

**Town of Fairview  
North Carolina**

**Audited Financial Statements  
For the Year Ended  
June 30, 2015**

Town Council

Elizabeth B. Long, Mayor  
Jerry C. Clontz, Mayor Pro-tem  
John Biggers  
Bradley W. Purser  
Phil Thomas

Administrative and Financial Staff

Darrell Baucom, Town Budget & Finance Director  
Ed Humphries, Town Clerk & Land Use Administrator  
Teresa Gregorious, Administrative Assistant & Deputy Clerk

**Town of Fairview, North Carolina  
Table of Contents  
June 30, 2015**

	<b>Page</b>
<b>Financial Section:</b>	
<b>Independent Auditor's Report</b>	1-3
<b>Management's Discussion and Analysis</b>	4-10
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Annual Budget and Actual – General	16
Notes to the Financial Statements	17-27

**Individual Fund Statements and Schedules:**

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund 28-29

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Park Capital Project Fund 30

**Other Schedules:**

Schedule of Ad Valorem Taxes Receivable 31

Analysis of Current Tax Levy – City-Wide Levy 32

**Compliance Section:**

Report on Compliance and on Internal Control Over Fiscal Reporting 33-34

Schedule of Findings and Responses 35-36

Corrective Action Plan 37

Summary of Schedule of Prior Audit Findings 38

## **Financial Section**



**Moyer, Smith & Roller, P.A.**  
Certified Public Accountants

2213 Commerce Drive  
Monroe, NC 28110  
T: 704-283-7748  
F: 704-283-0510  
[cpamonroe@msr-cpa.com](mailto:cpamonroe@msr-cpa.com)  
[www.msr-cpa.com](http://www.msr-cpa.com)

Independent Auditor's Report

To the Honorable Mayor  
And Members of the Town Council  
Fairview, North Carolina

**Report on the Financial Statements**

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

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

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

***Auditor's Responsibility***

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

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

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

### ***Opinions***

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

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, 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 the 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 consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

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

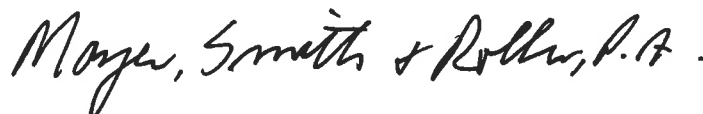
The combining and individual fund financial statements, budgetary schedules and other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures; including comparing and reconciling such information directly to the underlying accounting and

other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standard***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2015 on our consideration of Town of Fairview's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Fairview's internal control over financial reporting and compliance.

Moyer, Smith & Roller, CPA  
Monroe, North Carolina  
October 26, 2015

A handwritten signature in black ink that reads "Moyer, Smith & Roller, P.A." with a period at the end. The signature is written in a cursive, flowing style.

## Management's Discussion and Analysis

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

### Financial Highlights

- The assets and deferred outflows of resources of the Town of Fairview exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,653,462, (net position).
- The government's total net position increased by \$139,267 primarily due to the excess of general revenues over operational expenses.
- As of the close of the current fiscal year, the Town of Fairview's governmental funds reported combined ending fund balances of \$1,384,743, an increase of \$114,857 in fund balance. Approximately, 30.46 percent of this total amount, or \$421,792, is available for spending at the government's discretion (*unassigned fund balance*).

The Town of Fairview had no debt during the current fiscal year.

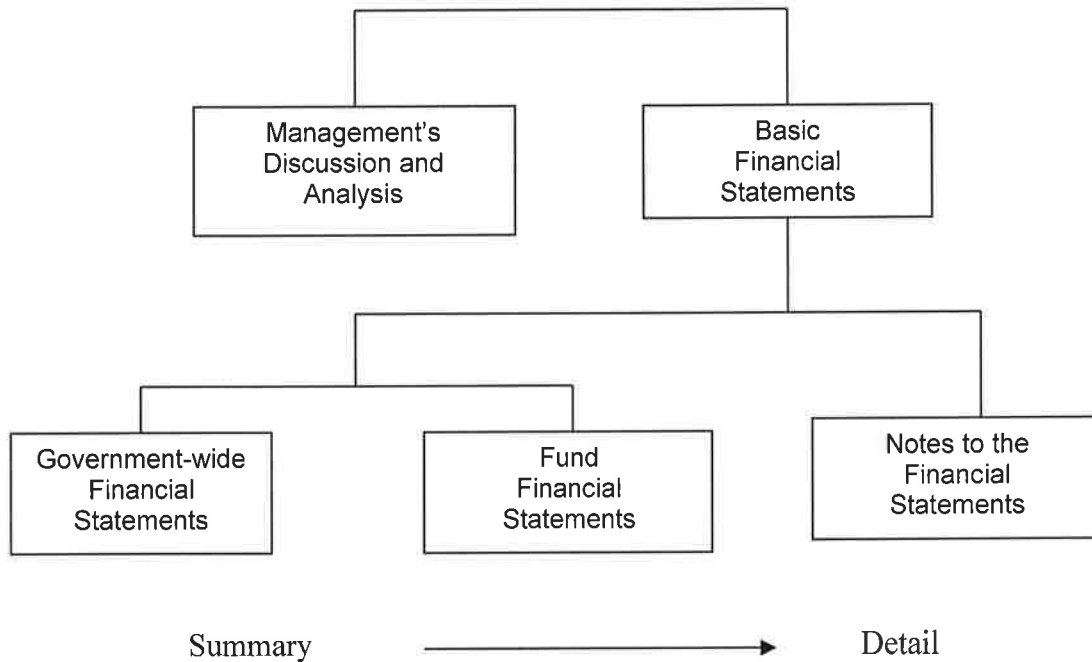
### Overview of the Financial Statements

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



## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

The first two statements 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 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 two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the budgetary comparison statements.

The next section of the basic financial statements are 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 it has changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: General Governmental Activities and Park Capital project activities. The General Governmental activity includes the Town's basic services of general administration and economic and physical development and the Park Capital project includes the activity of building the town park. Property taxes and state revenues finance most of these General activities, while a government grant will finance 50% of the anticipated park expenditures.

The government-wide financial statements are on pages 11 and 12 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 Fairview, 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. The funds of the Town of Fairview are shown in two categories: General Governmental fund and Park Capital project fund.

**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 Fairview adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Council about which services to provide and how to pay for 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.

**Park Capital project** – This fund is used to account for the park development project expenses and anticipated partial reimbursement by a governmental grant.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 17 through 27 of this report.

**Government-Wide Financial Analysis  
The Town of Fairview’s Net Position  
Figure 2**

	<u>Governmental Activities</u> <u>2015</u>	<u>Governmental Activities</u> <u>2014</u>
Current and other assets	\$1,411,531	\$ 1,298,250
Capital assets	<u>264,084</u>	<u>238,445</u>
Total assets and deferred outflows of resources	<u>1,675,615</u>	<u>1,536,695</u>
Other liabilities	<u>22,153</u>	<u>22,500</u>
Total liabilities and deferred inflows of resources	<u>22,153</u>	<u>22,500</u>
Net assets:		
Invested in capital assets	264,084	238,445
Restricted for stabilization by state statute	47,190	738,351
Unrestricted	<u>1,342,188</u>	<u>537,399</u>
Total net position	<u>\$1,653,462</u>	<u>\$ 1,514,195</u>

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The assets and deferred outflows of the Town of Fairview exceeded liabilities and deferred inflows by \$1,653,462 as of June 30, 2015. The Town’s net position increased by \$139,267 for the fiscal year ended June 30, 2015. This increase reflects the excess of general revenues over operational expenses.

**Town of Fairview Changes in Net Position**  
**Figure 3**

	<u>Governmental</u> <u>Activities</u> <u>2015</u>	<u>Governmental</u> <u>Activities</u> <u>2014</u>
Revenues:		
Program revenues:		
Charges for services	\$ 7,278	\$ 7,145
General revenues:		
Property taxes	86,581	88,789
Other taxes	186,848	174,905
Other	<u>17,102</u>	<u>2,194</u>
Total revenues	<u>297,809</u>	<u>273,033</u>
Expenses:		
General government	113,808	160,385
Economic and physical development	40,834	39,986
Cultural and Recreational	<u>3,900</u>	<u>-</u>
Total expenses	<u>158,542</u>	<u>200,371</u>
Increase (decrease) in net position	139,267	72,662
Net position, July 1	<u>1,514,195</u>	<u>1,441,533</u>
Net position June 30	<u>\$ 1,653,462</u>	<u>\$ 1,514,195</u>

**Governmental activities.** Governmental activities increased the Town of Fairview’s net position by \$139,267. Key elements of this decrease are as follows:

- Excess of revenues over operational expenses.

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

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

**Governmental Funds.** The focus of the Town of Fairview’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’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 Fairview. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$421,792, while total fund balance reached \$1,384,743. Of the total fund balance, \$47,190 was restricted by state statutes, \$225,000 was restricted for future year's expenses, \$687,472 was restricted for capital projects and \$3,289 was restricted for prepaids. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total General fund balance to total General fund expenditures. Unassigned fund balance represents 229.01 percent of total General Fund expenditures, while total General fund balance represents 751.84 percent of that same amount.

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

The greatest revision to the 2014-2015 budget was due to the following:

- Generally lower expenses as compared to budgeted amounts.

**Capital Asset and Debt Administration**

**Capital assets.** The Town of Fairview's investment in capital assets for its governmental and business-type activities as of June 30, 2015, totals \$264,084 (net of accumulated depreciation). These assets include buildings, land and office equipment.

**Town of Fairview's Capital Assets  
(net of depreciation)  
Figure 4**

	<u>Governmental Activities</u> <u>2015</u>	<u>Governmental Activities</u> <u>2014</u>
Land and construction in progress	\$ 254,716	\$ 229,661
Office equipment	7,785	7,035
Leasehold improvements	<u>1,583</u>	<u>1,749</u>
Total	<u>\$ 264,084</u>	<u>\$ 238,445</u>

## **Economic Factors and Next Year's Budget and Rates**

- Revenue is estimated to be comparable in 2015/2016 as compared to 2014/2015
- The property tax rate for 2015-2016 will remain at \$0.02/\$100
- Total expenses are expected to be higher due to the budgeted contribution to the Fairview Volunteer Fire Department for equipment needs and also for expenses related to the Park development.

## **Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Director of Finance and Administration, Town of Fairview, 7400 Concord Highway, Monroe, NC 28110.

## **Basic Financial Statements**

**Town of Fairview, North Carolina**  
**Statement of Net Position**  
**June 30, 2015**

	<b>Primary Government</b>	
	<b>Governmental Activities</b>	<b>Total</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 656,417	\$ 656,417
Taxes receivables (net)	4,635	4,635
Due from other governments	47,190	47,190
Grant receivable	12,527	12,527
Prepaid items	3,289	3,289
Restricted cash and cash equivalents	687,473	687,473
Total current assets	1,411,531	1,411,531
Non-current assets:		
Capital assets (Note III):		
Land, non-depreciable improvements, and construction in progress	254,716	254,716
Other capital assets, net of depreciation	9,368	9,368
Total capital assets	264,084	264,084
Total assets	\$ 1,675,615	\$ 1,675,615
 <b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 22,153	\$ 22,153
Total liabilities	22,153	22,153
 <b>NET POSITION</b>		
Net investment in capital assets	264,084	264,084
Restricted for Stabilization by State Statute	47,190	47,190
Unrestricted	1,342,188	1,342,188
Total net position	\$ 1,653,462	\$ 1,653,462

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



**Town of Fairview, North Carolina  
Statement of Activities  
For the Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Capital Grants and Contributions	Primary Government	
				Governmental Activities	Totals
<b>Primary government:</b>					
Governmental Activities:					
General government	\$ 113,808	\$ 2,853	\$ -	\$ (110,955)	\$ (110,955)
Economic and physical Development	40,834	4,425	-	(36,409)	(36,409)
Cultural & recreational	3,900	-	12,527	8,627	8,627
<b>Total governmental activities (see Note 1)</b>	<b>\$ 158,542</b>	<b>\$ 7,278</b>	<b>\$ 12,527</b>	<b>\$ (138,737)</b>	<b>\$ (138,737)</b>

General revenues:

Taxes:

Property taxes, levied for general purpose	\$ 86,581	\$ 86,581
Other taxes	186,848	186,848
Unrestricted investment earnings	4,575	4,575
Miscellaneous income	-	-
<b>Total general revenues and transfers</b>	<b>278,004</b>	<b>278,004</b>
Change in net position	139,267	139,267
Net position, beginning	1,514,195	1,514,195
<b>Net position, ending</b>	<b>\$ 1,653,462</b>	<b>\$ 1,653,462</b>

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

**Town of Fairview  
Balance Sheet  
Governmental Funds  
June 30, 2015**

	Major Funds		Total Governmental Funds
	General	Park Capital Project	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 659,525	\$ -	\$ 659,525
Receivables, net:			
Taxes	4,635	-	4,635
Due from other governments	47,190	-	47,190
Grant receivable	-	12,527	12,527
Prepaid items	3,289	-	3,289
Restricted cash & cash equivalents	382,450	301,915	684,365
Total assets	<u>\$ 1,097,089</u>	<u>\$ 314,442</u>	<u>\$ 1,411,531</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 12,733	\$ 9,420	\$ 22,153
Total liabilities	<u>12,733</u>	<u>9,420</u>	<u>22,153</u>
Deferred inflows of resources:			
Property taxes receivable	4,635	-	4,635
Total deferred in flows of resources	<u>4,635</u>	<u>-</u>	<u>4,635</u>
Non Spendable - Prepaids	3,289	-	3,289
Restricted by State Statue-Stabilization	47,190	-	47,190
Assigned:			
Subsequent year's expenditures	225,000	-	225,000
Capital Projects	382,450	305,022	687,472
Unassigned	421,792	-	421,792
Total fund balances	<u>1,079,721</u>	<u>305,022</u>	<u>1,384,743</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,097,089</u>		
Amounts reported for governmental activities in the Statement of Net Position are different because :			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Gross capital assets at historical cost	271,558		
Accumulated depreciation	<u>(7,474)</u>		
			264,084
Liabilities for earned revenues considered deferred inflows of resources in fund statements.			<u>4,635</u>
Net position of governmental activities			<u>\$ 1,653,462</u>

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

**Town of Fairview**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**June 30, 2015**

	Major Funds		Total Governmental Funds
	General Fund	Park Capital Project Fund	
<b>REVENUES</b>			
Ad valorem taxes	\$ 87,810	\$ -	\$ 87,810
Other taxes and licenses	7,278	-	7,278
Unrestricted intergovernmental	186,848	-	186,848
Restricted Governmental	-	12,527	12,527
Investment income	4,575	-	4,575
Miscellaneous income	-	-	-
Total revenues	286,511	12,527	299,038
<b>EXPENDITURES</b>			
Current:			
General government	111,822	-	111,822
Economic and physical development	40,834	-	40,834
Cultural & Recreational	3,900	-	3,900
Capital outlay	2,570	25,055	27,625
Total expenditures	159,126	25,055	184,181
Revenues over (under) expenditures	127,385	(12,528)	114,857
Other financing sources/(uses):			
Transfers to capital/project fund	(317,550)	317,550	-
Total	(317,550)	317,550	-
Net Change in Fund Balance	(190,165)	305,022	114,857
Fund balances, beginning as previously reported	1,269,886	-	1,269,886
Fund balances, ending	\$ 1,079,721	\$ 305,022	\$ 1,384,743

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

**Town of Fairview**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**June 30, 2015**

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

Net changes in fund balances - total governmental funds \$ 114,857

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	27,625	
Depreciation expense for governmental assets	(1,986)	25,639

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

Change in unavailable revenue for tax revenues	(1,229)
--	---------

Total changes in net position of governmental activities	\$ 139,267
--	------------

**Town of Fairview**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**June 30, 2015**

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
<b>Revenues:</b>				
Ad valorem taxes	\$ 81,020	\$ 81,020	\$ 87,810	\$ 6,790
Other taxes and licenses	7,300	7,300	7,278	(22)
Unrestricted intergovernmental	170,000	172,000	186,848	14,848
Investment income	-	4,250	4,575	325
Miscellaneous income	-	800	-	(800)
Total revenues	258,320	265,370	286,511	21,141
<b>Expenditures:</b>				
Current:				
General government	138,030	115,025	111,822	3,203
Economic and physical development	40,834	40,834	40,834	-
Cultural and recreational	10,000	3,900	3,900	-
Capital outlay	-	17,895	2,570	15,325
Total expenditures	188,864	177,654	159,126	18,528
Revenues over (under) expenditures	69,456	87,716	127,385	39,669
<b>Other financing sources/(uses):</b>				
Transfer to capital project fund	-	-	(317,550)	(317,550)
Total other financing sources/(uses)	-	-	(317,550)	(317,550)
Fund balance appropriated	(69,456)	(87,716)	-	87,716
Net change in fund balance	\$ -	\$ -	\$ (190,165)	\$ (190,165)
Fund balance, as previously reported			1,269,886	
Fund balance ending			\$ 1,079,721	

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

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

**I. Summary of Significant Accounting Policies**

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

A. Reporting Entity

The Town of Fairview is a municipal corporation that is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles these financial statements present the Town of Fairview only. There were no entities which met the requirements of a reportable component unit.

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. This statement would distinguish between the *governmental* and *business-type activities* of the Town; however, the Town of Fairview does not have any business type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses 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. Statements for the Town's only fund category – *governmental* – are presented.

The Town reports only the following major governmental fund:

**General Fund.** The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources. The primary revenue sources are ad valorem taxes, State-shared revenues, and various other taxes and licenses. The primary expenditures are for general government.

**Park Capital Project Fund.** This fund is used to account for the construction of new town park.

The Town has no other funds to report.

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

**I. Summary of Significant Accounting Policies (Continued)**

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

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

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for 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.

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

**I. Summary of Significant Accounting Policies (Continued)**

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 Fairview because the tax is levied by Union County and then remitted to and distributed by the state. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues.

**D. Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Park Capital Project fund. 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. All amendments must be approved by the governing board and the 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**

**Deposits**

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;



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

**I. Summary of Significant Accounting Policies (Continued)**

obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The securities of the NCCMT – Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price.

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

Cash and Cash Equivalents

The Town occasionally maintains funds in certificates of deposit to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2014.

Allowances for Doubtful Accounts

An allowance for doubtful accounts is not maintained by the Town.

Prepaid Items

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

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 \$1,000; buildings and improvements \$1,000 equipment and furniture \$1,000; computer software and computer equipment \$1,000. Purchased or constructed capital assets are reported at cost

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

**I. Summary of Significant Accounting Policies (Continued)**

or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful lives</u>
Computer and Office Equipment	5-10
Furniture and Fixtures	15
Leasehold Improvements	15

Deferred Outflows/Inflows of Resources

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

Compensated Absences / Employee Benefits

The Town has three part time employees and does not provide vacation or sick pay; therefore, no provision for compensated absences is made.

Net Position

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

Fund Balances

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

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

**I. Summary of Significant Accounting Policies (Continued)**

The governmental fund types classify fund balances as follows:

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

Prepaid Items – Portion of fund balance that is not an available resource because it represents certain payments to vendors that reflect costs applicable to future accounting periods.

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)].

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

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

Capital Projects – portion of fund balance that has been budgeted by the Town for future capital projects.

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

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

Pensions

The Town’s employees do not participate in the state retirement plan.

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

**II. Stewardship, Compliance, and Accountability**

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2015, the expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board for other financial uses by \$317,550. The over expenditure occurred because the governing board did not budget to transfer the fund balance assigned for capital projects from the general fund to the park capital project fund. Additionally, three expenditures exceeded authorized appropriations in the general fund by \$772 due to unforeseen price increases. However, total expenditures did not exceed total authorized appropriations. Management and the Town will more closely review the budget reports to ensure compliance in future years.

**III. Detail Notes on All Funds**

A. Assets

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 agent in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent 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. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2015, the Town's deposits have a carrying amount of \$1,343,890 and a bank balance of \$1,347,024. Of the bank balance the \$500,965 at three separate FDIC insured financial institutions was covered by federal depository insurance, and \$846,059 was covered by collateral held under the Pooling Method.

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

Investments

At June 30, 2015, the Town of Fairview had \$965 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's.

Restricted Assets

The Town of Fairview's council has voted to restrict \$382,450 of net position for future capital projects and \$305,022 for the park capital project. The money is held in cash accounts and occasionally, in certificates of deposit accounts.

**III. Detail Notes on All Funds (Continued)**

Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2015, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital Assets not being depreciated:				
Land & Land Improvements	\$ 229,661	\$ 25,055	\$ -	\$ 254,716
Total capital assets not being depreciated	<u>229,661</u>	<u>25,055</u>	<u>-</u>	<u>254,716</u>
<b>Governmental activities:</b>				
Capital assets being depreciated:				
Office Equipment	27,370	2,570	(15,598)	14,342
Leasehold Improvements	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>2,500</u>
Total capital assets being depreciated	<u>29,870</u>	<u>2,570</u>	<u>(15,598)</u>	<u>16,842</u>
<b>Less accumulated depreciation for:</b>				
Office Equipment	20,335	1,820	(15,598)	6,557
Leasehold Improvements	<u>751</u>	<u>166</u>	<u>-</u>	<u>917</u>
Total accumulated depreciation	<u>21,086</u>	<u>1,986</u>	<u>(15,598)</u>	<u>7,474</u>
Total capital assets being depreciated, net	<u>8,784</u>			<u>9,368</u>
<b>Governmental activity capital assets, net</b>	<u>\$ 238,445</u>			<u>\$ 264,084</u>

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

General government \$ 1,986

B. Liabilities

Deferred Outflows and Inflows of Resources

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

Taxes Receivable, less penalties (General Fund) \$ 4,635

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

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 has a commercial insurance policy in place to manage their risk. Coverage under this policy is as follows:

General Liability	\$ 1,000,000
Public Officials Liability	1,000,000
Business Auto	1,000,000

**III. Detail Notes on All Funds (Continued)**

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 clerk is bonded for \$10,000. The finance officer is bonded for \$50,000.

The Town carries commercial insurance 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 years. The Town does not currently carry flood insurance; because the Town is not near a river, lake, or stream, they do not qualify to purchase coverage through the Federal Emergency Management Agency. Accordingly, purchase of a flood policy is not warranted for the Town based on the Town’s assessment of unlikely flood damage risk.

Long-Term Obligations

Facility Lease

On December 8, 2014, the Town entered into a five-year agreement with Fairview Fire and Rescue Association to lease office space at the Fairview Fire Department. Rent is \$250 monthly. The lease automatically renews on a yearly basis.

The future minimum lease payments as of June 30, 2015 are as follows:

Fiscal year	
<u>Ended June 30,</u>	
2016	\$ 3,000
2017	3,000
2018	3,000
2019	3,000
2020	1,250
Thereafter	-
Total minimum lease payments	<u>\$ 13,250</u>

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

Equipment Lease

On June 2, 2015, the Town entered into a 4 year agreement to lease a printer. The Town leases the printer for \$59.33 monthly and has the option to buy the printer at fair market value at the end of the lease.

The future minimum lease payments are as follows:

Fiscal year		
Ended June 30,		
2016	\$	712
2017		712
2018		712
2019		712
2020		-
Thereafter		-
Total minimum lease payments	\$	<u>2,848</u>

Local Government Employees' Retirement System

The Town's employees do not participate in the state retirement system.

**IV. 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	\$	<u>1,079,721</u>
Less:		
Prepays		3,289
Stabilization by State Statue		47,190
Capital Projects		382,450
Subsequent Year's Expenditures		225,000
Working Capital/Fund Balance Policy		17,765
Remaining Fund Balance		404,027

The Town of Fairview has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 10% of budgeted expenditures.

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

**V. Subsequent Events**

Subsequent events have been evaluated through October 26, 2015, the date which the financial statements were available to be issued.



**Individual Fund Statements  
and Schedules**

**Town of Fairview, North Carolina  
General Fund  
Statement of Revenues, Expenditures, and  
Change in Fund Balances - Budget to Actual  
For the Fiscal Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Current year ad valorem property tax	\$ 75,200	\$ 79,327	\$ 4,127
Motor vehicle tax	5,820	7,944	2,124
Penalties & interest	-	539	539
Total	<u>81,020</u>	<u>87,810</u>	<u>6,790</u>
Other taxes and licenses:			
Cable franchise tax	2,800	2,853	53
Zoning fees	4,500	4,425	(75)
Total	<u>7,300</u>	<u>7,278</u>	<u>(22)</u>
Unrestricted intergovernmental:			
Utility franchise tax	148,000	162,284	14,284
Sales tax distribution	24,000	24,564	564
Total	<u>172,000</u>	<u>186,848</u>	<u>14,848</u>
Investment income	4,250	4,575	325
Miscellaneous income	800	-	(800)
Total revenues	<u>\$ 265,370</u>	<u>\$ 286,511</u>	<u>\$ 21,141</u>

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

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

	Budget	Actual	Variance Positive (Negative)
<b>Expenditures:</b>			
General government:			
Advertising	\$ 700	\$ 679	\$ 21
Audit fees	6,400	6,400	-
Bank service charges	100	59	41
Collection fees - Ad valorem	1,450	1,418	32
Computers and internet	6,800	5,014	1,786
Dues and subscriptions	4,900	4,896	4
Education	125	125	-
Election expense	-	-	-
Grants	1,500	1,500	-
Liability insurance	5,900	5,893	7
Legal fees	6,000	6,106	(106)
Miscellaneous	200	142	58
Office supplies	1,500	1,431	69
Payroll expense	35,100	33,280	1,820
Professional fees	100	737	(637)
Public safety and fire protection	30,000	30,000	-
Rent	3,000	3,000	-
Solid waste management	7,000	6,963	37
Telephone	3,500	3,529	(29)
Travel	750	650	100
Total	<u>115,025</u>	<u>111,822</u>	<u>3,203</u>
Cultural and Recreational Total			
Park Maintenance	3,900	3,900	-
Total	<u>3,900</u>	<u>3,900</u>	<u>-</u>
Economic and physical development:			
Zoning administration	40,834	40,834	-
Total	<u>40,834</u>	<u>40,834</u>	<u>-</u>
Capital Outlay:			
Capital outlay	17,895	2,570	15,325
Total	<u>17,895</u>	<u>2,570</u>	<u>15,325</u>
Total expenditures	<u>177,654</u>	<u>159,126</u>	<u>18,528</u>
Revenues over (under) expenditures	87,716	127,385	39,669
Other financing sources/(uses):			
Transfer to capital project fund	-	(317,550)	(317,550)
Total	<u>-</u>	<u>(317,550)</u>	<u>(317,550)</u>
Fund balance appropriated	<u>(87,716)</u>	-	<u>87,716</u>
Net change in fund balance	\$ <u>-</u>	\$ (190,165)	\$ <u>(190,165)</u>
Fund balance, beginning of year		<u>1,269,886</u>	
Fund balance, ending		<u>\$ 1,079,721</u>	

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

**Town of Fairview, North Carolina**  
**Statement of Revenues, Expenditures, and**  
**Change in Fund Balances - Budget to Actual**  
**Park Capital Project Fund**  
**For the Fiscal Year Ended June 30, 2015**

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
<b>Revenues:</b>					
PARTF Grant	\$ 317,550	\$ -	\$ 12,527	\$ 12,527	\$ (305,023)
Investment Earnings	-	-	-	-	-
Total Revenues	<u>317,550</u>	<u>-</u>	<u>12,527</u>	<u>12,527</u>	<u>(305,023)</u>
<b>Expenditures:</b>					
Design and Construction Management	47,100	-	25,055	25,055	22,045
Park Development	560,000	-	-	-	560,000
Contingency	28,000	-	-	-	28,000
Total Expenditures	<u>635,100</u>	<u>-</u>	<u>25,055</u>	<u>25,055</u>	<u>610,045</u>
Revenues Over Expenditures	(317,550)	-	(12,528)	(12,528)	305,022
Other Financing Sources/(Uses)					
Transfers from general fund	317,550	-	317,550	317,550	-
Total Other Financing Sources/(Uses)	<u>317,550</u>	<u>-</u>	<u>317,550</u>	<u>317,550</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>-</u>	<u>305,022</u>	<u>\$ 305,022</u>	<u>\$ 305,022</u>
Fund Balance, Beginning		-	-		
Fund Balance, Ending		<u>\$ -</u>	<u>\$ 305,022</u>		

## **Other Schedules**

**Town of Fairview, North Carolina**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2015**

Levy Year	<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2014</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2015</u>
2015	2015-2016	\$ -	\$ 412	\$ (254)	\$ 158
2014	2014-2015	-	86,980	(85,640)	1,340
2013	2013-2014	857	247	(757)	347
2012	2012-2013	1,164	13	(912)	265
2011	2011-2012	845	32	(702)	175
2010	2010-2011	384	23	(158)	249
2009	2009-2010	1,167	130	(346)	951
2008	2008-2009	361	-	(57)	304
2007	2007-2008	551	-	(37)	514
2006	2006-2007	226	2	(65)	163
2005	2005-2006	160	12	(3)	169
2004	2004-2005	<u>149</u>	<u>1</u>	<u>(150)</u>	<u>-</u>
		<u>\$ 5,864</u>	<u>\$ 87,852</u>	<u>\$ (89,081)</u>	<u>\$ 4,635</u>
					Ad valorem taxes receivable - net <u>\$ 4,635</u>
					<u>Reconciliation with revenues:</u>
					Ad valorem taxes - General Fund \$ 87,810
					Reconciling items:
					Interest collected (539)
					Taxes written off <u>1,810</u>
					Total collections and credits <u>\$ 89,081</u>

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

**Town of Fairview, North Carolina**  
**Analysis of Current Tax Levy**  
**Town - Wide Levy**  
**June 30, 2015**

	Town - Wide Levy			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current	\$ 427,763,077	0.02	\$ 85,641	\$ 78,110	\$ 7,531
Discoveries/abatement	<u>6,695,000</u>		<u>1,339</u>	<u>1,273</u>	<u>66</u>
Total property valuation	<u>434,458,077</u>		<u>-</u>	<u>-</u>	<u>-</u>
Net Levy			86,980	79,383	7,597
Uncollected taxes at June 30, 2015			<u>1,340</u>	<u>662</u>	<u>678</u>
Current year's taxes collected			<u>\$ 85,640</u>	<u>\$ 78,721</u>	<u>\$ 6,919</u>
Current levy collection percentages			<u>98.46%</u>	<u>99.17%</u>	<u>91.08%</u>

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

## **Compliance Section**





**Moyer, Smith & Roller, P.A.**  
Certified Public Accountants

2213 Commerce Drive  
Monroe, NC 28110  
T: 704-283-7748  
F: 704-283-0510  
cpamonroe@msr-cpa.com  
www.msr-cpa.com

**Report On Internal Control Over Financial Reporting And On Compliance and  
Other Matters Based On An Audit Of Financial Statements Performed In  
Accordance With *Government Auditing Standards***

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Fairview, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statement, which collectively comprises the Town of Fairview's basic financial statements, and have issued our report thereon dated October 26, 2015.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. [2015-1]

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Fairview's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses. [2015-1]

#### Town of Fairview's Response to Findings

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

#### Purpose of this Report

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



Moyer, Smith & Roller, P.A.  
Monroe, North Carolina  
October 26, 2015

**Town of Fairview, North Carolina  
Schedule of Findings and Responses  
For the Fiscal Year Ended June 30, 2015**

---

**Section I. Summary of Auditor's Results**

---

**Financial Statements**

**Type of auditor's report issued: Unqualified**

Internal control over financial reporting:

- Material weaknesses identified?                             \_\_\_yes             Xno
  
- Significant Deficiencies identified that are  
not considered to be material weaknesses?               \_\_\_yes             Xno
  
- Noncompliance material to financial  
statements noted   Xyes             \_\_\_no

Federal Awards

N/A - No major federal programs reported

State Awards

N/A – No major state programs reported

---

**Section II. Financial Statement Findings**

---

NONCOMPLIANCE VIOLATIONS

2015-1 Excess of other financing uses over appropriations

Criteria: The Town is responsible for appropriating sufficient funds for expenditures and other financing uses and for monitoring and maintaining compliance with authorized appropriations.

Condition: The Town's other financing uses exceeded authorized appropriations in the general fund.

Effect: The Town violated General Statutes 159-15 and 159-28.

Cause: Town personnel were not aware the park capital project fund was considered a major fund. The Town did appropriate net position in the general fund to finance the capital project, but did not authorize a transfer of the appropriated net position to the park capital project fund.

**Town of Fairview, North Carolina  
Schedule of Findings and Responses  
For the Fiscal Year Ended June 30, 2015**

---

**Section II. Financial Statement Findings (continued)**

---

NONCOMPLIANCE VIOLATIONS

2015-1 Excess of other financing uses over appropriations (continued)

Recommendation: Town personnel should obtain an understanding of General Statutes 159-15 and 159-28 and evaluate capital projects to determine the proper accounting treatment.

Views of responsive officials and planned corrective actions: The Town agrees with this finding.

---

**Section III. Federal Award Findings and Questioned Costs**

---

N/A - No major federal programs reported

---

**Section IV. State Award Findings and Questioned Costs**

---

N/A – No major state programs reported

**Town of Fairview, North Carolina  
Corrective Action Plan  
For the Fiscal Year Ended June 30, 2015**

---

**Section II. Financial Statement Findings**

---

NONCOMPLIANCE VIOLATIONS

2015-1 Excess of other financing uses over appropriations

Name of Contact person: Elizabeth Long, Mayor

Corrective Action: Town personnel should obtain an understanding at General Statutes 159-15 and 159-28 and evaluate capital projects to determine the proper accounting treatment.

Proposed Completion Date: The Town will implement the above procedure immediately.

---

**Section III. Federal Award Findings and Questioned Costs**

---

N/A - No major federal programs reported

---

**Section IV. State Award Findings and Questioned Costs**

---

N/A – No major state programs reported

**Town of Fairview, North Carolina  
Summary Schedule of Prior Audit Findings  
For the Fiscal Year Ended June 30, 2015**

N/A – No prior year audit findings reported