

TOWN OF INDIAN TRAIL,
NORTH CAROLINA

Financial Statements

June 30, 2015

Town Council Members

Michael Alvarez, Mayor

David Cohn, Mayor ProTem

Christopher King

Gary Savoie

Gordon Daniels

David Drehs

Administrative and Financial Staff

Joe Fivas, Town Manager

Marsha Sutton, Finance Director

Alicia Massey, Revenue Collector

Town of Indian Trail, North Carolina
Table of Contents
June 30, 2015

Exhibit

Page

Financial Section:

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements:

Government-wide Financial Statements:

1	Statement of Net Position	1
2	Statement of Activities	2-3

Fund Financial Statements:

3	Balance Sheet – Governmental Funds	4
3	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	5
4	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	6
4	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7
5	Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	8
6	Statement of Net Position - Proprietary Fund	9
7	Statement of Revenues, Expenses and Changes in Fund Net Position- Proprietary Fund	10
8	Statement of Cash Flows - Proprietary Fund	11

	<i>Notes to the Financial Statements</i>	12-35
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Required Supplemental Financial Data:

	Schedule of the Proportionate Share of the Net Pension (Asset)/Liability – Local Government Employees' Retirement System	36
	Schedule of Contributions – Local Government Employees' Retirement System	37

Town of Indian Trail, North Carolina
Table of Contents
June 30, 2015

	<u>Page</u>
Individual Fund Statements and Schedules:	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	38-41
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – From Inception – Bond Capital Project Fund	42
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – From Inception – Crooked Creek Park Capital Project Fund	43
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – From Inception – Chestnut Square Park Capital Project Fund	44
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Storm Water Fund	45
Combining Balance Sheet for Non Major Governmental Funds	46
Combining Statement of Revenues, Expenditures and Changes in Fund Balances for Non Major Governmental Funds	47
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – From Inception – Municipal Complex Capital Project Fund	48
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – From Inception – Chestnut Extension Capital Project Fund	49
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – From Inception – Unionville Indian Trail Road Sidewalk Improvements Capital Project Fund	50
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – From Inception – Capital Reserve and Debt Service Fund	51
Other Schedules:	
Schedule of Ad Valorem Taxes Receivable	52
Analysis of Current Tax Levy – Town-Wide Levy	53

Town of Indian Trail, North Carolina
Table of Contents
June 30, 2015

Compliance Section:

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*

Report on Internal Control Over Financial Reporting and on Compliance and Other Compliance; In Accordance with OMB CircularA-133; and the State Single Audit Implementation Act

Schedule of State Awards

Schedule of Finding and Questioned Costs

Financial Section

TINSLEY & TERRY, CPAs, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Indian Trail, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Town of Indian Trail ABC Board. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town of Indian Trail ABC Board, is based solely on the report of another auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Town of Indian Trail ABC Board were not audited in accordance with Government Auditing Standards.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Indian Trail, 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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Indian Trail, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules, and Schedule of Expenditures of State Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, other schedules, and the Schedule of Expenditures of State Awards 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the combining and individual fund statements, budgetary schedules, Schedule of Expenditures of State Awards, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2015 on our consideration of Town of Indian Trail, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the Town of Indian Trail, North Carolina's internal control over financial reporting and compliance.

Tinsley & Terry, CPAs P.A.

Tinsley & Terry, CPAs, P.A.
Cornelius, North Carolina
October 28, 2015

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Indian Trail, we offer readers of the Town of Indian Trail's financial statements this narrative overview and analysis of the financial activities of the Town of Indian Trail 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

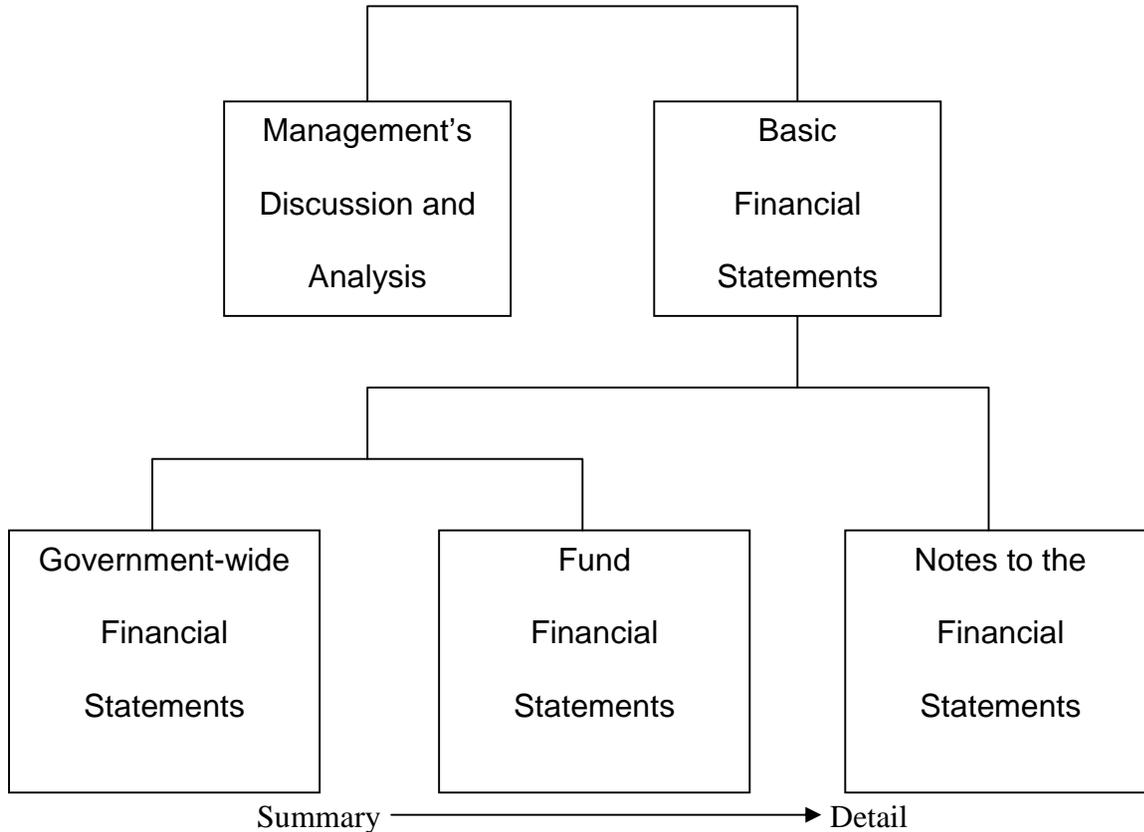
- The assets and deferred outflows of resources of the Town of Indian Trail exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$50,344,640 (*net position*).
- The government's total net position increased by \$4,251,630, primarily due to an increase in Capital Assets from Construction in Progress on Chestnut Square Park, Chestnut Parkway Extension, Crooked Creek Park and the Municipal Complex totaling \$4,645,945.
- As of the close of the current fiscal year, the Town of Indian Trail's governmental funds reported combined ending fund balances of \$22,532,812 with a net decrease of \$937,053 in fund balance. Approximately 52% of this total amount, or \$11,650,418, is non-spendable, restricted, committed or assigned, including \$2,907,194 of bond funds.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$10,882,394, or 125.9% of total general fund expenditures for the fiscal year.
- The ITABC store opened its doors November 10, 2010. The ABC Board is considered a discrete component of the Town. The Town Council exercises control over the Board by appointing its members and because the Board is required to distribute 100% of its net profits to the Town.
- The Town of Indian Trail currently has two outstanding bond issuances. \$3,000,000 of General Obligation Bonds were sold to SunTrust Bank on December 6, 2012. \$8,000,000 of General Obligation Bonds were sold to Stifel, Nicolaus & Company, Inc. on May 1, 2013. The Town of Indian Trail maintained Aa2 bond rating from Moody's Investors Service and AA+ rating from Standard and Poor's Financial Services since issued by the rating agencies.
- The Town of Indian Trail's total debt decreased by \$830,667 (6.1%) during the current fiscal year. Current debt is for the purchase of property at 130 Blythe Drive, 304 Matthews-Indian Trail Road, 145 acres on Oakwood Lane and the two outstanding bond issuances.
- The Town of Indian Trail also continued use of a Stormwater proprietary fund during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Town of Indian Trail'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 Indian Trail.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 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 North Carolina General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as 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 electric services offered by the Town of Indian Trail. The final category is the component unit. Although legally separate from the Town, the ABC Board is important to the Town. The Town exercises control over the Board by appointing its members and the Board is required to distribute its profits to the Town.

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

Fund Financial Statements

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

Management Discussion and Analysis Town of Indian Trail

The Town of Indian Trail 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 Indian Trail uses an *Enterprise Funds* to report the same functions presented as business-type activities in the government-wide financial statements. Town of Indian Trail uses enterprise funds to account for its water and sewer activity. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 12 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 Indian Trail's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 36 of this report.

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

Government-Wide Financial Analysis

Town of Indian Trail's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 24,278,743	\$ 26,124,892	\$ 2,094,868	\$ 1,905,306	\$ 26,373,611	\$ 28,030,198
Capital assets	38,517,174	34,419,092	100,546	45,960	38,617,720	34,465,052
Deferred outflows of resources	121,655	-	-	-	121,655	-
Total assets and deferred outflows of resources	62,917,572	60,543,984	2,195,414	1,951,266	65,112,986	62,495,250
Long-term liabilities outstanding	12,009,958	12,846,279	-	-	12,009,958	12,846,279
Other liabilities	2,256,692	3,190,852	45,893	5,472	2,302,585	3,196,324
Deferred inflows of resources	455,803	138,963	-	-	455,803	138,963
Total liabilities and deferred inflows of resources	14,722,453	16,176,094	45,893	5,472	14,768,346	16,181,566
Net position:						
Net investment in capital assets	28,580,313	27,943,641	-	-	28,580,313	27,943,641
Restricted	2,605,385	2,642,175	-	-	2,605,385	2,642,175
Unrestricted	17,009,421	13,782,074	2,149,521	1,945,794	19,158,942	15,727,868
Total net position	\$ 48,195,119	\$ 44,367,890	\$ 2,149,521	\$ 1,945,794	\$ 50,344,640	\$ 46,313,684

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 Indian Trail exceeded liabilities and deferred inflows by \$50,344,640 as of June 30, 2015. The Town's net position increased by \$4,251,630 for the fiscal year ended June 30, 2015. However, \$28,580,313 (57%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Indian Trail uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Indian Trail'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 Indian Trail's net position, \$2,605,385 (5%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$17,009,421 is unrestricted. Also, the Town of Indian Trail implemented GASB Statement 68 this year. With the new reporting change, the Town is allocated its proportionate share of the Local Government Employees' Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. A restatement to record the effects of the new reporting guidance decreased beginning net position by \$220,674. Decisions regarding the allocations are made by the administrators of the pension plan, not by the Town of Indian Trail's management.

Management Discussion and Analysis
Town of Indian Trail

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

- Continued diligence in the collection of property taxes by increasing the tax collection percentage from 98.50% as of June 30, 2014 to 99.17% as of June 30, 2015. The statewide average was 98.6%.
- Significant increase in Sales Tax revenue.
- Total Construction in Progress of \$13,616,320 for Chestnut Square Park, Crooked Creek Park, Chestnut Parkway Extension, Unionville Indian Trail Road Sidewalk and the Municipal Complex.
- Accounts payable decreased by \$1,464,262.

(continued on next page)

**Town of Indian Trail's Changes in Net Position
Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 165,217	\$ 89,511	\$ 1,072,005	\$ 1,067,876	\$ 1,237,222	\$ 1,157,387
Operating grants and contributions	850,696	829,424	-	-	850,696	829,424
Capital grants and contributions	-	470,486	-	-	-	470,486
General revenues:						
Property taxes	6,875,697	6,815,186	-	-	6,875,697	6,815,186
Other taxes	3,950,008	3,660,058	-	-	3,950,008	3,660,058
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	(17,086)	78,032	1,966	4,898	(15,120)	82,930
Total revenues	11,824,532	11,942,697	1,073,971	1,072,774	12,898,503	13,015,471
Expenses:						
General government	1,294,941	1,174,282	-	-	1,294,941	1,174,282
Public safety	1,837,177	1,588,088	-	-	1,837,177	1,588,088
Transportation	1,425,412	1,151,768	-	-	1,425,412	1,151,768
Environmental protection	1,604,280	1,547,315	-	-	1,604,280	1,547,315
Economic and physical development	846,296	929,442	-	-	846,296	929,442
Cultural and recreation	518,217	150,033	-	-	518,217	150,033
Interest on long-term debt	293,970	313,959	-	-	293,970	313,959
Water and sewer	-	-	826,580	312,382	826,580	312,382
Electric	-	-	-	-	-	-
Total expenses	7,820,293	6,854,887	826,580	312,382	8,646,873	7,167,269
Increase in net position before transfers	4,004,239	5,087,810	247,391	760,392	4,251,630	5,848,202
Transfers	43,664	380,756	(43,664)	(380,756)	-	-
Extraordinary item: gain on insurance recovery	-	-	-	-	-	-
Increase in net position	4,047,903	5,468,566	203,727	379,636	4,251,630	5,848,202
Net position, July 1 (consolidated)	44,367,890	38,899,324	1,945,794	1,566,158	46,313,684	40,465,482
Net position, beginning, restated	44,147,216	38,899,324	1,945,794	1,566,158	46,093,010	40,465,482
Net position, June 30	\$ 48,195,119	\$ 44,367,890	\$ 2,149,521	\$ 1,945,794	\$ 50,344,640	\$ 46,313,684

Governmental activities. Governmental activities increased the Town's net position by \$4,047,903, thereby accounting for 95.2% of the total growth in the net position of the Town of Indian Trail. Key elements of this increase are mainly due to an increase in current capital improvement projects.

Business-type activities. Business-type activities increased the Town of Indian Trail's net position by \$203,727, accounting for 4.8% of the total growth in the government's net position.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Indian Trail'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 Indian Trail's financing requirements.

The general fund is the chief operating fund of the Town of Indian Trail. At the end of the current fiscal year, Town of Indian Trail's fund balance available in the General Fund was \$15,266,510, while total fund balance reached \$16,691,385. The Governing Body of Town of Indian Trail has determined that the Town should maintain an available fund balance of 30% 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 of 101.5% of general fund expenditures, and total fund balance represents 111% of the same amount. The Council from time to time may utilize fund balances that will reduce fund balance below the requirement indicated but in no case below 15% except in extreme emergency for the purpose of providing for:

- (1) A revenue shortfall
- (2) Dealing with a natural disaster or other event that threatens the health or safety of the residents
- (3) Taking advantage of any unforeseen significant opportunity that may be otherwise lost to the community
- (4) To protect the long-term fiscal security of the Town of Indian Trail
- (5) For major Town projects that are to the overall benefit of the Town after proper due diligence and an opportunity for public comments
- (6) Funds needed as a part of a matching grant for a major project

At June 30, 2015, the governmental funds of Town of Indian Trail reported a combined fund balance of \$22,532,812 with a net decrease in fund balance of \$937,053. Included in this change in fund balance is an increase in fund balance in the Capital Projects Fund.

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

Revenues were more than the adopted budget for fiscal year ending June 30, 2015 due to additional property taxes, sales tax and other taxes. Expenditures were less than the adopted budget due the Town's conservative spending practices. Both the budget and expenditures for capital projects roll forward to the subsequent fiscal years until completed.

Proprietary Funds. The Town of Indian Trail’s proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Stormwater Fund at the end of the fiscal year amounted to \$2,149,521. The change in net position in the Stormwater fund was due to revenues exceeding expenditures.

Capital Asset and Debt Administration

Capital assets. The Town of Indian Trail’s investment in capital assets for its governmental and business-type activities as of June 30, 2015, totals \$38,617,720 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year were primarily for construction in progress of \$4,645,945 in governmental-type activities for park construction projects.

**Town of Indian Trail’s Capital Assets
(net of depreciation)**
Figure 4

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 3,895,112	\$ 3,895,112	\$ -	\$ -	\$ 3,895,112	\$ 3,895,112
Construction in progress	13,616,320	8,970,375	-	-	13,616,320	8,970,375
Building and improvements	1,384,302	1,449,255	-	-	1,384,302	1,449,255
Computers	4,414	10,072	-	-	4,414	10,072
Computer software	21,273	34,797	-	-	21,273	34,797
Equipment	242,584	214,298	67,773	25,737	310,357	240,035
Vehicles	51,749	9,169	32,773	20,223	84,522	29,392
Infrastructure	19,301,420	19,836,014	-	-	19,301,420	19,836,014
Total	\$ 38,517,174	\$ 34,419,092	\$ 100,546	\$ 45,960	\$ 38,617,720	\$ 34,465,052

Additional information on the Town’s capital assets can be found in Note III.A.3 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2015, the Town of Indian Trail had total general obligation bond debt outstanding of \$9,982,000, which is backed 100% by the full faith and credit of the Town. The remainder of the Town’s debt represents installment loans for \$2,762,500.

**Outstanding Debt
 Figure 5**

Town of Indian Trail’s Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Installment debt	\$ 2,762,500	\$ 3,084,167	\$ -	\$ -	\$ 2,762,500	\$ 3,084,167
General obligation bonds	9,982,000	10,491,000	-	-	9,982,000	10,491,000
Total	\$ 12,744,500	\$ 13,575,167	\$ -	\$ -	\$ 12,744,500	\$ 13,575,167

Town of Indian Trail’s Outstanding Debt

The Town of Indian Trail’s total debt decreased by \$830,667 (6.1%) during the past fiscal year due to principal payments on the General Obligation Bond issuances and installment loans.

As mentioned in the financial highlights section of this document, the Town of Indian Trail maintained its Aa2 bond rating from Moody’s Investors Service and AA+ rating from Standard and Poor’s Financial Services. These bond ratings are a clear indication of the sound financial condition of Town of Indian Trail and a primary factor in keeping interest costs low on the Town’s outstanding debt.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for Town of Indian Trail is \$285,531,554. The Town has \$14,500,000 in bonds authorized but unissued at June 30, 2015.

Additional information regarding the Town of Indian Trail’s long-term debt can be found in Note III.D of this report.

Economic Factors and Next Year's Budgets and Rates

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

- The Town's population continues to increase. The 2010 Census reflects a population of 33,518, and the Preliminary 2014 Certified Population Estimate from the Office of State Budget and Management is 36,628.
- The Town of Indian Trail's unemployment rate as of June 30, 2015 was 4.5% compared to Union County's rate of 5.2% and the State average of 6.1%.
- Tax revenue allocations to the Debt Service and Capital Reserve Fund will increase from four cents to five cents and can only be utilized for debt services and capital expenditures as specified in the Capital Reserve Fund Ordinance and any subsequent amendments thereto in the current or future fiscal years. The total tax rate will remain at \$0.185 per \$100.
- Budgeted expenditures for governmental activities increased slightly overall or stayed the same as last year. This year's emphasis will be on the Town's infrastructure, technology and the construction of a new municipal complex

Budget Highlights for the Fiscal Year Ending June 30, 2016

Governmental Activities: The 2015-2016 operating budget provides for resources to address the Town's daily needs, as well as, continuing the Debt Service and Capital Reserve Fund so the Council can continue to address quality of life and capital improvement programs. This budget continues the process of Council having the ability to have specific funds to address town infrastructure needs, whether through repair, construction or reconstruction, acquiring and developing parks, greenways, recreational area and open spaces, acquisition or construction of municipal structures and capital equipment and address the debt associated with these future endeavors.

Business-type Activities: The Town uses the Equivalent Residential Unit (ERU) rate to assess Stormwater fees. The ERU rate is a minimum of \$32.40 with a maximum rate of \$27,000. The Town has developed a ranking procedure regarding Stormwater calls received from Residents and will continue to work on Stormwater issues throughout the municipality.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Manager, Town of Indian Trail, P.O. Box 2430, Indian Trail, NC 28079. One can also call (704)-821-5401, visit our website www.indiantrail.org or send an email to townmanager@admin.indiantrail.org for more information.

Basic Financial Statements

Town of Indian Trail, North Carolina
Statement of Net Position
June 30, 2015

	Primary Government			Town of Indian Trail ABC Board
	Governmental Activities	Business-type Activities	Total	
Assets				
Current assets:				
Cash and cash equivalents	\$ 17,531,545	\$ 2,046,512	\$ 19,578,057	\$ 379,093
Restricted cash	5,442,795	-	5,442,795	-
Taxes receivable (net)	216,323	-	216,323	-
Accounts receivable	5,507	41,025	46,532	-
Due from other governments	503,110	7,331	510,441	-
Inventories	3,185	-	3,185	245,212
Prepaid expense	410,972	-	410,972	8,623
Total current assets	<u>24,113,437</u>	<u>2,094,868</u>	<u>26,208,305</u>	<u>632,928</u>
Non-current assets:				
Net pension asset	165,306	-	165,306	-
Deposits	-	-	-	15,451
Total non-current assets	<u>165,306</u>	<u>-</u>	<u>165,306</u>	<u>15,451</u>
Capital assets (Note III,3):				
Land, non-depreciable improvements	3,895,112	-	3,895,112	-
Construction in progress	13,616,320	-	13,616,320	-
Other capital assets, net of depreciation	21,005,742	100,546	21,106,288	78,217
Total capital assets	<u>38,517,174</u>	<u>100,546</u>	<u>38,617,720</u>	<u>78,217</u>
Total assets	<u>\$ 62,795,917</u>	<u>\$ 2,195,414</u>	<u>\$ 64,991,331</u>	<u>\$ 726,596</u>
Deferred Outflows of Resources				
Contributions to pension plan in current fiscal year	121,655	-	121,655	-
Total deferred outflows of resources	<u>121,655</u>	<u>-</u>	<u>121,655</u>	<u>-</u>
Liabilities				
Current liabilities:				
Accounts payable	\$ 413,491	\$ 45,893	\$ 459,384	\$ 169,838
Accounts payable restricted assets	11,791	-	11,791	-
Taxes payable	-	-	-	77,135
Distributions payable	-	-	-	41,334
Current portion long term liabilities	950,534	-	950,534	-
Deposits in escrow	880,876	-	880,876	-
Total current liabilities	<u>2,256,692</u>	<u>45,893</u>	<u>2,302,585</u>	<u>288,307</u>
Long-term liabilities:				
Due in more than one year	12,009,958	-	12,009,958	-
Total long-term liabilities	<u>12,009,958</u>	<u>-</u>	<u>12,009,958</u>	<u>-</u>
Deferred Inflows of Resources				
Pension deferrals	397,659	-	397,659	-
Advances on improvements	58,144	-	58,144	-
Total deferred inflows of resources	<u>455,803</u>	<u>-</u>	<u>455,803</u>	<u>-</u>
Net Position				
Net investment in capital assets	28,580,313	100,546	28,680,859	78,217
Restricted for:				
Stabilization by State Statute	1,010,718	-	1,010,718	-
Streets	1,594,667	-	1,594,667	-
Working capital	-	-	-	94,937
Unrestricted	17,009,421	2,048,975	19,058,396	265,135
Total net position	<u>\$ 48,195,119</u>	<u>\$ 2,149,521</u>	<u>\$ 50,344,640</u>	<u>\$ 438,289</u>

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

Town of Indian Trail, North Carolina
Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 1,294,941	\$ -	\$ -	\$ -
Public safety	1,837,177	-	-	-
Transportation	1,425,412	-	827,595	-
Economic and physical development	846,296	133,327	-	-
Environmental protection	1,604,280	-	23,101	-
Cultural and recreation	518,217	31,890	-	-
Interest on long-term debt	293,970	-	-	-
Total governmental activities (See Note I)	<u>7,820,293</u>	<u>165,217</u>	<u>850,696</u>	<u>-</u>
Business-type Activity:				
Stormwater Fund	826,580	1,072,004	-	-
Total primary government	<u>\$ 8,646,873</u>	<u>\$ 1,237,221</u>	<u>\$ 850,696</u>	<u>\$ -</u>
Component Unit				
ABC Board	3,077,801	3,208,120	-	-
Total component unit	<u>\$ 3,077,801</u>	<u>\$ 3,208,120</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Taxes:

- Property taxes, levied for general purpose
- Other taxes

Unrestricted investment earnings

Loss on disposal of assets

Miscellaneous

Total general revenues, not including transfers

Transfers

Total general revenues, special items, and transfers

Change in net position

Net position-beginning-previously reported

Restatement

Net position-beginning-restated

Net position-ending

Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Town of Indian Trail ABC Board
\$ (1,294,941)	\$ -	\$ (1,294,941)	\$ -
(1,837,177)	-	(1,837,177)	-
(597,817)	-	(597,817)	-
(712,969)	-	(712,969)	-
(1,581,179)	-	(1,581,179)	-
(486,327)	-	(486,327)	-
(293,970)	-	(293,970)	-
(6,804,380)	-	(6,804,380)	-
-	245,424	245,424	-
(6,804,380)	245,424	(6,558,956)	-
-	-	-	130,319
-	-	-	130,319
6,875,697	-	6,875,697	-
3,950,008	-	3,950,008	-
32,823	1,967	34,790	-
(123,689)	-	(123,689)	-
73,780	-	73,780	-
10,808,619	1,967	10,810,586	-
43,664	(43,664)	-	-
10,852,283	(41,697)	10,810,586	-
4,047,903	203,727	4,251,630	130,319
44,367,890	1,945,794	46,313,684	307,970
(220,674)	-	(220,674)	-
44,147,216	1,945,794	46,093,010	307,970
\$ 48,195,119	\$ 2,149,521	\$ 50,344,640	\$ 438,289

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

Town of Indian Trail, North Carolina
Balance Sheet
Governmental Funds
June 30, 2015

	Major Funds				Total Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Bond Capital Project Fund	Crooked Creek Park Capital Project Fund	Chestnut Square Park Capital Project Fund		
Assets						
Cash and cash equivalents	\$ 14,545,003	\$ -	\$ -	\$ -	\$ 2,986,541	\$ 17,531,544
Restricted cash	2,533,377	2,909,418	-	-	-	5,442,795
Receivables, net:						
Taxes	216,323	-	-	-	-	216,323
Accounts	5,507	-	-	-	-	5,507
Due from other governments	503,110	-	-	-	-	503,110
Due from other funds	-	-	28,753	-	19,053	47,806
Prepaid expenditures	410,972	-	-	-	-	410,972
Inventory	3,185	-	-	-	-	3,185
Total assets	<u>\$ 18,217,477</u>	<u>\$ 2,909,418</u>	<u>\$ 28,753</u>	<u>\$ -</u>	<u>\$ 3,005,594</u>	<u>\$ 24,161,242</u>
Liabilities						
Accounts payable and accrued liabilities	\$ 313,376	\$ -	\$ 28,753	\$ -	\$ 71,361	\$ 413,490
Accounts payable from restricted cash	11,791	-	-	-	-	11,791
Due to other funds	45,582	2,224	-	-	-	47,806
Deposits in escrow	880,876	-	-	-	-	880,876
Total liabilities	<u>1,251,625</u>	<u>2,224</u>	<u>28,753</u>	<u>-</u>	<u>71,361</u>	<u>1,353,963</u>
Deferred Inflows of Resources						
Property tax receivable	216,323	-	-	-	-	216,323
Prepaid taxes	-	-	-	-	-	-
Advances on improvements	58,144	-	-	-	-	58,144
Total deferred inflows of resources	<u>274,467</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>274,467</u>
Fund Balances						
Non-spendable						
Inventory	3,185	-	-	-	-	3,185
Prepaid expenditures	410,972	-	-	-	-	410,972
Restricted						
Stabilization by State statute	1,010,718	-	-	-	-	1,010,718
Streets	1,594,667	-	-	-	-	1,594,667
Capital projects	-	2,907,194	-	-	-	2,907,194
Committed						
Debt service	-	-	-	-	1,728,985	1,728,985
Road improvements	1,751,885	-	-	-	-	1,751,885
Parks improvements	516,014	-	-	-	-	516,014
Town Hall	-	-	-	-	1,205,248	1,205,248
Hanson Brick	8,000	-	-	-	-	8,000
Assigned						
Subsequent years expenditures	513,550	-	-	-	-	513,550
Unassigned	10,882,394	-	-	-	-	10,882,394
Total fund balances	<u>16,691,385</u>	<u>2,907,194</u>	<u>-</u>	<u>-</u>	<u>2,934,233</u>	<u>22,532,812</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,217,477</u>	<u>\$ 2,909,418</u>	<u>\$ 28,753</u>	<u>\$ -</u>	<u>\$ 3,005,594</u>	<u>\$ 24,161,242</u>

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

**Exhibit 3
(continued)**

**Town of Indian Trail, North Carolina
Balance Sheet
Governmental Funds
June 30, 2015**

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

Total Fund Balance, Governmental Funds		\$ 22,532,812
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 44,502,033	
Accumulated depreciation	<u>(5,984,859)</u>	38,517,174
Net pension asset		165,306
Contributions to the pension plan in the current fiscal year are deferred outflows of resources in the Statement of Net Position		121,655
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		216,323
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Long-term liabilities (debt and compensated absences) included as net position below (includes the addition of long-term debt and principal payments during the year.	(12,858,713)	
Premiums received on bond issuances	<u>(101,779)</u>	(12,960,492)
Pension related deferrals		(397,659)
Net position of governmental activities		<u><u>\$ 48,195,119</u></u>

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

Town of Indian Trail, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2015

	Major Funds				Total Non-Major Funds	Total Governmental Funds
	General Fund	Bond Capital Project Fund	Crooked Creek Park Capital Project Fund	Chestnut Square Park Capital Project Fund		
Revenues						
Ad valorem taxes	\$ 6,945,908	\$ -	\$ -	\$ -	\$ -	\$ 6,945,908
Other taxes and licenses	138,076	-	-	-	-	138,076
Unrestricted intergovernmental	3,811,932	-	-	-	-	3,811,932
Restricted intergovernmental	850,696	-	-	-	-	850,696
Permits and fees	133,327	-	-	-	-	133,327
Sales and services	31,890	-	-	-	-	31,890
Investment earnings	25,524	4,013	-	-	3,286	32,823
Miscellaneous	73,781	-	-	-	-	73,781
Total revenues	<u>12,011,134</u>	<u>4,013</u>	<u>-</u>	<u>-</u>	<u>3,286</u>	<u>12,018,433</u>
Expenditures						
Current:						
General government	1,268,976	-	-	-	453,687	1,722,663
Public safety	1,841,855	-	-	-	-	1,841,855
Transportation	1,338,781	-	-	-	677,457	2,016,238
Economic and physical development	883,300	-	-	-	-	883,300
Environmental protection	1,604,281	-	-	-	-	1,604,281
Cultural and recreation	578,789	-	2,517,718	704,015	-	3,800,522
Debt service:						
Principal	836,321	-	-	-	-	836,321
Interest and other charges	293,970	-	-	-	-	293,970
Total expenditures	<u>8,646,273</u>	<u>-</u>	<u>2,517,718</u>	<u>704,015</u>	<u>1,131,144</u>	<u>12,999,150</u>
Excess of revenues over (under) expenditures	<u>3,364,861</u>	<u>4,013</u>	<u>(2,517,718)</u>	<u>(704,015)</u>	<u>(1,127,858)</u>	<u>(980,717)</u>
Other Financing Sources (Uses)						
Transfers (to)/from other funds	(1,259,888)	(3,021,667)	2,517,718	704,015	1,103,486	43,664
Total other financing sources (uses)	<u>(1,259,888)</u>	<u>(3,021,667)</u>	<u>2,517,718</u>	<u>704,015</u>	<u>1,103,486</u>	<u>43,664</u>
Net change in fund balance	2,104,973	(3,017,654)	-	-	(24,372)	(937,053)
Fund balances - beginning	14,586,412	5,924,848	-	-	2,958,605	23,469,865
Fund balances - ending	<u>\$ 16,691,385</u>	<u>\$ 2,907,194</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,934,233</u>	<u>\$ 22,532,812</u>

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

**Exhibit 4
(continued)**

**Town of Indian Trail, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2015**

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

Net changes in fund balances - total governmental funds		\$ (937,053)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays, less donated capital, exceed depreciation in the current period.

Capital outlay expenditures which were capitalized	\$ 4,936,694		
Depreciation expense for governmental assets	(714,923)		
Loss on disposal	<u>(123,689)</u>		4,098,082

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		121,655
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue for tax revenues		(70,211)
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The issuance of long-term debt (bonds and notes payable) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Amortization of bond premiums	5,654		
Principal payments on long-term debt	<u>830,667</u>		836,321

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		(11,675)	
Compensated absences		<u>10,784</u>	

Total changes in net position of governmental activities		<u>\$ 4,047,903</u>
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The notes to the financial statements are an integral part of this statement.

Town of Indian Trail, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2015

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 6,165,489	\$ 6,165,489	\$ 6,945,908	\$ 780,419
Other taxes and licenses	121,000	121,000	138,076	17,076
Unrestricted intergovernmental	2,810,750	2,810,750	3,811,932	1,001,182
Restricted intergovernmental	818,000	818,000	850,696	32,696
Permits and fees	89,000	89,000	133,327	44,327
Sales and services	-	-	31,890	31,890
Investment earnings	28,000	28,000	25,524	(2,476)
Miscellaneous	5,000	9,700	73,781	64,081
Total revenues	<u>10,037,239</u>	<u>10,041,939</u>	<u>12,011,134</u>	<u>1,969,195</u>
Expenditures:				
Current:				
General government	1,387,961	1,580,443	1,268,976	311,467
Public safety	1,783,774	1,945,452	1,841,855	103,597
Transportation	1,708,438	1,694,109	1,338,781	355,328
Environmental protection	1,723,545	1,742,418	1,604,281	138,137
Economic and physical development	1,242,284	1,127,765	883,300	244,465
Cultural and recreation	848,644	933,493	578,789	354,704
Debt service:				
Principal	1,130,291	1,130,291	836,321	-
Interest and other charges	-	-	293,970	-
Total expenditures	<u>9,824,937</u>	<u>10,153,971</u>	<u>8,646,273</u>	<u>1,507,698</u>
Revenues over (under) expenditures	<u>212,302</u>	<u>(112,032)</u>	<u>3,364,861</u>	<u>3,476,893</u>
Other Financing Sources (Uses):				
Transfers from/(to) other funds	<u>(615,952)</u>	<u>(791,857)</u>	<u>(1,259,888)</u>	<u>(468,031)</u>
Total other financing sources (uses)	<u>(615,952)</u>	<u>(791,857)</u>	<u>(1,259,888)</u>	<u>(468,031)</u>
Fund balance appropriated	<u>403,650</u>	<u>903,889</u>	<u>-</u>	<u>(903,889)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,104,973</u>	<u>\$ 2,104,973</u>
Fund balances - beginning of year			14,586,412	
Fund balances - end of year			<u>\$ 16,691,385</u>	

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

Town of Indian Trail, North Carolina
Statement of Net Position
Proprietary Fund
June 30, 2015

	Proprietary Fund	
	Stormwater Fund	Total
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,046,512	\$ 2,046,512
Accounts receivable (net)	41,025	41,025
Other receivables	7,331	7,331
Total current assets	<u>2,094,868</u>	<u>2,094,868</u>
Noncurrent assets:		
Capital assets		
Other capital assets, net of depreciation	100,546	100,546
Total noncurrent assets	<u>100,546</u>	<u>100,546</u>
Total assets	<u>\$ 2,195,414</u>	<u>\$ 2,195,414</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 45,893	\$ 45,893
Total current liabilities	<u>45,893</u>	<u>45,893</u>
Net Position		
Net investment in capital assets	100,546	100,546
Unrestricted	2,048,975	2,048,975
Total net position	<u>\$ 2,149,521</u>	<u>\$ 2,149,521</u>

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

Town of Indian Trail, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2015

	Proprietary Fund	
	Stormwater Fund	Total
Operating Revenues		
Stormwater management fee	\$ 1,072,004	\$ 1,072,004
Total operating revenues	<u>1,072,004</u>	<u>1,072,004</u>
Operating Expenses		
Administration	274,370	274,370
Repairs and maintenance	521,954	521,954
Depreciation	30,256	30,256
Total operating expenses	<u>826,580</u>	<u>826,580</u>
Operating income	<u>245,424</u>	<u>245,424</u>
Non Operating Revenues (Expenses)		
Investment earnings	1,967	1,967
Interest and other charges	-	-
Total non operating revenues (expenses)	<u>1,967</u>	<u>1,967</u>
Income before contributions and transfers	247,391	247,391
Transfer to other funds	<u>(43,664)</u>	<u>(43,664)</u>
Change in net position	203,727	203,727
Total net position, beginning	<u>1,945,794</u>	<u>1,945,794</u>
Total net position, ending	<u>\$ 2,149,521</u>	<u>\$ 2,149,521</u>

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

Town of Indian Trail, North Carolina
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2015

	Proprietary Fund	
	Stormwater Fund	Totals
Cash Flow from Operating Activities		
Cash received from customers	\$ 1,076,594	\$ 1,076,594
Cash paid for goods and services	(501,788)	(501,788)
Cash paid to or on behalf of employees for services	(254,115)	(254,115)
Other revenue	-	-
Net cash provided by operating activities	<u>320,691</u>	<u>320,691</u>
Cash Flow from Non Capital Financing Activities		
Transfers to other funds	<u>(43,664)</u>	<u>(43,664)</u>
Cash Flow From Capital and Related Financing Activities		
Acquisition of capital assets	<u>(84,841)</u>	<u>(84,841)</u>
Cash Flow from Investing Activities		
Interest and dividends	<u>1,967</u>	<u>1,967</u>
Net increase in cash and cash equivalents	194,153	194,153
Balances-beginning of the year	<u>1,852,359</u>	<u>1,852,359</u>
Balances-end of the year	<u>\$ 2,046,512</u>	<u>\$ 2,046,512</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 245,424	\$ 245,424
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	30,256	30,256
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	4,590	4,590
Increase (decrease) in accounts payable and accrued liabilities	<u>40,421</u>	<u>40,421</u>
Total adjustments	<u>75,267</u>	<u>75,267</u>
Net cash provided by operating activities	<u>\$ 320,691</u>	<u>\$ 320,691</u>

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

The Town of Indian Trail, 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 Indian Trail and its discretely presented component unit 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 Indian Trail is a municipal corporation that is governed by an elected mayor and a five member council. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town.

Town of Indian Trail ABC Board

The members of the ABC Board's governing board are appointed by the Town. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the Town. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at Town of Indian Trail ABC Board, Post Office Box 2932, Indian Trail, NC 28079.

B. Basis of Presentation

Government-wide Statements. The statement of net position and the statement of activities display information about the primary government and its component unit. 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 proprietary funds, each displayed in a separate column. All remaining governmental 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 result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The Town of Indian Trail, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

I. Summary of Significant Accounting Policies (Continued)

The Town reports the following major governmental funds:

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

Bond Capital Project Fund. This fund is used to account for bond proceeds related to streets and park improvements.

Crooked Creek Park Capital Project Fund. This fund is used to account for the construction of Crooked Creek Park.

Chestnut Square Park Capital Project Fund. This fund is used to account for the construction of Chestnut Square Park.

The Town reports the following non-major governmental funds:

Municipal Complex Capital Project Fund. This fund is used to account for money set aside by the Town to build a new Town Hall in the future and any related expenditures.

Chestnut Extension Capital Project Fund. This fund is used to account for the construction of the Chestnut Parkway Extension.

Unionville Indian Trail Road Sidewalk Improvements Capital Project Fund. This fund is used to account for the construction of sidewalks along Unionville Indian Trail Road.

Capital Reserve and Debt Service Fund. This fund is used to account for money set aside by the Town for future debt service payments and future capital projects.

The Town reports the following major proprietary fund:

Stormwater Fund. This fund is used to account for the Town's storm water operations.

C. Measurement Focus and Basis of Accounting

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

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time 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.

The Town of Indian Trail, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

I. Summary of Significant Accounting Policies (Continued)

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 revenues 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 fund are charges to customers for sales and services. 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. 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 60 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 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 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. 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 Proprietary Fund. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Bond Capital Project Fund, Chestnut Square Park Capital Project Fund, Municipal Complex Capital Project Fund, Crooked Creek Park Capital Project Fund, Chestnut Extension Capital Project Fund, Unionville Indian Trail Road Sidewalk Improvements Capital Project Fund and Capital Reserve and Debt Service Fund. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not

The Town of Indian Trail, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

I. Summary of Significant Accounting Policies (Continued)

legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000. All amendments must be approved by the governing board. During the year, 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 and the ABC Board are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town and the ABC Board 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 and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The Town's and the ABC Board's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

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

3. Restricted Assets

The unexpended bond proceeds of the Bond Capital Project Fund general obligation bonds issued by the Town are classified as restricted assets because their use is completely restricted to the purpose for which the bonds were originally issued. Construction deposits held in an escrow account are restricted to the project to which the deposits were received. Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

The Town of Indian Trail, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

I. Summary of Significant Accounting Policies (Continued)

<u>Town of Indian Trail Restricted Cash</u>	
Governmental Activities	
General Fund	
Streets	\$1,608,767
Escrow deposits	886,076
Deposits	38,534
Total General Fund	2,533,377
Bond Capital Project Fund	
Capital outlay	2,909,418
Total Restricted Cash	\$5,442,795

4. Ad Valorem Taxes Receivable

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

5. Allowances for Doubtful Accounts

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

6. Inventory and Prepaid Items

The inventory of the Town and the ABC Board are valued at the lower of cost (first-in, first-out) or market. The Town's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased. The inventory of the ABC Board consists of material 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 \$5,000 for the following: improvements, furniture and equipment, vehicles, computer software and equipment; all values for land and buildings; and \$100,000 for streets and sidewalks. 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. The Town elected not to adopt retroactive capitalization of general infrastructure assets acquired prior to July 1, 2003, pursuant to GASB 34. 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.

The Town of Indian Trail, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

I. Summary of Significant Accounting Policies (Continued)

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

Asset Class	Estimated Useful Lives
Buildings	40
Infrastructure	15-30
Furniture and equipment	5-7
Computer equipment	5
Computer software	5
Other improvements	15
Vehicles	5

Property, plant, and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

Asset Class	Estimated Useful Lives
Equipment	5-7
Signage and improvements	10-15

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, contributions made to the pension plan in the 2015 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meets the criterion for this category – property taxes receivable, deferrals of pension expense that result from the implementation of GASB Statement 68, and advances on improvements.

9. Long-Term Obligations

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

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

The Town of Indian Trail, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

I. Summary of Significant Accounting Policies (Continued)

10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to 210 hours of earned vacation leave with such leave being fully vested when earned. For the Town's government-wide financial statements, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund 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.

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

Prepaid Expenditures – portion of fund balance that is not an available resource because it represents prepaid expenditures that are not in spendable form.

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

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

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

Restricted for Capital Projects – portion of fund balance that is restricted by revenue source for certain capital project expenditures.

The Town of Indian Trail, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

I. Summary of Significant Accounting Policies (Continued)

Committed Fund Balance –Portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Indian Trail’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.

Committed for Parks and Recreation - portion of fund balance that has been budgeted by the Board for construction of a public parks.

Committed for Road Improvements - portion of fund balance that has been budgeted by the Board for future road improvements.

Committed for Municipal Complex - portion of fund balance that has been set aside by the Board for construction of a new municipal complex.

Committed for Hanson Brick - portion of fund balance that has been set aside by the Board for tree preservation and protection.

Committed for Debt Service and Capital Reserves - portion of fund balance that has been set aside by the Board for future debt service obligations and capital projects.

Assigned fund balance – portion of fund balance that Town of Indian Trail intends to use for specific purposes.

Subsequent year’s expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the budget officer to modify the appropriations by resource or appropriation within funds up to \$5,000.

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

The Finance Officer uses resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-town funds, town funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

The Town has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 30% of budgeted expenditures less capital outlays and transfers out. Any portion of the general fund balance in excess of 30% of the next year’s budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

12. Pensions

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

The Town of Indian Trail, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

I. Summary of Significant Accounting Policies (Continued)

Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

13. Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

14. Total Governmental Fund Columns

In the accompanying financial statements, the "Total Governmental Funds" columns are not the equivalent of consolidated totals and do not represent consolidated financial information. These columns are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations, or cash flows in accordance with accounting principles generally accepted in the United States of America. Interfund eliminations have not been made in the aggregation of this data. However, the reconciliations to net position are reflective of interfund eliminations and reflect financial position.

II. Stewardship, Compliance, and Accountability

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

1. Noncompliance with North Carolina General Statutes

None

2. Contractual Violations

None

B. Deficit Fund Balance or Net Position of Individual Funds

None

C. Excess of Expenditures over Appropriations

None

The Town of Indian Trail, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town and the ABC Board 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 or the ABC Board's agents 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 and the ABC Board, these deposits are considered to be held by the Town's and the ABC Board's agents in their 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, the ABC Board or the escrow agent.

Because of the inability to measure the exact amounts of collateral pledged for the Town and the ABC Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2015, the Town's deposits had a carrying amount of \$5,723,803 and a bank balance of \$5,729,038. All of which was covered by collateral held under the Pooling Method. At June 30, 2015, the Town's petty cash fund totaled \$850.

The carrying amount of deposits for the ABC Board was \$376,033 and the bank balance was \$366,711. All of the bank balance was covered by federal depository insurance.

2. Investment

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust – Cash Portfolio	\$ 11,473,538	N/A	AAAm
NC Capital Management Trust – Term Portfolio	7,822,659	0.19 yrs	Unrated
Total	<u>\$ 19,296,197</u>		

The Town has an investment policy that limits their exposure to interest rate and credit risk. The policies are designed to provide the highest investment return with maximum security, while conforming to all State Statutes governing the investment of idle funds.

The Town's investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard and Poor's as of June 30, 2015. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. Government and agencies and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

The Town of Indian Trail, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

III. Detail Notes on All Funds (Continued)

3. Capital Assets

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

Governmental Activities	<u>Beginning</u>			<u>Ending</u>
	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
Capital assets not being depreciated:				
Land	\$ 3,895,112	\$ -	\$ -	\$ 3,895,112
Construction in progress	8,970,375	4,777,684	131,739	13,616,320
Total capital assets not being depreciated	<u>12,865,487</u>	<u>\$4,777,684</u>	<u>131,739</u>	<u>17,511,432</u>
Capital assets being depreciated:				
Buildings	1,566,032	5,954	-	1,571,986
Other improvements	413,177	-	-	413,177
Infrastructure	24,150,073	3,043	-	24,153,116
Equipment	388,485	96,756	-	485,241
Computer	48,536	-	-	48,536
Computer software	126,998	-	-	126,998
Vehicles and motorized equipment	138,290	53,257	-	191,547
Total capital assets being depreciated	<u>26,831,591</u>	<u>\$159,010</u>	<u>\$ -</u>	<u>26,990,601</u>
Accumulated Depreciation	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
Buildings	\$ 453,353	\$ 43,362	\$ -	\$ 496,715
Other improvements	76,601	27,545	-	104,146
Infrastructure	4,314,059	537,637	-	4,851,696
Equipment	174,187	68,470	-	242,657
Computer	38,464	5,658	-	44,122
Computer software	92,201	13,524	-	105,725
Vehicles and motorized equipment	129,121	18,727	8,050	139,798
Total accumulated depreciation	<u>5,277,986</u>	<u>\$ 714,923</u>	<u>\$ 8,050</u>	<u>5,984,859</u>
Total capital assets being depreciated, net	<u>21,553,605</u>			<u>21,005,742</u>
Governmental activity capital assets, net	<u>\$ 34,419,092</u>			<u>\$ 38,517,174</u>

Depreciation expense by function:

General government	\$ 67,200
Public safety	1,276
Transportation	567,294
Cultural and recreation	67,128
Economic and physical development	12,025
	<u>\$ 714,923</u>

The Town of Indian Trail, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

III. Detail Notes on All Funds (Continued)

	Beginning			Ending
	Balances	Increases	Decreases	Balances
Business-type activities				
Stormwater Fund				
Capital assets being depreciated				
Equipment	\$ 50,396	\$ 60,512	\$ -	\$ 110,908
Vehicles and motorized equipment	41,701	24,329	-	66,030
Total capital assets being depreciated	92,097	84,841	-	176,938
Less accumulated depreciation for:				
Equipment	24,658	18,477	-	43,135
Vehicles and motorized equipment	21,478	11,779	-	33,257
Total accumulated depreciation	46,136	\$ 30,256	\$ -	76,392
Total capital assets being depreciated, net	45,961			100,546
Stormwater fund capital assets, net	\$ 45,961			\$ 100,546

Construction Commitments

The government has active construction projects as of June 30, 2015. At year end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to date</u>	<u>Remaining Commitment</u>
Unionville-Indian Trail Sidewalks	\$ 765,599	\$ 393,516
Chestnut Square Park	\$4,916,202	\$ 174,163
Crooked Creek Park	\$6,014,739	\$ 73,435
Chestnut Extension	\$1,825,117	\$ 34,463
Municipal Complex	\$ 453,687	\$ 181,313

Discretely presented component unit

Activity for the ABC Board for the year ended June 30, 2015, was as follows:

	Beginning			Ending
	Balances	Increases	Decreases	Balances
Capital assets being depreciated:				
Equipment	\$ 46,084	\$ 1,774	\$ 22,487	\$ 25,371
Signage and improvements	91,576	8,468	-	100,044
Total capital assets being depreciated	137,660	\$ 10,242	\$ 22,487	125,415
Less accumulated depreciation by type:				
Equipment	25,777	5,696	16,161	15,312
Signage and improvements	24,894	6,992	-	31,886
Total accumulated depreciation	50,671	\$ 12,688	\$ 16,161	47,198
Total capital assets, net	<u>\$86,989</u>			<u>\$ 78,217</u>

The Town of Indian Trail, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

III. Detail Notes on All Funds (Continued)

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Indian Trail 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.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Indian Trail 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 Indian Trail's contractually required contribution rate for the year ended June 30, 2015, was 7.07% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Indian Trail were \$121,655 for the year ended June 30, 2015.

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

The Town of Indian Trail, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

III. Detail Notes on All Funds (Continued)

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

At June 30, 2015, the Town reported an asset of \$165,306 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the Town's proportion was 0.028%, which was a decrease of 0.001% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Town recognized pension expense of \$11,675. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 18,063
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	384,828
Changes in proportion and differences between Town contributions and proportionate share of contributions	5,232	-
Town contributions subsequent to the measurement date	121,655	-
Total	<u>\$ 126,887</u>	<u>\$ 402,891</u>

\$121,655 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>
2016	\$ (99,423)
2017	(99,423)
2018	(99,423)
2019	(99,390)
2020	-
Thereafter	-
	<u>\$ (397,659)</u>

The Town of Indian Trail, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

III. Detail Notes on All Funds (Continued)

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

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

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

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

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

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

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

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

The Town of Indian Trail, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

III. Detail Notes on All Funds (Continued)

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

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

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 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%)
Indian Trail's proportionate share of the net pension liability (asset)	\$ 561,120	\$ (165,306)	\$ (776,933)

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. Supplemental Retirement Income Plan

Plan Description. The Town employees contribute to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The Plan is established in conformity with section 401(k) of the Internal Revenue Code of 1986 as amended. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. The Town employees have elected to contribute to the Supplemental Retirement Income Plan. The Town matches 50% of the first 4% of employee deferrals. Contributions for the year ended June 30, 2015 were \$98,786, which consisted of \$23,650 from the Town and \$75,136 from employees.

The Town of Indian Trail, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

III. Detail Notes on All Funds (Continued)

C. 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 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.

2. Deferred Outflows and Inflows of Resources

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

<u>Source</u>	<u>Amount</u>
Contributions to the pension plan in the current fiscal year.	<u>\$121,655</u>
	<u>\$ 121,655</u>

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

Advances on improvements	\$ 58,144
Pension deferrals	<u>397,659</u>
	<u>\$ 455,803</u>

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance based on management's evaluation of risk loss. The Town obtains general liability and auto liability coverage of \$2 million per occurrence, property coverage up to the total insured value, and workers' compensation coverage. There have been no significant reductions in insurance coverage from the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. The Town is not located in a flood zone but has elected to carry flood insurance through a commercial carrier of \$1,000,000.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer and the tax collector are each individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$100,000.

The Town of Indian Trail, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

III. Detail Notes on All Funds (Continued)

4. Long-Term Obligations

A. Operating Leases

The ABC Board has a five year operating lease for facilities at Union Town Center, Highway 74, Indian Trail that expires November 2020. The Board is responsible for utilities and insurance of store contents. The monthly rental payment includes the following: common area maintenance fees, insurance and real estate taxes.

Rent and related expenses in the amount of \$114,024 was incurred during the year ended June 30, 2015.

The following is the lease payment schedule:

<u>Year Ending June 30,</u>	
2016	\$ 115,566
2017	118,302
2018	121,305
2019	124,400
2020	127,569
Thereafter	<u>45,985</u>
	<u>\$ 653,127</u>

B. Installment Financing

In October 2007, the Town obtained a \$1,200,000 loan from a bank to finance the purchase of a building. The loan agreement, which was modified in October 2008, requires 28 semi-annual payments of \$40,000, plus interest through October 2022. The annual interest rate is 3.7%.

Annual debt service payments of the installment financing as of June 30, 2015, including \$88,800 of interest is as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 80,000	\$ 21,460
2017	80,000	18,500
2018	80,000	15,540
2019	80,000	12,580
2020	80,000	9,620
2021-2023	<u>200,000</u>	<u>11,100</u>
Total	<u>\$ 600,000</u>	<u>\$ 88,800</u>

In December 2010, the Town obtained a \$1,750,000 loan from a bank to finance the purchase of land. The loan agreement requires 30 semi-annual payments of \$58,333, plus interest, through December 2025. The annual interest rate is 3.39%.

The Town of Indian Trail, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

III. Detail Notes on All Funds (Continued)

Annual debt service payments of the installment financing as of June 30, 2015, including \$228,401 of interest is as follows:

Year Ending June 30,	<u>Governmental Activities</u>	
	Principal	Interest
2016	\$ 116,667	\$ 40,539
2017	116,667	36,584
2018	116,667	32,629
2019	116,667	28,674
2020	116,667	24,719
2021-2025	583,335	64,267
2026	<u>58,330</u>	<u>989</u>
Total	<u>\$ 1,225,000</u>	<u>\$ 228,401</u>

In July 2012, the Town obtained a \$1,250,000 loan from a bank to finance the purchase of land. The loan agreement requires 20 semi-annual payments of \$62,500, plus interest through July 2022. The annual interest rate is 2.19%.

Annual debt service payments of the installment financing as of June 30, 2015, including \$82,129 of interest is as follows:

Year Ending June 30,	<u>Governmental Activities</u>	
	Principal	Interest
2016	\$ 125,000	\$ 19,847
2017	125,000	17,109
2018	125,000	14,372
2019	125,000	11,634
2020	125,000	8,897
2021-2023	<u>312,500</u>	<u>10,270</u>
Total	<u>\$ 937,500</u>	<u>\$ 82,129</u>

C. General Obligation Indebtedness

The Town's general obligation bonds serviced by the governmental funds were issued for the acquisition and construction of streets, sidewalks, parks and related improvements. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

Bonds payable at June 30, 2015 are comprised of the following individual issues:

In December 2012, the Town issued \$3,000,000 Streets and Sidewalk serial bonds, Series 2012. Principal installments are due annually on February 1 with semiannual interest payments due on August and February, at an annual interest rate of 2.15%.

In April 2013, the Town issued \$8,000,000 Parks, Streets and Thoroughfare serial bonds, Series 2013. Principal installments are due annually on May 1, with semiannual interest payments due on November 1 and May 1, at interest rates from 1.5% to 2.625%.

The Town of Indian Trail, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

III. Detail Notes on All Funds (Continued)

Annual debt service requirements as of June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 509,000	\$ 199,816
2017	509,000	191,505
2018	509,000	183,194
2019	509,000	174,883
2020	509,000	166,572
2021-2025	3,043,000	713,668
2026-2030	3,194,000	310,832
2031-2033	1,200,000	61,500
	<u>\$ 9,982,000</u>	<u>\$ 2,001,970</u>

At June 30, 2015, the Town had bonds authorized but unissued of \$14,500,000 and had a legal debt limit margin of \$285,531,554.

D. Changes in Long-Term Liabilities

	<u>Balance</u>			<u>Balance</u>	<u>Current</u>
	<u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2015</u>	<u>Portion</u>
					<u>of Balance</u>
Governmental activities:					
General obligation bonds	\$ 10,491,000	\$ -	\$ 509,000	\$ 9,982,000	\$ 509,000
Premiums on issuance	107,433	-	5,654	101,779	5,654
Bank loans	3,084,167	-	321,667	2,762,500	321,667
Compensated absences	125,000	114,213	125,000	114,213	114,213
Pension	220,674	-	220,674	-	-
Total	<u>\$ 14,028,274</u>	<u>\$ 114,213</u>	<u>\$ 1,181,995</u>	<u>\$ 12,960,492</u>	<u>\$ 950,534</u>

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

The ABC Board has no outstanding notes payable as of June 30, 2015.

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

The Town of Indian Trail, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

III. Detail Notes on All Funds (Continued)

5. Interfund Balances and Activity

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

Due from the General Fund:	
To Municipal Complex Capital Project Fund	\$ 118
To Crooked Creek Park Capital Project Fund	28,753
To Capital Reserve and Debt Service Fund	18,935
Due from Bond Capital Project Fund:	
To General Fund	\$ 2,224

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

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

	General Fund	Bond Capital Project Fund	Crooked Creek Park Capital Project Fund	Chestnut Square Park Capital Project Fund	Non Major Funds	Stormwater Fund
Chestnut Extension Capital Project Fund	(81,312)	(593,102)			674,414	
Chestnut Square Park Capital Project Fund	(213,382)	(440,361)		701,515		(47,772)
Crooked Creek Park Capital Project Fund	(186,962)	(1,988,204)	2,171,058			4,108
Unionville Indian Trail Sidewalk Improvements Capital Project Fund	(3,043)				3,043	
Municipal Complex Capital Project Fund	-				195,000	
Capital Reserve and Debt Service Fund	(775,189)		346,660	2,500	231,029	
Total – Exhibit 4	(1,259,888)	(3,021,667)	2,517,718	704,015	1,103,486	(43,664)

The Town of Indian Trail, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

III. Detail Notes on All Funds (Continued)

Transfers are used to move monies to finance various programs that the government must account for in other funds in accordance with budgetary authorizations. Transfers to the Chestnut Square Park Capital Project Fund, Crooked Creek Park Capital Project Fund, Chestnut Extension Capital Project Fund, and Unionville Indian Trail Road Sidewalk Improvements Capital Project Fund are for funding capital needs. Transfers from the Stormwater Fund to the Chestnut Square Park Capital Project Fund and Crooked Creek Park Capital Project Fund are for stormwater related upfits within the capital project. All transfers were one time transfers.

6. Net Investment in Capital Assets

Capital assets, Governmental Activities	\$38,517,174
General obligation bonds	(9,982,000)
Bank loans	(2,762,500)
Unamortized bond premiums	(101,779)
Cash remaining from general obligation bonds	2,909,418
Net investment in capital assets	<u>\$28,580,313</u>

7. Fund Balance

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

<i>Total fund balance-General Fund</i>	<i>\$16,691,385</i>
Less:	
Inventories	3,185
Prepaid Expenditures	410,972
Stabilization by State Statute	1,010,718
Streets-Powell Bill	1,594,667
Committed for Parks	516,014
Committed for Roads	1,751,885
Committed for Hanson Brick	8,000
Appropriated Fund Balance in 2015 Budget	513,550
Fund Balance Policy	3,020,737
Remaining Fund Balance	7,861,657

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

III. Detail Notes on All Funds (Continued)

The Town of Indian Trail has adopted a minimum fund balance policy for 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 30% of the next year's budgeted expenditures less capital outlays and transfers out.

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

<i>Encumbrances</i>	<i>General Fund</i>	<i>Non-Major Funds</i>
	\$502,100	\$ -

IV. Summary Disclosure of Commitments

Effective August 2007, the Town entered into a contract for solid waste and recycling collection with a company. This contract is in effect until July 2012 and was renewed through July 2017.

Effective August 2008, the Town entered into an interlocal agreement with the County for law enforcement services. This contract is in effect until June 2013 and was renewed through June 2017.

V. Summary Disclosure of Significant Contingencies

Lawsuits

The Town may be subject to various lawsuits. In the opinion of the Town's management and the Town's attorney, that the ultimate affect of any of these legal matters will not have a material effect on the Town's financial position.

Contingent Liability

The Town and a vendor are in a dispute regarding satisfactory completion of a project in a timely manner. A third party has calculated that the Town is due approximately \$78,500 in liquidating damages and has deducted this amount from the final payment on the contract. Management has evaluated this liquidating damage and determined that while it is possible that payment will be made, it is not probable. Therefore, no provision has been made in these financial statements for this liability.

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 monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Other

The Town is subject to the authority of various federal and state regulatory agencies. No provision has been made in these financial statements for any sanctions which could be imposed if the Town were found to be in noncompliance or violation of regulations promulgated by the agencies.

The Town of Indian Trail, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

VI. Change in Accounting Principles/Restatement

The Town implemented Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the Town to record beginning net pension liability and the effects on net position of contributions made by the Town during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental type activities decreased by \$220,674.

VII. Date of Management's Review

Management has evaluated subsequent events through October 28, 2015, the date which the statements were available to be issued.

Required Supplementary Financial Data

This section contains additional information required by generally accepted accounting principles

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

Town of Indian Trail, North Carolina
Proportionate Share of Net Pension (Asset)/ Liability
Required Supplementary Information
Last Two Fiscal Years

Local Government Employees' Retirement System

	<u>2015</u>	<u>2014</u>
Indian Trail's proportion of the net pension liability (asset) (%)	0.02803%	0.02720%
Indian Trail's proportion of the net pension liability (asset) (\$)	\$ (165,306)	\$ 327,864
Indian Trail's covered-employee payroll	\$ 1,704,762	\$ 1,516,716
Indian Trail's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(9.70%)	21.62%
Plan fiduciary net position as a percentage of the total pension liability	102.64%	94.35%

Town of Indian Trail, North Carolina
Schedule of Contributions
Required Supplementary Information
Last Two Fiscal Years

Local Government Employees' Retirement System

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 121,654	\$ 107,186
Contributions in relation to the contractually required contribution	121,654	107,186
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Indian Trail's covered-employee payroll	\$ 1,704,762	\$ 1,516,716
Contributions as a percentage of covered-employee payroll	7.14%	7.07%

Supplementary Statements

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Ad valorem taxes		\$ 6,281,084	
Automobile taxes		633,441	
Interest		31,383	
Total	\$ 6,165,489	6,945,908	\$ 780,419
Other taxes and licenses:			
Gross receipts tax vehicle rental		31,226	
Privilege license		106,850	
Total	121,000	138,076	17,076
Unrestricted intergovernmental:			
Local option sales taxes		1,866,426	
Utility sales tax		1,502,101	
Piped natural gas sales tax		175,723	
ABC profit distribution		95,000	
Gas tax refund		1,948	
Beer and wine tax		170,734	
Total	2,810,750	3,811,932	1,001,182
Restricted intergovernmental:			
Powell Bill allocation		827,595	
Solid waste disposal distribution		23,101	
Total	818,000	850,696	32,696
Permits and fees:			
Planning revenue		132,642	
Other		685	
Total	89,000	133,327	44,327
Sales and services			
Parks revenue		31,890	
Total	-	31,890	31,890
Investment earnings			
	28,000	25,524	(2,476)
Miscellaneous:			
Contributions		11,630	
Other		62,151	
Total	9,700	73,781	64,081
Total revenues	10,041,939	12,011,134	1,969,195

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General Government:			
Governing Board			
Salaries and employee benefits		40,505	
Other operating expenditures		8,248	
Total	<u>57,166</u>	<u>48,753</u>	<u>8,413</u>
Administration			
Salaries and employee benefits		242,569	
Contracted services		53,731	
Capital outlay		79,306	
Other operating expenditures		70,853	
Total	<u>640,931</u>	<u>446,459</u>	<u>194,472</u>
Fleet Maintenance			
Other operating expenditures		9,133	
Total	<u>10,105</u>	<u>9,133</u>	<u>972</u>
Finance			
Salaries and employee benefits		261,755	
Contracted services		18,625	
Other operating expenditures		124,028	
Total	<u>472,719</u>	<u>404,408</u>	<u>68,311</u>
Tax			
Salaries and employee benefits		125,569	
Contracted services		2,110	
Other operating expenditures		10,572	
Total	<u>138,610</u>	<u>138,251</u>	<u>359</u>
Human Resources			
Salaries and employee benefits		100,547	
Contracted services		2,825	
Other operating expenditures		66,536	
Total	<u>195,412</u>	<u>169,908</u>	<u>25,504</u>
Legal Cost Center			
Contracted services		52,064	
Total	<u>65,500</u>	<u>52,064</u>	<u>13,436</u>
Total general government	<u>1,580,443</u>	<u>1,268,976</u>	<u>311,467</u>
Public Safety:			
Police			
Contracted services		1,794,828	
Other operating expenditures		47,027	
Total public safety	<u>1,945,452</u>	<u>1,841,855</u>	<u>103,597</u>

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Transportation:			
Transportation Improvement			
Salaries and employee benefits		124,715	
Street lights		307,296	
Contracted services		106,672	
Other operating expenditures		-	
Total	<u>812,395</u>	<u>538,683</u>	<u>273,712</u>
Engineering			
Salaries and employee benefits		51,574	
Contracted services		8,340	
Capital outlay		345	
Other operating expenditures		3,972	
Total	<u>87,543</u>	<u>64,231</u>	<u>23,312</u>
Powell Bill			
Salaries and employee benefits		78,265	
Capital outlay		98,602	
Other operating expenditures		559,000	
Total	<u>794,171</u>	<u>735,867</u>	<u>58,304</u>
Total transportation	<u>1,694,109</u>	<u>1,338,781</u>	<u>355,328</u>
Environmental Protection:			
Contracted services solid waste		1,594,020	
Capital outlay		10,261	
Total environmental protection	<u>1,742,418</u>	<u>1,604,281</u>	<u>138,137</u>
Economic and Physical Development:			
Public Works			
Salaries and employee benefits		91,491	
Capital outlay		5,274	
Other operating expenditures		23,970	
Total	<u>153,855</u>	<u>120,735</u>	<u>33,120</u>
Planning			
Salaries and employee benefits		406,250	
Contracted services		1,594	
Other operating expenditures		15,537	
Total	<u>550,349</u>	<u>423,381</u>	<u>126,968</u>
Code Enforcement			
Salaries and employee benefits		127,962	
Other operating expenditures		1,667	
Total	<u>163,672</u>	<u>129,629</u>	<u>34,043</u>

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Community and Economic Development			
Salaries and employee benefits		158,837	
Contracted services		24,580	
Other operating expenditures		26,138	
Total	<u>259,889</u>	<u>209,555</u>	<u>50,334</u>
Total economic and physical develop	<u>1,127,765</u>	<u>883,300</u>	<u>244,465</u>
Cultural and Recreation:			
Recreation			
Salaries and employee benefits		165,640	
Contracted services		10,953	
Capital outlay		114,271	
Other operating expenditures		255,175	
Total	<u>896,428</u>	<u>546,039</u>	<u>350,389</u>
Cultural Arts Center			
Salaries and employee benefits		27,041	
Other operating expenditures		5,709	
Total	<u>37,065</u>	<u>32,750</u>	<u>4,315</u>
Total cultural and recreation	<u>933,493</u>	<u>578,789</u>	<u>354,704</u>
Debt Service:			
Principal retirement		836,321	
Interest and other charges		293,970	
Total debt service	<u>1,130,291</u>	<u>1,130,291</u>	<u>-</u>
Total expenditures	<u>10,153,971</u>	<u>8,646,273</u>	<u>1,507,698</u>
Revenue over (under) expenditures	<u>(112,032)</u>	<u>3,364,861</u>	<u>3,476,893</u>
Other Financing Sources /(Uses)			
Transfers to other funds	<u>(791,857)</u>	<u>(1,259,888)</u>	<u>(468,031)</u>
Total other financing sources /(uses)	<u>(791,857)</u>	<u>(1,259,888)</u>	<u>(468,031)</u>
Fund balance appropriated	<u>903,889</u>	<u>-</u>	<u>(903,889)</u>
Net change in fund balance	<u>\$ -</u>	<u>2,104,973</u>	<u>\$ 2,104,973</u>
Fund balances:			
Beginning of year, July 1		<u>14,586,412</u>	
End of year, June 30		<u>\$ 16,691,385</u>	

Town of Indian Trail, North Carolina
Bond Capital Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2015

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
Revenue:					
Investment earnings	\$ -	\$ 13,452	\$ 4,013	\$ 17,465	\$ 17,465
Total revenues	-	13,452	4,013	17,465	17,465
Expenditures:					
Debt service	163,000	160,991	-	160,991	2,009
Total expenditures	163,000	160,991	-	160,991	2,009
Revenues over (under) expenditures	(163,000)	(147,539)	4,013	(143,526)	19,474
Other Financing Sources (Uses):					
Proceeds from 2012 General Obligation Bonds	3,000,000	3,000,000	-	3,000,000	-
Proceeds from 2013 General Obligation Bonds	8,113,087	8,113,087	-	8,113,087	-
Transfers to other funds	(10,950,087)	(5,040,700)	(3,021,667)	(8,062,367)	2,887,720
	163,000	6,072,387	(3,021,667)	3,050,720	2,887,720
Net change in fund balance	\$ -	\$ 5,924,848	(3,017,654)	\$ 2,907,194	\$ 2,907,194
Fund balance:					
Beginning of year, July 1			5,924,848		
End of year, June 30			\$ 2,907,194		

**Town of Indian Trail, North Carolina
Crooked Creek Park Capital Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2015**

	Project Authorization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenue:					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
Expenditures:					
Capital outlay	6,088,174	3,497,021	2,517,718	6,014,739	73,435
Total expenditures	6,088,174	3,497,021	2,517,718	6,014,739	73,435
Revenues over (under) expenditures	(6,088,174)	(3,497,021)	(2,517,718)	(6,014,739)	73,435
Other Financing Sources (Uses):					
Transfers from other funds	6,088,174	3,497,021	2,517,718	6,014,739	(73,435)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ -</u>		

Town of Indian Trail, North Carolina
Chestnut Square Park Capital Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2015

	Project Authorization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenue:					
Miscellaneous	\$ 25,000	\$ 25,000	\$ -	\$ 25,000	\$ -
Investment earnings	-	-	-	-	-
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
Expenditures:					
Capital outlay	<u>5,283,913</u>	<u>4,212,186</u>	<u>704,015</u>	<u>4,916,201</u>	<u>367,712</u>
Total expenditures	<u>5,283,913</u>	<u>4,212,186</u>	<u>704,015</u>	<u>4,916,201</u>	<u>367,712</u>
Revenues over (under) expenditures	<u>(5,258,913)</u>	<u>(4,187,186)</u>	<u>(704,015)</u>	<u>(4,891,201)</u>	<u>367,712</u>
Other Financing Sources (Uses):					
Transfers from other funds	<u>5,258,913</u>	<u>4,187,186</u>	<u>704,015</u>	<u>4,891,201</u>	<u>(367,712)</u>
	<u>5,258,913</u>	<u>4,187,186</u>	<u>704,015</u>	<u>4,891,201</u>	<u>(367,712)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance:					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ -</u>		

The Town of Indian Trail, North Carolina
Stormwater Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
Operating revenues:			
Stormwater management fee		\$ 1,072,004	
Other revenues		-	
Total revenues		1,072,004	
Non operating revenues:			
Interest		1,967	
Total revenues	\$ 1,203,200	1,073,971	\$ (129,229)
Expenditures:			
Administration:			
Administrative expenditures		20,254	
Stormwater operations:			
Salaries and employee benefits		254,116	
Contracted maintenance		520,099	
Capital outlay		84,841	
Other operating expenditures		1,855	
Total		860,911	
Total expenditures	1,241,685	881,165	360,520
Revenues over (under) expenditures	(38,485)	192,806	231,291
Other financing sources (uses):			
Transfers to other funds	(175,000)	(43,664)	131,336
Appropriation of fund balance	213,485	-	(213,485)
Total other financing sources (uses)	38,485	(43,664)	(82,149)
Revenues over expenditures and other financing sources (uses)	\$ -	149,142	\$ 149,142
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Capital outlay		84,841	
Depreciation		(30,256)	
Principal payments on debt		-	
Total reconciling items		54,585	
Net Income		\$ 203,727	

Town of Indian Trail, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2015

	Municipal Complex Capital Project Fund	Chestnut Extension Capital Project Fund	Unionville Indian Trail Road Sidewalk Improvements Capital Project Fund	Capital Reserve and Debt Service Fund	Total Nonmajor Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,276,491	\$ -	\$ -	\$ 1,710,050	\$ 2,986,541
Due from other funds	118	-	-	18,935	19,053
Total assets	\$ 1,276,609	\$ -	\$ -	\$ 1,728,985	\$ 3,005,594
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 71,361	\$ -	\$ -	\$ -	\$ 71,361
Due to other funds	-	-	-	-	-
Total liabilities	71,361	-	-	-	71,361
Fund balances:					
Committed					
Municipal Complex	1,205,248	-	-	-	1,205,248
Debt service	-	-	-	1,728,985	1,728,985
Total fund balances	1,205,248	-	-	1,728,985	2,934,233
Total liabilities and fund balances	\$ 1,276,609	\$ -	\$ -	\$ 1,728,985	\$ 3,005,594

Town of Indian Trail, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2015

	Municipal Complex Capital Project Fund	Chestnut Extension Capital Project Fund	Unionville Indian Trail Road Sidewalk Improvements Capital Project Fund	Capital Reserve and Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:					
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	2,932	-	-	354	3,286
Total revenues	<u>2,932</u>	<u>-</u>	<u>-</u>	<u>354</u>	<u>3,286</u>
Expenditures:					
General Government	453,687	-	-	-	453,687
Transportation	-	674,414	3,043	-	677,457
Excess of revenues over (under) expenditures	<u>(450,755)</u>	<u>(674,414)</u>	<u>(3,043)</u>	<u>354</u>	<u>(674,171)</u>
Other Financing Sources (Uses)					
Transfers from other funds	195,000	674,414	3,043	231,029	1,103,486
Net change in fund balance	(255,755)	-	-	231,383	429,315
Fund balance - beginning	1,461,003	-	-	1,497,602	2,958,605
Fund balance - ending	<u>\$ 1,205,248</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,728,985</u>	<u>\$ 3,387,920</u>

Town of Indian Trail, North Carolina
Municipal Complex Capital Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2015

	Project Authorization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenue:					
Investment earnings	\$ -	\$ 270,526	\$ 2,932	\$ 273,458	\$ 273,458
Total revenues	-	270,526	2,932	273,458	273,458
Expenditures:					
Capital outlay	1,408,762	350,385	453,687	804,072	604,690
Total expenditures	1,408,762	350,385	453,687	804,072	604,690
Revenues over (under) expenditures	(1,408,762)	(79,859)	(450,755)	(530,614)	878,148
Other Financing Sources (Uses):					
Transfers from other funds	1,408,762	1,540,862	195,000	1,735,862	327,100
Net change in fund balance	\$ -	\$ 1,461,003	(255,755)	\$ 1,205,248	\$ 1,205,248
Fund balance:					
Beginning of year, July 1			1,461,003		
End of year, June 30			<u>\$ 1,205,248</u>		

Town of Indian Trail, North Carolina
Chestnut Extension Capital Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2015

	Project Authorization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenue:					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
Expenditures:					
Capital outlay	1,861,890	1,150,704	674,414	1,825,118	36,772
Total expenditures	1,861,890	1,150,704	674,414	1,825,118	36,772
Revenues over (under) expenditures	(1,861,890)	(1,150,704)	(674,414)	(1,825,118)	36,772
Other Financing Sources (Uses):					
Transfers from other funds	1,861,890	1,150,704	674,414	1,825,118	(36,772)
	1,861,890	1,150,704	674,414	1,825,118	(36,772)
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ -		

Town of Indian Trail, North Carolina
Unionville Indian Trail Road Sidewalk Improvements Capital Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2015

	Project Authorization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenue:					
Restricted intergovernmental	\$ 509,776	\$ 445,486	\$ -	\$ 445,486	\$ (64,290)
Investment earnings	-	-	-	-	-
Total revenues	<u>509,776</u>	<u>445,486</u>	<u>-</u>	<u>445,486</u>	<u>(64,290)</u>
Expenditures:					
Capital outlay	1,227,615	762,555	3,043	765,598	462,017
Total expenditures	<u>1,227,615</u>	<u>762,555</u>	<u>3,043</u>	<u>765,598</u>	<u>462,017</u>
Revenues over (under) expenditures	<u>(717,839)</u>	<u>(317,069)</u>	<u>(3,043)</u>	<u>(320,112)</u>	<u>397,727</u>
Other Financing Sources (Uses):					
Transfers from other funds	717,839	317,069	3,043	320,112	(397,727)
	<u>717,839</u>	<u>317,069</u>	<u>3,043</u>	<u>320,112</u>	<u>(397,727)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ -</u>		

**Town of Indian Trail, North Carolina
Capital Reserve and Debt Service Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2015**

	Project Authorization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenue:					
Investment earnings	\$ -	\$ 437	\$ 354	\$ 791	\$ 791
Total revenues	-	437	354	791	791
Expenditures:					
Debt service	1,276,703	-	-	-	1,276,703
Total expenditures	1,276,703	-	-	-	1,276,703
Revenues over (under) expenditures	(1,276,703)	437	354	791	1,277,494
Other Financing Sources (Uses):					
Transfers to/from other funds	1,276,703	1,497,165	231,029	1,728,194	451,491
	1,276,703	1,497,165	231,029	1,728,194	451,491
Net change in fund balance	\$ -	\$1,497,602	231,383	\$1,728,985	\$ 1,728,985
Fund balance:					
Beginning of year, July 1			1,497,602		
End of year, June 30			\$ 1,728,985		

Other Schedules

This section contains additional information required on property taxes.

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy

Town of Indian Trail, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2015

<u>Fiscal Year</u>	Uncollected Balance June 30, 2014	<u>Additions</u>	Collections And Credits	Uncollected Balance June 30, 2015
2014-2015	\$ -	\$ 6,848,973	\$ 6,797,286	\$ 51,687
2013-2014	100,848	-	58,090	42,758
2012-2013	68,241	-	33,331	34,910
2011-2012	30,628	-	10,588	20,040
2010-2009	26,083	-	7,699	18,384
2009-2008	27,445	-	6,475	20,970
2008-2007	11,082	-	2,484	8,598
2007-2006	6,491	-	680	5,811
2006-2005	9,560	-	250	9,310
2005-2004	1,980	-	139	1,841
2004-2003	2,068	-	54	2,014
2003-2002	2,108	-	2,108	-
	<u>\$ 286,534</u>	<u>\$ 6,848,973</u>	<u>\$ 6,919,184</u>	<u>\$ 216,323</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 6,945,908
Reconciling items:	
Interest and penalties received	(31,383)
Other adjustments	4,659
Total collections and credits	<u>\$ 6,919,184</u>

Town of Indian Trail, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2015

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current	\$ 3,702,147,568	0.185	\$ 6,848,973	\$ 6,215,532	\$ 633,441
Total property valuation	<u>\$ 3,702,147,568</u>				
Net levy			6,848,973	6,215,532	633,441
Uncollected taxes at June 30, 2015			<u>(51,687)</u>	<u>(51,687)</u>	<u>-</u>
Current year taxes collected			<u>\$ 6,797,286</u>	<u>\$ 6,163,845</u>	<u>\$ 633,441</u>
Current levy collection percentage			<u>99.25%</u>	<u>99.17%</u>	<u>100.00%</u>

Compliance Section

TINSLEY & TERRY, CPAs, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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 Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information, of the Town of Indian Trail, 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 of Indian Trail, North Carolina's basic financial statements and have issued our report thereon dated October 28, 2015. Our report includes a reference to other auditors who audited the financial statements of the Town of Indian Trail ABC Board, as described in our report on the Town of Indian Trail's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Indian Trail ABC Board were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Indian Trail, North Carolina'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 Indian Trail'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 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 the internal control over financial reporting 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 to be material weakness. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

North Carolina in a separate letter dated October 28, 2015.

Purpose of this Report

This report is intended 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.

Tinsley & Terry, CPAs, P.A.

Tinsley & Terry, CPAs, P.A.
Cornelius, North Carolina
October 28, 2015

TINSLEY & TERRY, CPAs, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance; In accordance with OMB Circular A-133; and the State Single Audit Implementation Act

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the Town of Indian Trail, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Indian Trail's major state programs for the year ended June 30, 2015. The Town of Indian Trail's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Indian Trail's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Indian Trail's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town of Indian Trail's compliance.

Opinion on Each Major State Program

In our opinion, the Town of Indian Trail complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Town of Indian Trail is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Indian Trail's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Tinsley & Terry, CPAs, P.A.
Cornelius, North Carolina
October 28, 2015

Town of Indian Trail, North Carolina
Schedule of State Awards
For the Fiscal Year Ended June 30, 2015

	<u>State/ Pass-through Grantor's Number</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>	<u>Total Expenditures</u>	<u>Grant Revenue</u>
State Grants:					
Cash Programs:					
N. C. Department of Environment and Natural Resources					
Solid Waste Grant		10,261	-	10,261	-
N.C. Department of Transportation					
Powell Bill	DOT-4	<u>874,618</u>	-	<u>874,618</u>	<u>827,595</u>
Total Cash Assistance -State Programs		<u>884,879</u>	-	<u>884,879</u>	<u>827,595</u>
Total Assistance		<u>\$ 884,879</u>	<u>\$ -</u>	<u>\$ 884,879</u>	<u>\$ 827,595</u>

Notes to the Schedule of Expenditures of State Awards:

1. The accompanying schedule of expenditures of State awards includes the State grant activity of the Town of Indian Trail and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

2. Reconciliation of Powell Bill expenses reported on this schedule to amounts reported on the Powell Bill report submitted to the State in August 2015.

Total expenditures per Powell Bill Report submitted - Cash Basis	\$ 874,618
Total expenditures included in accounts payable at June 30, 2015	(11,791)
Total expenditures included in accounts payable at June 30, 2014	697
Capital Project Funds - Powell Bill expenditures	(127,657)
Total Powell Bill Expenditures (Page 40)	<u>\$ 735,867</u>

3. Reconciliation of Powell Bill cash balance to fund balance:

Cash per Powell Bill Report submitted - Cash Basis	\$ 1,608,766
Interfund payables	(7,736)
Accounts payable	(11,791)
Reimbursements receivable	5,428
Powell Bill Fund Balance, June 30, 2015	<u>\$ 1,594,667</u>

Town of Indian Trail, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant Deficiency(s) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted yes no

State Awards

Internal control over major state programs:

- Material weakness(es) identified? yes no
- Significant Deficiency(s) identified that are not considered to be material weaknesses? yes none reported

Type of auditors' report issued on compliance for major state programs: Unmodified.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 yes no

Identification of major state programs:

DOT-4 Powell Bill

Dollar threshold used to distinguish between Type A and Type B Programs \$300,000

Section II – Financial Statement Findings

None.

Section IV – State Award Findings and Questioned Costs

None reported.