

**CITY OF THOMASVILLE  
NORTH CAROLINA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2012**

**MARTIN ♦ STARNES  
& ASSOCIATES, CPAs, P.A.**

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*"A Professional Association of Certified Public Accountants and Management Consultants"*

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# CITY OF THOMASVILLE, NORTH CAROLINA

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# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and  
Members of the City Council  
Thomasville, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Thomasville, North Carolina, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Thomasville's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the City of Thomasville ABC Board or the Thomasville Board of Education, which represents 99.70 percent, 99.68 percent, and 99.66 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Thomasville ABC Board and the Thomasville Board of Education, is based solely on the reports of the other auditors.

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 basic financial statements are free of material misstatement. The financial statements of the City of Thomasville ABC Board and the Thomasville Tourism Commission were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Thomasville, North Carolina, as of June 30, 2012, 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 conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2012 on our consideration of the City of Thomasville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Law Enforcement Officer's Special Separation Allowance and the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We 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 assurance.

Our audit was performed for the purpose of forming opinions on the basic financial statements that collectively comprise the basic financial statements of the City of Thomasville, North Carolina as a whole. The combining and individual fund financial statements, budget and actual schedules, and the supplemental ad valorem tax schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
August 22, 2012

## **Management's Discussion and Analysis**

As management of the City of Thomasville, we offer readers of the City of Thomasville's financial statements this narrative overview and analysis of the financial activities of the City of Thomasville for the fiscal year ended June 30, 2012. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements which follow this narrative.

### **Financial Highlights**

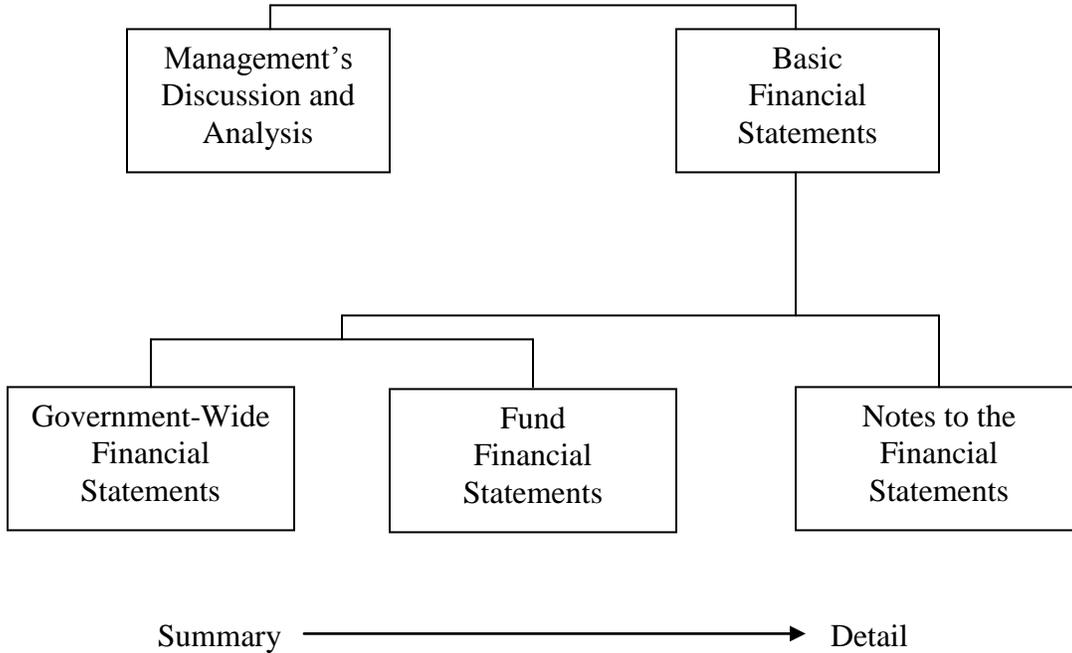
- The assets of the City of Thomasville exceeded its liabilities at the close of the fiscal year by \$24,760,530 (net assets).
- The government's total net assets decreased by \$110,290 due to decreases in governmental and business-type activities.
- As of the close of the current fiscal year, the City of Thomasville's governmental funds reported combined ending fund balances of \$8,076,397, an increase of \$579,709 in comparison with the prior year. Currently, 37 percent of this total amount, or 2,955,994 is restricted or non-spendable.
- At the end of the current fiscal year, available fund balance for the General Fund was \$5,287,140, or 29 percent of total General Fund expenditures and transfer to other funds.
- Water & Sewer Fund current assets increased 25%. At June 30, 2012, current assets exceeded current liabilities for the second consecutive year.
- In May 2012 the City issued \$10,745,000 in Combined Enterprise System Revenue Refunding Bonds, refunding Series 2002 and 2003 Revenue Bonds. The bonds were issued with a true interest cost of 3.024% and a net present value savings of \$1,165,228.
- The City's bond rating with Standard & Poor's increased to an A+ rating. The City's stable outlook and sufficient capacity are listed as reasons for the upgrade.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the City of Thomasville's basic financial statements. The City'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 City 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 City of Thomasville.

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements (Exhibits C through I) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the fund financial statements: 1) the governmental funds statements, 2) the budgetary comparison statements, and 3) the proprietary fund statements.

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

## **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the City'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 City's financial status as a whole.

The two government-wide statements report the City's net assets and how they have changed. Net assets are the difference between the City's total assets and total liabilities. Measuring net assets is one way to gauge the City'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 City's basic services such as public safety, parks and recreation, and general administration. Property taxes and federal and State grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the water and sewer and golf services offered by the City of Thomasville. The final category is the component units. Although legally separate from the City, the City School Board, ABC Board, and Tourism Commission are important to the City because the City exercises control over the School Board, ABC Board, and Tourism Commission by appointing its members and setting the local tax rate for the School Board and Tourism Commission. The ABC Board is required to distribute its profits to the City.

The government-wide financial statements are on Exhibits A and B of this report.

## **Fund Financial Statements**

The fund financial statements (see Figure 1) provide a more detailed look at the City'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 City of Thomasville, 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 City's budget ordinance. All of the funds of City of Thomasville 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 City'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 City's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Thomasville 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 City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**Proprietary Funds.** The City of Thomasville has two kinds of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Thomasville uses enterprise funds to account for its water and sewer activity and for its golf operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 23-56 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Thomasville's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 57 of this report.

## Government-Wide Financial Analysis

### City of Thomasville's Net Assets

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Assets:</b>						
Current and other assets	\$ 10,011,621	\$ 9,621,022	\$ 5,213,716	\$ 3,728,993	\$ 15,225,337	\$ 13,350,015
Capital assets	10,621,230	10,877,130	48,599,577	51,747,635	59,220,807	62,624,765
Total assets	<u>20,632,851</u>	<u>20,498,152</u>	<u>53,813,293</u>	<u>55,476,628</u>	<u>74,446,144</u>	<u>75,974,780</u>
<b>Liabilities:</b>						
Long-term liabilities	3,123,094	2,772,552	40,752,339	42,425,152	43,875,433	45,197,704
Other liabilities	1,797,829	1,956,309	4,012,352	3,949,947	5,810,181	5,906,256
Total liabilities	<u>4,920,923</u>	<u>4,728,861</u>	<u>44,764,691</u>	<u>46,375,099</u>	<u>49,685,614</u>	<u>51,103,960</u>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	8,481,310	9,171,426	4,806,418	5,538,446	13,287,728	14,709,872
Restricted	2,873,894	3,415,101	-	-	2,873,894	3,415,101
Unrestricted	4,356,724	3,182,764	4,242,184	3,563,083	8,598,908	6,745,847
Total net assets	<u>\$ 15,711,928</u>	<u>\$ 15,769,291</u>	<u>\$ 9,048,602</u>	<u>\$ 9,101,529</u>	<u>\$ 24,760,530</u>	<u>\$ 24,870,820</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the City of Thomasville exceeded liabilities by \$ 24,760,530 as of June 30, 2012. The City's net assets decreased by \$110,290 for the fiscal year ended June 30, 2012. However, the largest portion (54%) reflects the City's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City of Thomasville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City of Thomasville's net assets (12%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8,598,908 is unrestricted.

Several particular aspects of the City's financial operations positively influenced the total unrestricted governmental and business-type net assets:

- General Fund expenditures were 8% under budgetary estimates.
- Water and Sewer operating revenues were 6% higher than the previous fiscal year.
- Water and Sewer expenses were 11% under budgetary estimates.
- Golf Fund expenses were 4% under budgetary estimates.

## City of Thomasville's Changes in Net Assets

**Figure 3**

	2012			2011		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,305,275	\$ 11,202,101	\$ 12,507,376	\$ 1,359,633	\$ 10,617,197	\$ 11,976,830
Operating grants and contributions	1,707,244	-	1,707,244	1,720,206	-	1,720,206
Capital grants and contributions	78,663	1,505	80,168	202,715	59,355	262,070
General revenues:						
Property taxes	10,722,827	-	10,722,827	10,474,542	-	10,474,542
Other taxes	4,821,749	-	4,821,749	4,750,991	-	4,750,991
Miscellaneous	1,408,478	74,430	1,482,908	1,436,545	6,466	1,443,011
Total revenues	20,044,236	11,278,036	31,322,272	19,944,632	10,683,018	30,627,650
<b>Expenses:</b>						
General government	3,676,811	-	3,676,811	3,695,779	-	3,695,779
Public works	4,514,716	-	4,514,716	4,903,693	-	4,903,693
Public safety	9,604,392	-	9,604,392	9,698,591	-	9,698,591
Economic and physical development	691,897	-	691,897	648,895	-	648,895
Culture and recreation	1,173,387	-	1,173,387	1,167,155	-	1,167,155
Interest on long-term debt	59,175	-	59,175	55,686	-	55,686
Water and sewer	-	10,814,562	10,814,562	-	10,031,286	10,031,286
Golf course	-	897,622	897,622	-	889,975	889,975
Total expenses	19,720,378	11,712,184	31,432,562	20,169,799	10,921,261	31,091,060
Increase (decrease) in net assets before transfers	323,858	(434,148)	(110,290)	(225,167)	(238,243)	(463,410)
Transfers in (out)	(381,221)	381,221	-	(381,221)	381,221	-
Increase (decrease) in net assets	(57,363)	(52,927)	(110,290)	(606,388)	142,978	(463,410)
<b>Net Assets:</b>						
Beginning of year - July 1	15,769,291	9,101,529	24,870,820	16,375,679	8,958,551	25,334,230
End of year - June 30	\$ 15,711,928	\$ 9,048,602	\$ 24,760,530	\$ 15,769,291	\$ 9,101,529	\$ 24,870,820

**Governmental Activities.** Governmental activities decreased the City's net assets by \$57,363. Key elements of this decrease are as follows:

- The City appropriated and expended \$223,222 of Powell Bill reserve for street paving this fiscal year.

**Business-Type Activities.** Business-type activities decreased the City of Thomasville's net assets by \$52,927. Key elements of this decrease are as follows:

- The City raised water and sewer rates 4.0% as per their 5-year rate study. This rate adjustment resulted in a revenue increase of \$565,597.

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

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

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

The General Fund is the chief operating fund of the City of Thomasville. At the end of the current fiscal year, the City of Thomasville's fund balance available in the General Fund was \$5,287,140, while total fund balance reached \$7,135,459. The governing body of the City of Thomasville has determined that the City should maintain an available fund balance of 20% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the City. The City currently has an available fund balance of 29% of General Fund expenditures and transfers to other funds, while total fund balance represents 39% of the same amount.

**General Fund Budgetary Highlights.** During the fiscal year, the City 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.

**Proprietary Funds.** The City of Thomasville's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net assets of the Water and Sewer Fund at the end of the fiscal year amounted to \$4,262,291. The total changes in net assets for the Water and Sewer Fund was \$(222,181). Unrestricted net assets of the Golf Course Fund at the end of the fiscal year amounted to \$(20,107). Total changes in net assets for the Golf Course Fund was \$169,254. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of Thomasville's business-type activities.

## Capital Asset and Debt Administration

**Capital Assets.** The City of Thomasville's investment in capital assets for its governmental and business-type activities as of June 30, 2012 totals \$59,220,807 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Additional information on the City's capital assets can be found beginning on page 35 of this report.

**City of Thomasville's Capital Assets  
(net of depreciation)  
Figure 4**

	<u>Governmental Activities</u> <u>2012</u>	<u>Business-Type Activities</u> <u>2012</u>	<u>Total</u> <u>2012</u>	<u>Governmental Activities</u> <u>2011</u>	<u>Business-Type Activities</u> <u>2011</u>	<u>Total</u> <u>2011</u>
Land	\$ 1,233,829	\$ 662,153	\$ 1,895,982	\$ 1,233,829	\$ 662,153	\$ 1,895,982
Buildings	3,501,760	2,300,478	5,802,238	3,652,608	2,615,991	6,268,599
Other improvements	1,877,354	23,881,018	25,758,372	2,054,819	25,417,952	27,472,771
Infrastructure	979,206	19,856,028	20,835,234	1,053,731	21,200,022	22,253,753
Equipment and vehicles	2,785,206	1,318,396	4,103,602	2,849,368	1,000,734	3,850,102
Construction in progress	243,875	581,504	825,379	32,775	42,037	74,812
Total	<u>\$ 10,621,230</u>	<u>\$ 48,599,577</u>	<u>\$ 59,220,807</u>	<u>\$ 10,877,130</u>	<u>\$ 50,938,889</u>	<u>\$ 61,816,019</u>

**Long-Term Debt.** As of June 30, 2012, the City of Thomasville had total bonded debt outstanding of \$18,635,558. Of this, \$-0- is backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

**City of Thomasville's Outstanding Debt  
General Obligation and Revenue Bonds**

**Figure 5**

	<u>Business-Type Activities</u>	
	<u>2012</u>	<u>2011</u>
Revenue bonds	\$ 17,775,000	\$ 19,393,334
Less: Deferred amounts on refundings and amortization	860,558	29,098
Total	<u>\$ 18,635,558</u>	<u>\$ 19,422,432</u>

The City of Thomasville's total debt decreased by \$1,173,065 (3%) during the past fiscal year, primarily due to the refunding of water and sewer revenue bonds.

The City maintained its Moody's Investor Service Rating of A1 and upgraded to an A+ rating from Standard and Poor's Corporation.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the City of Thomasville is \$135,855,078. The City has \$-0- in bonds authorized, but unissued, as June 30, 2012.

Additional information regarding the City of Thomasville's long-term debt can be found beginning on page 46 of this report.

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

### **Economic Factors**

- Unemployment in the State of North Carolina was 9.9% as of June 30, 2012, and Davidson County's rate of unemployment was 10.5%. The State unemployment rate has increased from 10.4% as of June 30, 2011, and Davidson County's rate has decreased from 11.5% a year ago.

### **Budget Highlights for the Fiscal Year Ending June 30, 2013**

**Governmental Activities.** Revenues are expected to remain level for the coming fiscal year. One half (1/2) cent of the tax rate has been pledged to replenish General Fund Unassigned Fund Balance by resolution of the City Council. This designation will help to maintain a sufficient Unassigned Fund Balance.

The City reduced requested appropriations by 6% to balance the 2012/2013 budget. There will be a 2% employee compensation increase, the first in three fiscal years.

**Business-Type Activities.** The water and sewer rates in the City will increase by 3.59% as projected in the rate study.

Budgeted expenses in the Water & Sewer Fund are expected to increase 1% in the next fiscal year.

### **Requests for Information**

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any information found in this report or requests for additional information should be directed to the Director of Finance, City of Thomasville, P.O. Box 368, Thomasville, North Carolina 27361.

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**CITY OF THOMASVILLE, NORTH CAROLINA**

**STATEMENT OF NET ASSETS  
JUNE 30, 2012**

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 6,183,346	\$ 2,574,029	\$ 8,757,375
Restricted cash	735,186	-	735,186
Receivables:			
Accounts receivable, net	3,010,989	1,582,624	4,593,613
Due from primary government	-	-	-
Inventories	82,100	32,829	114,929
Investment in joint venture	-	427,301	427,301
Prepaid items	-	-	-
Total current assets	<u>10,011,621</u>	<u>4,616,783</u>	<u>14,628,404</u>
Non-current assets:			
Unamortized financing costs	-	596,933	596,933
Capital assets:			
Land and construction in progress	1,477,704	1,243,657	2,721,361
Other capital assets, net of depreciation	9,143,526	47,355,920	56,499,446
Total non-current assets	<u>10,621,230</u>	<u>49,196,510</u>	<u>59,817,740</u>
Total assets	<u>20,632,851</u>	<u>53,813,293</u>	<u>74,446,144</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	662,919	145,118	808,037
Accrued interest payable	-	190,710	190,710
Customer deposits	47,134	329,510	376,644
Due to primary government	-	-	-
Due to component units	5,991	-	5,991
Unearned revenue	-	13,149	13,149
Current portion of long-term liabilities	1,081,785	3,333,865	4,415,650
Total current liabilities	<u>1,797,829</u>	<u>4,012,352</u>	<u>5,810,181</u>
Long-term liabilities:			
Due in more than one year	3,123,094	40,752,339	43,875,433
Total liabilities	<u>4,920,923</u>	<u>44,764,691</u>	<u>49,685,614</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	8,481,310	4,806,418	13,287,728
Restricted for:			
Stabilization by State statute	1,810,593	-	1,810,593
Other purposes	1,063,301	-	1,063,301
Unrestricted	4,356,724	4,242,184	8,598,908
Total net assets	<u>\$ 15,711,928</u>	<u>\$ 9,048,602</u>	<u>\$ 24,760,530</u>

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

**Exhibit A**

<b>Component Units</b>		
<b>Thomasville Board of Education</b>	<b>Alcoholic Beverage Control Board</b>	<b>Thomasville Tourism Commission</b>
\$ 4,937,621	\$ 732,320	\$ 76,292
-	-	-
268,333	124	-
435,506	-	5,992
76,249	135,150	-
-	-	-
-	9,465	2,300
<u>5,717,709</u>	<u>877,059</u>	<u>84,584</u>
-	-	-
552,595	-	-
<u>20,702,009</u>	<u>29,904</u>	<u>-</u>
<u>21,254,604</u>	<u>29,904</u>	<u>-</u>
<u>26,972,313</u>	<u>906,963</u>	<u>84,584</u>
670,182	146,352	1,640
-	-	-
-	-	-
-	18,157	-
-	-	-
25,652	-	-
<u>1,358,583</u>	<u>-</u>	<u>-</u>
<u>2,054,417</u>	<u>164,509</u>	<u>1,640</u>
<u>150,953</u>	<u>-</u>	<u>-</u>
<u>2,205,370</u>	<u>164,509</u>	<u>1,640</u>
21,254,604	29,904	-
376,339	-	5,992
57,849	702,652	-
<u>3,078,151</u>	<u>9,898</u>	<u>76,952</u>
<u>\$ 24,766,943</u>	<u>\$ 742,454</u>	<u>\$ 82,944</u>

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

**CITY OF THOMASVILLE, NORTH CAROLINA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 3,676,811	\$ 1,480	\$ 76,990	\$ -
Public works	4,514,716	856,829	694,332	78,663
Public safety	9,604,392	156,133	241,874	-
Economic and physical development	691,897	-	690,041	-
Cultural and recreation	1,173,387	290,833	4,007	-
Debt service:				
Interest and fiscal charges	59,175	-	-	-
Total governmental activities	<u>19,720,378</u>	<u>1,305,275</u>	<u>1,707,244</u>	<u>78,663</u>
<b>Business-Type Activities:</b>				
Water and sewer	10,814,562	10,584,297	-	1,505
Golf course	897,622	617,804	-	-
Total business-type activities	<u>11,712,184</u>	<u>11,202,101</u>	<u>-</u>	<u>1,505</u>
Total primary government	<u>\$ 31,432,562</u>	<u>\$ 12,507,376</u>	<u>\$ 1,707,244</u>	<u>\$ 80,168</u>
<b>Component Unit:</b>				
Thomasville Board of Education	\$ 25,864,316	\$ 383,635	\$ 20,268,545	\$ 28,990
Alcoholic Beverage Control Board	-	-	-	-
Thomasville Tourism Commission	94,116	-	-	-
Total component units	<u>\$ 25,958,432</u>	<u>\$ 383,635</u>	<u>\$ 20,268,545</u>	<u>\$ 28,990</u>

**General Revenues:**

Taxes:

Property taxes, levied for general purposes

Unrestricted appropriations

Local option sales tax

Video programming tax tax

Solid waste disposal tax

Occupancy tax

Investment earnings, unrestricted

Miscellaneous

Gain on sale of asset

Fundraising revenue

Total general revenues, excluding transfers

Transfers

Total general revenues and transfers

Change in net assets

**Net Assets:**

Beginning of year - July 1

End of year - June 30

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	Thomasville Board of Education	Alcoholic Beverage Control Board	Thomasville Tourism Commission
\$ (3,598,341)	\$ -	\$ (3,598,341)			
(2,884,892)	-	(2,884,892)			
(9,206,385)	-	(9,206,385)			
(1,856)	-	(1,856)			
(878,547)	-	(878,547)			
(59,175)	-	(59,175)			
<u>(16,629,196)</u>	<u>-</u>	<u>(16,629,196)</u>			
-	(228,760)	(228,760)			
-	(279,818)	(279,818)			
-	(508,578)	(508,578)			
<u>(16,629,196)</u>	<u>(508,578)</u>	<u>(17,137,774)</u>			
			\$ (5,183,146)	\$ -	\$ -
			-	65,599	-
			<u>-</u>	<u>-</u>	<u>(94,116)</u>
			<u>(5,183,146)</u>	<u>65,599</u>	<u>(94,116)</u>
10,722,827	-	10,722,827	-	-	-
1,382,822	-	1,382,822	3,346,265	-	-
4,485,203	-	4,485,203	-	-	-
247,242	-	247,242	-	-	-
18,463	-	18,463	-	-	-
70,841	-	70,841	-	-	67,549
25,656	6,691	32,347	12,358	1,245	142
-	-	-	1,421,776	-	1,500
-	67,739	67,739	-	-	-
-	-	-	-	-	19,066
<u>16,953,054</u>	<u>74,430</u>	<u>17,027,484</u>	<u>4,780,399</u>	<u>1,245</u>	<u>88,257</u>
<u>(381,221)</u>	<u>381,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>16,571,833</u>	<u>455,651</u>	<u>17,027,484</u>	<u>4,780,399</u>	<u>1,245</u>	<u>88,257</u>
(57,363)	(52,927)	(110,290)	(402,747)	66,844	(5,859)
<u>15,769,291</u>	<u>9,101,529</u>	<u>24,870,820</u>	<u>25,169,690</u>	<u>675,610</u>	<u>88,803</u>
<u>\$ 15,711,928</u>	<u>\$ 9,048,602</u>	<u>\$ 24,760,530</u>	<u>\$ 24,766,943</u>	<u>\$ 742,454</u>	<u>\$ 82,944</u>

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

CITY OF THOMASVILLE, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
 JUNE 30, 2012

	<u>Major Funds</u>	<u>Nonmajor Funds</u>	
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 5,263,602	\$ 919,744	\$ 6,183,346
Restricted cash	735,186	-	735,186
Taxes receivable, net	787,002	205,151	992,153
Accounts receivable, net	354,207	27,516	381,723
Due from other funds	1,926	17,038	18,964
Due from other governments	1,637,113	-	1,637,113
Inventories	82,100	-	82,100
Total assets	<u>\$ 8,861,136</u>	<u>\$ 1,169,449</u>	<u>\$ 10,030,585</u>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 644,185	\$ 18,734	\$ 662,919
Deposits	44,434	2,700	47,134
Due to other funds	17,038	1,926	18,964
Due to component units	5,991	-	5,991
Deferred revenues	1,014,029	205,151	1,219,180
Total liabilities	<u>1,725,677</u>	<u>228,511</u>	<u>1,954,188</u>
<b>Fund Balances:</b>			
Non-spendable:			
Inventories	82,100	-	82,100
Restricted:			
Stabilization for State statute	1,766,219	44,374	1,810,593
Restricted, all other	774,694	288,607	1,063,301
Committed	609,923	-	609,923
Assigned	-	628,383	628,383
Unassigned	3,902,523	(20,426)	3,882,097
Total fund balances	<u>7,135,459</u>	<u>940,938</u>	<u>8,076,397</u>
Total liabilities and fund balances	<u>\$ 8,861,136</u>	<u>\$ 1,169,449</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	10,621,230
Liabilities for earned, but deferred, revenues in fund statements	1,219,180
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(4,204,879)</u>
Net assets of governmental activities	<u>\$ 15,711,928</u>

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

## CITY OF THOMASVILLE, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Major Funds</u>	<u>Nonmajor Funds</u>	
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 9,298,028	\$ -	\$ 9,298,028
Other taxes and licenses	4,821,749	-	4,821,749
Unrestricted intergovernmental	1,382,822	-	1,382,822
Restricted intergovernmental	709,340	2,133,789	2,843,129
Permits and fees	145,394	136,531	281,925
Sales and services	1,023,350	-	1,023,350
Contributions	183,716	4,007	187,723
Investment earnings	23,269	2,387	25,656
Miscellaneous	73,083	-	73,083
Total revenues	<u>17,660,751</u>	<u>2,276,714</u>	<u>19,937,465</u>
<b>Expenditures:</b>			
Current:			
General government	1,457,016	1,404,775	2,861,791
Public works	4,422,251	-	4,422,251
Public safety	9,306,987	168,225	9,475,212
Economic and physical development	-	691,897	691,897
Cultural and recreation	1,005,718	6,500	1,012,218
Miscellaneous	13,545	-	13,545
Debt service:			
Principal	530,784	-	530,784
Interest and other changes	59,175	-	59,175
Capital outlay	864,624	10,038	874,662
Total expenditures	<u>17,660,100</u>	<u>2,281,435</u>	<u>19,941,535</u>
Revenues over (under) expenditures	<u>651</u>	<u>(4,721)</u>	<u>(4,070)</u>
<b>Other Financing Sources (Uses):</b>			
Capital lease financing issued	965,000	-	965,000
Transfers from other funds	3,000	82,386	85,386
Transfers to other funds	(463,607)	(3,000)	(466,607)
Total other financing sources (uses)	<u>504,393</u>	<u>79,386</u>	<u>583,779</u>
Net change in fund balances	505,044	74,665	579,709
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>6,630,415</u>	<u>866,273</u>	<u>7,496,688</u>
End of year - June 30	<u>\$ 7,135,459</u>	<u>\$ 940,938</u>	<u>\$ 8,076,397</u>

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

**CITY OF THOMASVILLE, NORTH CAROLINA**

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012**

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

Net changes in fund balances - total governmental funds (Exhibit D)	\$ 579,709
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(255,900)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Change in deferred revenue for tax revenues.	106,771
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first 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.	(574,974)
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 the governmental funds.	
Compensated absences	130,565
Net pension obligation	<u>(43,534)</u>
Total changes in net assets of governmental activities (Exhibit B)	<u>\$ (57,363)</u>

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

## CITY OF THOMASVILLE, NORTH CAROLINA

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012**

	<b>General Fund</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Over/Under</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Ad valorem taxes	\$ 9,313,742	\$ 9,313,742	\$ 9,298,028	\$ (15,714)
Other taxes and licenses	5,125,495	5,125,495	4,821,749	(303,746)
Unrestricted intergovernmental	1,311,776	1,431,886	1,382,822	(49,064)
Restricted intergovernmental	699,666	721,938	709,340	(12,598)
Permits and fees	243,750	243,750	145,394	(98,356)
Sales and services	1,035,105	1,043,105	1,023,350	(19,755)
Contributions	215,539	245,539	183,716	(61,823)
Investment earnings	49,000	49,000	23,269	(25,731)
Miscellaneous	126,800	132,137	73,083	(59,054)
Total revenues	<u>18,120,873</u>	<u>18,306,592</u>	<u>17,660,751</u>	<u>(645,841)</u>
<b>Expenditures:</b>				
Current:				
General government	1,610,981	1,611,081	1,457,016	154,065
Public works	5,030,968	5,092,136	4,757,336	334,800
Public safety	10,293,617	10,359,274	9,791,865	567,409
Cultural and recreation	1,020,506	1,146,137	1,050,379	95,758
Miscellaneous	350,464	328,755	13,545	315,210
Debt service:				
Principal	514,318	538,418	530,784	7,634
Interest and other changes	50,713	55,113	59,175	(4,062)
Total expenditures	<u>18,871,567</u>	<u>19,130,914</u>	<u>17,660,100</u>	<u>1,470,814</u>
Revenues over (under) expenditures	<u>(750,694)</u>	<u>(824,322)</u>	<u>651</u>	<u>824,973</u>
<b>Other Financing Sources (Uses):</b>				
Capital lease financing issued	965,368	965,368	965,000	(368)
Transfers to other funds	(431,221)	(463,607)	(463,607)	-
Transfers from other funds	-	3,000	3,000	-
Appropriated fund balance	216,547	319,561	-	(319,561)
Total other financing sources (uses)	<u>750,694</u>	<u>824,322</u>	<u>504,393</u>	<u>(319,929)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>505,044</u>	<u>\$ 505,044</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>6,630,415</u>	
End of year - June 30			<u>\$ 7,135,459</u>	

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

## CITY OF THOMASVILLE, NORTH CAROLINA

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2012

	<u>Major</u>		<u>Total</u>
	<u>Water and Sewer Fund</u>	<u>Golf Course Fund</u>	
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 2,547,424	\$ 26,605	\$ 2,574,029
Accounts receivable, net - billed	1,003,497	25,736	1,029,233
Accounts receivable, net - unbilled	553,391	-	553,391
Inventories	32,829	-	32,829
Investment in joint venture	427,301	-	427,301
Total current assets	<u>4,564,442</u>	<u>52,341</u>	<u>4,616,783</u>
Non-current assets:			
Unamortized financing costs	596,933	-	596,933
Capital assets:			
Land and other non-depreciable assets	744,172	499,485	1,243,657
Other capital assets, net of depreciation	46,129,552	1,226,368	47,355,920
Total capital assets, net	<u>46,873,724</u>	<u>1,725,853</u>	<u>48,599,577</u>
Total non-current assets	<u>47,470,657</u>	<u>1,725,853</u>	<u>49,196,510</u>
Total assets	<u>52,035,099</u>	<u>1,778,194</u>	<u>53,813,293</u>
<b>Liabilities and Net Assets:</b>			
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	130,443	14,675	145,118
Unearned revenues	11,349	1,800	13,149
Accrued interest payable	189,822	888	190,710
Customer deposits	329,510	-	329,510
Compensated absences, current	80,974	22,661	103,635
Current portion of long-term debt	2,898,043	332,187	3,230,230
Total current liabilities	<u>3,640,141</u>	<u>372,211</u>	<u>4,012,352</u>
Non-current liabilities:			
Compensated absences	36,380	10,181	46,561
Non-current portion of long-term debt	40,458,348	104,581	40,562,929
Other post-employment benefits obligation	120,606	22,243	142,849
Total non-current liabilities	<u>40,615,334</u>	<u>137,005</u>	<u>40,752,339</u>
Total liabilities	<u>44,255,475</u>	<u>509,216</u>	<u>44,764,691</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	3,517,333	1,289,085	4,806,418
Unrestricted	4,262,291	(20,107)	4,242,184
Total net assets	<u>\$ 7,779,624</u>	<u>\$ 1,268,978</u>	<u>\$ 9,048,602</u>

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

## CITY OF THOMASVILLE, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	<b>Major</b>		<b>Total</b>
	<b>Water and Sewer Fund</b>	<b>Golf Course Fund</b>	
<b>Operating Revenues:</b>			
Charges for sales and services	\$ 9,817,400	\$ 617,393	\$ 10,434,793
Connection fees	202,455	-	202,455
Other operating revenues	564,442	411	564,853
Total operating revenues	<u>10,584,297</u>	<u>617,804</u>	<u>11,202,101</u>
<b>Operating Expenses:</b>			
Administration	107,088	-	107,088
Billing and collection	477,436	-	477,436
Meter service	202,674	-	202,674
Water treatment plant	1,176,477	-	1,176,477
Construction and maintenance	1,418,703	-	1,418,703
Waste treatment plant	1,961,132	-	1,961,132
Baptist Children's Home	16,645	-	16,645
Golf course clubhouse	-	203,387	203,387
Golf course maintenance	-	432,393	432,393
Depreciation and amortization	3,854,578	247,598	4,102,176
Total operating expenses	<u>9,214,733</u>	<u>883,378</u>	<u>10,098,111</u>
Operating income (loss)	<u>1,369,564</u>	<u>(265,574)</u>	<u>1,103,990</u>
<b>Non-Operating Revenues (Expenses):</b>			
Investment earnings	6,579	112	6,691
Interest and other charges	(1,615,591)	(14,244)	(1,629,835)
Miscellaneous	42,659	-	42,659
Grant revenue	1,505	-	1,505
Gain on sale of asset	-	67,739	67,739
Contribution to Reservoir Recreation Joint Venture	(26,897)	-	(26,897)
Total non-operating revenues (expenses)	<u>(1,591,745)</u>	<u>53,607</u>	<u>(1,538,138)</u>
Income (loss) before transfers	(222,181)	(211,967)	(434,148)
Transfers to (from) other funds	-	381,221	381,221
Change in net assets	(222,181)	169,254	(52,927)
<b>Net Assets:</b>			
Beginning of year - July 1	<u>8,001,805</u>	<u>1,099,724</u>	<u>9,101,529</u>
End of year - June 30	<u>\$ 7,779,624</u>	<u>\$ 1,268,978</u>	<u>\$ 9,048,602</u>

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

## CITY OF THOMASVILLE, NORTH CAROLINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Major</u>		<u>Total</u>
	<u>Water and Sewer Fund</u>	<u>Golf Course Fund</u>	
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 10,519,243	\$ 594,389	\$ 11,113,632
Cash paid for goods and services	(3,214,417)	(216,360)	(3,430,777)
Cash paid to employees for services	(2,082,387)	(440,444)	(2,522,831)
Customer deposits received	10,186	-	10,186
Net cash provided (used) by operating activities	<u>5,232,625</u>	<u>(62,415)</u>	<u>5,170,210</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Contribution to Reservoir Recreation Joint Venture	(26,897)	-	(26,897)
Grant proceeds	1,505	-	1,505
Miscellaneous non-operating revenue	42,659	-	42,659
Transfers to (from) other funds	-	381,221	381,221
Net cash provided (used) by non-capital financing activities	<u>17,267</u>	<u>381,221</u>	<u>398,488</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(883,727)	(188,123)	(1,071,850)
Principal payments on long-term debt	(13,721,385)	(339,630)	(14,061,015)
Interest expense	(1,952,837)	(14,681)	(1,967,518)
Proceeds from issuance of debt	12,183,517	196,000	12,379,517
Net cash provided (used) by capital and related financing activities	<u>(4,374,432)</u>	<u>(346,434)</u>	<u>(4,720,866)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest and dividends	(25,345)	112	(25,233)
Net increase (decrease) in cash and cash equivalents	850,115	(27,516)	822,599
<b>Cash and Equivalents:</b>			
Beginning of year - July 1	1,697,309	54,121	1,751,430
End of year - June 30	<u>\$ 2,547,424</u>	<u>\$ 26,605</u>	<u>\$ 2,574,029</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 1,369,564	\$ (265,574)	\$ 1,103,990
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	3,854,578	247,598	4,102,176
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(67,977)	(18,939)	(86,916)
(Increase) decrease in inventories	8,322	-	8,322
Increase (decrease) in accounts payable and accrued liabilities	32,414	(15,690)	16,724
Increase (decrease) in deferred revenue	-	(4,476)	(4,476)
Increase (decrease) in compensated absences payable	(6,923)	(7,291)	(14,214)
Increase (decrease) in other post-employment benefits	32,461	1,957	34,418
Increase (decrease) in customer deposits	10,186	-	10,186
Net cash provided (used) by operating activities	<u>\$ 5,232,625</u>	<u>\$ (62,415)</u>	<u>\$ 5,170,210</u>

Non-cash transaction\*

The Golf Fund of the City received trade in value of \$119,376 on a new equipment purchase in the current year.

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

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### 1. Summary of Significant Accounting Policies

The accounting policies of the City of Thomasville (the "City") and its discretely presented component units 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 City is a municipal corporation which is governed by an elected mayor and a seven-member council. As required by generally accepted accounting principles, these financial statements present the City and its component units, legally separate entities for which the City is financially accountable. The discretely presented component units presented below are reported jointly in a separate column in the City's financial statements in order to emphasize that they are legally separate from the City.

#### **Thomasville Board of Education**

The members of the Thomasville Board of Education (the "Board of Education") are appointed by the City Council. In addition, the City sets the rate of and levies the school supplement tax remitted to the Board of Education annually. The Thomasville Board of Education, which has a June 30 year-end, is presented as if it were a governmental fund. Complete financial statements for the Thomasville Board of Education may be obtained from the entity's administrative offices at 400 Turner Street, Thomasville, North Carolina 27360.

#### **Thomasville Alcoholic Beverage Control (ABC) Board**

The members of the governing body of the Thomasville ABC Board (the "ABC Board") are appointed by the City Council. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the City. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund. Complete financial statements for the Thomasville Alcohol Beverage Control (ABC) Board may be obtained from the entity's administrative office at 1414 National Highway, Thomasville, North Carolina 27360.

#### **Thomasville Tourism Commission**

The members of the governing board of the Thomasville Tourism Commission (the "Commission") are appointed by the City Council. In addition, the City collects an occupancy tax, remitting 95% of such taxes collected to the Commission. The Commission, which has a June 30 year-end, is presented as if it were a governmental fund. Complete financial statements for the Commission may be obtained from the entity's administrative office at 44 West Main Street, Thomasville, North Carolina 27360.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### **Thomasville Public Facilities Corporation**

This legally separate non-profit corporation assists the City in obtaining long-term financing (i.e., certificates of participation). Once obtained, the debt and any related assets are transferred to the City. As such, no assets or liabilities of the corporation existed at June 30, 2012.

### **B. Basis of Presentation**

*Government-Wide Statements.* The Statement of Net Assets and the Statement of Activities display information about the primary government and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and 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 City and for each function of the City'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. The effects of interfund activity have been eliminated from the government-wide financial statements.

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

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

The City reports the following major governmental fund:

**General Fund.** The General Fund is the general operating fund of the City. It is used to account for all financial resources except those 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, streets and highways, sanitation, parks and recreation, and general government services.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

The City reports the following major enterprise funds:

**Water and Sewer Fund.** The Water and Sewer Fund is used to account for the City's water and sewer operations. The primary revenue source is charges to water and sewer customers on a monthly basis. The primary expenses are water treatment, sewer treatment, distribution and collection lines, and administration.

**Golf Course Fund.** The Golf Course Fund is used to account for the operation of the City municipal golf course.

### C. Measurement Focus and Basis of Accounting

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

*Government-Wide and Proprietary Fund Financial Statements.* The government-wide and proprietary statements are reported using the economic resources measurement focus and 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 City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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 City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the subsequent year. Also, as of January 1, 1993, 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, Davidson County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the City's vehicle taxes for vehicles registered in Davidson County from March 2011 through February 2012 apply to the fiscal year ended June 30, 2012. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and offset by deferred revenues.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

As permitted by generally accepted accounting principles, the City has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

### **D. Budgetary Data**

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the special revenue funds (City School Supplement, Police Restitution and Forfeitures, Stormwater, Cemetery, and Beautification), and the enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for all other special revenue funds, the capital projects funds, and the Enterprise Capital Project Fund, which are consolidated with the operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

object level for the multi-year funds. The City Manager is authorized by the budget ordinance to transfer appropriations between functional areas within a fund up to \$10,000; however, any revisions that alter the total expenditures of any fund or that change functional appropriations by more than \$10,000 must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

### **E. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are allowance for doubtful accounts and depreciation lives.

### **F. Assets, Liabilities, and Fund Equity**

#### **Deposits and Investments**

All deposits of the City are made in board-designated official depositories and are secured or required by State law [G.S. 159-31]. The City may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City 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 City 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; the North Carolina Capital Management Trust ("NCCMT"); and the North Carolina State Treasurer's Short-Term Investment Fund (STIF). The STIF consists of an internal portion and an external portion in which the Board participates. Investments are restricted to those enumerated in [G.S. 147-69.1].

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

# **CITY OF THOMASVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012**

### **Cash and Cash Equivalents**

The City pools monies 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 to be cash and cash equivalents.

### **Restricted Cash**

Powell Bill Funds are classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

### **Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. These taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2011. As allowed by State law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

### **Allowance for Doubtful Accounts**

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

### **Inventory and Prepaid Items**

The inventories of the City are valued at cost (first-in, first-out method), which approximates market. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

The inventories of the City's enterprise funds consist of materials and supplies held for consumption. The cost of these inventories is recorded as an expense as the inventories are consumed or sold.

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

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### Capital Assets

Capital assets are defined by the government as assets with an initial individual cost of more than a certain amount and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: buildings, improvements, substations, lines, and other plant and distribution systems - \$25,000; infrastructure - \$100,000; and furniture, equipment and vehicles - \$5,000. 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 cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Infrastructure and buildings	10 to 50 years
Furniture, equipment, and vehicles	5 to 15 years

### Long-Term Obligations

In the government-wide financial statements and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the 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.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### **Compensated Absences**

The vacation policies of the City provide for the accumulation of up to twenty to thirty days earned vacation leave with such leave being fully vested when earned. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary related payments are recorded as the leave is earned on a first-in, first-out basis. The portion of time estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The City's sick leave policy provides for an unlimited amount of earned sick leave. Sick leave does not vest, but 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 City does not have any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

### **Net Assets/Fund Balances**

#### **Net Assets**

Net assets in the government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or the 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.

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

The governmental fund types classify fund balances as follows:

#### **Non-Spendable Fund Balance**

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

*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.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### Restricted Fund Balance

*Stabilization by State Statute* – portion of fund balance that is not an available resource for appropriation in accordance with State law [G.S. 159-8(a)].

*Restricted for Public Works* – portion of fund balance that is available for appropriation but legally segregated for a \$2.00 per ton excise tax on solid waste collected by the N.C. Department of Revenue and distributed quarterly to the City. The funds are designated to promote and fund recycling in Thomasville.

*Restricted for Streets* – portion of fund balance that is available for appropriation but legally segregated for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

*Restricted for Public Safety* – portion of fund balance restricted by revenue source for public safety related activities such as restitution and forfeitures.

Restricted fund balance at June 30, 2012 is as follows:

Purpose	General Fund	Other Governmental Funds
<b>Restricted, all other:</b>		
Streets	\$ 735,186	\$ -
Public Works	39,508	-
Public Safety	-	288,607
Total	\$ 774,694	\$ 288,607

### Committed Fund Balance

This classification represents the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the City of Thomasville's governing body (highest level of decision making authority, the City Council). Any changes or removal of specific purpose restrictions requires majority action by the governing body.

*Committed for Economic and Physical Development* – represents the portion of fund balance committed by the governing body for future economic development related purposes.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### Assigned Fund Balance

Assigned fund balance is the portion of fund balance that the City of Thomasville intends to use for specific purposes. The City's governing body has the authority to assign fund balance. The Manager and Finance Officer, as granted in the officially adopted budget ordinance, have been granted limited authority to assign fund balance.

*Assigned for General Government* – portion of fund balance that has been budgeted by the board for general government activities for beautification and cemetery usage.

### Unassigned Fund Balance

Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes within the General Fund.

The City of Thomasville has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following order: bond/debt proceeds, federal funds, State funds, local non-City funds, and City 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 Finance Officer has the authority to deviate from this policy if it is in the best interest of the City or when required by grant or other contractual agreements.

The City has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the City in such a manner that available fund balance is at least equal to or greater than 20% of the budgeted operating expenditures (excluding capital outlay). Any portion of the General Fund balance in excess of 20% of budgeted operating expenditures may be appropriated for capital items valued at \$10,000 or greater. If fund balance falls below 12%, no appropriation can be made from fund balance unless it is an emergency appropriation.

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

Total fund balance - General Fund	\$	7,135,459
<b>Less:</b>		
Inventories		(82,100)
Stabilization by State statute		(1,766,219)
Total available fund balance	\$	<u>5,287,140</u>

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### 2. Detail Notes on All Funds

#### A. Assets

##### Deposits

All of the deposits of the City 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 City's agent in the respective 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 City these deposits are considered to be held by the City's agent 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 City or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City under the Pooling Method, the potential exists for undercollateralization, 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 City 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 City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2012, the City's deposits had a carrying amount of \$8,711,299 and a bank balance of \$9,298,978. The City also had petty cash of \$1,700. Of the bank balance, \$750,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method.

##### Investments

At June 30, 2012, the City had \$779,562 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The City has no policy regarding credit risk.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### Receivables

Receivables at the government-wide level at June 30, 2012 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due From Other Governments</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General	\$ 354,207	\$ 1,487,002	\$ 1,637,113	\$ 3,478,322
Other governmental	27,516	505,151	-	532,667
Total receivables	381,723	1,992,153	1,637,113	4,010,989
Allowance for doubtful accounts	-	(1,000,000)	-	(1,000,000)
Total governmental activities	<u>\$ 381,723</u>	<u>\$ 992,153</u>	<u>\$ 1,637,113</u>	<u>\$ 3,010,989</u>
<b>Business-Type Activities:</b>				
Water and sewer	\$ 1,702,762	\$ -	\$ 69,126	\$ 1,771,888
Golf course	-	-	25,736	25,736
Total receivables	1,702,762	-	94,862	1,797,624
Allowance for doubtful accounts	(215,000)	-	-	(215,000)
Total business-type activities	<u>\$ 1,487,762</u>	<u>\$ -</u>	<u>\$ 94,862</u>	<u>\$ 1,582,624</u>

Amounts due from governmental agencies consist of the following:

	<u>County</u>	<u>State</u>	<u>Total</u>
<b>Governmental Funds:</b>			
<b>General Fund:</b>			
Property taxes	\$ 118,606	\$ -	\$ 118,606
Sales and use tax distribution	-	1,060,182	1,060,182
Utilities franchise and telecommunications tax	-	351,807	351,807
Sales tax refund	-	106,518	106,518
Total governmental funds	<u>\$ 118,606</u>	<u>\$ 1,518,507</u>	<u>\$ 1,637,113</u>
<b>Business-Type Funds:</b>			
<b>Water and Sewer Fund:</b>			
Sales tax refund	\$ -	\$ 69,126	\$ 69,126
<b>Golf Course Fund:</b>			
Sales tax refund	-	25,736	25,736
Total business-type funds	<u>\$ -</u>	<u>\$ 94,862</u>	<u>\$ 94,862</u>

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

	<u>July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2012</u>
<b>Governmental Activities:</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 1,233,829	\$ -	\$ -	\$ 1,233,829
Construction in progress	32,775	211,100	-	243,875
Total non-depreciable capital assets	<u>1,266,604</u>	<u>211,100</u>	<u>-</u>	<u>1,477,704</u>
<b>Depreciable Capital Assets:</b>				
Buildings	6,877,766	-	-	6,877,766
Other improvements	3,461,215	-	-	3,461,215
Infrastructure	2,043,136	-	-	2,043,136
Equipment and vehicles	11,337,901	663,563	258,616	11,742,848
Total depreciable capital assets	<u>23,720,018</u>	<u>663,563</u>	<u>258,616</u>	<u>24,124,965</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	3,225,158	150,848	-	3,376,006
Other improvements	1,406,396	177,465	-	1,583,861
Infrastructure	989,405	74,525	-	1,063,930
Equipment and vehicles	8,488,533	727,725	258,616	8,957,642
Total accumulated depreciation	<u>14,109,492</u>	<u>\$ 1,130,563</u>	<u>\$ 258,616</u>	<u>14,981,439</u>
Total depreciable capital assets, net	<u>9,610,526</u>			<u>9,143,526</u>
Governmental activity capital assets, net	<u>\$ 10,877,130</u>			<u>\$ 10,621,230</u>

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

General Government	\$ 46,194
Public Works	392,582
Public Safety	492,947
Recreation	198,840
Total	<u>\$ 1,130,563</u>

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

The following is a summary of changes in the business-type capital assets for the year ended June 30, 2012.

	<u>July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2012</u>
<b>Business-Type Activities:</b>				
<b>Water and Sewer Fund:</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 162,668	\$ -	\$ -	\$ 162,668
Construction in progress	42,037	539,467	-	581,504
Total capital assets not being depreciated	<u>204,705</u>	<u>539,467</u>	<u>-</u>	<u>744,172</u>
<b>Depreciable Capital Assets:</b>				
Buildings	7,582,068	-	-	7,582,068
Other improvements	31,914,000	-	-	31,914,000
Infrastructure	50,044,851	-	-	50,044,851
Equipment	2,306,152	344,260	127,477	2,522,935
Total depreciable capital assets	<u>91,847,071</u>	<u>344,260</u>	<u>127,477</u>	<u>92,063,854</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	5,983,272	174,121	-	6,157,393
Other improvements	6,521,712	1,534,618	-	8,056,330
Infrastructure	28,844,829	1,343,994	-	30,188,823
Equipment and vehicles	1,480,663	178,570	127,477	1,531,756
Total accumulated depreciation	<u>42,830,476</u>	<u>\$ 3,231,303</u>	<u>\$ 127,477</u>	<u>45,934,302</u>
Total depreciable capital assets, net	<u>49,016,595</u>			<u>46,129,552</u>
Water and Sewer Fund capital assets, net	<u>\$ 49,221,300</u>			<u>\$ 46,873,724</u>
<b>Golf Course Fund:</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 499,485	\$ -	\$ -	\$ 499,485
<b>Depreciable Capital Assets:</b>				
Buildings	3,111,116	-	-	3,111,116
Improvements	51,491	-	-	51,491
Furniture, equipment, and vehicles	882,110	307,499	275,400	914,209
Total depreciable capital assets	<u>4,044,717</u>	<u>307,499</u>	<u>275,400</u>	<u>4,076,816</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	2,093,921	141,391	-	2,235,312
Improvements	25,827	2,317	-	28,144
Furniture, equipment, and vehicles	706,865	103,890	223,763	586,992
Total accumulated depreciation	<u>2,826,613</u>	<u>\$ 247,598</u>	<u>\$ 223,763</u>	<u>2,850,448</u>
Total depreciable capital assets, net	<u>1,218,104</u>			<u>1,226,368</u>
Golf Course Fund capital assets, net	<u>\$ 1,717,589</u>			<u>\$ 1,725,853</u>
Business-type activities capital assets, net	<u>\$ 50,938,889</u>			<u>\$ 48,599,577</u>

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### Invested in Capital Assets, Net of Debt

The total invested in capital assets, net of related debt at June 30, 2012 is composed of the following elements:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Capital assets	\$ 10,621,230	\$ 48,599,577
Long-term debt	(4,204,879)	(44,086,204)
Accrued compensated absences, OPEB, LEO	2,064,959	293,045
Invested in capital assets, net of related debt	\$ 8,481,310	\$ 4,806,418

### B. Liabilities

#### Payables

Payables at the government-wide level at June 30, 2012 were as follows:

	<b>Vendors</b>	<b>Salaries and Benefits</b>	<b>Ending Balances</b>
Governmental activities	\$ 448,963	\$ 213,956	\$ 662,919
Business-type activities	\$ 100,831	\$ 44,287	\$ 145,118

#### Pension Plan Obligations

##### Local Governmental Employees' Retirement System

**Plan Description.** The City contributes to 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 provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

The LGERS 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.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

**Funding Policy.** Plan members are required to contribute 6% of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.98% and 7.05%, respectively, of annual covered payroll.

The contribution requirements of members and of the City are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2012, 2011, and 2010 were \$595,647, \$526,890, and \$534,360 respectively. The contributions made by the City equaled the required contributions for each year.

### Law Enforcement Officers' Special Separation Allowance

**Plan Description.** The City administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The Separation Allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2011, the Separation Allowance's membership consisted of:

Retirees receiving benefits	6
Terminated plan members entitled to, but not yet, receiving benefits	-
Active plan members	<u>70</u>
Total	<u>76</u>

A separate report was not issued for the plan.

### Summary of Significant Accounting Policies

**Basis of Accounting.** The City has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

**Method Used to Value Investments.** No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

**Contributions.** The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. No contributions were made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2010 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) a 5% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of assets was determined using the fair value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2010 was 20 years.

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

Annual required contribution	\$	135,678
Interest on net pension obligation		22,249
Adjustment to annual required contribution		(26,545)
Annual pension cost		131,382
Contributions made		87,848
Increase (decrease) in net pension obligation		43,534
Net pension obligation - July 1		444,980
Net pension obligation - June 30	\$	488,514

### Three-Year Trend Information

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$ 131,382	66.86%	\$ 488,514
6/30/2011	138,207	60.90%	444,980
6/30/2010	103,250	77.97%	390,936

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### **Funding Status and Funding Progress**

As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$1,233,621. The covered payroll (annual payroll of active employees covered by the plan) was \$2,933,511, and the ratio of the UAAL to the covered payroll was 42.05 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

### **Supplemental Retirement Income Plan for Law Enforcement Officers**

**Plan Description.** The City contributes to Supplemental Retirement Income Plans (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G. S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the CAFR for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Comptroller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to their plan. Contributions for the year ended June 30, 2012 were \$195,814 which consisted of \$151,242 from the City and \$44,572 from the law enforcement officers.

In addition to law enforcement officers, the City has allowed other employees to contribute to the Plan. During the year ended June 30, 2012, other employees contributed \$56,053 to the Plan. The City elected not to make a contribution for other employees during the year ended June 30, 2012.

### **Firemen's and Rescue Squad Workers' Pension Fund**

**Plan Description.** The State of North Carolina contributes, on behalf of the City, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing, multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the Fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Fund is included in the CAFR for the State of North Carolina. The State's CAFR includes

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

financial statements and required supplementary information for the Fund. 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.** Plan members are required to contribute \$10 per month to the Fund. The State, a non-employer contributor, funds the Plan through appropriations. The State's on-behalf payments are recorded as revenues and expenditures in the City's financial statements. The City does not contribute to the Fund. Contribution requirements of Plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

### **Other Employment Benefits**

The City 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 Death Benefit Plan, or who die within 180 days after retirement or termination of service and have at least one year of continuing membership service in the Death Benefit Plan 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 may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. 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. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. For the fiscal year ended June 30, 2012, the City made contributions to the State for death benefits of \$12,792. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .10% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

### **Other Post-Employment Benefits - Healthcare Benefits**

**Plan Description.** In addition to providing pension benefits, the City has elected to provide healthcare benefits to retirees of the City who retire from the North Carolina Local Government Employees' Retirement System under a normal or early retirement and has at least 15 consecutive years of service with the City at the time of retirement is eligible to participate in the City's healthcare plan upon retirement. Employees retiring due to a disability retirement are not eligible to participate in the City's healthcare plan upon retirement. Retired employees meeting the criteria discussed herein will be provided hospitalization in the same manner as the active City employees. Retirees can purchase coverage for their dependents at the City's group rates. Currently 38 retirees are eligible for post-retirement health benefits. For the fiscal year

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

ended June 30, 2012, the City made payments for post-retirement health benefits premiums of \$216,964. The City purchases insurance from a private carrier for healthcare coverage. A separate report was not issued for the Plan. The plan is a single employer defined benefit plan. The City Council may amend the benefit provisions.

Membership of the Plan consisted of the following at December 31, 2010, the date of the latest actuarial valuation:

	<b>General Employees</b>	<b>Law Enforcement Officers</b>
Retirees and dependents receiving benefits	37	N/A
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	211	67
Total	248	67

**Funding Policy.** The City portion of the retiree premium will be based on the current rate for active employees as established by the health insurance carrier. The amount of the retiree's premium paid by the City will be a percentage, based upon years of service with the retirement system at retirement. The percentages are:

<b>Years of Service At Retirement</b>	<b>Maximum Monthly City Contribution</b>
30 or more	100%
25-29	75%
20-24	50%

Coverage will continue until the retiree becomes Medicare eligible at which time the City's subsidized retiree healthcare benefits will end. Retirees not qualifying for the City's subsidized health insurance plan may continue coverage for themselves and their dependents at their expense. Eligible retirees as of July 1, 2003 who were no longer on the insurance or who chose not to be on the insurance will be covered under the plan. These retirees will be reimbursed an amount equal to the amount the City will pay for retirees currently covered on the City's health insurance. Only those retirees that were eligible as of the July 1, 2003 may receive this benefit. The retiree may continue dependent coverage and pay the full cost of this coverage if enrolled in dependent coverage at the time of retirement. Dependent coverage terminates when the dependent reaches the age of 65.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

The current ARC rate is 3.39% of annual covered payroll. For the current year, the City contributed \$216,964, or 1.88% of annual covered payroll. The City purchases insurance from a private carrier for healthcare coverage. The City's required contributions, under a City resolution, for employees not engaged in law enforcement and for law enforcement officers represented 3.40% and 3.40% of covered payroll, respectively. There were no contributions made by employees, except for dependent coverage in the amount of \$28,709. Retirees are responsible for the difference between the amount charged for an active employee and the retiree rate, which is paid on a monthly basis. The City's obligation to contribute to the Plan is established and may be amended by the City Board.

### Summary of Significant Accounting Policies

Post-employment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

### Annual OPEB Cost and Net Obligation

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Annual required contribution	\$ 324,559	\$ 66,476	\$ 391,035
Interest on net OPEB obligation	20,384	4,337	24,721
Adjustments to annual required contribution	<u>(19,473)</u>	<u>(4,143)</u>	<u>(23,616)</u>
Annual OPEB cost (expense)	325,470	66,670	392,140
Contributions made	<u>(184,712)</u>	<u>(32,252)</u>	<u>(216,964)</u>
Increase (decrease) in net OPEB obligation	140,758	34,418	175,176
Net OPEB obligation, beginning of year - July 1	<u>509,603</u>	<u>108,431</u>	<u>618,034</u>
Net OPEB obligation, end of year - June 30	<u>\$ 650,361</u>	<u>\$ 142,849</u>	<u>\$ 793,210</u>

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 were as follows:

<u>Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$ 392,140	55%	\$ 793,210
2011	391,784	49%	618,034
2010	378,265	52%	419,001

### Fund Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$4,725,519. The covered payroll (annual payroll of active employees covered by the plan) was \$11,497,747, and the ratio of the UAAL to the covered payroll was 41.1 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial accrued liabilities for benefits.

### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations. In the December 31, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.50 to 5.00 percent annually. Both rates included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2010, was 30 years.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

As of June 30, 2012, management decided to fund OPEB on the pay-as-you-go basis. Management will continue their efforts to find a way to fund the annual required contribution while maintaining the level of service as prioritized by the City Council.

### Deferred Revenues

The balance in deferred revenues for the City of Thomasville at year-end is composed of the following elements:

	<b>General Fund</b>	<b>Special Revenue Funds</b>
Miscellaneous accounts receivable	\$ 227,027	\$ -
Taxes receivable (net)	787,002	205,151
Total	<u>\$ 1,014,029</u>	<u>\$ 205,151</u>

### Risk Management

The City 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 City participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the City obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability and auto liability and property liability in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

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

The City does not carry flood insurance.

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The Director of Finance is individually bonded for \$100,000. The remaining employees that have access to funds are bonded under a blanket plan for \$100,000 in a loss related to dishonesty, forgery, or alteration, and \$5,000 for theft.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### Long-Term Obligations

#### Installment Purchase Contracts

##### *Serviced by Governmental Funds:*

Suntrust Bank, for the purchase of various vehicles and equipment, issued September 2009 in the amount of \$600,000, payable in 19 semi-annual installments of \$33,938, including interest at 2.875%. The vehicles and equipment are held as collateral. 68% of this debt is serviced by governmental funds.	\$ 196,205
Branch Banking & Trust, for purchase of various vehicles and equipment, issued October 2011 in the amount of \$965,000, payable in 20 quarterly installments of \$60,136, including interest at 1.710%. The vehicles and equipment are held as collateral.	871,690
Wells Fargo, for purchase of various vehicles and equipment, issued December 2008 in the amount of \$534,000, payable in 20 quarterly installments of \$28,882, including interest at 3.06%. The vehicles and equipment are held as collateral. 73% of this debt is serviced by governmental funds.	121,779
Branch Banking & Trust, for purchase of various vehicles and equipment, issued October 2007 in the amount of \$350,000, payable in 20 quarterly installments of \$19,101, including interest at 3.57%. The vehicles and equipment are held as collateral.	17,154
Bank of America, for construction and equipping of two fire stations, issued December 2002 in the amount of \$1,600,000, payable in 60 quarterly installments of \$26,667, including interest at 3.89%, secured by deed of trust.	586,667
PNC Bank, for purchase of various vehicles and equipment, issued November 2010 in the amount of \$608,000, payable in five annual installments of \$130,414, including interest at 2.39%. The vehicles and equipment are held as collateral. 70% of this debt is serviced by governmental funds.	<u>346,425</u>
Total governmental funds	<u>\$ 2,139,920</u>

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

*Serviced by Business-Type Funds:*

### **Water and Sewer Fund:**

Suntrust Bank, for the purchase of various vehicles and equipment, issued September 2009 in the amount of \$600,000, payable in 19 semi-annual installments of \$33,938, including interest at 2.875%. The vehicles and equipment are held as collateral. 32% of this debt is serviced by the Water and Sewer Fund.	\$ 92,757
Branch Banking & Trust, for purchase of various vehicles and equipment, issued October 2007 in the amount of \$480,000, payable in 20 quarterly installments of \$26,196, including interest at 3.57%. The vehicles and equipment are held as collateral.	24,526
Wells Fargo, for purchase of various vehicles and equipment, issued December 2008 in the amount of \$534,000, payable in 20 quarterly installments of \$28,882, including interest at 3.06%. The vehicles and equipment are held as collateral. 27% of this debt is serviced by the Water and Sewer Fund.	47,535
Branch Banking & Trust, for purchase of various vehicles and equipment, issued October 2011 in the amount of \$160,000, payable in 20 quarterly installments of \$8,360, including interest at 1.710%. The vehicles and equipment are held as collateral.	144,541
PNC Bank, for the purchase of various vehicles and equipment, issued November 2010 in the amount of \$608,000, payable in five annual installments of \$130,414, including interest at 2.39%. The vehicles and equipment are held as collateral. 30% of this debt is serviced by the Water and Sewer Fund.	<u>145,695</u>
Total Water and Sewer Fund	<u>455,054</u>

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### Golf Course Fund:

Branch Banking & Trust, for golf course, issued January 1995 in the amount of \$3,450,000, payable in quarterly installments, including interest of 2.6%. This installment note was refinanced in July 2003.	\$ 262,650
Branch Banking & Trust, for the purchase of new golf carts, issued October, 2011 in the amount of \$170,000, payable in 12 quarterly installments of \$14,524, including interest of 1.57%	142,156
Branch Banking & Trust, for golf course, issued October 2007 in the amount of \$96,000, payable in quarterly installments of \$5,239, including interest of 3.57%	8,409
Branch Banking & Trust, for golf course equipment, issued October 2011 in the amount of \$26,000, payable in 20 quarterly installments of \$1,358, including interest of 1.710%	<u>23,553</u>
Total Golf Course Fund	<u>436,768</u>
Total business-type funds	<u>\$ 891,822</u>

Annual debt service requirements for the City's installment purchase notes are as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Debt Due</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 563,199	\$ 51,053	\$ 495,544	\$ 21,636	\$ 1,058,743	\$ 72,689
2014	515,066	36,632	188,298	10,656	703,364	47,288
2015	407,554	24,556	112,275	6,008	519,829	30,564
2016	394,460	14,645	75,762	3,160	470,222	17,805
2017	206,309	4,467	19,943	1,589	226,252	6,056
2018-2022	<u>53,332</u>	<u>1,556</u>	-	-	<u>53,332</u>	<u>1,556</u>
Total	<u>\$ 2,139,920</u>	<u>\$ 132,909</u>	<u>\$ 891,822</u>	<u>\$ 43,049</u>	<u>\$ 3,031,742</u>	<u>\$ 175,958</u>

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### Water/Sewer 2003, 2004, 2009, and 2012 Revenue Bonds

The City issued Combined Enterprise System Revenue Bonds (Series 2009) totaling \$7,080,000 on November 25, 2009. These bonds bear interest at rates varying from 3.00% to 4.00% to advance refund the 1997A and 1997B Water and Sewer Refunding Bonds to finance improvements to the Combined Enterprise System. Principal and interest will be provided by appropriation in the year in which they become due.

\$ 5,035,000

The City issued Combined Enterprise System Revenue Bonds (Series 2012) totaling \$10,745,000 on May 10, 2012. These bonds bear interest at rates varying from 2.00% to 4.75% to advance refund the 2002 and 2003 Water and Sewer Refunding Bonds to finance improvements to the Combined Enterprise System. Principal and interest will be provided by appropriation in the year in which they become due.

10,745,000

The City issued Combined Enterprise System Revenue Bonds (Series 2003) totaling \$8,720,000 on January 15, 2003. These bonds bear interest at rates varying from 3.00% to 4.75% to advance refund \$1,679,000 of outstanding 1993 general obligation Water and Sewer Refunding Bonds with interest rates varying from 4.40% to 4.90% and to finance improvements to the Combined Enterprise System. Principal and interest requirements will be provided by appropriation in the year in which they become due.

245,000

The City issued Combined Enterprise System Revenue Bonds (Series 2004) totaling \$3,500,000 on October 28, 2004 to finance improvements to the Combined Enterprise System. These bonds bear interest at a rate of 3.40%. Principal and interest requirements will be provided by appropriation in the year in which they become due.

1,750,000

Total revenue bonds

\$ 17,775,000

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### Revenue Bond Indebtedness

Annual debt service requirements to maturity for revenue bonds are as follows:

Fiscal Year Ending	Water and Sewer Fund		
	Principal	Interest	Total
2013	\$ 1,513,333	\$ 629,478	\$ 2,142,811
2014	1,543,333	593,949	2,137,282
2015	1,588,333	546,608	2,134,941
2016	1,638,333	490,305	2,128,638
2017	1,688,334	425,975	2,114,309
2018-2022	5,208,334	1,434,204	6,642,538
2023-2027	4,160,000	573,750	4,733,750
2028-2032	435,000	20,663	455,663
Total	<u>\$ 17,775,000</u>	<u>\$ 4,714,932</u>	<u>\$ 22,489,932</u>

At June 30, 2012, the City of Thomasville had a legal debt margin of \$135,855,078.

### Revolving Loan Payables

On January 6, 2006, the City was approved for a maximum loan amount of \$27,000,000 from the U.S. Environmental Protection Agency passed through the North Carolina Department of Environmental and Natural Resources under the Drinking Water State Revolving Fund Program. The loan proceeds were being used to upgrade the wastewater treatment plant. The loan is repayable at 2.31% for 20 years. The loan repayment schedule based on the maximum loan of \$27,000,000 calls for semi-annual principal and interest repayments that amount to \$1,700,230 annually for 20 years. The total amount outstanding at June 30, 2012 was \$23,691,251.

On March 14, 2011, the City was approved for a \$59,354 loan from the U.S. Environmental Protection Agency passed through the North Carolina Department of Environmental and Natural Resources under the American Recovery and Reinvestment Act , Drinking Water State Revolving Fund Program. The loan proceeds were being used to install solar mixers at various water treatment plant locations. The loan is repayable at 0% for 20 years. The loan repayment schedule calls for annual principal repayments that amount to approximately \$3,100 annually for 20 years. The total amount outstanding at June 30, 2012 was \$53,255.

On June 4, 2012, the City was approved for a \$521,273 loan from the U.S. Environmental Protection Agency passed through the North Carolina Department of Environmental and Natural Resources under the North Carolina Water Pollution Control Revolving Fund Program. The loan proceeds were being used for a Sanitary Sewer Project. The loan is repayable at 0% for 20 years. The loan repayment schedule calls for annual principal repayments that amount to approximately \$26,064 annually for 20 years.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

The total amount outstanding at June 30, 2012 was \$521,273.

Total outstanding revolving loan payables at June 30, 2012 is \$24,265,779.

Fiscal Year	Water and Sewer Fund		
	Ending	Principal	Interest
2013	\$ 1,183,169	\$ 546,083	\$ 1,729,252
2014	1,209,773	519,480	1,729,253
2015	1,236,989	492,264	1,729,253
2016	1,264,832	464,420	1,729,252
2017	1,293,318	435,935	1,729,253
2018-2022	6,917,388	1,728,875	8,646,263
2023-2027	7,734,714	911,550	8,646,264
2028-2032	3,425,596	114,059	3,539,655
Total	<u>\$ 24,265,779</u>	<u>\$ 5,212,666</u>	<u>\$ 29,478,445</u>

### Water/Sewer Revenue Bonds

The City has been in compliance with the covenants as to rates, fees, rentals and charges in Section 704 of the Bond Order, authorizing the issuance of the Water and Sewer Revenue Bonds, Series 2002, 2003, 2004, 2009, and 2012 since their adoption. Section 704(a) of the Bond Order requires the debt service parity coverage ratio to be no less than 125% and the total debt service coverage ratio to be no less than 100%. Additional indebtedness constituted by the Series 2002, 2003, and 2004 revenue bonds is to be considered in the calculation of the debt service parity coverage ratio. The debt service parity coverage ratio calculation for the year ended June 30, 2012 is as follows:

Operating revenues	\$ 10,584,297
Operating expenses*	<u>(5,360,155)</u>
Operating income	<u>\$ 5,224,142</u>
Debt service on parity indebtedness	<u>\$ 2,266,503</u>
Debt service on parity indebtedness	230%
Other indebtedness related to the Combined Enterprise System	<u>\$ 1,944,412</u>
Pro-forma debt service coverage ratio on parity and other indebtedness	124%

\* excludes depreciation and amortization

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay Combined Enterprise System Revenue Bonds (\$7,080,000 issued in 2009, \$10,745,000 issued in 2012, and \$3,500,000 issued in 2004). Proceeds from the bonds provided financing for the sewer line extensions to annexed areas. The bonds are payable solely from water and sewer customer net revenues and are payable through 2028. Annual principal and interest payments on the bonds are expected to require 25 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$22,244,932. Principal and interest paid for the current year and total net revenues were \$4,210,915 and \$10,584,297 respectively.

### Changes in Long-Term Liabilities

The following is a summary of changes in long-term debt for the year ended June 30, 2012.

	<u>July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2012</u>	<u>Current Maturities</u>
<b>Governmental Activities:</b>					
Installment purchases	\$ 1,705,704	\$ 965,000	\$ 530,784	\$ 2,139,920	\$ 563,199
Net pension obligation	444,980	131,382	87,848	488,514	-
Other post-employment benefits	509,603	325,470	184,712	650,361	-
Compensated absences	<u>1,056,649</u>	<u>461,135</u>	<u>591,700</u>	<u>926,084</u>	<u>518,586</u>
Total governmental activities	<u>\$ 3,716,936</u>	<u>\$ 1,882,987</u>	<u>\$ 1,395,044</u>	<u>\$ 4,204,879</u>	<u>\$ 1,081,785</u>
<b>Business-Type Activities:</b>					
Installment purchases	<u>\$ 1,102,401</u>	<u>\$ 356,000</u>	<u>\$ 566,579</u>	<u>\$ 891,822</u>	<u>\$ 495,544</u>
Revenue bonds	19,393,334	10,745,000	12,363,334	17,775,000	1,513,333
Add: unamortized bond premium	177,585	757,244	(9,865)	924,964	57,194
Less: unamortized bond discount	(110,327)	-	71,841	(38,486)	(8,938)
Less: deferred amount for loss on defeasance	<u>(38,160)</u>	<u>-</u>	<u>12,240</u>	<u>(25,920)</u>	<u>(10,072)</u>
Total revenue bonds	<u>19,422,432</u>	<u>11,502,244</u>	<u>12,437,550</u>	<u>18,635,558</u>	<u>1,551,517</u>
Note payable	<u>24,875,608</u>	<u>521,273</u>	<u>1,131,102</u>	<u>24,265,779</u>	<u>1,183,169</u>
Compensated absences	<u>164,410</u>	<u>76,899</u>	<u>91,113</u>	<u>150,196</u>	<u>103,635</u>
Other post-employment benefits	<u>108,431</u>	<u>66,670</u>	<u>32,252</u>	<u>142,849</u>	<u>-</u>
Total business-type activities	<u>\$ 45,673,282</u>	<u>\$ 12,523,086</u>	<u>\$ 14,258,596</u>	<u>\$ 44,086,204</u>	<u>\$ 3,333,865</u>

Compensated absences, pension obligations and other post-employment benefit liabilities for governmental activities typically have been liquidated in the General Fund.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2012 consist of the following:

Due to the City School Supplement Fund from the General Fund for property taxes	\$ 17,038
Due to the General Fund from the Community Development Block Grant Fund for cash deficit at year-end	1,506
Due to the General Fund from the General Capital Projects Fund Grant Fund for cash deficit at year-end	180
Due to the General Fund from the Public Safety Grant Fund Grant Fund for cash deficit at year-end	<u>240</u>
Total	<u>\$ 18,964</u>

Transfers to/from other funds during the year ending June 30, 2012 consist of the following:

From the General Fund to the Golf Course Fund for debt payments	\$ 381,221
From the General Fund to the Police Restitution and Forfeitures Fund for annual contribution	10,000
From the General Fund to the Beautification Fund for annual contribution	30,000
From the General Fund to the Cemetery Fund for annual contribution	10,000
From the General Fund to the Public Safety Fund for second year funding	32,386
From the Police Restitution and Forfeitures Fund to the General Fund for funding a safety grant, purchasing a K9 vehicle, and to fund a portion of a police officers salary for the U.S. Marshall Office	<u>3,000</u>
Total	<u>\$ 466,607</u>

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### **D. Revenues, Expenditures and Expenses**

#### **On-Behalf-of Payments for Fringe Benefits and Salaries**

For the fiscal year ended June 30, 2012, the City has recognized on-behalf-of payments for pension contributions made by the State as a revenue and an expenditure of \$23,311 for 61 fire department employees who perform firefighting duties for the City's fire department. The employees elected to be members of the Firemen's and Rescue Squad Workers' Pension Fund, a cost-sharing, multiple-employer public retirement system established and administered by the State of North Carolina. The plan is funded by a \$10 monthly contribution paid by each member, investment income, and a State appropriation.

### **3. Related Organization**

The five-member Board of the City of Thomasville Housing Authority is appointed by the Mayor of the City of Thomasville. The City is accountable for the Housing Authority because it appoints the governing board; however, the City is not financially accountable for the Housing Authority. The City of Thomasville is also disclosed as a related organization in the notes to the financial statements for the City of Thomasville Housing Authority.

The pro shop at the City's golf course is owned and operated by a City employee. The employee leases the space for the pro shop from the City. The City's income from the lease for the year ended June 30, 2012 was \$4,800.

### **4. Joint Venture**

The municipalities of Thomasville and Lexington, North Carolina, jointly own and operate a waterworks reservoir system. Both cities' governing bodies have authority, under resolutions adopted individually, to acquire, construct, improve, maintain, and jointly operate this system. Both cities have authority to issue bonds or other means of financing as necessary to acquire, construct, and/or improve the system. There are no bonds outstanding for the joint venture at June 30, 2012, and there are no bonds authorized but unissued. The cities' governing boards also have joint control over budgeting the operation.

As of May 1, 2000, the two cities and their county of location, Davidson County, entered into an agreement to form the Lake Thom-A-Lex Recreation Authority. This authority, consisting of five members appointed by the governmental parties, is responsible for the oversight and promotion of operations related to recreation at Lake Thom-A-Lex.

Costs of operation are shared equally between both cities and the County. The City maintains control over the financial records, and its share to the cost of operations is included as a non-operating expense in the Water and Sewer Fund. The City of Lexington and Davidson County are billed by Thomasville for their share of the costs.

Effective July 1, 2009, Davidson County began maintaining control over the financial records of the operation of the lake.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

The City has a 50% interest in the venture and an ongoing financial responsibility for Lake Thom-A-Lex. The cities equity interest as of June 30, 2012 was \$427,301, which is shown in the government-wide financial statements. There is no distribution of net income. Net assets remain in the joint venture for future operational needs of the system.

Assets, other than the construction in progress, consist of 1,034 acres of land, an earthen dam constructed in 1957, a boat house, piers, boats, and a vehicle which are jointly owned. Costs of these assets are listed below as well as a condensed balance sheet and a statement of revenues, expenditures, and changes in fund balance.

	<b>June 30, 2012</b>	<b>June 30, 2011</b>
<b>Assets:</b>		
Cash	\$ 314,352	\$ 262,523
Accounts receivable	8,127	51,830
Land	223,395	223,395
Buildings	15,000	15,000
Other improvements	1,090,585	1,090,585
Equipment	86,020	86,020
	1,737,479	1,729,353
Less: accumulated depreciation	(882,876)	(847,946)
Total assets	\$ 854,603	\$ 881,407
Fund balance	\$ 854,603	\$ 881,407
	<b>June 30, 2012</b>	<b>June 30, 2011</b>
<b>Revenues:</b>		
Permits, rentals, concessions, etc.	\$ 51,865	\$ 55,265
Contributions:		
City of Thomasville	37,597	37,336
City of Lexington	26,897	37,336
Davidson County	26,897	37,336
Total revenues	\$ 143,256	\$ 167,273
<b>Expenditures:</b>		
Depreciation	\$ 34,931	\$ 36,185
Operating expenditures	135,129	115,443
Total expenditures	170,060	151,628
Revenues over (under) expenditures	(26,804)	15,645
<b>Fund Balance:</b>		
Beginning of year - July 1	881,407	865,762
End of year - June 30	\$ 854,603	\$ 881,407

# **CITY OF THOMASVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012**

### **5. Jointly Governed Organization**

The City, in conjunction with six counties and 25 other municipalities, established the Piedmont Triad Regional Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of \$5,887 to the Council during the fiscal year ended June 30, 2012.

### **6. Summary Disclosure**

#### **Federal and State Assisted Programs**

The City 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.

## CITY OF THOMASVILLE, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2012

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL)		Funded Ratio (A/B)	Unfunded AAL (UAAL) (B-A)	Covered Payroll (C)	UAAL as a % of Covered Payroll (B-A)/C
		Projected Unit Credit (B)					
12/31/2011	-	\$ 1,233,621		0.00%	\$ 1,233,621	\$ 2,933,511	42.05%
12/31/2010	-	1,266,927		0.00%	1,266,927	2,968,195	42.68%
12/31/2009	-	1,305,450		0.00%	1,305,450	2,824,631	46.22%
12/31/2008	-	898,630		0.00%	898,630	2,705,573	33.21%
12/31/2007	-	736,999		0.00%	736,999	2,479,430	29.72%
12/31/2006	-	651,600		0.00%	651,600	2,364,834	27.55%
12/31/2005	-	603,713		0.00%	603,713	2,506,508	24.09%

## Schedule of Employer Contributions

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2012	\$ 135,678	64.75%
2011	139,589	60.29%
2010	99,749	80.70%
2009	85,832	60.60%
2008	77,802	44.94%
2007	72,971	54.12%
2006	78,291	58.20%
2005	72,801	62.58%

## Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	20 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	4.25% to 7.85%
Includes inflation at	3.00%
Cost of living adjustments	None

## CITY OF THOMASVILLE, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS -  
RETIREE HEALTH PLAN  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2012**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL)		Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll (B-A)/C
		Projected Unit Credit (B)					
12/31/2010	\$ -	\$ 4,725,519		\$ 4,725,519	0.00%	\$ 11,497,747	41.10%
12/31/2008	-	4,499,881		4,499,881	0.00%	10,384,625	43.33%

**Schedule of Employer Contributions**

Fiscal Year Ended	Annual Required Contribution (ARC)		Percentage of ARC Contributed
2012	\$	391,035	55.48%
2011		391,035	49.29%
2010		378,265	51.94%
2009		378,265	37.00%

**Notes to the Required Schedules:**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2010	
Actuarial cost method	Projected unit credit	
Amortization method	Level percent of pay open	
Remaining amortization period	30 years	
Asset valuation method	Market value of assets	
Actuarial assumptions		
Investment rate of return*	4.00%	* Includes inflation of 3.00%
Medical trend rate	10.50% - 5.00%	
Year of Ultimate trend rate	2018	
	None	

CITY OF THOMASVILLE, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Ad Valorem Taxes:</b>			
Current year - property	\$ 8,873,742	\$ 8,837,814	\$ (35,928)
Prior years - property	350,000	376,526	26,526
Penalties and interest	90,000	83,688	(6,312)
Total	<u>9,313,742</u>	<u>9,298,028</u>	<u>(15,714)</u>
<b>Other Taxes and Licenses:</b>			
Local option sales tax	4,768,443	4,444,430	(324,013)
Cable TV franchise	-	27	27
Video programming	235,580	247,242	11,662
Business privilege license	40,000	40,746	746
Solid waste disposal tax	18,972	18,463	(509)
Occupancy tax	62,500	70,841	8,341
Total	<u>5,125,495</u>	<u>4,821,749</u>	<u>(303,746)</u>
<b>Unrestricted Intergovernmental Revenues:</b>			
Telecommunications sales tax	220,246	231,348	11,102
Piped natural gas tax	75,274	65,876	(9,398)
Franchise tax	895,256	863,269	(31,987)
Beer and wine tax	120,110	116,364	(3,746)
Payments in lieu of taxes	16,000	16,635	635
ABC distributions	80,000	66,019	(13,981)
On-behalf payments:			
Fire and rescue	25,000	23,311	(1,689)
Total	<u>1,431,886</u>	<u>1,382,822</u>	<u>(49,064)</u>
<b>Restricted Intergovernmental Revenues:</b>			
Powell Bill	695,166	694,332	(834)
Homeland security	-	3,580	3,580
ABC distribution	4,500	5,883	1,383
Miscellaneous State grants	22,272	5,545	(16,727)
Total	<u>721,938</u>	<u>709,340</u>	<u>(12,598)</u>
<b>Permits and Fees:</b>			
Building permits and inspection fees	<u>243,750</u>	<u>145,394</u>	<u>(98,356)</u>
<b>Sales and Services:</b>			
Court costs and fines	10,000	10,739	739
Recreation revenues	280,550	288,508	7,958
Disposal fees	752,555	724,103	(28,452)
Total	<u>1,043,105</u>	<u>1,023,350</u>	<u>(19,755)</u>

CITY OF THOMASVILLE, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Contributions</b>	245,539	183,716	(61,823)
<b>Investment Earnings</b>	49,000	23,269	(25,731)
<b>Miscellaneous</b>	132,137	73,083	(59,054)
Total revenues	<u>18,306,592</u>	<u>17,660,751</u>	<u>(645,841)</u>
<b>Expenditures:</b>			
<b>General Government:</b>			
<b>Mayor and Council:</b>			
Salaries and employee benefits		74,154	
Operating expenditures		343,532	
Payment to Thomasville Tourism Commission		67,548	
Reimbursement from other funds		(41,399)	
Total	<u>501,571</u>	<u>443,835</u>	<u>57,736</u>
<b>Administration:</b>			
Salaries and employee benefits		263,293	
Operating expenditures		16,414	
Reimbursement from other funds		(78,206)	
Total	<u>215,969</u>	<u>201,501</u>	<u>14,468</u>
<b>Personnel:</b>			
Salaries and employee benefits		154,625	
Operating expenditures		8,055	
Reimbursement from other funds		(45,856)	
Total	<u>126,709</u>	<u>116,824</u>	<u>9,885</u>
<b>City Hall:</b>			
Salaries and employee benefits		42,604	
Operating expenditures		88,016	
Reimbursement from other funds		(32,149)	
Total	<u>111,210</u>	<u>98,471</u>	<u>12,739</u>
<b>Finance:</b>			
Salaries and employee benefits		296,991	
Operating expenditures		40,336	
Reimbursement from other funds		(98,171)	
Total	<u>268,395</u>	<u>239,156</u>	<u>29,239</u>

CITY OF THOMASVILLE, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>MIS:</b>			
Salaries and employee benefits		133,031	
Operating expenditures		146,094	
Reimbursement from other funds		<u>(89,039)</u>	
Total	<u>209,656</u>	<u>190,086</u>	<u>19,570</u>
<b>Legal:</b>			
Salaries and employee benefits		116,956	
Professional services		117	
Operating expenditures		5,954	
Reimbursement from other funds		<u>(35,376)</u>	
Total	<u>93,571</u>	<u>87,651</u>	<u>5,920</u>
<b>Tax Collection:</b>			
Contract services	<u>84,000</u>	<u>79,492</u>	<u>4,508</u>
Total general government	<u>1,611,081</u>	<u>1,457,016</u>	<u>154,065</u>
<b>Public Works:</b>			
<b>Building:</b>			
Salaries and employee benefits		58,360	
Operating expenditures		49,717	
Capital outlay		<u>21,552</u>	
Total	<u>152,008</u>	<u>129,629</u>	<u>22,379</u>
<b>Engineering:</b>			
Salaries and employee benefits		268,068	
Operating expenditures		13,921	
Reimbursement from other funds		<u>(77,695)</u>	
Total	<u>212,758</u>	<u>204,294</u>	<u>8,464</u>
<b>Streets and Highways:</b>			
Salaries and employee benefits		427,823	
Street lighting		364,567	
Operating expenditures		<u>185,604</u>	
Total	<u>1,094,485</u>	<u>977,994</u>	<u>116,491</u>
<b>Powell Bill:</b>			
Salaries and employee benefits		405,486	
Operating expenditures		392,315	
Capital outlay		<u>122,316</u>	
Total	<u>1,011,075</u>	<u>920,117</u>	<u>90,958</u>

CITY OF THOMASVILLE, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Traffic Engineering:</b>			
Salaries and employee benefits		96,514	
Operating expenditures		24,371	
Capital outlay		4,810	
Total	<u>130,272</u>	<u>125,695</u>	<u>4,577</u>
<b>Fleet Services:</b>			
Salaries and employee benefits		209,953	
Operating expenditures		36,443	
Capital outlay		21,413	
Reimbursement from other funds		(71,273)	
Total	<u>215,600</u>	<u>196,536</u>	<u>19,064</u>
<b>Solid Waste:</b>			
Salaries and employee benefits		1,219,730	
Operating expenditures		818,347	
Capital outlay		164,994	
Total	<u>2,275,938</u>	<u>2,203,071</u>	<u>72,867</u>
Total public works	<u>5,092,136</u>	<u>4,757,336</u>	<u>334,800</u>
<b>Public Safety:</b>			
<b>Police Department:</b>			
Salaries and employee benefits		4,164,782	
Operating expenditures		737,910	
Capital outlay		168,805	
Total	<u>5,163,188</u>	<u>5,071,497</u>	<u>91,691</u>
<b>Fire Department:</b>			
Salaries and employee benefits		3,453,700	
Operating expenditures		531,379	
Capital outlay		316,073	
Total	<u>4,727,741</u>	<u>4,301,152</u>	<u>426,589</u>
<b>Inspection:</b>			
Salaries and employee benefits		363,837	
Operating expenditures		63,712	
Reimbursement from other funds		(122,870)	
Total	<u>336,774</u>	<u>304,679</u>	<u>32,095</u>

CITY OF THOMASVILLE, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Radio Service:</b>			
Operating expenditures		26,593	
Reimbursement from other funds		(17,515)	
Total	<u>14,575</u>	<u>9,078</u>	<u>5,497</u>
<b>Planning and Zoning:</b>			
Salaries and employee benefits		85,615	
Operating expenditures		19,844	
Total	<u>116,996</u>	<u>105,459</u>	<u>11,537</u>
Total public safety	<u>10,359,274</u>	<u>9,791,865</u>	<u>567,409</u>
<b>Cultural and Recreation:</b>			
<b>Administration:</b>			
Salaries and employee benefits		150,341	
Operating expenditures		14,231	
Total	<u>175,814</u>	<u>164,572</u>	<u>11,242</u>
<b>Organized Programs:</b>			
Salaries and employee benefits		268,826	
Operating expenditures		44,494	
Total	<u>384,255</u>	<u>313,320</u>	<u>70,935</u>
<b>Areas and Facilities:</b>			
Salaries and employee benefits		189,155	
Operating expenditures		338,671	
Capital outlay		44,661	
Total	<u>586,068</u>	<u>572,487</u>	<u>13,581</u>
Total culture and recreation	<u>1,146,137</u>	<u>1,050,379</u>	<u>95,758</u>
<b>Debt Service:</b>			
Principal retirement		530,784	
Interest and fees		59,175	
Total debt service	<u>593,531</u>	<u>589,959</u>	<u>3,572</u>
Miscellaneous expenditures	<u>328,755</u>	<u>13,545</u>	<u>315,210</u>
Total expenditures	<u>19,130,914</u>	<u>17,660,100</u>	<u>1,470,814</u>

CITY OF THOMASVILLE, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues over (under) expenditures	(824,322)	651	824,973
<b>Other Financing Sources (Uses):</b>			
Capital lease financing	965,368	965,000	
Transfers from:			
Police Restitution and Forfeitures Fund	3,000	3,000	
Transfers to:			
Police Restitution and Forfeitures Fund	(10,000)	(10,000)	
Public Safety Grant Fund	(32,386)	(32,386)	
Cemetery Fund	(10,000)	(10,000)	
Golf Course Enterprise Fund	(381,221)	(381,221)	
Beautification Fund	(30,000)	(30,000)	
Appropriated fund balance	<u>319,561</u>	-	
Total other financing sources (uses)	<u>824,322</u>	<u>504,393</u>	<u>(319,929)</u>
Net change in fund balance	<u>\$ -</u>	505,044	<u>\$ 505,044</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>6,630,415</u>	
End of year - June 30		<u>\$ 7,135,459</u>	

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**CITY OF THOMASVILLE, NORTH CAROLINA**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2012**

	<u>Nonmajor Special</u>				
	<u>City School Supplement Fund</u>	<u>Police Restitution and Forfeitures Fund</u>	<u>Stormwater Fund</u>	<u>Cemetery Fund</u>	<u>Beautification Fund</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ -	\$ 288,607	\$ 577,033	\$ 29,160	\$ 24,944
Taxes receivable, net	205,151	-	-	-	-
Accounts receivable, net	-	-	16,784	-	-
Due from other funds	17,038	-	-	-	-
Total assets	<u>\$ 222,189</u>	<u>\$ 288,607</u>	<u>\$ 593,817</u>	<u>\$ 29,160</u>	<u>\$ 24,944</u>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accrued expenses	\$ 17,038	\$ -	\$ -	\$ 24	\$ 30
Due to other funds	-	-	-	-	-
Deferred revenue	205,151	-	-	-	-
Deposits	-	-	-	2,700	-
Total liabilities	<u>222,189</u>	<u>-</u>	<u>-</u>	<u>2,724</u>	<u>30</u>
<b>Fund Balances:</b>					
Restricted					
Stabilization for State statute	17,038	-	16,784	-	-
Restricted, all other	-	288,607	-	-	-
Assigned	-	-	577,033	26,436	24,914
Unassigned	(17,038)	-	-	-	-
Total net assets	<u>-</u>	<u>288,607</u>	<u>593,817</u>	<u>26,436</u>	<u>24,914</u>
Total liabilities and fund balances	<u>\$ 222,189</u>	<u>\$ 288,607</u>	<u>\$ 593,817</u>	<u>\$ 29,160</u>	<u>\$ 24,944</u>

<u>Revenue Funds</u>			<u>Nonmajor Capital Project Funds</u>		
<u>Public Safety Grant Fund</u>	<u>Community Development Block Grant Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>	<u>General Capital Projects Fund</u>	<u>Total Nonmajor Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 919,744	\$ -	\$ -	\$ 919,744
-	-	205,151	-	-	205,151
10,552	-	27,336	180	180	27,516
-	-	17,038	-	-	17,038
<u>\$ 10,552</u>	<u>\$ -</u>	<u>\$ 1,169,269</u>	<u>\$ 180</u>	<u>\$ 180</u>	<u>\$ 1,169,449</u>
\$ 1,642	\$ -	\$ 18,734	\$ -	\$ -	\$ 18,734
240	1,506	1,746	180	180	1,926
-	-	205,151	-	-	205,151
-	-	2,700	-	-	2,700
<u>1,882</u>	<u>1,506</u>	<u>228,331</u>	<u>180</u>	<u>180</u>	<u>228,511</u>
10,552	-	44,374	-	-	44,374
-	-	288,607	-	-	288,607
-	-	628,383	-	-	628,383
<u>(1,882)</u>	<u>(1,506)</u>	<u>(20,426)</u>	<u>-</u>	<u>-</u>	<u>(20,426)</u>
<u>8,670</u>	<u>(1,506)</u>	<u>940,938</u>	<u>-</u>	<u>-</u>	<u>940,938</u>
<u>\$ 10,552</u>	<u>\$ -</u>	<u>\$ 1,169,269</u>	<u>\$ 180</u>	<u>\$ 180</u>	<u>\$ 1,169,449</u>

**CITY OF THOMASVILLE, NORTH CAROLINA**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES ,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Nonmajor Special</b>				
	<b>City School Supplement Fund</b>	<b>Police and Restitution and Forfeitures Fund</b>	<b>Stormwater Fund</b>	<b>Cemetery Fund</b>	<b>Beautification Fund</b>
<b>Revenues:</b>					
Restricted intergovernmental	\$ 1,340,547	\$ 20,638	\$ -	\$ -	\$ -
Permits and fees	1,480	-	132,726	-	2,325
Contributions	-	-	-	4,007	-
Investment earnings	-	847	1,438	-	102
Total revenues	<u>1,342,027</u>	<u>21,485</u>	<u>134,164</u>	<u>4,007</u>	<u>2,427</u>
<b>Expenditures:</b>					
Current:					
General government	1,342,027	-	35,373	5,575	21,800
Public safety	-	48,098	-	-	-
Economic and physical development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	10,038	-	-	-
Total expenditures	<u>1,342,027</u>	<u>58,136</u>	<u>35,373</u>	<u>5,575</u>	<u>21,800</u>
Revenues over (under) expenditures	<u>-</u>	<u>(36,651)</u>	<u>98,791</u>	<u>(1,568)</u>	<u>(19,373)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers to General Fund	-	(3,000)	-	-	-
Transfers from General Fund	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>30,000</u>
Total other financing sources (uses)	<u>-</u>	<u>7,000</u>	<u>-</u>	<u>10,000</u>	<u>30,000</u>
Net change in fund balances	-	(29,651)	98,791	8,432	10,627
<b>Fund Balances:</b>					
Beginning of year - July 1	<u>-</u>	<u>318,258</u>	<u>495,026</u>	<u>18,004</u>	<u>14,287</u>
End of year - June 30	<u>\$ -</u>	<u>\$ 288,607</u>	<u>\$ 593,817</u>	<u>\$ 26,436</u>	<u>\$ 24,914</u>

<u>Revenue Funds</u>			<u>Nonmajor Capital Project Funds</u>		
<u>Public Safety Grant Fund</u>	<u>Community Development Block Grant Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>	<u>General Capital Projects Fund</u>	<u>Total Nonmajor Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 78,663	\$ 690,041	\$ 2,129,889	\$ 3,900	\$ 3,900	\$ 2,133,789
-	-	136,531	-	-	136,531
-	-	4,007	-	-	4,007
-	-	2,387	-	-	2,387
<u>78,663</u>	<u>690,041</u>	<u>2,272,814</u>	<u>3,900</u>	<u>3,900</u>	<u>2,276,714</u>
-	-	1,404,775	-	-	1,404,775
120,127	-	168,225	-	-	168,225
-	691,897	691,897	-	-	691,897
-	-	-	6,500	6,500	6,500
-	-	10,038	-	-	10,038
<u>120,127</u>	<u>691,897</u>	<u>2,274,935</u>	<u>6,500</u>	<u>6,500</u>	<u>2,281,435</u>
<u>(41,464)</u>	<u>(1,856)</u>	<u>(2,121)</u>	<u>(2,600)</u>	<u>(2,600)</u>	<u>(4,721)</u>
-	-	(3,000)	-	-	(3,000)
<u>32,386</u>	<u>-</u>	<u>82,386</u>	<u>-</u>	<u>-</u>	<u>82,386</u>
<u>32,386</u>	<u>-</u>	<u>79,386</u>	<u>-</u>	<u>-</u>	<u>79,386</u>
(9,078)	(1,856)	77,265	(2,600)	(2,600)	74,665
<u>17,748</u>	<u>350</u>	<u>863,673</u>	<u>2,600</u>	<u>2,600</u>	<u>866,273</u>
<u>\$ 8,670</u>	<u>\$ (1,506)</u>	<u>\$ 940,938</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 940,938</u>

## CITY OF THOMASVILLE, NORTH CAROLINA

**CITY SCHOOL SUPPLEMENT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Ad Valorem Taxes:</b>			
Current year - property	\$ 1,281,759	\$ 1,262,215	\$ (19,544)
Prior years - property	71,042	78,332	7,290
Miscellaneous revenue	<u>1,000</u>	<u>1,480</u>	<u>480</u>
Total revenues	<u>1,353,801</u>	<u>1,342,027</u>	<u>(11,774)</u>
<b>Expenditures:</b>			
<b>General Government:</b>			
Operating expenditures	<u>1,353,801</u>	<u>1,342,027</u>	<u>11,774</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ -</u>	

## CITY OF THOMASVILLE, NORTH CAROLINA

**POLICE RESTITUTION AND FORFEITURES FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Restricted Intergovernmental:</b>			
Forfeitures and restitution	\$ 47,562	\$ 2,417	\$ (45,145)
Controlled substance tax	15,744	13,221	(2,523)
Miscellaneous federal grant	-	5,000	5,000
Investment earnings	1,500	847	(653)
Total revenues	<u>64,806</u>	<u>21,485</u>	<u>(43,321)</u>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Public Safety:</b>			
Current operating	59,331	48,098	11,233
Capital outlay	<u>26,775</u>	<u>10,038</u>	<u>16,737</u>
Total expenditures	<u>86,106</u>	<u>58,136</u>	<u>27,970</u>
Revenues over (under) expenditures	<u>(21,300)</u>	<u>(36,651)</u>	<u>(15,351)</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	14,300	-	(14,300)
Transfer to General Fund	(3,000)	(3,000)	-
Transfer from General Fund	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total other financing sources (uses)	<u>21,300</u>	<u>7,000</u>	<u>(14,300)</u>
Net change in fund balance	<u>\$ -</u>	<u>(29,651)</u>	<u>\$ (29,651)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>318,258</u>	
End of year - June 30		<u>\$ 288,607</u>	

## CITY OF THOMASVILLE, NORTH CAROLINA

**STORMWATER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Permits and fees			
Stormwater fees	\$ 93,380	\$ 132,726	\$ 39,346
Investment earnings	-	1,438	1,438
Total revenues	<u>93,380</u>	<u>134,164</u>	<u>40,784</u>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>General Government:</b>			
Current operating	<u>93,380</u>	<u>35,373</u>	<u>58,007</u>
Net change in fund balance	<u>\$ -</u>	<u>98,791</u>	<u>\$ 98,791</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>495,026</u>	
End of year - June 30		<u>\$ 593,817</u>	

## CITY OF THOMASVILLE, NORTH CAROLINA

## CEMETERY FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Contributions	\$ -	\$ 4,007	\$ (4,007)
Total revenues	<u>-</u>	<u>4,007</u>	<u>(4,007)</u>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>General Government:</b>			
Current operating	12,900	5,575	7,325
Capital outlay	<u>3,424</u>	<u>-</u>	<u>3,424</u>
Total expenditures	<u>16,324</u>	<u>5,575</u>	<u>10,749</u>
Revenues over (under) expenditures	<u>(16,324)</u>	<u>(1,568)</u>	<u>14,756</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	6,324	-	6,324
Transfer from General Fund	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total other financing sources (uses)	<u>16,324</u>	<u>10,000</u>	<u>6,324</u>
Net change in fund balance	<u>\$ -</u>	<u>8,432</u>	<u>\$ 8,432</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>18,004</u>	
End of year - June 30		<u>\$ 26,436</u>	

## CITY OF THOMASVILLE, NORTH CAROLINA

### BEAUTIFICATION FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Sales and rents	\$ -	\$ 2,325	\$ 2,325
Non-operating revenues:			
Investment earnings	100	102	2
Total revenues	<u>100</u>	<u>2,427</u>	<u>2,327</u>
<b>Expenditures:</b>			
Current operating:			
General government	<u>32,691</u>	<u>21,800</u>	<u>10,891</u>
Revenues over (under) expenditures	(32,591)	(19,373)	13,218
<b>Other Financing Sources (Uses):</b>			
Transfers in - General Fund	30,000	30,000	-
Appropriated fund balance	<u>2,591</u>	<u>-</u>	<u>(2,591)</u>
Total other financing sources (uses)	32,591	30,000	(2,591)
Net change in fund balance	<u>\$ -</u>	10,627	<u>\$ 10,627</u>
Appropriated fund balance			
Revenues, appropriated fund balance and other financing sources over (under) expenditures and other financing uses			
	<u>\$ -</u>		<u>\$ 10,627</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>14,287</u>	
End of year - June 30		<u>\$ 24,914</u>	

## CITY OF THOMASVILLE, NORTH CAROLINA

**PUBLIC SAFETY GRANT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
<b>Revenues:</b>				
<b>Restricted Intergovernmental:</b>				
Justice Assistance Grant (08)	\$ -	\$ 188,541	\$ -	\$ 188,541
Justice Assistance Grant (09)	-	43,295	-	43,295
Justice Assistance Grant (10)	20,598	11,518	4,920	16,438
Justice Assistance Grant (11)	15,947	-	15,394	15,394
Governor's Highway Safety Grant	<u>243,737</u>	<u>69,740</u>	<u>58,349</u>	<u>128,089</u>
Total revenues	<u>280,282</u>	<u>313,094</u>	<u>78,663</u>	<u>391,757</u>
<b>Expenditures:</b>				
<b>Justice Assistance Grant (08):</b>				
Equipment	<u>-</u>	<u>188,541</u>	<u>-</u>	<u>188,541</u>
<b>Justice Assistance Grant (09):</b>				
Equipment	<u>-</u>	<u>43,295</u>	<u>-</u>	<u>43,295</u>
<b>Justice Assistance Grant (10):</b>				
Equipment	<u>20,598</u>	<u>11,518</u>	<u>4,920</u>	<u>16,438</u>
<b>Justice Assistance Grant (11):</b>				
Equipment	<u>15,947</u>	<u>-</u>	<u>15,394</u>	<u>15,394</u>
<b>Governor's Highway Safety Grant:</b>				
Equipment	<u>305,800</u>	<u>81,669</u>	<u>99,813</u>	<u>181,482</u>
Total expenditures	<u>342,345</u>	<u>325,023</u>	<u>120,127</u>	<u>429,756</u>
Revenues over (under) expenditures	(62,063)	(11,929)	(41,464)	(53,393)
<b>Other Financing Sources (Uses):</b>				
Transfers from General Fund	<u>62,063</u>	<u>29,677</u>	<u>32,386</u>	<u>62,063</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 17,748</u>	<u>\$ (9,078)</u>	<u>\$ 8,670</u>

## CITY OF THOMASVILLE, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
<b>Restricted Intergovernmental:</b>					
Scattered Site Housing	\$ 400,000	\$ 99,547	\$ 234,873	\$ 334,420	\$ (65,580)
Individual Development Program	50,000	-	-	-	(50,000)
Building Re-Use Grant	<u>1,010,000</u>	<u>514,722</u>	<u>455,168</u>	<u>969,890</u>	<u>(40,110)</u>
Total revenues	<u>1,460,000</u>	<u>614,269</u>	<u>690,041</u>	<u>1,304,310</u>	<u>(155,690)</u>
<b>Expenditures:</b>					
<b>General Government:</b>					
<b>Scattered Site Housing:</b>					
Operating expenditures	<u>400,000</u>	<u>99,197</u>	<u>234,873</u>	<u>334,070</u>	<u>65,930</u>
<b>Individual Development Program:</b>					
Operating expenditures	<u>50,000</u>	<u>-</u>	<u>2,000</u>	<u>2,000</u>	<u>48,000</u>
<b>Building Re-Use Grant:</b>					
Operating expenditures	<u>1,010,000</u>	<u>514,722</u>	<u>455,024</u>	<u>969,746</u>	<u>40,254</u>
Total expenditures	<u>1,460,000</u>	<u>613,919</u>	<u>691,897</u>	<u>1,305,816</u>	<u>154,184</u>
Net change in fund balance	\$ -	\$ 350	\$ (1,856)	\$ (1,506)	\$ (1,856)

## CITY OF THOMASVILLE, NORTH CAROLINA

GENERAL CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 3,900	\$ -	\$ 3,900	\$ 3,900	\$ -
Contributions	2,600	2,600	-	2,600	-
Total revenues	<u>6,500</u>	<u>2,600</u>	<u>3,900</u>	<u>6,500</u>	<u>-</u>
<b>Expenditures-Randolph Street Historic District:</b>					
Culture and Recreation:					
Contracted services	<u>6,500</u>	<u>-</u>	<u>6,500</u>	<u>6,500</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,600</u>	<u>\$ (2,600)</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF THOMASVILLE, NORTH CAROLINA

**WATER AND SEWER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services			
Water and sewer charges	\$ 9,954,456	\$ 9,817,400	\$ (137,056)
Connection fees:			
Water and sewer taps	50,000	29,210	(20,790)
Reconnection fees	175,000	173,245	(1,755)
Total connection fees	<u>225,000</u>	<u>202,455</u>	<u>(22,545)</u>
Total charges for services and connection fees	<u>10,179,456</u>	<u>10,019,855</u>	<u>(159,601)</u>
Other operating revenues	<u>558,885</u>	<u>564,442</u>	<u>5,557</u>
Total operating revenues	<u>10,738,341</u>	<u>10,584,297</u>	<u>(154,044)</u>
Non-operating revenues:			
Miscellaneous	30,958	32,788	1,830
Interest earned on investments	10,000	5,881	(4,119)
Total non-operating revenues	<u>40,958</u>	<u>38,669</u>	<u>(2,289)</u>
Total revenues	<u>10,779,299</u>	<u>10,622,966</u>	<u>(156,333)</u>
<b>Expenditures:</b>			
<b>Administration:</b>			
Salaries and employee benefits	92,023	95,142	(3,119)
Administrative fees	7,470	7,470	-
Other departmental expenditures	8,124	4,153	3,971
Total administration	<u>107,617</u>	<u>106,765</u>	<u>852</u>
<b>Billing and Collection:</b>			
Salaries and employee benefits	229,536	227,909	1,627
Telephone and postage	47,275	45,347	1,928
Administrative fees	28,017	78,083	(50,066)
Contract services	81,400	85,273	(3,873)
Other departmental expenditures	40,106	35,661	4,445
Total billing and collection	<u>426,334</u>	<u>472,273</u>	<u>(45,939)</u>

CITY OF THOMASVILLE, NORTH CAROLINA

**WATER AND SEWER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Meter Service:</b>			
Salaries and employee benefits	155,129	159,860	(4,731)
Supplies	1,825	865	960
Administrative fees	14,328	14,328	-
Other departmental expenditures	28,576	24,394	4,182
Capital outlay	<u>15,642</u>	<u>15,642</u>	<u>-</u>
Total meter service	<u>215,500</u>	<u>215,089</u>	<u>411</u>
<b>Water Treatment Plant:</b>			
Salaries and employee benefits	440,890	429,854	11,036
Utilities	171,700	157,803	13,897
Supplies and maintenance materials	294,258	226,547	67,711
Repairs and maintenance	234,389	138,441	95,948
Administrative fees	146,497	146,497	-
Other departmental expenditures	90,032	71,850	18,182
Capital outlay	<u>9,000</u>	<u>7,745</u>	<u>1,255</u>
Total water treatment plant	<u>1,386,766</u>	<u>1,178,737</u>	<u>208,029</u>
<b>Construction and Maintenance:</b>			
Salaries and employee benefits	518,725	540,729	(22,004)
Supplies and maintenance materials	206,227	207,461	(1,234)
Repairs and maintenance	109,738	55,643	54,095
Contract services	151,427	172,704	(21,277)
Administrative fees	122,439	122,439	-
Other departmental expenditures	564,372	309,853	254,519
Capital outlay	<u>640,158</u>	<u>317,539</u>	<u>322,619</u>
Total construction and maintenance	<u>2,313,086</u>	<u>1,726,368</u>	<u>586,718</u>
<b>Waste Treatment Plant:</b>			
Salaries and employee benefits	658,349	654,431	3,918
Utilities	283,873	254,796	29,077
Supplies and maintenance materials	88,765	69,934	18,831
Repairs and maintenance	150,666	146,510	4,156
Contract services	453,305	323,195	130,110
Administrative fees	390,798	390,798	-
Other departmental expenditures	184,226	116,413	67,813
Capital outlay	<u>22,835</u>	<u>-</u>	<u>22,835</u>
Total waste treatment plant	<u>2,232,817</u>	<u>1,956,077</u>	<u>276,740</u>
Contribution to joint venture	<u>38,548</u>	<u>26,897</u>	<u>11,651</u>

CITY OF THOMASVILLE, NORTH CAROLINA

WATER AND SEWER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Miscellaneous	118,000	-	118,000
<b>Debt Service:</b>			
Principal retirement	2,848,601	2,801,385	47,216
Interest and fees	1,422,598	1,383,994	38,604
Total debt service	<u>4,271,199</u>	<u>4,185,379</u>	<u>85,820</u>
Total expenditures	<u>11,109,867</u>	<u>9,867,585</u>	<u>1,242,282</u>
Revenues over (under) expenditures	<u>(330,568)</u>	<u>755,381</u>	<u>1,085,949</u>
<b>Other Financing Sources (Uses):</b>			
Installment financing	160,000	160,000	-
Transfer to Water and Sewer Capital Reserve Fund	(125,000)	(125,000)	-
Transfer to Water and Sewer Capital Projects Fund	(35,000)	(35,000)	-
Appropriated retained earnings	330,568	-	(330,568)
Total other financing sources (uses)	<u>330,568</u>	<u>-</u>	<u>(330,568)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 755,381</u>	<u>\$ 755,381</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		<u>\$ 755,381</u>	
Reconciling items:			
Payment of debt principal		2,801,385	
Depreciation and amortization		(3,854,578)	
Capital outlay expenditures		344,260	
Capital project fund expenditures not capitalized		(261,645)	
Transfer to Capital Reserve Fund		125,000	
Transfer to Water Capital Project Fund		35,000	
Installment financing issued		(160,000)	
Capital Project fund revenues		11,376	
Other post-employment benefits		(32,461)	
Investment earnings in capital reserve		698	
Change in joint venture investment		13,403	
Total reconciling items		<u>(977,562)</u>	
Change in net assets		<u>\$ (222,181)</u>	

## CITY OF THOMASVILLE, NORTH CAROLINA

**WATER AND SEWER CAPITAL PROJECTS FUND  
 COMBINED REVENUE BONDS AND STATE REVOLVING LOAN  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (NON-GAAP)  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Sales tax refund	\$ -	\$ -	\$ 11,376	\$ 11,376	\$ 11,376
Investment earnings	-	-	<u>1</u>	<u>1</u>	<u>1</u>
Total revenues	-	-	<u>11,377</u>	<u>11,377</u>	<u>11,377</u>
<b>Expenditures:</b>					
Fairgrove Water Main Improvement - engineering	183,920	-	-	-	183,920
Fairgrove Water Main Improvement - contingency	91,266	-	-	-	91,266
Fairgrove Water Main Improvement - construction	912,660	-	-	-	912,660
Baptist Children's Home Collector Line - engineering	76,145	-	42,645	42,645	33,500
Baptist Children's Home Collector Line - contingency	23,991	-	-	-	23,991
Baptist Children's Home Collector Line - construction	514,814	-	513,467	513,467	1,347
Total project expenditures	<u>1,802,796</u>	-	<u>556,112</u>	<u>556,112</u>	<u>1,246,684</u>
Debt service:					
Interest and fees	300,000	-	289,144	289,144	10,856
Bond issuance costs	<u>1,280,000</u>	-	<u>293,102</u>	<u>293,102</u>	<u>986,898</u>
Total debt service	<u>1,580,000</u>	-	<u>582,246</u>	<u>582,246</u>	<u>997,754</u>
Total expenditures	<u>3,382,796</u>	-	<u>1,138,358</u>	<u>1,138,358</u>	<u>2,244,438</u>
Revenues over (under) expenditures	<u>(3,382,796)</u>	-	<u>(1,126,981)</u>	<u>(1,126,981)</u>	<u>(2,233,061)</u>
<b>Other Financing Sources (Uses):</b>					
State revolving loan	1,767,796	-	521,273	521,273	1,246,523
Bond issue	11,740,000	-	10,745,000	10,745,000	995,000
Bond premium	760,000	-	757,244	757,244	2,756
Payment to refunded bond escrow agent	(10,920,000)	-	(10,920,000)	(10,920,000)	-
Transfers from Water Sewer Fund	<u>35,000</u>	-	<u>35,000</u>	<u>35,000</u>	-
Total other financing sources (uses)	<u>3,382,796</u>	-	<u>1,138,517</u>	<u>1,138,517</u>	<u>(2,244,279)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,536</u>	<u>\$ 11,536</u>	<u>\$ 11,536</u>

**CITY OF THOMASVILLE, NORTH CAROLINA**

**WATER AND SEWER CAPITAL RESERVE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 697	\$ 697
<b>Other Financing Sources (Uses):</b>			
Transfers:			
From Water and Sewer Fund	125,000	125,000	-
To Water and Sewer Fund	<u>(125,000)</u>	<u>-</u>	<u>125,000</u>
Total other financing sources (uses)	<u>-</u>	<u>125,000</u>	<u>125,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 125,697</u>	<u>\$ 125,697</u>

CITY OF THOMASVILLE, NORTH CAROLINA

**GOLF COURSE ENTERPRISE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues			
Charges for services	\$ 647,630	\$ 617,393	\$ (30,237)
Interest	-	112	112
Miscellaneous	1,750	411	(1,339)
Total revenues	<u>649,380</u>	<u>617,916</u>	<u>(31,464)</u>
<b>Expenditures:</b>			
<b>Golf Course Clubhouse:</b>			
Salaries and employee benefits	144,703	140,821	3,882
Other departmental expenditures	<u>62,927</u>	<u>62,292</u>	<u>635</u>
Total golf course clubhouse	<u>207,630</u>	<u>203,113</u>	<u>4,517</u>
<b>Golf Course Maintenance:</b>			
Salaries and employee benefits	307,050	294,289	12,761
Other departmental expenditures	160,464	136,421	24,043
Capital outlay	<u>200,392</u>	<u>188,123</u>	<u>12,269</u>
Total course maintenance	<u>667,906</u>	<u>618,833</u>	<u>49,073</u>
<b>Debt Service:</b>			
Debt principal	339,090	339,630	(540)
Interest	<u>16,367</u>	<u>14,244</u>	<u>2,123</u>
Total debt service	<u>355,457</u>	<u>353,874</u>	<u>1,583</u>
Total expenditures	<u>1,230,993</u>	<u>1,175,820</u>	<u>55,173</u>
Revenues over (under) expenditures	(581,613)	(557,904)	23,709
<b>Other Financing Sources (Uses):</b>			
Transfer from General Fund	381,221	381,221	-
Installment note issued	<u>200,392</u>	<u>196,000</u>	<u>(4,392)</u>
Total other financing sources (uses)	<u>581,613</u>	<u>577,221</u>	<u>(4,392)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 19,317</u>	<u>\$ 19,317</u>

**CITY OF THOMASVILLE, NORTH CAROLINA**

**GOLF COURSE ENTERPRISE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 19,317	
Reconciling items:			
Depreciation		(247,598)	
Installment note issued		(196,000)	
Capital outlay expenditures		188,123	
Gain on sale of asset		67,739	
Other post-employment benefits		(1,957)	
Debt principal		<u>339,630</u>	
Total reconciling items		<u>149,937</u>	
Change in net assets		<u>\$ 169,254</u>	

## CITY OF THOMASVILLE, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND  
JUNE 30, 2012

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2011</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2012</u>
2011-2012	\$ -	\$ 9,544,127	\$ 8,980,488	\$ 563,639
2010-2011	560,516	-	280,834	279,682
2009-2010	278,571	-	59,362	219,209
2008-2009	99,419	-	24,610	74,809
2007-2008	117,610	-	7,472	110,138
2006-2007	63,121	-	3,248	59,873
2005-2006	38,853	-	1,556	37,297
2004-2005	43,275	-	957	42,318
2003-2004	64,980	-	2,398	62,582
2002-2003	47,633	-	10,178	37,455
2001-2002	41,799	-	41,799	-
Total	<u>\$ 1,355,777</u>	<u>\$ 9,544,127</u>	<u>\$ 9,412,902</u>	1,487,002
Less allowance for uncollectible ad valorem taxes receivable				<u>700,000</u>
Ad valorem taxes receivable, net				<u>\$ 787,002</u>
<b>Reconciliation With Revenues:</b>				
Ad valorem taxes - General Fund			\$ 9,298,028	
Amounts written off per statute limitations			(41,799)	
Collection of prior taxes written off			13,400	
Discounts allowed			85,294	
Releases allowed			91,255	
Interest and penalties collected			(33,276)	
Total collections and credits			<u>\$ 9,412,902</u>	

## CITY OF THOMASVILLE, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2012

	City-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Total property taxed at current year's rate	\$ 1,556,633,156	0.56	\$ 8,931,786	\$ 8,482,355	\$ 449,431
Registered motor vehicles taxed at prior year's taxes	48,452,700	0.56	271,335	-	271,335
Total	<u>1,605,085,856</u>		<u>9,203,121</u>	<u>8,482,355</u>	<u>720,766</u>
<b>Discoveries:</b>					
Current year taxes	60,894,000		341,006	341,006	-
Total property valuation	<u>\$ 1,665,979,856</u>	(a)			
<b>Net Levy</b>			9,544,127	8,823,361	720,766
Less uncollected taxes at June 30, 2012			<u>563,639</u>	<u>427,721</u>	<u>135,918</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 8,980,488</u>	<u>\$ 8,395,640</u>	<u>\$ 584,848</u>
<b>Current Levy Collection Percentage</b>			<u>94.09%</u>	<u>95.15%</u>	<u>81.14%</u>

(a) Total property valuation consists  
of the following:

Real property	\$ 1,349,032,109
Personal property	277,460,226
Public utilities property	39,487,521
Total	<u>\$ 1,665,979,856</u>

## CITY OF THOMASVILLE, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - CITY SCHOOL FUND  
JUNE 30, 2012

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2011</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2012</u>
2011-2012	\$ -	\$ 1,384,346	\$ 1,266,272	\$ 118,074
2010-2011	110,646	-	51,102	59,544
2009-2010	80,938	-	11,554	69,384
2008-2009	114,279	-	6,347	107,932
2007-2008	13,615	-	1,837	11,778
2006-2007	32,434	-	762	31,672
2005-2006	46,127	-	332	45,795
2004-2005	22,365	-	169	22,196
2003-2004	24,693	-	691	24,002
2002-2003	17,980	-	3,206	14,774
2001-2002	14,545	-	14,545	-
Total	<u>\$ 477,622</u>	<u>\$ 1,384,346</u>	<u>\$ 1,356,817</u>	<u>505,151</u>
Less allowance for uncollectible ad valorem taxes receivable				<u>300,000</u>
Ad valorem taxes receivable, net				<u>\$ 205,151</u>
<b>Reconciliation With Revenues:</b>				
Ad valorem taxes - City School Supplement Fund				\$ 1,340,547
Amounts written off per statute limitations				(14,545)
Releases allowed				9,449
Interest and penalties collected				21,366
Total collections and credits				<u>\$ 1,356,817</u>

## CITY OF THOMASVILLE, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - CITY SCHOOL FUND  
FOR THE YEAR ENDED JUNE 30, 2012

	City-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Total property taxed at current year's rate	\$ 748,621,655	0.18	\$ 1,347,519	\$ 1,287,434	\$ 60,085
Registered motor vehicles taxed at prior year's rate	<u>20,459,410</u>	0.18	<u>36,827</u>	<u>-</u>	<u>36,827</u>
Total	<u>769,081,065</u>		<u>1,384,346</u>	<u>1,287,434</u>	<u>96,912</u>
<b>Discoveries:</b>					
Total property valuation	<u>\$ 769,081,065</u>				
<b>Net Levy</b>			1,384,346	1,287,434	96,912
Less uncollected taxes at June 30, 2012			<u>118,074</u>	<u>92,918</u>	<u>25,156</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 1,266,272</u>	<u>\$ 1,194,516</u>	<u>\$ 71,756</u>
<b>Current Levy Collection Percentage</b>			<u>91.47%</u>	<u>92.78%</u>	<u>74.04%</u>

## CITY OF THOMASVILLE, NORTH CAROLINA

PROPERTY VALUATION AND LEVY OF TOP TEN COMPANIES  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Real Value</u>	<u>Personal Value</u>	<u>Total Value</u>	<u>City Levy</u>	<u>School Levy</u>
Unilin Flooring NC, LLC	\$ 21,959,850	\$ 43,453,548	\$ 65,413,398	\$ 353,232	\$ -
Duke Power Company	-	29,243,920	29,243,920	92,194	23,005
TFI, Inc.	14,534,820	5,217,258	19,752,078	110,612	26,279
Wal-Mart Stores East LP	13,176,120	2,259,960	15,436,080	86,442	-
Old Dominion Freight Lines Inc.	5,266,900	9,259,826	14,526,726	81,350	-
Thomas Mfg. Co., Inc.	2,859,700	8,572,415	11,432,115	64,020	20,577
North State Telephone Co.	-	11,313,235	11,313,235	51,481	3,816
Parkdale America LLC	3,202,350	5,125,700	8,328,050	46,637	14,990
Exopack-Thomasville	-	7,529,489	7,529,489	42,165	13,553
Hydro Conduit Corp.	5,103,050	1,704,217	6,807,267	38,121	12,253
Total	<u>\$ 66,102,790</u>	<u>\$ 123,679,568</u>	<u>\$ 189,782,358</u>	<u>\$ 966,254</u>	<u>\$ 114,473</u>

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