

**Town of Coats  
Coats, North Carolina**

**Audited Financial Statements**

**Year Ended June 30, 2016**

**Town of Coats, North Carolina**  
**Audited Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

**BOARD OF COMMISSIONERS**

Walter Weeks, Mayor

J.C. Allen  
Allen Mosby  
J.D. Raynor  
Jerry Beasley  
Chris Coats

**Administrative and Financial Staff**

Kenneth C. Cole, Town Manager

Karen F. Wooten, Town Clerk

**Town of Coats, North Carolina**  
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**June 30, 2016**

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## **Financial Section**

# S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

## MEMBERS

American Institute of CPAs

N. C. Association of CPAs

### Independent Auditor's Report

To the Honorable Mayor and  
Members of the Board of Commissioners  
Coats, 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 Coats, North Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

#### ***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 the internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

## ***Opinions***

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information of the Town of Coats, North Carolina as of June 30, 2016, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year ended in accordance with accounting principals generally accepted in the United States of America.

## ***Other Matters***

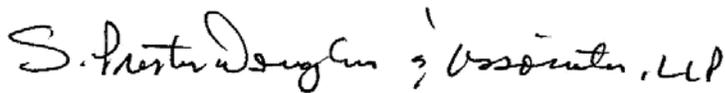
### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 12, and the Local Government Employee's Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions, on pages 42 and 43 respectively, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and other Information*

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



Lumberton, North Carolina  
October 17, 2016

## **Management Discussion and Analysis**

## Management's Discussion and Analysis

As management of the Town of Coats, we offer readers of the Town of Coats' financial statements this narrative overview and analysis of the financial activities of the Town of Coats for the fiscal year ended June 30, 2016. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

### Financial Highlights

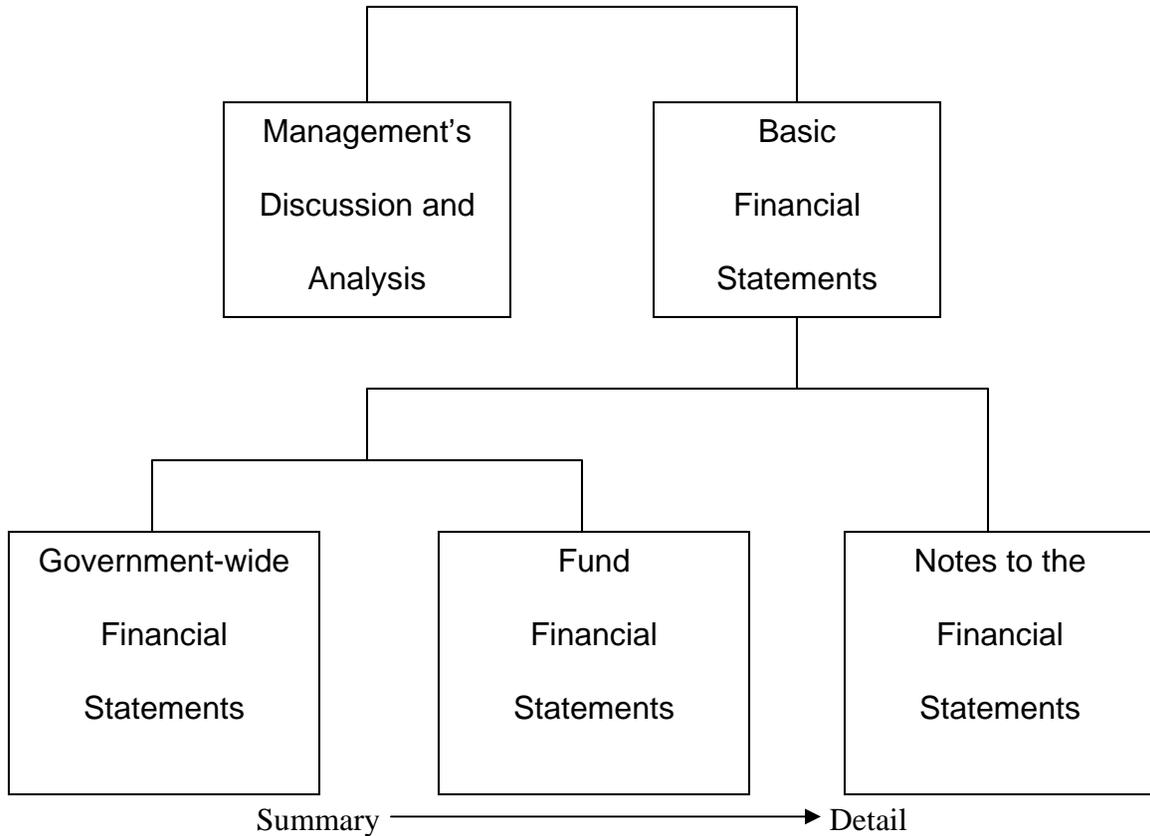
- The assets and deferred outflows of resources of the Town of Coats exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$2,343,649 (*total net position*).
- The government's total net position increased by \$208,874, primarily due to the Town's ability to collect 98.97% of the tax levy and maintain expenditures within budget.
- As of the close of the current fiscal year, the Town of Coats' governmental funds reported combined ending fund balances of \$1,118,007 with a net increase of \$144,296 in fund balance. Approximately 18.62% of this total amount, or \$208,167, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$909,840, or 81.38% of total general fund expenditures for the fiscal year.
- The Town of Coats' total debt decreased by \$20,571 (7.93%) during the current fiscal year. The key factor for this decrease was the payment of principle amount due during current fiscal year.

### Overview of the Financial Statements

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

### Required Components of Annual Financial Report

Figure 1



#### Basic Financial Statements

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

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

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

## **Government-Wide Financial Statements**

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as the governing body, general administration, public safety, transportation, environmental protection, and cultural and recreation. Property taxes, charges for services, and State and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide utilities services. These include the water services offered by the Town of Coats.

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

## **Fund Financial Statements**

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Coats, 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 Coats 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 Coats 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 Discussion and Analysis  
Town of Coats

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

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

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 23 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 Coats' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on pages 42 and 43 of this report.

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

**Government-Wide Financial Analysis**

**Town of Coats' Net Position**

**Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 1,154,092	\$ 1,067,209	\$ 804,184	\$ 776,179	\$ 1,958,276	\$ 1,843,388
Capital assets	658,064	642,532	160,180	180,135	818,244	822,667
Deferred outflows of resources	25,158	25,557	7,424	7,542	32,582	33,099
Total assets and deferred outflows of resources	1,837,314	1,735,298	971,788	963,856	2,809,102	2,666,055
Long-term liabilities outstanding	248,592	285,273	8,935	6,499	257,527	291,772
Other liabilities	74,926	36,149	107,246	108,660	182,172	144,809
Deferred inflows of resources	19,613	98,404	6,141	29,394	25,754	127,798
Total liabilities and deferred inflows of resources	343,131	419,826	122,322	144,553	465,453	564,379
Net position:						
Net investment in capital assets	389,122	382,984	160,180	180,135	549,302	563,119
Restricted	208,167	232,000	-	-	208,167	232,000
Unrestricted	896,894	700,488	689,286	639,168	1,586,180	1,339,656
Total net position	\$ 1,494,183	\$ 1,315,472	\$ 849,466	\$ 819,303	\$ 2,343,649	\$ 2,134,775

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Coats exceeded liabilities and deferred inflows by \$2,343,649 as of June 30, 2016. The Town's net position increased by \$208,874 for the fiscal year ended June 30, 2016. One portion of net position (23.44%) reflects the Town's net investment in capital assets. The Town of Coats uses its capital assets to provide services to citizens; consequently, net investment in capital assets is not available for future spending. Although the Town of Coats' net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Coats' net position, \$208,167, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,586,180 is unrestricted. Also, the Town of Coats implemented GASB Statement 68 in the 2015 year. With the new reporting change, the Town allocated its proportionate share of the Local Government Employees' Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. A restatement in fiscal year 2015 was recorded to reflect the effects of the new reporting guidance decreasing beginning net position by \$59,612. Decisions regarding the allocations are made by the administrators of the pension plan, not by the Town of Coats' management. Several particular aspects of the Town of Coats' financial operations positively influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.97%.

Management Discussion and Analysis  
Town of Coats

- Continued effort to keep expenditures within budgeted amounts.

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 236,498	\$ 234,172	\$ 383,445	\$ 385,268	\$ 619,943	\$ 619,440
Operating grants and contributions	70,602	70,547	-	-	70,602	70,547
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	609,720	616,984	-	-	609,720	616,984
Other taxes	372,894	359,435	-	-	372,894	359,435
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	127,816	68,437	825	-	128,641	68,437
<b>Total revenues</b>	<b>1,417,530</b>	<b>1,349,575</b>	<b>384,270</b>	<b>385,268</b>	<b>1,801,800</b>	<b>1,734,843</b>
<b>Expenses:</b>						
General government	315,067	286,579	-	-	315,067	286,579
Public safety	420,515	378,288	-	-	420,515	378,288
Taxes	-	5,527	-	-	-	5,527
Transportation	185,276	123,851	-	-	185,276	123,851
Environmental protection	192,687	194,120	-	-	192,687	194,120
Planning and Zoning	-	35,855	-	-	-	35,855
Cultural and recreation	113,485	115,132	-	-	113,485	115,132
Interest on long-term debt	9,274	1,296	-	-	9,274	1,296
Cemetery Perpetual Care	5,591	5,676	-	-	5,591	5,676
Water	-	-	351,031	351,840	351,031	351,840
<b>Total expenses</b>	<b>1,241,895</b>	<b>1,146,324</b>	<b>351,031</b>	<b>351,840</b>	<b>1,592,926</b>	<b>1,498,164</b>
Increase in net position before transfers	175,635	203,251	33,239	33,428	208,874	236,679
Transfers	3,076	3,076	(3,076)	(3,076)	-	-
Gain/Loss on Fixed Assets	-	(2,507)	-	-	-	(2,507)
<b>Increase in net position</b>	<b>178,711</b>	<b>203,820</b>	<b>30,163</b>	<b>30,352</b>	<b>208,874</b>	<b>234,172</b>
Net position, July 1 (consolidated)	1,315,472	1,171,264	819,303	806,757	2,134,775	1,978,021
Net position, beginning, restated	1,315,472	1,111,652	819,303	788,951	2,134,775	1,900,603
<b>Net position, June 30</b>	<b>\$ 1,494,183</b>	<b>\$ 1,315,472</b>	<b>\$ 849,466</b>	<b>\$ 819,303</b>	<b>\$ 2,343,649</b>	<b>\$ 2,134,775</b>

**Governmental activities.** Governmental activities increased the Town's net position by \$178,711, thereby accounting for 85.56% of the total growth in the net position of the Town of Coats. The increase in net position was the result of a concerted effort to control costs and manage expenditures to minimize the impact on budgeted expenditures. Town management maintained the same level of services while implementing budgeted cost saving strategies across Town departments. Management believes healthy investment in the Town will result in additional revenues, and in that vein add to the Town's net position by appropriately charging for services and obtaining operating grants and contributions. Continuous efforts to maximize tax collections also contributed to the favorable net position. Town management acknowledges that 2016 was a successful year and plans on improving upon these approaches as a long-term strategy to realize continued fiscal health.

Management Discussion and Analysis  
Town of Coats

Key elements of this increase are as follows:

- The Town ability to maintain expenditures within budgeted amounts and continued effort to maximize tax collections.

**Business-type activities.** Business-type activities increased the Town of Coats' net position by \$30,163, accounting for 14.44% of the total growth in the government's total net position.

Key elements of this increase are as follows:

- The Town ability to maintain expenditures within budgeted amounts and promoting cost savings measures.

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

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

**Governmental Funds.** The focus of the Town of Coats' 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 Coats' financing requirements.

The general fund is the chief operating fund of the Town of Coats. At the end of the current fiscal year, Town of Coats' fund balance available in the General Fund was \$909,840, while total fund balance reached \$1,071,803. The Town currently has an available fund balance of 71.24% of general fund expenditures, and total fund balance represents 83.92% of the same amount.

At June 30, 2016, the governmental funds of Town of Coats reported a combined fund balance of \$1,118,007 with a net increase in fund balance of \$144,296. Included in this change in fund balance is an increase in fund balance in the Cemetery Fund.

**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.

Although expenditures were held in check overall to comply with its budgetary requirements, the Town did amend the budget in the General Fund in cultural and recreation to account for unexpected expenditures during the year.

**Proprietary Funds.** The Town of Coats' proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water Fund at the end of the fiscal year amounted to \$689,286. The total change in net position for the Water Fund was

Management Discussion and Analysis  
Town of Coats

\$30,163. The change in net position in the Water Fund is a result of the entity to maintain expenditures within budgeted amounts.

**Capital Asset and Debt Administration**

**Capital assets.** The Town of Coats’ investment in capital assets for its governmental and business–type activities as of June 30, 2016, totals \$838,524 (net of accumulated depreciation). These assets include buildings, land, improvements, and equipment, furniture and vehicles.

Major capital asset transactions during the year include the following:

- Various capital outlay items were purchased for administration of \$27,615; police department of \$29,988; parks and recreation of \$6,963; and the library of \$4,953.

**Town of Coats’ Capital Assets  
(net of depreciation)  
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	72,580	72,580	1,106	1,106	73,686	73,686
Buildings and system	341,281	362,144	161,081	161,082	502,362	523,226
Improvements	94,549	99,377	-	-	94,549	99,377
Equipment, furniture and vehicles	149,654	108,431	18,273	17,947	167,927	126,378
Construction in progress	-	-	-	-	-	-
<b>Total</b>	<b>\$658,064</b>	<b>\$642,532</b>	<b>\$180,460</b>	<b>\$180,135</b>	<b>\$838,524</b>	<b>\$822,667</b>

Additional information on the Town’s capital assets can be found in Note III.4 on pages 27 through 28 of the Basic Financial Statements.

**Long-term Debt.** As of June 30, 2016, the Town of Coats’ had total debt outstanding of \$238,977. Of this, \$238,977 is debt backed by the full faith and credit of the Town.

**Outstanding Debt  
Figure 5**

Town of Coats' Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Notes Payable	238,977	259,548	-	-	238,977	259,548
Total	\$ 238,977	\$ 259,548	\$ -	\$ -	\$ 238,977	\$ 259,548

**Town of Coats' Outstanding Debt**

The Town of Coats total debt decreased by \$20,571 (7.93%) during the past fiscal year, due primarily to payment of principle on the notes.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Coats is \$8,396,475.

Additional information regarding the Town of Coats' long-term debt can be found on page 40 of this report.

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

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

- As of June 30, 2016, the Town of Coats had an estimated population of 2,520.
- The Town of Coats is located in Harnett County. The county had an unemployment rate at June 30, 2016 of 5.9% compared to a state rate of 5.1%.

**Budget Highlights for the Fiscal Year Ending June 30, 2016**

**Governmental Activities:** Property taxes and revenues from charges for services are budgeted consistent with the prior year with no growth projected. The Town will use these revenues to continue to finance programs currently in place and at the same levels of service.

**Business-type Activities:** The water rates in the Town will remain the same as in the prior year. General operating expenses will remain consistent with prior year amounts

**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 Coats, Post Office Box 675, Coats, NC 27521. One can also call (910)-897-5183, visit our website [www.coatsnc.org](http://www.coatsnc.org).

## **Basic Financial Statements**

**Town of Coats, North Carolina**  
**Statement of Net Position**  
**June 30, 2016**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 971,402	\$ 695,325	\$ 1,666,727
Taxes receivables, net	20,727	-	20,727
Accounts receivables, net	15,479	29,132	44,611
Due from other governments	79,691	-	79,691
Inventory	-	19,333	19,333
Restricted cash and cash equivalents	66,793	60,394	127,187
<b>Total current assets</b>	<b>1,154,092</b>	<b>804,184</b>	<b>1,958,276</b>
Non-current assets:			
Capital assets (Note 3):			
Land and non-depreciable improvements	72,580	1,106	73,686
Other capital assets, net of depreciation	585,484	159,074	744,558
<b>Total capital assets</b>	<b>658,064</b>	<b>160,180</b>	<b>818,244</b>
<b>Total assets</b>	<b>1,812,156</b>	<b>964,364</b>	<b>2,776,520</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	25,158	7,424	32,582
<b>Total deferred outflows of resources</b>	<b>25,158</b>	<b>7,424</b>	<b>32,582</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	23,836	40,558	64,394
Customer deposits	-	60,394	60,394
Current portion of long-term liabilities	51,090	6,294	57,384
<b>Total current liabilities</b>	<b>74,926</b>	<b>107,246</b>	<b>182,172</b>
Long-term liabilities:			
Net pension liability	30,740	8,935	39,675
Due in more than one year	217,852	-	217,852
<b>Total liabilities</b>	<b>323,518</b>	<b>116,181</b>	<b>439,699</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	19,613	6,141	25,754
<b>Total deferred inflows of resources</b>	<b>19,613</b>	<b>6,141</b>	<b>25,754</b>
<b>NET POSITION</b>			
Net investment in capital assets	419,087	160,180	579,267
Restricted for:			
Stabilization by State Statute	95,170	-	95,170
Transportation - Powell Bill	59,705	-	59,705
Perpetual care	46,204	-	46,204
USDA	7,088	-	7,088
Unrestricted	866,929	689,286	1,556,215
<b>Total net position</b>	<b>\$ 1,494,183</b>	<b>\$ 849,466</b>	<b>\$ 2,343,649</b>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
<b>Primary government:</b>							
<b>Governmental Activities:</b>							
General government	\$ 315,067	\$ -	\$ -	\$ -	\$ (315,067)	\$ -	\$ (315,067)
Public safety	420,515	-	-	-	(420,515)	-	(420,515)
Transportation	185,276	-	70,602	-	(114,674)	-	(114,674)
Environmental protection	192,687	223,253	-	-	30,566	-	30,566
Cemetery	5,591	850	-	-	(4,741)	-	(4,741)
Cultural and recreation	113,485	12,395	-	-	(101,090)	-	(101,090)
Interest on long-term debt	9,274	-	-	-	(9,274)	-	(9,274)
<b>Total governmental activities</b>	<u>1,241,895</u>	<u>236,498</u>	<u>70,602</u>	<u>-</u>	<u>(934,795)</u>	<u>-</u>	<u>(934,795)</u>
<b>Business-type activities:</b>							
Water	351,031	383,445	-	-	-	32,414	32,414
<b>Total business-type activities</b>	<u>351,031</u>	<u>383,445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,414</u>	<u>32,414</u>
<b>Total primary government</b>	<u>\$ 1,592,926</u>	<u>\$ 619,943</u>	<u>\$ 70,602</u>	<u>\$ -</u>	<u>(934,795)</u>	<u>32,414</u>	<u>(902,381)</u>
<b>General revenues:</b>							
Taxes:							
Property taxes, levied for general purpose					609,720	-	609,720
Other taxes					372,894	-	372,894
Investment earnings, unrestricted					598	825	1,423
Miscellaneous, unrestricted					127,218	-	127,218
<b>Total general revenues not including transfers</b>					<u>1,110,430</u>	<u>825</u>	<u>1,111,255</u>
Transfers					3,076	(3,076)	-
<b>Total general revenues and transfers</b>					<u>1,113,506</u>	<u>(2,251)</u>	<u>1,111,255</u>
<b>Change in net position</b>					178,711	30,163	208,874
<b>Net position, beginning</b>					<u>1,315,472</u>	<u>819,303</u>	<u>2,134,775</u>
<b>Net position, ending</b>					<u>\$ 1,494,183</u>	<u>\$ 849,466</u>	<u>\$ 2,343,649</u>

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

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

	<u>Major Fund</u> <u>General</u>	<u>Non-Major Fund</u> <u>Cemetery</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 924,698	\$ 46,704	\$ 971,402
Restricted cash and cash equivalents	66,793	-	66,793
Receivables, net:			
Taxes	20,727	-	20,727
Accounts	15,479	-	15,479
Due from other governments	79,691	-	79,691
<b>Total assets</b>	<u>1,107,388</u>	<u>46,704</u>	<u>1,154,092</u>
<b><u>LIABILITIES</u></b>			
Accounts payable and accrued liabilities	14,858	500	15,358
<b>Total liabilities</b>	<u>14,858</u>	<u>500</u>	<u>15,358</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Property taxes receivable	20,727	-	20,727
<b>Total deferred inflows of resources</b>	<u>20,727</u>	<u>-</u>	<u>20,727</u>
<b><u>FUND BALANCES</u></b>			
Non Spendable:			
Perpetual care	-	46,204	46,204
Restricted			
Stabilization by State Statute	95,170	-	95,170
Transportation - Powell Bill	59,705	-	59,705
USDA	7,088	-	7,088
Unassigned	909,840	-	909,840
<b>Total fund balances</b>	<u>1,071,803</u>	<u>46,204</u>	<u>1,118,007</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 1,107,388</u>	<u>\$ 46,704</u>	<u>\$ 1,154,092</u>

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

**Town of Coats, North Carolina**  
**Balance Sheet**  
**Governmental Funds (continued)**  
**June 30, 2016**

Amounts reported for governmental activities in the Statement of Net Position (Page 14) are different because:

Total Fund Balance, Governmental Funds	\$	1,118,007
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.		
Gross capital assets at historical cost	\$	2,275,856
Accumulated depreciation		<u>(1,617,792)</u>
		658,064
Deferred outflows of resources related to pension are not reported in the funds.		
		25,158
Earned revenues considered deferred inflows of resources in fund statements		
		20,727
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Gross long-term debt beginning		(285,273)
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year.)		16,331
Net pension liability		<u>(30,740)</u>
		(299,682)
Deferred inflows of resources related to pension are not reported in the funds		
		(19,613)
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.		
		<u>(8,478)</u>
<b>Net position of governmental activities</b>	<b>\$</b>	<b><u><u>1,494,183</u></u></b>

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

	<u>Major Fund</u> <u>General</u>	<u>Non-Major Fund</u> <u>Cemetery</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 616,107	\$ -	\$ 616,107
Other taxes and licenses	486	-	486
Unrestricted intergovernmental	372,408	-	372,408
Restricted intergovernmental	70,602	-	70,602
Permits and fees	223,253	350	223,603
Sales and services	12,395	500	12,895
Investment earnings	494	104	598
Miscellaneous	127,218	-	127,218
<b>Total revenues</b>	<u>1,422,963</u>	<u>954</u>	<u>1,423,917</u>
<b>Expenditures:</b>			
Current:			
General government	310,117	-	310,117
Public safety	404,105	-	404,105
Transportation	176,261	-	176,261
Environmental protection	193,090	-	193,090
Cultural and recreational	94,966	-	94,966
Cemetery	-	5,591	5,591
Debt service:			
Principal retirement	20,571	-	20,571
Interest	8,477	-	8,477
Capital outlay	69,519	-	69,519
<b>Total expenditures</b>	<u>1,277,106</u>	<u>5,591</u>	<u>1,282,697</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>145,857</u>	<u>(4,637)</u>	<u>141,220</u>
<b>Other financing sources (uses)</b>			
Transfers from (to) other funds	(1,674)	4,750	3,076
<b>Total other financing sources (uses)</b>	<u>(1,674)</u>	<u>4,750</u>	<u>3,076</u>
<b>Net change in fund balances</b>	144,183	113	144,296
<b>Fund balances, beginning</b>	<u>927,620</u>	<u>46,091</u>	<u>973,711</u>
<b>Fund balances, ending</b>	<u>\$ 1,071,803</u>	<u>\$ 46,204</u>	<u>\$ 1,118,007</u>

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

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

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

Net change in fund balances - total governmental funds	\$	144,296
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	\$ 69,519	
Depreciation expense for governmental assets	<u>(53,987)</u>	15,532

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	25,158
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue for tax revenues	(6,387)
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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 an effect on net position. These amounts are the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on long-term debt	20,571
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Compensated absences	(4,240)	
Accrued interest expense	(797)	
Pension expense	<u>(15,422)</u>	<u>(20,459)</u>

<b>Total changes in net position of governmental activities</b>	<b>\$</b>	<b><u>178,711</u></b>
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**Town of Coats, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ 593,020	\$ 593,020	\$ 616,107	\$ 23,087
Other taxes and licenses	5,000	5,000	486	(4,514)
Unrestricted intergovernmental	301,000	301,000	372,408	71,408
Restricted intergovernmental	70,000	70,000	70,602	602
Permits and fees	207,161	207,161	223,253	16,092
Sales and services	12,200	12,200	12,395	195
Investment earnings	300	300	494	194
Miscellaneous	37,000	37,000	127,218	90,218
<b>Total revenues</b>	1,225,681	1,225,681	1,422,963	197,282
<b>Expenditures:</b>				
Current:				
General government	341,811	346,145	310,117	36,028
Public safety	423,109	423,109	404,105	19,004
Transportation	180,340	204,269	176,261	28,008
Environmental protection	202,661	202,661	193,090	9,571
Cultural and recreational	113,899	113,899	94,966	18,933
Debt service:				
Principal retirement	20,701	20,701	20,571	130
Interest	8,500	8,500	8,477	23
Capital outlay	69,519	69,519	69,519	-
<b>Total expenditures</b>	1,360,540	1,388,803	1,277,106	111,697
<b>Revenues over (under) expenditures</b>	(134,859)	(163,122)	145,857	(308,979)
<b>Other financing sources (uses):</b>				
Transfers to other funds	(1,674)	(1,674)	(1,674)	-
<b>Total other financing sources (uses)</b>	(1,674)	(1,674)	(1,674)	-
<b>Fund balance appropriated</b>	136,533	164,796	-	164,796
<b>Net change in fund balance</b>	\$ -	\$ -	144,183	\$ 144,183
<b>Fund balance, beginning</b>			927,620	
<b>Fund balance, ending</b>			\$ 1,071,803	

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

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

<u><b>ASSETS</b></u>	<u><b>Water Fund</b></u>
Current assets:	
Cash and cash equivalents	\$ 695,325
Restricted cash	60,394
Accounts receivable, net	29,132
Inventory	19,333
<b>Total current assets</b>	<u>804,184</u>
Noncurrent assets:	
Capital assets:	
Land and construction in progress	1,106
Other capital assets, net of depreciation	159,074
<b>Total noncurrent assets</b>	<u>160,180</u>
<b>Total assets</b>	<u>964,364</u>
 <u><b>DEFERRED OUTFLOWS OF RESOURCES</b></u>	
Pension deferrals	7,424
<b>Total deferred outflows of resources</b>	<u>7,424</u>
 <u><b>LIABILITIES</b></u>	
Current liabilities:	
Accounts payable and accrued liabilities	40,558
Customer deposits	60,394
Compensated absences	6,294
<b>Total current liabilities</b>	<u>107,246</u>
Noncurrent liabilities:	
Net pension liability	8,935
<b>Total noncurrent liabilities</b>	<u>8,935</u>
<b>Total liabilities</b>	<u>116,181</u>
 <u><b>DEFERRED INFLOWS OF RESOURCES</b></u>	
Pension deferrals	6,141
 <u><b>NET POSITION</b></u>	
Net investment in capital assets	160,180
Unrestricted	689,286
<b>Total net position</b>	<u>\$ 849,466</u>

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

**Town of Coats, North Carolina**  
**Statement of Revenue, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
**For the Year Ended June 30, 2016**

	<b>Water Fund</b>
<b>Operating revenues:</b>	
Charges for services	\$ 331,148
Water taps	3,200
Other operating revenues	49,097
<b>Total operating revenues</b>	<b>383,445</b>
<b>Operating expenses:</b>	
<b>Water:</b>	
Water purchases	119,738
Salaries and employee benefits	122,275
Supplies	8,389
Utilities	6,318
Postage	2,030
Repairs and maintenance	51,642
Insurance	6,900
Other operating	13,784
Depreciation	19,955
<b>Total operating expenses</b>	<b>351,031</b>
<b>Operating income (loss)</b>	<b>32,414</b>
<b>Nonoperating revenues</b>	
Investment earnings	825
<b>Total nonoperating revenues</b>	<b>825</b>
<b>Income (loss) before transfers</b>	<b>33,239</b>
Transfers to general fund	(3,076)
<b>Change in net position</b>	<b>30,163</b>
<b>Total net position, beginning</b>	<b>819,303</b>
<b>Total net position, ending</b>	<b>\$ 849,466</b>

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

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

	<b>Water Fund</b>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 383,790
Cash paid for goods and services	(195,851)
Cash paid to employees	(131,697)
Increase (decrease) in meter deposits	2,081
<b>Net cash provided (used) by operating activities</b>	<b>58,323</b>
<b>Cash flows from non-capital financing activities</b>	
Transfers to other funds	(3,076)
<b>Net cash provided (used) by non-capital financing activities</b>	<b>(3,076)</b>
<b>Cash flows from investing activities</b>	
Interest on investments	825
<b>Net cash provided (used) by investing activities</b>	<b>825</b>
<b>Net increase (decrease) in cash</b>	56,072
<b>Cash and cash equivalents - beginning of year</b>	699,647
<b>Cash and cash equivalents - end of year</b>	<b>\$ 755,719</b>
 <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
<b>Operating income (loss)</b>	<b>\$ 32,414</b>
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -</b>	
Depreciation	19,955
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	17,102
(Increase) decrease in inventory	(361)
Increase (decrease) in accounts payable and accrued liabilities	(9,789)
Increase (decrease) in meter deposits	2,081
(Increase) decrease in deferred outflows of resources for pensions	118
Increase (decrease) in deferred inflows of resources for pensions	(23,253)
Increase (decrease) in net pension liability	20,261
Increase (decrease) in compensated absences	(205)
<b>Total adjustments</b>	<b>25,909</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 58,323</b>

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

## **Notes to the Financial Statements**

**Town of Coats, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Coats, North Carolina (the Town) 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 Coats is a municipal corporation that is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the financial activity of the Town.

**B - Basis of Presentation**

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

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

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds. Separate statements for each fund category – government and proprietary – are presented. The emphasis of the 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 the 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. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

**Town of Coats, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B - Basis of Presentation - Fund Accounting (continued)**

The Town reports the following major governmental funds:

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

The Town reports the following nonmajor governmental funds:

**Cemetery Permanent Fund** – This fund is used to account for perpetual care of the municipal cemetery.

The Town reports the following major enterprise fund:

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

**C - Measurement Focus and Basis of Accounting**

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

*Government-wide and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the 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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating 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.

**Town of Coats, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C - Measurement Focus and Basis of Accounting (continued)**

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad Valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts.

Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered shared revenue for the Town of Coats because the tax is levied by Harnett and then remitted to and distributed by the State. Most intergovernmental revenue and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenue that is unearned at year-end is recorded as deferred revenue.

**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 and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. 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. All amendments to the original budget must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted. The Cemetery Permanent Fund is not required to have a budget.

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

**1. Deposits and Investments**

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States 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 nonguaranteed federal agencies; certain high quality issues of commercial paper and banker's acceptances and the North Carolina Capital Management Trust (NCCMT).

**Town of Coats, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

1. Deposits and Investments (continued)

The Town's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a7) 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 of Coats has invested in securities that 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.

3. Restricted Assets

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

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 other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. 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 revenue is reported net of such discounts.

5. Allowance for Doubtful Accounts

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

6. Inventory and Prepaid Items

The inventories of the Town are valued at cost (first-in, first-out), which approximates market.

The inventories of the Town's enterprise fund consist of materials and supplies held for subsequent use. The costs of these inventories are expensed when sold or consumed.

**Town of Coats, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain threshold and an estimated life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. Minimum capitalization costs are as follows: land, \$10,000; buildings, improvements, substations, lines, and other plant and distribution systems \$5,000; infrastructure, \$20,000; furniture and equipment, \$2,500; and vehicles, \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	40
Improvements	20
Motor vehicles	5
Computer equipment	5
Furniture and office equipment	10

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 one item that meet this criterion - contributions made to the pension plan in the 2016 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meet the criteria for this category – property taxes receivable and deferrals of pension expense that result from the implementation of GASB Statement 68.

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related 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 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.

**Town of Coats, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)**

10. Compensated Absences

The vacation policies of the Town provide for the accumulation of up to thirty (30) days of earned vacation leave with such leave being fully vested when earned. For the Town, the current portion of the accumulated vacation pay is not considered to be material; therefore, no expenditure or liability has been reported in the governmental funds. For the Town's proprietary fund, an expense and a liability for compensated absences and the salary-related payments are recorded within the fund as the leave is earned.

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

11. Net Position / Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

*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 USDA*– portion of fund balance that is restricted by USDA loan covenants that requires the Town to set aside a reserve for debt payments.

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

*Subsequent year's expenditures* – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$100,000.

**Town of Coats, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)**

11. Net Position / Fund Balances

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

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

The Town of Coats has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 10% of budgeted expenditures. Any portion of the General Fund balance in excess of 10% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

12. Pensions

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

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A – Significant Violations of Finance-Related Legal and Contractual Provisions**

1. Noncompliance with North Carolina General Statutes

None

2. Contractual Violations

None

3. Excess of Expenditures over Appropriations

None

**Town of Coats, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2016**

**NOTE 3 - 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 these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2016, the Town's deposits had a carrying amount of \$1,793,914 and a bank balance of \$1,823,993. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. Of the bank balance, \$500,000 was covered by federal depository insurance. At June 30, 2016, the Town's cash on hand totaled \$225.

2. Receivables - Allowance for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2016 are net of the following allowance for doubtful accounts:

General Fund:	
Taxes receivable	\$ 10,586
Accounts receivable	13,042
Total General Fund	23,628
Water Funds:	
Accounts receivable	16,757
Total Water Fund	16,757
Total	\$ 40,385

**Town of Coats, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**A - Assets (continued)**

4. Capital Assets

**Primary Government**

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

	Beginning	Increases	Decreases	Ending
<b>Governmental activities:</b>	<u>Balances</u>	<u></u>	<u></u>	<u>Balances</u>
<b>Capital assets not being depreciated:</b>				
Land	\$ 72,580	\$ -	\$ -	\$ 72,580
Total capital assets not being depreciated	<u>72,580</u>	<u>-</u>	<u>-</u>	<u>72,580</u>
<b>Capital assets being depreciated:</b>				
Buildings	414,910	-	-	414,910
Other improvements	719,702	-	-	719,702
Equipment, furniture, and vehicles	999,145	69,519	-	1,068,664
Total capital assets being depreciated:	<u>2,133,757</u>	<u>69,519</u>	<u>-</u>	<u>2,203,276</u>
<b>Less accumulated depreciation for:</b>				
Buildings	52,766	20,863	-	73,629
Other improvements	620,325	4,828	-	625,153
Equipment, furniture, and vehicles	890,714	28,296	-	919,010
Total accumulated depreciation	<u>1,563,805</u>	<u>53,987</u>	<u>-</u>	<u>1,617,792</u>
Total capital assets being depreciated, net	<u>569,952</u>			<u>585,484</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 642,532</u>			<u>\$ 658,064</u>

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

General government	\$ 6,478
Public safety	19,232
Transportation	9,178
Planning and zoning	430
Library	3,012
Culture and recreation	15,657
Total depreciation expense	<u>\$ 53,987</u>

**Town of Coats, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**A - Assets (continued)**

4. Capital Assets (continued)

<b>Water fund:</b>	Beginning			Ending
	Balances	Increases	Decreases	Balances
<b>Capital assets not being depreciated:</b>				
Land	\$ 1,106	\$ -	\$ -	\$ 1,106
Total capital assets not being depreciated	1,106	-	-	1,106
<b>Capital assets being depreciated:</b>				
Plant and distribution systems	765,863	-	-	765,863
Equipment, furniture, and vehicles	135,832	-	-	135,832
Total capital assets being depreciated:	901,695	-	-	901,695
<b>Less accumulated depreciation for:</b>				
Plant and distribution systems	604,781	12,551	-	617,332
Equipment, furniture, and vehicles	117,885	7,404	-	125,289
Total accumulated depreciation	722,666	19,955	-	742,621
Total capital assets being depreciated, net	179,029			159,074
<b>Water fund capital assets, net</b>	<b>\$ 180,135</b>			<b>\$ 160,180</b>

**Town of Coats, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**B - Liabilities**

1. Pension Plan and Postemployment Obligations

*a. Local Governmental Employees' Retirement System*

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

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Coats employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Coats' contractually required contribution rate for the year ended June 30, 2016, was 7.41% of compensation for law enforcement officers and 7.07% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Coats were \$32,582 for the year ended June 30, 2016.

**Town of Coats, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**B - Liabilities (continued)**

1. Pension Plan and Postemployment Obligations (continued)

*a. Local Governmental Employees' Retirement System (continued)*

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

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

At June 30, 2016, the Town reported a liability of \$39,675 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the Town's proportion was 0.00884%, which was an increase of 0.00049% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Town recognized pension expense of \$19,973. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 9,325
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	11,296
Changes in proportion and differences between Town contributions and proportionate share of contributions	695	5,830
Town contributions subsequent to the measurement date	32,582	-
Total	\$ 33,277	\$ 26,451

\$32,582 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an decrease of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2017	\$ (14,929)
2018	(14,929)
2019	(14,894)
2020	18,996
2021	-
Thereafter	-

**Town of Coats, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**B - Liabilities (continued)**

1. Pension Plan and Postemployment Obligations (continued)

*a. Local Governmental Employees' Retirement System (continued)*

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

*Actuarial Assumptions.* The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	100.0%	

**Town of Coats, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**B - Liabilities (continued)**

1. Pension Plan and Postemployment Obligations (continued)

*a. Local Governmental Employees' Retirement System (continued)*

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

*Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate.* The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 276,645	\$ 39,675	\$ (159,971)

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

**Town of Coats, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**B - Liabilities (continued)**

1. Pension Plan and Postemployment Obligations (continued)

*b. Law Enforcement Officers' Special Separation Allowance*

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

The Separation Allowance covers all full-time law enforcement officers of the Town. At December 31, 2015, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	4
Total	4

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. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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

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

*Method Used to Value Instruments.* 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. An actuarial study has not been performed since liabilities related to this plan are immaterial.

**Town of Coats, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**B - Liabilities (continued)**

1. Pension Plan and Postemployment Obligations (continued)

*c. Supplemental Retirement Income Plan for Law Enforcement Officers and General Employees*

*1. 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 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 Assembly.

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2016 were \$20,271, which consisted of \$10,788 from the Town and \$4,923 from the law enforcement officers. General employees of the Town are also permitted to make voluntary contributions to the Plan. Contribution made by general employees for the year ended June 30, 2016 was \$4,560.

2. Other Employment Benefits

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 multi-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 employees 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 the 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

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

Source	Amount
Contributions to pension plan in current fiscal year	\$ 32,582
Total	\$ 32,582

**Town of Coats, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**B - Liabilities (continued)**

3. Deferred Outflows and Inflows of Resources (continued)

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

<b>Source</b>	<b>Amount</b>
Taxes receivable, less penalties (General Fund)	\$ 20,727
Pension deferrals	25,754
Total	\$ 46,481

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage up to \$2 million lifetime coverage. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$50,000 and \$300,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of total insurance values.

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

Because the Town is in an area of the State that has been mapped and designated moderate to low flood zone by the Federal Emergency Management Agency, the Town has chosen not to obtain 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 is individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$25,000.

**Town of Coats, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**B - Liabilities (continued)**

5. Long-Term Obligations

a. Notes Payable

Governmental Activities

On July 18, 2012, the Town obtained a USDA Rural Development loan in the amount of \$338,000 with an interest rate of 3.375 percent to purchase and renovate a building with a maturity date of July 18, 2034. The original maturity date was 2042.

On May 15, 2014, the Town obtained a loan for a Leaf Vacuum Truck in the amount of \$31,560 with a 2.05 percent interest rate. The maturity date of this loan is May, 2017.

Annual debt service payments of the governmental type activities are as follows:

Years Ending June 30:	Governmental-Type Activities	
	Principal	Interest
2017	\$ 21,125	\$ 7,923
2018	10,741	7,353
2019	11,104	6,990
2020	11,479	6,615
2021	11,866	6,228
2022-2026	65,615	24,855
2027-2031	77,461	13,009
2031-2034	29,586	1,420
Total	<u>\$ 238,977</u>	<u>\$ 74,393</u>

b. Changes in Debt

	Beginning Balances	Increases	Decreases	Ending Balance	Current Portion
Governmental activities:					
Notes payable	\$ 259,548	\$ -	\$ (20,571)	\$ 238,977	\$ 21,125
Compensated absences	25,725	18,535	(14,295)	29,965	29,965
Net pension liability (LGERS)	-	30,740	-	30,740	-
Governmental activity long-term liabilities	<u>\$ 285,273</u>	<u>\$ 49,275</u>	<u>\$ (34,866)</u>	<u>\$ 299,682</u>	<u>\$ 51,090</u>
Business-type activities:					
Water Fund					
Compensated absences	\$ 6,499	\$ 5,716	\$ (5,921)	\$ 6,294	\$ 6,294
Net pension liability (LGERS)	-	8,935	-	8,935	-
Business-type activity long-term liabilities	<u>\$ 6,499</u>	<u>\$ 14,651</u>	<u>\$ (5,921)</u>	<u>\$ 15,229</u>	<u>\$ 6,294</u>

**Town of Coats, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**C - 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	\$ 1,071,803
Less:	
Stabilization by State Statute	95,170
Streets - Powell Bill	59,705
Remaining Fund Balance	\$ 916,928

**NOTE 4 - SUBSEQUENT EVENTS**

Subsequent events were evaluated through October 17, 2016, which is the date the financial statements were available to be issued.

## **Required Supplementary Financial Data**

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

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

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

**Local Government Employees' Retirement System**

	<u>2016</u>	<u>2015</u>
Coats' proportion of the net pension liability (asset) (%)	0.00884%	0.00835%
Coats' proportion of the net pension liability (asset) (\$)	\$ 39,673	\$ (49,244)
Coats' covered-employee payroll	\$ 468,249	\$ 450,527
Coats' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	8.47%	-10.93%
Plan fiduciary net position as a percentage of the total pension liability	98.09%	102.64%

**Town of Coats, North Carolina**  
**Town of Coats' Contributions**  
**Required Supplementary Information**  
**Last Two Fiscal Years**

**Local Government Employees' Retirement System**

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 32,630	\$ 33,099
Contributions in relation to the contractually required contribution	<u>32,630</u>	<u>33,099</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Coats' covered-employee payroll	\$ 468,249	\$ 450,527
Contributions as a percentage of covered-employee payroll	6.97%	7.35%

## **Individual Fund Statements and Schedules**

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
<b>Ad valorem taxes:</b>			
Taxes	\$	\$ 612,413	\$
Interest		3,694	
<b>Total</b>	<u>593,020</u>	<u>616,107</u>	<u>23,087</u>
<b>Other taxes and licenses:</b>			
Vehicle licenses		486	
<b>Total</b>	<u>5,000</u>	<u>486</u>	<u>(4,514)</u>
<b>Unrestricted intergovernmental:</b>			
Local option sales taxes		248,917	
Telecommunications tax		10,286	
Utility franchise tax		83,154	
Beer/wine excise tax		9,970	
Video programming		20,081	
<b>Total</b>	<u>301,000</u>	<u>372,408</u>	<u>71,408</u>
<b>Restricted intergovernmental:</b>			
Powell Bill allocation		70,602	
<b>Total</b>	<u>70,000</u>	<u>70,602</u>	<u>602</u>
<b>Permits and fees:</b>			
Solid waste disposal		218,637	
Zoning fees		3,970	
Business registration fee		65	
Police service fees		581	
<b>Total</b>	<u>207,161</u>	<u>223,253</u>	<u>16,092</u>
<b>Sales and services:</b>			
Recreation department fees		12,395	
<b>Total</b>	<u>12,200</u>	<u>12,395</u>	<u>195</u>
<b>Investment earnings</b>	<u>300</u>	<u>494</u>	<u>194</u>
<b>Miscellaneous</b>	<u>37,000</u>	<u>127,218</u>	<u>90,218</u>
<b>Total revenues</b>	<u>\$ 1,225,681</u>	<u>\$ 1,422,963</u>	<u>\$ 197,282</u>

**Town of Coats, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (continued)**  
**For the Year Ended June 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures:</b>			
<b>General government</b>			
Salaries and employee benefits	\$	\$ 16,642	\$
Professional services		13,665	
Dues and subscriptions		3,900	
Other operating expenditures		11,441	
<b>Total</b>	<u>48,446</u>	<u>45,648</u>	<u>2,798</u>
<b>Administration/Finance</b>			
Salaries and employee benefits		140,492	
Utilities		3,980	
Equipment rental and maintenance		9,176	
Insurance		29,222	
Capital outlay		27,615	
Other operating expenditures		64,018	
<b>Total</b>	<u>302,764</u>	<u>274,503</u>	<u>28,261</u>
<b>Taxes</b>			
Collection fees		5,363	
<b>Total</b>	<u>7,000</u>	<u>5,363</u>	<u>1,637</u>
<b>Planing/Zoning</b>			
Animal control		10,000	
Other operating expenditures		2,218	
<b>Total</b>	<u>15,550</u>	<u>12,218</u>	<u>3,332</u>
<b>Total general government</b>	<u>\$ 373,760</u>	<u>\$ 337,732</u>	<u>\$ 36,028</u>

**Town of Coats, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (continued)**  
**For the Year Ended June 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Public safety:</b>			
<b>Police</b>			
Salaries and employee benefits	\$	\$ 290,183	\$
Supplies		1,266	
Uniforms		4,586	
Vehicle maintenance		9,040	
Utilities		3,501	
Communication services		20,885	
Contracted services		9,648	
Insurance		51,294	
Police grant		4,722	
Capital outlay		29,988	
Other operating expenditures		8,980	
<b>Total</b>	<u>453,097</u>	<u>434,093</u>	<u>19,004</u>
<b>Transportation</b>			
<b>Streets and highways:</b>			
Salaries and employee benefits		16,756	
Supplies		5,234	
Vehicle maintenance		2,937	
Street lights		44,638	
Repairs and maintenance		2,368	
Uniforms		300	
Insurance		5,046	
Powell Bill expenditures		92,038	
Capital outlay		-	
Other operating expenditures		6,944	
<b>Total</b>	<u>204,269</u>	<u>176,261</u>	<u>28,008</u>
<b>Environmental protection:</b>			
<b>Solid waste:</b>			
Salaries and employee benefits		41,469	
Contracted services		151,621	
<b>Total</b>	<u>\$ 202,661</u>	<u>\$ 193,090</u>	<u>\$ 9,571</u>

**Town of Coats, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (continued)**  
**For the Year Ended June 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Culture and recreation:</b>			
<b>Parks and recreation</b>			
Salaries and employee benefits	\$	\$ 31,317	\$
Supplies		6,712	
Utilities		4,462	
Referees/Umpires		8,445	
Capital outlay		6,963	
Other operating expenditures		6,609	
<b>Total</b>	<u>79,533</u>	<u>64,508</u>	<u>15,025</u>
<b>Library</b>			
Salaries and employee benefits		28,386	
Supplies		613	
Utilities		3,929	
Insurance		490	
Repairs and maintenance		683	
Dues and subscriptions		407	
Capital outlay		4,953	
Other operating expenditures		2,913	
<b>Total</b>	<u>46,282</u>	<u>42,374</u>	<u>3,908</u>
<b>Debt service:</b>			
Principal retirement		20,571	
Interest and other charges		8,477	
<b>Total</b>	<u>29,201</u>	<u>29,048</u>	<u>153</u>
<b>Total expenditures</b>	<u>1,388,803</u>	<u>1,277,106</u>	<u>111,697</u>
<b>Revenues over (under) expenditures</b>	<u>(163,122)</u>	<u>145,857</u>	<u>308,979</u>
<b>Other financing sources (uses):</b>			
Transfers from (to) other funds:			
Cemetery Care Fund		(4,750)	
Water Fund		3,076	
<b>Total</b>	<u>(1,674)</u>	<u>(1,674)</u>	<u>-</u>
<b>Fund balance appropriated</b>	164,796	-	164,796
<b>Net change in fund balance</b>	<u>\$ -</u>	144,183	<u>\$ 144,183</u>
<b>Fund balance, beginning</b>		<u>927,620</u>	
<b>Fund balance, ending</b>		<u><u>\$ 1,071,803</u></u>	

**Town of Coats, North Carolina**  
**Cemetery Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Year Ended June 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b><u>Revenues:</u></b>			
Cemetery plot sales	\$	\$ 500	\$
Other operating revenues		350	
<b>Total operating revenues</b>	<u>1,500</u>	<u>850</u>	<u>(650)</u>
Investment earnings	<u>25</u>	<u>104</u>	<u>79</u>
<b>Total revenues</b>	<u>1,525</u>	<u>954</u>	<u>(571)</u>
<b><u>Expenditures:</u></b>			
Caregiver		720	
Maintenance		4,480	
Electricity		391	
<b>Total expenditures</b>	<u>6,275</u>	<u>5,591</u>	<u>684</u>
<b>Revenues over (under) expenditures</b>	<u>(4,750)</u>	<u>(4,637)</u>	<u>113</u>
<b>Other financing sources (uses)</b>			
Transfers from other funds:			
General fund		4,750	
<b>Total</b>	<u>4,750</u>	<u>4,750</u>	<u>-</u>
<b>Revenues and other financing sources over expenditures and other other financing uses</b>	<u>\$ -</u>	<u>113</u>	<u>\$ 113</u>
<b>Fund balance, beginning</b>		<u>46,091</u>	
<b>Fund balance, ending</b>		<u>\$ 46,204</u>	

**Town of Coats, North Carolina**  
**Water Fund**  
**Schedule of Revenues, Expenditures**  
**Budget and Actual (Non - GAAP)**  
**For the Year Ended June 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b><u>Revenues:</u></b>			
<b>Charges for services:</b>			
Water sales	\$	\$ 331,148	\$
Water taps		3,200	
Other operating revenues		49,097	
<b>Total</b>	<u>367,500</u>	<u>383,445</u>	<u>15,945</u>
<b>Non-operating revenues:</b>			
Interest earned		825	
<b>Total</b>	<u>-</u>	<u>825</u>	<u>825</u>
<b>Total revenues</b>	<u>367,500</u>	<u>384,270</u>	<u>16,770</u>
<b><u>Expenditures:</u></b>			
<b>Water:</b>			
Water purchases		119,738	
Salaries and employee benefits		117,724	
Supplies		8,389	
Utilities		6,318	
Postage		2,030	
Repairs and maintenance		51,642	
Insurance		6,900	
Other operating expenditures		13,784	
<b>Total</b>	<u>427,526</u>	<u>326,525</u>	<u>101,001</u>
<b>Total expenditures</b>	<u>427,526</u>	<u>326,525</u>	<u>101,001</u>
<b>Revenues over (under) expenditures</b>	<u>\$ (60,026)</u>	<u>\$ 57,745</u>	<u>\$ 117,771</u>

**Town of Coats, North Carolina**  
**Water Fund**  
**Schedule of Revenues, Expenditures**  
**Budget and Actual (Non - GAAP) (continued)**  
**For the Year Ended June 30, 2016**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Other financing sources (uses):</b>			
Transfer to other funds:			
General Fund	\$	\$ (3,076)	\$
<b>Total other financing sources (uses)</b>	(3,076)	(3,076)	-
<b>Appropriated fund balance</b>	63,102	-	63,102
<b>Revenues over expenditures     and other financing (uses)</b>	\$ -	\$ 54,669	\$ 54,669

**Reconciliation from budgetary basis (modified accrual) to full accrual:**

<b>Revenues over (under) expenditures and other financing (uses)</b>	\$ 54,669
<b>Reconciling items:</b>	
Pension expense	(4,551)
Capital outlay	-
Depreciation	(19,955)
<b>Total reconciling items</b>	(24,506)
<b>Change in net position</b>	\$ 30,163

## Other Schedules

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**This section contains additional information on property taxes, transfers, and cash and investments**

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

**Town of Coats, North Carolina**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2016**

<u>Fiscal Year</u>	<u>Uncollected Balances June 30, 2015</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balances June 30, 2016</u>
2015-2016	\$ -	\$ 619,240	\$ 612,889	\$ 6,351
2014-2015	6,077	-	3,038	3,039
2013-2014	3,508	-	486	3,022
2012-2013	4,964	-	1,344	3,620
2011-2012	3,722	-	496	3,226
2010-2011	3,289	-	292	2,997
2009-2010	2,822	-	261	2,561
2008-2009	2,547	-	325	2,222
2007-2008	2,864	-	744	2,120
2006-2007	2,804	-	649	2,155
2005-2006	2,481	-	2,481	-
2004-2005	2,622	-	2,622	-
	<u>\$ 37,700</u>	<u>\$ 619,240</u>	<u>\$ 625,627</u>	<u>31,313</u>

Less: allowance for uncollectible accounts - General Fund 10,586

**Ad valorem taxes receivable - net** \$ 20,727

**Reconciliation to revenues:**

Ad valorem taxes - General Fund	\$ 616,583
Interest and Penalties collected	3,941
Reconciling items:	
Taxes written off	5,103
<b>Total collections and credits</b>	<u>\$ 625,627</u>

**Town of Coats, North Carolina  
Analysis of Current Year Tax Levy  
For the Year Ended June 30, 2016**

	Town-Wide Levy			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original levy</b>					
Property taxed at current year's rate	\$ 104,955,932	0.59	\$ 619,240	\$ 536,704	\$ 82,536
<b>Releases</b>			(1,122)	(1,122)	-
<b>Net levy</b>			618,118	535,582	82,536
<b>Uncollected taxes at June 30, 2016</b>			(6,351)	(6,351)	-
<b>Current year's taxes collected</b>			<u>\$ 611,767</u>	<u>\$ 529,231</u>	<u>\$ 82,536</u>
<b>Current levy collection percentage</b>			<u>98.97%</u>	<u>98.81%</u>	<u>100.00%</u>