

**CITY OF THOMASVILLE  
NORTH CAROLINA**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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

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



# CITY OF THOMASVILLE, NORTH CAROLINA

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

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report On the Financial Statements**

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the Thomasville Board of Education, which represents 95.92 percent, 96.26 percent, and 99.65 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those 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 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 Thomasville Tourism Commission were not audited in accordance with *Governmental Auditing Standards*.

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

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

### ***Opinions***

In our opinion, based 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, 2013, and the respective changes in financial position and cash flows, where appropriate thereof and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As discussed in Note 7 to the financial statement, in 2013 the City adopted new accounting guidance, GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

### *Supplementary and Other Information*

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2013 on our consideration of City of Thomasville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Thomasville's internal control over financial reporting and compliance.

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, NC  
September 30, 2013

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## **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, 2013. 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**

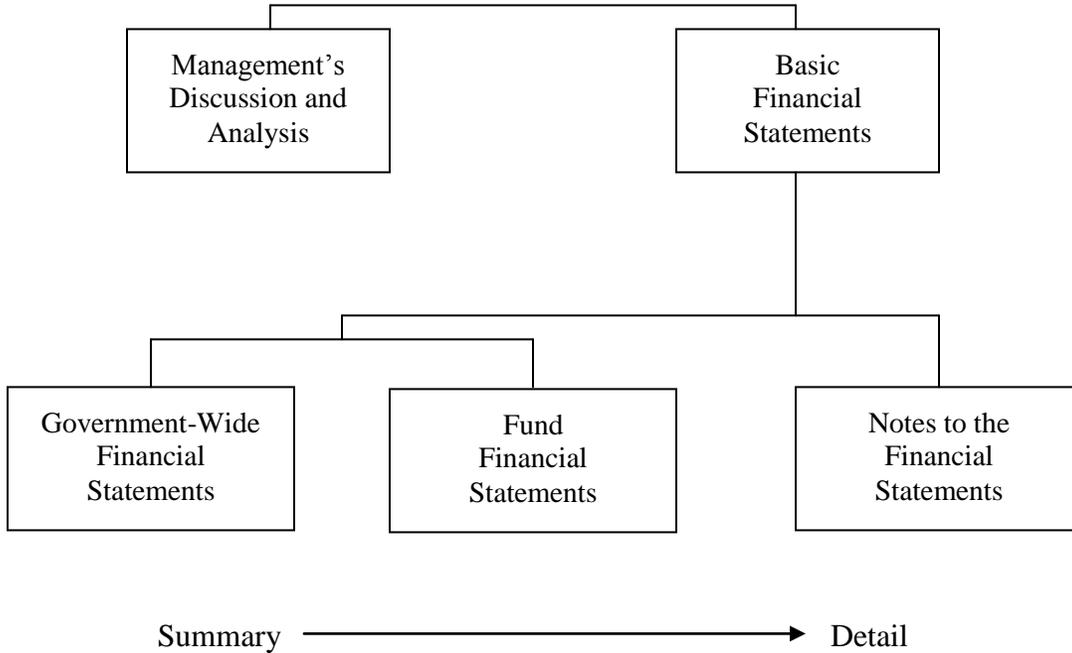
- The assets of the City of Thomasville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$25,670,170 (net position).
- The government's total net position increased by \$1,506,573 due to increases in governmental and business-type activities.
- As of the close of the current fiscal year, the City of Thomasville's governmental funds reported combined ending fund balances of \$8,079,548, an increase of \$3,151 in comparison with the prior year. Currently, 36.0% of this total amount, or \$2,888,128, is restricted or non-spendable.
- At the end of the current fiscal year, available fund balance for the General Fund was \$5,173,458, or 29.0%, of total General Fund expenditures and transfer to other funds.
- Water and Sewer Fund current assets increased 30.0%. At June 30, 2013, current assets exceeded current liabilities for the third consecutive year.
- On June 1, 2013, the City made the final payment installment on an 18 year, \$3,450,000 installment credit obligation for the municipal golf course.

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

This discussion and analysis is 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 position and how they have changed. Net position is the difference between the City's total assets and total liabilities and deferred inflows of resources. Measuring net position 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 governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The 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 Position and the Statement of Activities.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements are on pages 27-64 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 65 of this report.

**Government-Wide Financial Analysis**

**City of Thomasville's Net Position**

**Figure 2**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Assets:</b>						
Current and other assets	\$ 9,993,346	\$ 10,011,621	\$ 5,957,167	\$ 5,213,716	\$ 15,950,513	\$ 15,225,337
Capital assets	11,047,511	10,621,230	46,160,515	48,599,577	57,208,026	59,220,807
Total assets	<u>21,040,857</u>	<u>20,632,851</u>	<u>52,117,682</u>	<u>53,813,293</u>	<u>73,158,539</u>	<u>74,446,144</u>
<b>Liabilities:</b>						
Long-term liabilities	3,226,732	3,123,094	38,803,060	40,752,339	42,029,792	43,875,433
Other liabilities	1,772,036	1,797,829	3,685,575	4,012,352	5,457,611	5,810,181
Total liabilities	<u>4,998,768</u>	<u>4,920,923</u>	<u>42,488,635</u>	<u>44,764,691</u>	<u>47,487,403</u>	<u>49,685,614</u>
<b>Deferred Inflows</b>						
<b>of Resources:</b>						
Prepaid taxes	<u>966</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>966</u>	<u>-</u>
Total deferred inflows of resources	<u>966</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>966</u>	<u>-</u>
<b>Net Position:</b>						
Net investment in capital assets	9,040,741	8,481,310	4,608,500	4,806,418	13,649,241	13,287,728
Restricted	2,806,621	2,873,894	-	-	2,806,621	2,873,894
Unrestricted	<u>4,193,761</u>	<u>4,356,724</u>	<u>5,020,547</u>	<u>4,242,184</u>	<u>9,214,308</u>	<u>8,598,908</u>
Total net position	<u>\$ 16,041,123</u>	<u>\$ 15,711,928</u>	<u>\$ 9,629,047</u>	<u>\$ 9,048,602</u>	<u>\$ 25,670,170</u>	<u>\$ 24,760,530</u>

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets of the City of Thomasville exceeded liabilities by \$ 25,670,170 as of June 30, 2013. The City's net position increased by \$1,506,573 for the fiscal year ended June 30, 2013. However, the largest portion (56.0%) reflects the City's net 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 position (11.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$9,214,308 is unrestricted.

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

- General Fund expenditures were 5.0% under budgetary estimates.
- Water and Sewer revenues were 1.5% higher than the previous fiscal year.
- Water and Sewer expenses were 11.0% under budgetary estimates.

## City of Thomasville's Changes in Net Position

**Figure 3**

	2013			2012		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,267,245	\$ 11,502,325	\$ 12,769,570	\$ 1,305,275	\$ 11,202,101	\$ 12,507,376
Operating grants and contributions	1,171,255	-	1,171,255	1,707,244	-	1,707,244
Capital grants and contributions	126,667	1,219	127,886	78,663	1,505	80,168
General revenues:						
Property taxes	10,714,889	-	10,714,889	10,722,827	-	10,722,827
Other taxes	4,940,112	-	4,940,112	4,821,749	-	4,821,749
Miscellaneous	1,489,057	6,718	1,495,775	1,408,478	74,430	1,482,908
Total revenues	19,709,225	11,510,262	31,219,487	20,044,236	11,278,036	31,322,272
<b>Expenses:</b>						
General government	3,929,176	-	3,929,176	3,676,811	-	3,676,811
Public works	4,374,544	-	4,374,544	4,514,716	-	4,514,716
Public safety	9,837,064	-	9,837,064	9,604,392	-	9,604,392
Economic and physical development	90,993	-	90,993	691,897	-	691,897
Culture and recreation	714,516	-	714,516	1,173,387	-	1,173,387
Miscellaneous	-	-	-	-	-	-
Interest on long-term debt	52,516	-	52,516	59,175	-	59,175
Water and sewer	-	9,829,257	9,829,257	-	10,814,562	10,814,562
Golf course	-	884,848	884,848	-	897,622	897,622
Total expenses	18,998,809	10,714,105	29,712,914	19,720,378	11,712,184	31,432,562
Increase (decrease) in net position before transfers	710,416	796,157	1,506,573	323,858	(434,148)	(110,290)
Transfers in (out)	(381,221)	381,221	-	(381,221)	381,221	-
Increase (decrease) in net position	329,195	1,177,378	1,506,573	(57,363)	(52,927)	(110,290)
<b>Net Position:</b>						
Beginning of year - July 1	15,711,928	9,048,602	24,760,530	15,769,291	9,101,529	24,870,820
Restatement	-	(596,933)	(596,933)	-	-	-
Beginning of year - July 1 (restated)	15,711,928	8,451,669	24,163,597	15,769,291	9,101,529	24,870,820
End of year - June 30	\$ 16,041,123	\$ 9,629,047	\$ 25,670,170	\$ 15,711,928	\$ 9,048,602	\$ 24,760,530

**Governmental Activities.** Governmental activities increased the City's net position by \$329,195. Key elements of this increase are as follows:

- Public works expenditures were \$335,378 (6.0%) under budgetary estimates.

**Business-Type Activities.** Business-type activities increased the City of Thomasville's net position by \$1,177,378. Key elements of this increase are as follows:

- The City raised water and sewer rates 3.59% as per their 5-year rate study. This rate adjustment resulted in a revenue increase of \$369,338.

### **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 \$5,173,458, while total fund balance reached \$7,046,896. The governing body of the City of Thomasville has determined that the City should maintain an available fund balance of 20.0% 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 29.0% of General Fund expenditures and transfers to other funds, while total fund balance represents 39.0% 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 position of the Water and Sewer Fund at the end of the fiscal year amounted to \$5,076,754. The total changes in net position for the Water and Sewer Fund was \$1,128,175. Unrestricted net position of the Golf Course Fund at the end of the fiscal year amounted to \$(56,207). Total changes in net position for the Golf Course Fund was \$49,203. 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, 2013 totals \$57,208,026 (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 40 of this report.

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

	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
	2013	2013	2013	2012	2012	2012
Land	\$ 1,252,473	\$ 662,153	\$ 1,914,626	\$ 1,233,829	\$ 662,153	\$ 1,895,982
Buildings	3,558,721	1,984,967	5,543,688	3,501,760	2,300,478	5,802,238
Other improvements	1,703,352	22,344,083	24,047,435	1,877,354	23,881,018	25,758,372
Infrastructure	1,184,143	19,100,049	20,284,192	979,206	19,856,028	20,835,234
Equipment and vehicles	3,316,047	1,241,899	4,557,946	2,785,206	1,318,396	4,103,602
Construction in progress	32,775	827,364	860,139	243,875	581,504	825,379
<b>Total</b>	<b>\$ 11,047,511</b>	<b>\$ 46,160,515</b>	<b>\$57,208,026</b>	<b>\$ 10,621,230</b>	<b>\$ 48,599,577</b>	<b>\$ 59,220,807</b>

**Long-Term Debt.** As of June 30, 2013, the City of Thomasville had total bonded debt outstanding of \$17,099,889. Of this, \$- 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  
Revenue Bonds**

**Figure 5**

	Governmental Activities		Business-Type Activities	
	2013	2012	2013	2012
Revenue bonds	\$ -	\$ -	\$ 16,261,667	\$ 17,775,000
Add premiums	-	-	867,770	924,964
Less discounts	-	-	(29,548)	(64,406)
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,099,889</b>	<b>\$ 18,635,558</b>

The City of Thomasville's total debt decreased by \$2,374,294 (5%) during the past fiscal year, primarily due to the repayment of outstanding debt.

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 \$93,000,000. The City has \$-0- in bonds authorized, but unissued, as June 30, 2013.

Additional information regarding the City of Thomasville's long-term debt can be found beginning on page 52 of this report.

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

### **Economic Factors**

- Unemployment in the State of North Carolina was 8.8% as of June 30, 2013, and Davidson County's rate of unemployment was 9.7%. The State unemployment rate has decreased from 9.9% as of June 30, 2012, and Davidson County's rate has decreased from 10.5% a year ago.

### **Budget Highlights for the Fiscal Year Ending June 30, 2014**

**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 economic development reserves.

**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 and Sewer Fund are expected to increase 1.0% 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 POSITION  
JUNE 30, 2013**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 6,210,851	\$ 3,427,557	\$ 9,638,408
Restricted cash	680,676	335,278	1,015,954
Receivables:			
Accounts receivable, net	3,020,312	1,647,977	4,668,289
Due from primary government	-	-	-
Inventories	81,507	120,103	201,610
Investment in joint venture	-	426,252	426,252
Prepaid items	-	-	-
Total current assets	<u>9,993,346</u>	<u>5,957,167</u>	<u>15,950,513</u>
Non-current assets:			
Capital assets:			
Land and construction in progress	1,285,248	1,489,517	2,774,765
Other capital assets, net of depreciation	<u>9,762,263</u>	<u>44,670,998</u>	<u>54,433,261</u>
Total non-current assets	<u>11,047,511</u>	<u>46,160,515</u>	<u>57,208,026</u>
Total assets	<u>21,040,857</u>	<u>52,117,682</u>	<u>73,158,539</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	598,215	59,740	657,955
Accrued interest payable	-	188,272	188,272
Due to primary government	-	-	-
Due to component units	29,794	-	29,794
Prepaid fees	-	13,064	13,064
Current portion of long-term liabilities	1,101,808	3,089,221	4,191,029
Liabilities to be paid from restricted assets:			
Customer deposits	<u>42,219</u>	<u>335,278</u>	<u>377,497</u>
Total current liabilities	<u>1,772,036</u>	<u>3,685,575</u>	<u>5,457,611</u>
Long-term liabilities:			
Due in more than one year	<u>3,226,732</u>	<u>38,803,060</u>	<u>42,029,792</u>
Total liabilities	<u>4,998,768</u>	<u>42,488,635</u>	<u>47,487,403</u>
<b>Deferred Inflows of Resources:</b>			
Prepaid taxes	<u>966</u>	<u>-</u>	<u>966</u>
Total deferred inflows of resources	<u>966</u>	<u>-</u>	<u>966</u>
<b>Net Position:</b>			
Net investment in capital assets	9,040,741	4,608,500	13,649,241
Restricted for:			
Stabilization by State statute	1,819,058	-	1,819,058
Other purposes	987,563	-	987,563
Unrestricted	<u>4,193,761</u>	<u>5,020,547</u>	<u>9,214,308</u>
Total net position	<u>\$ 16,041,123</u>	<u>\$ 9,629,047</u>	<u>\$ 25,670,170</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>
\$ 4,212,043	\$ 847,506	\$ 57,422
-	-	-
254,918	391	-
581,125	-	29,794
66,055	152,371	-
-	-	-
-	9,129	1,125
<u>5,114,141</u>	<u>1,009,397</u>	<u>88,341</u>
552,595	-	-
<u>20,624,936</u>	<u>21,914</u>	<u>-</u>
<u>21,177,531</u>	<u>21,914</u>	<u>-</u>
<u>26,291,672</u>	<u>1,031,311</u>	<u>88,341</u>
759,125	164,323	1,782
-	-	-
-	19,019	-
-	-	-
-	-	-
1,343,444	-	-
-	-	-
<u>2,102,569</u>	<u>183,342</u>	<u>1,782</u>
<u>149,271</u>	<u>-</u>	<u>-</u>
<u>2,251,840</u>	<u>183,342</u>	<u>1,782</u>
-	-	-
-	-	-
21,177,531	21,914	-
275,777	-	29,794
190,261	816,532	56,765
2,396,263	9,523	-
<u>\$ 24,039,832</u>	<u>\$ 847,969</u>	<u>\$ 86,559</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, 2013**

<u>Functions/Programs:</u>	<u>Expenses</u>	<u>Program Revenues</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	\$ 3,929,176	\$ 3,071	\$ 117,356	\$ -
Public works	4,374,544	861,727	708,809	-
Public safety	9,837,064	126,825	254,241	126,667
Economic and physical development	90,993	-	90,849	-
Cultural and recreation	714,516	275,622	-	-
Debt service:				
Interest and fiscal charges	52,516	-	-	-
Total governmental activities	<u>18,998,809</u>	<u>1,267,245</u>	<u>1,171,255</u>	<u>126,667</u>
<b>Business-Type Activities:</b>				
Water and sewer	9,829,257	10,949,495	-	1,219
Golf course	884,848	552,830	-	-
Total business-type activities	<u>10,714,105</u>	<u>11,502,325</u>	<u>-</u>	<u>1,219</u>
Total primary government	<u>\$ 29,712,914</u>	<u>\$ 12,769,570</u>	<u>\$ 1,171,255</u>	<u>\$ 127,886</u>
<b>Component Units:</b>				
Thomasville Board of Education	\$ 26,039,708	\$ 332,241	\$ 19,923,262	\$ -
Alcoholic Beverage Control Board	-	-	-	-
Thomasville Tourism Commission	85,891	-	-	-
Total component units	<u>\$ 26,125,599</u>	<u>\$ 332,241</u>	<u>\$ 19,923,262</u>	<u>\$ -</u>

**General Revenues:**

Taxes:  
 Property taxes, levied for general purposes  
 Unrestricted appropriations  
 Local option sales tax  
 Video programming tax  
 Solid waste disposal tax  
 Occupancy tax  
 Investment earnings, unrestricted  
 Miscellaneous  
 Fundraising revenue  
 Total general revenues, excluding transfers

Transfers

Total general revenues and transfers

Change in net position

**Net Position:**

Beginning of year - July 1  
 Restatement  
 Beginning of year, restated

End of year - June 30

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

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	Thomasville Board of Education	Alcoholic Beverage Control Board	Thomasville Tourism Commission
\$ (3,808,749)	\$ -	\$ (3,808,749)			
(2,804,008)	-	(2,804,008)			
(9,329,331)	-	(9,329,331)			
(144)	-	(144)			
(438,894)	-	(438,894)			
(52,516)	-	(52,516)			
(16,433,642)	-	(16,433,642)			
-	1,121,457	1,121,457			
-	(332,018)	(332,018)			
-	789,439	789,439			
(16,433,642)	789,439	(15,644,203)			
			\$ (5,784,205)	\$ -	\$ -
			-	104,925	-
			-	-	(85,891)
			(5,784,205)	104,925	(85,891)
10,714,889	-	10,714,889	-	-	-
1,469,751	-	1,469,751	4,973,887	-	-
4,602,941	-	4,602,941	-	-	-
235,266	-	235,266	-	-	-
16,864	-	16,864	-	-	-
85,041	-	85,041	-	-	82,904
19,306	6,718	26,024	9,089	590	124
-	-	-	72,130	-	2,523
-	-	-	-	-	3,955
17,144,058	6,718	17,150,776	5,055,106	590	89,506
(381,221)	381,221	-	-	-	-
16,762,837	387,939	17,150,776	5,055,106	590	89,506
329,195	1,177,378	1,506,573	(729,099)	105,515	3,615
15,711,928	9,048,602	24,760,530	24,768,931	742,454	82,944
-	(596,933)	(596,933)	-	-	-
15,711,928	8,451,669	24,163,597	24,768,931	742,454	82,944
\$ 16,041,123	\$ 9,629,047	\$ 25,670,170	\$ 24,039,832	\$ 847,969	\$ 86,559

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

CITY OF THOMASVILLE, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2013

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 5,190,946	\$ 1,019,905	\$ 6,210,851
Restricted cash	680,676	-	680,676
Taxes receivable, net	789,107	196,043	985,150
Accounts receivable, net	398,785	17,935	416,720
Due from other funds	1,650	9,192	10,842
Due from other governments	1,618,442	-	1,618,442
Inventories	81,507	-	81,507
Total assets	<u>\$ 8,761,113</u>	<u>\$ 1,243,075</u>	<u>\$ 10,004,188</u>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 587,285	\$ 10,930	\$ 598,215
Deposits	40,419	1,800	42,219
Due to other funds	9,192	1,650	10,842
Due to component units	29,794	-	29,794
Total liabilities	<u>666,690</u>	<u>14,380</u>	<u>1,924,640</u>
<b>Deferred inflows of resources:</b>			
Unavailable taxes	789,107	196,043	985,150
Prepaid taxes	966	-	966
Unavailable revenue	257,454	-	257,454
Total deferred inflows of resources	<u>1,047,527</u>	<u>196,043</u>	<u>1,243,570</u>
<b>Fund Balances:</b>			
Non-spendable:			
Inventories	81,507	-	81,507
Restricted:			
Stabilization by State statute	1,791,931	27,127	1,819,058
Restricted, all other	690,505	297,058	987,563
Committed	647,655	-	647,655
Assigned	-	719,309	719,309
Unassigned	3,835,298	(10,842)	3,824,456
Total fund balances	<u>7,046,896</u>	<u>1,032,652</u>	<u>8,079,548</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,761,113</u>	<u>\$ 1,243,075</u>	

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

**CITY OF THOMASVILLE, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	<u><b>Total</b></u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit B) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	11,047,511
Liabilities for earned, but deferred, revenues in fund statements	1,242,604
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>(4,328,540)</u>
Net position of governmental activities	<u>\$ 16,041,123</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, 2013

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 9,390,027	\$ 1,332,379	\$ 10,722,406
Other taxes and licenses	4,940,112	-	4,940,112
Unrestricted intergovernmental	1,469,751	-	1,469,751
Restricted intergovernmental	747,974	217,516	965,490
Permits and fees	118,901	136,300	255,201
Sales and services	1,012,044	-	1,012,044
Contributions	178,016	6,925	184,941
Investment earnings	17,560	1,746	19,306
Miscellaneous	116,550	-	116,550
Total revenues	<u>17,990,935</u>	<u>1,694,866</u>	<u>19,685,801</u>
<b>Expenditures:</b>			
Current:			
General government	1,535,057	1,425,256	2,960,313
Public works	4,560,791	-	4,560,791
Public safety	9,577,715	165,436	9,743,151
Economic and physical development	-	90,993	90,993
Cultural and recreation	888,871	-	888,871
Miscellaneous	5,839	-	5,839
Debt service:			
Principal	611,650	-	611,650
Interest and other changes	52,516	-	52,516
Capital outlay	838,836	26,969	865,805
Total expenditures	<u>18,071,275</u>	<u>1,708,654</u>	<u>19,779,929</u>
Revenues over (under) expenditures	<u>(80,340)</u>	<u>(13,788)</u>	<u>(94,128)</u>
<b>Other Financing Sources (Uses):</b>			
Capital lease financing issued	478,500	-	478,500
Transfers from other funds	-	105,502	105,502
Transfers to other funds	(486,723)	-	(486,723)
Total other financing sources (uses)	<u>(8,223)</u>	<u>105,502</u>	<u>97,279</u>
Net change in fund balances	(88,563)	91,714	3,151
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>7,135,459</u>	<u>940,938</u>	<u>8,076,397</u>
End of year - June 30	<u>\$ 7,046,896</u>	<u>\$ 1,032,652</u>	<u>\$ 8,079,548</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, 2013**

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)	\$ 3,151
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.	445,807
In the Statement of Activities, only the gain or loss on the disposal of capital assets is reported; whereas, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed of.	(19,526)
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.	23,424
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 position. 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.	133,150
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	(57,949)
OPEB	(153,695)
Net pension obligation	<u>(45,167)</u>
Total changes in net position of governmental activities (Exhibit B)	<u>\$ 329,195</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, 2013**

	General Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Over/Under
	Original	Final		
<b>Revenues:</b>				
Ad valorem taxes	\$ 9,346,365	\$ 9,346,365	\$ 9,390,027	\$ 43,662
Other taxes and licenses	5,129,915	5,141,915	4,940,112	(201,803)
Unrestricted intergovernmental	1,427,356	1,427,356	1,469,751	42,395
Restricted intergovernmental	699,666	735,342	747,974	12,632
Permits and fees	233,750	233,750	118,901	(114,849)
Sales and services	1,041,105	1,041,105	1,012,044	(29,061)
Contributions	217,720	217,720	178,016	(39,704)
Investment earnings	42,000	42,000	17,560	(24,440)
Miscellaneous	113,448	185,557	116,550	(69,007)
Total revenues	<u>18,251,325</u>	<u>18,371,110</u>	<u>17,990,935</u>	<u>(380,175)</u>
<b>Expenditures:</b>				
Current:				
General government	1,630,481	1,699,843	1,535,057	164,786
Public works	5,031,942	5,180,381	4,845,003	335,378
Public safety	10,008,206	10,276,010	10,090,381	185,629
Cultural and recreation	1,004,146	1,007,851	930,829	77,022
Miscellaneous	338,464	209,297	5,839	203,458
Debt service:				
Principal	597,424	612,424	611,650	774
Interest and other changes	51,098	52,098	52,516	(418)
Total expenditures	<u>18,661,761</u>	<u>19,037,904</u>	<u>18,071,275</u>	<u>966,629</u>
Revenues over (under) expenditures	<u>(410,436)</u>	<u>(666,794)</u>	<u>(80,340)</u>	<u>586,454</u>
<b>Other Financing Sources (Uses):</b>				
Capital lease financing issued	520,902	520,902	478,500	(42,402)
Transfers to other funds	(431,221)	(486,723)	(486,723)	-
Appropriated fund balance	320,755	632,615	-	(632,615)
Total other financing sources (uses)	<u>410,436</u>	<u>666,794</u>	<u>(8,223)</u>	<u>(675,017)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(88,563)</u>	<u>\$ (88,563)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>7,135,459</u>	
End of year - June 30			<u>\$ 7,046,896</u>	

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

## CITY OF THOMASVILLE, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2013

	<b>Major</b>		<b>Total</b>
	<b>Water and Sewer Fund</b>	<b>Golf Course Fund</b>	
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 3,421,080	\$ 6,477	\$ 3,427,557
Restricted cash and investments	334,878	400	335,278
Accounts receivable, net - billed	1,087,341	6,993	1,094,334
Accounts receivable, net - unbilled	553,643	-	553,643
Inventories	120,103	-	120,103
Investment in joint venture	426,252	-	426,252
Total current assets	<u>5,943,297</u>	<u>13,870</u>	<u>5,957,167</u>
Capital assets:			
Land and other non-depreciable assets	990,032	499,485	1,489,517
Other capital assets, net of depreciation	43,691,512	979,486	44,670,998
Total capital assets, net	<u>44,681,544</u>	<u>1,478,971</u>	<u>46,160,515</u>
Total assets	<u>50,624,841</u>	<u>1,492,841</u>	<u>52,117,682</u>
<b>Liabilities and Net Position:</b>			
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	44,399	15,341	59,740
Prepaid fees	9,819	3,245	13,064
Accrued interest payable	188,009	263	188,272
Compensated absences, current	77,350	12,725	90,075
Current portion of long-term debt	2,937,046	62,100	2,999,146
Liabilities to be paid from restricted assets:			
Customer deposits	334,878	400	335,278
Total current liabilities	<u>3,591,501</u>	<u>94,074</u>	<u>3,685,575</u>
Non-current liabilities:			
Compensated absences	58,351	9,599	67,950
Non-current portion of long-term debt	38,510,386	42,483	38,552,869
Other post-employment benefits obligation	153,737	28,504	182,241
Total non-current liabilities	<u>38,722,474</u>	<u>80,586</u>	<u>38,803,060</u>
Total liabilities	<u>42,313,975</u>	<u>174,660</u>	<u>42,488,635</u>
<b>Net Position:</b>			
Net investment in capital assets	3,234,112	1,374,388	4,608,500
Unrestricted	5,076,754	(56,207)	5,020,547
Total net position	<u>\$ 8,310,866</u>	<u>\$ 1,318,181</u>	<u>\$ 9,629,047</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 POSITION- PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Major		Total
	Water and Sewer Fund	Golf Course Fund	
<b>Operating Revenues:</b>			
Charges for sales and services	\$ 10,186,738	\$ 548,733	\$ 10,735,471
Connection fees	174,030	-	174,030
Other operating revenues	588,727	4,097	592,824
Total operating revenues	<u>10,949,495</u>	<u>552,830</u>	<u>11,502,325</u>
<b>Operating Expenses:</b>			
Administration	105,450	-	105,450
Billing and collection	475,511	-	475,511
Meter service	205,061	-	205,061
Water treatment plant	1,158,067	-	1,158,067
Construction and maintenance	1,326,227	-	1,326,227
Waste treatment plant	2,078,286	-	2,078,286
Fairgrove Water Main Improvement	27,278	-	27,278
Northside Pump Station	10,500	-	10,500
Golf course clubhouse	-	199,430	199,430
Golf course maintenance	-	432,864	432,864
Depreciation and amortization	3,244,278	246,882	3,491,160
Total operating expenses	<u>8,630,658</u>	<u>879,176</u>	<u>9,509,834</u>
Operating income (loss)	<u>2,318,837</u>	<u>(326,346)</u>	<u>1,992,491</u>
<b>Non-Operating Revenues (Expenses):</b>			
Investment earnings	6,718	-	6,718
Interest and other charges	(1,184,044)	(5,672)	(1,189,716)
Miscellaneous revenue	21,663	-	21,663
Grant revenue	1,219	-	1,219
Contribution to Reservoir Recreation Joint Venture	(36,218)	-	(36,218)
Total non-operating revenues (expenses)	<u>(1,190,662)</u>	<u>(5,672)</u>	<u>(1,196,334)</u>
Income (loss) before transfers	1,128,175	(332,018)	796,157
Transfers (to) from other funds	<u>-</u>	<u>381,221</u>	<u>381,221</u>
Change in net position	1,128,175	49,203	1,177,378
<b>Net Position:</b>			
Beginning of year - July 1, previously reported	7,779,624	1,268,978	9,048,602
Restatement	(596,933)	-	(596,933)
Beginning of year - July 1, restated	<u>7,182,691</u>	<u>1,268,978</u>	<u>8,451,669</u>
End of year - June 30	<u>\$ 8,310,866</u>	<u>\$ 1,318,181</u>	<u>\$ 9,629,047</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, 2013**

	<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	\$ 10,840,767	\$ 572,395	\$ 11,413,162
Cash paid for goods and services	(3,341,794)	(200,183)	(3,541,977)
Cash paid to employees for services	(2,166,426)	(435,702)	(2,602,128)
Customer deposits received	5,368	400	5,768
Net cash provided (used) by operating activities	<u>5,337,915</u>	<u>(63,090)</u>	<u>5,274,825</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Contribution to Reservoir Recreation Joint Venture	(36,218)	-	(36,218)
Grant proceeds	1,219	-	1,219
Miscellaneous non-operating revenue	21,663	-	21,663
Transfers (to) from other funds	-	381,221	381,221
Net cash provided (used) by non-capital financing activities	<u>(13,336)</u>	<u>381,221</u>	<u>367,885</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(1,052,098)	-	(1,052,098)
Principal payments on long-term debt	(2,880,639)	(332,187)	(3,212,826)
Interest expense	(1,184,044)	(5,672)	(1,189,716)
Proceeds from issuance of debt	994,018	-	994,018
Net cash provided (used) by capital and related financing activities	<u>(4,122,763)</u>	<u>(337,859)</u>	<u>(4,460,622)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest and dividends	6,718	-	6,718
Net cash provided (used) by investing activities	<u>6,718</u>	<u>-</u>	<u>6,718</u>
Net increase (decrease) in cash and cash equivalents	1,208,534	(19,728)	1,188,806
<b>Cash and Equivalents:</b>			
Beginning of year - July 1	<u>2,547,424</u>	<u>26,605</u>	<u>2,574,029</u>
End of year - June 30	<u>\$ 3,755,958</u>	<u>\$ 6,877</u>	<u>\$ 3,762,835</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, 2013

	<u>Major</u>		<u>Total</u>
	<u>Water and Sewer Fund</u>	<u>Golf Course Fund</u>	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 2,318,837	\$ (326,346)	\$ 1,992,491
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	3,244,278	246,882	3,491,160
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(107,198)	18,120	(89,078)
(Increase) decrease in inventories	(87,274)	-	(87,274)
Increase (decrease) in accounts payable and accrued liabilities	(87,574)	666	(86,908)
Increase (decrease) in deferred revenue	-	1,445	1,445
Increase (decrease) in compensated absences payable	18,347	(10,518)	7,829
Increase (decrease) in other post-employment benefits	33,131	6,261	39,392
Increase (decrease) in customer deposits	<u>5,368</u>	<u>400</u>	<u>5,768</u>
Net cash provided (used) by operating activities	<u>\$ 5,337,915</u>	<u>\$ (63,090)</u>	<u>\$ 5,274,825</u>

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, 2013

### 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 Alcoholic 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.

##### **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, 2013.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### B. Basis of Presentation

*Government-Wide Statements.* The Statement of Net Position and the Statement of Activities display information about the primary government and its component 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.

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.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

**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 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.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the 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. 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 position 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.

### **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 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.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### **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, Deferred Outflows /Inflows of Resources, 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.

#### **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**

Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. 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.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### **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, 2012. 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.

### **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.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

### Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has no items that meet this criterion. In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has only three items that meet the criterion for this category - prepaid taxes, property taxes receivable and miscellaneous receivables.

### 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 Position. 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, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In 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, 2013

### **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 Position/Fund Balances**

#### **Net Position**

Net position in the government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, 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 intact.

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

**CITY OF THOMASVILLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**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, 2013 is as follows:

<b>Purpose</b>	<b>General Fund</b>	<b>Other Governmental Funds</b>
<b>Restricted, All Other:</b>		
Streets	\$ 640,257	\$ -
Public Works	50,248	-
Public Safety	-	297,058
<b>Total</b>	<b>\$ 690,505</b>	<b>\$ 297,058</b>

**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, 2013

### 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 governmental 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 20.0% of the budgeted operating expenditures (excluding capital outlay). Any portion of the General Fund balance in excess of 20.0% of budgeted operating expenditures may be appropriated for capital items valued at \$10,000 or greater. If fund balance falls below 12.0%, 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	\$ 7,046,896
<b>Less:</b>	
Inventories	(81,507)
Stablization by State statue	<u>(1,791,931)</u>
Total available fund balance	<u>\$ 5,173,458</u>

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

	<b>General Fund</b>
Encumbrances	<u>\$ 30,508</u>

### 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, 2013, the City's deposits had a carrying amount of \$10,177,796 and a bank balance of \$10,817,305. The City also had petty cash of \$1,700. Of the bank balance, \$1,000,000 was covered by federal depository insurance, and the remainder was covered by collateral held under the Pooling Method.

##### Investments

At June 30, 2013, the City had \$474,866 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, 2013**

**Receivables**

Receivables at the government-wide level at June 30, 2013 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due From Other Governments</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General	\$ 398,785	\$ 1,634,107	\$ 1,618,442	\$ 3,651,334
Other governmental	17,935	536,043	-	553,978
Total receivables	<u>416,720</u>	<u>2,170,150</u>	<u>1,618,442</u>	<u>4,205,312</u>
Allowance for doubtful accounts	<u>-</u>	<u>(1,185,000)</u>	<u>-</u>	<u>(1,185,000)</u>
Total governmental activities	<u>\$ 416,720</u>	<u>\$ 985,150</u>	<u>\$ 1,618,442</u>	<u>\$ 3,020,312</u>
<b>Business-Type Activities:</b>				
Water and sewer	\$ 1,783,447	\$ -	\$ 72,537	\$ 1,855,984
Golf course	-	-	6,993	6,993
Total receivables	<u>1,783,447</u>	<u>-</u>	<u>79,530</u>	<u>1,862,977</u>
Allowance for doubtful accounts	<u>(215,000)</u>	<u>-</u>	<u>-</u>	<u>(215,000)</u>
Total business-type activities	<u>\$ 1,568,447</u>	<u>\$ -</u>	<u>\$ 79,530</u>	<u>\$ 1,647,977</u>

**CITY OF THOMASVILLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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	\$ 70,394	\$ -	\$ 70,394
Sales and use tax distribution	-	1,096,476	1,096,476
Utilities franchise and telecommunications tax	-	370,546	370,546
Sales tax refund	-	81,026	81,026
Total General Fund	<u>70,394</u>	<u>1,548,048</u>	<u>1,618,442</u>
 Total governmental funds	 <u>\$ 70,394</u>	 <u>\$ 1,548,048</u>	 <u>\$ 1,618,442</u>
 <b>Business-Type Funds:</b>			
<b>Water and Sewer Fund:</b>			
Sales tax refund	\$ -	\$ 72,537	\$ 72,537
 <b>Golf Course Fund:</b>			
Sales tax refund	-	6,993	6,993
Total business-type funds	<u>\$ -</u>	<u>\$ 79,530</u>	<u>\$ 79,530</u>

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2013</u>
<b>Governmental Activities:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 1,233,829	\$ 18,644	\$ -	\$ -	\$ 1,252,473
Construction in progress	<u>243,875</u>	<u>-</u>	<u>-</u>	<u>211,100</u>	<u>32,775</u>
Total non-depreciable capital assets	<u>1,477,704</u>	<u>18,644</u>	<u>-</u>	<u>211,100</u>	<u>1,285,248</u>
<b>Depreciable Capital Assets:</b>					
Buildings	6,877,766	199,080	-	-	7,076,846
Other improvements	3,461,215	-	-	-	3,461,215
Infrastructure	2,043,136	282,285	-	-	2,325,421
Equipment and vehicles	<u>11,742,848</u>	<u>1,125,589</u>	<u>518,756</u>	<u>211,100</u>	<u>12,560,781</u>
Total depreciable capital assets	<u>24,124,965</u>	<u>1,606,954</u>	<u>518,756</u>	<u>211,100</u>	<u>25,424,263</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	3,376,006	142,119	-	-	3,518,125
Other improvements	1,583,861	174,002	-	-	1,757,863
Infrastructure	1,063,930	77,348	-	-	1,141,278
Equipment and vehicles	<u>8,957,642</u>	<u>786,322</u>	<u>499,230</u>	<u>-</u>	<u>9,244,734</u>
Total accumulated depreciation	<u>14,981,439</u>	<u>\$ 1,179,791</u>	<u>\$ 499,230</u>	<u>\$ -</u>	<u>15,662,000</u>
Total depreciable capital assets, net	<u>9,143,526</u>				<u>9,762,263</u>
Governmental activity capital assets, net	<u>\$ 10,621,230</u>				<u>\$ 11,047,511</u>

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

General Government	\$ 40,013
Public Works	397,878
Public Safety	513,995
Recreation	<u>227,905</u>
Total	<u>\$ 1,179,791</u>

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The following is a summary of changes in the business-type capital assets for the year ended June 30, 2013:

	<u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2013</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	<u>581,504</u>	<u>827,364</u>	<u>-</u>	<u>581,504</u>	<u>827,364</u>
Total capital assets not being depreciated	<u>744,172</u>	<u>827,364</u>	<u>-</u>	<u>581,504</u>	<u>990,032</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	-	-	581,504	50,626,355
Equipment	<u>2,522,935</u>	<u>224,734</u>	<u>87,361</u>	<u>-</u>	<u>2,660,308</u>
Total depreciable capital assets	<u>92,063,854</u>	<u>224,734</u>	<u>87,361</u>	<u>581,504</u>	<u>92,782,731</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	6,157,393	174,121	-	-	6,331,514
Other improvements	8,056,330	1,534,617	-	-	9,590,947
Infrastructure	30,188,823	1,337,483	-	-	31,526,306
Equipment and vehicles	<u>1,531,756</u>	<u>198,057</u>	<u>87,361</u>	<u>-</u>	<u>1,642,452</u>
Total accumulated depreciation	<u>45,934,302</u>	<u>\$ 3,244,278</u>	<u>\$ 87,361</u>	<u>\$ -</u>	<u>49,091,219</u>
Total depreciable capital assets, net	<u>46,129,552</u>				<u>43,691,512</u>
Water and Sewer Fund capital assets, net	<u>\$ 46,873,724</u>				<u>\$ 44,681,544</u>

**CITY OF THOMASVILLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2013</u>
<b>Golf Course Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 499,485	\$ -	\$ -	\$ -	\$ 499,485
Total capital assets not being depreciated	<u>499,485</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>499,485</u>
<b>Depreciable Capital Assets:</b>					
Buildings	3,111,116	-	-	-	3,111,116
Improvements	51,491	-	-	-	51,491
Furniture, equipment, and vehicles	914,209	-	21,816	-	892,393
Total depreciable capital assets	<u>4,076,816</u>	<u>-</u>	<u>21,816</u>	<u>-</u>	<u>4,055,000</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	2,235,312	141,391	-	-	2,376,703
Improvements	28,144	2,317	-	-	30,461
Furniture, equipment, and vehicles	586,992	103,174	21,816	-	668,350
Total accumulated depreciation	<u>2,850,448</u>	<u>\$ 246,882</u>	<u>\$ 21,816</u>	<u>\$ -</u>	<u>3,075,514</u>
Total depreciable capital assets, net	<u>1,226,368</u>				<u>979,486</u>
Golf Course Fund capital assets, net	<u>\$ 1,725,853</u>				<u>\$ 1,478,971</u>
Business-type activities capital assets, net	<u>\$ 48,599,577</u>				<u>\$ 46,160,515</u>

**Net Investment in Capital Assets**

The total net investment in capital assets at June 30, 2013, is composed of the following elements:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets	\$ 11,047,511	\$ 46,160,515
Long-term debt	(4,328,540)	(41,892,281)
Accrued compensated absences, OPEB, LEO	2,321,770	340,266
Net investment in capital assets	<u>\$ 9,040,741</u>	<u>\$ 4,608,500</u>

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### B. Liabilities

#### Payables

Payables at the government-wide level at June 30, 2013 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Ending Balances</u>
Governmental activities	\$ 378,303	\$ 219,912	\$ 598,215
Business-type activities	\$ 13,062	\$ 46,678	\$ 59,740

#### Pension Plan Obligations

##### Local Governmental Employees' Retirement System

**Plan Description.** The City contributes to the State-wide 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.

**Funding Policy.** Plan members are required to contribute 6.0% 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 6.74% and 6.77%, 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, 2013, 2012, and 2011 were \$765,069, \$595,647, and \$526,890, respectively. The contributions made by the City equaled the required contributions for each year.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 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, 2012, the Separation Allowance's membership consisted of:

Retirees receiving benefits	5
Terminated plan members entitled to, but not yet, receiving benefits	-
Active plan members	<u>69</u>
Total	<u><u>74</u></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.

**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.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The annual required contribution for the current year was determined as part of the December 31, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) a 5.0% 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, 2011 was 19 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	\$	135,074
Interest on net pension obligation		24,426
Adjustment to annual required contribution		(30,401)
Annual pension cost		129,099
Contributions made		83,932
Increase (decrease) in net pension obligation		45,167
Net pension obligation - July 1		488,514
Net pension obligation - June 30	\$	533,681

### Three-Year Trend Information

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2013	\$ 129,099	65.01%	\$ 533,681
6/30/2012	131,382	66.86%	488,514
6/30/2011	138,207	60.90%	444,980

### Funded Status and Funding Progress

As of December 31, 2012, 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 \$1,232,673. The covered payroll (annual payroll of active employees covered by the plan) was \$3,015,856, and the ratio of the UAAL to the covered payroll was 40.87%.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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 5.0% 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, 2013 were \$198,032 which consisted of \$149,676 from the City and \$48,356 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, 2013, other employees contributed \$36,033 to the Plan. The City elected not to make a contribution for other employees during the year ended June 30, 2013.

### **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 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.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

**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. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The City considers these contributions to be immaterial.

### **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 ended June 30, 2013, the City made payments for post-retirement health benefits premiums of \$211,096. 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.

**CITY OF THOMASVILLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

Membership of the Plan consisted of the following at December 31, 2012, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	36	N/A
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	<u>211</u>	<u>70</u>
Total	<u><u>247</u></u>	<u><u>70</u></u>

**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:

<u>Years of Service At Retirement</u>	<u>Maximum Monthly City Contribution</u>
30 or more	100.0%
25-29	75.0%
20-24	50.0%

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, 2013

The current ARC rate is 3.62% of annual covered payroll. For the current year, the City contributed \$211,096, or 1.91% 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 \$14,660. 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 30 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	\$ 334,296	\$ 68,470	\$ 402,766
Interest on net OPEB obligation	26,014	5,714	31,728
Adjustments to annual required contribution	<u>24,852</u>	<u>5,459</u>	<u>30,311</u>
Annual OPEB cost (expense)	335,458	68,725	404,183
Contributions made	<u>181,763</u>	<u>29,333</u>	<u>211,096</u>
Increase (decrease) in net OPEB obligation	153,695	39,392	193,087
Net OPEB obligation:			
Beginning of year - July 1	<u>650,361</u>	<u>142,849</u>	<u>793,210</u>
End of year - June 30	<u>\$ 804,056</u>	<u>\$ 182,241</u>	<u>\$ 986,297</u>

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 were as follows:

<b>Year Ended</b>	<b>Annual</b>	<b>Percentage of</b>	<b>Net OPEB</b>
<b>June 30</b>	<b>OPEB Cost</b>	<b>Annual OPEB</b>	<b>Obligation</b>
		<b>Cost Contributed</b>	
2013	\$ 404,183	52.2%	\$ 986,297
2012	392,140	55.0%	793,210
2011	391,784	49.0%	618,034

### Fund Status and Funding Progress

As of December 31, 2012, 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 \$4,897,101. The covered payroll (annual payroll of active employees covered by the plan) was \$11,027,846, and the ratio of the UAAL to the covered payroll was 44.4%. 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 value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations. In the December 31, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 8.50% to 5.00% annually. Both rates included a 3.00% inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 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, 2012, was 30 years.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

As of June 30, 2013, 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 Inflows of Resources

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

	<u>Unavailable Revenue</u>	<u>Unearned Revenue</u>
Miscellaneous accounts receivable (General Fund)	\$ 257,454	\$ -
Prepaid taxes (General Fund)	-	966
Taxes receivable (Special Revenue Fund)	196,043	-
Taxes receivable (General Fund)	<u>789,107</u>	<u>-</u>
Total	<u>\$ 1,242,604</u>	<u>\$ 966</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, 2013

### 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. 68.0% of this debt is serviced by governmental funds.	\$ 108,721
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.	683,590
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. 73.0% of this debt is serviced by governmental funds.	40,311
U.S. Bancorp - for purchase of various vehicles and equipment, issued January 2013, in the amount of \$478,500, payable in 20 quarterly installments of \$36,172, including interest at 1.25%. The vehicles and equipment are held as collateral.	431,304
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.	480,000
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>262,845</u>
Total governmental funds	<u>\$ 2,006,770</u>

**CITY OF THOMASVILLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

*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. 32.0% of this debt is serviced by the Water and Sewer Fund.	\$ 51,588
U.S. Bancorp - for purchase of various vehicles and equipment, issued January 2013, in the amount of \$223,000, payable in 20 quarterly installments of \$36,172, including interest at 1.25%. The vehicles and equipment are held as collateral.	201,005
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. 27.0% of this debt is serviced by the Water and Sewer Fund.	17,403
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.	113,378
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. 30.0% of this debt is serviced by the Water and Sewer Fund.	<u>110,542</u>
Total Water and Sewer Fund	<u>493,915</u>

**CITY OF THOMASVILLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Golf Course Fund:**

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% 85,962

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% 18,621

Total Golf Course Fund 104,582

Total business-type funds \$ 598,498

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

<u>Year Ending</u> <u>June 30</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>
2014	\$ 607,644	\$ 41,515	\$ 233,240	\$ 9,247	\$ 840,884	\$ 50,762
2015	502,502	28,275	156,524	5,182	659,026	33,457
2016	490,536	17,193	120,541	2,783	611,077	19,976
2017	303,637	5,828	65,301	750	368,938	6,578
2018	<u>102,451</u>	<u>1,784</u>	<u>22,892</u>	<u>107</u>	<u>125,343</u>	<u>1,891</u>
Total	<u>\$ 2,006,770</u>	<u>\$ 94,595</u>	<u>\$ 598,498</u>	<u>\$ 18,069</u>	<u>\$ 2,605,268</u>	<u>\$ 112,664</u>

**CITY OF THOMASVILLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**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.

\$ 4,310,000

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.

10,435,000

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.

1,516,667

Total revenue bonds

\$ 16,261,667

**CITY OF THOMASVILLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Revenue Bond Indebtedness**

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

<b>Year Ending June 30</b>	<b>Water and Sewer Fund</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	1,688,333	425,975	2,114,308
2018	1,098,335	359,734	1,458,069
2019-2023	4,880,000	1,250,795	6,130,795
2024-2028	3,825,000	418,088	4,243,088
<b>Total</b>	<b>\$ 16,261,667</b>	<b>\$ 4,085,454</b>	<b>\$ 20,347,121</b>

At June 30, 2013, the City of Thomasville had a legal debt margin of \$93,000,000.

**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, 2013 was \$22,537,103.

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, 2013 was \$50,297.

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 0.0% 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, 2013**

The total amount outstanding at June 30, 2013 was \$495,210.

On October 15, 2012, the City was approved for a \$1,233,394 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 Fairgrove Water Main Improvement Project. The loan is repayable at 0% for 20 years. The loan repayment schedule calls for annual principal repayments that amount to approximately \$61,670 annually for 20 years. The total amount outstanding at June 30, 2013 was \$771,018.

Total outstanding revolving loan payables at June 30, 2012 are \$23,853,628.

<b>Year Ending</b>	<b>Water and Sewer Fund</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>June 30</b>			
2014	\$ 1,271,442	\$ 546,083	\$ 1,817,525
2015	1,298,658	519,480	1,818,138
2016	1,326,502	492,264	1,818,766
2017	1,354,988	464,420	1,819,408
2018	1,384,130	435,935	1,820,065
2019-2023	7,381,838	1,728,875	9,110,713
2024-2028	8,218,002	911,550	9,129,552
2029-2033	1,618,068	114,059	1,732,127
Total	<u>\$ 23,853,628</u>	<u>\$ 5,212,666</u>	<u>\$ 29,066,294</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 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 125.0% and the total debt service coverage ratio to be no less than 100.0%. Additional indebtedness constituted by the Series 2004 revenue bonds is to be considered in the calculation of the debt service parity coverage ratio.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The debt service parity coverage ratio calculation for the year ended June 30, 2013 is as follows:

Operating revenues	\$ 10,949,495
Operating expenses*	<u>(5,386,380)</u>
Operating income	<u>\$ 5,563,115</u>
Debt service on parity indebtedness	<u>\$ 2,142,811</u>
Debt service on parity indebtedness	260%
Other indebtedness related to the Combined Enterprise System	<u>\$ 1,923,687</u>
Pro-forma debt service coverage ratio on parity and other indebtedness	137%

\*Excludes depreciation and amortization.

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% of net revenues. The total principal and interest remaining to be paid on the bonds is \$20,347,121. Principal and interest paid for the current year and total net revenues were \$4,066,498 and \$10,949,495 respectively.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### Changes in Long-Term Liabilities

The following is a summary of changes in long-term debt for the year ended June 30, 2013.

	<u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2013</u>	<u>Current Maturities</u>
<b>Governmental Activities:</b>					
Installment purchases	\$ 2,139,920	\$ 478,500	\$ (611,650)	\$ 2,006,770	\$ 607,644
Net pension obligation	488,514	45,167	-	533,681	-
Other post-employment benefits	650,361	335,458	(181,763)	804,056	-
Compensated absences	<u>926,084</u>	<u>523,012</u>	<u>(465,063)</u>	<u>984,033</u>	<u>494,164</u>
Total governmental activities	<u>\$ 4,204,879</u>	<u>\$ 1,382,137</u>	<u>\$ (1,258,476)</u>	<u>\$ 4,328,540</u>	<u>\$ 1,101,808</u>
<b>Business-Type Activities:</b>					
Installment purchases	<u>\$ 891,822</u>	<u>\$ 223,000</u>	<u>\$ (516,324)</u>	<u>\$ 598,498</u>	<u>\$ 233,240</u>
Revenue bonds	17,775,000	-	(1,513,333)	16,261,667	1,543,333
Add: unamortized bond premium	924,964	-	(57,194)	867,770	(57,194)
Less: unamortized bond discount	(38,486)	-	8,938	(29,548)	8,325
Less: deferred amount for loss on defeasance	<u>(25,920)</u>	<u>-</u>	<u>25,920</u>	<u>-</u>	<u>-</u>
Total revenue bonds	<u>18,635,558</u>	<u>-</u>	<u>(1,535,669)</u>	<u>17,099,889</u>	<u>1,494,464</u>
Note payable	24,265,779	771,018	(1,183,169)	23,853,628	1,271,442
Compensated absences	150,196	93,554	(85,725)	158,025	90,075
Other post-employment benefits	<u>142,849</u>	<u>68,725</u>	<u>(29,333)</u>	<u>182,241</u>	<u>-</u>
Total business-type activities	<u>\$ 44,086,204</u>	<u>\$ 1,156,297</u>	<u>\$ (3,350,220)</u>	<u>\$ 41,892,281</u>	<u>\$ 3,089,221</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, 2013

### C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2013 consist of the following:

Due to the City School Supplement Fund from the General Fund for property taxes	\$ 9,192
Due to the General Fund from the Community Development Block Grant Fund for cash deficit at year-end	<u>1,650</u>
Total	<u>\$ 10,842</u>

Transfers to/from other funds during the year ending June 30, 2013 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	<u>55,502</u>
Total	<u>\$ 486,723</u>

### D. Revenues, Expenditures and Expenses

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

For the fiscal year ended June 30, 2013, the City has recognized on-behalf payments for pension contributions made by the State as a revenue and an expenditure of \$12,929 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.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 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, 2013 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, 2013, 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.

The City has a 50% interest in the venture and an ongoing financial responsibility for Lake Thom-A-Lex. The City's equity interest as of June 30, 2013 was \$426,252, which is shown in the government-wide financial statements. There is no distribution of net income. Net position remain in the joint venture for future operational needs of the system.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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.

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>Assets:</b>		
Cash	\$ 272,399	\$ 314,352
Accounts receivable	31,632	8,127
Land	223,395	223,395
Buildings	15,000	15,000
Other improvements	1,140,665	1,090,585
Equipment	<u>86,020</u>	<u>86,020</u>
	1,769,111	1,737,479
Less: accumulated depreciation	<u>(916,608)</u>	<u>(882,876)</u>
Total assets	<u>\$ 852,503</u>	<u>\$ 854,603</u>
Fund balance	<u>\$ 852,503</u>	<u>\$ 854,603</u>

**CITY OF THOMASVILLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>Revenues:</b>		
Permits, rentals, concessions, etc.	\$ 50,096	\$ 51,865
Contributions:		
City of Thomasville	36,218	37,597
City of Lexington	36,218	26,897
Davidson County	<u>36,218</u>	<u>26,897</u>
Total revenues	<u>158,750</u>	<u>143,256</u>
<b>Expenditures:</b>		
Depreciation	33,732	34,931
Operating expenditures	126,772	135,129
Capital Outlay	<u>50,426</u>	<u>-</u>
Total expenditures	<u>210,930</u>	<u>170,060</u>
Revenues over (under) expenditures	<u>(52,180)</u>	<u>(26,804)</u>
<b>Other Financing Sources:</b>		
Appropriated fund balance	<u>50,080</u>	<u>-</u>
Net change in fund balance	<u>(2,100)</u>	<u>-</u>
<b>Fund Balance:</b>		
Beginning of year - July 1	<u>854,603</u>	<u>881,407</u>
End of year - June 30	<u>\$ 852,503</u>	<u>\$ 854,603</u>

**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 \$5,619 to the Council during the fiscal year ended June 30, 2013.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 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.

### 7. Change in Accounting Principles/Restatement

The City implemented Governmental Accounting Standards Board (GASB) Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and Statement 65, Items Previously Reported as Assets and Liabilities, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB Statement 65 requires that bond issuance costs, which were previously deferred and amortized, be accounted for as current expenditures retroactively. Accordingly, beginning net position for the Water and Sewer Fund was reduced by \$596,933 reflecting the write off of bond issuance costs.

CITY OF THOMASVILLE, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2013

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Funded Ratio (A/B)	Unfunded AAL (UAAL) (B-A)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
12/31/2012	\$ -	\$ 1,232,673	0.00%	\$ 1,232,673	\$ 3,015,856	40.87%
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%
12/31/2004	-	646,942	0.00%	646,942	2,280,427	28.37%
12/31/2003	-	602,827	0.00%	602,827	2,261,426	26.66%
12/31/2002	-	565,301	0.00%	565,301	2,041,082	27.70%
12/31/2001	-	525,044	0.00%	525,044	1,701,722	30.85%
12/31/2000*	-	485,343	0.00%	485,343	1,527,831	31.77%
12/31/1999	-	298,125	0.00%	298,125	1,595,075	18.69%
12/31/1998	-	286,914	0.00%	286,914	1,486,527	19.30%

\* Reflects changes in actuarial assumptions

Schedule of Employer Contributions

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2013	\$ 135,074	62.14%
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%

**CITY OF THOMASVILLE, NORTH CAROLINA**

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2013**

**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, 2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	19 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  
 SCHEDULE OF FUNDING PROGRESS  
 FOR THE YEAR ENDED JUNE 30, 2013

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 Schedule of Funding Progress
 

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Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit		Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
		(B)	(B)				
12/31/2012	\$ -	\$ 4,897,101	\$ 4,897,101	0.00%	\$ 11,027,846	44.41%	
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%	

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 Schedule of Employer Contributions
 

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Fiscal Year Ended	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2013	\$ 402,766	52.41%
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, 2012
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	8.50% - 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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Ad Valorem Taxes:</b>			
Current year - property	\$ 8,906,365	\$ 8,914,566	\$ 8,201
Prior years - property	350,000	373,078	23,078
Penalties and interest	90,000	102,383	12,383
Total	<u>9,346,365</u>	<u>9,390,027</u>	<u>43,662</u>
<b>Other Taxes and Licenses:</b>			
Local option sales tax	4,768,443	4,556,423	(212,020)
Video programming	240,000	235,266	(4,734)
Business privilege license	40,000	46,518	6,518
Solid waste disposal tax	18,972	16,864	(2,108)
Occupancy tax	74,500	85,041	10,541
Total	<u>5,141,915</u>	<u>4,940,112</u>	<u>(201,803)</u>
<b>Unrestricted Intergovernmental Revenues:</b>			
Telecommunications sales tax	225,000	224,609	(391)
Piped natural gas tax	70,000	69,599	(401)
Franchise tax	891,356	971,448	80,092
Beer and wine tax	120,000	108,204	(11,796)
Payments in lieu of taxes	16,000	18,261	2,261
ABC distributions	80,000	64,701	(15,299)
On-behalf payments:			
Fire and rescue	25,000	12,929	(12,071)
Total	<u>1,427,356</u>	<u>1,469,751</u>	<u>42,395</u>
<b>Restricted Intergovernmental Revenues:</b>			
Powell Bill	695,166	708,809	13,643
Homeland security	-	5,317	5,317
ABC distribution	4,500	8,393	3,893
Miscellaneous State grants	35,676	25,455	(10,221)
Total	<u>735,342</u>	<u>747,974</u>	<u>12,632</u>
<b>Permits and Fees:</b>			
Building permits and inspection fees	233,750	118,901	(114,849)
Total	<u>233,750</u>	<u>118,901</u>	<u>(114,849)</u>
<b>Sales and Services:</b>			
Court costs and fines	10,000	7,924	(2,076)
Recreation revenues	278,550	275,622	(2,928)
Disposal fees	752,555	728,498	(24,057)
Total	<u>1,041,105</u>	<u>1,012,044</u>	<u>(29,061)</u>
<b>Contributions</b>			
	<u>217,720</u>	<u>178,016</u>	<u>(39,704)</u>
<b>Investment Earnings</b>			
	<u>42,000</u>	<u>17,560</u>	<u>(24,440)</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Miscellaneous</b>	185,557	116,550	(69,007)
Total revenues	<u>18,371,110</u>	<u>17,990,935</u>	<u>(380,175)</u>
<b>Expenditures:</b>			
<b>General Government:</b>			
<b>Mayor and Council:</b>			
Salaries and employee benefits		69,537	
Operating expenditures		344,892	
Payment to Thomasville Tourism Commission		82,789	
Reimbursement from other funds		<u>(41,742)</u>	
Total	<u>489,940</u>	<u>455,476</u>	<u>34,464</u>
<b>Administration:</b>			
Salaries and employee benefits		266,952	
Operating expenditures		16,696	
Reimbursement from other funds		<u>(79,809)</u>	
Total	<u>214,967</u>	<u>203,839</u>	<u>11,128</u>
<b>Personnel:</b>			
Salaries and employee benefits		154,385	
Operating expenditures		9,589	
Reimbursement from other funds		<u>(45,747)</u>	
Total	<u>165,278</u>	<u>118,227</u>	<u>47,051</u>
<b>City Hall:</b>			
Salaries and employee benefits		42,790	
Operating expenditures		80,752	
Reimbursement from other funds		<u>(33,874)</u>	
Total	<u>98,428</u>	<u>89,668</u>	<u>8,760</u>
<b>Finance:</b>			
Salaries and employee benefits		298,439	
Operating expenditures		68,805	
Reimbursement from other funds		<u>(99,332)</u>	
Total	<u>273,004</u>	<u>267,912</u>	<u>5,092</u>
<b>MIS:</b>			
Salaries and employee benefits		121,249	
Operating expenditures		171,415	
Capital outlay		18,901	
Reimbursement from other funds		<u>(80,748)</u>	
Total	<u>277,722</u>	<u>230,817</u>	<u>46,905</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Legal:</b>			
Salaries and employee benefits		118,703	
Professional services		61	
Operating expenditures		6,484	
Reimbursement from other funds		(35,836)	
Total	<u>96,504</u>	<u>89,412</u>	<u>7,092</u>
<b>Tax Collection:</b>			
Contract services	<u>84,000</u>	<u>79,706</u>	<u>4,294</u>
Total	<u>84,000</u>	<u>79,706</u>	<u>4,294</u>
Total general government	<u>1,699,843</u>	<u>1,535,057</u>	<u>164,786</u>
<b>Public Works:</b>			
<b>Building:</b>			
Salaries and employee benefits		59,096	
Operating expenditures		44,984	
Total	<u>116,482</u>	<u>104,080</u>	<u>12,402</u>
<b>Engineering:</b>			
Salaries and employee benefits		267,965	
Operating expenditures		18,174	
Reimbursement from other funds		(80,790)	
Total	<u>217,915</u>	<u>205,349</u>	<u>12,566</u>
<b>Streets and Highways:</b>			
Salaries and employee benefits		433,242	
Street lighting		506,535	
Operating expenditures		171,383	
Capital outlay		54,515	
Total	<u>1,169,433</u>	<u>1,165,675</u>	<u>3,758</u>
<b>Powell Bill:</b>			
Salaries and employee benefits		409,428	
Operating expenditures		375,793	
Total	<u>998,115</u>	<u>785,221</u>	<u>212,894</u>
<b>Traffic Engineering:</b>			
Salaries and employee benefits		96,015	
Operating expenditures		23,309	
Total	<u>121,087</u>	<u>119,324</u>	<u>1,763</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Fleet Services:</b>			
Salaries and employee benefits		203,964	
Operating expenditures		30,941	
Capital outlay		3,118	
Reimbursement from other funds		(72,187)	
Total	<u>190,326</u>	<u>165,836</u>	<u>24,490</u>
<b>Solid Waste:</b>			
Salaries and employee benefits		1,232,865	
Operating expenditures		785,559	
Capital outlay		281,094	
Total	<u>2,367,023</u>	<u>2,299,518</u>	<u>67,505</u>
Total public works	<u>5,180,381</u>	<u>4,845,003</u>	<u>335,378</u>
<b>Public Safety:</b>			
<b>Police Department:</b>			
Salaries and employee benefits		4,264,685	
Operating expenditures		839,053	
Capital outlay		205,174	
Total	<u>5,332,499</u>	<u>5,308,912</u>	<u>23,587</u>
<b>Fire Department:</b>			
Salaries and employee benefits		3,487,699	
Operating expenditures		540,642	
Capital outlay		307,492	
Total	<u>4,416,802</u>	<u>4,335,833</u>	<u>80,969</u>
<b>Inspection:</b>			
Salaries and employee benefits		369,626	
Operating expenditures		63,469	
Capital outlay		18,274	
Reimbursement from other funds		(117,595)	
Total	<u>335,129</u>	<u>333,774</u>	<u>1,355</u>
<b>Radio Service:</b>			
Operating expenditures		30,843	
Reimbursement from other funds		(21,889)	
Total	<u>68,948</u>	<u>8,954</u>	<u>59,994</u>
<b>Planning and Zoning:</b>			
Salaries and employee benefits		87,927	
Operating expenditures		14,981	
Total	<u>122,632</u>	<u>102,908</u>	<u>19,724</u>
Total public safety	<u>10,276,010</u>	<u>10,090,381</u>	<u>185,629</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Cultural and Recreation:</b>			
<b>Administration:</b>			
Salaries and employee benefits		141,192	
Operating expenditures		12,196	
Total	<u>158,612</u>	<u>153,388</u>	<u>5,224</u>
<b>Organized Programs:</b>			
Salaries and employee benefits		259,606	
Operating expenditures		50,730	
Total	<u>363,068</u>	<u>310,336</u>	<u>52,732</u>
<b>Areas and Facilities:</b>			
Salaries and employee benefits		191,715	
Operating expenditures		233,432	
Capital outlay		41,958	
Total	<u>486,171</u>	<u>467,105</u>	<u>19,066</u>
Total culture and recreation	<u>1,007,851</u>	<u>930,829</u>	<u>77,022</u>
<b>Debt Service:</b>			
Principal retirement		611,650	
Interest and fees		52,516	
Total debt service	<u>664,522</u>	<u>664,166</u>	<u>356</u>
Miscellaneous expenditures	<u>209,297</u>	<u>5,839</u>	<u>203,458</u>
Total expenditures	<u>19,037,904</u>	<u>18,071,275</u>	<u>966,629</u>
Revenues over (under) expenditures	<u>(666,794)</u>	<u>(80,340)</u>	<u>586,454</u>
<b>Other Financing Sources (Uses):</b>			
Capital lease financing	520,902	478,500	
Transfers from:			
Transfers to:			
Police Restitution and Forfeitures Fund	(10,000)	(10,000)	
Public Safety Grant Fund	(55,502)	(55,502)	
Cemetery Fund	(10,000)	(10,000)	
Golf Course Enterprise Fund	(381,221)	(381,221)	
Beautification Fund	(30,000)	(30,000)	
Appropriated fund balance	<u>632,615</u>	<u>-</u>	
Total other financing sources (uses)	<u>666,794</u>	<u>(8,223)</u>	<u>(675,017)</u>
Net change in fund balance	<u>\$ -</u>	<u>(88,563)</u>	<u>\$ (88,563)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>7,135,459</u>	
End of year - June 30		<u>\$ 7,046,896</u>	

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**CITY OF THOMASVILLE, NORTH CAROLINA**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2013**

	<u>Nonmajor Special</u>		
	<u>City School Supplement Fund</u>	<u>Police Restitution and Forfeitures Fund</u>	<u>Stormwater Fund</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ -	\$ 271,280	\$ 671,922
Taxes receivable, net	196,043	-	-
Accounts receivable, net	-	-	17,409
Due from other funds	9,192	-	-
Total assets	<u>\$ 205,235</u>	<u>\$ 271,280</u>	<u>\$ 689,331</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>			
<b>Liabilities:</b>			
Accrued expenses	\$ 9,192	\$ -	\$ -
Due to other funds	-	-	-
Deposits	-	-	-
Total liabilities	<u>9,192</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable taxes	196,043	-	-
Total deferred inflows of resources	<u>196,043</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>			
Restricted:			
Stabilization by State statute	9,192	-	17,409
Restricted, all other	-	271,280	-
Assigned	-	-	671,922
Unassigned	(9,192)	-	-
Total fund balances	<u>-</u>	<u>271,280</u>	<u>689,331</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 205,235</u>	<u>\$ 271,280</u>	<u>\$ 689,331</u>

Schedule 2

Revenue Funds

<u>Cemetery Fund</u>	<u>Beautification Fund</u>	<u>Public Safety Grant Fund</u>	<u>Community Development Block Grant Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 32,137	\$ 17,107	\$ 27,459	\$ -	\$ 1,019,905
-	-	-	-	196,043
-	-	526	-	17,935
-	-	-	-	9,192
<u>\$ 32,137</u>	<u>\$ 17,107</u>	<u>\$ 27,985</u>	<u>\$ -</u>	<u>\$ 1,243,075</u>
\$ 26	\$ 31	\$ 1,681	\$ -	\$ 10,930
-	-	-	1,650	1,650
<u>1,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,800</u>
<u>1,826</u>	<u>31</u>	<u>1,681</u>	<u>1,650</u>	<u>14,380</u>
-	-	-	-	196,043
-	-	-	-	196,043
-	-	526	-	27,127
-	-	25,778	-	297,058
30,311	17,076	-	-	719,309
-	-	-	(1,650)	(10,842)
<u>30,311</u>	<u>17,076</u>	<u>26,304</u>	<u>(1,650)</u>	<u>1,032,652</u>
<u>\$ 32,137</u>	<u>\$ 17,107</u>	<u>\$ 27,985</u>	<u>\$ -</u>	<u>\$ 1,243,075</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, 2013**

	<u>Nonmajor Special</u>		
	<u>City School Supplement Fund</u>	<u>Police and Restitution and Forfeitures Fund</u>	<u>Stormwater Fund</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 1,332,379	\$ -	\$ -
Restricted intergovernmental	-	39,049	-
Permits and fees	519	-	133,229
Contributions	-	-	-
Investment earnings	-	543	1,137
Total revenues	<u>1,332,898</u>	<u>39,592</u>	<u>134,366</u>
<b>Expenditures:</b>			
Current:			
General government	1,332,898	-	38,852
Public safety	-	39,950	-
Economic and physical development	-	-	-
Capital outlay	-	26,969	-
Total expenditures	<u>1,332,898</u>	<u>66,919</u>	<u>38,852</u>
Revenues over (under) expenditures	<u>-</u>	<u>(27,327)</u>	<u>95,514</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from General Fund	-	10,000	-
Total other financing sources (uses)	<u>-</u>	<u>10,000</u>	<u>-</u>
Net change in fund balances	-	(17,327)	95,514
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>-</u>	<u>288,607</u>	<u>593,817</u>
End of year - June 30	<u>\$ -</u>	<u>\$ 271,280</u>	<u>\$ 689,331</u>

Schedule 3

**Revenue Funds**

<b>Cemetery Fund</b>	<b>Beautification Fund</b>	<b>Public Safety Grant Fund</b>	<b>Community Development Block Grant Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ 1,332,379
-	-	87,618	90,849	217,516
-	2,552	-	-	136,300
6,622	303	-	-	6,925
-	66	-	-	1,746
<u>6,622</u>	<u>2,921</u>	<u>87,618</u>	<u>90,849</u>	<u>1,694,866</u>
12,747	40,759	-	-	1,425,256
-	-	125,486	-	165,436
-	-	-	90,993	90,993
-	-	-	-	26,969
<u>12,747</u>	<u>40,759</u>	<u>125,486</u>	<u>90,993</u>	<u>1,708,654</u>
<u>(6,125)</u>	<u>(37,838)</u>	<u>(37,868)</u>	<u>(144)</u>	<u>(13,788)</u>
<u>10,000</u>	<u>30,000</u>	<u>55,502</u>	<u>-</u>	<u>105,502</u>
<u>10,000</u>	<u>30,000</u>	<u>55,502</u>	<u>-</u>	<u>105,502</u>
3,875	(7,838)	17,634	(144)	91,714
<u>26,436</u>	<u>24,914</u>	<u>8,670</u>	<u>(1,506)</u>	<u>940,938</u>
<u>\$ 30,311</u>	<u>\$ 17,076</u>	<u>\$ 26,304</u>	<u>\$ (1,650)</u>	<u>\$ 1,032,652</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Ad Valorem Taxes:</b>			
Current year - property	\$ 1,308,207	\$ 1,266,980	\$ (41,227)
Prior years - property	53,000	65,399	12,399
Miscellaneous revenue	500	519	19
Total revenues	<u>1,361,707</u>	<u>1,332,898</u>	<u>(28,809)</u>
<b>Expenditures:</b>			
<b>General Government:</b>			
Operating expenditures	<u>1,361,707</u>	<u>1,332,898</u>	<u>28,809</u>
Total expenditures	<u>1,361,707</u>	<u>1,332,898</u>	<u>28,809</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Restricted Intergovernmental:</b>			
Forfeitures and restitution	\$ 65,625	\$ 36	\$ (65,589)
Controlled substance tax	8,000	39,013	31,013
Investment earnings	-	543	543
Total revenues	<u>73,625</u>	<u>39,592</u>	<u>(34,033)</u>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Public Safety:</b>			
Current operating	59,125	39,950	19,175
Capital outlay	24,500	26,969	(2,469)
Total expenditures	<u>83,625</u>	<u>66,919</u>	<u>16,706</u>
Revenues over (under) expenditures	<u>(10,000)</u>	<u>(27,327)</u>	<u>(17,327)</u>
<b>Other Financing Sources (Uses):</b>			
Transfer from General Fund	10,000	10,000	-
Total other financing sources (uses)	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(17,327)</u>	<u>\$ (17,327)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>288,607</u>	
End of year - June 30		<u>\$ 271,280</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Permits and fees			
Stormwater fees	\$ 93,380	\$ 133,229	\$ 39,849
Investment earnings	-	1,137	1,137
Total revenues	<u>93,380</u>	<u>134,366</u>	<u>40,986</u>
<b>Expenditures:</b>			
<b>General Government:</b>			
Current operating	<u>93,380</u>	<u>38,852</u>	<u>54,528</u>
Total expenditures	<u>93,380</u>	<u>38,852</u>	<u>54,528</u>
Net change in fund balance	<u>\$ -</u>	95,514	<u>\$ 95,514</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>593,817</u>	
End of year - June 30		<u>\$ 689,331</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Contributions	\$ -	\$ 6,622	\$ 6,622
Total revenues	<u>-</u>	<u>6,622</u>	<u>6,622</u>
<b>Expenditures:</b>			
<b>General Government:</b>			
Current operating	12,900	12,747	153
Capital outlay	<u>11,855</u>	<u>-</u>	<u>11,855</u>
Total expenditures	<u>24,755</u>	<u>12,747</u>	<u>12,008</u>
Revenues over (under) expenditures	<u>(24,755)</u>	<u>(6,125)</u>	<u>18,630</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	14,755	-	(14,755)
Transfer from General Fund	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total other financing sources (uses)	<u>24,755</u>	<u>10,000</u>	<u>(14,755)</u>
Net change in fund balance	<u>\$ -</u>	<u>3,875</u>	<u>\$ 3,875</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>26,436</u>	
End of year - June 30		<u>\$ 30,311</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Sales and rents	\$ -	\$ 2,552	\$ 2,552
Contributions	-	303	303
Total operating revenues	<u>-</u>	<u>2,855</u>	<u>2,855</u>
Non-operating revenues:			
Investment earnings	<u>100</u>	<u>66</u>	<u>(34)</u>
Total revenues	<u>100</u>	<u>2,921</u>	<u>2,821</u>
<b>Expenditures:</b>			
Current operating:			
General government	<u>43,318</u>	<u>40,759</u>	<u>2,559</u>
Revenues over (under) expenditures	<u>(43,218)</u>	<u>(37,838)</u>	<u>5,380</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in - General Fund	30,000	30,000	-
Appropriated fund balance	<u>13,218</u>	<u>-</u>	<u>(13,218)</u>
Total other financing sources (uses)	<u>43,218</u>	<u>30,000</u>	<u>(13,218)</u>
Net change in fund balance	<u>\$ -</u>	<u>(7,838)</u>	<u>\$ (7,838)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>24,914</u>	
End of year - June 30		<u>\$ 17,076</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, 2013**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Closed Project</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	16,438	3,582	-	20,020
Justice Assistance Grant (11)	15,947	15,394	553	-	15,947
Justice Assistance Grant (12)	13,179	-	11,758	-	11,758
Governor's Highway Safety Grant	316,590	128,089	71,725	-	199,814
Total revenues	<u>366,314</u>	<u>391,757</u>	<u>87,618</u>	<u>(231,836)</u>	<u>247,539</u>
<b>Expenditures:</b>					
<b>Justice Assistance Grant (08):</b>					
Equipment	-	188,541	-	(188,541)	-
<b>Justice Assistance Grant (09):</b>					
Equipment	-	43,295	-	(43,295)	-
<b>Justice Assistance Grant (10):</b>					
Equipment	20,598	16,438	3,582	-	20,020
<b>Justice Assistance Grant (11):</b>					
Equipment	15,947	15,394	553	-	15,947
<b>Justice Assistance Grant (12):</b>					
Equipment	13,179	-	11,758	-	11,758
<b>Governor's Highway Safety Grant:</b>					
Equipment	434,155	181,482	109,593	-	291,075
Total expenditures	<u>483,879</u>	<u>445,150</u>	<u>125,486</u>	<u>(231,836)</u>	<u>338,800</u>
Revenues over (under) expenditures	<u>(117,565)</u>	<u>(53,393)</u>	<u>(37,868)</u>	<u>-</u>	<u>(91,261)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from General Fund	117,565	62,063	55,502	-	117,565
Total other financing sources (uses)	<u>117,565</u>	<u>62,063</u>	<u>55,502</u>	<u>-</u>	<u>117,565</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 8,670</u>	<u>\$ 17,634</u>	<u>\$ -</u>	<u>\$ 26,304</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, 2013

	<u>Project Authorization</u>	<u>Actual</u>			<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Closed Projects</u>		
<b>Revenues:</b>						
<b>Restricted Intergovernmental:</b>						
Scattered Site Housing	\$ 400,000	\$ 334,420	\$ 44,739	\$ -	\$ 379,159	\$ (20,841)
Individual Development Program	50,000	-	6,000		6,000	(44,000)
Building Re-Use Grant	260,000	969,890	40,110	(750,000)	260,000	-
Total revenues	<u>710,000</u>	<u>1,304,310</u>	<u>90,849</u>	<u>(750,000)</u>	<u>645,159</u>	<u>(64,841)</u>
<b>Expenditures:</b>						
<b>General Government:</b>						
<b>Scattered Site Housing:</b>						
Operating expenditures	<u>400,000</u>	<u>334,070</u>	<u>44,739</u>	<u>-</u>	<u>378,809</u>	<u>21,191</u>
<b>Individual Development Program:</b>						
Operating expenditures	<u>50,000</u>	<u>2,000</u>	<u>6,000</u>	<u>-</u>	<u>8,000</u>	<u>42,000</u>
<b>Building Re-Use Grant:</b>						
Operating expenditures	<u>260,000</u>	<u>969,746</u>	<u>40,254</u>	<u>(750,000)</u>	<u>260,000</u>	<u>-</u>
Total expenditures	<u>710,000</u>	<u>1,305,816</u>	<u>90,993</u>	<u>(750,000)</u>	<u>646,809</u>	<u>63,191</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,506)</u>	<u>\$ (144)</u>	<u>\$ -</u>	<u>\$ (1,650)</u>	<u>\$ (144)</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Water and sewer charges	\$ 10,004,908	\$ 10,186,738	\$ 181,830
Connection fees:			
Water and sewer taps	50,000	31,725	(18,275)
Reconnection fees	<u>175,000</u>	<u>142,305</u>	<u>(32,695)</u>
Total connection fees	<u>225,000</u>	<u>174,030</u>	<u>(50,970)</u>
Total charges for services and connection fees	<u>10,229,908</u>	<u>10,360,768</u>	<u>130,860</u>
Other operating revenues	<u>558,885</u>	<u>585,228</u>	<u>26,343</u>
Total operating revenues	<u>10,788,793</u>	<u>10,945,996</u>	<u>157,203</u>
Non-operating revenues:			
Miscellaneous	1,492	2,711	1,219
Interest earned on investments	<u>10,000</u>	<u>5,752</u>	<u>(4,248)</u>
Total non-operating revenues	<u>11,492</u>	<u>8,463</u>	<u>(3,029)</u>
Total revenues	<u>10,800,285</u>	<u>10,954,459</u>	<u>154,174</u>
<b>Expenditures:</b>			
<b>Administration:</b>			
Salaries and employee benefits	96,749	93,049	3,700
Administrative fees	7,470	7,470	-
Other departmental expenditures	<u>5,480</u>	<u>4,600</u>	<u>880</u>
Total administration	<u>109,699</u>	<u>105,119</u>	<u>4,580</u>
<b>Billing and Collection:</b>			
Salaries and employee benefits	235,118	232,864	2,254
Telephone and postage	47,021	46,743	278
Administrative fees	50,017	100,268	(50,251)
Contract services	49,625	45,515	4,110
Other departmental expenditures	<u>88,862</u>	<u>44,820</u>	<u>44,042</u>
Total billing and collection	<u>470,643</u>	<u>470,210</u>	<u>433</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Meter Service:</b>			
Salaries and employee benefits	152,038	161,732	(9,694)
Supplies	1,835	1,716	119
Administrative fees	14,328	14,328	-
Other departmental expenditures	34,771	23,972	10,799
Capital outlay	19,806	19,806	-
Total meter service	<u>222,778</u>	<u>221,554</u>	<u>1,224</u>
<b>Water Treatment Plant:</b>			
Salaries and employee benefits	452,590	449,744	2,846
Utilities	182,123	161,151	20,972
Supplies and maintenance materials	257,100	210,338	46,762
Repairs and maintenance	205,231	104,555	100,676
Administrative fees	146,497	146,497	-
Other departmental expenditures	113,213	80,150	33,063
Capital outlay	252,209	29,885	222,324
Total water treatment plant	<u>1,608,963</u>	<u>1,182,320</u>	<u>426,643</u>
<b>Construction and Maintenance:</b>			
Salaries and employee benefits	550,567	597,474	(46,907)
Supplies and maintenance materials	284,962	219,025	65,937
Repairs and maintenance	66,614	58,300	8,314
Contract services	255,303	188,802	66,501
Administrative fees	122,439	122,439	-
Other departmental expenditures	205,792	130,248	75,544
Capital outlay	279,302	58,710	220,592
Total construction and maintenance	<u>1,764,979</u>	<u>1,374,998</u>	<u>389,981</u>
<b>Waste Treatment Plant:</b>			
Salaries and employee benefits	672,323	683,041	(10,718)
Utilities	270,572	260,723	9,849
Supplies and maintenance materials	85,087	66,341	18,746
Repairs and maintenance	176,492	217,715	(41,223)
Contract services	368,062	348,526	19,536
Administrative fees	390,798	390,799	(1)
Other departmental expenditures	118,618	102,526	16,092
Capital outlay	246,453	112,834	133,619
Total waste treatment plant	<u>2,328,405</u>	<u>2,182,505</u>	<u>145,900</u>
Contribution to joint venture	<u>38,548</u>	<u>36,218</u>	<u>2,330</u>
Miscellaneous	<u>92,291</u>	<u>-</u>	<u>92,291</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Debt Service:</b>			
Principal retirement	2,916,584	2,880,639	35,945
Interest and fees	1,185,922	1,185,092	830
Total debt service	<u>4,102,506</u>	<u>4,065,731</u>	<u>36,775</u>
 Total expenditures	 <u>10,738,812</u>	 <u>9,638,655</u>	 <u>1,100,157</u>
 Revenues over (under) expenditures	 <u>61,473</u>	 <u>1,315,804</u>	 <u>1,254,331</u>
<b>Other Financing Sources (Uses):</b>			
Installment financing	223,000	223,000	-
Transfer to Water and Sewer Capital Reserve Fund	(300,000)	(300,000)	-
Transfer to Water and Sewer Capital Projects Fund	(272,294)	(272,294)	-
Appropriated retained earnings	287,821	-	(287,821)
Total other financing sources (uses)	<u>(61,473)</u>	<u>(349,294)</u>	<u>(287,821)</u>
 Revenues and other financing sources over (under) expenditures and other financing uses	 <u>\$ -</u>	 <u>\$ 966,510</u>	 <u>\$ 966,510</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>\$ 966,510</u>	
<b>Reconciling items:</b>			
Payment of debt principal		2,880,639	
Depreciation and amortization		(3,244,278)	
Capital outlay expenditures		224,734	
Capital project fund expenditures not capitalized		(37,779)	
Transfer to Capital Reserve Fund		300,000	
Transfer to Water Capital Project Fund		272,294	
Installment financing issued		(223,000)	
Capital Project fund revenues		20,171	
Other post-employment benefits		(33,131)	
Investment earnings in capital reserve		966	
Change in joint venture investment		1,049	
Total reconciling items		<u>161,665</u>	
 Change in net position		 <u>\$ 1,128,175</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, 2013

	Project Authorization	Actual			Total to Date	Variance Over/Under
		Prior Years	Current Year	Closed Projects		
<b>Revenues:</b>						
Sales tax refund	\$ -	\$ 11,376	20,171	\$ -	\$ 31,547	\$ 31,547
Investment earnings	-	1	-	(1)	-	-
Total revenues	-	11,377	20,171	(1)	31,547	31,547
<b>Expenditures:</b>						
North Hamby Creek Outfall Sewer Project - engineering	446,246	-	-	-	-	446,246
North Hamby Creek Outfall Sewer Project - contingency	246,282	-	-	-	-	246,282
North Hamby Creek Outfall Sewer Project - construction	2,462,817	-	-	-	-	2,462,817
Fairgrove Water Main Improvement - engineering	167,372	-	76,454	-	76,454	90,918
Fairgrove Water Main Improvement - contingency	36,816	-	-	-	-	36,816
Fairgrove Water Main Improvement - construction	1,159,717	-	778,189	-	778,189	381,528
Northside Pump Station - engineering	56,100	-	10,500	-	10,500	45,600
Northside Pump Station - contingency	57,500	-	-	-	-	57,500
Northside Pump Station - construction	644,948	-	-	-	-	644,948
Baptist Children's Home Collector Line - engineering	80,565	42,645	-	-	42,645	37,920
Baptist Children's Home Collector Line - contingency	43,577	-	-	-	-	43,577
Baptist Children's Home Collector Line - construction	418,424	513,467	-	-	513,467	(95,043)
Total project expenditures	5,820,364	556,112	865,143	-	1,421,255	4,399,109
<b>Debt service:</b>						
Interest and fees	-	289,144	-	(289,144)	-	-
Bond issuance costs	1,580,000	293,102	-	(293,102)	-	1,580,000
Total debt service	1,580,000	582,246	-	(582,246)	-	1,580,000
Total expenditures	7,400,364	1,138,358	865,143	(582,246)	1,421,255	5,979,109
Revenues over (under) expenditures	(7,400,364)	(1,126,981)	(844,972)	582,245	(1,389,708)	(5,947,562)

**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, 2013**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Closed Projects</u>		
<b>Other Financing Sources (Uses):</b>						
State revolving loan	5,248,070	521,273	771,018	(1)	1,292,290	3,955,780
Bond issue	12,500,000	10,745,000	-	(10,745,000)	-	12,500,000
Bond premium	-	757,244	-	(757,244)	-	-
Payment to refunded bond escrow agent	(10,920,000)	(10,920,000)	-	10,920,000	-	(10,920,000)
Transfers from Water Sewer Fund	<u>572,294</u>	<u>35,000</u>	<u>272,294</u>	<u>-</u>	<u>307,294</u>	<u>265,000</u>
Total other financing sources (uses)	<u>7,400,364</u>	<u>1,138,517</u>	<u>1,043,312</u>	<u>(582,245)</u>	<u>1,599,584</u>	<u>(5,800,780)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 11,536</u>	<u>\$ 198,340</u>	<u>\$ -</u>	<u>\$ 209,876</u>	<u>\$ 209,876</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 966	\$ 966
Total revenues	<u>-</u>	<u>966</u>	<u>966</u>
<b>Other Financing Sources (Uses):</b>			
Transfers:			
From Water and Sewer Fund	300,000	300,000	-
To Water and Sewer Fund	<u>(300,000)</u>	<u>-</u>	<u>300,000</u>
Total other financing sources (uses)	<u>-</u>	<u>300,000</u>	<u>300,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 300,966</u>	<u>\$ 300,966</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues			
Charges for services	\$ 660,511	\$ 548,733	\$ (111,778)
Miscellaneous	2,152	4,097	1,945
Total revenues	<u>662,663</u>	<u>552,830</u>	<u>(109,833)</u>
<b>Expenditures:</b>			
<b>Golf Course Clubhouse:</b>			
Salaries and employee benefits	145,269	138,608	6,661
Other departmental expenditures	80,497	59,945	20,552
Total golf course clubhouse	<u>225,766</u>	<u>198,553</u>	<u>27,213</u>
<b>Golf Course Maintenance:</b>			
Salaries and employee benefits	304,745	292,837	11,908
Other departmental expenditures	168,824	134,643	34,181
Total course maintenance	<u>473,569</u>	<u>427,480</u>	<u>46,089</u>
<b>Debt Service:</b>			
Debt principal	332,187	332,187	-
Interest	7,362	5,672	1,690
Total debt service	<u>339,549</u>	<u>337,859</u>	<u>1,690</u>
Total expenditures	<u>1,038,884</u>	<u>963,892</u>	<u>74,992</u>
Revenues over (under) expenditures	(376,221)	(411,062)	(34,841)
<b>Other Financing Sources (Uses):</b>			
Transfer from General Fund	381,221	381,221	-
Contingency	(5,000)	-	5,000
Total other financing sources (uses)	<u>376,221</u>	<u>381,221</u>	<u>5,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (29,841)</u>	<u>\$ (29,841)</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, 2013**

	<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		\$ (29,841)	
Reconciling items:			
Depreciation		(246,882)	
Other post-employment benefits		(6,261)	
Debt principal		<u>332,187</u>	
Total reconciling items		<u>79,044</u>	
Change in net position		<u>\$ 49,203</u>	

## CITY OF THOMASVILLE, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND  
JUNE 30, 2013

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2012</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2013</u>
2012-2013	\$ -	\$ 9,598,137	\$ 9,051,449	\$ 546,688
2011-2012	563,639	-	254,536	309,103
2010-2011	279,682	-	41,500	238,182
2009-2010	219,209	-	31,991	187,218
2008-2009	74,809	-	20,003	54,806
2007-2008	110,138	-	4,431	105,707
2006-2007	59,873	-	1,685	58,188
2005-2006	37,297	-	3,326	33,971
2004-2005	42,318	-	446	41,872
2003-2004	62,582	-	4,210	58,372
2002-2003	<u>37,455</u>	<u>-</u>	<u>37,455</u>	<u>-</u>
Total	<u>\$ 1,487,002</u>	<u>\$ 9,598,137</u>	<u>\$ 9,451,032</u>	1,634,107
Less allowance for uncollectible ad valorem taxes receivable				<u>845,000</u>
<b>Ad Valorem Taxes Receivable, Net</b>				
General Fund				<u>\$ 789,107</u>
<b>Reconciliation With Revenues:</b>				
Ad valorem taxes - General Fund				\$ 9,390,027
Amounts written off per statute limitations				(37,455)
Collection of prior taxes written off				10,726
Discounts allowed				85,600
Releases allowed				40,323
Interest and penalties collected				<u>(38,189)</u>
Total collections and credits				<u>\$ 9,451,032</u>

## CITY OF THOMASVILLE, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2013

	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	\$ 1,620,555,132	\$ 0.56	\$ 9,192,757	\$ 8,601,545	\$ 591,212
Registered motor vehicles taxed at prior year's taxes	25,620,688	0.56	143,516	-	143,516
Total	<u>1,646,175,820</u>		<u>9,336,273</u>	<u>8,601,545</u>	<u>734,728</u>
<b>Discoveries:</b>					
Current year taxes	<u>46,761,380</u>		<u>261,864</u>	<u>261,864</u>	<u>-</u>
Total property valuation	<u>\$ 1,692,937,200</u>	(a)			
<b>Net Levy</b>			9,598,137	8,863,409	734,728
Less uncollected taxes at June 30, 2013			<u>546,688</u>	<u>410,770</u>	<u>135,918</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 9,051,449</u>	<u>\$ 8,452,639</u>	<u>\$ 598,810</u>
<b>Current Levy Collection Percentage</b>			<u>94.30%</u>	<u>95.37%</u>	<u>81.50%</u>
(a) Total property valuation consists of the following:					
Real property	\$ 1,354,000,864				
Personal property	298,432,827				
Public utilities property	<u>40,503,509</u>				
Total	<u>\$ 1,692,937,200</u>				

## CITY OF THOMASVILLE, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - CITY SCHOOL FUND  
JUNE 30, 2013

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2012</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2013</u>
2012-2013	\$ -	\$ 1,381,187	\$ 1,266,980	\$ 114,207
2011-2012	118,074	-	46,985	71,089
2010-2011	59,544	-	8,792	50,752
2009-2010	69,384	-	6,961	62,423
2008-2009	107,932	-	3,751	104,181
2007-2008	11,778	-	327	11,451
2006-2007	31,672	-	259	31,413
2005-2006	45,795	-	86	45,709
2004-2005	22,196	-	3	22,193
2003-2004	24,002	-	1,377	22,625
2002-2003	14,774	-	14,774	-
Total	<u>\$ 505,151</u>	<u>\$ 1,381,187</u>	<u>\$ 1,350,295</u>	536,043
Less allowance for uncollectible ad valorem taxes receivable				<u>340,000</u>
<b>Ad Valorem Taxes Receivable, Net</b>				
City School Fund				<u>\$ 196,043</u>
<b>Reconciliation With Revenues:</b>				
Ad valorem taxes - City School Supplement Fund			\$ -	
Amounts written off per statute limitations				(14,774)
Collection of prior taxes written off				2,644
Releases allowed				9,468
Interest and penalties collected				<u>20,578</u>
Total collections and credits				<u>\$ 17,916</u>

## CITY OF THOMASVILLE, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - CITY SCHOOL FUND  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>City-Wide</u>		<u>Total Levy</u>		
	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
<b>Original Levy:</b>					
Total property taxed at current year's rate	\$ 756,565,467	\$ 0.18	\$ 1,361,818	\$ 1,284,275	\$ 77,543
Registered motor vehicles taxed at prior year's rate	<u>10,760,689</u>	0.18	<u>19,369</u>	<u>-</u>	<u>19,369</u>
Total	<u>767,326,156</u>		<u>1,381,187</u>	<u>1,284,275</u>	<u>96,912</u>
Total property valuation	<u>\$ 767,326,156</u>				
<b>Net Levy</b>			1,381,187	1,284,275	96,912
Less uncollected taxes at June 30, 2013			<u>114,207</u>	<u>89,051</u>	<u>25,156</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 1,266,980</u>	<u>\$ 1,195,224</u>	<u>\$ 71,756</u>
<b>Current Levy Collection Percentage</b>			<u>91.73%</u>	<u>93.07%</u>	<u>74.04%</u>

## CITY OF THOMASVILLE, NORTH CAROLINA

PROPERTY VALUATION AND LEVY OF TOP TEN COMPANIES  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Real Value</u>	<u>Personal Value</u>	<u>Total Value</u>	<u>City Levy</u>	<u>School Levy</u>
Unilin Flooring NC, LLC	\$ 22,053,610	\$ 35,366,292	\$ 57,419,902	\$ 321,551	\$ -
Duke Power Company	-	30,425,256	30,425,256	96,039	23,896
TFI, Inc.	14,534,820	9,642,438	24,177,258	135,393	34,229
Old Dominion Freight Lines Inc.	5,266,900	12,552,067	17,818,967	99,787	-
Wal-Mart Stores East LP	13,176,120	1,847,889	15,024,009	84,134	-
North State Telephone Co.	-	11,485,625	11,485,625	51,492	4,129
Brass Craft MFG	2,859,700	8,442,858	11,302,558	63,294	20,344
Parkdale America LLC	3,202,350	5,476,070	8,678,420	48,599	15,621
Exopack-Thomasville	-	8,531,550	8,531,550	47,777	15,357
Hydro Conduit Corp.	5,103,050	1,925,884	7,028,934	39,362	12,652
Total	<u>\$ 66,196,550</u>	<u>\$ 125,695,929</u>	<u>\$ 191,892,479</u>	<u>\$ 987,428</u>	<u>\$ 126,228</u>

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

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

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

### **Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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 as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Thomasville's basic financial statements, and have issued our report thereon dated September 30, 2013. Our report includes a reference to other auditors who audited the financial statements of the City of Thomasville Board of Education, as described in our report on the City of Thomasville's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the City of Thomasville ABC Board and the Thomasville Tourism Commission were not audited in accordance with *Governmental Auditing Standards*.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of the internal control over financial reporting was for limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, NC  
September 30, 2013

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

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

## **Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; In Accordance With OMB Circular A-133 And The State Single Audit Implementation Act**

### **Independent Auditor's Report**

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

#### **Report On Compliance for Each Major State Program**

We have audited the City of Thomasville, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the City of Thomasville's major State programs for the year ended June 30, 2013. The City of Thomasville's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

#### **Management's Responsibility**

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

#### **Auditor's Responsibility**

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

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

### **Opinion On Each Major State Program**

In our opinion, the City of Thomasville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2013.

### **Report On Internal Control Over Compliance**

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

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

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

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

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, NC  
September 30, 2013

**CITY OF THOMASVILLE, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**1. Summary of Auditor's Results**

**Financial Statements:**

Type of auditor's report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(s) identified that are not considered to be material weaknesses? No

Non-compliance material to financial statements noted? No

**State Awards:**

Internal control over major State programs:

- Material weakness(es) identified? No
- Significant deficiency(s) identified that are not considered to be material weaknesses? No

Type of auditors' report issued on compliance for major State programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? No

Identification of major State programs:

**Program Name**

Powell Bill

**CITY OF THOMASVILLE, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**2. Financial Statements Findings**

None reported.

**3. State Award Findings and Questioned Costs**

None reported

**CITY OF THOMASVILLE, NORTH CAROLINA**

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2013**

No prior year findings.

**CITY OF THOMASVILLE, NORTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
<b>Federal Awards:</b>				
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Passed-through N.C. Department of Commerce:				
Community Development Block Grant, Scattered Site Housing	14.900	09-C-2007	\$ 44,739	
Community Development Block Grant, Individual Development Program	14.169	10-C-2183	8,000	
Community Development Block Grant, Re-use Project	14.228	10-E-2163	40,254	
<b><u>U.S. Department of Justice, Bureau of Justice Assistance</u></b>				
2010 Justice Assistance Grant	16.738	2010-DJ-BX-0358	3,582	
2011 Justice Assistance Grant	16.738	2011-DJ-BX-3117	553	
2012 Justice Assistance Grant	16.738	2012-DJ-BX-0360	11,758	
<b>State Grants:</b>				
<b><u>N.C. Department of Transportation</u></b>				
Governors Highway Safety		PT-12-03-04-42	\$ 21,367	
Governors Highway Safety		PT-13-03-04-16	77,894	
Governors Highway Safety-Bike Safety Grant		K6-13-09-05	10,331	
Powell Bill	DOT-4	32570	-	708,809
Total Federal grants			<u>\$ 108,886</u>	
Total State grants				<u>\$ 818,401</u>

**Notes to the Schedule of Expenditures of Federal and State Awards:**

(1) Basis of Presentation:

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