

**FINANCIAL STATEMENTS**  
**TOWN OF WARRENTON**  
**WARRENTON, NORTH CAROLINA**  
**JUNE 30, 2017**

BOARD OF COMMISSIONERS

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Mary Hunter - Mayor Pro Tem

Frank Holt

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ADMINISTRATIVE AND FINANCIAL STAFF

Meredith Valentine - Finance Director

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JUNE 30, 2017

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**Independent Auditor's Report**

To the Honorable Mayor  
 And Board of Commissioners  
 Town of Warrenton, North Carolina

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund and the aggregate remaining fund information of the Town of Warrenton, North Carolina, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Warrenton's basic financial statements as listed in the table of contents.

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

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

**Auditors' Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund and the aggregate remaining fund information of the Town of Warrenton, North Carolina as of June 30, 2017, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the

Management's Discussion and Analysis on pages 7 through 16, the Local Government Employees' Retirement System's Schedule of the Proportionate Share of the Net Pension Asset and Contributions, on pages 53 and 54, respectively, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 55 and 56 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary and Other Information*

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

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

*Petway Mills & Pearson, PA*

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PETWAY MILLS & PEARSON, PA  
Certified Public Accountants  
Zebulon, North Carolina

November 29, 2017

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Town of Warrenton, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017**

As management of the Town of Warrenton, we offer readers of the Town of Warrenton's financial statements this narrative overview and analysis of the financial activities of the Town of Warrenton for the fiscal year ended June 30, 2017. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

**Financial Highlights**

- The assets of the Town of Warrenton exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$4,613,993 (net position).
- The government's total net position decreased by \$56,169 primarily due to decreases in the governmental activities capital grants and contributions and increases in water and sewer expenses.
- At the close of the current fiscal year, the Town of Warrenton's governmental funds reported combined ending fund balances of \$853,339 with a net change of \$62,702 in fund balance. Approximately 25.41 percent of this total amount, or \$216,834, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$601,406, or 57.77 percent of total general fund expenditures for the fiscal year.

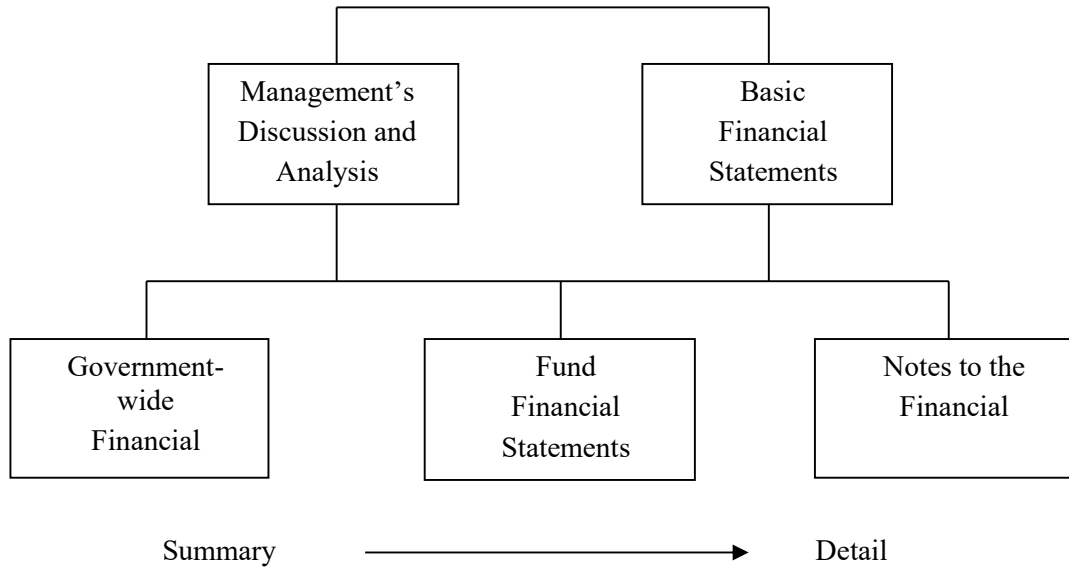
**Overview of the Financial Statements**

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



**Town of Warrenton, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017**

**Required Components of Annual Financial Report  
Figure 1**



**Basic Financial Statements**

The first two statements (Pages 11 and 12) 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 (Pages 13 through 18) 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 three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

**Government-wide Financial Statements**

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

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 assets is one way to gage the Town's financial condition.

**Town of Warrenton, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017**

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

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

### **Fund Financial Statements**

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

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

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

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

**Town of Warrenton, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017**

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 29 of this report.

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

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

**Government-wide Financial Analysis  
Town of Warrenton's Net Assets**

**Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	6/30/17	6/30/16	6/30/17	6/30/16	6/30/17	6/30/16
Current and other assets	\$ 893,757	\$ 855,425	\$ 801,216	\$ 678,261	\$ 1,694,973	\$ 1,533,686
Capital assets	263,219	192,194	3,262,527	3,531,337	3,525,746	3,723,531
Deferred outflows of resources	210,118	92,129	146,726	69,071	356,844	161,200
Total Assets and Deferred Outflows of Resources	\$ 1,367,094	\$ 1,139,748	\$ 4,210,469	\$ 4,278,669	\$ 5,577,563	\$ 5,418,417
Long-term liabilities outstanding	\$ 394,258	\$ 184,487	\$ 406,479	\$ 352,575	\$ 800,737	\$ 537,062
Other liabilities	8,255	24,669	144,517	120,415	152,772	145,084
Deferred inflows of resources	6,171	12,530	3,890	11,146	10,061	23,676
Total Liabilities and Deferred Inflows of Resources	\$ 408,684	\$ 221,686	\$ 554,886	\$ 484,136	\$ 963,570	\$ 705,822
Net assets:						
Invested in capital assets, net of related debt	\$ 90,595	\$ 55,132	\$ 2,978,788	\$ 3,213,284	\$ 3,069,383	\$ 3,268,416
Restricted	216,834	223,016	-	-	216,834	223,016
Unrestricted	650,981	639,914	676,795	581,249	1,327,776	1,221,163
Total Net Assets	\$ 958,410	\$ 918,062	\$ 3,655,583	\$ 3,794,533	\$ 4,613,993	\$ 4,712,595

**Town of Warrenton, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017**

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Warrenton exceeded liabilities and deferred inflows by \$4,613,993 as of June 30, 2017. The Town's net position decreased by \$56,169 for the fiscal year ended June 30, 2017. However, the largest portion (66.52%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Warrenton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Warrenton's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Warrenton's net position \$216,834 (4.70%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,327,776 is unrestricted. One aspect of the Town's financial operations positively influenced the total unrestricted net position:

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 98.37%. The statewide average in fiscal year 2016 was 98.78%.

**Town of Warrenton, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017**

**Town of Warrenton's Changes in Net Position**

**Figure 3**

	Governmental Activities		Business-type Activities		Total	
	6/30/17	6/30/16	6/30/17	6/30/16	6/30/17	6/30/16
Revenues:						
Program Revenues:						
Charges for services	\$ 164,635	\$ 159,456	\$ 1,748,498	\$ 1,702,631	\$ 1,913,133	\$ 1,862,087
Operating grants and contributions	29,729	30,349	-	-	29,729	30,349
Capital grants and contributions	31,813	137,550	-	-	31,813	137,550
General Revenues:						
Property taxes	460,189	426,926	-	-	460,189	426,926
Other taxes	338,311	320,266	-	-	338,311	320,266
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	39,367	67,154	356	835	39,723	67,989
Total Revenues	<u>\$ 1,064,044</u>	<u>\$ 1,141,701</u>	<u>\$ 1,748,854</u>	<u>\$ 1,703,466</u>	<u>\$ 2,812,898</u>	<u>\$ 2,845,167</u>
Expenses:						
General government	\$ 254,004	\$ 191,871	\$ -	\$ -	\$ 254,004	\$ 191,871
Public safety	453,368	453,632	-	-	453,368	453,632
Transportation	172,609	177,742	-	-	172,609	177,742
Environmental protection	96,146	79,311	-	-	-	79,311
Economic and physical development	-	100,000	-	-	-	-
Interest on long-term debt	5,136	3,828	-	-	5,136	3,828
Water and sewer	-	-	1,887,804	1,799,679	-	1,799,679
Total Expenses	<u>\$ 981,263</u>	<u>\$ 1,006,384</u>	<u>\$ 1,887,804</u>	<u>\$ 1,799,679</u>	<u>\$ 885,117</u>	<u>\$ 2,706,063</u>
Increase in Net Position	\$ 82,781	\$ 135,317	\$ (138,950)	\$ (96,213)	\$ (56,169)	\$ 39,104
Net position, July 1	922,062	786,745	3,794,533	3,890,746	4,716,595	4,677,491
Net position, beginning, restated	(46,433)	-	-	-	(46,433)	-
Net Position, June 30	<u>\$ 958,410</u>	<u>\$ 922,062</u>	<u>\$ 3,655,583</u>	<u>\$ 3,794,533</u>	<u>\$ 4,613,993</u>	<u>\$ 4,716,595</u>

**Governmental Activities.** Governmental activities increased the Town's net position by \$82,781, thereby accounting for 100% of the total growth in the net position of the Town of Warrenton.

**Business-type Activities.** Business-type activities decreased the Town's net position by \$56,169.

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

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

**Town of Warrenton, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017**

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

The general fund is the chief operating fund of the Town of Warrenton. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$601,406, while total fund balance reached \$853,339. The Governing Body of Town of Warrenton has determined that the Town should maintain an available fund balance of 45% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance 57.77 percent of the total General Fund expenditures, while total fund balance represents 81.96% of the same amount.

**General Fund Budgetary Highlights.** During the fiscal year, the Town of Warrenton made budget revisions. 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.

**Proprietary Funds.** The Town of Warrenton's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Wastewater Treatment Fund at the end of the fiscal year amounted to \$(38,696), and those for the Water and Sewer Fund amounted to \$715,491. The total change in net position for both funds was \$(29,462) and \$(109,488), respectively. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Warrenton's business-type activities.

**Capital Asset and Debt Administration**

**Capital assets.** The Town of Warrenton's investment in capital assets for its governmental and business-type activities as of June 30, 2017, totals \$3,525,746 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles.

**Town of Warrenton, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017**

**Town of Warrenton's Capital Assets  
(net of depreciation)**

**Figure 4**

	Governmental Activities		Business-type Activities		Total	
	6/30/17	6/30/16	6/30/17	6/30/16	6/30/17	6/30/16
Land	\$ 29,500	\$ 29,500	\$ 5,250	\$ 5,250	\$ 34,750	\$ 34,750
Buildings and system	1,501	4,136	127,272	131,668	128,773	135,804
Improvements	79,559	86,189	182,530	192,926	262,089	279,115
Water and Sewer Lines	-	-	2,902,984	3,133,789	2,902,984	3,133,789
Machinery and equipment	22,269	5,724	35,244	53,548	57,513	59,272
Vehicles and motorized equipment	70,427	29,095	8,089	14,156	78,516	43,251
Construction in progress	59,963	37,550	1,158	-	61,121	37,550
<b>Total</b>	<b>\$ 263,219</b>	<b>\$ 192,194</b>	<b>\$ 3,262,527</b>	<b>\$ 3,531,337</b>	<b>\$ 3,525,746</b>	<b>\$ 3,723,531</b>

Additional information on the Town's capital assets can be found in Notes to the Basic Financial Statements.

***Long-term Debt.***

As of June 30, 2017, the Town of Warrenton had total debt outstanding of \$456,363. Of this, \$456,363 is debt backed by the full faith and credit of the Town.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the assessed value of taxable property located within that government's boundaries. The legal debt margin of the Town of Warrenton is \$5,401,815.

Additional information regarding the Town of Warrenton's long-term debt can be found in Notes to Basic Financial Statements.

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

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

- Unemployment. Warren County's unemployment rate of 6.4% is above the State average of 4.5%.

**Budget Highlights for the Fiscal Year Ending June 30, 2017**

**Governmental Activities:** Revenues and expenditures are expected to remain comparable with 2016-2017 revenues and expenditures. Property taxes will remain unchanged.

**Business-type Activities:** Revenues and expenditures are expected to remain comparable with 2016-2017 revenues and expenditures.

**Town of Warrenton, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017**

**Requests for Information**

This report is designed to provide an overview of the Town of Warrenton'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 Meredith Valentine, Financial Director, Town of Warrenton, PO Box 281, Warrenton, North Carolina 27589.



## **BASIC FINANCIAL STATEMENTS**

**Town of Warrenton**  
**Statement of Net Position**  
**June 30, 2017**

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 639,007	\$ 500,247	\$ 1,139,254
Restricted cash	30,728	97,555	128,283
Taxes receivables (net)	21,564	-	21,564
Accrued interest receivable	11,841	-	11,841
Prepaid expenses	5,833	-	5,833
Accounts receivable (net) - trade	15,531	195,494	211,025
Due from other governments	104,844	-	104,844
Notes receivable	-	2,412	2,412
Internal balances	64,409	(64,409)	-
Inventories	-	69,917	69,917
Total current assets	<u>893,757</u>	<u>801,216</u>	<u>1,694,973</u>
Noncurrent assets:			
Capital assets:			
Land, non-depreciable improvements, and construction in progress	89,463	5,250	94,713
Other capital assets, net of depreciation	173,756	3,257,277	3,431,033
Total capital assets	<u>263,219</u>	<u>3,262,527</u>	<u>3,525,746</u>
Total assets	<u>1,156,976</u>	<u>4,063,743</u>	<u>5,220,719</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Contributions to pension plan in current fiscal year	54,258	43,021	97,279
Pension deferrals	155,860	103,705	259,565
Total deferred outflows of resources	<u>210,118</u>	<u>146,726</u>	<u>356,844</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable - trade	4,661	23,003	27,664
Accrued payroll	2,352	23,965	26,317
Accrued interest payable	1,242	-	1,242
Deposits held	-	97,549	97,549
Long-term liabilities:			
Due within one year	51,341	37,813	89,154
Net pension liability - LGERS	151,370	101,400	252,770
Total pension liability - LEO	50,058	-	50,058
Due in more than one year	141,489	267,266	408,755
Total liabilities	<u>402,513</u>	<u>550,996</u>	<u>953,509</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	6,171	3,890	10,061
Total deferred inflows of resources	<u>6,171</u>	<u>3,890</u>	<u>10,061</u>
<b>NET POSITION</b>			
Net investment in capital assets	90,595	2,978,788	3,069,383
Restricted for:			
Streets	29,505	-	29,505
Stabilization by State Statute	186,106	-	186,106
USDA	1,223	-	1,223
Cultural and recreation	-	-	-
Unrestricted	650,981	676,795	1,327,776
Total net position	<u>\$ 958,410</u>	<u>\$ 3,655,583</u>	<u>\$ 4,613,993</u>

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

**Town of Warrenton  
Statement of Activities  
For the Year Ended June 30, 2017**

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental Activities:							
General government	\$ 254,004	\$ 4,418	\$ -	\$ -	\$ (249,586)	\$ -	\$ (249,586)
Public safety	453,368	847	-	10,600	(441,921)	-	(441,921)
Transportation	172,609	-	26,821	-	(145,788)	-	(145,788)
Environmental protection	96,146	157,670	-	-	61,524	-	61,524
Economic and physical development	-	1,700	2,908	-	4,608	-	4,608
Cultural and recreation	-	-	-	21,213	21,213	-	21,213
Interest on long-term debt	5,136	-	-	-	(5,136)	-	(5,136)
<b>Total governmental activities</b>	<b>981,263</b>	<b>164,635</b>	<b>29,729</b>	<b>31,813</b>	<b>(755,086)</b>	<b>-</b>	<b>(755,086)</b>
Business-type activities:							
Wastewater treatment	590,414	560,940	-	-	-	(29,474)	(29,474)
Water and sewer	1,297,390	1,187,482	-	-	-	(109,908)	(109,908)
<b>Total business-type activities</b>	<b>1,887,804</b>	<b>1,748,422</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(139,382)</b>	<b>(139,382)</b>
<b>Total primary government</b>	<b>\$ 2,869,067</b>	<b>\$ 1,913,057</b>	<b>\$ 29,729</b>	<b>\$ 31,813</b>	<b>(755,086)</b>	<b>(139,382)</b>	<b>(894,468)</b>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					460,189	-	460,189
Other taxes					338,311	-	338,311
Unrestricted investment earnings					150	432	582
Miscellaneous					43,352	-	43,352
Donated fixed assets					-	-	-
Loss on sale of fixed assets					(4,135)	-	(4,135)
<b>Total general revenues</b>					<b>837,867</b>	<b>432</b>	<b>838,299</b>
Change in net position					82,781	(138,950)	(56,169)
Net position, beginning, as previously reported					922,062	-	922,062
Change in accounting principle					(46,433)	-	(46,433)
Net position, beginning, as restated					875,629	3,794,533	4,670,162
<b>Net position, ending</b>					<b>\$ 958,410</b>	<b>\$ 3,655,583</b>	<b>\$ 4,613,993</b>

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

**Town of Warrenton  
Balance Sheet  
Governmental Funds  
June 30, 2017**

**Exhibit 3**

	<b>Major Funds</b>			<b>Total Non-Major Funds</b>			<b>Total Governmental Funds</b>	
<b>General</b>								
<b>ASSETS</b>								
Cash and cash equivalents	\$	639,007	\$	-	\$	639,007		
Restricted cash		30,728		-		30,728		
Receivables, net:								
Taxes		21,564		-		21,564		
Accounts - trade		15,531		-		15,531		
Prepaid expenses		5,833		-		5,833		
Due from other funds		86,030		-		86,030		
Due from other governments		83,223		21,621		104,844		
Total assets	\$	881,916	\$	21,621	\$	903,537		
<b>LIABILITIES</b>								
Liabilities:								
Accounts payable - trade	\$	4,661	\$	-	\$	4,661		
Accrued payroll		2,352		-		2,352		
Due to other funds		-		21,621		21,621		
Total liabilities		7,013		21,621		28,634		
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Property taxes receivable		21,564		-		21,564		
Total deferred inflows of resources		21,564		-		21,564		
<b>FUND BALANCES</b>								
Fund balances:								
Restricted:								
Stabilization by State Statute		186,106		-		186,106		
USDA		1,223		-		1,223		
Streets		29,505		-		29,505		
Economic and physical development		-		-		-		
Cultural and recreation		-		-		-		
Assigned:								
Subsequent year's expenditures		35,099		-		35,099		
Unassigned		601,406		-		601,406		
Total fund balances		853,339		-		853,339		
Total liabilities, deferred inflows of resources and fund balances	\$	881,916	\$	21,621				

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	263,219
Net pension liability	(151,370)
Total pension liability	(50,058)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	54,258
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current period expenditures and therefore are inflows of resources in the funds.	11,841
Earned revenues considered deferred inflows of resources in fund statements.	21,564
Pension related deferrals	149,689
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.	(194,072)
Net position of governmental activities	\$ 958,410

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

**Town of Warrenton**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2017**

Exhibit 4

	<b>Major Funds</b>		
	<b>General Fund</b>	<b>Total Non-Major Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Ad valorem taxes	\$ 464,069	\$ -	\$ 464,069
Other taxes and licenses	4,076	-	4,076
Unrestricted intergovernmental	338,311	-	338,311
Restricted intergovernmental	26,821	34,721	61,542
Permits and fees	6,172	-	6,172
Sales and services	184,070	-	184,070
Investment earnings	150	-	150
Miscellaneous	14,697	-	14,697
Total revenues	<u>1,038,366</u>	<u>34,721</u>	<u>1,073,087</u>
<b>EXPENDITURES</b>			
General government	193,487	-	193,487
Public safety	464,399	-	464,399
Transportation	181,769	-	181,769
Economic and physical development	-	2,908	2,908
Culture and Recreation	-	-	-
Environmental protection	100,882	-	100,882
Debt service:			
Principal	36,545	-	36,545
Interest and other charges	5,137	-	5,137
Capital Outlay	58,902	41,513	100,415
Total expenditures	<u>1,041,121</u>	<u>44,421</u>	<u>1,085,542</u>
Excess (deficiency) of revenues over expenditures	<u>(2,755)</u>	<u>(9,700)</u>	<u>(12,455)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Insurance proceeds	3,050	-	3,050
Installment purchase proceeds	63,607	8,500	72,107
Total other financing sources (uses)	<u>66,657</u>	<u>8,500</u>	<u>75,157</u>
Net change in fund balance	63,902	(1,200)	62,702
Fund balances, beginning	789,437	1,200	790,637
Fund balances, ending	<u>\$ 853,339</u>	<u>\$ -</u>	<u>\$ 853,339</u>

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

**Town of Warrenton**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2017**

**Exhibit 5**

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

Net changes in fund balances - total governmental funds	\$ 62,702
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period</p>	
Capital outlay expenditures which were capitalized	100,415
Depreciation expense for governmental assets	(25,255)
Loss on sale of fixed asset	(4,135)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	54,258
Benefit payments paid and administrative expense for LEOSSA are not included on the Statement of Activities	-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred revenue for tax revenues	(7,956)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	
Principal payments on long-term debt	36,545
New long-term debt issued	(72,107)
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.	
Pension expense	(59,794)
Compensated absences	(1,892)
Total changes in net position of governmental activities	<u>\$ 82,781</u>

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

**Town of Warrenton  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2017**

	General Fund			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	\$ 431,403	\$ 430,958	\$ 464,069	\$ 33,111
Other taxes and licenses	22,620	28,679	4,076	(24,603)
Unrestricted intergovernmental	240,200	327,832	338,311	10,479
Restricted intergovernmental	27,085	27,249	26,821	(428)
Permits and fees	3,500	3,200	6,172	2,972
Sales and services	196,427	199,490	184,070	(15,420)
Investment earnings	70	70	150	80
Miscellaneous	-	-	14,697	14,697
Total revenues	921,305	1,017,478	1,038,366	20,888
<b>Expenditures:</b>				
General government	181,681	213,884	193,487	20,397
Public safety	482,705	433,679	464,399	(30,720)
Transportation	185,228	251,357	181,769	69,588
Environmental protection	93,504	100,696	100,882	(186)
<b>Debt service:</b>				
Principal retirement	24,673	36,545	36,545	-
Interest and other charges	3,567	3,709	5,137	(1,428)
Capital outlay	-	63,607	58,902	4,705
Total expenditures	971,358	1,103,477	1,041,121	62,356
Revenues over (under) expenditures	(50,053)	(85,999)	(2,755)	83,244
<b>Other financing sources (uses):</b>				
Insurance Proceeds	-	3,050	3,050	-
Installment purchase proceeds	-	63,607	63,607	-
Appropriated fund balance	50,053	19,342	-	(19,342)
Total other financing sources (uses)	50,053	85,999	66,657	(19,342)
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	63,902	<u>\$ 63,902</u>
Fund balances, beginning			789,437	
Fund balances, ending			<u>\$ 853,339</u>	

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

**Town of Warrenton**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**June 30, 2017**

Exhibit 7

	Wastewater Treatment Fund	Water and Sewer Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 5,286	\$ 494,961	\$ 500,247
Restricted cash	-	97,555	97,555
Accounts receivable, net	26,778	168,716	195,494
Notes receivable	-	2,412	2,412
Due from other funds	-	87	87
Inventories	-	69,917	69,917
Total current assets	<u>32,064</u>	<u>833,648</u>	<u>865,712</u>
Noncurrent assets:			
Capital assets:			
Land and other non-depreciable assets	-	5,250	5,250
Other capital assets, net of depreciation	27,834	3,229,443	3,257,277
Capital assets (net)	<u>27,834</u>	<u>3,234,693</u>	<u>3,262,527</u>
Total noncurrent assets	27,834	3,234,693	3,262,527
Total assets	<u>59,898</u>	<u>4,068,341</u>	<u>4,128,239</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Contributions to pension plan in current fiscal year	22,453	20,568	43,021
Pension deferrals	49,196	54,509	103,705
Total deferred outflows of resources	<u>71,649</u>	<u>75,077</u>	<u>146,726</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	(294)	23,297	23,003
Accrued payroll	11,340	12,625	23,965
Due to other funds	64,496	-	64,496
Customer deposits	-	97,549	97,549
Compensated absences - current	10,725	2,719	13,444
Installment purchases - current	-	24,369	24,369
Total current liabilities	<u>86,267</u>	<u>160,559</u>	<u>246,826</u>
Non-current liabilities:			
Compensated absences - non-current	6,299	1,597	7,896
Net pension liability	49,843	51,557	101,400
Installment purchases - non-current	-	259,370	259,370
Total non-current liabilities	<u>56,142</u>	<u>312,524</u>	<u>368,666</u>
Total liabilities	<u>142,409</u>	<u>473,083</u>	<u>615,492</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	-	3,890	3,890
Total deferred inflows of resources	<u>-</u>	<u>3,890</u>	<u>3,890</u>
<b>NET POSITION</b>			
Net investment in capital assets	27,834	2,950,954	2,978,788
Unrestricted	(38,696)	715,491	676,795
Total net position	<u>\$ (10,862)</u>	<u>\$ 3,666,445</u>	<u>\$ 3,655,583</u>

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



**Town of Warrenton**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2017**

**Exhibit 8**

	<b>Wastewater Treatment Fund</b>	<b>Water and Sewer Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 522,906	\$ 1,151,301	\$ 1,674,207
Other operating revenues	38,034	36,181	74,215
<b>Total operating revenues</b>	<u>560,940</u>	<u>1,187,482</u>	<u>1,748,422</u>
<b>OPERATING EXPENSES</b>			
Administration	252,399	264,741	517,140
Water and sewer operations	-	759,588	759,588
Water collection and treatment	333,896	-	333,896
Depreciation	4,119	265,850	269,969
<b>Total operating expenses</b>	<u>590,414</u>	<u>1,290,179</u>	<u>1,880,593</u>
<b>Operating income (loss)</b>	<u>(29,474)</u>	<u>(102,697)</u>	<u>(132,171)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment earnings	12	420	432
Interest and other charges	-	(7,211)	(7,211)
<b>Total non-operating revenue (expenses)</b>	<u>12</u>	<u>(6,791)</u>	<u>(6,779)</u>
<b>Income (loss) before contributions and transfers</b>	<u>(29,462)</u>	<u>(109,488)</u>	<u>(138,950)</u>
Capital contributions	-	-	-
Transfers to/from other funds	-	-	-
<b>Change in net position</b>	<u>(29,462)</u>	<u>(109,488)</u>	<u>(138,950)</u>
<b>Total net position, beginning</b>	<u>18,600</u>	<u>3,775,933</u>	<u>3,794,533</u>
<b>Total net position, ending</b>	<u>\$ (10,862)</u>	<u>\$ 3,666,445</u>	<u>\$ 3,655,583</u>

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

**Town of Warrenton**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2017**

**Exhibit 9**

	<b>Wastewater Treatment Fund</b>	<b>Water and Sewer Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 574,123	\$ 1,107,186	\$ 1,681,309
Cash paid for goods and services	(373,493)	(771,383)	(1,144,876)
Cash paid to or on behalf of employees for services	(209,348)	(243,374)	(452,722)
Net customer deposits	-	4,481	4,481
Net cash provided (used) by operating activities	<u>(8,718)</u>	<u>96,910</u>	<u>88,192</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Interfund activity	-	-	-
Transfers (to) from other funds	-	-	-
Total cash flows from non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	-	(1,158)	(1,158)
Capital contributions	-	-	-
Principal paid on notes payable	-	(34,314)	(34,314)
Interest paid on notes payable	-	(7,211)	(7,211)
Principal received on notes receivable	-	6,135	6,135
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(36,548)</u>	<u>(36,548)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	<u>12</u>	<u>420</u>	<u>432</u>
Net increase (decrease) in cash and cash equivalents	(8,706)	60,782	52,076
Balances, beginning	13,992	531,734	545,726
Balances, ending	<u>\$ 5,286</u>	<u>\$ 592,516</u>	<u>\$ 597,802</u>
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income (loss)	<u>\$ (29,474)</u>	<u>\$ (102,697)</u>	<u>\$ (132,171)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	4,119	265,850	269,969
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	13,183	(80,296)	(67,113)
(Increase) decrease in inventory	-	(9,902)	(9,902)
Increase in deferred outflows of resources - pensions	(23,525)	(41,472)	(64,997)
Increase in net pension liability	41,444	43,516	84,960
Decrease in deferred inflows of resources - pensions	(18,339)	(1,575)	(19,914)
Increase (decrease) in accounts payable	(2,926)	15,513	12,587
Increase (decrease) in accrued payroll	3,247	3,786	7,033
Increase (decrease) in customer deposits	-	4,481	4,481
Increase (decrease) in compensated absences	3,553	(294)	3,259
Total adjustments	<u>20,756</u>	<u>199,607</u>	<u>220,363</u>
Net cash provided (used) by operating activities	<u>\$ (8,718)</u>	<u>\$ 96,910</u>	<u>\$ 88,192</u>

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

**Exhibit 10**

**Town of Warrenton, North Carolina  
Statement of Fiduciary Net Position  
Fiduciary Fund  
June 30, 2017**

	<b>Plummer Hook and Ladder Museum</b>
<b>Assets</b>	
Cash	\$ 3,990
Total Assets	<u>\$ 3,990</u>
<b>Net Position</b>	<u>\$ 3,990</u>

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

**Town of Warrenton, North Carolina**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Fund**  
**For the Year Ended June 30, 2017**

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	<b>Plummer Hook and Ladder Museum</b>
Additions:	
Contributions	\$ -
Investment income:	
Interest	-
Total additions	<u>-</u>
Change in net position	-
Net position, beginning	<u>3,990</u>
Net position, ending	<u><u>\$ 3,990</u></u>

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

**Town of Warrenton, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2017**

**I. Summary of Significant Accounting Policies**

The accounting policies of the Town of Warrenton (the Town) conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

The Town is a municipal corporation, which is governed by an elected mayor and a seven-member council. These financial statements include only the Town, as there were no component units required to be included.

**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.

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

The Town reports the following major governmental funds:

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

**Town of Warrenton, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2017**

The Town reports the following major enterprise funds:

**Enterprise Funds.** The enterprise funds are used to account for those operations that (a) are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town has two enterprise funds: Water and Sewer Fund and Wastewater Treatment Fund.

The Town operates the regional wastewater treatment plant under an agreement with Warren County. The operating costs are shared with the Town of Norlina and Warren County.

The Town reports the following fiduciary fund:

**Plummer Hook and Ladder Museum.** The Plummer Hook and Ladder Museum Fund accounts for contributions, other revenues and expenses related to operation of the Museum. The Museum is governed by a committee that is not directly affiliated with the Town.

**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 Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time 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, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town'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 system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Sales taxes and certain intergovernmental revenues, such as the 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 Warrenton because the tax is levied by Warren County and then remitted to and 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. Grant revenues that are unearned at year-end are recorded as unavailable revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

**D. Budgetary Data**

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

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

**1. Deposits and Investments**

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

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

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acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value.

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

**2. Cash and Cash Equivalents**

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

**3. Restricted Assets**

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

Governmental Activities:	
General Fund	
Streets	\$ 29,505
Total governmental activities	\$ 29,505
Business-type Activities:	
Water and Sewer Fund	
Customer deposits	\$ 91,043
Prepayment fund credit	6,506
Total business-type activities	\$ 97,549

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

**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.



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**6. Inventory and Prepaid Items**

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The Town's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased. The inventories of the Town's enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

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.

**7. Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, buildings, improvements, equipment, vehicles, substations, lines and other plant and distribution systems, \$5,000; infrastructure, \$50,000. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other 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.

Capital assets are depreciated using the straight-line method over the following useful lives to the cost of the assets:

<u>Asset Type</u>	<u>Years</u>
Buildings	40
Improvements	15
Vehicles	5
Furniture and equipment	7-10
Computer equipment	3
Infrastructure	50

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, contributions made to the pension plan in the 2017 fiscal year and pension deferrals. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meet this criterion – property taxes receivable and deferrals of pension expense that result from the implementation of GASB Statement 68.

**9. Long-Term Obligations**

In the government-wide financial statements, and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line

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method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

**10. Compensated Absences**

The vacation policy of the Town provides for the accumulation of up to thirty (30) days earned vacation leave, with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a last 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 accrual of sick leave days; there is no limit on the amount of accumulation. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have an 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 is 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, laws or regulations of other governments, or imposed by law through State statute.

**Fund Balances**

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

The governmental fund types classify fund balances as follows:

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.

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 unexpected Powell Bill funds.

Restricted for Economic and Physical Development – portion of fund balance that is restricted due to grantor requirements.

Restricted for Cultural and Recreation – portion of fund balance that is restricted due to grantor requirements.

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

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

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

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

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

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

**12. Pensions**

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

**1. Noncompliance with North Carolina General Statutes**

For the fiscal year ended June 30, 2017, the Wastewater Treatment Fund had a deficit in Net Position of \$10,862 primarily as a result of the outstanding payable due to the General Fund. As described in Note III.B.5.c, the Town operates the waste water facility at cost. The cost of operations is allocated between the Town of Warrenton, the Town of Norlina and Warren County.

**2. Excess of Expenditures over Appropriations**

There were expenditures in excess of appropriations in the General Fund, however, they were immaterial. In the sanitation department expenditures exceeded budgeted amounts by \$186 and debt service expenditures exceeded budgeted amounts by \$1,428.

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**III. Detail Notes on All Funds**

**A. Assets**

**1. Deposits**

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

At June 30, 2017, the Town's deposits had a carrying amount of \$1,270,369 and a bank balance of \$1,290,518. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$1,040,518 was covered by collateral held under the Pooling Method. The Town's petty cash totaled \$100 at June 30, 2017.

**2. Investments**

At June 30, 2017, the Town of Warrenton had \$1,059 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The City has no policy regarding credit risk."

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

The receivables shown in Exhibit 1 at June 30, 2017 were as follows:

	Accounts	Taxes	Due from other governments	Total
<b>Governmental Activities</b>				
General	\$ 17,817	\$ 21,564	\$ 83,223	\$ 122,604
Other governmental	-	-	21,621	21,621
Allowance for doubtful accounts	(2,286)	-	-	(2,286)
<b>Total governmental activities</b>	<b>\$ 15,531</b>	<b>\$ 21,564</b>	<b>\$ 104,844</b>	<b>\$ 141,939</b>
<b>Business-Type Activities:</b>				
Wastewater treatment	\$ 26,778	\$ -	\$ -	\$ 26,778
Water and sewer	194,073	-	-	194,073
Allowance for doubtful accounts	(25,357)	-	-	(25,357)
<b>Total Business-type accounts</b>	<b>\$ 195,494</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 195,494</b>

Due from other governments consisted of the following:

Local option sales tax	\$ 36,600
Franchise tax	20,600
Sales tax refund	22,808
MS Downtown Redevelopment	408
Hayley Haywood Park Grant	21,213
Taxes - Warren County	3,215
<b>Total</b>	<b>\$ 104,844</b>

The Town has two outstanding notes receivable with local businesses. These loans were made for improvements on real property, and funds were provided by the US Department of Agriculture to make these loans.

The first loan was made on November 1, 2012 in the amount of \$6,500 with an interest rate of 3.25%. Monthly installments are due to the Town in the amount of \$87, and the first installment was due December 1, 2012. The loan matures on November 1, 2019. The balance of this note receivable is \$2,413 at June 30, 2017 and is considered fully collectible.

The second loan was made on May 24, 2013 in the amount of \$8,500 with an interest rate of 3.25%. Monthly installments are due to the Town in the amount of \$113, and the first installment was due July 1, 2013. The loan matures June 1, 2020, but was paid off early during fiscal year 2017.

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**4. Capital Assets**

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 29,500	\$ -	\$ -	\$ 29,500
Construction in progress	37,550	22,413	-	59,963
Total capital assets not being depreciated	67,050	22,413	-	89,463
Capital assets being depreciated				
Buildings	24,111	-	17,338	6,773
Equipment	64,553	19,100	-	83,653
Improvements	99,449	-	-	99,449
Vehicles and motorized equipment	351,818	58,902	41,708	369,012
Total capital assets being depreciated	539,931	78,002	59,046	558,887
Less accumulated depreciation for				
Buildings	19,975	-	14,703	5,272
Equipment	58,829	2,555	-	61,384
Improvements	13,260	6,630	-	19,890
Vehicles and motorized equipment	322,723	16,070	40,208	298,585
Accumulated depreciation	414,787	\$ 25,255	\$ 54,911	385,131
Total capital assets, depreciated, net	125,144			173,756
Governmental activity capital assets, net	\$ 192,194			\$ 263,219

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

General government	\$ 7,007
Public safety	8,431
Transportation	9,817
	<u>\$ 25,255</u>

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	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
<b>Wastewater Treatment Fund</b>				
Capital assets being depreciated				
Improvements	\$ 14,858	\$ -	\$ -	\$ 14,858
Vehicles	18,706	-	-	18,706
Equipment	124,687	-	-	124,687
Total capital assets being depreciated	158,251	-	-	158,251
Less accumulated depreciation for				
Improvements	1,143	381	-	1,524
Vehicles	18,706	-	-	18,706
Equipment	106,449	3,738	-	110,187
Accumulated Depreciation	126,298	\$ 4,119	\$ -	130,417
Capital assets, depreciated, net	31,953			27,834
Wastewater Treatment Fund capital assets	\$ 31,953			\$ 27,834
<b>Water and Sewer Fund</b>				
Capital assets not being depreciated				
Land	\$ 5,250	\$ -	\$ -	\$ 5,250
Construction in progress	-	1,158	-	1,158
Total capital assets not being depreciated	5,250	1,158	-	6,408
Capital assets being depreciated				
Water and sewer lines	5,853,043	-	-	5,853,043
Water and sewer plant	169,982	-	-	169,982
Improvements	217,054	-	-	217,054
Vehicles	188,718	-	-	188,718
Equipment	206,424	-	-	206,424
Total capital assets being depreciated	6,635,221	-	-	6,635,221
Less accumulated depreciation for				
Water and sewer lines	2,719,254	230,805	-	2,950,059
Water and sewer plant	38,314	4,396	-	42,710
Improvements	37,843	10,015	-	47,858
Vehicles	174,562	6,067	-	180,629
Equipment	171,113	14,567	-	185,680
Accumulated Depreciation	3,141,086	\$ 265,850	\$ -	3,406,936
Capital assets, depreciated, net	3,494,135			3,228,285
Water and Sewer Fund capital assets	\$ 3,499,385			\$ 3,234,693
Business-type Activities capital assets	\$ 3,531,338			\$ 3,262,527

**Town of Warrenton, North Carolina  
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**B. Liabilities**

**1. Pension Plan Obligations**

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

**Plan Description.** The Town of Warrenton 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, or by calling (919) 981-5454.

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

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

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Warrenton 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 Warrenton's contractually required contribution rate for the year ended June 30, 2017, was 8.00% of compensation for law enforcement officers and 7.25% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Warrenton were \$97,279 for the year ended June 30, 2017.



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*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, 2017, the Town reported a liability of \$252,770 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability 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, 2016, the Town's proportion was 0.012%, which was an increase of 0.002% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town recognized pension expense of \$98,033. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 4,749	\$ 8,857
Changes of assumptions	17,312	-
Net difference between projected and actual earnings on pension plan investments	139,750	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	97,754	-
Town contributions subsequent to the measurement date	97,279	-
Total	\$ 356,844	\$ 8,857

\$97,279 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2018	\$ 57,126
2019	57,029
2020	86,708
2021	49,845
Total	\$ 250,708

**Town of Warrenton, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2017**

*Actuarial Assumptions.* The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100.0%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

**Town of Warrenton, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2017**

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

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

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of the net pension liability (asset)	\$ 599,941	\$ 252,770	\$ (37,213)

*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 Warrenton 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 under the age 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 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, 2016, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	5
Total	5

**2. Summary of Significant Accounting Policies:**

**Basis of Accounting.** The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**Town of Warrenton, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2017**

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statement 73.

**3. Actuarial Assumptions**

The entry age actuarial cost method was used in the December 31, 2015 valuation. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.86 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2016.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

**4. 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 on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$0 as benefits came due for the reporting period.

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

At June 30, 2017, the Town reported a total pension liability of \$50,058. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the Town recognized pension expense of \$4,830.

	<b>Deferred Outflows of</b>	<b>Deferred Inflows of</b>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	1,205
County benefit payments and plan administrative expense made subsequent to the measurement date	-	-
	<u>\$ -</u>	<u>\$ 1,205</u>

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows

**Town of Warrenton, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**Year Ended June 30:**

2018	\$	189
2019		189
2020		189
2021		189
2022		189
Thereafter		260
Total	<u>\$</u>	<u>1,205</u>

*Sensitivity of the Town's total pension liability to changes in the discount rate.* The following presents the Town's total pension liability calculated using the discount rate of 3.86 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.86 percent) or 1-percentage-point higher (4.86 percent) than the current rate:

	1% Decrease 2.86%	Discount Rate 3.86%	1% Increase 4.86%
Total pension liability	\$ 54,984	\$ 50,058	\$ 45,477

**Schedule of Changes in Total Pension Liability  
Law Enforcement Officers' Special Separation Allowance**

	<u>2017</u>
Beginning balance	\$ 46,433
Service Cost	3,361
Interest on the total pension liability	1,658
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(1,394)
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	<u>\$ 50,058</u>

The plan currently uses mortality tables that vary by age, 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

**Town of Warrenton, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**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.

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may also make voluntary contributions to the plan.

The Town made contributions of \$7,635 for the reporting year. No amounts were forfeited.

**d. Other Employment Benefits**

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

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

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

Source	Amount
Contributions to pension plan in current fiscal year	\$ 97,279
Pension deferrals	259,565
Total	<u>\$ 356,844</u>

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

Taxes Receivable (General Fund)	\$ 21,564
Pension deferrals	10,061
Total	<u>\$ 31,625</u>

**Town of Warrenton, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**4. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. 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. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. 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. 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 has made the decision not to purchase flood insurance at this time. The Town does not deem the risk of flooding to outweigh the cost of insurance.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Town Administrator is bonded for \$50,000 and the Town Clerk is bonded for \$50,000. The remaining employees that have access to funds are bonded for \$5,000 per occurrence.

**5. Long-Term Obligations**

**a. Installment Purchases**

As authorized by State law (G.S. 160A-20 and 153A-158.1), the Town financed various property and equipment acquisitions by installment purchases. Installment purchase contracts at June 30, 2017 are comprised of the following individual agreements:

**Town of Warrenton, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**Government Activities:**

An agreement was executed on March 22, 2007 for \$143,000 to purchase new sewer lines. This agreement requires fifteen annual payments of \$12,835, including interest at 3.97% per annum. (45.75% of this note is held by the general fund and 54.25% is held by the water and sewer fund)	\$ 26,165
An agreement was executed on December 18, 2015 for \$31,264 to purchase a police car. This agreement requires three annual payments of \$10,895, including interest at 2.25% per annum.	21,075
An agreement was executed on September 26, 2013 for \$150,000 for replacement and repair of the Town Hall roof. This agreement requires 120 monthly payments of \$1,417, including interest at 2.54%. (67% of this note is held by the General Fund and 33% is held by the Water and Sewer fund)	65,439
An agreement was executed on October 11, 2016 for \$63,607 to finance the purchase of a truck and leaf blower. This agreement requires 5 yearly payments of \$13,593, including interest at 2.25%.	51,445
An agreement was executed on December 7, 2016 for \$8,500 to finance the purchase of surveillance cameras. This agreement requires 7 yearly payments of \$1,333, including interest at 2.375%.	8,500
Total governmental activities	<u>\$ 172,624</u>

**Business-Type Activities:**

An agreement was executed on March 22, 2007 for \$143,000 to purchase new sewer lines. This agreement requires fifteen annual payments of \$12,835, including interest at 3.97% per annum. (45.75% of this note is held by the general fund and 54.25% is held by the water and sewer fund)	\$ 31,020
An agreement was executed on September 26, 2013 for \$150,000 for replacement and repair of the Town Hall roof. This agreement requires 120 monthly payments of \$1,417, including interest at 2.54%. (67% of this note is held by the general fund and 33% is held by the water and sewer fund)	32,719
An agreement was executed on October 17, 2013 for \$30,334 to purchase a Ford F250 truck. This agreement requires three annual payments of \$11,387, including interest at 1.75%. The loan was paid off during 2017. (67% of this note is held by the general fund and 33% is held by the water and sewer fund)	-
NCDENR funded a project for sewer system rehabilitation and related loan proceeds total \$275,000. This agreement requires annual principal payments of \$13,750 plus interest at 2.00% per annum beginning May 1, 2014. Maturity is May 2033.	220,000
Total business-type activities	<u>\$ 283,739</u>



**Town of Warrenton, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2017**

Future minimum payments as of June 30, 2017 for the installment purchase contracts are as follows:

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

A summary of changes in long-term obligations follows:

Year Ending June 30	Principal	Interest	Total
<b>Governmental Activities:</b>			
2018	\$ 38,611	\$ 4,416	\$ 43,027
2019	39,596	3,431	43,027
2020	29,711	2,421	32,132
2021	30,505	1,627	32,132
2022	17,701	839	18,540
2023-2024	16,500	329	16,829
	<u>\$ 172,624</u>	<u>\$ 13,063</u>	<u>\$ 185,687</u>
<b>Business-Type Activities:</b>			
<b>Water and Sewer Fund:</b>			
2018	\$ 24,369	\$ 6,411	\$ 30,780
2019	24,722	5,783	30,505
2020	25,087	5,143	30,230
2021	25,465	4,490	29,955
2022	25,881	3,799	29,680
2023-2027	75,715	12,493	88,208
2028-2032	68,750	5,500	74,250
2033	13,750	275	14,025
	<u>\$ 283,739</u>	<u>\$ 43,894</u>	<u>\$ 327,633</u>

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Current Portion of Balance
<b>Governmental activities:</b>					
Installment purchases	\$ 137,062	\$ 72,107	\$ 36,545	\$ 172,624	\$ 38,611
Net pension liability (LGERS)	29,111	122,259	-	151,370	-
Total pension liability (LEO)	-	50,058	-	50,058	-
Compensated absences	18,314	1,892	-	20,206	12,730
Total	<u>\$ 184,487</u>	<u>\$ 246,316</u>	<u>\$ 36,545</u>	<u>\$ 394,258</u>	<u>\$ 51,341</u>
<b>Business-type activities:</b>					
Installment purchases	\$ 318,053	\$ -	\$ 34,314	\$ 283,739	\$ 24,369
Net pension liability	16,441	84,959	-	101,400	-
Compensated absences	18,081	3,259	-	21,340	13,444
Total	<u>\$ 352,575</u>	<u>\$ 88,218</u>	<u>\$ 34,314</u>	<u>\$ 406,479</u>	<u>\$ 37,813</u>

At June 30, 2017, the Town of Warrenton had a legal debt margin of \$5,401,815.

**Town of Warrenton, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**c. Commitments**

The Town has entered into a contract with Soul City Sanitary District for the sale of water to the Town until March 20, 2037. The Town is obligated to purchase a minimum of 250,000 gallons of water per day under the terms of this agreement.

The Town has entered into a contract with the Town of Norlina and Warren County in which the Town has agreed to operate the wastewater treatment facility, and the cost of these operations is allocated between the parties as follows: Warren County – 58%, Warrenton – 25%, and Norlina 17%. The Town charges all related expenses to the Wastewater Treatment Fund and bills Warren County and Norlina monthly for their share of the expenses. This agreement is in effect until a new agreement or an amendment is made.

The Town has entered into a contract with Warrenton Rural Voluntary Fire Association, Inc. for fire protection services until June 30, 2019. The Town is obligated to pay \$70,000 annually under the terms of this contract during the fiscal year ended June 30, 2019.

The Town has entered into a contract with Harris Investments, Inc. to lease land from November 1, 2015 through October 31, 2025 for \$1,000 per year for the purpose of placing yard waste, leaves and storm debris.

**C. Interfund Balances and Activity**

**Due To/From Other Funds**

At June 30, 2017, \$64,496 was due to the General Fund from the Wastewater Treatment Fund. This loan represents an advance to cover various expenses.

At June 30, 2017, \$87 was due to the General Fund from the Water and Sewer Fund. This loan represents an advance to cover various expenses.

The Water and Sewer Fund paid \$242,419 to the Wastewater Treatment Fund for the Town's share of wastewater treatment operations. As this amount represents interfund services provided and used it is recorded as revenue in the Wastewater Treatment Fund and as an expense in the Water and Sewer Fund.

The Hayley Haywood Park Grant Fund had a negative cash balance as of June 30, 2017. This is a reimbursement grant, and expenditures had to incur before the cash is received. Therefore, the General Fund loaned the Hayley Haywood Park Grant Fund \$21,213, so the fund would not report a negative cash balance.

The MS. Downtown Redevelopment Grant Fund had a negative cash balance as of June 30, 2017. This is a reimbursement grant, and expenditures had to incur before the cash is received. Therefore, the General Fund loaned the MS. Downtown Redevelopment Grant Fund \$408, so the fund would not report a negative cash balance.

**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	\$ 853,339
Less:	
Stabilization by State Statute	186,106
USDA	1,223
Streets - Powell Bill	29,505
Appropriated Fund Balance in 2018 budget	35,099
Remaining Fund Balance	\$ 601,406

**Town of Warrenton, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2017**

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

The Town has not officially adopted a fund balance policy.

**IV. Jointly Governed Organization**

The Kerr-Tar Council of Government is a voluntary association of five county and fifteen city and town governments, including the Town of Warrenton, established to coordinate federal and State projects of a planning nature in the five county area in central North Carolina. Each county, city and town appoints one member to the Council's governing body and his governing body selects the management and determines the budget and financing requirements of the Council. The Town contributed \$508 to the Council during the year ended June 30, 2017.

**V. Summary Disclosure of Significant Contingencies**

Federal and State Assisted Programs

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

**VI. Subsequent Events**

The Town has evaluated events from the date of the balance sheet through the date the report is available to be issued which is the date of the independent auditors' report. The Town has not evaluated subsequent events after that date. There were no subsequent events during this period that require disclosure.

**VII. Related Parties**

The Town rents space from a related party as described above in the Commitments footnote.

**VIII. Deposits Held**

Customer deposits in the amount of \$97,549 relate to water and sewer deposits held by the Town.

**IX. Change in Accounting Principles/Restatement**

The City implemented Governmental Accounting Standards Board (GASB) No. Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, in the fiscal year ending June 30, 2017. The implementation of the statement required the City to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the City to the Law Enforcement Officers' Special Separation Allowance during the measurement period (fiscal year ending December 31, 2016). As a result, net position for the governmental activities decreased \$46,433.

**Required Supplementary Financial Data:**

**Town of Warrenton**  
**Town of Warrenton's Proportionate Share of Net Pension Liability (Asset)**  
**Required Supplementary Information**  
**Last Four Fiscal Years\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Warrenton's proportion of the net pension liability (asset) (%)	0.01191%	0.01015%	0.00907%	0.00400%
Warrenton's proportion of the net pension liability (asset) (\$)	\$ 252,770	\$ 45,552	\$ (53,490)	\$ 48,215
Warrenton's covered-employee payroll	\$ 674,953	\$ 610,237	\$ 488,917	\$ 484,406
Warrenton's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.45%	7.46%	-10.94%	9.95%
Plan fiduciary net position as a percentage of the total pension liability	91.47%	98.09%	102.64%	94.35%

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

\*\*This will be the same percentage for all participant employers in the LGERS plan

**Town of Warrenton  
Town of Warrenton's Contributions  
Required Supplementary Information  
Last Four Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 97,279	\$ 88,326	\$ 83,130	\$ 32,304
Contributions in relation to the contractually required contribution	97,279	88,326	83,130	32,304
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Warrenton's covered-employee payroll	\$ 693,131	\$ 674,953	\$ 610,237	\$ 488,917
Contributions as a percentage of covered-employee payroll	14.03%	13.09%	13.62%	6.61%

**Town of Warrenton**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2017**

		<b>2017</b>	
Beginning balance	\$	46,433	
Service Cost		3,361	
Interest on the total pension liability		1,658	
Changes of benefit terms		-	
Differences between the expected and actual experience in the measurement of the total pension liability		-	
Changes of assumptions or other inputs		(1,394)	
Benefit payments		-	
Other changes		-	
Ending balance of the total pension liability	\$	<u>50,058</u>	

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31

**Town of Warrenton**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2017**

	<u>2017</u>
Total pension liability	\$ 50,058
Covered payroll	180,588
Total pension liability as a percentage of covered payroll	27.72%

Notes to the schedules:

The Town of Warrenton has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.



**Town of Warrenton  
General Fund  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2017**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$	\$ 432,364	\$
Penalties and interest		4,076	
Total	<u>430,958</u>	<u>436,440</u>	<u>5,482</u>
Other taxes and licenses:			
Motor vehicles taxes		31,705	
Total	<u>28,679</u>	<u>31,705</u>	<u>3,026</u>
Unrestricted intergovernmental:			
Local option sales taxes		208,068	
Utility franchise tax		91,021	
Beer and wine tax		3,834	
Gas tax refund		1,669	
Refund Sales Tax		33,719	
Total	<u>327,832</u>	<u>338,311</u>	<u>10,479</u>
Restricted intergovernmental:			
Powell Bill allocation		26,821	
Police GCC grant		-	
Total	<u>27,249</u>	<u>26,821</u>	<u>(428)</u>
Permits and fees:			
Zoning fees		475	
Code enforcement		3,150	
Parking fees and enforcement		550	
Court fees		297	
Cemetery fees		1,700	
Total	<u>3,200</u>	<u>6,172</u>	<u>2,972</u>
Sales and services:			
Landfill fees		157,670	
Cell tower rent		26,400	
Miscellaneous		14,697	
Total	<u>199,490</u>	<u>198,767</u>	<u>(723)</u>
Investment earnings	<u>70</u>	<u>150</u>	<u>80</u>
Total revenues	<u>1,017,478</u>	<u>1,038,366</u>	<u>20,888</u>

**Town of Warrenton  
General Fund  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2017**

	Budget	Actual	Variance Positive (Negative)
<b>Expenditures:</b>			
<b>General Government</b>			
Governing Body			
Personnel services		1,438	
Operating expenditures		1,240	
Total	2,741	2,678	63
Administration			
Personnel services		191,274	
Operating expenditures		102,883	
Administrative fee paid by Water and Sewer		(103,348)	
Total	211,143	190,809	20,334
<b>Total general government</b>	<b>213,884</b>	<b>193,487</b>	<b>20,397</b>
<b>Public Safety</b>			
Police			
Personnel services		317,158	
Capital outlay		-	
Operating expenditures		74,758	
Total	419,386	391,916	27,470
Fire			
Personnel services		1,923	
Operating expenditures		70,560	
Total	77,900	72,483	5,417
<b>Total public safety</b>	<b>497,286</b>	<b>464,399</b>	<b>32,887</b>
<b>Transportation and Utilities</b>			
Street repair and construction			
Personnel services		102,016	
Operating expenditures		93,253	
Mowing fees paid by Water and Sewer		(13,500)	
Capital outlay		58,902	
Total	251,357	240,671	10,686
<b>Total transportation and utilities</b>	<b>251,357</b>	<b>240,671</b>	<b>10,686</b>

**Town of Warrenton  
General Fund  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2017**

	Budget	Actual	Variance Positive (Negative)
Environmental Protection			
Sanitation			
Personnel services		67,346	
Operating expenditures		33,536	
Total	100,696	100,882	(186)
Total environmental protection	100,696	100,882	(186)
Debt service			
Principal retirement		36,545	
Interest and other charges		5,137	
Total	40,254	41,682	(1,428)
Total expenditures	1,103,477	1,041,121	62,356
Revenues over (under) expenditures	(85,999)	(2,755)	83,244
Other financing sources (uses):			
Appropriated Fund Balance	19,342	-	(19,342)
Insurance Proceeds	3,050	3,050	-
Loan Proceeds	63,607	63,607	-
Transfer from wastewater treatment fund	-	-	-
Installment purchase proceeds	-	-	-
Total	85,999	66,657	(19,342)
Revenues and other financing sources over expenditures and other financing uses	\$ -	63,902	\$ 63,902
Fund balances, beginning		789,437	
Fund balances, ending		\$ 853,339	

**Town of Warrenton  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017**

	Hayley-Haywood Park Grant Fund	NC Main St Grant Fund	NC Commerce ULRC Grant Fund	Body Camera Grant Fund	MS. Downtown Redevelopment	Project Safe Street	Total Nonmajor Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	21,213	-	-	-	408	-	21,621
	<u>21,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>408</u>	<u>-</u>	<u>21,621</u>
<b>LIABILITIES</b>							
Due to other funds	21,213	-	-	-	408	-	21,621
	<u>21,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>408</u>	<u>-</u>	<u>21,621</u>
<b>FUND BALANCES</b>							
Restricted:							
Cultural and recreation	-	-	-	-	-	-	-
Economic and physical development	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 21,213</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 408</u>	<u>\$ -</u>	<u>\$ 21,621</u>

**Town of Warrenton**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2017**

	Hayley-Haywood Park Grant Fund	NC Main St Grant Fund	NC Commerce ULRC Grant Fund	Body Camera Grant Fund	M.S Downtown Redevelopment	Project Safe Street	Total Nonmajor Governmental Funds
Revenues:							
Restricted intergovernmental	\$ 21,213	\$ -	\$ -	\$ -	\$ 2,908	\$ 10,600	\$ 34,721
Contributions	-	-	-	-	-	-	-
Total revenues	<u>21,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,908</u>	<u>10,600</u>	<u>34,721</u>
Expenditures:							
Public safety	-	-	-	-	-	19,100	19,100
Economic and physical development	-	-	-	-	2,908	-	2,908
Cultural and recreation	<u>22,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,413</u>
Total expenditures	<u>22,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,908</u>	<u>19,100</u>	<u>44,421</u>
Revenues over expenditures	<u>(1,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,500)</u>	<u>(9,700)</u>
Other financing sources							
Installment purchase proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,500</u>	<u>8,500</u>
Net change in fund balance	(1,200)	-	-	-	-	-	(1,200)
Fund balances, beginning	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,200</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Town of Warrenton**  
**Special Revenue Fund - Hayley-Haywood Park Grant Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2017**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted Intergovernmental:					
NC Part F Grant	<u>\$ 28,500</u>	<u>\$ 1,200</u>	<u>\$ 21,213</u>	<u>\$ 22,413</u>	<u>\$ (6,087)</u>
Expenditures:					
Current:					
Cultural and Recreation:					
Construction of the Park	<u>28,500</u>	<u>-</u>	<u>22,413</u>	<u>22,413</u>	<u>6,087</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ 1,200</u>	<u>(1,200)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances, beginning			<u>1,200</u>		
Fund balances, ending			<u>\$ -</u>		

**Town of Warrenton**  
**Special Revenue Fund - NC Main Street Grant Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2017**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental:					
NC Department of Commerce	\$ 150,000	\$ 100,000	\$ -	\$ 100,000	\$ (50,000)
Expenditures:					
Current:					
Economic and physical development:					
115 E Market St renovation	100,000	100,000	-	100,000	-
132 S Main St renovation	50,000	-	-	-	50,000
Total expenditures	<u>150,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>50,000</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balances, beginning			<u>-</u>		
Fund balances, ending			<u>\$ -</u>		

**Town of Warrenton**  
**Special Revenue Fund - NC Commerce ULRC Grant Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2017**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted Intergovernmental:					
NC Commerce ULRC Grant	<u>\$ 37,500</u>	<u>\$ 37,550</u>	<u>\$ -</u>	<u>\$ 37,550</u>	<u>\$ 50</u>
Expenditures:					
Current:					
Economic and physical developments					
Streetscape plan and Town branding	<u>37,500</u>	<u>37,550</u>	<u>-</u>	<u>37,550</u>	<u>(50)</u>
Revenues over expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>-</u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Fund balances, beginning			<u>-</u>		
Fund balances, ending			<u><u>\$ -</u></u>		



**Town of Warrenton**  
**Special Revenue Fund - Body Camera Grant Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2017**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Contributions					
Halifax Helps Grant	\$ 1,900	\$ 1,900	\$ -	\$ 1,900	\$ -
Expenditures:					
Current:					
Public safety					
Body cameras	1,900	1,900	-	1,900	-
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balances, beginning			<u>-</u>		
Fund balances, ending			<u>\$ -</u>		

**Town of Warrenton**  
**Special Revenue Fund - M.S. Downtown Redevelopment**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2017**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Reimbursable Grant	\$ 500,000	\$ -	\$ 408	\$ 408	\$(499,592)
Reimbursable COG Fee	5,000	-	2,500	2,500	(2,500)
Total Revenues	<u>505,000</u>	<u>-</u>	<u>2,908</u>	<u>2,908</u>	<u>(502,092)</u>
Expenditures:					
Current:					
Economic and Physical Development					
Building renovation	500,000	-	408	408	499,592
COG fee	5,000	-	2,500	2,500	2,500
Total expenditures	<u>505,000</u>	<u>-</u>	<u>2,908</u>	<u>2,908</u>	<u>502,092</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balances, beginning			<u>-</u>		
Fund balances, ending			<u>\$ -</u>		

**Town of Warrenton**  
**Special Revenue Fund - Project Safe Street**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2017**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
USDA grant	\$ 10,600	\$ -	\$ 10,600	\$ 10,600	\$ -
Expenditures:					
Current:					
Public Safety Cameras	19,100	-	19,100	19,100	-
Revenues over expenditures	(8,500)	-	(8,500)	(8,500)	-
Other financing sources					
Installment purchase proceeds	8,500	-	8,500	8,500	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balances, beginning			-		
Fund balances, ending			<u>\$ -</u>		

**Town of Warrenton  
Wastewater Treatment Fund  
Schedule of Revenues and Expenditures  
Budget and Actual (Non - GAAP)  
For the Fiscal Year Ended June 30, 2017**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Charges for services:			
Wastewater Treatment:			
Total	\$ 592,792	\$ 522,906	\$ (69,886)
Total operating revenues	592,792	522,906	(69,886)
Non-operating revenues:			
Interest earnings		12	
Miscellaneous revenue		38,034	
Total nonoperating revenues	17,600	38,046	20,446
Total revenues	610,392	560,952	(49,440)
<b>Expenditures:</b>			
Operating expenditures:			
Salaries and benefits		212,595	
Audit		3,308	
Telephone and postage		6,563	
Freight		3,193	
Office supplies		1,074	
Light and heat		70,238	
Insurance and bonds		21,818	
Materials and supplies		40,775	
Vehicle maintenance		5,017	
Truck expense		3,723	
Equipment and plant maintenance		76,112	
Uniforms		3,426	
Sludge hauling		48,873	
Influent debris removal		3,408	
Kerr-Pamlico Basin Association		2,880	
Permits and fees		5,355	
Beaver control		2,000	
OSHA compliance		828	
Lab analysis		29,228	
Certified lab expense		975	
Computer improvements		4,963	
Continuing education		188	
Advertising		618	
Capital outlay		-	
Administrative fee		36,005	
Total	610,392	583,163	27,229

**Town of Warrenton  
Wastewater Treatment Fund  
Schedule of Revenues and Expenditures  
Budget and Actual (Non - GAAP)  
For the Fiscal Year Ended June 30, 2017**

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Transfer from water and sewer	-		-
Total other financing sources (uses)	-	-	-
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ (22,211)	\$ (22,211)

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

Revenues and other sources over expenditures and other uses	\$ (22,211)
Reconciling items:	
Depreciation	(4,119)
Decrease in compensated absences	(3,553)
Capital Outlay	-
Increase in deferred outflows of resources - pensions	23,525
Increase in net pension liability	(41,444)
Decrease in deferred inflows of resources - pensions	18,339
Rounding	1
Total reconciling items	<u>(7,251)</u>
Net income	\$ <u>(29,462)</u>

**Town of Warrenton**  
**WWTP Grant, Division of Water Infrastructure Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2017**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Contributions					
Grant	\$ 1,600,000	\$ -	\$ -	\$ -	\$ (1,600,000)
Expenditures:					
Construction costs:					
Submersible mixers	85,000	-	-	-	85,000
Submersible mixer					
installation & controls	113,500	-	-	-	113,500
Rotor controls	65,000	-	-	-	65,000
Bar screen & installation	250,000	-	-	-	250,000
Grit classifier & installation	80,000	-	-	-	80,000
New lime silo & installation	435,000	-	-	-	435,000
SCADA improvements, bar					
screen line silo	40,000	-	-	-	40,000
2nd oxidation ditch cleaning	100,000	-	-	-	100,000
Contingency	116,850	-	-	-	116,850
Total construction costs	<u>1,285,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,285,350</u>
Engineering costs:					
Engineering design	101,600	-	-	-	101,600
Construction administration	50,000	-	-	-	50,000
Construction inspection	100,000	-	-	-	100,000
Total engineering costs	<u>251,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>251,600</u>
Administration costs:					
Grant/loan administration	30,000	-	-	-	30,000
ER preparation	15,000	-	-	-	15,000
Environmental documentation					
preparation	15,000	-	-	-	15,000
Legal, fiscal, admin,					
permitting	3,050	-	-	-	3,050
Total administration costs	<u>63,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,050</u>
Total expenditures	<u>1,600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,600,000</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Town of Warrenton  
Water and Sewer Fund  
Schedule of Revenues and Expenditures  
Budget and Actual (Non - GAAP)  
For the Fiscal Year Ended June 30, 2017**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Charges for services:			
Water and sewer sales	\$	\$ 1,149,401	\$
Water and sewer taps		1,900	
Total operating revenues	<u>1,130,301</u>	<u>1,151,301</u>	<u>21,000</u>
Non-operating revenues:			
Interest earnings		420	
Miscellaneous revenue		36,181	
Total non-operating revenues	<u>82</u>	<u>36,601</u>	<u>36,519</u>
Total revenues	<u>1,130,383</u>	<u>1,187,902</u>	<u>57,519</u>
<b>Expenditures:</b>			
Operating expenditures:			
Salaries and benefits		247,160	
Water purchases		210,676	
Sewer purchases		242,419	
Rent		3,800	
Audit		3,308	
Equipment maintenance		22,044	
Water tank maintenance		19,987	
Building maintenance		35	
Contracted services		60,201	
Insurance and bonds		14,157	
Departmental supplies and materials		27,797	
Uniforms		3,587	
Telephone and postage		10,434	
Freight		731	
Office supplies		3,959	
Lights and heat		3,463	
Advertising		257	
Easements		1,000	
Truck expense		16,214	
Continuing education		448	
Dues and permits		3,315	
Certified lab expense		1,245	
OSHA compliance		199	
Computer improvements		4,953	
Contract maintenance		15,562	
Water refunds		8	
Sewer system rehabilitation		-	
Wastewater treatment plant rehab		26,352	
Debt service		41,525	
Capital outlay		1,158	
Mowing fee		13,500	
Administrative fee		67,343	
Total	<u>1,130,383</u>	<u>1,066,837</u>	<u>63,546</u>

**Town of Warrenton  
Water and Sewer Fund  
Schedule of Revenues and Expenditures  
Budget and Actual (Non - GAAP)  
For the Fiscal Year Ended June 30, 2017**

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Capital contributions - NCDENR	-	-	-
Transfer to Wastewater Treatment	-	-	-
Total other financing sources	-	-	-
(uses)	-	-	-
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ 121,065	\$ 121,065

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

Revenues and other sources over expenditures and other uses	\$ 121,065
Reconciling items:	
Principal retirement	34,314
Capital Outlay	1,158
Increase in deferred outflows of resources - pensions	41,472
(Increase) in net pension liability	(43,516)
Decrease in deferred inflows of resources - pensions	1,575
Depreciation	(265,850)
Decrease in compensated absences	294
Total reconciling items	(230,553)
Net income (loss)	\$ (109,488)



**Town of Warrenton**  
**Water Asset Mapping Grant Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2017**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Contributions					
Town match	\$ 5,000	\$ -	\$ -	\$ -	\$ (5,000)
Grant	100,000	-	-	-	(100,000)
Total revenues	<u>105,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(105,000)</u>
Expenditures:					
Engineering	<u>105,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,000</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>

**Town of Warrenton**  
**USDA Rural Development Grant Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2017**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Contributions					
Grant	\$ 2,669,000	\$ -	\$ 1,158	\$ 1,158	\$(2,667,842)
Expenditures:					
Water and sewer line replacements	3,693,525				3,693,525
Contingency	144,000				144,000
Engineering fees	520,725				520,725
Administration	61,750				61,750
Interest	70,000				70,000
Legal and administrative	25,000	-	1,158	1,158	23,842
Total expenditures	<u>4,515,000</u>	<u>-</u>	<u>1,158</u>	<u>1,158</u>	<u>4,513,842</u>
Revenues over expenditures	<u>(1,846,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,846,000</u>
Other financing sources					
USDA loan	1,846,000	-	-	-	(1,846,000)
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Town of Warrenton  
General Fund  
Schedule of Ad Valorem Taxes Receivable  
For the Fiscal Year Ended June 30, 2017**

Fiscal Year	Uncollected Balance June 30, 2016	Additions	Collections And Credits	Abatements And Adjustments	Uncollected Balance June 30, 2017
2016- 2017	\$ -	\$ 446,686	\$ 439,427	\$ -	\$ 7,259
2015- 2016	12,764	-	10,956	-	1,808
2014- 2015	2,332	-	843	-	1,489
2013- 2014	2,735	-	426	-	2,309
2012- 2013	2,247	-	449	-	1,798
2011- 2012	1,928	-	859	-	1,069
2010- 2011	1,626	-	526	-	1,100
2009- 2010	1,720	-	500	-	1,220
2008- 2009	1,882	-	838	-	1,044
2007- 2008	2,345	-	869	-	1,476
2006- 2007	2,005	-	1,013	-	992
	<u>\$ 31,584</u>	<u>\$ 446,686</u>	<u>\$ 456,706</u>	<u>\$ -</u>	<u>\$ 21,564</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 464,069
Reconciling items:	
Interest collected	(4,076)
Releases	(3,287)
Subtotal	<u>(7,363)</u>
Total collections and credits	<u>\$ 456,706</u>

**Town of Warrenton  
 Analysis of Current Tax Levy  
 Town - Wide Levy  
 For the Fiscal Year Ended June 30, 2017**

	Town - Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at					
Current Year Rate	\$ 66,246,356	0.61	\$ 404,103	\$ 404,103	\$ -
Discoveries	1,772,030	0.61	10,809	10,809	-
Releases	(5,556)		(34)	(34)	-
Registered motor vehicles	5,214,395	0.61	31,808	-	31,808
Total Property Valuation	<u>\$ 73,227,225</u>		<u>\$ 446,686</u>	<u>\$ 414,878</u>	<u>\$ 31,808</u>
 Net levy			 \$ 446,686	 \$ 414,878	 \$ 31,808
Uncollected taxes at June 30, 2017			<u>(7,259)</u>	<u>(7,259)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 439,427</u>	<u>\$ 407,619</u>	<u>\$ 31,808</u>
Current levy collection percentage			<u>98.37%</u>	<u>98.25%</u>	<u>100.00%</u>