

Town of Manteo, North Carolina

Financial Statements

June 30, 2015

Jamie Daniels, Mayor
Darrell Collins, Mayor Pro-Tem
Richie Burke, Commissioner
Hannon Fry, Commissioner
Nancy Peele, Commissioner
Christine Walker, Commissioner
Martha Wickre, Commissioner

Kermit Skinner, Town Manager
Shannon Twiddy, Finance Officer
Wyatt Booth, Town Attorney

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Dowdy & Osborne LLP

CERTIFIED PUBLIC ACCOUNTANTS

Jeff Dowdy, CPA • Teresa Osborne, CPA

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members of the Board of Commissioners
Town of Manteo, 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 Manteo, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Manteo, North Carolina as of June 30, 2015, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund and Dock/Museum Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3-10, the Law Enforcement Officers' Special Separation Allowance and the Other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions on pages 46-49, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions on pages 50-51, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

Dowdy & Osborne, LLP

Dowdy & Osborne, LLP
Certified Public Accountants
Nags Head, North Carolina

November 15 2015

Management Discussion and Analysis

Town of Manteo

Management's Discussion and Analysis

As management of the Town of Manteo, we offer readers of the Town of Manteo's financial statements this narrative overview and analysis of the financial activities of the Town of Manteo for the fiscal year ended June 30, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town of Manteo's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the Town of Manteo exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$ 16,173,023 (*net position*).
- The government's total net assets increased by \$ 841,296. This includes an increase in the governmental activities of \$ 521,371 and an increase in the business-type activities of \$ 319,925.
- As of the close of the current fiscal year, the Town of Manteo's governmental funds reported combined ending fund balances of \$ 4,786,099, an increase of \$ 135,458 over the prior year. Approximately 10% of this total amount, or \$ 475,155, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$ 3,517,090, or 94% of total general fund expenditures for the fiscal year. This is a \$ 285,733 increase over the prior year. This increase is a result of revenues exceeding expenses during fiscal year 2015 and less appropriation of unassigned fund balance at June 30, 2015 used to balance the fiscal year June 30, 2016 budget.

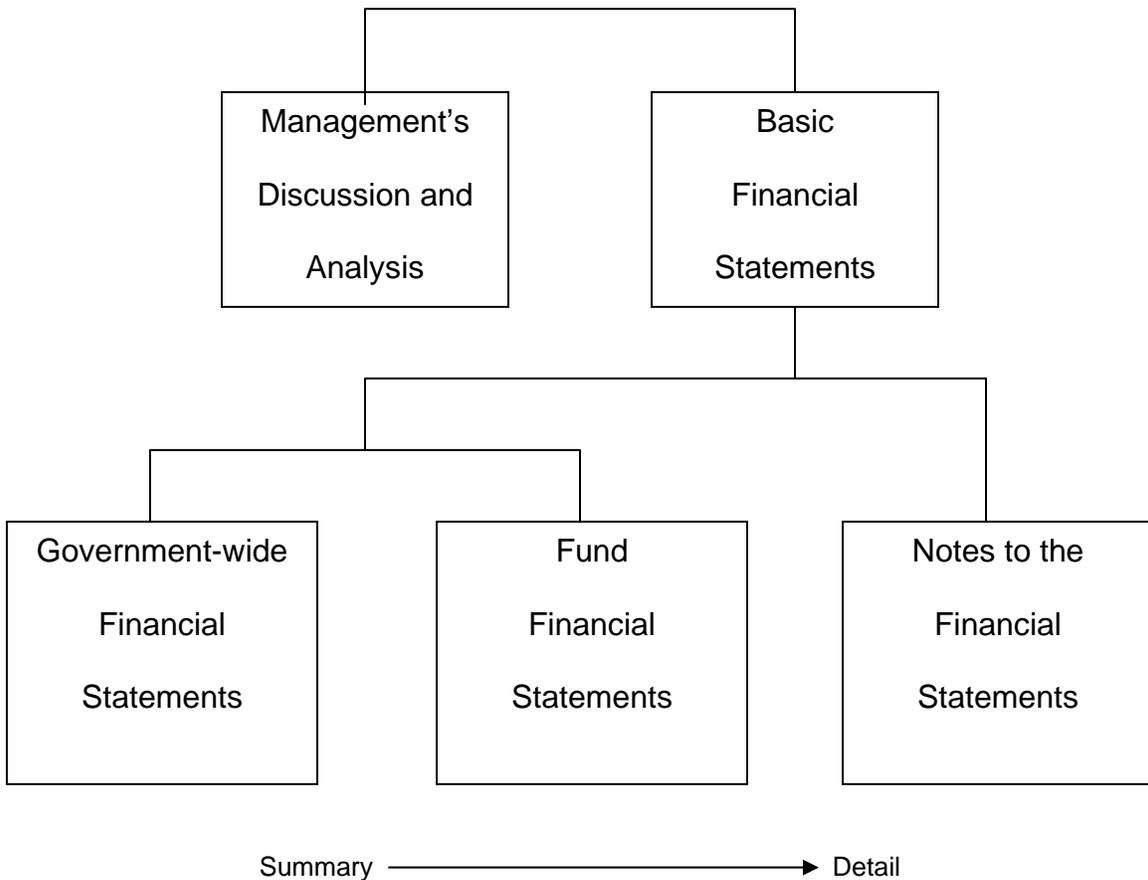
Overview of the Financial Statements

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

Management Discussion and Analysis Town of Manteo

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

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

Management Discussion and Analysis

Town of Manteo

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 they have changed. Net position is the difference between the town's total assets 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 public safety, general administration and street and solid waste services. Property taxes, occupancy, sales and land transfer taxes, permit fees and state and federal grant funds finance most of these activities. The business-type activities are those that the town charges customers to provide. These include the water and sewer services offered by the Town of Manteo. The town does not have any component units.

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, 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 budget ordinance. All of the funds of the Town of Manteo 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. All of the Town of Manteo'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* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps 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 Manteo adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the town, the management of the town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the town complied with the budget ordinance and whether or not the town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending

Management Discussion and Analysis

Town of Manteo

balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

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

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Town has one fiduciary fund for its Law Enforcement Officers' Special Separation Allowance.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 24-45 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's progress in funding its obligation to provide pension benefits and retiree health benefits to its employees. Required supplementary information can be found on pages 46-51 of this report.

Government-Wide Financial Analysis

Town of Manteo Net Position June 30, 2015

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 5,180,489	\$ 4,880,751	\$ 1,336,821	\$ 1,056,228	\$ 6,517,310	\$ 5,936,979
Capital assets	6,122,716	5,754,835	5,791,006	5,969,316	11,913,722	11,724,151
Deferred outflows of resources	88,152	-	29,384	-	117,536	
Total assets and deferred outflows of resources	11,391,357	10,635,586	7,157,211	7,025,544	18,548,568	17,661,130
Long-term liabilities	672,870	535,318	906,868	863,163	1,579,738	1,398,481
Other liabilities	237,004	250,195	215,755	461,362	452,759	711,557
Deferred inflows of resources	257,396	10,909	85,652	26,525	343,048	37,434
Total liabilities and deferred inflows of resources	1,167,270	796,422	1,208,275	1,351,050	2,375,545	2,147,472
Net position:						
Net investment in capital assets	6,029,199	5,615,668	5,086,858	5,148,853	11,116,057	10,764,521
Restricted/Stabilization	459,713	460,459	-	-	459,713	460,459
Restricted for Powell Bill	11,361	142,583	-	-	11,361	142,583
Unrestricted	3,723,814	3,620,454	862,078	525,641	4,585,892	4,146,095
Total net position	\$ 10,224,087	\$ 9,839,164	\$ 5,948,936	\$ 5,674,494	\$ 16,173,023	\$ 15,513,658

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Manteo exceeded liabilities by \$ 16,173,023 as of June 30, 2015. The largest portion of net position (69%) reflects the town's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding

Management Discussion and Analysis

Town of Manteo

that was issued to acquire those items. The Town of Manteo uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Manteo's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position, \$ 471,074 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$ 4,585,892 is unrestricted.

Also, the Town of Manteo implemented GASB Statement 68 this year. With the new reporting change, the Town is allocated its proportionate share of the Local Government Employees' Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. A restatement to record the effects of the new reporting guidance decreased beginning net position by \$ 181,931. Decisions regarding the allocations are made by the administrators of the pension plan, not by the Town of Manteo's management. The 2014 comparative statement of net pension and changes in net position have not been restated to reflect this change due to the unavailability of the information needed for the restatement.

Town of Manteo Changes in Net Position June 30, 2015

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Program revenues:						
Charges for services	\$ 259,283	\$ 228,332	\$ 1,921,872	\$ 1,878,446	\$ 2,181,155	\$ 2,106,778
Operating grants and contributions	27,881	72,848	-	-	27,881	72,848
Capital grants and contributions	34,291	41,919	26,525	-	60,816	41,919
General revenues:						
Property taxes	1,978,181	1,924,147	-	-	1,978,181	1,924,147
Other taxes	1,383,819	1,298,170	-	-	1,383,819	1,298,170
Intergovernmental revenues	355,712	296,696	-	-	355,712	296,696
Investment earnings	3,268	3,370	455	151	3,723	3,521
Other	50,506	51,300	-	-	50,506	51,300
Total Revenues	4,092,941	3,916,782	1,948,852	1,878,597	6,041,793	5,795,379
Expenses:						
General government	1,595,476	1,675,063	-	-	1,595,476	1,675,063
Public safety	1,041,556	986,090	-	-	1,041,556	986,090
Environment protection/ transportation	934,538	869,417	-	-	934,538	869,417
Water and sewer	-	-	1,628,927	1,653,977	1,628,927	1,653,977
Total Expenses	3,571,570	3,530,570	1,628,927	1,653,977	5,200,497	5,184,547
Increase in Net Position	521,371	386,212	319,925	224,620	841,296	610,832
Net position—July 1 (previously reported)	9,839,164	9,452,952	5,674,494	5,449,874	15,513,658	14,902,826
Restatement	(136,448)	-	(45,483)	-	(181,931)	-
Net position—July 1 (restated)	9,702,716	9,452,952	5,629,011	5,449,874	15,331,727	14,902,826
Net position – June 30	\$ 10,224,087	\$ 9,839,164	\$ 5,948,936	\$ 5,674,494	\$ 16,173,023	\$ 15,513,658

Governmental activities. Governmental activities increased the town's net assets by \$ 521,371. Charges for services increased primarily due to an increase in dock revenues. Operating grants decreased due to a \$ 60,000 dredging grant in the prior year. Property taxes increased due to a one cent tax increase. Other taxes and licenses increased due in part to growth and in part to changes in proportionate levies among the Towns for occupancy, sales and land transfer taxes. General government expenses decreased primarily due to a reduction in a planning department position. Public safety expense increased as a result of a vacant position

Management Discussion and Analysis Town of Manteo

filled and merit salary increases. Environmental protection and transportation expenses increased due to merit salary increases, street repairs and increases for tipping fees.

Business-type activities. Business-type activities increased the town's net assets by \$ 319,925. Operating revenues increased slightly due to increased tap and connection fee revenues resulting from increased building activity. Water operations cost was consistent with the prior year and sewer operations showed a slight decrease over the prior year.

Financial Analysis of the Town of Manteo's Funds

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

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

The general fund is the chief operating fund of the Manteo. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$ 3,517,090, while total fund balance reached \$ 4,346,480. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 94% of total General Fund expenditures for the 14-15 fiscal year.

At June 30, 2015, the governmental funds of Town of Manteo reported a combined fund balance of \$ 4,786,099, a 2.9% increase over last year. Included in this change in fund balance are increases in the General Fund and 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. The primary changes to the adopted budget were to appropriate funds for the repairs and renovations to town hall resulting from the presence of asbestos.

Capital Asset and Debt Administration

Capital assets. The Town of Manteo's investment in capital assets for its governmental and business-type activities as of June 30, 2015, totals \$ 11,913,722 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles.

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

- Major repairs to sewer plant totaling \$ 61,474
- Purchase of a water and sewer truck costing \$ 53,891
- Playground installation costing \$ 59,320
- Purchase of excavator and trailer for storm water costing 68,182
- Gilbert Street repaving project costing \$ 84,773
- Uppowoc sidewalk project costing 80,495
- Purchase of police vehicle costing \$ 29,338
- Purchase of public works vehicle costing \$ 53,701

Management Discussion and Analysis Town of Manteo

- Purchase of planning vehicle costing \$ 30,763
- Town hall renovations/repairs costing \$ 224,480

Town of Manteo Capital Assets (net of accumulated depreciation) June 30, 2015

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 2,248,877	\$ 2,248,877	\$ 229,735	\$ 229,735	\$ 2,478,612	\$ 2,478,612
Construction in progress	224,480	-	-	-	224,480	-
Buildings and plant	1,038,229	1,078,171	4,240,905	4,362,440	5,279,134	5,440,611
Infrastructure	766,706	611,683	-	-	766,706	611,683
Equipment	338,520	252,637	41,824	52,915	380,344	305,552
Vehicles	490,038	473,503	194,729	172,734	684,767	646,237
Other improvements	1,015,866	1,089,964	-	-	1,015,866	1,089,964
Water lines and improvements	-	-	1,083,813	1,151,492	1,083,813	1,151,492
Total	\$ 6,122,716	\$ 5,754,835	\$ 5,791,006	\$ 5,969,316	\$ 11,913,722	\$ 11,724,151

Additional information on the town's capital assets can be found on pages 32-33 in the notes to the financial statements.

Long-term Debt. As of June 30, 2015 the town had long-term debt totaling \$ 797,665 consisting of capital leases and bonds. \$ 93,517 of this amount is reported in the governmental activities and \$ 704,148 is reported in the business-type activities. During the June 30, 2015 fiscal year the town's long-term debt decreased by \$ 161,964. The Town is also reporting a net OPEB obligation in its governmental activities and business-type activities of \$ 501,090 and \$ 175,363 respectively.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Manteo is \$ 43,799,639.

Economic Factors and Next Year's Budgets and Rates

- Overall land transfer tax collections increased 21% indicating an increase in real estate sales. The Town's portion of land transfer tax revenues increased \$ 30,421 or 23%.
- Travel and tourism has remained constant in Dare County and overall sales and occupancy taxes increased in the County. The Town had a \$ 38,960 increase in sales taxes and an increase of \$ 25,999 in occupancy taxes due to a combination of overall growth and a reduction due to the changes in the proportionate tax levies among the other local governments in Dare County.
- Building related revenues increased \$ 15,334 or 67% over the prior year.

Budget Highlights for the Fiscal Year Ending June 30, 2016

- The adopted budget for the June 30, 2016 fiscal year includes a tax rate of thirty-seven cents per \$ 100 of valuation (a one cent tax increase over the prior year).
- The adopted budget for the June 30, 2015 includes an appropriation of \$ 204,866 from undesignated fund balance to balance the budget.
- Water and sewer rates are scheduled to remain the same.

Management Discussion and Analysis

Town of Manteo

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 Finance Director, Town of Manteo, P.O. Box 246, Manteo, North Carolina 27954.

TOWN OF MANTEO, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2015

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,638,379	\$ 819,965	\$ 5,458,344
Restricted cash and cash equivalents	11,361	144,200	155,561
Taxes receivable	37,901	-	37,901
Prepaid expenses	2,041	621	2,662
Accounts receivable (net)	2,040	335,205	337,245
Due from governmental units	369,724	-	369,724
Total current assets	<u>5,061,446</u>	<u>1,299,991</u>	<u>6,361,437</u>
Non-current assets:			
Net pension asset	119,043	36,830	155,873
Capital assets:			
Land	2,248,877	229,735	2,478,612
Other capital assets, net of depreciation	3,873,839	5,561,271	9,435,110
Total capital assets	<u>6,122,716</u>	<u>5,791,006</u>	<u>11,913,722</u>
Total assets	<u>11,303,205</u>	<u>7,127,827</u>	<u>18,431,032</u>
DEFERRED OUTFLOWS OF RESOURCES			
Contributions to pension plan in current fiscal year	<u>88,152</u>	<u>29,384</u>	<u>117,536</u>
LIABILITIES			
Current liabilities:			
Accounts payable	178,463	52,560	231,023
Accrued salaries and benefits	56,348	16,995	73,343
Security deposit	2,193	2,000	4,193
Current portion of long-term liabilities	65,951	123,888	189,839
Liabilities payable from restricted assets:			
Customer deposits	-	144,200	144,200
Total current liabilities	<u>302,955</u>	<u>339,643</u>	<u>642,598</u>
Long-term liabilities:			
Due in more than one year	<u>606,919</u>	<u>782,980</u>	<u>1,389,899</u>
Total liabilities	<u>909,874</u>	<u>1,122,623</u>	<u>2,032,497</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid revenues	440	-	440
Pension deferrals	256,956	85,652	342,608
Total deferred inflows of resources	<u>257,396</u>	<u>85,652</u>	<u>343,048</u>
NET POSITION			
Net investment in capital assets	6,029,199	5,086,858	11,116,057
Restricted for Stabilization by State Statute	459,713	-	459,713
Restricted for Powell Bill - Streets	11,361	-	11,361
Unrestricted	3,723,814	862,078	4,585,892
Total net position	<u>\$ 10,224,087</u>	<u>\$ 5,948,936</u>	<u>\$ 16,173,023</u>

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

TOWN OF MANTEO, NORTH CAROLINA

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 1,595,476	\$ 258,398	\$ 27,881	\$ -	\$ (1,309,197)	\$ -	\$ (1,309,197)
Public safety	1,041,556	885	-	-	(1,040,671)	-	(1,040,671)
Environmental protection and transportation	934,538	-	-	34,291	(900,247)	-	(900,247)
Total governmental activities	<u>3,571,570</u>	<u>259,283</u>	<u>27,881</u>	<u>34,291</u>	<u>(3,250,115)</u>	<u>-</u>	<u>(3,250,115)</u>
Business-type activities:							
Water and sewer	<u>1,628,927</u>	<u>1,921,872</u>	<u>-</u>	<u>26,525</u>	<u>-</u>	<u>319,470</u>	<u>319,470</u>
Total primary government	<u>\$ 5,200,497</u>	<u>\$ 2,181,155</u>	<u>\$ 27,881</u>	<u>\$ 60,816</u>	<u>\$ (3,250,115)</u>	<u>\$ 319,470</u>	<u>\$ (2,930,645)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					1,978,181	-	1,978,181
Other taxes					1,383,819	-	1,383,819
Unrestricted intergovernmental revenues					355,712	-	355,712
Investment earnings, unrestricted					3,268	455	3,723
Miscellaneous, unrestricted					50,506	-	50,506
Total general revenues, special items, and transfers					<u>3,771,486</u>	<u>455</u>	<u>3,771,941</u>
Change in net position					<u>521,371</u>	<u>319,925</u>	<u>841,296</u>
Net position-beginning, previously reported					9,839,164	5,674,494	15,513,658
Restatement					(136,448)	(45,483)	(181,931)
Net position-beginning, restated					<u>9,702,716</u>	<u>5,629,011</u>	<u>15,331,727</u>
Net position-ending					<u>\$ 10,224,087</u>	<u>\$ 5,948,936</u>	<u>\$ 16,173,023</u>

TOWN OF MANTEO, NORTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2015

Exhibit 3

	Major Funds		Total Non-Major Fund	Total Governmental Funds
	General	Dock/Museum		
ASSETS				
Cash and cash equivalents	\$ 4,187,237	\$ 27,958	\$ 423,184	\$ 4,638,379
Restricted cash and cash equivalents	11,361	-	-	11,361
Taxes receivable	37,901	-	-	37,901
Prepaid expenses	1,842	199	-	2,041
Accounts receivable	-	2,040	-	2,040
Due from governmental units	369,722	-	-	369,722
Total Assets	4,608,063	30,197	423,184	5,061,444
LIABILITIES				
Accounts payable	170,606	7,857	-	178,463
Accrued salaries and benefits	50,883	5,465	-	56,348
Security deposit	2,193	-	-	2,193
Total Liabilities	223,682	13,322	-	237,004
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	37,901	-	-	37,901
Prepaid dock rents	-	440	-	440
Total Deferred Inflows of Resources	37,901	440	-	38,341
FUND BALANCES:				
Nonspendable:				
Prepays	1,842	199	-	2,041
Restricted				
Stabilization by State Statute	459,713	2,040	-	461,753
Streets - Powell Bill	11,361	-	-	11,361
Assigned				
Subsequent year's expenditures	204,866	-	-	204,866
Cemetery	-	-	423,184	423,184
Docks	-	14,196	-	14,196
Stormwater	151,608	-	-	151,608
Unassigned	3,517,090	-	-	3,517,090
Total Fund Balances	4,346,480	16,435	423,184	4,786,099
TOTAL LAIBILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,608,063	\$ 30,197	\$ 423,184	\$ 5,061,444

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

Total Fund Balance, Governmental Funds	4,786,099
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	6,122,716
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	88,152
Net pension asset	119,043
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	37,901
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.	(672,868)
Pension related deferrals	(256,956)
	\$ 10,224,087

TOWN OF MANTEO, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

Exhibit 4

	Major Funds		Total Non-Major Fund	Total Governmental Funds
	General	Dock/Museum		
REVENUES:				
Ad valorem taxes	\$ 1,971,574	\$ -	\$ -	\$ 1,971,574
Other taxes and licenses	1,383,819	-	-	1,383,819
Unrestricted intergovernmental revenues	355,712	-	-	355,712
Restricted intergovernmental revenues	62,172	-	-	62,172
Permits and fees	38,094	-	-	38,094
Sales and services	2,485	211,804	8,500	222,789
Investment earnings	2,956	-	312	3,268
Other revenue	48,905	-	-	48,905
TOTAL REVENUES	3,865,717	211,804	8,812	4,086,333
EXPENDITURES:				
General government	1,426,517	357,271	1,051	1,784,839
Public safety	1,026,979	-	-	1,026,979
Transportation and environmental protection	1,093,407	-	-	1,093,407
Debt service:				
Principal	45,650	-	-	45,650
TOTAL EXPENDITURES	3,592,553	357,271	1,051	3,950,875
REVENUES OVER (UNDER) EXPENDITURES	273,164	(145,467)	7,761	135,458
OTHER FINANCING SOURCES (USES):				
Transfers	(145,467)	145,467	-	-
TOTAL OTHER FINANCING SOURCES AND (USES)	(145,467)	145,467	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	127,697	-	7,761	135,458
FUND BALANCES:				
Beginning of year - July 1	4,218,783	16,435	415,423	4,650,641
End of year - June 30	\$ 4,346,480	\$ 16,435	\$ 423,184	\$ 4,786,099

TOWN OF MANTEO, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

Exhibit 4
(continued)

Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:

Net changes in fund balances - total governmental funds \$ 135,458

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	667,572	
Depreciation expense for governmental assets	<u>(299,691)</u>	367,881

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities 88,152

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 6,609

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:

Increase in compensated absences	(7,122)	
Decrease in net pension obligation	7,407	
Pension expense	(10,019)	
Increase in Net OPEB obligation	<u>(112,645)</u>	(122,379)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Principal payments on long-term debt		<u>45,650</u>
--------------------------------------	--	---------------

Total changes in net position of governmental activities (Exhibit 2) \$ 521,371

TOWN OF MANTEO, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ANNUAL BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND
For the Year Ended June 30, 2015

Exhibit 5

	General Fund				Dock/Museum Fund			
	Original	Final	Actual	Variance With Final Budget- Favorable (Unfavorable)	Original	Final	Actual	Variance With Final Budget- Favorable (Unfavorable)
REVENUE:								
Ad valorem taxes	\$ 1,921,900	\$ 1,921,900	\$ 1,971,574	\$ 49,674	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	1,185,000	1,185,000	1,383,819	198,819	-	-	-	-
Unrestricted intergovernmental revenues	295,450	295,450	355,712	60,262	-	-	-	-
Restricted intergovernmental revenues	58,350	58,350	62,172	3,822	-	-	-	-
Permits and fees	17,500	17,500	38,094	20,594	-	-	-	-
Sales and services	2,600	2,600	2,485	(115)	207,100	207,100	211,804	4,704
Investment earnings	3,000	3,000	2,956	(44)	-	-	-	-
Other revenue	40,200	56,678	48,905	(7,773)	-	-	-	-
Total Revenues	3,524,000	3,540,478	3,865,717	325,239	207,100	207,100	211,804	4,704
EXPENDITURES:								
General government	1,499,590	1,947,105	1,426,517	520,588	397,523	406,098	357,271	48,827
Public safety	1,061,576	1,084,804	1,026,979	57,825	-	-	-	-
Transportation and environmental protection	1,272,244	1,286,844	1,139,057	147,787	-	-	-	-
Total Expenditures	3,833,410	4,318,753	3,592,553	726,200	397,523	406,098	357,271	48,827
REVENUES OVER (UNDER)								
EXPENDITURES	(309,410)	(778,275)	273,164	1,051,439	(190,423)	(198,998)	(145,467)	53,531
OTHER FINANCING SOURCES (USES):								
Fund balance appropriated	509,133	977,998	-	(977,998)	-	8,575	-	(8,575)
Operating transfers in (out)	(199,723)	(199,723)	(145,467)	54,256	190,423	190,423	145,467	(44,956)
	309,410	778,275	(145,467)	(923,742)	190,423	198,998	145,467	(53,531)
REVENUES AND OTHER SOURCES OVER (UNDER)								
EXPENDITURES AND OTHER USES	\$ -	\$ -	127,697	\$ 127,697	\$ -	\$ -	-	\$ -
FUND BALANCES:								
Beginning			4,218,783				16,435	
Ending			\$ 4,346,480				\$ 16,435	

TOWN OF MANTEO, NORTH CAROLINA

Exhibit 6

STATEMENT OF NET POSITION**Water and Sewer Fund**

June 30, 2015

With Comparative Totals at June 30, 2014

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 819,965	\$ 465,714
Restricted cash and cash equivalents	144,200	136,564
Prepaid expense	621	-
Grants receivable	-	111,321
Accounts receivable (net) - billed	110,621	113,865
Accounts receivable (net) - unbilled	224,584	228,764
Total current assets	<u>1,299,991</u>	<u>1,056,228</u>
Non-current assets:		
Net pension asset	36,830	-
Capital assets:		
Land	229,735	229,735
Other capital assets, net of depreciation	5,561,271	5,739,581
Total capital assets	<u>5,791,006</u>	<u>5,969,316</u>
Total assets	<u>7,127,827</u>	<u>7,025,544</u>
DEFERRED OUTFLOWS OF RESOURCES		
Contributions to pension plan in current fiscal year	29,384	-
LIABILITIES		
Current liabilities:		
Accounts payable	52,560	76,397
Accrued salaries and benefits	16,995	15,021
Security deposit	2,000	2,000
Deferred revenues	-	26,525
Due to general fund	-	108,000
Current portion of long-term debt	123,888	123,380
Liabilities payable from restricted assets:		
Customer deposits	144,200	136,564
Total current liabilities	<u>339,643</u>	<u>487,887</u>
Long-term liabilities:		
General obligation bonds payable	134,000	168,000
NC Revolving loan payable	476,631	513,296
Lease purchase payable	93,517	139,167
Net OPEB obligation	175,363	137,815
Compensated absences	27,357	28,265
Less current portion	(123,888)	(123,380)
Total long-term liabilities	<u>782,980</u>	<u>863,163</u>
Total Liabilities	<u>1,122,623</u>	<u>1,351,050</u>
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	85,652	-
NET POSITION		
Net investment in capital assets	5,086,858	5,148,853
Unrestricted	862,078	525,641
Total net position	<u>\$ 5,948,936</u>	<u>\$ 5,674,494</u>

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

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TOWN OF MANTEO, NORTH CAROLINA

Exhibit 7

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**PROPRIETARY FUND - WATER AND SEWER FUND**

For the Year Ended June 30, 2015

With Comparative Totals For the Year Ended June 30, 2014

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<u>OPERATING REVENUES:</u>		
Water and sewer charges	\$ 1,765,790	\$ 1,766,482
Penalties	20,194	22,672
Water taps and connections	107,874	73,376
Other	28,014	15,916
	<u>1,921,872</u>	<u>1,878,446</u>
<u>OPERATING EXPENSES:</u>		
Water	574,221	575,623
Sewer	732,643	787,269
Depreciation	299,796	268,528
	<u>1,606,660</u>	<u>1,631,420</u>
<u>OPERATING INCOME (LOSS):</u>	315,212	247,026
<u>NON-OPERATING REVENUES (EXPENSES):</u>		
Interest earned on investments	455	151
Interest expense	(22,267)	(22,557)
	<u>(21,812)</u>	<u>(22,406)</u>
<u>NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</u>	293,400	224,620
<u>Capital Contribution</u>	26,525	-
Change in net position	<u>319,925</u>	<u>224,620</u>
NET POSITION - BEGINNING , previously reported	5,674,494	5,449,874
Restatement	(45,483)	-
NET POSITION - BEGINNING, restated	<u>5,629,011</u>	<u>5,449,874</u>
NET POSITION - ENDING	<u>\$ 5,948,936</u>	<u>\$ 5,674,494</u>

TOWN OF MANTEO, NORTH CAROLINA

Exhibit 8

STATEMENT OF CASH FLOWS

PROPRIETARY FUND - WATER AND SEWER FUND

For the Year Ended June 30, 2015

With Comparative Amounts for the Year Ended June 30, 2014

	ENTERPRISE FUNDS	
	2015	2014
Cash Flows from Operating Activities:		
Cash received from customers	\$ 1,902,880	\$ 1,840,999
Cash paid for goods and services	(914,458)	(900,402)
Cash paid for salaries	(404,295)	(395,752)
Customer deposits received	7,636	4,186
Other operating income	26,414	15,916
Net Cash Provided by Operating Activities	<u>618,177</u>	<u>564,947</u>
Cash Flows from Capital and Related Financing Activities:		
Construction of capital assets	(121,485)	(231,996)
Capital contribution	-	26,525
Grants-FEMA Hurricane Irene	111,321	100,000
Loan proceeds	-	139,167
Principal paid on notes	(116,314)	(70,664)
Repay loan to general fund	(108,000)	-
Interest paid on notes	(22,267)	(22,557)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(256,745)</u>	<u>(59,525)</u>
Cash Flows from Investing Activities:		
Interest on investments	455	151
Net Cash Provided By Investing Activities	<u>455</u>	<u>151</u>
Net Increase (Decrease) in Cash and Cash Equivalents	361,887	505,573
Cash and Cash Equivalents - Beginning of year	<u>602,278</u>	<u>96,705</u>
Cash and Cash Equivalents - End of year	<u>964,165</u>	<u>602,278</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	315,210	247,026
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	299,796	268,528
Pension expense	3,339	
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	7,424	(21,531)
(Increase) decrease in prepaid expenses	(621)	7,500
(Increase) decrease in operating grant receivable	-	27,177
(Increase) decrease in deferred outflows of resources for pension	(29,384)	-
Increase (decrease) in accounts payable	(23,837)	1,343
Increase (decrease) in customer deposits	7,636	4,186
Increase (decrease) in accrued salaries and benefits	1,974	1,076
Increase (decrease) in net OPEB obligation	37,548	31,903
Increase (decrease) in accrued vacation pay	(908)	(2,261)
Net Cash Provided by Operating Activities	<u>\$ 618,177</u>	<u>\$ 564,947</u>

TOWN OF MANTEO, NORTH CAROLINA

Exhibit 9

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2015

	<u>Pension Trust</u>
ASSETS	
Cash and cash equivalents	<u>\$ 113,818</u>
Total Assets	<u>113,818</u>
NET POSITION	
Held in trust for pension benefits	<u>113,818</u>
Total Net Position	<u><u>\$ 113,818</u></u>

TOWN OF MANTEO, NORTH CAROLINA

Exhibit 10

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Fiscal Year Ended June 30, 2015

	<u>Pension Trust</u>
Additions	
Employer contributions	\$ 8,000
Interest income	<u>80</u>
Total additions	<u>8,080</u>
Deductions	
Benefits	5,662
Administrative expenses	<u>-</u>
Total deductions	<u>5,662</u>
Change in net position	2,418
Net position - beginning of year	<u>111,400</u>
Net position - end of year	<u><u>\$ 113,818</u></u>

TOWN OF MANTEO
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Town of Manteo is a municipal corporation that is governed by an elected mayor and six commissioners. The town provides general government services including police, public works, planning and zoning and water and sewer services. The town contracts with the Roanoke Island Volunteer Fire Department for fire protection.

B. Basis of Presentation

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

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

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

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, various other taxes and licenses, and federal and state grants. The primary expenditures are for general government services, public safety and street and sanitation services.

Waterfront Docks and Museum Special Revenue Fund. This fund accounts for the operation of the waterfront docks and museum.

TOWN OF MANTEO
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

The Town reports the following non-major governmental funds:

Cemetery Special Revenue Fund. This fund accounts for the operation of the cemetery.

The Town reports the following major enterprise funds:

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

The Town reports the following fiduciary fund types:

Pension Trust. This is a fiduciary fund for the Law Enforcement Officers Special Separation Allowance Retirement.

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

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's 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 wastewater systems. Operating expenses for the 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. 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 vehicle taxes 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

TOWN OF MANTEO
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

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 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 a shared revenue for the Town of Manteo because the tax is levied by Dare County and remitted to an distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues, which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All 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 department level for all annually budgeted funds and at the project level for the multi-year funds. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

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

The 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 (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of

TOWN OF MANTEO
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For the Fiscal Year Ended June 30, 2015

purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

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 Cash and Cash Equivalents

Powell Bill funds are classified as restricted cash because it can be expended only for the purpose of maintaining, repairing, constructing, or reconstructing or widening of streets per G.S. 136-41.1 through 136-41.4. Customer deposits held by the Town for the duration of the customer's water service until such time as water service is discontinued when they are returned to the customer in part or in full after satisfying any outstanding balance, are reported as restricted cash.

Governmental Activities:

General Fund:	
Streets	\$ 11,361
Total General Fund	\$ 11,361

Business-Type Activities:

Customer deposits	\$ 144,200
Total Business-Type Activities	\$ 144,200

4. Ad-Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad-valorem taxes on property other than motor vehicles on July 1, 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, 2014.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years. Allowance for doubtful accounts in the water/sewer fund is \$ 13,000.

6. Prepaid Items

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

TOWN OF MANTEO
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$ 5,000 and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2003, consist of the road network, which is not capitalized as the town has not opted to do retroactive reporting for infrastructure. 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:

Asset Class	Estimated Useful Lives
Infrastructure	20 years
Buildings	40 years
Vehicles	5-10 years
Furniture and equipment	5-10 years

8. Deferred Outflows/Inflows Of Resources

In addition to assets, the statement of financial position will sometime 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 it will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, contributions made to the pension plan in the 2015 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has three items that meet the criterion for this category, prepaid rents, 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, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

10. Compensated Absences

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

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

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Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balance as follows:

Non-spendable 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.

Prepaid expenses – portion of fund balance that is not an available resource because it represents the year-end balance of prepaid expenses, which are not spendable resources.

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

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

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

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

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

Assigned for docks – portion of remaining fund balance that has been budgeted by the Board for docks in a special revenue fund.

Assigned for cemetery – portion of remaining fund balance that has been budgeted by the Board for the cemetery in a special revenue fund.

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Assigned for storm water – portion of remaining fund balance that has been budgeted by the Board for storm water improvements.

State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

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

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

12. Pension

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Local Government 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 Southern Shores' employer contributions are recognized when due and the Town of Southern Shores 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.

II. Stewardship, Compliance, and Accountability

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

No items to report.

B. Deficit Fund Balance or Retained Earnings of Individual Funds

No items to report.

C. Excess of Expenditures over Appropriations

No items to report.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in 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 of Manteo, these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral

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is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit risk for deposits.

At June 30, 2015, the Town's deposits had a carrying amount of \$ 593,622 and a bank balance of \$ 702,202. Of the bank balance, \$ 250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2015, the Town's petty cash fund totaled \$373.

2. Investments

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

	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust:			
Cash Portfolio	\$ 1,019,996	N/A	AAAm
Term Portfolio	<u>4,113,732</u>	.19 years	Unrated
Total investments	<u>\$ 5,133,728</u>		

Interest rate risk. The Town's cash management policy does not address interest rate risk.

Credit Risk. The Town's cash management policy does not address credit risk. The Town's investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2015. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

Custodial Risk. The Town has no policy regarding custodial credit risk for deposits.

TOWN OF MANTEO
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

3. Capital Assets

Primary Government

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$2,248,876	\$ -	\$ -	\$ 2,248,876
Construction in progress	-	224,480		224,480
Total capital assets not being depreciated	<u>2,248,876</u>	<u>224,480</u>	<u>-</u>	<u>2,473,356</u>
Capital assets being depreciated:				
Buildings	1,480,061	-	-	1,480,061
Other improvements	1,984,971	-	-	1,984,971
Infrastructure	700,285	194,910	-	895,195
Equipment	496,502	134,380	18,400	612,482
Vehicles	1,208,598	113,802	24,462	1,297,938
Total capital assets being depreciated	<u>5,870,417</u>	<u>443,092</u>	<u>42,862</u>	<u>6,270,647</u>
Less accumulated depreciation for:				
Buildings	401,890	39,941	-	441,831
Other improvements	895,006	74,099	-	969,105
Infrastructure	88,601	39,888	-	128,489
Equipment	243,866	48,496	18,400	273,962
Vehicles	735,095	97,267	24,462	807,900
Total accumulated depreciation	<u>2,364,458</u>	<u>\$ 299,691</u>	<u>\$ 42,862</u>	<u>2,621,287</u>
Total capital assets being depreciated-net	<u>3,505,959</u>			<u>3,649,360</u>
Governmental activity capital assets, net	<u>\$5,754,835</u>			<u>\$6,122,716</u>

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

General Government	\$ 143,641
Public Safety	33,909
Environmental Protection and Transportation	122,141
	<u>\$ 299,691</u>

TOWN OF MANTEO
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For the Fiscal Year Ended June 30, 2015

Capital asset activity for the business-type activities for the year ended June 30, 2015 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 229,735	\$ -	\$ -	\$ 229,735
	229,735	-	-	229,735
Capital assets being depreciated:				
Buildings and plant	7,254,673	61,474	-	7,316,147
Water and sewer lines	2,858,067	-	-	2,858,067
Furniture and equipment	192,367	6,120	46,353	152,134
Vehicles	270,402	53,891	-	324,293
Total capital assets being depreciated	10,575,509	121,485	46,353	10,650,641
Less accumulated depreciation for:				
Buildings and plant	2,892,233	183,008	-	3,075,241
Water and sewer lines	1,706,572	67,682	-	1,774,254
Furniture and equipment	139,454	17,210	46,353	110,311
Vehicles	97,669	31,895	-	129,564
Total accumulated depreciation	4,835,928	\$ 299,795	\$ 46,353	5,089,370
Total capital assets being depreciated net)	5,739,581			5,561,271
Business-type activity capital assets, net	\$ 5,969,316			\$ 5,791,006

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Manteo 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) 707-0500, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last

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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. City of Dogwood 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 Manteo's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.26% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Manteo were \$117,536 for the year ended June 30, 2015.

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

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

At June 30, 2015, the Town reported an asset of \$147,319 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the Town's proportion was 0.02498%, which was an increase of 0.0068% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Town recognized pension expense of \$13,358. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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For the Fiscal Year Ended June 30, 2015

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 16,097
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	342,954
Changes in proportion and differences between Town contributions and proportionate share of contributions	16,443	-
Town contributions subsequent to the measurement date	117,536	-
Total	<u>\$ 133,979</u>	<u>\$ 359,051</u>

\$117,536 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (85,602)
2017	(85,602)
2018	(85,602)
2019	(85,602)
2020	-
Thereafter	-

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

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

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

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

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

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

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

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

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

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

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

TOWN OF MANTEO
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one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of the net pension liability (asset)	\$ 500,063	\$ (147,319)	\$ (692,393)

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

b. Law Enforcement Officers Special Separation Allowance

1. *Plan Description.*

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

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

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	9
Total	9

A separate report was not issued for the plan.

2. *Summary of Significant Accounting Policies:*

Basis of Accounting. Financial statements for the Separation Allowance are prepared on the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the Town has made a formal commitment to provide the contributions. Benefits 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, non-employer contributing entities, the plan administrator and plan members.

TOWN OF MANTEO
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Therefore, the Separation Allowance assets reported in the pension trust fund will be moved to the general fund in fiscal year 2016.

Method Used to Value Investments. Investments are reported at fair value. Short term deposits and the North Carolina Capital Management Trust investments are reported at cost, which approximates fair value.

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 amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the Town contributed \$ 8,000 or 2% of annual covered payroll which over-funded the current year annual pension cost and net pension obligation at the end of the year. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2013 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25 – 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-employment benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liabilities are being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2013 was 17 years.

Annual Pension Cost and Net Pension Obligation. The Town's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Employer annual required contribution	\$ 551
Interest on net pension obligation	(61)
Adjustment to annual required contribution	103
Annual pension cost	593
Employer contributions made for fiscal year ended 6/30/015	(8,000)
Increase in net pension obligation	(7,407)
Net pension obligation beginning of fiscal year	(1,147)
Overfunded net pension obligation end of fiscal year	\$ (8,554)

The overfunded net pension obligation is included in "net pension asset" on the Statement of Net Position at June 30, 2015.

3-Year Trend Information

For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2013	5,801	1,791.16%	(1,185)
2014	7,417	99.49%	(1,147)
2015	593	1349.07%	(8,554)

TOWN OF MANTEO
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

4. *Funded Status and Funding Progress.*

As of December 31, 2014 most recent actuarial valuation date, the plan was fully funded. The actuarial accrued liability for benefits was \$ 78,060 and the actual value of assets was \$ 111,400, resulted in an overfunded accrued actuarial liability of \$ 33,340. The covered payroll (annual payroll of active employees covered by the plan) was \$ 399,112 and the ratio of the UAAL to the covered payroll was minus 8.35 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 707-0500.

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. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2015, were \$ 22,916, which consisted of \$ 17,456 from the Town and \$ 5,460 from law enforcement officers.

d. Supplemental Retirement Income Plan for Non-Law Enforcement Officers

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to non-law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy. Beginning July 1, 1995 the Town began making a contribution of five percent for non-law enforcement officers and all amounts contributed are vested immediately. These employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2015, were \$ 121,567, which consisted of \$ 63,102 from the Town and \$ 58,465 from employees.

f. Other Postemployment Benefit - Healthcare Benefits

Plan Description. Under the terms of a Town policy, the Town administers a single-employer defined Healthcare Benefits Plan (the HCB Plan). This plan provides postemployment healthcare benefits to retirees of the Town who have at least 20 years of creditable service with the town.

TOWN OF MANTEO
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

Town's retirees can purchase coverage for their dependents at the Town group rates. A separate report was not issued for the plan.

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

	General Employees	Law Enforcement Employees
Retirees and dependents receiving benefits	0	0
Terminated plan members entitled to but not yet receiving benefits	0	0
Active plan members	<u>22</u>	<u>7</u>
Total	<u>22</u>	<u>7</u>

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

The current ARC rate is 9.70% of annual covered payroll. For the current year, the Town contributed \$ 6,000 or .037% of annual covered payroll. The Town obtains healthcare coverage through private insurers. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .39% and 0% of covered payroll respectively. Employees contributed \$ 6,000. The Town's obligation to contribute to the HCB Plan is established and may be amended by Town Council.

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

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

Employer annual required contribution	\$ 155,753
Interest on net OPEB obligation	21,050
Adjustment to annual required contribution	<u>(20,110)</u>
Annual OPEB cost (expense)	156,693
Employer contributions made for fiscal year ended 6/30/15	<u>(6,500)</u>
Increase in net OPEB obligation	150,193
Net OPEB obligation beginning of fiscal year	<u>526,260</u>
Net OPEB obligation end of fiscal year	<u>\$ 676,453</u>

TOWN OF MANTEO
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/13	\$ 137,198	3.26%	\$ 394,393
6/30/14	\$ 137,436	4.05%	\$ 526,260
6/30/15	\$ 156,693	4.15%	\$ 676,453

Funding Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$ 1,510,253. The covered payroll (annual payroll of active employees covered by the plan) was \$ 1,640,841, and the ratio of the UAAL to the covered payroll was 92.0%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

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

2. Other Employment Benefit

The Town has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$ 25,000. Because all

TOWN OF MANTEO
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial. For the fiscal year ended June 30, 2014 the Town made contributions to the State for death benefits of \$ 0. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll respectively. Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established. The period of reprieve is determined separately for law enforcement officers. The Town will have a three year reprieve because it has been contributing more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

3. Deferred Outflows and Inflows of Resources

The Town has the following deferred outflows of resources at June 30, 2015:

Contributions to pension plan in current fiscal year	\$ 117,536
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The Town has the following deferred inflows of resources at June 30, 2015:

Taxes receivable (General Fund)	\$ 37,901
Prepaid rents	\$ 440
Pension deferrals	\$ 342,608

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 two 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 and property coverage up to the total insured values of the property policy, and workers' compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

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

The Town carries flood insurance through the National Flood Insurance Plan (NFIP). Because the town is in an area designated an "AE" area (a special flood hazard area) by the Federal Emergency Management Agency, the town is eligible to purchase coverage of \$ 500,000 per structure through the NFIP and has done so for its town hall building.

TOWN OF MANTEO
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

The Town carries a bond on its finance officer for \$ 50,000 and employee dishonesty insurance with a \$ 10,000 limit per occurrence.

5. Long Term Obligations – Changes in Long-Term Liabilities

General Fund and Water and Sewer Fund – Installment Financing Contract

The Town executed a three year installment financing contract in February, 2014 in the amount of \$ 278,334, for the purchase of an excavation equipped vehicle to be shared between the public works and water and sewer departments. The financing agreement requires three annual payments of \$ 95,782 including interest at 1.61%.

Water and Sewer Fund – North Carolina Water Pollution Control Revolving Fund

On November 30, 2007 the Town executed a note payable to the State of North Carolina for \$ 733,280. The note proceeds were used to construct the Bowser town lift station. The terms of the note require 20 annual principal payments of \$ 36,664 on May 1 plus semi-annual interest payments of 2.265% on May 1 and November 1 calculated on the unpaid principal balance.

Water and Sewer Fund – General Obligation Indebtedness

The Town's general obligation bonds issued to finance the construction of facilities used in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the town. Principal and interest requirements are appropriated when due. Bonds payable at June 30, 2014 are comprised of the following issues:

\$ 785,000 Water and Sewer bonds issued March 9, 1981 at 5% interest due in increasing annual principal installments through June 30, 2019.

A summary of changes in long-term debt follows:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Increase</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Current</u> <u>portion of</u> <u>balance</u>
Governmental activities:					
By type of debt:					
Compensated absences	\$ 71,141	\$ 7,122	\$ -	\$ 78,263	\$ 19,566
Net pension obligation (LGERS)	219,681	-	219,681	-	-
Net OPEB obligation	388,445	112,645	-	501,090	-
Capital leases	139,167	-	45,650	93,517	46,385
Governmental Activity Long-Term Liabilities	\$ 818,434	\$ 119,767	\$ 265,331	\$ 672,870	\$ 65,951
Business-type activities:					
Compensated absences	\$ 28,265	\$ -	\$ 908	\$ 27,357	\$ 6,839
Net OPEB obligation	137,815	37,548	-	175,363	-
Net pension obligation (LGERS)	73,227	-	73,227	-	-
GO Bonds	168,000	-	34,000	134,000	34,000
NC Revolving Loan	513,295	-	36,664	476,631	36,664
Capital leases	139,167	-	45,650	93,517	46,385
Business-type Activity Long-Term Liabilities	\$ 1,059,769	\$ 37,548	\$ 190,449	\$ 906,868	\$ 123,888

TOWN OF MANTEO
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

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

A summary of future debt-service obligations is as follows:

	<u>Principal</u>	<u>Interest</u>
Governmental activities:		
2016	46,385	1,505
2017	47,132	759
Total	<u>\$ 93,517</u>	<u>\$ 2,264</u>

Business-type activities:		
2016	117,049	17,496
2017	117,796	15,725
2018	70,664	12,434
2019	68,664	9,904
2020	36,664	7,474
2021-2025	183,320	24,915
2026-2028	109,991	4,984
Total	<u>\$ 704,148</u>	<u>\$ 92,932</u>

C. Inter-fund Balances and Activity

The water/sewer fund repaid \$ 108,000 to the general fund for cash temporarily advanced due to cash flow shortages resulting from a delay in the reimbursement of grant funds from Hurricane Irene.

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

From the General Fund to the Dock Fund	\$ 145,467
From the General Fund to the Pension Trust Fund	\$ 8,000

D. Fund Balance

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

Total fund balance – General Fund	\$ 4,346,480
Less:	
Prepaid expenses	\$ 1,842
Stabilization by State Statute	459,713
Appropriated fund balance in FY 16 budget	204,866
Streets – Powell Bill	11,361
Working capital/fund balance policy	<u>2,803,515</u>
Total reductions	<u>\$ 3,481,297</u>
Remaining Fund Balance	<u>\$ 865,183</u>

TOWN OF MANTEO
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

The Town has a minimum fund balance policy which requires a minimum balance of 75% of the previous fiscal year's general fund expenditures which is \$ 2,803,515.

Outstanding encumbrances at year-end are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. Encumbrances at June 30, 2015, were \$ 89,989 in the general fund and \$ 0 in the water and sewer fund.

IV. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

Water Purchase Contract

A water purchase contract was executed with Dare County in February, 2012 for a period of 15 years to adjust the wholesale cost of water purchased to be the same as other municipalities in Dare County. The increase in wholesale water rates will be phased in over a three year period. The water rate can be adjusted annually with the increase or decrease in rates to be based on a demonstrable increase or decrease in costs. For the year ended June 30, 2015 the Town purchased water at a rate of \$ 1.710 per thousand gallons for a total cost of \$ 137,773.

Municipal Waste Management Agreement

On December 23, 1993, the Town entered into a Municipal Waste Management Agreement with Dare County, a member of the Albemarle Regional Solid Waste Authority, for disposal of solid waste. The contract extends for twenty years. Charges are based on the Town's actual tonnage of solid waste; the rate in effect for the year ended June 30, 2015 was \$ 73.15 per ton.

V. Change in Accounting Principles/Restatement

The Town implemented Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions* (an amendment of GASB Statement 27), in the fiscal year ending June 30, 2015. The implementation of the statement required the Town to record beginning net pension liability and the effects on net position of contributions made by the Town during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$ 136,448 and \$ 45,483, respectively.

VI. Subsequent Events

Management has evaluated subsequent events through November 15, 2015, the date on which the financial statements were available to be issued.

TOWN OF MANTEO, NORTH CAROLINA

Law Enforcement Officers' Special Separation Allowance

Required Supplementary Information

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued		Funded Ratio (a/b)	Covered Payroll c	UAAL as a % of Covered Payroll ((b-a)/c)
		Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)			
12/31/07	\$ -	\$ 105,530	\$ 105,530	0.00%	288,065	36.63%
12/31/08	-	49,062	49,062	0.00%	296,480	16.55%
12/31/09	-	59,256	59,256	0.00%	317,407	18.67%
12/31/10	-	48,472	48,472	0.00%	325,207	14.90%
12/31/11	-	44,660	44,660	0.00%	336,083	13.29%
12/31/12	-	48,903	48,903	0.00%	322,358	15.17%
12/31/13	111,380	58,683	(52,697)	189.80%	348,197	-15.13%
12/31/14	111,400	78,060	(33,340)	142.71%	399,112	-8.35%

TOWN OF MANTEO, NORTH CAROLINA

Law Enforcement Officers' Special Separation Allowance

Required Supplementary Information

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	\$ 10,897	88.36%
2009	\$ 10,897	88.36%
2010	\$ 5,668	169.88%
2011	\$ 7,509	128.24%
2012	\$ 6,884	139.88%
2013	\$ 6,986	1487.33%
2014	\$ 7,379	100.00%
2015	\$ 551	1451.91%

Notes to the Required Schedules:

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

Valuation date	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25-7.85%
*Includes inflation at	3.00%
Cost of living adjustments	N/A

TOWN OF MANTEO, NORTH CAROLINA

Other Postemployment Benefits

Required Supplementary Information

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued		Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll c	UAAL as a % of Covered Payroll ((b-a)/c)		
		-Projected Unit Credit (b)	Liability (AAL)						
								AAL	Covered
12/31/08	-	\$ 504,026	\$ 504,026	0.00%	\$ 1,349,404	37.40%			
12/31/11	-	1,179,345	1,179,345	0.00%	1,409,575	83.70%			
12/31/14	-	1,510,253	1,510,253	0.00%	1,640,841	92.00%			

TOWN OF MANTEO, NORTH CAROLINA

Other Postemployment Benefits

Required Supplementary Information

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2010	\$ 62,354	0.00%
2011	62,354	0.00%
2012	136,731	0.00%
2013	136,731	3.27%
2014	136,731	4.07%
2015	155,753	4.20%

Notes to the Required Schedules:

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

Valuation date	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level Percent of Pay, Open
Remaining amortization period	30 years
Amortization Factor	26.1695
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical Trend Assumptions	
Pre-Medicare Trend Rate	7.5% - 5.00%
Post-Medicare Trend Rate	5.50%-5.00%
Year of Ultimate Trend Rate	2,020
*Includes inflation at	3.00%

TOWN OF MANTEO, NORTH CAROLINA

Town of Manteo's Proportionate Share of Net Pension Liability (Asset)

Required Supplementary Information

Last Two Fiscal Years*

Local Governmental Employees' Retirement System

	<u>2015</u>	<u>2014</u>
Town of Manteo's proportion of the net pension liability (asset) (%)	0.02500%	0.02400%
Town of Manteo's proportion of the net pension liability (asset) (\$)	\$ (147,319)	\$ 292,908
Town of Manteo's covered-employee payroll	\$ 1,559,730	\$ 1,489,789
Town of Manteo's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-9.45%	19.66%
Plan fiduciary net position as a percentage of the total pension liability	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

TOWN OF MANTEO, NORTH CAROLINA

Town of Manteo's Contributions Required Supplementary Information Last Two Fiscal Years*

Local Governmental Employees' Retirement System

	<u>2015</u>	<u>2014</u>
Contractually required contribution	117,536	113,058
Contributions in relation to the contractually required contribution	<u>117,536</u>	<u>113,058</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Town of Manteo's covered-employee payroll	\$ 1,611,154	\$ 1,559,730
Contributions as a percentage of covered-employee payroll	7.30%	7.25%

TOWN OF MANTEO, NORTH CAROLINA

Schedule 1

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN

FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2015

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

	2015		Variance Favorable (Unfavorable)	2014
	Budget	Actual		Actual
<u>REVENUES</u>				
<u>AD VALOREM TAXES:</u>				
Current year ad valorem	\$ 1,867,000	\$ 1,904,208	\$ 37,208	\$ 1,851,588
Prior year ad valorem	6,500	9,111	2,611	6,645
Motor vehicle taxes	47,000	57,089	10,089	59,173
Late list to BOE, penalties to NC	(2,100)	(2,377)	(277)	(1,533)
Penalties and interest	3,500	3,543	43	4,852
	<u>1,921,900</u>	<u>1,971,574</u>	<u>49,674</u>	<u>1,920,725</u>
<u>OTHER TAXES AND LICENSES:</u>				
Local option sales tax	500,000	576,485	76,485	537,525
Privilege licenses	10,000	10,004	4	19,735
Occupancy tax	560,000	636,397	76,397	610,398
Land transfer tax	115,000	160,933	45,933	130,512
	<u>1,185,000</u>	<u>1,383,819</u>	<u>198,819</u>	<u>1,298,170</u>
<u>UNRESTRICTED INTERGOVERNMENTAL REVENUES:</u>				
ABC Revenue	48,000	53,298	5,298	48,800
franchise tax	162,000	235,823	73,823	177,024
Peg channel revenue	80,000	58,452	(21,548)	63,568
Solid waste tax	850	956	106	830
Beer and wine tax	4,600	7,183	2,583	6,474
	<u>295,450</u>	<u>355,712</u>	<u>60,262</u>	<u>296,696</u>
<u>RESTRICTED INTERGOVERNMENTAL REVENUES:</u>				
State and Federal:				
Powell Bill allocation	33,000	34,291	1,291	33,836
NCDENR-Dredging	-	4,623	4,623	60,000
Controlled substance reimbursement	100	-	(100)	23
Local:				
Government Access Channel	10,000	12,321	2,321	3,575
DCTB-Cycle NC	6,000	3,000	(3,000)	-
DCTB-Fireworks	9,250	7,937	(1,313)	9,250
	<u>58,350</u>	<u>62,172</u>	<u>3,822</u>	<u>106,684</u>

TOWN OF MANTEO, NORTH CAROLINA

Schedule 1

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN

FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2015

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

	2015		Variance Favorable (Unfavorable)	2014
	Budget	Actual		Actual
PERMITS AND FEES:				
Building permits and review fees	17,500	38,094	20,594	22,760
	<u>17,500</u>	<u>38,094</u>	<u>20,594</u>	<u>22,760</u>
SALES AND SERVICES:				
Court costs	600	885	285	524
Violations	2,000	1,600	(400)	2,695
	<u>2,600</u>	<u>2,485</u>	<u>(115)</u>	<u>3,219</u>
INVESTMENT EARNINGS	<u>3,000</u>	<u>2,956</u>	<u>(44)</u>	<u>3,054</u>
OTHER REVENUES:				
Rents	9,000	8,960	(40)	10,265
Vendor fees	6,500	4,800	(1,700)	7,110
Cable franchise fee	6,000	8,055	2,055	6,722
Sales of fixed assets and dumpsters	8,000	12,749	4,749	19,193
Contribution	700	1,250	550	1,000
Miscellaneous	26,478	13,091	(13,387)	28,001
	<u>56,678</u>	<u>48,905</u>	<u>(7,773)</u>	<u>72,291</u>
TOTAL REVENUES	\$ 3,540,478	\$ 3,865,717	\$ 325,239	\$ 3,723,599
 EXPENDITURES				
GENERAL GOVERNMENT:				
Governing body:				
Salaries		\$ 46,800		\$ 46,100
Fringe benefits		4,080		4,026
BOC Discretionary fund		7,075		7,717
Travel		1,671		4,142
Advertising		2,863		2,401
Contributions		3,700		150
Government access programming		1,014		1,000
Student laptop program		7,092		-
Government Access Channel grant		12,321		3,575
Information technology		11,707		6,065
Fax line reimbursement		276		288
DCTB Cycle NC grant		3,000		-
	<u>114,950</u>	<u>101,599</u>	<u>13,351</u>	<u>75,464</u>
Planning Board:				
Salaries		9,000		9,000
Fringe benefits		1,189		1,189
Board of adjustment fees		-		108
Miscellaneous		-		629
	<u>12,600</u>	<u>10,189</u>	<u>2,411</u>	<u>10,926</u>

TOWN OF MANTEO, NORTH CAROLINA

Schedule 1

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN

FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2015

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

	2015		Variance Favorable (Unfavorable)	2014
	Budget	Actual		Actual
Public Buildings:				
Telephone and postage		17,672		21,320
Utilities		21,878		22,202
Dues and subscriptions		47		-
Maintenance and repairs		21,307		20,815
Contracted services		3,940		5,622
Information technology		7,018		208
Supplies		3,339		3,121
Copier lease		2,144		520
Debt service		-		20,479
Skateboard Park		1,027		720
Playground equipment		59,893		-
Office rent		4,000		-
C/O-Town Hall		243,376		-
Capital outlay-land		-		56,487
Pirate's Cove dredging project		20,188		92,000
	<u>677,525</u>	<u>405,829</u>	<u>271,696</u>	<u>243,494</u>
Administration:				
Salaries		223,200		201,936
Fringe benefits		79,299		75,499
Professional services		1,339		1,613
Legal fees		25,861		32,506
Recodification and minute restoration		2,763		6,618
Election		-		2,799
Travel and training		8,774		8,746
Advertising		2,671		7,914
Public relations supplies		11,742		13,661
Vehicle supplies		276		1,002
Department supplies		3,287		3,455
Maintenance and repair		529		172
Dues and subscriptions		6,292		5,631
Insurance and bonds		21,929		21,427
Audit contract		14,820		5,875
Information technology		6,714		17,550
Software maintenance		5,760		2,548
Wellness program		268		1,733
PEG Channel to Dare County		58,452		63,568
OSHA compliance		740		1,282
Ordinance fine remittance to BOE		1,600		2,695
	<u>558,617</u>	<u>476,316</u>	<u>82,301</u>	<u>478,230</u>

TOWN OF MANTEO, NORTH CAROLINA

Schedule 1

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015
With Comparative Actual Amounts for the Year Ended June 30, 2014**

	2015		Variance Favorable (Unfavorable)	2014
	Budget	Actual		Actual
Finance:				
Salaries		99,984		97,975
Fringe benefits		47,085		42,990
Dare County for tax collections		30,192		29,687
Travel & training		2,340		2,871
Maintenance and repair		-		1,314
Information technology		1,285		255
Bank fees		1,884		2,676
Professional services		2,870		2,976
Supplies		3,209		3,885
Dues and subscriptions		226		305
	<u>211,908</u>	<u>189,075</u>	<u>22,833</u>	<u>184,934</u>
Planning Department:				
Salaries		65,637		114,422
Fringe benefits		26,996		44,158
Professional services		9,336		2,122
Maintenance and repairs		131		263
Advertising		68		188
Auto supplies		238		1,415
Travel and training		2,408		1,661
Supplies		1,540		2,409
Information technology		-		912
Dues and subscriptions		363		343
Permits and fees		-		(200)
Stormwater improvements		-		3,540
Long range planning study		-		596
Bulb out improvements		32,103		-
20 year plan implementation		13,025		15,778
Capital outlay		30,763		-
	<u>300,205</u>	<u>182,608</u>	<u>117,597</u>	<u>187,607</u>

TOWN OF MANTEO, NORTH CAROLINA

Schedule 1

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN

FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2015

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

	2015		Variance Favorable (Unfavorable)	2014
	Budget	Actual		Actual
Cultural Projects:				
Special event Chairman		1,292		1,292
Christmas		10,681		11,793
Dare Days		5,000		5,000
Farmer's Market		1,454		1,420
First Friday, Terrific Tuesday		4,800		2,400
Special events		1,686		2,817
July 4th		35,988		25,688
Total Cultural and Recreational	71,300	60,901	10,399	50,410
TOTAL GENERAL GOVERNMENT	1,947,105	1,426,517	520,588	1,231,065
PUBLIC SAFETY:				
Police Department:				
Salaries		414,358		371,386
Fringe benefits		224,716		187,531
Separation allowance		8,000		7,379
Advertising		497		1,249
Travel and training		3,654		4,366
Maintenance and repair		14,548		15,649
Telephone and postage		14,639		12,451
Auto supplies		20,610		19,079
Department supplies		19,600		13,405
Copier lease		1,932		2,417
Contracted services		2,674		864
Information technology		11,461		22,747
Community policing		5,362		2,205
Uniforms		7,211		7,723
Dues and subscriptions		457		200
Medical		887		799
Firing range		1,000		1,000
K-9 expenses		3,035		12,159
Office rent		4,000		-
Capital outlay		29,338		58,680
	845,804	787,979	57,825	741,289
Fire Department:				
Contracted services	239,000	239,000	-	236,000
	239,000	239,000	-	236,000
TOTAL PUBLIC SAFETY	1,084,804	1,026,979	57,825	977,289

TOWN OF MANTEO, NORTH CAROLINA

Schedule 1

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN

FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2015

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

	2015		Variance Favorable (Unfavorable)	2014
	Budget	Actual		Actual
TRANSPORTATION AND ENVIRONMENTAL PROTECTION:				
Streets and Sanitation:				
Salaries		291,554		274,306
Fringe benefits		144,111		124,443
Uniforms		9,907		6,430
Utilities		33,508		35,805
Contracted services		9,793		22,072
Information technology		171		2,207
Maintenance and repair		50,406		42,237
Repair and maintenance-streets		22,306		7,682
Repair and maintenance-docks/parks		6,055		8,954
Auto supplies		27,802		29,768
Telephone and postage		3,067		3,399
Travel and training		3,443		5,122
Medical services		-		790
Purchase for resale		7,977		2,721
Dues and subscription		214		209
Supplies		14,685		15,109
Garbage disposal		148,444		140,788
Debt service		47,891		-
Capital Outlay		66,209		169,504
	<u>920,844</u>	<u>887,543</u>	<u>33,301</u>	<u>891,546</u>
Powell Bill:				
Professional services		12,074		12,074
Maintenance and repairs		11,860		11,860
	<u>171,000</u>	<u>165,679</u>	<u>5,321</u>	<u>23,934</u>
Stormwater:				
Construction and engineering		85,835		168,470
	<u>195,000</u>	<u>85,835</u>	<u>109,165</u>	<u>168,470</u>
TOTAL TRANSPORTATION AND ENVIRONMENTAL PROTECTION				
	<u>1,286,844</u>	<u>1,139,057</u>	<u>147,787</u>	<u>1,083,950</u>
TOTAL EXPENDITURES	4,318,753	3,592,553	726,200	3,292,304

TOWN OF MANTEO, NORTH CAROLINA

Schedule 1

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN

FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2015

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

	2015		Variance Favorable (Unfavorable)	2014
	Budget	Actual		Actual
REVENUES OVER (UNDER) EXPENDITURES	(778,275)	273,164	1,051,439	431,295
OTHER FINANCING SOURCES (USES):				
Fund balance appropriated	977,998	-	(977,998)	-
Lease purchase proceeds	-	-	-	139,167
Operating transfers:				
To Special Revenue Fund	(199,723)	(145,467)	54,256	(187,552)
	<u>778,275</u>	<u>(145,467)</u>	<u>(923,742)</u>	<u>(48,385)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ -	127,697	\$ 127,697	382,910
FUND BALANCE:				
Beginning of year, July 1		<u>4,218,783</u>		<u>3,835,873</u>
End of year, June 30		<u>\$ 4,346,480</u>		<u>\$ 4,218,783</u>

TOWN OF MANTEO, NORTH CAROLINA
CEMETERY FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015
With Comparative Actual Amounts for the Year Ended June 30, 2014

Schedule 2

	2015		Variance Favorable (Unfavorable)	2014
	Budget	Actual		Actual
<u>REVENUES:</u>				
Internment fees	\$ -	\$ 1,500	\$ 1,500	\$ 1,650
Lot sales	-	7,000	7,000	6,000
Interest income	-	312	312	316
	<u>-</u>	<u>8,812</u>	<u>8,812</u>	<u>7,966</u>
<u>EXPENDITURES:</u>				
Cemetery operations	6,300	1,051	5,249	97
	<u>6,300</u>	<u>1,051</u>	<u>5,249</u>	<u>97</u>
<u>REVENUES OVER EXPENDITURES</u>	<u>(6,300)</u>	<u>7,761</u>	<u>14,061</u>	<u>7,869</u>
<u>OTHER FINANCING SOURCES</u>				
<u>(USES):</u>				
Transfer from (to) General Fund	6,300	-	(6,300)	2,250
	<u>6,300</u>	<u>-</u>	<u>(6,300)</u>	<u>2,250</u>
<u>EXCESS OF REVENUES AND</u>				
<u>OTHER SOURCES (USES)</u>				
<u>OVER EXPENDITURES</u>	<u>\$ -</u>	<u>7,761</u>	<u>\$ 7,761</u>	<u>10,119</u>
<u>FUND BALANCE:</u>				
Beginning of year, July 1		<u>415,423</u>		<u>405,304</u>
End of year, June 30		<u>\$ 423,184</u>		<u>\$ 415,423</u>

TOWN OF MANTEO, NORTH CAROLINA

Schedule 3

DOCK AND MUSEUM FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2015

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

	2015		Variance Favorable (Unfavorable)	2014
	Budget	Actual		Actual
REVENUES:				
Dock rent	\$ 180,000	\$ 195,825	\$ 15,825	\$ 176,307
Wedding administration	9,000	4,500	(4,500)	6,800
Contributions	1,000	1,100	100	-
Tuition and events income	14,600	10,379	(4,221)	10,121
Miscellaneous	2,500	-	(2,500)	1,475
DCTB grant - Net Shed/Video	-	-	-	8,083
Interest income	-	-	-	-
	<u>207,100</u>	<u>211,804</u>	<u>4,704</u>	<u>202,786</u>
EXPENDITURES:				
DOCK				
Salaries		63,716		58,563
Fringe benefits		23,190		20,954
Professional services		675		3,072
Audit		1,880		5,875
Uniforms		727		607
Supplies		5,323		6,628
Telephone and postage		3,314		3,270
Utilities		48,832		39,769
Repair and maintance		27,139		24,232
Advertising		10,015		9,809
Information tehnology		6,027		24,074
Travel and training		328		849
Cleaning services		5,376		4,264
Contracted services		5,301		5,196
Insurance		2,144		2,254
Dues and subscriptions		275		-
Waterfront condo fee		5,112		5,112
Bank fees		5,452		3,954
	<u>249,359</u>	<u>214,826</u>	<u>34,533</u>	<u>218,482</u>
MUSEUM				
Salaries		59,053		55,596
Fringe benefits		30,520		26,045
Sailing instructors		8,576		8,543
Uniforms		790		799
Supplies		7,110		6,596
Events		3,220		2,493
Utilities		5,432		7,119
Advertising		1,498		977
Telephone and postage		2,555		336
Repair and maintance		15,678		20,979
Information tehnology		465		297
Travel and training		2,356		1,710
Contracted services		2,698		2,980
Insurance		2,144		2,254

TOWN OF MANTEO, NORTH CAROLINA

Schedule 3

DOCK AND MUSEUM FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2015

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

	2015			2014
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Dues and subscriptions		350		370
Net shed/video project		-		16,612
Capital outlay		-		20,000
	<u>156,739</u>	<u>142,445</u>	<u>14,294</u>	<u>173,706</u>
<u>TOTAL EXPENDITURES</u>	<u>406,098</u>	<u>357,271</u>	<u>48,827</u>	<u>392,188</u>
<u>REVENUE OVER (UNDER) EXPENDITURES</u>	(198,998)	(145,467)	53,531	(189,402)
<u>OTHER FINANCING SOURCES</u>				
Transfer From General Fund	190,423	145,467	(44,956)	185,302
Fund Balance Appropriated	<u>8,575</u>	<u>-</u>	<u>(8,575)</u>	<u>-</u>
<u>TOTAL OTHER FINANCING SOURCES</u>	<u>198,998</u>	<u>145,467</u>	<u>(53,531)</u>	<u>185,302</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,100)</u>
<u>FUND BALANCE:</u>				
Beginning of year, July 1 (restated)		<u>16,435</u>		<u>20,535</u>
End of year, June 30		<u>\$ 16,435</u>		<u>\$ 16,435</u>

TOWN OF MANTEO, NORTH CAROLINA

Schedule 4

WATER AND SEWER FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

For the Year Ended June 30, 2015

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

	2015		Variance Favorable Unfavorable	2014
	Budget	Actual		
REVENUES:				
<u>Operating Revenues:</u>				
Water charges	\$ 850,000	\$ 781,598	\$ (68,402)	\$ 783,865
Sewer charges	950,000	984,192	34,192	982,617
Taps and connections	30,000	107,874	77,874	73,376
Reconnections	6,000	4,100	(1,900)	5,450
Penalties	20,000	20,194	194	22,672
Other revenue	29,025	40,839	11,814	866
	<u>1,885,025</u>	<u>1,938,797</u>	<u>53,772</u>	<u>1,868,846</u>
<u>Non-operating Revenues:</u>				
Rent income	9,600	9,600	-	9,600
Interest income	200	455	255	151
	<u>9,800</u>	<u>10,055</u>	<u>255</u>	<u>9,751</u>
TOTAL REVENUES	<u>1,894,825</u>	<u>1,948,852</u>	<u>54,027</u>	<u>1,878,597</u>
EXPENDITURES:				
<u>WATER:</u>				
Administration:				
Salaries		50,854		49,973
Fringe benefits		21,657		20,688
Audit		3,650		5,875
Contracted services		-		986
Postage		2,482		2,062
Travel and training		405		1,740
Department supplies		506		142
Software maintenance		3,727		2,036
Information technology		1,212		1,126
Bad debts		-		465
	<u>93,974</u>	<u>84,493</u>	<u>9,481</u>	<u>85,093</u>
<u>WATER:</u>				
Operations:				
Salaries		155,240		144,114
Fringe benefits		76,593		69,895
Professional fees		-		13
Dues and subscriptions		248		130
Printing		825		444
Advertising		60		122
Permits and fines		1,720		360
Repairs and maintenance-equipment		2,657		2,641
Repairs and maintenance-lines		32,010		31,840
Telephone and postage		3,776		5,502
Auto supplies		4,722		4,053
Plant supplies		15,181		17,528
Travel and training		1,073		755
Information technology		852		215
Insurance and bonds		14,206		14,628
Lab tests		24,536		22,190
Bulk water		137,773		120,816
Uniforms		4,841		3,444

TOWN OF MANTEO, NORTH CAROLINA

Schedule 4

WATER AND SEWER FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

For the Year Ended June 30, 2015

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

	2015		Variance Favorable Unfavorable	2014
	Budget	Actual		
Copier lease		968		1,582
Contracted services		155		205
Meter installation		6,994		31,636
Capital outlay		26,803		73,180
	<u>566,235</u>	<u>511,233</u>	<u>55,002</u>	<u>545,293</u>
<u>Total Water</u>	<u>660,209</u>	<u>595,726</u>	<u>64,483</u>	<u>630,386</u>
SEWER:				
Administration:				
Salaries		50,854		49,973
Fringe benefits		21,657		20,688
Audit		3,650		5,875
Contracted services		-		986
Postage		2,482		2,062
Travel and training		405		1,740
Department supplies		506		142
Software maintenance		3,727		2,036
Information technology		1,212		1,126
Bad debts		-		465
	<u>93,974</u>	<u>84,493</u>	<u>9,481</u>	<u>85,093</u>
SEWER:				
Operations:				
Salaries		148,222		148,117
Fringe benefits		75,782		67,017
Professional fees		-		233
Dues and subscriptions		478		-
Advertising		-		122
Utilities		47,521		44,859
Repairs and maintenance-equipment		19,717		8,286
Repairs and maintenance - plant		63,605		78,310
Repairs and maintenance - collection system		67,816		69,821
Repairs and maintenance-lines		19,518		20,866
Telephone and postage		8,972		11,286
Auto supplies		4,541		4,053
Plant supplies		25,216		16,171
Chemicals		61,103		59,645
Contracted services-sludge removal		70,773		83,658
Travel and training		1,398		1,134
Insurance and bonds		14,206		14,628
Lab tests		24,536		22,192
Uniforms		6,904		3,107
Permits, fees and fines		3,370		5,090
Information technology		842		25
Copier lease		1,045		1,582
Hurricane Irene grant write off		-		27,176
Capital outlay		71,972		162,389
	<u>921,981</u>	<u>737,537</u>	<u>184,444</u>	<u>849,767</u>
<u>Total Sewer</u>	<u>1,015,955</u>	<u>822,030</u>	<u>193,925</u>	<u>934,860</u>
TOTAL EXPENDITURES	\$ 1,676,164	\$ 1,417,756	\$ 258,408	\$ 1,565,246

TOWN OF MANTEO, NORTH CAROLINA

Schedule 4

WATER AND SEWER FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

For the Year Ended June 30, 2015

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

	2015		Variance Favorable Unfavorable	2014
	Budget	Actual		
REVENUES UNDER EXPENDITURES	<u>218,661</u>	<u>531,096</u>	<u>312,435</u>	<u>313,351</u>
OTHER FINANCING SOURCES (USES):				
Lease purchase proceeds	-	-	-	139,167
Debt principal	(271,232)	(116,314)	154,918	(70,664)
Debt interest	(25,000)	(22,267)	2,733	(22,557)
Loan payment to general fund	(108,000)	(108,000)	-	-
Fund balance appropriated	185,571	-	(185,571)	-
	<u>(218,661)</u>	<u>(246,581)</u>	<u>(27,920)</u>	<u>45,946</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>\$ 284,515</u>	<u>\$ 284,515</u>	<u>\$ 359,297</u>

Reconciliation of modified accrual basis to full accrual basis:

Revenues over expenditures	\$ 284,515	\$ 359,297
Principal retirement	224,314	70,664
Loan proceeds	-	(139,167)
Capital outlay	121,487	231,996
Depreciation	(299,796)	(268,528)
(Increase) in net OPEB obligation	(37,548)	(31,903)
(Increase) decrease in compensated absences	908	2,261
Deferred outflows of resources for contributions to pension plan in current fiscal year	29,384	-
Pension expense	(3,339)	-
Change In Net Assets	<u>\$ 319,925</u>	<u>\$ 224,620</u>

TOWN OF MANTEO, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2015

Schedule 5

Fiscal Year	Uncollected Balance June 30, 2014	Additions	Releases/ Adjustments	Collections and Credits	Uncollected Balance June 30, 2015
2013-2014	\$ -	\$ 1,980,732	\$ (3,190)	\$ 1,960,096	17,446
2013-2014	15,012	-	(2)	9,682	5,328
2012-2013	3,223	-	-	485	2,738
2011-2012	6,482	-	-	33	6,449
2010-2011	2,447	-	-	19	2,428
2009-2010	624	-	-	27	597
2008-2009	614	-	-	57	557
2007-2008	715	-	-	-	715
2006-2007	771	-	-	-	771
2005-2006	884	-	-	12	872
2004-2005	464	-	(464)	-	-
2003-2004	-	-	-	-	-
	\$ 31,236	\$ 1,980,732	\$ (3,656)	\$ 1,970,411	\$ 37,901

Reconciliation with revenues:

Ad valorem taxes - general fund (Statement 1)	\$ 1,971,574
Current year taxes written off	\$ 3
Less penalties and interest	(3,543)
Penalties to Board of Education/State	2,377
	\$ 1,970,411

TOWN OF MANTEO, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
June 30, 2015

Schedule 6

	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original levy: Property taxed at current year's rate	\$ 549,174,444	0.360	\$ 1,977,028	\$ 1,921,094	\$ 55,934
Pickups	\$ 376,111	0.360	1,354	1,354	-
Abatements	(886,111)	0.360	(3,190)	(3,190)	-
Late list penalties	-		2,350	2,350	-
Total property valuation	<u>\$ 548,664,444</u>				
Net levy			<u>1,977,542</u>	<u>1,921,608</u>	<u>55,934</u>
Uncollected taxes at June 30, 2015			<u>17,446</u>	<u>17,398</u>	<u>48</u>
Current year's taxes collected			<u>\$ 1,960,096</u>	<u>\$ 1,904,210</u>	<u>\$ 55,886</u>
Current levy collection percentage			<u>99.12%</u>	<u>99.09%</u>	<u>99.91%</u>