>	<u>\$236,365</u>	<u>\$0</u>	<u>\$7,936,038</u>
<b>Less Accumulated Depreciation for:</b>				
Substations, Lines and Related	\$2,074,894	\$135,011		\$2,209,905
Furniture and Equipment	958,661	29,954		988,615
Vehicles	330,244	39,607		369,851
<b>Total Accumulated Depreciation</b>	<u>\$3,363,799</u>	<u>\$204,572</u>	<u>\$0</u>	<u>\$3,568,371</u>
<i>Total Capital Assets Being Depreciated, Net</i>	4,335,874			4,367,667
<b>Electric Fund Capital Assets, Net</b>	<u>\$4,394,774</u>			<u>\$4,426,567</u>
<b>Water Fund:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$99,134			\$99,134
<i>Total Capital Assets Not Being Depreciated</i>	<u>\$99,134</u>	<u>\$0</u>	<u>\$0</u>	<u>\$99,134</u>
<b>Capital Assets Being Depreciated:</b>				
Plant and Distribution Systems	\$25,035,238			\$25,035,238
Vehicles and Construction Equipment	634,648	\$62,755		697,403
<i>Total Assets Being Depreciated</i>	<u>\$25,669,886</u>	<u>\$62,755</u>	<u>\$0</u>	<u>\$25,732,641</u>
<b>Less Accumulated Depreciation for:</b>				
Plant and Distribution Systems	\$3,479,736	\$496,069		\$3,975,805
Vehicles and Construction Equipment	346,852	20,595		367,447
<b>Total Accumulated Depreciation</b>	<u>\$3,826,588</u>	<u>\$516,664</u>	<u>\$0</u>	<u>\$4,343,252</u>
<i>Total Capital Assets Being Depreciated, Net</i>	21,843,298			21,389,389
<b>Water Fund Capital Assets, Net</b>	<u>\$21,942,432</u>			<u>\$21,488,523</u>

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**TOWN OF FARMVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2013

**4. Capital Assets (Continued)**

	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
<b>Sewer Fund:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$90,000			\$90,000
Construction in Progress	54,414	\$82,873		137,287
<i>Total Capital Assets Not Being Depreciated</i>	<u>\$144,414</u>	<u>\$82,873</u>	<u>\$0</u>	<u>\$227,287</u>
<b>Capital Assets Being Depreciated:</b>				
Plant and Distribution Systems	\$25,756,474			\$25,756,474
Vehicles and Construction Equipment	500,585			500,585
<b>Total Assets Being Depreciated</b>	<u>\$26,257,059</u>	<u>\$0</u>	<u>\$0</u>	<u>\$26,257,059</u>
<b>Less Accumulated Depreciation for:</b>				
Plant and Distribution Systems	\$6,351,020	\$484,724		\$6,835,744
Vehicles and Construction Equipment	428,346	36,979		465,325
<b>Total Accumulated Depreciation</b>	<u>\$6,779,366</u>	<u>\$521,703</u>	<u>\$0</u>	<u>\$7,301,069</u>
<i>Total Capital Assets Being Depreciated, Net</i>	19,477,693			18,955,990
<b>Sewer Fund Capital Assets, Net</b>	<u>\$19,622,107</u>			<u>\$19,183,277</u>
<b>Business-type Activities Capital Assets, Net</b>	<u>\$45,959,313</u>			<u>\$45,098,367</u>

**Construction Commitments**

The government has active construction projects as of June 30, 2013. At year-end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Special Revenue Funds		
Municipal Athletic Park	\$271,011	\$86,119
Sewer Projects		
Dalton's Cove Subdivision	\$37,060	\$243,382
Johnsonfield Pump Station	3,700	1,106,124
<b>Total</b>	<u>\$311,771</u>	<u>\$1,435,625</u>

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**TOWN OF FARMVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2013

**B. LIABILITIES**

**1. PAYABLES**

Payables at the government-wide level at June 30, 2013 were as follows:

	<u>Vendors</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental Activities:			
General	\$367,211	\$186	\$367,397
Total Governmental Activities	<u>\$367,211</u>	<u>\$186</u>	<u>\$367,397</u>
Business Type Activities:			
Electric Fund	\$566,497	\$74,500	\$640,997
Water Fund	23,848	36,145	59,993
Sewer Fund	88,963	21,966	110,929
Total Business Type Activities	<u>\$679,308</u>	<u>\$132,611</u>	<u>\$811,919</u>

**2. PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS**

**a. Local Governmental Employees' Retirement System**

*Plan Description.* The Town of Farmville contributes to 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 provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Plan members are required to contribute six percent of their annual covered salary. The Town is required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.74% and 6.77%, respectively, of annual covered payroll. The contribution requirements of members and of the Town of Farmville are established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$169,554, \$167,485, and \$155,673, respectively. The contributions made by the Town equaled the required contributions for each year.

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TOWN OF FARMVILLE, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Fiscal Year Ended June 30, 2013

**2. PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (CONTINUED)**

**b. Law Enforcement Officers Special Separation Allowance**

*1. Plan Description*

The Town of Farmville administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. If officer gains employment with another law enforcement agency, then the Town may not be liable for future payments. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2012 the Separation Allowance's membership consisted of:

Retirees Receiving Benefits	2
Terminated Plan Members entitled to but not yet Receiving Benefits	0
Active Plan Members	16

<b>Total</b>	<b>18</b>
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A separate report was not issued for the plan.

*2. Summary of Significant Accounting Policies*

*Basis of Accounting.* The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

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

*3. Contributions*

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The Town has chosen not to have an actuarial study performed because the liability is considered to be immaterial.

**2. PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (CONTINUED)**

**c. Supplemental Retirement Income Plan for Law Enforcement Officers**

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

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5.00% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2013 were \$41,896, which consisted of \$34,677 from the Town and \$7,219 from the law enforcement officers.

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

*Plan Description.* The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to the general employees not engaged in law enforcement.

*Funding Policy.* The Town has elected to contribute each month an amount equal to 2.75% of each employee's salary. Also, the employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2013 were \$70,582, which consisted of \$50,436 from the Town and \$20,146 from the employees not engaged in law enforcement.

**f. Firemen's and Rescue Squad Workers' Pension Fund**

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

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

TOWN OF FARMVILLE, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Fiscal Year Ended June 30, 2013

**2. PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (CONTINUED)**

**g. Other Postemployment Benefit (OPEB)**

**1. Healthcare Benefits**

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

Membership of the HCB Plan consisted of the following at December 31, 2011, the date of the latest actuarial valuation:

	<b>General Employees</b>	<b>Law Enforcement Officers</b>
Retirees and Dependents Receiving Benefits	10	2
Terminated Plan Members Entitled to but not yet Receiving Benefits	0	0
Active Plan Members	37	19
<b>Total</b>	<b>47</b>	<b>21</b>

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

The current ARC rate is 7.27% of the annual covered payroll. For the current year, the Town contributed \$76,182 or 2.78% of annual covered payroll. The Town obtains healthcare coverage through private insurers. The Town's required contributions, under a Town resolution, for employees not engaged in law enforcement and for law enforcement officers represented 3.76% and 2.20% of covered payroll, respectively. There were no contributions made by employees. The Town's obligation to contribute to the HCB Plan is established and may be amended by the Town Council.

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

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2013

**2. PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (CONTINUED)**

*Annual OPEB Cost and Net OPEB Obligation.* The Town's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), and an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation for the healthcare benefits:

Annual Required Contribution	\$163,515
Interest on net OPEB Obligation	10,016
Adjustment to Annual Required Contribution	<u>(13,924)</u>
<b>Annual OPEB Cost (expense)</b>	<b>\$159,607</b>
Contributions Made	<u>76,184</u>
<b>Increase (Decrease) in Net OPEB Obligation</b>	<b>\$83,423</b>
<i>Net OPEB Obligation - Beginning of Year</i>	<u>312,351</u>
<b>Net OPEB Obligation - End of Year</b>	<b><u>\$395,774</u></b>

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, 2013 were as follows:

<b>TREND INFORMATION</b>			
<b>For Year Ended June 30</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2013	\$159,607	52.27%	\$395,776
2012	159,607	61.20%	312,351
2011	143,607	50.04%	250,402

*Funded Status and Funding Progress.* As of December 31, 2011, the most recent actuarial valuation date, the plan was 100 percent not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$1,617,105. The covered payroll (annual payroll of active employees covered by the plan) was \$2,249,374, and the ratio of the UAAL to the covered payroll was 71.9%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, (after the initial year of implementation) presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2013

**2. PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (CONTINUED)**

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

In the December 31, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 9.5 to 5.0 percent annually. The investment rate included a 3.00% percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011, was 30 years.

**2. Other Employment Benefit**

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

**3. Deferred Outflows and Inflows of Resources**

The Town has no deferred outflows of resources.

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

	<b>Unavailable Revenue</b>	<b>Unearned Revenue</b>
Taxes Receivable (General Fund), less penalties	\$237,137	
Prepaid Taxes (General Fund)		\$9,055
Interest	30	
<b>Total Governmental Activities</b>	<b>\$237,167</b>	<b>\$9,055</b>

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2013

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**4. Commitments**

The Town of Farmville has entered into a perpetual agreement with the North Carolina Eastern Municipal Power Agency for the purpose of providing electric power to be resold through the Town's electric system to retail customers. The Agency was formed in 1976 by several municipalities, one of which was the Town of Farmville, for the purpose of acquiring ownership and operating control of interests in certain commercial generating facilities sufficient to exercise significant influence over the availability and cost of future electric power needs. Although the Town is not directly liable for obligations of the Agency, it is required under the agreement to pay an allocable share of Agency costs, including Agency debt service. The terms of the agreement may have the effect of restricting amount and types of certain electric-related capital expenditures, due to requirements to utilize the Agency as a source of electric power to cover an allocable share of the Agency's debt service.

**5. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for general liability of \$1 million per occurrence and \$3 million aggregate and auto liability of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage up to an unlimited limit.

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

The Town does not carry flood insurance. The management of the Town feels the Town has little liability for significant loss by flood. The management used as a measurement, Hurricane Floyd that was followed by the flood of 1999 (of which the Town received no damages) as their position for not securing flood insurance.

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 \$50,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$100,000.

**6. Claims and Judgments**

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

**7. Long-Term Obligations**

***Serviced by the Town's General Fund***

**a. Installment Purchase**

On April 15, 2008, the Town entered into an installment purchase contract with Branch Banking & Trust Company for the purchase of acreage for an Industrial Park. The Town refinanced the agreement on August 19, 2011. The terms of this agreement call for 4 annual payments in the amount of \$48,603 to begin in June 2012. The agreement carries an interest rate of 2.92%. The asset and the related liability have been recorded in the General Fund. The balance at June 30, 2013 was \$93,108.

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2013

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***Serviced by the Town's General Fund (continued)***

On October 18, 2010, the Town entered into an installment purchase contract with Branch Banking & Trust Company for the purchase of equipment and vehicles. The terms of this agreement call for 59 monthly payments in the amount of \$4,195 to begin on November, 18 2010. The agreement carries an interest rate of 2.44%. The asset and the related liability have been recorded in the General Fund. The balance at June 30, 2013 was \$110,097.

On November 28, 2012 the Town entered into an installment purchase contract with Branch Banking & Trust Company for the purchase of a knuckle boom truck. The terms of this agreement call for 59 payments in the amount of \$2,117 to begin in December 2012. The agreement carries an interest rate of 2.17%. The asset and the related liability have been recorded in the General Fund. The balance at June 30, 2013 was \$104,710.

Total Long-Term Obligations Serviced by the General Fund at June 30, 2013 was \$307,915.

***Serviced by the Town's Electric Fund***

On August 1, 2006, the Town entered into an installment purchase contract with Branch Banking & Trust Company for the purpose of constructing a point-of-delivery electric substation and electric transmission line. The terms of this agreement call for 15 annual payments in the amount of \$267,371 to begin on August 1, 2007 and continue through August 1, 2021. The agreement carries an interest rate of 4.11%. The asset and the related liability have been recorded in the Electric Fund. The balance at June 30, 2013 was \$1,978,065.

On February 10, 2009, the Town entered into an installment purchase contract with Branch Banking & Trust Company for the purchase of an Altec bucket truck. The terms of this agreement call for 5 annual payments in the amount of \$32,505 to begin on February 10, 2010. The agreement carries an interest rate of 2.71%. The asset and the related liability have been recorded in the Electric Fund. The balance at June 30, 2013 was \$31,648.

Total Long-Term Obligations Serviced by the Electric Fund at June 30, 2013 was \$2,009,713.

***Serviced by the Town's Water Fund***

On August 21, 2003 the Town entered into a financing agreement with Branch Banking & Trust Company to aide in the construction of an overhead water storage tank. The financing contract requires 15 annual payments in the amount of \$69,563 beginning August 21, 2004 with an interest rate of 3.53%. The asset and the related liability have been recorded in the Water Fund. The balance at June 30, 2013 was \$370,306.

On May 14, 2009, the Town entered into a financing agreement with NC Department of Environment & Natural Resources – Division of Environmental Health to complete a construction project designed to provide an alternative water source to local area residents. The financing contract is part of the American Recovery Reinvestment Act of 2009 (ARRA) and totals \$3,000,000, with a forgiveness principal amount of \$1,500,000. The loan requires 20 annual principal payments in the amount of \$75,000 beginning June 2013. The agreement carries an interest rate of 0%. The project assets and the related liability have been recorded in the Water Fund. The total at June 30, 2013 was \$2,700,000, with ½ to be forgiven of \$1,350,000, leaving a balance of \$1,350,000.

Total Long-Term Obligations Serviced by the Water Fund at June 30, 2013 was \$1,720,306.

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2013

***Serviced by the Town's Sewer Fund***

On December 5, 1996, the Town entered into a financing arrangement with NC Department of Environment, Health, and Natural Resources to aide in the construction of a sanitary sewer project. The financing contract requires 18 annual principal payments in the amount of \$119,005 beginning May 2004 with an interest rate of 3.035%. The wastewater treatment plant assets and the related liability have been recorded in the Sewer Fund. The balance at June 30, 2013 was \$357,014.

On December 3, 2003, the Town entered into a financing agreement with NC Department of Environment, Health, and Natural Resources to aide in the construction of a sanitary sewer project. The financing contract requires 20 annual principal payments in the amount of \$100,000 beginning May 2005 with an interest rate of 2.36%. The project assets and the related liability have been recorded in the Sewer Fund. The balance at June 30, 2013 was \$1,100,000.

On March 27, 2006, the Town entered into a financing agreement with NC Department of Environment & Natural Resources – Division of Water Quality to aide in the purchase of a sewer sludge drying unit. The financing contract requires 20 annual principal payments in the amount of \$72,650 beginning November 2007, and semi-annual interest payments due May 1 and November 1 each year. The agreement carries an interest rate of 2.205%. The project assets and the related liability have been recorded in the Sewer Fund. The balance at June 30, 2013 was \$999,109.

On August 1, 2006, the Town entered into a financing agreement with Branch Banking & Trust Company for the purpose of refinancing general obligation bonds. The terms of this agreement call for 11 annual payments in the amount of \$52,188 beginning August 1, 2007 and continue through August 1, 2017. This agreement carries an interest rate of 4.13%. The related liability has been recorded in the Sewer Fund. The balance at June 30, 2013 was \$231,484.

Total Long-Term Obligations Serviced by the Sewer Fund at June 30, 2013 was \$2,687,607.

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

Year Ending June 30,	Governmental Activity		Business-Type Activity					
	General Fund		Electric Fund		Water Fund		Sewer Fund	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$117,370	\$6,910	\$217,720	\$82,156	\$131,491	\$13,072	\$332,997	\$68,386
2015	120,409	3,871	193,720	73,651	133,486	11,078	334,757	59,080
2016	36,864	1,060	201,682	65,689	135,550	9,013	336,591	49,702
2017	24,864	476	209,971	57,400	137,687	6,876	219,495	40,247
2018	8,408	38	218,601	48,770	207,092	7,034	221,483	34,326
2019-2023			968,019	101,466	375,000		856,824	97,556
2024-2028					375,000		385,460	22,816
2029-2033					225,000			
	<b>\$307,915</b>	<b>\$12,355</b>	<b>\$2,009,713</b>	<b>\$429,132</b>	<b>\$1,720,306</b>	<b>\$47,073</b>	<b>\$2,687,607</b>	<b>\$372,113</b>

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2013

**b. Revenue Bonds**

**Serviced by the Town's Water Fund:**

\$3,802,000 Water Revenue Bonds, Series 2010, issued for water system improvements. Annual installments are due June 1 at an annual interest rate of 4.00%	\$3,758,000
\$2,000,000 Water Revenue Bonds, Series 2010, issued for water system improvements. Annual installments are due June 1 at an annual interest rate of 4.00%	1,973,000
\$2,514,000 Water Revenue Bonds, Series 2010, issued for water system improvements. Annual installments are due June 1 at an annual interest rate of 4.00%	2,485,000
<b>Total</b>	<b><u>\$8,216,000</u></b>

The future payments of the revenue bonds for the years ending June 30, 2013 are as follows:

<u>During the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$104,000	\$313,843	\$417,843
2015	109,000	309,893	418,893
2016	113,000	305,750	418,750
2017	117,000	301,455	418,455
2018	122,000	297,008	419,008
2019-2023	680,000	1,412,108	2,092,108
2024-2028	822,000	1,272,204	2,094,204
2029-2033	990,000	1,103,068	2,093,068
2034-3038	1,194,000	899,145	2,093,145
2039-2043	1,441,000	652,830	2,093,830
2044-2048	1,735,000	355,525	2,090,525
2049-2050	789,000	45,590	834,590
	<b><u>\$8,216,000</u></b>	<b><u>\$7,268,418</u></b>	<b><u>\$15,484,418</u></b>

The Town has been in compliance with the covenants as to rates, fees, rentals and charges in Section 5.01 of the Bond Orders, authorizing the issuance of the Water Revenue Bonds, Series 2010-A, 2010-B and 2010-C, since their adoption in 2010, 2010 and 2010. Section 5.01-C of the Bond Orders requires the debt service coverage ratio to be no less than 110%. The debt service coverage ratio calculation for the year ended June 30, 2013 is as follows:

Operating Revenues	\$2,557,779
Operating Expenses*	<u>1,572,979</u>
Operating Income	984,800
Nonoperating Revenues (Expenses)**	3,863
Capital Contributions & Transfers	<u>(93,888)</u>
Income Available for Debt Service	894,775
Debt Service, Principal and Interest Paid (Revenue Bonds Only)	\$417,640
Debt Service Coverage Ratio	214%

\* Per rate covenants, this does not include the depreciation expense of \$516,664.

\*\* Per rate covenants, this does not include revenue bond interest paid of \$317,640.

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2013

**b. Revenue Bonds (continued)**

**Serviced by the Town's Sewer Fund:**

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

The future payments of the revenue bonds for the years ending June 30, 2013 are as follows:

<u>During the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$0	\$45,980	\$45,980
2015	25,000	45,980	70,980
2016	26,000	45,293	71,293
2017	27,000	44,578	71,578
2018	28,000	43,835	71,835
2019-2023	150,000	207,350	357,350
2024-2028	171,000	185,515	356,515
2029-2033	195,000	160,737	355,737
2034-3038	225,000	132,275	357,275
2039-2043	258,000	99,605	357,605
2044-2048	295,000	62,177	357,177
2049-2050	272,000	18,975	290,975
	<b><u>\$1,672,000</u></b>	<b><u>\$1,092,300</u></b>	<b><u>\$2,764,300</u></b>

The Town has been in compliance with the covenants as to rates, fees, rentals and charges in Section 5.01 of the Bond Order, authorizing the issuance of the Water and Sewer Revenue Bond, Series 2012, since their adoption in 2012. Section 5.01-C of the Bond Orders requires the debt service coverage ratio to be no less than 110%. The debt service coverage ratio calculation for the year ended June 30, 2013 is as follows:

Operating Revenues	\$1,664,412
Operating Expenses*	<u>1,091,432</u>
Operating Income	572,980
Nonoperating Revenues (Expenses)**	(70,830)
Capital Contributions & Transfers	<u>56,316</u>
Income Available for Debt Service	558,466
Debt Service, Principal and Interest	
Paid (Revenue Bonds Only)	\$42,831
Debt Service Coverage Ratio	1304%

\* Per rate covenants, this does not include the depreciation expense of \$521,703.

\*\* Per rate covenants, this does not include revenue bond interest paid of \$42,831.

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TOWN OF FARMVILLE, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Fiscal Year Ended June 30, 2013

**7. Changes in Long-Term Liabilities**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion of Balance</u>
<b>Governmental Activities:</b>					
Installment Purchases	\$350,477	\$118,069	\$160,631	\$307,915	\$117,330
Compensated Absences	215,505	105,747	97,417	223,835	105,747
Other Postemployment Benefits	265,255	133,734	64,214	334,775	
<b>Governmental Activity Long-Term Liabilities</b>	<b><u>\$831,237</u></b>	<b><u>\$357,550</u></b>	<b><u>\$322,262</u></b>	<b><u>\$866,525</u></b>	<b><u>\$223,077</u></b>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion of Balance</u>
<b>Business-type Activities:</b>					
Installment Purchases	\$7,171,022		\$753,396	\$6,417,626	\$682,208
Revenue Bonds	9,988,000		100,000	9,888,000	104,000
Compensated Absences	53,285	\$27,172	26,195	54,262	20,000
Other Postemployment Benefits	47,095	25,872	11,968	60,999	
<b>Business-type Activity Long-Term Liabilities</b>	<b><u>\$17,259,402</u></b>	<b><u>\$53,044</u></b>	<b><u>\$891,559</u></b>	<b><u>\$16,420,887</u></b>	<b><u>\$806,208</u></b>

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

**C. INTERFUND BALANCES AND ACTIVITY**

***Balances Due to/from Other Funds:***

Balances due to/from other funds at June 30, 2013, consist of the following:

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

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

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**TOWN OF FARMVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2013

**Transfers to/from Other Funds:**

Transfers to/from other funds for the year ended June 30, 2013, consisted of the following:

<u>GENERAL</u>	<u>TO</u>	<u>FROM</u>
Cemeteries Perpetual Care Fund		\$30,050
Electric Fund		265,308
Water Fund		93,888
Sewer Fund		7,600
Municipal Athletic Fund		81,325
Dogwood Festival Fund	\$33,000	
 <b><u>NON-MAJOR GOVERNMENTAL FUNDS</u></b>		
From the Cemeteries Perpetual Care Fund to the General Fund	30,050	
From the General Fund to the Dogwood Festival Fund		33,000
From the Municipal Athletic Fund to the General Fund	81,325	
	<u>\$144,375</u>	<u>\$511,171</u>
 <b>Net Interfund Activity - Governmental Funds</b>	 <u>\$366,796</u>	

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

**D. FUND BALANCE**

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

Total Fund Balance General Fund	\$1,978,518
Less:	
Inventories	15,605
Stabilization by State Statue	346,383
Streets-Powell Bill	319,937
Appropriated Fund Balance in 2014 Budget	15,000
Fire - Capital Outlay	192,243
Police Drug Funds	36,397
Remaining Fund Balance	1,052,953

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**TOWN OF FARMVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2013

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**IV. JOINTLY GOVERNED ORGANIZATION**

The Town is a member of the North Carolina Eastern Municipal Power Agency (the "Agency"). The Agency was formed to enable municipalities and town electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. The Town receives power from the Agency and is contractually allocated a 1.29% interest in the Agency, with the balance being shared by the 32 other local governments. Each participating government appoints one commissioner to the Agency's governing board. The Town is billed monthly for 1.29% of the Agency's operating expenditures (including debt service) of the Agency and is obligated to purchase all of its power supply requirements from the Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The Town's purchases of power for the fiscal year ended June 30, 2013 were \$5,552,692.

**V. RELATED ORGANIZATION**

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

**VI. FARMVILLE HOUSING DEVELOPMENT CORPORATION**

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

**VII. RELATED PARTY TRANSACTIONS**

There were no related party transactions during the fiscal year.

**VIII. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

**Federal and State Assisted Programs**

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

**IX. CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT**

The Town implemented Government Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statements of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position.

**REQUIRED SUPPLEMENTARY FINANCIAL DATA**

**Schedule of Funding Progress for the Other Postemployment Benefits**

**Schedule of Employer Contributions for the Other Postemployment Benefits**

**Notes to the Required Schedules for the Other Postemployment Benefits**

**TOWN OF FARMVILLE, NORTH CAROLINA  
OTHER POSTEMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS**

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<u>Actuarial Valuation</u> <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) - Projected Unit Credit <u>(b)</u>	Unfunded AAL (UAAL) <u>(b - a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a % of Covered Payroll <u>((b - a)/c)</u>
December 31, 2011	\$0	\$1,617,105	\$1,617,105	0%	\$2,249,374	71.9%
December 31, 2008	0	1,650,299	1,650,299	0%	2,630,366	62.7%

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**OTHER POSTEMPLOYMENT BENEFITS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

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<b>Year Ended June 30</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2013	\$159,607	52.27%
2012	159,607	61.20%
2011	143,607	50.04%

Notes to the Required Schedules:

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

Valuation Date	December 31, 2011
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar Amount, open
Remaining Amortization Period	30 Years
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Investment Rate of Return*	4.00%
Medical Cost Trend	9.50% - 5.00%
Year of Ultimate Trend Rate	2018
*Includes Inflation at	3.00%
Cost of Living Adjustments	None

**INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

## **GENERAL FUND**

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

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

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

## TOWN OF FARMVILLE, NORTH CAROLINA

## GENERAL FUND

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2013

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>			
<b>Ad Valorem Taxes:</b>			
Current Year	\$1,348,914	\$1,376,670	\$27,756
Prior Years	67,933	64,248	(3,685)
Penalties and Interest	11,000	11,815	815
<b>Total Ad Valorem Taxes</b>	<b>\$1,427,847</b>	<b>\$1,452,733</b>	<b>\$24,886</b>
<b>Unrestricted Intergovernmental Revenues:</b>			
Local Option Sales Tax	\$798,184	\$807,691	\$9,507
Payments in Lieu of Taxes	500	405	(95)
Utility Franchise Tax	275,000	267,523	(7,477)
Telecommunications Tax	70,000	63,870	(6,130)
Vehicle Tag Fees	13,000	12,864	(136)
Video Franchise Fee	42,000	35,192	(6,808)
Beer & Wine Tax	18,904	18,904	
<b>Total Unrestricted Intergovernmental Revenues</b>	<b>\$1,217,588</b>	<b>\$1,206,449</b>	<b>(\$11,139)</b>
<b>Restricted Intergovernmental Revenues:</b>			
Powell Bill Allocation	\$141,938	\$141,938	
Library Grant	19,787	19,810	\$23
Controlled Substance Tax	28,844	28,868	24
Solid Waste Disposal Tax	3,120	2,637	(483)
Pedestrian Planning Grant	20,000		(20,000)
Bicycle Planning Grant	18,000	15,000	(3,000)
Disaster Payments	20,610	20,610	
Fire Dept State Grant	13,188	13,188	
Mosquito Control Grant	2,795	2,795	
<b>Total Restricted Intergovernmental Revenues</b>	<b>\$268,282</b>	<b>\$244,846</b>	<b>(\$23,436)</b>
<b>Licenses &amp; Permits:</b>			
Privilege Licenses	\$63,750	\$63,766	\$16
Building Permits	13,200	13,093	(107)
Plumbing Permits	2,000	1,964	(36)
Electrical Permits	15,300	15,810	510
Other Applications & Permits	3,590	3,684	94
<b>Total Licenses &amp; Permits</b>	<b>\$97,840</b>	<b>\$98,317</b>	<b>\$477</b>

## TOWN OF FARMVILLE, NORTH CAROLINA

## GENERAL FUND

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL

For the Year Ended June 30, 2013

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Sales and Services:</b>			
Garbage Collection	\$505,691	\$505,471	(\$220)
Sale of Yard Waste Carts	876	918	42
Fire Protection	53,817	55,037	1,220
Recreation Concessions	9,900	6,136	(3,764)
Recreation Participation	29,141	22,916	(6,225)
Recreation Other	3,800	3,500	(300)
Cemetery Service Fees	26,000	27,156	1,156
Sale of Baled Materials	16,500	13,361	(3,139)
Materials and Services		7,172	7,172
Community Center Use Fees	4,300	3,102	(1,198)
DMV Fees	39,000	46,451	7,451
<b>Total Sales &amp; Services</b>	<b>\$689,025</b>	<b>\$691,220</b>	<b>\$2,195</b>
<b>Investment Earnings</b>	<b>\$1,848</b>	<b>\$2,020</b>	<b>\$172</b>
<b>Other Revenues:</b>			
Library Fees	\$3,000	\$1,876	(\$1,124)
Library Donations	15,514	15,957	443
Court and Arrest Fees	11,025	14,878	3,853
Dogwood Festival		135	135
Contribution from Fire Dept	2,988	2,988	
Insurance Settlement	20,009	25,038	5,029
<b>Total Other Revenues</b>	<b>\$52,536</b>	<b>\$60,872</b>	<b>\$8,336</b>
<b>Miscellaneous Income:</b>			
Sundry	\$29,187	\$31,373	\$2,186
Industrial Park Land Lease	1,918		(1,918)
Sales of Fixed Assets	84,995	89,157	4,162
<b>Total Miscellaneous Income</b>	<b>\$116,100</b>	<b>\$120,530</b>	<b>\$4,430</b>
<b>TOTAL REVENUES</b>	<b>\$3,871,066</b>	<b>\$3,876,987</b>	<b>\$5,921</b>

## TOWN OF FARMVILLE, NORTH CAROLINA

## GENERAL FUND

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES:</b>			
<b>General Government:</b>			
<b>Legislative:</b>			
Personnel Expenses	\$41,249	\$40,724	\$525
Operating Expenses	119,280	113,031	6,249
Professional Services	23,000	19,854	3,146
Capital Outlay	18,000	18,000	
Reimbursement - Proprietary Funds	(42,440)	(42,440)	
<b>Total Legislative</b>	<b>\$159,089</b>	<b>\$149,169</b>	<b>\$9,920</b>
<b>Administrative:</b>			
Personnel Expenses	\$176,253	\$167,607	\$8,646
Operating Expenses	21,751	18,167	3,584
Professional Services	100	42	58
Reimbursement - Proprietary Funds	(123,889)	(123,889)	
<b>Total Administrative</b>	<b>\$74,215</b>	<b>\$61,927</b>	<b>\$12,288</b>
<b>Finance:</b>			
Personnel Expenses	\$290,012	\$286,178	\$3,834
Operating Expenses	76,615	68,541	8,074
Professional Services	42,650	40,235	2,415
Contracted Services	7,166	6,827	339
Reimbursement - Proprietary Funds	(263,649)	(263,649)	
<b>Total Finance</b>	<b>\$152,794</b>	<b>\$138,132</b>	<b>\$14,662</b>
<b>Developmental Services:</b>			
Personnel Expenses	\$170,112	\$169,648	\$464
Operating Expenses	107,110	74,478	32,632
Professional Services	3,865	2,648	1,217
Reimbursement - Proprietary Funds	(45,000)	(45,000)	
<b>Total Developmental Services</b>	<b>\$236,087</b>	<b>\$201,774</b>	<b>\$34,313</b>
<b>Information Technology:</b>			
Personnel Expenses	\$60,130	\$58,941	\$1,189
Operating Expenses	13,620	9,652	3,968
Capital Outlay (Under Threshold)	40,000	32,192	7,808
Reimbursement - Proprietary Funds	(62,886)	(62,886)	
<b>Total Information Technology</b>	<b>\$50,864</b>	<b>\$37,899</b>	<b>\$12,965</b>
<b>Total General Government</b>	<b>\$673,049</b>	<b>\$588,901</b>	<b>\$84,148</b>

## TOWN OF FARMVILLE, NORTH CAROLINA

## GENERAL FUND

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Public Safety:</b>			
<b>Police Department:</b>			
Personnel Expenses	\$1,253,820	\$1,202,132	\$51,688
Operating Expenses	185,065	171,615	13,450
Professional Services	400	45	355
Capital Outlay (Under Threshold)	13,760	2,386	11,374
Contracted Services	800	569	231
Reimbursement Proprietary Funds	(22,780)	(22,780)	
<b>Total Police Department</b>	<b>\$1,431,065</b>	<b>\$1,353,967</b>	<b>\$77,098</b>
<b>Fire Department:</b>			
Personnel Expenses	\$9,641	\$8,703	\$938
Operating Expenses	99,340	88,868	10,472
Capital Outlay (Under Threshold)	3,339	5,082	(1,743)
Capital Outlay	11,441	9,196	2,245
Reimbursement Proprietary Funds	(2,645)	(2,645)	
<b>Total Fire Department</b>	<b>\$121,116</b>	<b>\$109,204</b>	<b>\$11,912</b>
<b>Total Public Safety</b>	<b>\$1,552,181</b>	<b>\$1,463,171</b>	<b>\$89,010</b>
<b>Transportation:</b>			
<b>Streets:</b>			
Personnel Expenses	\$214,000	\$213,438	\$562
Operating Expenses	55,600	55,594	6
Professional Services	8,000	8,000	
Street Improvements	100,000	66,350	33,650
Capital Outlay (Under Threshold)	17,699	3,000	14,699
Capital Outlay	200,000	127,407	72,593
<b>Total Streets</b>	<b>\$595,299</b>	<b>\$473,789</b>	<b>\$121,510</b>
<b>Total Transportation</b>	<b>\$595,299</b>	<b>\$473,789</b>	<b>\$121,510</b>
<b>Public Works:</b>			
<b>Sanitation:</b>			
Professional Services	\$20,000	\$19,341	\$659
Contracted Services	441,382	440,664	718
<b>Total Sanitation</b>	<b>\$461,382</b>	<b>\$460,005</b>	<b>\$1,377</b>

TOWN OF FARMVILLE, NORTH CAROLINA  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2013

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Cemeteries and Grounds:</b>			
Personnel Expenses	\$275,000	\$269,500	\$5,500
Operating Expenses	60,100	60,079	21
Professional Services	5,500	5,500	
Capital Outlay (Under Threshold)	5,000	2,514	2,486
<b>Total Cemeteries</b>	<b>\$345,600</b>	<b>\$337,593</b>	<b>\$8,007</b>
<b>Total Public Works</b>	<b>\$806,982</b>	<b>\$797,598</b>	<b>\$9,384</b>
<b>Public Services:</b>			
<b>Recreation &amp; Parks:</b>			
Personnel Expenses	\$84,481	\$82,514	\$1,967
Operating Expenses	147,231	95,373	51,858
Contracted Services	32,350	18,228	14,122
Reimbursement Proprietary Funds	(73,501)	(73,501)	
<b>Total Recreation &amp; Parks</b>	<b>\$190,561</b>	<b>\$122,614</b>	<b>\$67,947</b>
<b>Library:</b>			
Personnel Expenses	\$190,596	\$188,715	\$1,881
Operating Expenses	63,959	57,961	5,998
Professional Services	100		100
Capital Outlay (Under Threshold)	10,000	7,010	2,990
Capital Outlay	8,978	8,978	
<b>Total Library</b>	<b>\$273,633</b>	<b>\$262,664</b>	<b>\$10,969</b>
<b>Special Services:</b>			
Personnel Expenses	\$72,001	\$70,885	\$1,116
Operating Expenses	7,066	5,918	1,148
Reimbursement Proprietary Funds	(55,499)	(55,499)	
<b>Total Special Services</b>	<b>\$23,568</b>	<b>\$21,304</b>	<b>\$2,264</b>
<b>May Museum:</b>			
Personnel Expenses	\$15,075	\$15,154	(\$79)
Operating Expenses	16,575	14,622	1,953
<b>Total May Museum</b>	<b>\$31,650</b>	<b>\$29,776</b>	<b>\$1,874</b>

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Garage:</b>			
Personnel Expenses	\$103,738	\$100,830	\$2,908
Operating Expenses	12,976	9,117	3,859
Capital Outlay (Under Threshold)	10,000	2,699	7,301
Reimbursement Proprietary Funds	(46,461)	(46,461)	
<b>Total Garage</b>	<b>\$80,253</b>	<b>\$66,185</b>	<b>\$14,068</b>
<b>Dogwood Festival</b>	<b>\$3,920</b>	<b>\$4,649</b>	<b>(\$729)</b>
<b>Total Public Services</b>	<b>\$603,585</b>	<b>\$507,192</b>	<b>\$96,393</b>
<b>Debt Service:</b>			
Principal Retirement	\$162,173	\$160,631	\$1,542
Interest and Other Charges	8,770	10,264	(1,494)
<b>Total Debt Service</b>	<b>\$170,943</b>	<b>\$170,895</b>	<b>\$48</b>
<b>TOTAL EXPENDITURES</b>	<b>\$4,402,039</b>	<b>\$4,001,546</b>	<b>\$400,493</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(\$530,973)</b>	<b>(\$124,559)</b>	<b>\$406,414</b>
<b>Other Financing Sources (Uses):</b>			
<i>Operating Transfers-In (Out):</i>			
Cemetery Fund	\$30,050	\$30,050	
Dogwood Festival	(33,000)	(33,000)	
Municipal Athletic Park	(81,325)	(81,325)	
Electric Fund	265,308	265,308	
Water Fund	87,888	87,888	
Sewer Fund	1,600	1,600	
For Streets from Water Fund	6,000	6,000	
For Streets from Sewer Fund	6,000	6,000	
Loan Proceeds	118,069	118,069	
Fund Balance Appropriated	130,383		(\$130,383)
<b>Total Other Financing Sources (Uses)</b>	<b>\$530,973</b>	<b>\$400,590</b>	<b>(\$130,383)</b>
<b>Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	<b>\$0</b>	<b>\$276,031</b>	<b>\$276,031</b>
<i>Fund Balance:</i>			
<i>Beginning of Year</i>		1,702,487	
<b>Fund Balance, June 30</b>		<b>\$1,978,518</b>	

## **OTHER GOVERNMENTAL FUNDS**

*The following comprise the Town's Other Governmental Funds:*

### **NON-MAJOR FUNDS**

*Cemeteries Perpetual Care Fund*

*Subdivision Participation Project Fund*

*Dogwood Festival Fund*

*Library (Trust) Fund*

*May Museum and Park (Trust) Fund*

*Municipal Athletic Park Fund*

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
 June 30, 2013

	<b>Special Revenue Funds</b>				
	<b>Cemeteries Perpetual Care Fund</b>	<b>Subdivision Participation Project Fund</b>	<b>Dogwood Festival Fund</b>	<b>Library (Trust) Fund</b>	<b>May Museum and Park (Trust) Fund</b>
<b><u>ASSETS</u></b>					
<i>Current Assets:</i>					
Cash and Investments	\$114,040	\$249,568	\$147,014	\$166,855	\$33,929
Accounts Receivable	11,347		1,475		
Due from Other Governments					
<b>TOTAL ASSETS</b>	<b><u>\$125,387</u></b>	<b><u>\$249,568</u></b>	<b><u>\$148,489</u></b>	<b><u>\$166,855</u></b>	<b><u>\$33,929</u></b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>					
<i>Other Liabilities:</i>					
Accounts Payable	\$100		\$607		
<b>Total Current Liabilities</b>	<b><u>\$100</u></b>	<b><u>\$0</u></b>	<b><u>\$607</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>Total Liabilities</b>	<b><u>\$100</u></b>	<b><u>\$0</u></b>	<b><u>\$607</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<i>Fund Balance:</i>					
Stabilization by State Statute	\$11,347		\$1,475		
Assigned	113,940	\$249,568	146,407	\$166,855	\$33,929
<b>Total Fund Balances</b>	<b><u>\$125,287</u></b>	<b><u>\$249,568</u></b>	<b><u>\$147,882</u></b>	<b><u>\$166,855</u></b>	<b><u>\$33,929</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$125,387</u></b>	<b><u>\$249,568</u></b>	<b><u>\$148,489</u></b>	<b><u>\$166,855</u></b>	<b><u>\$33,929</u></b>

Total Non-major Special Revenue Funds	Capital Project Funds Municipal Athletic Park	Total Non-major Capital Project Funds	Total Non-major Governmental Funds
\$711,406	\$56,416	\$56,416	\$767,822
12,822	106,193	106,193	12,822
<u>\$724,228</u>	<u>\$162,609</u>	<u>\$162,609</u>	<u>\$886,837</u>
\$707	\$222,497	\$222,497	\$223,204
<u>\$707</u>	<u>\$222,497</u>	<u>\$222,497</u>	<u>\$223,204</u>
<u>\$707</u>	<u>\$222,497</u>	<u>\$222,497</u>	<u>\$223,204</u>
\$12,822	\$106,193	\$106,193	\$119,015
710,699	(166,081)	(166,081)	544,618
<u>\$723,521</u>	<u>(\$59,888)</u>	<u>(\$59,888)</u>	<u>\$663,633</u>
<u>\$724,228</u>	<u>\$162,609</u>	<u>\$162,609</u>	<u>\$886,837</u>

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended June 30, 2013

	<b>Special Revenue Funds</b>				
	<b>Cemeteries Perpetual Care Fund</b>	<b>Subdivision Participation Project Fund</b>	<b>Dogwood Festival Fund</b>	<b>Library (Trust) Fund</b>	<b>May Museum and Park (Trust) Fund</b>
<b>Revenues:</b>					
Restricted Intergovernmental					
Investment Earnings	\$150	\$341	\$98	\$192	\$41
Sales and Services	11,703		140,207		
Other Revenues	4,111		40,225	11,213	
<b>Total Revenues</b>	<b>\$15,964</b>	<b>\$341</b>	<b>\$180,530</b>	<b>\$11,405</b>	<b>\$41</b>
<b>Expenditures:</b>					
Economic and Physical Development		\$48,108			
Public Services			\$135,772	\$1,947	
<b>Total Expenditures</b>	<b>\$0</b>	<b>\$48,108</b>	<b>\$135,772</b>	<b>\$1,947</b>	<b>\$0</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$15,964</b>	<b>(\$47,767)</b>	<b>\$44,758</b>	<b>\$9,458</b>	<b>\$41</b>
<b>Other Financing Sources (Uses)</b>					
Transfers In (Out)	(\$30,050)		\$33,000		
<b>Total Other Financing Sources (Uses)</b>	<b>(\$30,050)</b>	<b>\$0</b>	<b>\$33,000</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenues Over (Under) Expenditures and Other Financing Sources</b>	<b>(\$14,086)</b>	<b>(\$47,767)</b>	<b>\$77,758</b>	<b>\$9,458</b>	<b>\$41</b>
<b>Fund Balances:</b>					
Beginning of year, July 1	\$139,373	\$297,335	\$70,124	\$157,397	\$33,888
End of year, June 30	<b>\$125,287</b>	<b>\$249,568</b>	<b>\$147,882</b>	<b>\$166,855</b>	<b>\$33,929</b>

Total Non-major Special Revenue Funds	Capital Project Funds Municipal Athletic Park	Total Non-major Special Revenue Funds	Total Non-major Governmental Funds
	\$129,784	\$129,784	\$129,784
\$822	14	14	836
151,910			151,910
55,549			55,549
<b>\$208,281</b>	<b>\$129,798</b>	<b>\$129,798</b>	<b>\$338,079</b>
\$48,108			\$48,108
137,719	\$271,011	\$271,011	408,730
<b>\$185,827</b>	<b>\$271,011</b>	<b>\$271,011</b>	<b>\$456,838</b>
<b>\$22,454</b>	<b>(\$141,213)</b>	<b>(\$141,213)</b>	<b>(\$118,759)</b>
\$2,950	\$81,325	\$81,325	\$84,275
<b>\$2,950</b>	<b>\$81,325</b>	<b>\$81,325</b>	<b>\$84,275</b>
<b>\$25,404</b>	<b>(\$59,888)</b>	<b>(\$59,888)</b>	<b>(\$34,484)</b>
\$698,117	\$0	\$0	\$698,117
<b>\$723,521</b>	<b>(\$59,888)</b>	<b>(\$59,888)</b>	<b>\$663,633</b>

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**SPECIAL REVENUE FUND – CEMETERIES PERPETUAL CARE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Annual Budget</u>	<u>2013 Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Investment Earnings	\$200	\$150	(\$50)
Cemetery Sales	22,000	11,703	(10,297)
Penalties & Interest	3,000	4,111	1,111
<b>Total Revenues</b>	<b>\$25,200</b>	<b>\$15,964</b>	<b>(\$9,236)</b>
<b>Expenditures:</b>			
<b>Total Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$25,200</b>	<b>\$15,964</b>	<b>(\$9,236)</b>
<b>Other Financing Sources (Uses):</b>			
Transfer to General	(\$30,050)	(\$30,050)	
Fund Balance Appropriated	4,850		(\$4,850)
<b>Total Other Financing Sources (Uses)</b>	<b>(\$25,200)</b>	<b>(\$30,050)</b>	<b>(\$4,850)</b>
<b>Revenues Over Expenditures and Appropriations</b>	<b>\$0</b>	<b>(\$14,086)</b>	<b>(\$14,086)</b>
<i>Beginning Fund Balance, July 1</i>		139,373	
<b>Ending Fund Balance, June 30</b>		<b>\$125,287</b>	

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**SPECIAL REVENUE FUND – SUBDIVISION PARTICIPATION PROJECT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**From Inception and For the Fiscal Year Ended June 30, 2013**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Pitt County Board of Education	\$17,000	\$17,000		\$17,000	
Owner Contributions - Evans	250	250		250	
Owner Contributions - Arrowhead	137,265	119,440		119,440	(\$17,825)
Owner Contributions - Other	230,768	154,112		154,112	(76,656)
Investment Earnings	47,000	12,287	\$341	12,628	(34,372)
<b>Total Revenues</b>	<b>\$432,283</b>	<b>\$303,089</b>	<b>\$341</b>	<b>\$303,430</b>	<b>(\$128,853)</b>
<b>Expenditures:</b>					
Professional Services	\$83,809	\$30,306	\$9,222	\$39,528	\$44,281
Construction Streets	252,341	216,865	27,080	243,945	8,396
Construction Water and Sewer	285,254	74,540	11,806	86,346	198,908
Construction Electric	26,279	26,279		26,279	
Contingency	84,154				84,154
<b>Total Expenditures</b>	<b>\$731,837</b>	<b>\$347,990</b>	<b>\$48,108</b>	<b>\$396,098</b>	<b>\$335,739</b>
<b>Revenues Over (Under) Expenditures and Appropriations</b>	<b>(\$299,554)</b>	<b>(\$44,901)</b>	<b>(\$47,767)</b>	<b>(\$92,668)</b>	<b>\$206,886</b>
<b>Other Financing Sources(Uses):</b>					
Transfer from General Fund	\$19,352	\$19,352		\$19,352	
Transfer from Heritage Farmville		14,508		14,508	\$14,508
Transfer to SARF Fund		(63,624)		(63,624)	(63,624)
Transfer from Electric Fund	104,140	99,000		99,000	(5,140)
Transfer from Water Fund	91,022	143,000		143,000	51,978
Transfer from Sewer Fund	85,040	130,000		130,000	44,960
<b>Total Other Financing Sources (Uses)</b>	<b>\$299,554</b>	<b>\$342,236</b>	<b>\$0</b>	<b>\$342,236</b>	<b>\$42,682</b>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>\$0</b>	<b>\$297,335</b>	<b>(\$47,767)</b>	<b>\$249,568</b>	<b>\$249,568</b>
<i>Beginning Fund Balance, July 1</i>			297,335		
<b>Ending Fund Balance , June 30</b>				<b>\$249,568</b>	

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**SPECIAL REVENUE FUND – DOGWOOD FESTIVAL**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
For the Fiscal Year Ended June 30, 2013

	Annual Budget	2013 Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Investment Earnings	\$67	\$98	\$31
Festival Revenues	67,966	140,207	72,241
Donations	40,675	40,225	(450)
<b>Total Revenues</b>	<b>\$108,708</b>	<b>\$180,530</b>	<b>\$71,822</b>
<b>Expenditures:</b>			
Entertainment	\$78,777	\$78,436	\$341
Advertising	15,615	13,688	1,927
Purchases for Resale	13,851	13,850	1
Rentals	14,625	14,620	5
Insurance & Bonds	5,330	5,330	
Miscellaneous Expenses	2,000	1,453	547
Special Venues	2,000		2,000
Printing & Postage	150		150
Kids Cool Fest	1,500	850	650
Telephone & Postage	35	35	
Travel	350	39	311
Capital Outlay	7,475	7,471	4
<b>Total Expenditures</b>	<b>\$141,708</b>	<b>\$135,772</b>	<b>\$5,936</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(\$33,000)</b>	<b>\$44,758</b>	<b>\$77,758</b>
<b>Other Financing Sources (Uses):</b>			
Transfer From General	\$33,000	\$33,000	
<b>Total Other Financing Sources (Uses)</b>	<b>\$33,000</b>	<b>\$33,000</b>	<b>\$0</b>
<b>Revenues Over Expenditures and Appropriations</b>	<b>\$0</b>	<b>\$77,758</b>	<b>\$77,758</b>
<i>Beginning Fund Balance, July 1</i>		70,124	
<b>Ending Fund Balance, June 30</b>		<b>\$147,882</b>	

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**SPECIAL REVENUE FUND - LIBRARY (TRUST) FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
For the Fiscal Year Ended June 30, 2013

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	<b>2013</b>
<b>Revenues:</b>	
Investment Earnings	\$192
Contributions	11,213
	11,405
<b>Total Revenues</b>	<b>\$11,405</b>
<b>Expenditures:</b>	
Public Services:	
Devisconti Trust Expenses	\$1,456
Davis Trust Expenses	150
Library Friends Expenses	341
	1,947
<b>Total Expenditures</b>	<b>\$1,947</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$9,458</b>
<i>Beginning Fund Balance, July 1</i>	157,397
<b>Ending Fund Balance, June 30</b>	<b>\$166,855</b>

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**SPECIAL REVENUE FUND - MAY MUSEUM AND PARK (TRUST) FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
For the Fiscal Year Ended June 30, 2013

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	<b>2013</b>
<b>Revenues:</b>	
Investment Earnings	\$41
<b><i>Total Revenues</i></b>	<b>\$41</b>
<b>Expenditures:</b>	
<b><i>Total Expenditures</i></b>	<b>\$0</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$41</b>
<i>Beginning Fund Balance, July 1</i>	33,888
<b>Ending Fund Balance, June 30</b>	<b>\$33,929</b>

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**CAPITAL PROJECT – MUNICIPAL ATHLETIC PARK**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
From Inception and For the Fiscal Year Ended June 30, 2013

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total To Date</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>					
Restricted Intergovernmental:					
NC Parks and Recreation Trust Fund Grant	\$176,250		\$129,784	\$129,784	(\$46,466)
Investment Earnings			14	14	14
<b>TOTAL REVENUES</b>	<b>\$176,250</b>	<b>\$0</b>	<b>\$129,798</b>	<b>\$129,798</b>	<b>(\$46,452)</b>
<b>Expenditures:</b>					
Construction Underground Utilities	\$1,200		\$1,216	\$1,216	(\$16)
Construction Picnic Shelter	21,242		17,712	17,712	3,530
Construction Two Playgrounds	45,532				45,532
Construction Tennis Court Resurfacing	21,507		21,507	21,507	
Construction Concession/Bathroom Facilities	75,365		66,586	66,586	8,779
Construction Baseball Field Improvements	71,569		59,710	59,710	11,859
Construction 2100 LF Walking Trail	63,715		61,744	61,744	1,971
Construction Planning/Incidentals	57,000		42,536	42,536	14,464
Contingency	1,370				1,370
<b>TOTAL EXPENDITURES</b>	<b>\$358,500</b>	<b>\$0</b>	<b>\$271,011</b>	<b>\$271,011</b>	<b>\$87,489</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(\$182,250)</b>	<b>\$0</b>	<b>(\$141,213)</b>	<b>(\$141,213)</b>	<b>\$41,037</b>
<b>Other Financing Sources (Uses):</b>					
Transfer From General - Local Contribution	\$182,250		\$81,325	\$81,325	(\$100,925)
<b>Total Other Financing Sources (Uses)</b>	<b>\$182,250</b>	<b>\$0</b>	<b>\$81,325</b>	<b>\$81,325</b>	<b>(\$100,925)</b>
<b>Revenues Over Expenditures and Appropriations</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$59,888)</b>	<b>(\$59,888)</b>	<b>(\$59,888)</b>
<i>Beginning Fund Balance, July 1</i>					
<b>Ending Fund Balance, June 30</b>			<b>(\$59,888)</b>		

## ENTERPRISE FUNDS

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

*The following comprise the Town's Enterprise Funds:*

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

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

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

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**ELECTRIC FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)**  
**For the Fiscal Year Ended June 30, 2013**

<b>REVENUES:</b>	<b>Budget</b>	<b>2013 Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Operating Revenues:</b>			
Electric Sales	\$7,392,910	\$7,033,098	(\$359,812)
Other Operating Revenues	60,475	67,298	6,823
<b>Total Operating Revenues</b>	<b>\$7,453,385</b>	<b>\$7,100,396</b>	<b>(\$352,989)</b>
<b>Non-Operating Revenues:</b>			
Investment Earnings	\$2,300	\$1,320	(\$980)
Miscellaneous Non-Operating Revenue	5,240	6,719	1,479
<b>Total Non-Operating Revenues</b>	<b>\$7,540</b>	<b>\$8,039</b>	<b>\$499</b>
<b>TOTAL REVENUES</b>	<b>\$7,460,925</b>	<b>\$7,108,435</b>	<b>(\$352,490)</b>
<b>EXPENDITURES:</b>			
<b>Electric Power Costs:</b>			
Electricity Purchased	<b>\$5,500,000</b>	<b>\$5,552,692</b>	<b>(\$52,692)</b>
<b>Administrative:</b>			
Personnel Expenses	\$26,257	\$25,692	\$565
Operating Expenses	77,900	74,567	3,333
Utility Service Fee	278,100	278,100	
<b>Total Administrative</b>	<b>\$382,257</b>	<b>\$378,359</b>	<b>\$3,898</b>
<b>Electric Distribution:</b>			
Personnel Expenses	\$353,618	\$306,614	\$47,004
Operating Expenses	188,825	164,153	24,672
Vehicle Maintenance	7,000	5,097	1,903
Maintenance	41,100	20,742	20,358
Professional Services	9,625	203	9,422
Contracted Services	30,000	28,140	1,860
Utility Service Fee	99,900	99,900	
Capital Outlay (Under Threshold)	10,000	6,448	3,552
<b>Total Electric Distribution</b>	<b>\$740,068</b>	<b>\$631,297</b>	<b>\$108,771</b>
<b>Debt Service Expenditures</b>			
Interest and Other Charges	\$90,577	\$90,590	(\$13)
Debt Principal	209,540	209,540	
<b>Total Debt Service Expenditures</b>	<b>\$300,117</b>	<b>\$300,130</b>	<b>(\$13)</b>

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**ELECTRIC FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)**  
For the Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>2013 Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Capital Outlay</b>			
Equipment	\$245,175	\$236,365	\$8,810
<b>Total Capital Outlay</b>	<u>\$245,175</u>	<u>\$236,365</u>	<u>\$8,810</u>
<b>Non-Operating Expenditures:</b>			
Contribution to Benevolent Ministries	\$28,000	\$27,515	\$485
<b>Total Supplemental Budget Expenditures</b>	<u>\$28,000</u>	<u>\$27,515</u>	<u>\$485</u>
<b>TOTAL EXPENDITURES</b>	<u>\$7,195,617</u>	<u>\$7,126,358</u>	<u>\$69,259</u>
<b>Revenues Over (Under) Expenditures</b>	<u>\$265,308</u>	<u>(\$17,923)</u>	<u>(\$283,231)</u>
<b>Other Financing Sources (Uses):</b>			
<b>Operating Transfers In (Out):</b>			
General Fund	(\$265,308)	(\$265,308)	
<b>Total Other Financing Sources (Uses)</b>	<u>(\$265,308)</u>	<u>(\$265,308)</u>	<u>\$0</u>
<b>Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<u>\$0</u>	<u>(\$283,231)</u>	<u>(\$283,231)</u>
<b>Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
<b>Revenues Over (Under) Expenditures and Other Financing Uses</b>		<u>(\$283,231)</u>	
<b>Reconciling Items:</b>			
Capital Debt Payments		\$209,540	
Capital Outlay		236,365	
Change in Inventory		11,790	
Change in Accrued Interest		7,264	
Depreciation Expense		(204,572)	
(Increase) Decrease in Compensated Absences Payable		(1,169)	
(Increase) in Accrued OPEB Liability		(1,150)	
Capital Contributions in NCDOT Project US 258		10,667	
NCDOT Project US 258 - Line Relocation Expenditures		(10,667)	
<b>Total</b>		<u>\$258,068</u>	
<b>Change in Net Position</b>		<u>(\$25,163)</u>	

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**NCDOT PROJECT US 258**  
**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2013**

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total To Date</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>					
NCDOT Contribution	\$170,000		\$10,667	\$10,667	(\$159,333)
<b>TOTAL REVENUES</b>	<u>\$170,000</u>	<u>\$0</u>	<u>\$10,667</u>	<u>\$10,667</u>	<u>(\$159,333)</u>
<b>Expenditures</b>					
Engineering	\$65,000		\$10,667	\$10,667	\$54,333
Construction	105,000				105,000
<b>TOTAL EXPENDITURES</b>	<u>\$170,000</u>	<u>\$0</u>	<u>\$10,667</u>	<u>\$10,667</u>	<u>\$159,333</u>
<b>Revenues Over (Under) Expenditures</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<i>Beginning Fund Balance, July 1</i>					
<b>Ending Fund Balance, June 30</b>			<u>\$0</u>		

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**WATER FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)**  
**For the Fiscal Year Ended June 30, 2013**

<b>REVENUES:</b>	<b>Budget</b>	<b>2013 Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Operating Revenues:</b>			
Water Sales	\$1,986,837	\$1,971,388	(\$15,449)
Tap on Fees	4,000	4,108	108
Other Operating Revenues	574,117	582,283	8,166
<b>Total Operating Revenues</b>	<b>\$2,564,954</b>	<b>\$2,557,779</b>	<b>(\$7,175)</b>
<b>Non-Operating Revenues:</b>			
Investment Earnings	\$3,317	\$2,620	(\$697)
Miscellaneous Non-Operating Revenues	12,556	14,518	1,962
<b>Total Non-Operating Revenues</b>	<b>\$15,873</b>	<b>\$17,138</b>	<b>\$1,265</b>
<b>TOTAL REVENUES</b>	<b>\$2,580,827</b>	<b>\$2,574,917</b>	<b>(\$5,910)</b>
<b>EXPENDITURES:</b>			
<b>Administrative:</b>			
Personnel Expenses	\$33,292	\$33,288	\$4
Operating Expenses	44,575	41,107	3,468
Professional Services	5,000	5,000	
Utility Service Fee	147,840	147,840	
Capital Outlay (Under Threshold)	4,958	3,550	1,408
<b>Total Administrative</b>	<b>\$235,665</b>	<b>\$230,785</b>	<b>\$4,880</b>
<b>Water Supply:</b>			
Personnel Expenses	\$68,083	\$81,154	(\$13,071)
Operating Expenses	971,678	857,996	113,682
Vehicle Maintenance	1,000	128	872
Maintenance	15,000	8,463	6,537
Professional Services	17,800	17,716	84
Utility Service Fee	98,560	98,560	
Contracted Services	105,000	80,744	24,256
<b>Total Water Supply</b>	<b>\$1,277,121</b>	<b>\$1,144,761</b>	<b>\$132,360</b>

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**WATER FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)**  
For the Fiscal Year Ended June 30, 2013

	Budget	2013 Actual	Variance Favorable (Unfavorable)
<b>Water Distribution:</b>			
Personnel Expenses	\$156,004	\$160,319	(\$4,315)
Operating Expenses	57,016	50,197	6,819
Vehicle Maintenance	3,000	2,292	708
Maintenance	4,000	1,887	2,113
Professional Services	63	63	
<b>Total Water Distribution</b>	<b>\$220,083</b>	<b>\$214,758</b>	<b>\$5,325</b>
<b>Debt Service Expenditures:</b>			
Bond Interest & Fees	\$336,263	\$336,260	\$3
Bond Principal Payments	312,551	312,551	
<b>Total Debt Service</b>	<b>\$648,814</b>	<b>\$648,811</b>	<b>\$3</b>
<b>Capital Outlay:</b>			
Equipment & Improvements	\$65,000	\$62,755	\$2,245
<b>Total Capital Outlay</b>	<b>\$65,000</b>	<b>\$62,755</b>	<b>\$2,245</b>
<b>TOTAL EXPENDITURES</b>	<b>\$2,446,683</b>	<b>\$2,301,870</b>	<b>\$144,813</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$134,144</b>	<b>\$273,047</b>	<b>\$138,903</b>
<b>Other Financing Sources (Uses)</b>			
<b>Operating Transfers In (Out):</b>			
General Fund	(\$87,888)	(\$87,888)	
General Fund - Street Cuts	(6,000)	(6,000)	
GUC Waterline Phase 1D	(23,967)	(23,967)	
GUC Waterline Phase 1A		3,008	\$3,008
GUC Waterline Phase 1B		5,205	5,205
Reserve GUC Waterline Phase 1A - Primary	(19,608)		19,608
Reserve GUC Waterline Phase 1A - Secondary	(9,200)		9,200
Reserve GUC Waterline Phase 1B	(12,956)		12,956
Appropriated Fund Balance	25,475		(25,475)
<b>Total Other Financing Sources (Uses)</b>	<b>(\$134,144)</b>	<b>(\$109,642)</b>	<b>\$24,502</b>
<b>Revenues Over (Under) Expenditures and Other Financing Uses</b>	<b>\$0</b>	<b>\$163,405</b>	<b>\$163,405</b>

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**WATER FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Budget</u>	<u>2013 Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Reconciliation From Budgetary Basis (Modified Accrual) To Full Accrual:</b>			
<b>Revenues Over (Under) Expenditures and Other Financing Uses</b>		<u>\$163,405</u>	
<b>Reconciling Items:</b>			
Bond Principal Payments		\$312,551	
Capital Outlay		62,755	
Increase in Compensated Absences Payable		2,464	
Increase in Accrued OPEB Liability		12,753	
Depreciation Expense		(516,664)	
Change in Accrued Interest		5,036	
Change in Inventory		2,108	
Transfer from GUC Waterline Project Phase 1A Non-USDA Eligible		(3,008)	
Transfer from GUC Waterline Project Phase 1B USDA Eligible		(5,205)	
Transfer to GUC Waterline Project Phase 1D		23,967	
Investment Earnings from GUC Waterline Project Phase 1B - Non-USDA Eligible		<u>309</u>	
<b>Total</b>		<u><b>(\$102,934)</b></u>	
<b>Change in Net Position</b>		<u><b>\$60,471</b></u>	

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**GREENVILLE UTILITIES COMMISSION WATERLINE PROJECT**  
**PHASE 1A – NON-USDA ELIGIBLE**  
**SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2013**

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total To Date</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>					
Investment Earnings	\$131,345	\$130,877		\$130,877	(\$468)
Sale of Timber	10,250	10,250		10,250	
Greene County Contributions	96,575	96,575		96,575	
<b>TOTAL REVENUES</b>	<b>\$238,170</b>	<b>\$237,702</b>	<b>\$0</b>	<b>\$237,702</b>	<b>(\$468)</b>
<b>Expenditures:</b>					
Funding Assistance	\$93,150	\$93,150		\$93,150	
General Project Administration	50,000	50,000		50,000	
Grant Administration	50,000	50,000		50,000	
Interest Disbursed to Farmville Water Fund	34,770	34,770		34,770	
1/2 Timber Sale to Greene County	9,750	9,750		9,750	
Expenses Related to Timber Sale	500	500		500	
<b>TOTAL EXPENDITURES</b>	<b>\$238,170</b>	<b>\$238,170</b>	<b>\$0</b>	<b>\$238,170</b>	<b>\$0</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$0</b>	<b>(\$468)</b>	<b>\$0</b>	<b>(\$468)</b>	<b>(\$468)</b>
<b>Other Financing Sources (Uses):</b>					
Transfer from Phase 1A (Sales Tax)	\$401,875	\$405,351		\$405,351	\$3,476
Transfer to Water Fund	(198,021)	(198,021)	(\$3,008)	(201,029)	(3,008)
Transfer to Greene County	(193,193)	(193,193)		(193,193)	
Transfer to Phase 1A	(2,917)	(2,917)		(2,917)	
Transfer to Phase 1A	(7,744)	(7,744)		(7,744)	
<b>Total Other Sources</b>	<b>\$0</b>	<b>\$3,476</b>	<b>(\$3,008)</b>	<b>\$468</b>	<b>\$468</b>
<b>Revenues and Other Sources (Uses) Over (Under) Expenditures and Appropriations</b>	<b>\$0</b>	<b>\$3,008</b>	<b>(\$3,008)</b>	<b>\$0</b>	<b>\$0</b>
<i>Beginning Fund Balance, July 1</i>			3,008		
<b>Ending Fund Balance, June 30</b>			<b>\$0</b>		

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**GREENVILLE UTILITIES COMMISSION WATERLINE PROJECT**  
**PHASE 1B – USDA ELIGIBLE**  
**SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2013**

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total To Date</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>					
USDA - RD Supplemental Grant	\$1,000,000	\$1,000,000		\$1,000,000	
Rural Center Supplemental Grant	400,000	400,000		400,000	
Rural Center CWP Grant - Farmville	500,000	500,000		500,000	
Rural Center CWP Grant - Fountain	500,000	500,000		500,000	
Phase 1A Contributions	200,000	200,000		200,000	
Investment Earnings		2,821		2,821	\$2,821
Miscellaneous Revenue		1		1	1
Sales Tax Refund	10,431				(10,431)
<b>TOTAL REVENUES</b>	<b>\$2,610,431</b>	<b>\$2,602,822</b>	<b>\$0</b>	<b>\$2,602,822</b>	<b>(\$7,609)</b>
<b>Expenditures:</b>					
Contract No. 3 - Water Lines	\$2,820,422	\$2,744,546		\$2,744,546	\$75,876
Contract No. 4 - Well Ammonia Feed Sys.	1,074,978	1,051,022		1,051,022	23,956
Preliminary Engineering	22,500	22,500		22,500	
Basic Engineering	239,178	239,178		239,178	
Additional Engineering	64,982	64,981		64,981	1
Inspection	352,642	352,642		352,642	
Legal	31,070	31,070		31,070	
Appraisals	11,800	11,800		11,800	
Land	129,788	129,788		129,788	
Geotechnical	7,517	7,517		7,517	
Permanent Easements	16,860	16,860		16,860	
Assistance Acquisition	29,990	29,990		29,990	
Temporary Financing Interest	120,000	120,000		120,000	
Accounting	1,700	1,700		1,700	
Administrative	19,713	19,713		19,713	
Interim Financing Repayment	180,106				180,106
<b>TOTAL EXPENDITURES</b>	<b>\$5,123,246</b>	<b>\$4,843,307</b>	<b>\$0</b>	<b>\$4,843,307</b>	<b>\$279,939</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(\$2,512,815)</b>	<b>(\$2,240,485)</b>	<b>\$0</b>	<b>(\$2,240,485)</b>	<b>\$272,330</b>
<b>Other Financing Sources (Uses):</b>					
USDA - RD Loan (Ban Proceeds)	\$2,514,000	\$2,514,000		\$2,514,000	
Town Loan	180,106				(\$180,106)
Transfer to Water Fund			(\$5,205)	(5,205)	(5,205)
Transfer to Phase 1A	(181,291)	(181,291)		(181,291)	
Transfer Sales Tax (To)/From 1B Non-USDA Eligible		(87,019)		(87,019)	(87,019)
<b>Total Other Sources</b>	<b>\$2,512,815</b>	<b>\$2,245,690</b>	<b>(\$5,205)</b>	<b>\$2,240,485</b>	<b>(\$272,330)</b>
<b>Revenues and Other Sources (Uses) Over (Under) Expenditures and Appropriations</b>	<b>\$0</b>	<b>\$5,205</b>	<b>(\$5,205)</b>	<b>\$0</b>	<b>\$0</b>
<i>Beginning Fund Balance, July 1</i>			5,205		
<b>Ending Fund Balance, June 30</b>			<b>\$0</b>		

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**GREENVILLE UTILITIES COMMISSION WATERLINE PROJECT**  
**PHASE 1B – NON-USDA ELIGIBLE**  
**SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2013**

	<b>Project Authorization</b>	<b>Actual Prior Years</b>	<b>Actual Current Year</b>	<b>Actual Total To Date</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>					
Investment Earnings	\$1,447	\$1,623	\$309	\$1,932	\$485
Liquidated Damages	160,000	160,000		160,000	
Miscellaneous Revenue	3,850	100		100	(3,750)
<b>TOTAL REVENUES</b>	<b>\$165,297</b>	<b>\$161,723</b>	<b>\$309</b>	<b>\$162,032</b>	<b>(\$3,265)</b>
<b>Expenditures:</b>					
Funding Assistance	\$25,000	\$25,000		\$25,000	
General Project Administration	25,000	25,000		25,000	
Grant Administration	25,000	25,000		25,000	
Contract No. 3 - Inspection from 10/19/10 to 12/15/10 + 12/15/10 thru Substantial Completion	56,301	56,301		56,301	
Contract No. 3 - Administration from 10/19/10 to 01/14/11	10,000	10,000		10,000	
Engineering - Belcher St. Soil Contamination	708	1,489		1,489	(\$781)
Contract No. 3 - Engineering and Inspection from 03/21/10 thru 03/21/12	46,480	46,480		46,480	
Legal - Belcher St. Soil Contamination	19,731	1,648		1,648	18,083
Contingency	46,480			46,480	46,480
<b>TOTAL EXPENDITURES</b>	<b>\$254,700</b>	<b>\$190,918</b>	<b>\$0</b>	<b>\$190,918</b>	<b>\$63,782</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$89,403</b>	<b>(\$29,195)</b>	<b>\$309</b>	<b>(\$28,886)</b>	<b>\$60,517</b>
<b>Other Financing Sources (Uses):</b>					
Transfer from Phase 1A - Sales Tax	\$99,834	\$97,450		\$97,450	(\$2,384)
Transfer Sales Tax to 1B USDA Eligible	(10,431)	(10,431)		(10,431)	
<b>Total Other Sources</b>	<b>\$89,403</b>	<b>\$87,019</b>	<b>\$0</b>	<b>\$87,019</b>	<b>(\$2,384)</b>
<b>Revenues and Other Sources (Uses) Over (Under) Expenditures and Appropriations</b>	<b>\$178,806</b>	<b>\$57,824</b>	<b>\$309</b>	<b>\$58,133</b>	<b>\$58,133</b>
<i>Beginning Fund Balance, July 1</i>			57,824		
<b>Ending Fund Balance, June 30</b>			<b>\$58,133</b>		

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**GREENVILLE UTILITIES COMMISSION WATERLINE PROJECT**  
**PHASE 1D – ALTERNATIVE WATER SUPPLY**  
**SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2013**

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total To Date</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>					
DWSRF Revolving Loan	\$1,500,000	\$1,500,000		\$1,500,000	
Town of Farmville Project Contributions	25,000		\$23,967	23,967	(\$1,033)
Liquidated Damages	145,000				(145,000)
<b>TOTAL REVENUES</b>	<b>\$1,670,000</b>	<b>\$1,500,000</b>	<b>\$23,967</b>	<b>\$1,523,967</b>	<b>(\$146,033)</b>
<b>Expenditures:</b>					
Contract No. 7 - Water Line Transmission	\$2,551,868	\$2,338,338		\$2,338,338	\$213,530
Preliminary Engineering Report	17,500	17,500		17,500	
Basic Engineering Fees	167,147	167,147		167,147	
Basic Engineering Fees BLP	10,030	10,030		10,030	
Additional Services Engineering Fees	10,040	10,040		10,040	
Construction Observation	167,348	167,348		167,348	
Construction Observation Beyond Construction Period	66,030	66,030		66,030	
Legal	2,373	2,373		2,373	
Appraisals	1,250	1,250		1,250	
Permanent Land Acquisition	30,600	30,600		30,600	
Accounting	1,700	1,700		1,700	
Administrative	4,277	4,277		4,277	
Project Administrative	85,000	85,000		85,000	
Funding Assistance	25,000	25,000		25,000	
DBE Administration	46,500	46,500		46,500	
Grant Administration	25,000	25,000		25,000	
Reimbursable	8,022	6,421		6,421	1,601
Railroad Maintenance Fee	18,100	18,100		18,100	
Contingency	669				669
<b>TOTAL EXPENDITURES</b>	<b>\$3,238,454</b>	<b>\$3,022,654</b>	<b>\$0</b>	<b>\$3,022,654</b>	<b>\$215,800</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(\$1,568,454)</b>	<b>(\$1,522,654)</b>	<b>\$23,967</b>	<b>(\$1,498,687)</b>	<b>\$69,767</b>
<b>Other Financing Sources (Uses):</b>					
DWSRF Principal Forgiveness Loan	\$1,500,000	\$1,500,000		\$1,500,000	
Temp. Financing from Town Fund 61	50,000				(\$50,000)
Sales Tax Refund	68,454				(68,454)
Repayment Temp. Financing Loan to Fund 61	(50,000)				50,000
<b>Total Other Sources</b>	<b>\$1,568,454</b>	<b>\$1,500,000</b>	<b>\$0</b>	<b>\$1,500,000</b>	<b>(\$68,454)</b>
<b>Revenues and Other Sources (Uses) Over (Under) Expenditures and Appropriations</b>	<b>\$0</b>	<b>(\$22,654)</b>	<b>\$23,967</b>	<b>\$1,313</b>	<b>\$1,313</b>
<i>Beginning Fund Balance, July 1</i>			(22,654)		
<b>Ending Fund Balance, June 30</b>			<b>\$1,313</b>		

**TOWN OF FARMVILLE, NORTH CAROLINA**  
SEWER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)  
For the Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>2013 Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
<b>Operating Revenues:</b>			
Sewer Sales	\$1,652,781	\$1,662,583	\$9,802
Tap Ons	900	900	
Other Operating Revenues	514	929	415
<b>Total Operating Revenues</b>	<b>\$1,654,195</b>	<b>\$1,664,412</b>	<b>\$10,217</b>
<b>Non-Operating Revenues:</b>			
Investment Earnings	\$652	\$702	\$50
Miscellaneous Non-Operating Revenues	2,770	3,058	288
<b>Total Non-Operating Revenues</b>	<b>\$3,422</b>	<b>\$3,760</b>	<b>\$338</b>
<b>TOTAL REVENUES</b>	<b>\$1,657,617</b>	<b>\$1,668,172</b>	<b>\$10,555</b>
<b>EXPENDITURES:</b>			
<b>Administrative:</b>			
Personnel Expenses	\$33,292	\$33,287	\$5
Operating Expenses	43,100	38,986	4,114
Professional Services	23,000	19,000	4,000
Utility Service Fee	68,610	68,610	
<b>Total Administrative</b>	<b>\$168,002</b>	<b>\$159,883</b>	<b>\$8,119</b>
<b>Wastewater Collections:</b>			
Personnel Expenses	\$173,005	\$147,725	\$25,280
Operating Expenses	58,700	49,465	9,235
Vehicle Maintenance	3,500	1,906	1,594
Maintenance	19,500	4,468	15,032
Professional Services	5,300	21	5,279
Contracted Services	6,000		6,000
Utility Service Fee	45,740	45,740	
<b>Total Wastewater Collections</b>	<b>\$311,745</b>	<b>\$249,325</b>	<b>\$62,420</b>

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**SEWER FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Budget</u>	<u>2013 Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Wastewater Treatment:</b>			
Operating Expenses	\$278,600	\$236,038	\$42,562
Maintenance	70,500	49,910	20,590
Professional Services	14,000	15,130	(1,130)
Contracted Services	374,029	374,029	
Capital Outlay (Under Threshold)	9,300	9,249	51
<b>Total Wastewater Treatment</b>	<b>\$746,429</b>	<b>\$684,356</b>	<b>\$62,073</b>
<b>Debt Service:</b>			
Interest & Fees	\$120,455	\$120,453	\$2
Principal Payments	331,306	331,306	
<b>Total Debt Service</b>	<b>\$451,761</b>	<b>\$451,759</b>	<b>\$2</b>
<b>TOTAL EXPENDITURES</b>	<b>\$1,677,937</b>	<b>\$1,545,323</b>	<b>\$132,614</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(\$20,320)</b>	<b>\$122,849</b>	<b>\$143,169</b>
<b>Other Financing Sources (Uses):</b>			
<b>Operating Transfers In (Out):</b>			
General Fund	(\$1,600)	(\$1,600)	
General Fund - Street Cuts	(6,000)	(6,000)	
East Side Sewer	(33,000)		\$33,000
09/24" East Sanitary	37,820		(37,820)
Fund Balance Appropriated	23,100		(23,100)
<b>Total Other Financing Sources (Uses)</b>	<b>\$20,320</b>	<b>(\$7,600)</b>	<b>(\$27,920)</b>
<b>Revenues Over (Under) Expenditures and Other Financing Uses</b>	<b>\$0</b>	<b>\$115,249</b>	<b>\$115,249</b>

**TOWN OF FARMVILLE, NORTH CAROLINA**  
SEWER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)  
For the Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>2013 Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Reconciliation From Budgetary Basis (Modified Accrual) To Full Accrual:</b>			
<b>Revenues Over (Under) Expenditures and Other Financing Uses</b>		<u>\$115,249</u>	
<b>Reconciling Items:</b>			
Change in Accrued Interest		(\$488)	
Change in Inventory		(524)	
Principal Payments		331,306	
(Increase) in Compensated Absences Payable		2,656	
Depreciation Expense		(521,703)	
2009 24" East Sanitary Project Fund Accrued Interest		3,403	
Investment Earnings from 2009 24" East Sanitary Project Fund		117	
Contributed Capital 2009 24" East Sanitary Project Fund		63,916	
		<u>(\$121,317)</u>	
<b>Change in Net Position</b>			<u>(\$6,068)</u>

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**2009 CDBG – DALTON'S COVE SUBDIVISION PROJECT**  
**SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2013**

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

<b>Supplementary Information</b>	<b>Actual Prior Year</b>	<b>Actual Current Year</b>	<b>Actual Total To Date</b>
Fund Allocation of Project Expenditures:			
General Fund - Streets			
Water Fund			
Sewer Fund	\$37,060		\$37,060
	<b>\$37,060</b>	<b>\$0</b>	<b>\$37,060</b>

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**09-24" EAST SANITARY PROJECT – USDA ELIGIBLE**  
**SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2013**

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total To Date</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues - Sewer Projects:</b>					
Restricted Intergovernmental:					
Interest		\$1,401	\$116	\$1,517	\$1,517
USDA-Rural Development Grant	\$1,327,500	363,875	63,916	427,791	(899,709)
Rural Center Supplemental Grant	400,000				(400,000)
Town of Farmville Contribution	33,000				(33,000)
<b>TOTAL REVENUES</b>	<b>\$1,760,500</b>	<b>\$365,276</b>	<b>\$64,032</b>	<b>\$429,308</b>	<b>(\$1,331,192)</b>
<b>Expenditures - Sewer Projects:</b>					
<b>24" Outfall Line:</b>					
Construction	\$1,573,062	\$1,528,288		\$1,528,288	\$44,774
Interest	70,000	35,584		35,584	34,416
Legal Fees	16,500	16,650		16,650	(150)
Administration	25,000	25,000		25,000	
Preliminary Engineering Report	22,500	22,500		22,500	
Engineering	175,500	175,500		175,500	
Environmental Report	5,000	5,000		5,000	
USDA Funding Assistance	17,500	17,500		17,500	
Wetlands Consultant	4,810	4,810		4,810	
Redesign Pump Station	15,000	15,000		15,000	
Inspection	110,120	110,120		110,120	
RR Maintenance	26,000	26,000		26,000	
Permit Fees	3,158	3,158		3,158	
Permit Application	3,122	3,122		3,122	
Closing Costs	910	910		910	
Advertising	543	543		543	
<b>Total 24" Outfall Line</b>	<b>\$2,068,725</b>	<b>\$1,989,685</b>	<b>\$0</b>	<b>\$1,989,685</b>	<b>\$79,040</b>
<b>Johnsonfield Pump Station</b>					
Construction	\$1,109,824	\$480	\$3,220	\$3,700	\$1,106,124
Engineering	84,800		59,360	59,360	25,440
Easement Acquisition	500				500
Easement Survey	1,500				1,500
Inspection	75,400				75,400
Rural Center Grant Administration	20,000				20,000
Legal Fees	1,500		1,007	1,007	493
Land Easement	1,000		1,300	1,300	(300)
Advertising	1,000		486	486	514
Wetland Survey	500				500
Wetlands Consultant	3,220				3,220
Permit Fees	480				480
GIS As-Built	3,500				3,500
Electrical Allowance	25,000				25,000
Contingency	35,551				35,551
<b>Total Johnsonfield Pump Station</b>	<b>\$1,363,775</b>	<b>\$480</b>	<b>\$65,373</b>	<b>\$65,853</b>	<b>\$1,297,922</b>
<b>TOTAL EXPENDITURES</b>	<b>\$3,432,500</b>	<b>\$1,990,165</b>	<b>\$65,373</b>	<b>\$2,055,538</b>	<b>\$1,376,962</b>

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**09-24" EAST SANITARY PROJECT – USDA ELIGIBLE**  
**SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2013**

<i>Revenues Over (Under) Expenditures</i>	<u>(\$1,672,000)</u>	<u>(\$1,624,889)</u>	<u>(\$1,341)</u>	<u>(\$1,626,230)</u>	<u>\$45,770</u>
<b>Other Financing Sources (Uses)</b>					
USDA Rural Development Loan	\$1,672,000	\$1,672,000		\$1,672,000	
<b>Total Other Financing Sources</b>	<u>\$1,672,000</u>	<u>\$1,672,000</u>	<u>\$0</u>	<u>\$1,672,000</u>	<u>\$0</u>
<b>Revenues and Other Sources Over (Under) Expenditures and Appropriations</b>	<u>\$0</u>	<u>\$47,111</u>	<u>(\$1,341)</u>	<u>\$45,770</u>	<u>\$45,770</u>
<i>Beginning Fund Balance, July 1</i>			47,111		
<b>Ending Fund Balance, June 30</b>			<u>\$45,770</u>		

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**09-24" EAST SANITARY PROJECT – NON-USDA ELIGIBLE**  
**SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2013**

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total To Date</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>					
Sales Tax Refund - CN 1 Sanitary Sewer	\$44,273				(\$44,273)
Investment Earnings			\$1	\$1	1
<b>TOTAL REVENUES</b>	<b>\$44,273</b>	<b>\$0</b>	<b>\$1</b>	<b>\$1</b>	<b>(\$44,272)</b>
<b>Expenditures:</b>					
Construction					
USDA Grant Administration	\$17,500		\$17,500	\$17,500	
Rural Center Project Administration	5,000				\$5,000
Rural Center Preliminary Engineering Repc	5,000				5,000
Electrical Allowance	10,000				10,000
Contingency	6,773				6,773
<b>TOTAL EXPENDITURES</b>	<b>\$44,273</b>	<b>\$0</b>	<b>\$17,500</b>	<b>\$17,500</b>	<b>\$26,773</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$17,499)</b>	<b>(\$17,499)</b>	<b>(\$17,499)</b>
<i>Beginning Fund Balance, July 1</i>					
<b>Ending Fund Balance, June 30</b>			<b>(\$17,499)</b>		

## **FIDUCIARY FUND**

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

### **Private Purpose Trust Fund**

Fire Supplemental Hospitalization Insurance Fund

**TOWN OF FARMVILLE, NORTH CAROLINA**  
TRUST FUND – FIRE SUPPLEMENTAL HOSPITALIZATION INSURANCE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2013

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<b>Revenues:</b>	
Investment Earnings	<u>\$35</u>
<b>Total Revenues</b>	<b><u>\$35</u></b>
<b>Expenditures:</b>	
Claims	\$600
<b>Total Expenditures</b>	<b><u>\$600</u></b>
<b>Revenues Over (Under) Expenditures</b>	<b>(\$565)</b>
<i>Beginning Fund Balance, July 1</i>	<u>28,951</u>
<b>Ending Fund Balance, June 30</b>	<b><u><u>\$28,386</u></u></b>

**OTHER SCHEDULES**

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
For the Fiscal Year Ended June 30, 2013

Fiscal Year	Uncollected Balance June 30, 2012	Additions	Collections and Credits	Uncollected Balance June 30, 2013
2012-13		\$1,478,259	\$1,376,670	\$101,589
2011-12	\$85,414		39,391	46,023
2010-11	41,055		12,355	28,700
2009-10	60,312		8,575	51,737
2008-09	21,109		5,780	15,329
2007-08	10,386		1,550	8,836
2006-07	7,157		374	6,783
2005-06	87,604		661	86,943
2004-05	5,977		237	5,740
2003-04	4,966		(2,054)	7,020
2002-03	3,911		2,341	1,570
2001-02	2,454		2,454	
	<u>\$330,345</u>	<u>\$1,478,259</u>	<u>\$1,448,334</u>	<u>\$360,270</u>
<i>Less: Allowance for Uncollected Ad Valorem Taxes Receivable</i>				123,133
<b>Ad Valorem Taxes Receivable-Net</b>				<u>\$237,137</u>
<b><u>Reconciliation With Revenues:</u></b>				
<i>Taxes-Ad Valorem-General Fund</i>				\$1,452,733
<i>Reconciling Items:</i>				
Interest Collected				(11,815)
Prior Year Releases/Adjustments				4,962
Amounts Written Off per Statute				2,454
<b>Total Collections and Credits</b>				<u>\$1,448,334</u>

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY**  
 For the Fiscal Year Ended June 30, 2013

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
<b>Original Levy:</b>					
Property Taxed at Current Year's Rate	\$295,652,653	0.4900	\$1,448,698	\$1,304,902	\$143,796
<b>Total</b>	<b>\$295,652,653</b>		<b>\$1,448,698</b>	<b>\$1,304,902</b>	<b>\$143,796</b>
<b>Assessment - Abandoned House Demolition</b>			30,110	30,110	
<b>Abatements</b>	(112,041)	0.4900	(549)	(549)	
<b>Total Property Valuation</b>	<b><u>\$295,540,612</u></b>				
<b>Net Levy</b>			<b>\$1,478,259</b>	<b>\$1,334,463</b>	<b>\$143,796</b>
Uncollected Taxes at June 30, 2013			101,589	80,536	21,053
<b>Current Year's Taxes Collected</b>			<b><u>\$1,376,670</u></b>	<b><u>\$1,253,927</u></b>	<b><u>\$122,743</u></b>
<b>Current Levy Collection Percentage</b>			<b><u>95.06%</u></b>	<b><u>96.13%</u></b>	<b><u>85.36%</u></b>

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**TAXABLE PROPERTY VALUATION LAST TEN YEARS**  
For the Fiscal Year Ended June 30, 2013

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<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Public Services Companies</b>	<b>Total Valuation</b>
2012-13	\$221,947,314	\$66,207,992	\$7,385,306	295,540,612
2011-12	240,914,463	65,047,782	6,981,224	312,943,469
2010-11	238,427,054	61,637,076	7,905,258	307,969,388
2009-10	248,663,752	61,141,580	8,217,117	318,022,449
2008-09	240,197,062	59,933,695	8,175,912	308,306,669
2007-08	208,022,707	64,738,635	7,847,638	280,608,980
2006-07	202,617,123	83,169,738	7,721,421	293,508,282
2005-06	193,624,932	84,473,804	7,776,046	285,874,782
2004-05	190,340,300	83,228,478	7,563,838	281,132,616
2003-04	155,071,256	82,942,688	6,080,789	244,094,733

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**SPECIAL REVENUE FUND - LIBRARY (TRUST) FUND**  
**CHANGES IN FUND BALANCE IN DETAIL**  
For the Fiscal Year Ended June 30, 2013

	<u>Beginning Balances</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Ending Balances</u>
Arndt Trust	\$8,373	\$10		\$8,383
Barker Trust	37,067	45		37,112
Cockrell Trust	4,708	6		4,714
Davis Trust	29,878	36	\$150	29,764
DeVisconti Trust	53,747	10,079	1,456	62,370
Library Friends	15,485	219	341	15,363
Monk Trust	1,029	1		1,030
Veterans Memorial	7,110	1,009		8,119
<b>Totals</b>	<u><u>\$157,397</u></u>	<u><u>\$11,405</u></u>	<u><u>\$1,947</u></u>	<u><u>\$166,855</u></u>

**COMPLIANCE SECTION**



**BARROW, PARRIS & DAVENPORT, P.A.**  
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of Town of Farmville, North Carolina as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprises Town of Farmville's basic financial statements, and have issued our report thereon dated October 23, 2013.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as Finding 13-1 to be a material weakness.

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

Compliance and Other Matters

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

Town of Farmville's Response to Findings

The Town of Farmville's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

*Barrow, Parris & Davenport, P.A.*

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

October 23, 2013

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
For The Fiscal Year Ended June 30, 2013

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**I. FINANCIAL STATEMENT FINDINGS****FINDING 13-1 - REPORTING****MATERIAL WEAKNESS**

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

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

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

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

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

*Views of Responsible  
Officials and Planned  
Corrective Action:*

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

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**CORRECTIVE ACTION PLAN**  
For the Fiscal Year Ended June 30, 2013

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**FINANCIAL STATEMENT FINDINGS**

**FINDING: 13-1**

- A. Name of Contact Person: Amy Johnson, Finance Officer
- B. Corrective Action: Management is willing to accept the risks associated with this control deficiency but will also explore the option of outsourcing financial statement preparation.
- C. Proposed Completion Date: The Town plans to begin this process immediately.

**TOWN OF FARMVILLE, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
For the Fiscal Year Ended June 30, 2013

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**FINDING:** 12-1 Financial Reporting  
**STATUS:** Not corrected. See current year finding 13-1.

**FINDING:** 12-2 Budget Overexpenditure  
**STATUS:** Corrected.