

Town of Weaverville

North Carolina



Weaverville Town Hall, Weaverville North Carolina

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2011

TOWN OF WEAVERVILLE
North Carolina

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Fiscal Year Ended June 30, 2011

Town Council

Al Root, Mayor

Dottie Sherrill

Walt Currie

Gene Knoefel

Doug Jackson

Doug Dearth

Town Manager
James Michael Boaz

Prepared Under The Direction of:
Finance Officer
Jim McMillan

TOWN OF WEAVERVILLE, NORTH CAROLINA
Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	I-VII
Organization Chart	VIII-XI
List of Principal Officials	XII
Certificate of Achievement for Excellence in Financial Reporting	XIII
 FINANCIAL SECTION	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	16
Statement of Net Assets – Proprietary Fund	17
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Fund	18
Statement of Cash Flows – Proprietary Fund	19
Notes to Financial Statements	21-46
Required Supplemental Financial Data:	
Law Enforcement Officers' Special Separation Allowance – Analysis of Funding Progress	47
Law Enforcement Officers' Special Separation Allowance – Schedule of Employer Contributions	48
Law Enforcement Officers' Special Separation Allowance Notes to the Required Schedules	48

Table of Contents - continued

	<u>Page</u>
Other Postemployment Benefits – Schedule of Funding Progress	49
Other Postemployment Benefits – Schedule of Employer Contributions	50
Other Postemployment Benefits – Notes to the Required Schedules	50
 Individual Fund Statements and Schedules:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	51-54
Schedules of Revenues and Expenditures – Budget and Actual –Water and Sewer Fund	55-56
 Other Schedules:	
Schedule of Ad Valorem Taxes Receivable	57
Analysis of Current Tax Levy – City-wide Levy	58
 STATISTICAL SECTION	
Net Assets by Component, Last Seven Fiscal Years	60-61
Changes in Net Assets, Last Seven Fiscal Years	62-65
Fund Balances of Governmental Funds	67
Changes in Fund Balances of Governmental Funds	68-69
General Governmental Revenues by Source	70
Assessed Value of Taxable Property	71
Property Tax Rates – Direct and All Overlapping Governments	72
Principal Property Tax Payers	73
Property Tax Levies and Collections	74
Ratios of Outstanding Debt by Type	75
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures	76
Computation of Direct and Underlying Debt	77
Legal Debt Margin	78
Demographic and Economic Statistics	79
Principal Employers	80
Full-time Equivalent Town Government Employees by Function/Program	81
Operating Indicators by Function/Program	82-83
Capital Asset Statistics by Function/Program	84



Al Root, *Mayor*

Town of Weaverville

A Good Place For Your Home

P.O. BOX 338 • WEAVERVILLE, NC 28787

(828) 645-7116 • Fax (828) 645-4776

Website: www.weavervillenc.org

Walter Currie
Council Member

Doug Dearth
Council Member

Gene Knoefel
Council Member

John Penley
Council Member

Dottie Sherrill
Council Member

Letter of Transmittal

November 21, 2011

To the Honorable Mayor Root, members of the Weaverville Town Council and the Citizens of the Town of Weaverville:

The Local Government Commission of the North Carolina State Treasurer's Office requires all general purpose local governments to file with their office by October 31 of each year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Town of Weaverville, North Carolina for the fiscal year ending June 30, 2011.

The report consists of management's representations concerning the finances of the Town of Weaverville. Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient information for the preparation of the Town of Weaverville's financial statements in conformity with GAAP. The Town of Weaverville's internal control framework has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The financial statements contained herein have been audited by Johnson Price & Sprinkle PA, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Weaverville for the fiscal year ended June 30, 2011 are free of material misstatement. The independent audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent audit for the fiscal year ended June 30, 2011 concluded that there was reasonable basis for rendering an unqualified opinion of the Town of Weaverville's financial statements and that they are fairly presented in conformity with GAAP.

The independent auditor's report is presented as the first component of the financial section of this report. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statement in the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Town Profile

Weaverville is located in the mountains of Western North Carolina in the northern section of Buncombe County 10 miles north of Asheville. The Town is situated on a ridge that borders the picturesque Reems Creek Valley shadowed by the Blue Ridge Mountains. This mountainous area was settled more than two hundred years ago by courageous pioneers who came to build homes and farm the land. The Town was officially founded in 1875.

Weaverville prides itself in providing its current population of 3,216 citizens with convenient and reliable city services while maintaining its small town friendly atmosphere. The full range of services include police and fire protection; garbage and recycling collection; street maintenance; parks and recreation; water production and distribution.

Demographic Characteristics

The United States Department of Commerce, Bureau of the Census, has recorded the population of the Town to be as follows:

<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>
1,495	2,107	2,517	3,120

The North Carolina Office of State Budget and Management has estimated the population of the Town to be 3,674.

Population growth remains a consistent and stable contributor to the local economy. The Asheville metro / Weaverville is distinct in that more than 90% of local population growth is from in-migration, the remaining from births over deaths. Other North Carolina communities supply about 40% of in-migrants. Florida tops the states with the highest number of in-migrants, accounting for about 12% of the total.

Weaverville and the Asheville Metro area have not been immune from the national housing crisis. However, Weaverville and Western North Carolina are beginning to show improvement. While moderate improvements have been made, challenges still lie ahead. Weaverville housing numbers on the overall market tell two very different stories. Sales in the lower price ranges, under 250 thousand dollars, are up nationwide and inventory in this price range has been depleted in many markets and are at normal levels in Western North Carolina. (Six months of inventory is considered a balanced market.) Sales in the moderate to upper price ranges however have continued to languish. In fact sales nationwide for price points above 250 thousand dollars are down significantly. This is also the case for properties over one million dollars.

Governmental Structure

The Town of Weaverville has a council/manager form of government. Policy making and legislative authority are vested in the governing Board of Town Council consisting of a mayor and five council members that serve staggered four-year terms. The Town Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the Town Manager and Town Attorney. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council and for overseeing the day-to-day operations of the government.

Vision for the Town of Weaverville, North Carolina

The Weaverville Town Council has established the following "Vision of the Town":

Weaverville will maintain its small town and neighborly atmosphere while actively managing the growth that is inevitable near a larger city. We will maintain Weaverville as a distinctive Town with a vital Main Street as its focus. Our town will be attractive to both young and old with a wide range of housing choices at a variety of prices. Neighborhoods and business areas are key building blocks of our community. We will reserve areas for both types of uses while buffering each from the other. We seek an attractive town that is well landscaped and accessible to pedestrians. We will create a favorable atmosphere for the right type of business and industry, those that are clean and provide a good living for our residents. The services expected from the Town are sidewalks, parks, green spaces, and well run utility and emergency services. To develop this vision we intend to assertively use zoning, subdivision regulations, extraterritorial planning authority and annexation.

Services Provided By the Town of Weaverville

The following services were provided by the Town during the past year.

Administration:

- Professional Services
- Zoning and Subdivision Enforcement
- Water Administration
- Tax Collection
- Finance

Police:

- Patrol
- Criminal Investigation
- Auxiliary Force
- Community Policing

Fire:

- Fire Suppression
- Investigations/Inspections First Responder
- Public Education
- Training/Safety

Public Works:

Sanitation
Curbside Garbage Collection
Curbside Recycling
Appliance Collection
Recycle Collection
Leaf Collection
Brush Collection

Streets:

Street and Sidewalk Construction
Asphalt Patching
Street Cleaning
Storm Drainage
Right of Way Mowing
Parking Lot Maintenance
Snow and Ice Removal
Street Lighting

Recreation:

Lake Louise Park
Lake Aeration

Water Department:

Water Treatment
Water System Distribution
Water Service Installation
Water Billing
Water Operation, Administration, Maintenance Cross-
Connection Control

Strategic Long-Term Planning Goals

These goals were established by the Weaverville Town Council:

- ◆ To provide for the orderly development of the Town of Weaverville, improving upon those conditions which detract from quality urban development while protecting and promoting those characteristics which contribute to or enhance desirable growth;
- ◆ To promote the stability of existing residential neighborhoods while providing for a diversity of housing alternatives to meet the needs of all age and income groups;
- ◆ To promote an economy with an appropriate balance of industry, business and services, developed in harmony with the environment and the Town's residential character;
- ◆ To improve the provision of public facilities and services which will benefit the residents of Weaverville; and
- ◆ To continue to promote the distinct community identity of the Town of Weaverville within the county, the region and the state.

Budget Process

The annual budget serves as the foundation of the Town of Weaverville's financial planning and control. All departments are required to submit requests to the manager, as the budget officer per State law, on or before the last day of April of each year. The manager then uses these requests as the starting point for developing a proposed budget which must be submitted to the Town Council by each June 1. The Town Council is required to hold at least one public hearing on the proposed budget and must adopt a final budget by no later than each June 30, the close of the fiscal year. The appropriated budget ordinance, as amended by the governing body, creates a legal limit on spending authorizations. For the Town of Weaverville, annual budgets are adopted for the General and Enterprise funds. Multiyear project budgets are adopted for all Capital Projects funds. For internal accounting purposes, budgetary control is maintained by line item account (object class).

Factors Affecting Weaverville's Financial Condition

The continued anemic economic recovery from the nationwide recession of 2007-2009 continues to impact the economy of North Carolina, Buncombe County, and the Town of Weaverville. The Town, located along I-26 in Western North Carolina, has historically been a much sought after location for folks looking to relocate and build homes. This growth in housing has been all but stalled by the recent recession.

In addition, the Town's largest taxpayer, Arvado Digital Solutions is facing serious challenges to its business model. Arvado, the largest manufacturer of CDs and DVDs in the world is facing pressure from the new, digital method for delivering music and movies. The company has begun to phase out some of its older CD making equipment thus having an impact on the Town's personal property tax base.

The Town has benefited from the continued success of other manufacturing businesses in the Town and the beginning of the development of Weaver Village as a mixed use development.

Conclusion

While the national economy has begun to show signs of recovery, the economy in North Carolina will continue to lag national trends. This slower economic recovery and the changing business model for Arvado will have an impact on the Town's finances for several years. The Town will continue to be diligent in keeping expenditures low and collecting its taxes and other revenues to avoid drastic service cuts.

Cash Management Policies and Practices

The investment policy for the Town of Weaverville is set within the North Carolina General Statutes, which governs the types of authorized investments. The Weaverville Town Council has authorized as its central depository First Citizens Bank for its concentration account (Interest bearing checking account).

Eligible investments shall be limited to: obligations of the U.S. Government, such as Treasury Bills, Bonds, and Notes; time deposits with any financially sound bank or savings institution whose principal office is located in North Carolina; A1, P1, domestic commercial paper and the North Carolina Capital Management Trust.

The Town shall remain 100% invested at all times with the exception of monies held for petty cash and change purposes.

Investments as of June 30, 2011, including time deposits and money market accounts used for investment purposes were \$6,648,413.

Risk Management

The Town participates in two self-funded risk financing pools administered by the North Carolina League of Municipalities. These pools provide coverage for property damage as well as general liability for vehicles, public safety officers and 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 percent of the total insurance value. Health insurance coverage is provided through Blue Cross Blue Shield of North Carolina. The Town carries commercial coverage for all other risks of loss. Settled claims have not exceeded coverage in any of the past four years and there have been no significant reductions in insurance coverage in the prior year.

Pensions and Other Postemployment Benefits

The Town contributes to the statewide Local Government 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. The Town has no obligation in connection with employee benefits offered through this plan beyond its annual actuarially determined rate.

The Town contributes to the Supplemental Retirement Income 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 and general employees employed by the town.

The Town has elected to provide death benefits to employees for members of the Local Government Employees' Retirement System. The Town has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for law enforcement officers and non-law enforcement employees.

The Town of Weaverville administers a public employee retirement system that provides retirement benefits to the Town's qualified law enforcement officers, the Law Enforcement Officers Special Separation Allowance. The Town has chosen to fund the Separation Allowance on a pay-as-you-go basis. The Town engages an independent actuary to calculate the amount of the annual obligation to insure that the plan will be able to fully meet its obligations to retired officers.

Additional detailed information on the Town's pension arrangements and postemployment benefits can be found in the notes to the financial statements.

Debt Administration

On May 1, 2010, Moody's Investors Service assigned an Aa3 rating to the Town of Weaverville's general obligation refunding bonds. The Aa3 rating reflects the small tax base with some concentration in a single tax payer, the solid local economy, healthy finances with high level of reserves, and a manageable debt burden.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Weaverville for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2010. This was the fourteenth year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

For fifteen consecutive years the Town has received the Government Finance Officers Association Award for Distinguished Budgetary Presentation.

We would like to express our appreciation to each of the Weaverville Town Staff members who assisted in the preparation of this report. We also thank the Weaverville Town Council for their continued support for maintaining the highest standard of professionalism in the management of the Town of Weaverville's finances.

Respectively submitted,

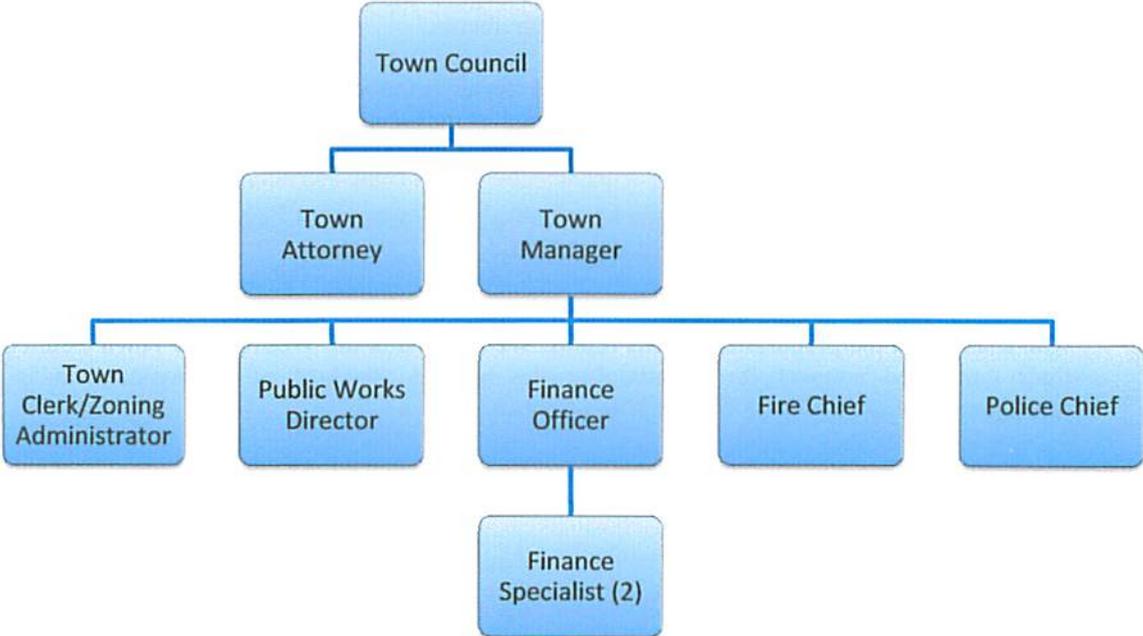


James Michael Boaz
Town Manager

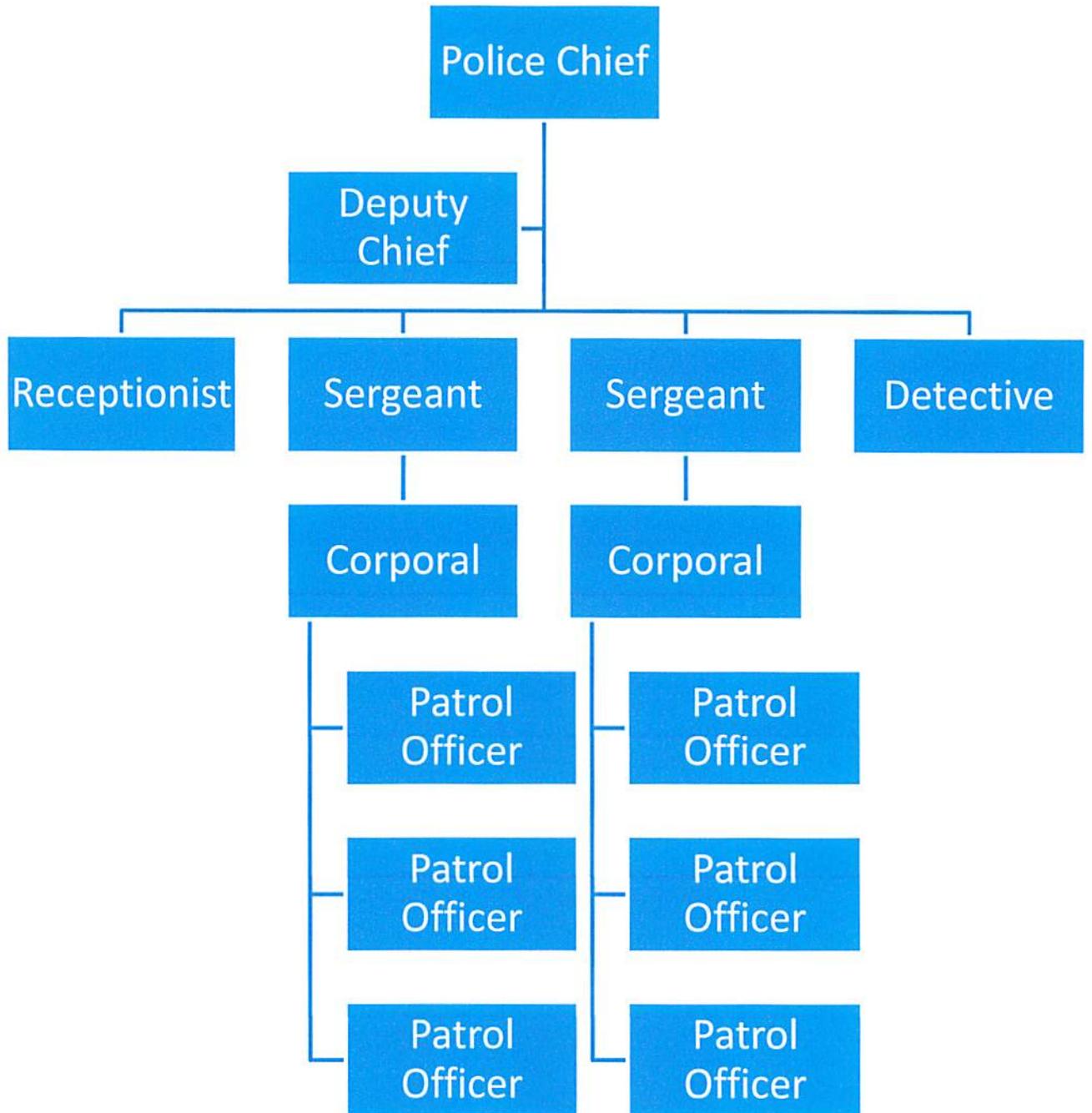


Jim McMillan
Finance Officer

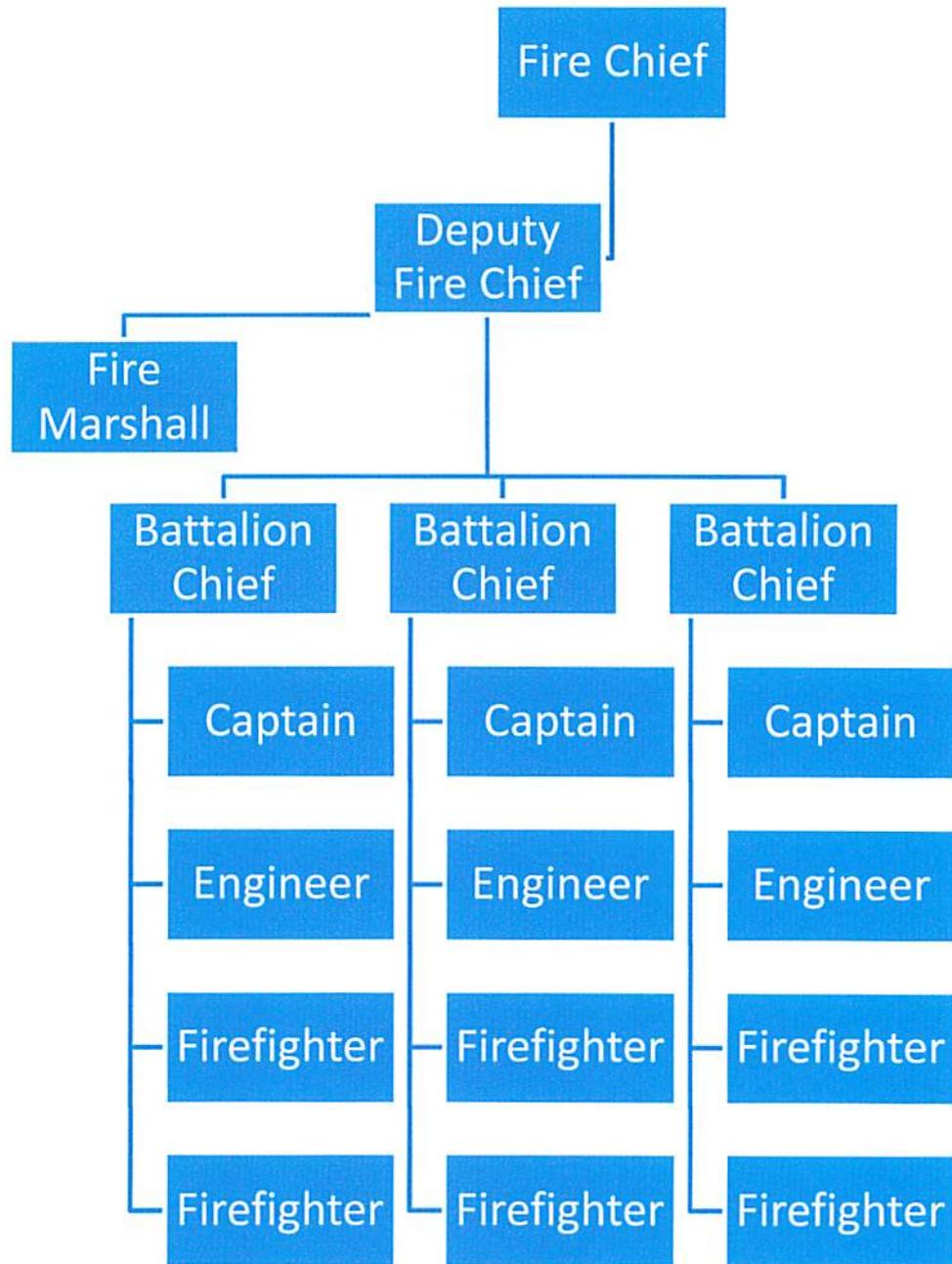
Administration Organizational Chart



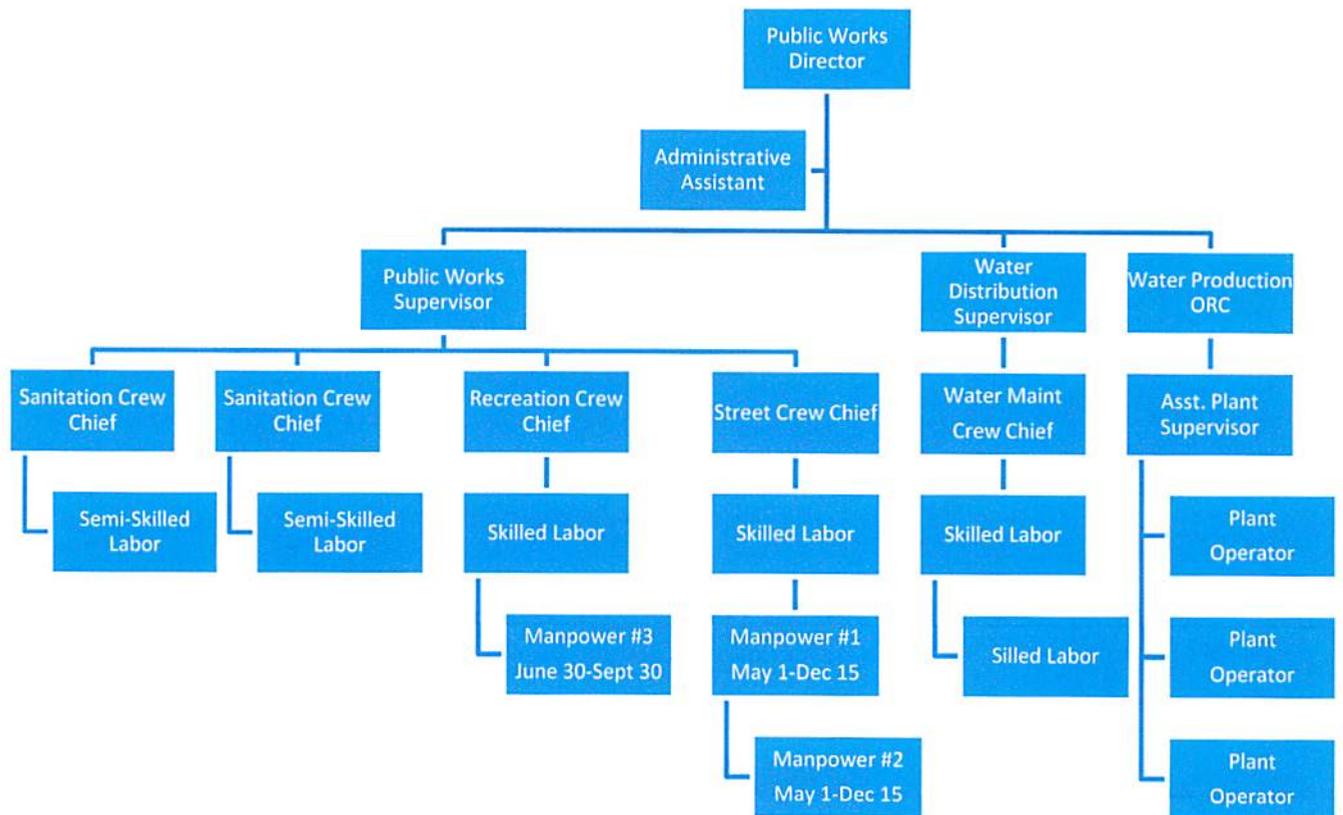
Police Department Organizational Chart



Fire Department
Organizational Chart



Public Works
 Department
 Organizational
 Chart



TOWN OF WEAVERVILLE

Principal Officials

TOWN COUNCIL

**Al Root, Mayor
Dottie Sherrill
Walt Currie
Gene Knoefel
Doug Jackson
Doug Dearth**

TOWN ATTORNEY

Patsy Brison

TOWN MANAGER

James Michael Boaz

FINANCE OFFICER

Jim McMillan

PUBLIC WORKS DIRECTOR

Larry Sprinkle Jr.

FIRE DEPARTMENT CHIEF

Jeffrey T. Hooper

POLICE DEPARTMENT CHIEF

Gregory Stephens

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Weaverville
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Dandson

President

Jeffrey R. Emer

Executive Director

Town of Weaverville, North Carolina
(This page intentionally left blank)



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Town Council
Town of Weaverville
Weaverville, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit and each major fund of the Town of Weaverville, North Carolina, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Town of Weaverville, North Carolina's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Town of Weaverville ABC Board. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Town of Weaverville ABC Board, is based solely on the report of another auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit and each major fund of the Town of Weaverville, North Carolina as of June 30, 2011, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the Law Enforcement Officer's Special Separation Allowance's and the Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Town of Weaverville, North Carolina. The combining and individual fund financial statements and schedules, and other statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The other data in this report, designated as "introductory section" and "statistical section" in the table of contents have not been audited by us and, accordingly, we express no opinion on such data.

Johnson Price & Sprinkle PA

Asheville, North Carolina
November 21, 2011

Management's Discussion and Analysis

As management of the Town of Weaverville, we offer readers of the Town of Weaverville's financial statements this narrative overview and analysis of the financial activities of the Town of Weaverville for the fiscal year ended June 30, 2011. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

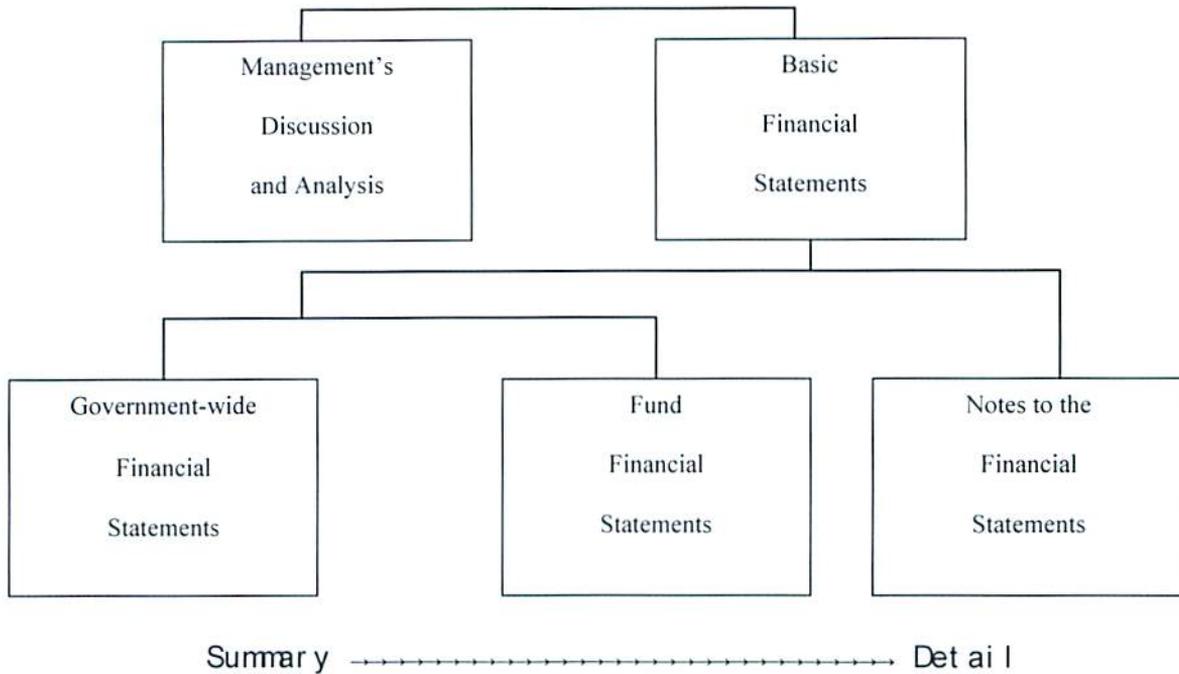
- The assets of the Town of Weaverville exceeded its liabilities at the close of the fiscal year by \$19,919,765 (*net assets*).
- The government's total net assets decreased by \$97,527, primarily due to a decrease in the business type activities net assets.
- As of the close of the current fiscal year, the Town of Weaverville's General Fund reported an ending fund balance of \$4,889,485 a decrease of \$245,462 in comparison with the prior year. Approximately 22.5 percent of this total amount, or \$1,101,927, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,507,088, or 63.6 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Weaverville's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Weaverville.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Pages 11-12) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Pages 13-19) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

Government-Wide Financial Statements

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

The two government-wide statements report the Town's net assets and how they have changed. Net assets are the difference between the Town's total assets and total liabilities. Measuring net assets is one way to gauge the Town's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, transportation, and general administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. This includes the water and sewer services offered by the Town of Weaverville. The final category is the component unit. Although legally separate from the Town, the ABC Board is important to the Town because the Town exercises control over the Board by appointing its members and because the Board is required to distribute its profits to the Town.

The government-wide financial statements are on Pages 11 and 12 of this report.

Fund Financial Statements

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

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

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

resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 21 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Weaverville’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 47 of this report.

Government-Wide Financial Analysis

Following is a comparative summary of the Statement of Net Assets as of June 30, 2011 and 2010.

Town of Weaverville's Net Assets
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 5,206,228	\$ 5,227,472	\$ 2,558,677	\$ 2,397,564	\$ 7,764,905	\$ 7,625,036
Capital assets	10,261,734	10,682,808	9,573,595	9,916,777	20,135,329	20,599,585
Total assets	15,767,962	15,910,280	12,132,272	12,314,341	27,900,234	28,224,621
Long-term liabilities outstanding	3,689,299	4,047,118	2,975,946	3,069,974	6,665,245	7,117,092
Other liabilities	948,002	744,725	367,222	345,511	1,315,224	1,090,236
Total liabilities	4,637,301	4,791,843	3,343,168	3,415,485	7,980,469	8,207,328
Net assets:						
Invested in capital assets, net of related debt	6,742,401	6,347,885	6,541,109	6,752,882	13,283,510	13,100,767
Restricted	1,010,927	584,509	-	-	1,010,927	584,509
Unrestricted	3,377,333	4,186,043	2,247,995	2,145,974	5,625,328	6,332,017
Total net assets	\$ 11,130,661	\$ 11,118,437	\$ 8,789,104	\$ 8,898,856	\$ 19,919,765	\$ 20,017,293

As noted earlier, net assets may serve over time as one useful indicator of a government’s financial condition. The assets of the Town of Weaverville exceeded liabilities by \$19,919,765 as of June 30, 2011. The Town’s net assets decreased by \$97,527 for the fiscal year ended June 30, 2011. However, the largest portion (66.68%) reflects the Town’s investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The Town of Weaverville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Weaverville’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 Town of Weaverville’s net assets \$1,010,928 (5.07%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$5,625,627, may be used to meet the government’s ongoing obligations to citizens and creditors.

There were particular aspects of the Town's financial operations that influenced the total unrestricted governmental net assets:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of over 99%.

Following is a comparative summary of changes in net assets reported for the years ended June 30, 2011 and 2010.

Town of Weaverville Changes in Net Assets
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Charges for services	\$ 37,910	\$ 41,273	\$ 1,629,857	\$ 1,492,997	\$ 1,667,767	\$ 1,534,270
Operating grants and contributions	167,142	168,531	-	-	167,142	168,531
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	2,594,574	2,498,598	-	-	2,594,574	2,498,598
Other taxes	910,695	787,446	-	-	910,695	787,446
Grants and contributions, not restricted to specific programs	1,485,907	1,399,863	-	-	1,485,907	1,399,863
Unrestricted investment earnings	27,664	52,001	20,312	46,367	47,976	98,368
Miscellaneous	31,658	366,554	-	-	31,658	366,554
Total revenues	<u>5,255,550</u>	<u>5,314,266</u>	<u>1,650,169</u>	<u>1,539,364</u>	<u>6,905,719</u>	<u>6,853,630</u>
Expenses:						
General government	762,486	723,016	-	-	762,486	723,016
Public safety	3,237,380	3,060,692	-	-	3,237,380	3,060,692
Transportation	410,923	366,789	-	-	410,923	366,789
Environmental protection	519,617	399,436	-	-	519,617	399,436
Cultural and recreation	153,234	146,737	-	-	153,234	146,737
Water and sewer	-	-	1,759,921	1,685,708	1,759,921	1,685,708
Interest on long-term debt	159,685	180,010	-	-	159,685	180,010
Total expenses	<u>5,243,325</u>	<u>4,876,680</u>	<u>1,759,921</u>	<u>1,685,708</u>	<u>7,003,246</u>	<u>6,562,388</u>
Increase (decrease) in net assets	12,225	437,586	(109,752)	(146,344)	(97,527)	291,242
Net assets, beginning of year	<u>11,118,436</u>	<u>10,680,850</u>	<u>8,898,856</u>	<u>9,045,200</u>	<u>20,017,292</u>	<u>19,726,050</u>
Net assets, end of year	<u>\$ 11,130,661</u>	<u>\$ 11,118,436</u>	<u>\$ 8,789,104</u>	<u>\$ 8,898,856</u>	<u>\$ 19,919,765</u>	<u>\$ 20,017,292</u>

Governmental activities. Governmental activities increased the Town's net assets by \$12,225, thereby accounting for all of the growth in the net assets of the Town. Key elements of this increase are as follows:

- The decrease of fund balance and depreciation expenses were offset by the Town's investment in capital assets and pay down of outstanding debt.

Business-type activities: Business-type activities decreased the Town of Weaverville's net assets by \$109,754.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Weaverville's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Weaverville's financing requirements.

The General Fund is the chief operating fund of the Town of Weaverville. At the end of the current fiscal year, fund balance available in the General Fund was \$4,534,899, while total fund balance reached \$4,889,485. The Governing Body of the Town of Weaverville has determined that the Town should maintain an available fund balance of a minimum of 20% of general fund revenues in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 86.1% of general fund revenues, while total fund balance represents 92.8% of the same amount.

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

The Town of Weaverville's General fund balance decreased by \$245,462. This decrease in the Town's fund balance was a decision by the Town Council to use available fund balance rather than to increase the Town's tax rate. The national economic downturn has had significant effects on the Town's sales tax collections and has virtually stalled any new housing starts. These two factors have led to a decrease in the Town's revenues and thus the necessity to use fund balance to balance the budget without a tax increase or a decrease in services.

Proprietary Funds. The Town of Weaverville's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Water and Sewer Fund at the end of the fiscal year amounted to \$2,247,995, an increase of \$102,021 from the prior year. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Weaverville's business-type activities.

Capital Assets and Debt Administration

Capital assets. The Town of Weaverville's investment in capital assets for its governmental and business-type activities as of June 30, 2011, totals \$20,135,330 (net of accumulated depreciation). These assets include buildings, land, equipment, vehicles, furniture, plant and distribution systems, and construction in progress.

Major capital transactions during the year include the replacement of several trucks in the sanitation department as well as three police cars.

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

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 1,273,640	\$ 1,273,640	\$ 146,035	\$ 146,035	\$ 1,419,675	\$ 1,419,675
Construction in progress	128,417	-	-	-	128,417	-
Buildings	5,230,628	5,351,037	-	-	5,230,628	5,351,037
Land improvements	128,041	136,784	-	-	128,041	136,784
Furniture, equipment & vehicles	2,244,774	2,537,822	180,420	239,709	2,425,194	2,777,531
Infrastructure	<u>1,556,235</u>	<u>1,383,525</u>	<u>9,247,140</u>	<u>9,531,033</u>	<u>10,803,375</u>	<u>10,914,558</u>
Total	<u>\$ 10,561,735</u>	<u>\$ 10,682,808</u>	<u>\$ 9,573,595</u>	<u>\$ 9,916,777</u>	<u>\$ 20,135,330</u>	<u>\$ 20,599,585</u>

Additional information on the Town's capital assets can be found in Note 3 of the basic financial statements, beginning on page 31 of this report.

Long-term Debt. As of June 30, 2011, the Town of Weaverville had total debt in the form of installment purchase contracts and general obligation bonds outstanding of \$6,851,819.

**Town of Weaverville's Outstanding Debt
General Obligation Bonds and Installment Purchases Payable
Figure 5**

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ -	\$ -	\$ 3,032,486	\$ 3,146,038	\$ 3,032,486	\$ 3,146,038
Installment purchases payable	<u>3,819,333</u>	<u>4,334,923</u>	-	<u>17,856</u>	<u>3,819,333</u>	<u>4,352,779</u>
	<u>\$ 3,819,333</u>	<u>\$ 4,334,923</u>	<u>\$ 3,032,486</u>	<u>\$ 3,163,894</u>	<u>\$ 6,851,819</u>	<u>\$ 7,498,817</u>

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 Town of Weaverville is \$51,660,130. Bonds payable at June 30, 2011 totaled \$3,032,486.

Additional information regarding the Town of Weaverville's long-term debt can be found in note 3 beginning on page 40 of this report.

Economic Factors and Next Year's Budgets and Rates

- There has been limited economic growth during FY 2011 and there is very little growth expected during FY 2012. The national economy has virtually stopped all new housing starts in Town and there is little room for industrial growth. The Weaver Village Development has started to develop and it will account for the majority of any economic growth in the Town during the next fiscal year.
- The Town's largest taxpayer, Arvato Digital Solutions, has reduced its taxable personal property over the course of the last year and this trend is expected to continue.
- Buncombe County has delayed the planned revaluation of real land personal property for another year. This has allowed our real property values to remain at pre-recession levels.
- The Town has a strong fund balance that will permit the Town to continue operations at their current levels without major cuts or significant tax increases for a couple of years.
- The Town Council has elected to raise the tax rate for FY 2012 by two cents to 37.5 cents per \$100 of valuation.

- The Town Council has elected to raise water rates by 2% for FY 2012.

Budget Highlights for the Fiscal Year Ending June 30, 2012

Governmental Activities:

During FY 2011-2012, the Town's Ad Valorem Taxes are projected to increase to \$2,561,200 primarily due to the Council's decision to increase taxes by 2 cents. State collected revenues that come back to the Town are anticipated to remain relatively flat due to the continued lack of economic recovery.

Business – type Activities:

The Weaverville Water System is operated as an Enterprise Fund. Enterprise Funds are used to account for the operations that are financed and operated in a manner similar to private businesses, where the intent of the governing body is that user charges fund the cost of providing goods and services to the general public on a continuing basis. Each year the Town staff completes an analysis of Water Department finances to determine the financial stability of the department with an eye of future system requirements and changing growth patterns. This review includes an analysis of user charges to determine their adequacy in funding normal operations and capital improvements.

Water revenues from all sources during FY 2011-2012 are estimated at \$1,664,080 or just slightly above the actual amount of \$1,629,857 in the 2010-2011 fiscal year. A rate increase of 2% is included in the forecasted revenues. The need for this increase is driven by increased costs and lower revenues from the annexed customer base. As always, the budget is predicated on controlling expenses during this upcoming fiscal year to meet this level of revenue.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to James W. McMillan, Finance Officer, Town of Weaverville, P.O. Box 338, Weaverville, North Carolina 28787. Phone: (828) 645-7116. Web: www.weavervillenc.org. Email: jwcmillan@weavervillenc.org.

Basic Financial Statements

TOWN OF WEAVERVILLE, NORTH CAROLINA
STATEMENT OF NET ASSETS
June 30, 2011

	Governmental Activities	Business-type Activities	Total	Town of Weaverville ABC Board
ASSETS				
Current assets				
Cash and cash equivalents	\$ 4,146,782	\$ 2,335,023	\$ 6,481,805	\$ 65,903
Taxes receivable - net	16,779	-	16,779	-
Accounts receivable - net	37,650	223,654	261,304	-
Due from other governments	316,936	-	316,936	-
Inventories	-	-	-	150,610
Restricted cash and equivalents	688,081	-	688,081	-
Total current assets	<u>5,206,228</u>	<u>2,558,677</u>	<u>7,764,905</u>	<u>216,513</u>
Capital assets				
Land, non-depreciable improvements, and construction in progress	1,402,057	146,035	1,548,092	410,000
Other capital assets, net of depreciation	9,159,677	9,427,560	18,587,237	1,045,143
Total capital assets	<u>10,561,734</u>	<u>9,573,595</u>	<u>20,135,329</u>	<u>1,455,143</u>
TOTAL ASSETS	<u>15,767,962</u>	<u>12,132,272</u>	<u>27,900,234</u>	<u>1,671,656</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	241,180	183,739	424,919	192,042
Current portion of long-term liabilities	618,983	161,052	780,035	103,745
Unearned revenue	2,983	-	2,983	-
Accrued interest payable	29,055	-	29,055	-
Deposits	55,801	22,431	78,232	-
Total current liabilities	<u>948,002</u>	<u>367,222</u>	<u>1,315,224</u>	<u>295,787</u>
Long-term liabilities				
Due in more than one year	<u>3,689,299</u>	<u>2,975,946</u>	<u>6,665,245</u>	<u>1,445,023</u>
TOTAL LIABILITIES	<u>4,637,301</u>	<u>3,343,168</u>	<u>7,980,469</u>	<u>1,740,810</u>
NET ASSETS				
Invested in capital assets, net of related debt	6,742,401	6,541,109	13,283,510	(93,625)
Restricted for:				
Transportation	656,341	-	656,341	-
Stabilization by State Statute	354,586	-	354,586	-
Working capital	-	-	-	58,444
Unrestricted	<u>3,377,333</u>	<u>2,247,995</u>	<u>5,625,328</u>	<u>(33,973)</u>
TOTAL NET ASSETS	<u>\$ 11,130,661</u>	<u>\$ 8,789,104</u>	<u>\$ 19,919,765</u>	<u>\$ (69,154)</u>

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

TOWN OF WEAVERVILLE, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Town of Weaverville ABC Board
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental activities:								
General government	\$ 762,486	\$ 13,705	\$ 1,002	\$ -	\$ (747,779)	\$ -	\$ (747,779)	\$ -
Public safety	3,237,380	24,205	62,438	-	(3,150,737)	-	(3,150,737)	-
Transportation	410,923	-	103,702	-	(307,221)	-	(307,221)	-
Environmental protection	519,617	-	-	-	(519,617)	-	(519,617)	-
Cultural and recreation	153,234	-	-	-	(153,234)	-	(153,234)	-
Interest on long-term debt	159,685	-	-	-	(159,685)	-	(159,685)	-
Total governmental activities	<u>5,243,325</u>	<u>37,910</u>	<u>167,142</u>	<u>-</u>	<u>(5,038,273)</u>	<u>-</u>	<u>(5,038,273)</u>	<u>-</u>
Business-type activities:								
Water and sewer	<u>1,759,921</u>	<u>1,629,857</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(130,064)</u>	<u>(130,064)</u>	
Total business-type activities	<u>1,759,921</u>	<u>1,629,857</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(130,064)</u>	<u>(130,064)</u>	
Total government	<u>\$ 7,003,246</u>	<u>\$ 1,667,767</u>	<u>\$ 167,142</u>	<u>\$ -</u>	<u>(5,038,273)</u>	<u>(130,064)</u>	<u>(5,168,337)</u>	
Component unit:								
ABC Board	<u>\$ 1,950,501</u>	<u>\$ 1,960,558</u>	<u>\$ -</u>	<u>\$ -</u>				<u>\$ 10,057</u>
Total component unit	<u>\$ 1,950,501</u>	<u>\$ 1,960,558</u>	<u>\$ -</u>	<u>\$ -</u>				<u>\$ 10,057</u>
General revenues:								
Taxes:								
Property taxes, levied for general purpose					2,594,574	-	2,594,574	-
Other taxes					910,695	-	910,695	-
Grants and contributions not restricted to specific programs					1,485,907	-	1,485,907	-
Unrestricted investment earnings					27,664	20,312	47,976	377
Miscellaneous					31,658	-	31,658	-
Total general revenues					<u>5,050,498</u>	<u>20,312</u>	<u>5,070,810</u>	<u>377</u>
Change in net assets					12,225	(109,752)	(97,527)	10,434
Net assets, beginning					<u>11,118,436</u>	<u>8,898,856</u>	<u>20,017,292</u>	<u>(79,588)</u>
Net assets, ending					<u>\$ 11,130,661</u>	<u>\$ 8,789,104</u>	<u>\$ 19,919,765</u>	<u>\$ (69,154)</u>

The accompanying notes are an integral part of these financial statements

TOWN OF WEAVERVILLE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	Major Fund	Total Governmental Funds
	General	
ASSETS		
Cash and cash equivalents	\$ 4,146,782	\$ 4,146,782
Receivables, net:		
Taxes	16,779	16,779
Other	37,650	37,650
Due from other governments	316,936	316,936
Restricted cash and equivalents	688,081	688,081
Total assets	\$ 5,206,228	\$ 5,206,228
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ 241,180	\$ 241,180
Deposits	55,801	55,801
Deferred revenue	19,762	19,762
Total liabilities	316,743	316,743
Fund balances:		
Restricted:		
Stabilization by State statute	354,586	354,586
Streets	656,341	656,341
Assigned:		
Public Safety	31,740	31,740
Subsequent year's expenditures	339,730	339,730
Unassigned	3,507,088	3,507,088
Total fund balances	4,889,485	4,889,485
Total liabilities and fund balances	\$ 5,206,228	
 Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Gross capital assets at historical cost	\$ 14,182,882	
Accumulated depreciation	(3,621,148)	10,561,734
Liabilities for earned but deferred revenues in fund statements		
Some liabilities, including notes payable and accrued interest, are not due and payable in the current period and therefore are not reported in the governmental funds		
Installment purchases		(3,819,333)
Compensated absences		(178,437)
Net pension obligation		(127,434)
Other postemployment benefits		(183,078)
Accrued interest		(29,055)
Net assets of governmental activities		\$ 11,130,661

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

TOWN OF WEAVERVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	Major Fund	Total Governmental Funds
	General Fund	
REVENUES:		
Ad valorem taxes	\$ 2,603,095	\$ 2,603,095
Other taxes and licenses	910,695	910,695
Unrestricted intergovernmental	1,485,907	1,485,907
Restricted intergovernmental	144,494	144,494
Permits and fees	24,205	24,205
Investment earnings	27,664	27,664
Miscellaneous	68,011	68,011
Total revenues	5,264,071	5,264,071
EXPENDITURES:		
Current:		
General government	725,898	725,898
Public safety	2,772,015	2,772,015
Transportation	690,858	690,858
Environmental protection	497,044	497,044
Cultural and recreation	143,256	143,256
Debt service:		
Principal	515,590	515,590
Interest and other charges	164,872	164,872
Total expenditures	5,509,533	5,509,533
Excess (deficiency) of revenues over expenditures	(245,462)	(245,462)
OTHER FINANCING SOURCES		
Transfer from other funds	-	-
Total other financing sources	-	-
Net change in fund balance	(245,462)	(245,462)
Fund balances, beginning of year	5,134,947	5,134,947
Fund balances, end of year	\$ 4,889,485	\$ 4,889,485

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

TOWN OF WEAVERVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

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

Net changes in fund balances - total governmental funds	\$ (245,462)
---	--------------

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

Capital outlay expenditures which were capitalized	\$ 502,278	
Depreciation expense for governmental assets	<u>(623,352)</u>	(121,074)

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	(8,521)
---	---------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on long-term debt	515,590	
Decrease in accrued interest payable	<u>5,187</u>	520,777

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(16,660)
Net pension obligation	(26,644)
Other postemployment benefits	<u>(90,191)</u>

Total change in net assets of governmental activities	<u>\$ 12,225</u>
---	------------------

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

TOWN OF WEAVERVILLE, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2011

	General Fund			Variance With Final Budget- Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Ad valorem taxes	\$ 2,539,800	\$ 2,539,800	\$ 2,603,095	\$ 63,295
Other taxes and licenses	934,000	934,000	910,695	(23,305)
Unrestricted intergovernmental	1,340,660	1,340,660	1,485,907	145,247
Restricted intergovernmental	100,000	136,872	144,494	7,622
Permits and fees	12,100	15,299	24,205	8,906
Investment earnings	106,000	106,000	27,664	(78,336)
Miscellaneous	81,700	104,349	68,011	(36,338)
TOTAL REVENUES	5,114,260	5,176,980	5,264,071	87,091
EXPENDITURES:				
General government	712,648	726,915	725,898	1,017
Public safety	2,831,389	2,918,435	2,772,015	146,420
Transportation	869,006	869,006	690,858	178,148
Environmental protection	575,777	575,777	497,044	78,733
Cultural and recreation	154,276	154,476	143,256	11,220
Debt service				
Principal and interest	698,578	698,578	680,462	18,116
Contingency	18,000	18,000	-	18,000
TOTAL EXPENDITURES	5,859,674	5,961,187	5,509,533	451,654
Revenues over (under) expenditures	(745,414)	(784,207)	(245,462)	538,745
OTHER FINANCING SOURCES:				
Appropriated fund balance	745,414	784,207	-	(784,207)
TOTAL OTHER FINANCING SOURCES	745,414	784,207	-	(784,207)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(245,462)	<u>\$ (245,462)</u>
Fund balance, beginning of year			5,134,947	
Fund balance, end of year			<u>\$ 4,889,485</u>	

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

TOWN OF WEAVERVILLE, NORTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2011

	<u>Major Enterprise Fund</u> <u>Water and Sewer Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,335,023
Accounts receivable	223,654
Total current assets	<u>2,558,677</u>
Capital assets:	
Land and other non-depreciable assets	146,035
Other capital assets, net of depreciation	9,427,560
Capital assets (net)	<u>9,573,595</u>
Total noncurrent assets	<u>9,573,595</u>
Total assets	<u>\$ 12,132,272</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 183,739
Customer deposits	22,431
General obligation bonds payable- current	118,552
Compensated absences-current	42,500
Total current liabilities	<u>367,222</u>
Noncurrent liabilities:	
Other noncurrent liabilities:	
Other postemployment benefits	50,210
Compensated absences-noncurrent	11,802
General obligation bonds payable- noncurrent (net)	2,913,934
Total noncurrent liabilities	<u>2,975,946</u>
Total liabilities	<u>3,343,168</u>
NET ASSETS	
Invested in capital assets, net of related debt	6,541,109
Unrestricted	2,247,995
Total net assets	<u>\$ 8,789,104</u>

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

TOWN OF WEAVERVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - PROPRIETARY FUND
For the Year Ended June 30, 2011

	<u>Major Enterprise Fund</u> <u>Water and Sewer Fund</u>
Operating revenues:	
Charges for services	\$ 1,539,696
Other operating revenue	<u>90,161</u>
Total operating revenues	<u>1,629,857</u>
Operating expenses:	
Water administration	256,618
Water system operations	1,038,152
Depreciation	<u>343,182</u>
Total operating expenses	<u>1,637,952</u>
Operating loss	<u>(8,095)</u>
Nonoperating revenues (expenses):	
Interest income	20,312
Interest expense	<u>(121,969)</u>
Total nonoperating expenses	<u>(101,657)</u>
Change in net assets	(109,752)
Total net assets, beginning of year	<u>8,898,856</u>
Total net assets, end of year	<u>\$ 8,789,104</u>

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

TOWN OF WEAVERVILLE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2011

Major Enterprise Fund
Water and Sewer Fund

Cash flows from operating activities:	
Cash received from customers	\$ 1,598,810
Cash paid for goods and services	(422,166)
Cash paid to employees	(808,851)
Refunded customer deposits	(4,660)
Net cash provided by operating activities	<u>363,133</u>
Cash flows from capital and related financing activities:	
Interest paid on notes and bond maturities	(121,969)
Principal payments on debt	(131,409)
Net cash used for capital and related financing activities	<u>(253,378)</u>
Cash flows from investing activities:	
Interest on deposits	<u>20,312</u>
Net increase (decrease) in cash and cash equivalents	130,067
Cash and cash equivalents, beginning of year	<u>2,204,956</u>
Cash and cash equivalents, end of year	<u>\$ 2,335,023</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	<u>\$ (8,095)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	343,182
Change in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(31,046)
Increase (decrease) in:	
Accounts payable and accrued liabilities	63,752
Customer deposits	(4,660)
Total adjustments	<u>371,228</u>
Net cash provided by operating activities	<u>\$ 363,133</u>

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

TOWN OF WEAVERVILLE, NORTH CAROLINA
(This page intentionally left blank)

Notes to the Financial Statements

TOWN OF WEAVERVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Town of Weaverville and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

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

Town of Weaverville ABC Board

The members of the ABC Board's governing board are appointed by the Town. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the Town. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at Town of Weaverville ABC Board, 7 Northridge Commons, Suite 101, Weaverville, NC 28787.

B. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

TOWN OF WEAVERVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2011

Note 1 - Summary of Significant Accounting Policies - continued

B. Basis of Presentation - continued

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented.

The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

The Town reports the following major governmental fund:

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

The Town reports the following major enterprise fund:

Water and Sewer Fund. This fund is used to account for the Town's water and sewer operations.

C. Measurement Focus and Basis of Accounting

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

TOWN OF WEAVERVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2011

Note 1 - Summary of Significant Accounting Policies - continued

C. Measurement Focus and Basis of Accounting – continued

Government-wide and Propriety Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water 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 nonoperating 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.

TOWN OF WEAVERVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2011

Note 1 - Summary of Significant Accounting Policies - continued

C. Measurement Focus and Basis of Accounting - continued

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of 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, Buncombe 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 Town. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the Town's vehicle taxes for vehicles registered in Buncombe County from March 2010 through February 2011 apply to the fiscal year ended June 30, 2011. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues.

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

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds. The Town Manager is authorized by the budget ordinance to transfer appropriations between departmental areas within a fund up to \$2,500; however, any revisions that alter the total expenditures of any fund or that change departmental appropriations by more than \$2,500 must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material. 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.

TOWN OF WEAVERVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2011

Note 1 - Summary of Significant Accounting Policies - continued

E. Assets, Liabilities and Fund Equity

Deposits and Investments

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

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

The Town's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a7) 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. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earnings and investment contracts are reported at cost.

Cash and Cash Equivalents

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

Restricted Assets

The unexpended loan proceeds are classified as restricted assets for the General Fund because their use is completely restricted for use by the fire department. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because it can be expended only for the purpose of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

TOWN OF WEAVERVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2011

Note 1 - Summary of Significant Accounting Policies - continued

E. Assets, Liabilities and Fund Equity - continued

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13 (a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2010.

Allowances for Doubtful Accounts

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

Inventories

Inventories of the ABC Board are valued at cost (first-in, first-out), which approximates market. The Town of Weaverville does not maintain an inventory of parts and supplies for the enterprise fund. The inventories of the ABC Board consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of one year. Minimum capitalization costs are as follows: all land, regardless of value; improvements other than buildings, \$5,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$20,000; furniture and equipment, \$5,000; vehicles, \$5,000; and infrastructure, \$100,000. 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. General infrastructure assets acquired prior to July 1, 2003 consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	50
Buildings	50
Vehicles	6-15
Furniture and equipment	5-10
Computer equipment	3

TOWN OF WEAVERVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2011

Note 1 - Summary of Significant Accounting Policies - continued

E. Assets, Liabilities and Fund Equity - continued

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

Asset Class	Estimated Useful Lives
Buildings	25
Furniture and Equipment	5-15

Long-Term Obligations

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

In 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.

Compensated Absences

The vacation policy of the Town provides for the accumulation of up to twenty (20) days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

TOWN OF WEAVERVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2011

Note 1 - Summary of Significant Accounting Policies - continued

E. Assets, Liabilities and Fund Equity - continued

Net Assets

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

Restricted for Stabilization by State statute – portion of fund balance that is restricted by State Statute [G.S. 159.8(a)].

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

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Weaverville's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body.

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

Assigned for Public Safety – portion of fund balance that has been designated by the Board for use by the fire department.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$2,500.

TOWN OF WEAVERVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2011

Note 1 - Summary of Significant Accounting Policies - continued

E. Assets, Liabilities and Fund Equity - continued

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

The Town has not adopted a formal revenue spending policy that provides guidance for programs with multiple revenue sources; however, the Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, 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 if it is in the best interest of the Town.

The Town has adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to a minimum of 20% with a target goal of 40% of general fund revenues.

Note 2 - Stewardship, Compliance and Accountability

A. Violations of finance-related legal and contractual provisions

Noncompliance with North Carolina General Statutes

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2011, the expenditures made in the Town's General Fund exceeded the authorized appropriations made for administration by \$8,555 and for streets by \$49,916. In the Enterprise Fund, expenses exceeded authorized appropriations for water administration by \$30,319 and for debt service by \$18,088. The over expenditures in the General Fund and for water administration occurred due to unanticipated year end accruals and the over expenditure for debt service was due to a payment on a note paid one-half by General Fund and one-half by the Enterprise Fund being budgeted entirely in the General Fund. Management and the Board will more closely review budget reports to ensure compliance in future years.

Note 3 - Detail Notes on All Funds

A. Assets

Deposits

All the deposits of the Town and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's or the ABC Board's agent in

TOWN OF WEAVERVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2011

Note 3 - Detail Notes on All Funds - continued

A. Assets – continued

these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and the ABC Board, these deposits are considered to be held by the Town's and the ABC Board's agents in their names.

The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town, the ABC Board, or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Town and the ABC Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2011, the Town's deposits had a carrying amount of \$4,032,584 and a bank balance of \$4,263,534. Of the bank balance, \$531,737 was covered by federal depository insurance and \$3,731,797 was covered by collateral held under the pooling method. At June 30, 2011, the Town's petty cash fund totaled \$350. The carrying amount of deposits for the ABC Board was \$63,803 and the bank balance was \$84,967. All of the bank balance was covered by federal depository insurance.

Investments

At June 30, 2011, the Town's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
N.C. Capital Managed Trust- Cash portfolio, cash equivalent	\$ <u>3,136,952</u>	N/A	AAAm

Interest Rate Risk

The Town of Weaverville has a formal cash management policy but does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Town has no formal policy regarding credit risk, but has internal management procedures that limits the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The

TOWN OF WEAVERVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2011

Note 3 - Detail Notes on All Funds - continued

A. Assets - continued

Town's investment in the N.C. Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2011.

Receivables - Allowance for Doubtful Accounts

The receivables shown in the Balance Sheet and the Statement of Net Assets are presented net of the following allowances for doubtful accounts:

<u>Funds</u>	<u>June 30, 2011</u>
General Fund-Taxes Receivable	<u>\$ 855</u>

Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
	<u>Balances</u>	<u>Balances</u>	<u>Balances</u>	<u>Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$1,273,640	\$ -	\$ -	\$1,273,640
Construction in progress	-	128,417	-	128,417
Total capital assets not being depreciated	<u>1,273,640</u>	<u>128,417</u>	<u>-</u>	<u>1,402,057</u>
Capital assets being depreciated:				
Buildings	6,024,793	-	-	6,024,793
Land improvements	156,857	-	-	156,857
Furniture, equipment, vehicles	4,835,706	168,288	91,304	4,912,690
Infrastructure	1,480,912	205,573	-	1,686,485
Total capital assets being depreciated	<u>12,498,268</u>	<u>373,861</u>	<u>91,304</u>	<u>12,780,825</u>
Less accumulated depreciation for:				
Buildings	673,756	120,409	-	794,165
Land improvements	20,073	8,743	-	28,816
Furniture, equipment, vehicles	2,297,884	461,337	91,304	2,667,917
Infrastructure	97,387	32,863	-	130,250
Total accumulated depreciation	<u>3,089,100</u>	<u>623,352</u>	<u>91,304</u>	<u>3,621,148</u>
Total capital assets being depreciated, net	<u>9,409,168</u>			<u>9,159,677</u>
Governmental activity capital assets, net	<u>\$10,682,808</u>			<u>\$10,561,734</u>

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

General government	\$ 35,577
Public safety	463,209
Transportation	60,368
Environmental protection	56,966
Cultural and recreation	<u>7,232</u>
Total depreciation expense	<u>\$ 623,352</u>

TOWN OF WEAVERVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2011

Note 3 - Detail Notes on All Funds - continued

A. Assets - continued

	Beginning			Ending
	Balances	Increases	Decreases	Balances
Business-type activities:				
<i>Water Fund</i>				
Capital assets not being depreciated:				
Land	\$ 146,035	\$ -	\$ -	\$ 146,035
Total capital assets not being depreciated	<u>146,035</u>	<u>-</u>	<u>-</u>	<u>146,035</u>
Capital assets being depreciated:				
Plant and distribution systems	13,280,465	-	-	13,280,465
Furniture, equipment, vehicles	928,094	-	-	928,094
Total capital assets being depreciated	<u>14,208,559</u>	<u>-</u>	<u>-</u>	<u>14,208,559</u>
Less accumulated depreciation for:				
Plant and distribution systems	3,749,432	283,893	-	4,033,325
Furniture, equipment, vehicles	688,385	59,289	-	747,674
Total accumulated depreciation	<u>4,437,817</u>	<u>343,182</u>	<u>-</u>	<u>4,780,999</u>
Total capital assets being depreciated, net	<u>9,770,742</u>			<u>9,427,560</u>
Business-type activity capital assets, net	<u>\$9,916,777</u>			<u>\$9,573,595</u>

Discretely presented component unit:

Activity for the ABC Board for the year ended June 30, 2011, was as follows:

	Beginning			Ending
	Balances	Increases	Decreases	Balances
Capital assets not being depreciated:				
Land	\$ 410,000	\$ -	\$ -	\$ 410,000
Total capital assets not being depreciated	<u>410,000</u>	<u>-</u>	<u>-</u>	<u>410,000</u>
Capital assets being depreciated:				
Buildings	1,069,898	-	-	1,069,898
Furniture and equipment	98,011	-	-	98,011
Total capital assets being depreciated	<u>1,167,909</u>	<u>-</u>	<u>-</u>	<u>1,167,909</u>
Less accumulated depreciation for:				
Buildings	44,397	59,196	-	103,593
Furniture and equipment	8,017	11,156	-	19,173
Total accumulated depreciation	<u>52,414</u>	<u>70,352</u>	<u>-</u>	<u>122,766</u>
Total capital assets being depreciated, net	<u>1,115,495</u>			<u>1,045,143</u>
ABC capital assets, net	<u>\$1,525,495</u>			<u>\$ 1,455,143</u>

TOWN OF WEAVERVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2011

Note 3 - Detail Notes on All Funds - continued

B. Liabilities

Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description

The Town of Weaverville contributes to the statewide Local Government 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 Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy

Plan members are required to contribute six percent of their annual covered salary. The Town is required to contribute at an actuarially determined rate. The current rate for employees not engaged in law enforcement and for law enforcement officers is 6.35% and 6.27%, respectively, of annual covered payroll. The contribution requirements of members and of the Town of Weaverville are established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for the years ended June 30, 2011, 2010 and 2009 were \$182,573, \$140,398, and \$126,297, respectively. The contributions made by the Town equaled the required employer contributions for each year.

Law Enforcement Officers Special Separation Allowance

I. Plan Description

The Town of Weaverville administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

TOWN OF WEAVERVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2011

Note 3 - Detail Notes on All Funds - continued

B. Liabilities - continued

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2010, the Separation Allowance's membership consisted of:

Retirees receiving benefits	0
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>14</u>
Total	<u><u>14</u></u>

A separate report was not issued for the plan.

2. Summary of Significant Account Policies

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

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

3. Contributions

The Town 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 Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2009 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases.

TOWN OF WEAVERVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2011

Note 3 - Detail Notes on All Funds - continued

B. Liabilities - continued

Annual Pension Cost and Net Pension Obligation.

The Town's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 27,000
Interest on net pension obligation	5,040
Adjustment to annual required contribution	<u>(5,396)</u>
Annual pension cost	26,644
Contributions made	<u>-</u>
Increase (decrease) in net pension obligation	26,644
Net pension obligation, beginning of year	<u>100,790</u>
Net pension obligation, end of year	<u>\$ 127,434</u>

3 Year Trend Information

<u>Fiscal</u> <u>Year Ended</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
6/30/09	\$ 13,942	0.00%	\$ 82,328
6/30/10	\$ 18,462	0.00%	\$ 100,790
6/30/11	\$ 26,644	0.00%	\$ 127,434

4. Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the plan was not funded. 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, 2009, was 21 years. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$167,172. The covered payroll (annual payroll of active employees covered by the plan) was \$687,920 and the ratio of the UAAL to the covered payroll was 24.30 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial valuation of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

TOWN OF WEAVERVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2011

Note 3 - Detail Notes on All Funds - continued

B. Liabilities - continued

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers and general employees employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (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 in 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. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan, in addition to the general employees. The Town contributes each month an amount equal to five percent of each general employee's salary, and all amounts are vested immediately. Contributions for the year ended June 30, 2011 were \$243,345 which consisted of \$123,785 from the Town and \$119,560 from the law enforcement officers and general employees.

Other Postemployment Benefits

Plan Description. Under the terms of a Town resolution, the Town administers a single-employer defined benefit Healthcare Benefits Plan the (HCB Plan). As of February 17, 2003, this plan provides postemployment healthcare benefits to retirees of the Town, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least twelve years of creditable service with the Town. The Town pays for the retiree's group health insurance coverage through private insurers at the same percentage as current full-time employees until one of the following takes place: (1) The retiree is eligible for Medicare or Medicaid, or (2) The retiree goes to work where coverage is otherwise offered and available. Also, the Town's retirees can purchase coverage for their dependents at the Town's group rates. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

TOWN OF WEAVERVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2011

Note 3 - Detail Notes on All Funds - continued

B. Liabilities - continued

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

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>62</u>
Total	<u><u>63</u></u>

Funding Policy. The Town pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a Town resolution that can be amended by Town Council. The Town has chosen to fund the healthcare benefits on a pay as you go basis.

There were no contributions to the HCB Plan for the year ended June 30, 2011.

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

Annual required contribution	\$ 119,519
Interest on net OPEB obligation	4,781
Adjustment to annual required contribution	<u>(4,125)</u>
Annual OPEB cost (expense)	120,175
Contributions made	<u>(5,083)</u>
Increase (decrease) in net OPEB obligation	115,092
Net OPEB obligation, beginning of year	<u>119,519</u>
Net OPEB obligation, end of year	<u><u>\$ 234,611</u></u>

TOWN OF WEAVERVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2011

Note 3 - Detail Notes on All Funds - continued

B. Liabilities - continued

Reconciliation to book liability:

Governmental activities	\$ 183,078
Business-type activities	50,210
Immaterial book under accrual	<u>1,323</u>
Net OPEB obligation	<u>\$ 234,611</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2011 were as follows:

<u>Fiscal</u> <u>Year Ended</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage of Annual</u> <u>OPEB Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/11	\$120,175	4.2%	\$234,611
6/30/10	119,519	0.0%	119,519

Funded Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial liability (UAAL) was \$836,271. The covered payroll (annual payroll of active employees covered by the plan) was \$2,887,322, and the ratio of the UAAL to the covered payroll was 29.0 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funding 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 supplemental information following the notes to the financial statements, presents multiyear 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.

TOWN OF WEAVERVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2011

Note 3 - Detail Notes on All Funds - continued

B. Liabilities - continued

In the December 31, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.50% to 5.00% annually. The investment rate 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 5 year period. The UAAL is being amortized as level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2010, was 30 years.

Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions.

Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State.

Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. For the fiscal year ended June 30, 2011, the Town made contributions to the State for death benefits of \$960. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

TOWN OF WEAVERVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2011

Note 3 - Detail Notes on All Funds - continued

B. Liabilities - continued

Deferred /Unearned Revenues

The balance in deferred/unearned revenues at year end is composed of the following elements:

	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>	
<u>General Fund</u>			
Taxes receivable - net	\$ 16,779	\$ -	
Prepaid taxes not yet earned	<u>2,983</u>	<u>2,983</u>	
	<u>\$ 19,762</u>	<u>\$ 2,983</u>	

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in two self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property, workers' compensation coverage up to statutory limits, and employee health coverage up to a \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against property, general liability, and auto liability in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. 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 Town carries commercial coverage for all other risks of loss. Settled claims have not exceeded coverage in any of the past three fiscal years and there have been no significant reductions in insurance coverage in the prior year. The Town does not carry flood insurance.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are individually bonded for \$250,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

Installment Purchases

On January 31, 2000, the Town entered into an installment purchase contract to finance construction of a municipal building. On March 17, 2003, the Town entered into a refinancing agreement. The refinancing contract requires semi-annual principal payments beginning in July 2003, with interest at 3.83% and will be repaid by General Fund.

TOWN OF WEAVERVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2011

Note 3 - Detail Notes on All Funds - continued

B. Liabilities – continued

Installment Purchases

On July 1, 2003, the Town entered into an installment purchase contract to finance construction of an addition to the Public Works building. The contract requires semi-annual principal payments beginning in January 2004, with interest at 2.59% and will be repaid ½ by General Fund and ½ by Water and Sewer Fund. This installment purchase contract was paid in full during the year ended June 30, 2011.

In June 2008, the Town entered into an installment purchase contract in the amount of \$3,551,000 to finance the construction of a fire department facility. The contract requires semi-annual principal payments of \$118,367 beginning in December 2008, with interest at 4.06% and is being paid by the General Fund. The balance on this installment purchase contract at June 30, 2011 was \$2,367,333.

In August 2008, the Town entered into an installment purchase contract with a financial institution in the amount of \$1,360,000 to finance the purchase of several fire trucks for the facility. The contract requires semi-annual principal payments beginning with a fixed \$68,000 payment as of August 2008 and initial payment following as of February 2009, with interest at 3.66% and is being paid by the General Fund. The balance on this installment purchase contract as of June 30, 2011 was \$952,000.

Annual debt service payments of the installment purchases as of June 30, 2011, including interest of \$678,346, are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 497,733	\$ 145,263
2013	497,733	125,886
2014	497,733	106,510
2015	497,733	87,133
2016	372,733	68,954
2017-2021	<u>1,455,668</u>	<u>144,600</u>
Total principal payments	<u>\$ 3,819,333</u>	
Total interest payments		<u>\$ 678,346</u>

TOWN OF WEAVERVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2011

Note 3 - Detail Notes on All Funds - continued

B. Liabilities - continued

General Obligation Indebtedness

General obligation bonds issued to finance the construction of facilities utilized in the operations of the water system and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

Bonds payable at June 30, 2011 are comprised of the following:

General Obligation Bonds

Serviced by the Water and Sewer Fund:

\$3,685,000 of 2007 Water Refunding Bonds due on June 30 and December 31 in varying installments through 2030; interest at 3.00 percent. The amount shown is net of the unamortized discount of \$27,514. \$ 3,032,486

Annual debt service requirements to maturity for general obligation bonds, including interest of \$1,334,545 are as follows:

Year ending <u>June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 118,552	\$ 116,551
2013	118,552	112,651
2014	123,552	108,751
2015	123,552	104,689
2016	128,552	100,470
2017-2021	727,760	428,275
2022-2026	882,760	277,975
2027-2030	<u>809,206</u>	<u>85,183</u>
	<u>\$3,032,486</u>	<u>\$1,334,545</u>

At June 30, 2011, the Town of Weaverville had a legal debt margin of \$51,660,130.

TOWN OF WEAVERVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2011

Note 3 - Detail Notes on All Funds - continued

B. Liabilities - continued

Notes Payable

In April 2009, the ABC Board entered into a \$1,500,000 note payable to Branch Banking and Trust Company for the purpose of financing the ABC Board's acquisition and construction of the facilities in which it operates. The financing agreement required one interest only payment of \$73,500 beginning in the fiscal year 2010 and then 19 annual principal and interest payments of \$123,007 with an interest rate of 4.89%. The note payable is collateralized with all real and personal property of the ABC Board.

In April 2009, the ABC Board also entered into a \$225,000 note payable to Home Trust Bank to purchase inventory for the retail store. The financing agreement requires monthly interest only payments, with an additional requirement that an amount equal to one-third (1/3) of the original principal amount shall be paid toward reduction of the principal, said payment to be due and payable August 1 each year of the loan, with an interest rate of 6.50% for a period of thirty six (36) months. The note payable will be collateralized with any and all furnishings, fixtures and equipment of the ABC Board.

During the year ended June 30, 2010, the ABC Board entered into a loan with BB&T Governmental Finance in the amount of \$50,000. Loan payments commenced in April 2010, the first being interest only at 5.39% followed by annual payments of \$4,270 including interest at 5.39% through April 2029.

Annual debt service payments of the notes payable as of June 30, 2011, including \$795,469 of interest, are as follows:

Year ending <u>June 30</u>	<u>Discretely Presented Component Unit</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 103,745	\$ 76,782
2013	56,382	70,895
2014	59,147	68,130
2015	62,049	65,228
2016	65,093	62,184
2017-2021	376,615	259,770
2022-2026	478,522	157,863
2027-2031	<u>347,215</u>	<u>34,617</u>
	<u>\$1,548,768</u>	<u>\$ 795,469</u>

TOWN OF WEAVERVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2011

Note 3 - Detail Notes on All Funds - continued

B. Liabilities - continued

Changes in Long-Term Liabilities

	Balance <u>July 1, 2010</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>June 30, 2011</u>	Current Portion <u>of Balance</u>
Governmental activities:					
Installment purchases	\$4,334,923	\$ -	\$ 515,590	\$ 3,819,333	\$ 497,733
Net pension obligation	100,790	26,644	-	127,434	-
Other postemployment benefits	92,887	90,191	-	183,078	-
Compensated absences	<u>161,775</u>	<u>137,912</u>	<u>121,250</u>	<u>178,437</u>	<u>121,250</u>
Governmental activity long-term liabilities	<u>\$4,690,375</u>	<u>\$ 254,747</u>	<u>\$ 636,840</u>	<u>\$ 4,308,282</u>	<u>\$ 618,983</u>
Business-type activities:					
General obligation bonds	\$3,146,038	\$ -	\$ 113,552	\$ 3,032,486	\$ 118,552
Installment purchase	17,856	-	17,856	-	-
Other postemployment benefits	26,632	23,578	-	50,210	-
Compensated absences	<u>43,983</u>	<u>52,850</u>	<u>42,531</u>	<u>54,302</u>	<u>42,500</u>
Business-type activity long-term liabilities	<u>\$3,234,509</u>	<u>\$ 76,428</u>	<u>\$ 173,939</u>	<u>\$ 3,136,998</u>	<u>\$ 161,052</u>

Changes in Long-Term Liabilities

Discretely presented component unit:

	Balance <u>July 1, 2010</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>June 30, 2011</u>	Current Portion <u>of Balance</u>
Notes payable	<u>\$1,715,000</u>	<u>\$ -</u>	<u>\$ 166,232</u>	<u>\$ 1,548,768</u>	<u>\$ 103,745</u>

C. Fund Balance

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

Total fund balance-General Fund	\$4,889,485
Less:	
Stabilization by State Statute	354,586
Streets – Powell Bill	656,341
Appropriated Fund Balance in 2012 budget	339,730
Public safety – fire department	31,740
Working Capital/Fund Balance Policy – minimum	1,052,814
Remaining Fund Balance	2,454,274

TOWN OF WEAVERVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2011

Note 4 - Joint Ventures

The Town and the members of the Town's fire department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums which insurers remit to the State. The State passes these moneys to the local board of the Firemen's Relief Fund. The funds are used to assist firefighters in various ways. The Town obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the Town's fire department by the board of trustees. During the fiscal year ended June 30, 2011, the Town reported revenues and expenditures for the payments of \$1,053 made through the Firemen's Relief Fund. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2011. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

Note 5 - Jointly Governed Organization

The Town, in conjunction with various other municipalities, participates in the Metropolitan Sewerage District. The participating governments established the District to provide sewerage services to the residents of participant communities. The Town appoints one member to the District's governing board. The Town collected and remitted to the District fees of \$601,107 during the fiscal year ended June 30, 2011. The Town's income for these collections totaled \$37,314.

Note 6 - Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant 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.

Note 7 - Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

TOWN OF WEAVERVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2011

Note 8 – Subsequent Events

In preparing these financial statements, the Town of Weaverville has evaluated events and transactions for potential recognition or disclosure through November 21, 2011, the date the financial statements were available to be issued, and noted no subsequent events to disclose.

Required Supplemental Financial Data

This section contains additional information required by generally accepted accounting principles.

Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.

Schedule of Employer Contributions for the Law Enforcement Officer's Special Separation Allowance.

Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance.

Schedule of Funding Progress for the Other Postemployment Benefits.

Schedule of Employer Contributions for the Other Postemployment Benefits.

Notes to the Required Schedules for the Other Postemployment Benefits.

TOWN OF WEAVERVILLE, NORTH CAROLINA
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Funding Progress

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)- Proj. Unit Credit	Funded Ratio (1)/(2)	Unfunded AAL (UAAL) (2)-(1)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll ((2)-(1))/5
12/31/2010	-	\$ 167,172		\$ 167,172	\$ 687,920	24.30%
12/31/2009	-	195,244	-	195,244	651,874	29.95%
12/31/2008	-	119,578	-	119,578	626,884	19.07%
12/31/2007	-	86,726	-	86,726	515,689	16.82%
12/31/2006	-	60,838	-	60,838	475,342	12.80%
12/31/2005	-	50,761	-	50,761	415,778	12.21%
12/31/2004	-	52,211	-	52,211	335,182	15.58%

TOWN OF WEAVERVILLE, NORTH CAROLINA
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Employer Contributions

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2011	\$ 26,644	0.00%
2010	18,462	0.00%
2009	13,942	0.00%
2008	9,546	0.00%
2007	8,468	0.00%
2006	7,733	0.00%
2005	7,211	0.00%

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, 2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	21 years
Asset valuation method	Market value

Actuarial assumptions:

Investment rate of return	5.00%
Projected salary increases	4.5 - 12.3%
Includes inflation at	3.75%
Cost of living adjustments	N/A

TOWN OF WEAVERVILLE, NORTH CAROLINA
Other Postemployment Benefits
Required Supplementary Information
Schedule of Funding Progress

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)- Proj. Unit Credit	Funded Ratio (1)/(2)	Unfunded AAL (UAAL) (2)-(1)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll ((2)-(1))/5
12/31/2010	-	\$ 836,271	-	\$ 836,271	\$ 2,887,322	29.00%
12/31/2009	-	778,800	-	778,800	2,849,772	27.30%

TOWN OF WEAVERVILLE, NORTH CAROLINA
 Other Postemployment Benefits
 Required Supplementary Information
 Schedule of Employer Contributions

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2011	\$ 120,175	4.20%
2010	119,519	0.00%

Notes to the Required Schedules:

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

Valuation date	December 31, 2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets

Actuarial assumptions:

Investment rate of return	4.00%
Medical cost trend rate	10.50%-5.00%
Year of Ultimate trend rate	2018
Includes inflation at	3.00%

General Fund

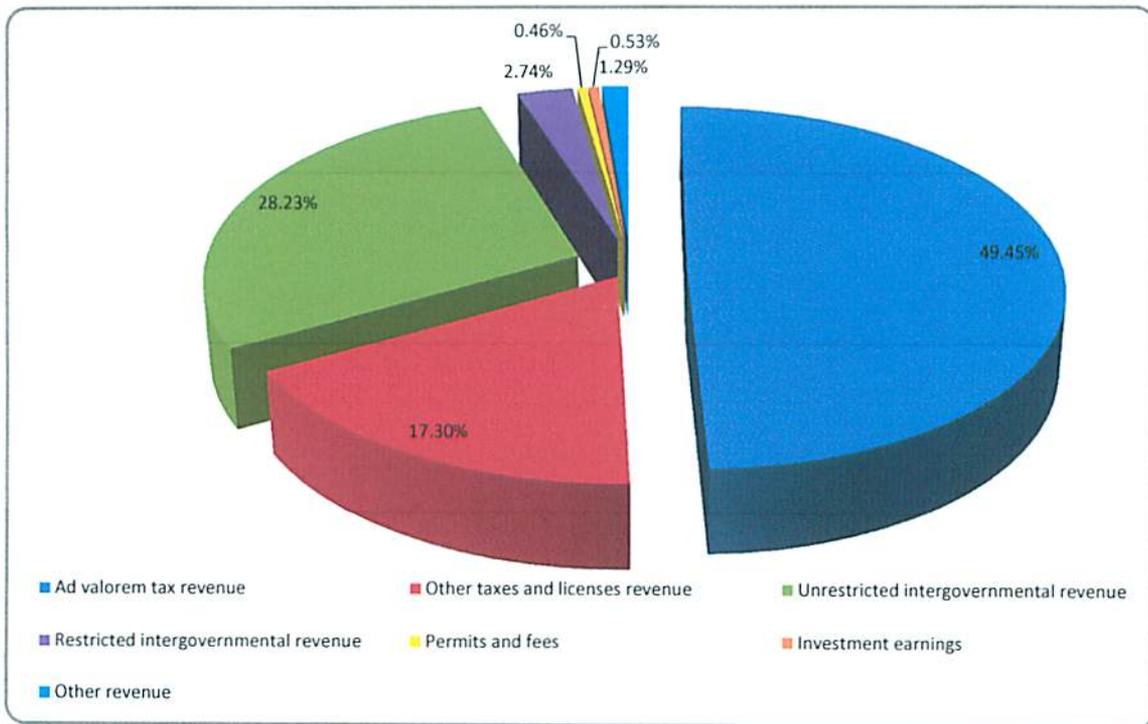
The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

Town of Weaverville, North Carolina

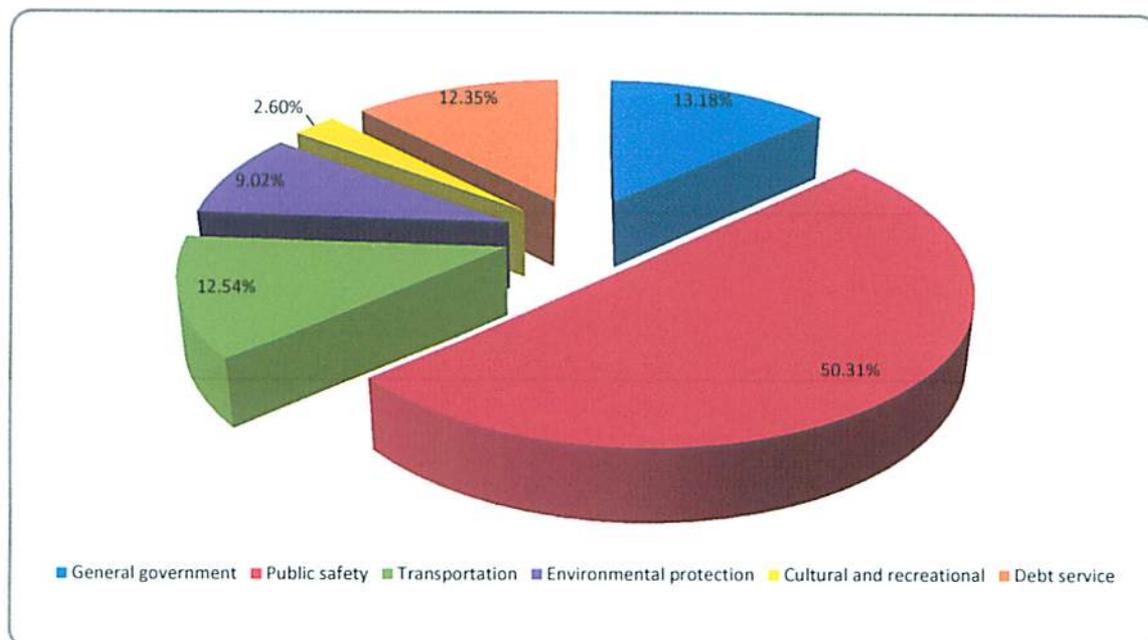
Year Ended June 30, 2011

GENERAL FUND

Revenues



Expenditures



TOWN OF WEAVERVILLE, NORTH CAROLINA
General Fund
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Ad valorem taxes			
Taxes	\$ 2,519,800	\$ 2,591,331	\$ 71,531
Penalties and interest	<u>20,000</u>	<u>11,764</u>	<u>(8,236)</u>
Total Ad valorem taxes	<u>2,539,800</u>	<u>2,603,095</u>	<u>63,295</u>
Other taxes and licenses			
Privilege licenses	50,000	107,558	57,558
Local option sales tax	<u>884,000</u>	<u>803,137</u>	<u>(80,863)</u>
Total Other taxes and licenses	<u>934,000</u>	<u>910,695</u>	<u>(23,305)</u>
Unrestricted intergovernmental			
Utilities franchise tax	260,000	424,340	164,340
Beer and wine tax	11,567	17,057	5,490
Buncombe Co. - fire protection	1,067,193	1,044,510	(22,683)
Federal fuel tax refund	<u>1,900</u>	<u>-</u>	<u>(1,900)</u>
Total Unrestricted intergovernmental	<u>1,340,660</u>	<u>1,485,907</u>	<u>145,247</u>
Restricted intergovernmental			
Powell Bill	100,000	103,502	3,502
Police Department Grant	387	387	-
Fire Department Grant	<u>36,485</u>	<u>40,605</u>	<u>4,120</u>
Total Restricted intergovernmental	<u>136,872</u>	<u>144,494</u>	<u>7,622</u>
Permits and fees			
Fire inspection fees	2,100	1,610	(490)
Zoning inspection fees	<u>13,199</u>	<u>22,595</u>	<u>9,396</u>
Total Permits and fees	<u>15,299</u>	<u>24,205</u>	<u>8,906</u>

Continued

TOWN OF WEAVERVILLE, NORTH CAROLINA
General Fund
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Investment earnings	\$ 106,000	\$ 27,664	\$ (78,336)
Other			
Miscellaneous	25,700	28,897	3,197
Recycling revenue	54,000	-	(54,000)
Sale of property	2,000	16,465	14,465
Contributions	2,011	2,011	-
Cops for Kids	20,638	20,638	-
Total Other	<u>104,349</u>	<u>68,011</u>	<u>(36,338)</u>
TOTAL REVENUES	<u>5,176,980</u>	<u>5,264,071</u>	<u>87,091</u>
EXPENDITURES			
General government			
Governing body			
Council honorarium		20,669	
Community promotions		16,567	
Professional services		162,327	
Capital outlay		576	
Other operating expenditures		49,025	
Total Governing body	<u>258,736</u>	<u>249,164</u>	<u>9,572</u>
Administration			
Salaries and benefits		354,994	
Professional services		53,772	
Equipment purchases		10,705	
Other operating expenditures		57,263	
Total Administration	<u>468,179</u>	<u>476,734</u>	<u>(8,555)</u>
Total General government	<u>726,915</u>	<u>725,898</u>	<u>1,017</u>

Continued

TOWN OF WEAVERVILLE, NORTH CAROLINA
General Fund
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public safety			
Police			
Salaries and benefits	\$	\$ 949,312	\$
Supplies/materials		52,381	
Equipment purchases		150,962	
Repairs and maintenance		28,809	
Insurance		29,756	
Other operating expenditures		<u>77,706</u>	
Total Police	<u>1,336,743</u>	<u>1,288,926</u>	<u>47,817</u>
Fire			
Salaries and benefits		1,136,322	
Equipment purchases		65,399	
Insurance		71,475	
Repairs and maintenance		49,331	
Other operating expenditures		<u>160,562</u>	
Total Fire	<u>1,581,692</u>	<u>1,483,089</u>	<u>98,603</u>
Total Public Safety	<u>2,918,435</u>	<u>2,772,015</u>	<u>146,420</u>
Transportation			
Streets			
Salaries and benefits		129,309	
Contract labor/work		35,939	
Utilities		54,131	
Supplies/materials		35,560	
Other operating expenditures		61,847	
Capital outlay		<u>341,212</u>	
Total Streets	<u>608,082</u>	<u>657,998</u>	<u>(49,916)</u>
Powell Bill			
Salaries and benefits		20,004	
Contract work		2,917	
Capital outlay		5,501	
Other operating expenditures		<u>4,438</u>	
Total Powell Bill	<u>260,924</u>	<u>32,860</u>	<u>228,064</u>
Total Transportation	<u>869,006</u>	<u>690,858</u>	<u>178,148</u>

Continued

TOWN OF WEAVERVILLE, NORTH CAROLINA
General Fund
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Environmental protection			
Sanitation			
Salaries and benefits	\$	\$ 341,168	\$
Contract labor		8,346	
Supplies/materials		24,325	
Other operating expenditures		123,205	
	<u>575,777</u>	<u>497,044</u>	<u>78,733</u>
Total Environmental protection			
Cultural and recreation			
Recreation			
Salaries and benefits		103,137	
Contract labor		8,723	
Other operating expenditures		31,396	
	<u>154,476</u>	<u>143,256</u>	<u>11,220</u>
Total Cultural and recreation			
Debt service			
Principal and interest	698,578	680,462	18,116
	<u>698,578</u>	<u>680,462</u>	<u>18,116</u>
Total Debt service			
Contingency	18,000	-	18,000
	<u>18,000</u>	<u>-</u>	<u>18,000</u>
TOTAL EXPENDITURES	<u>5,961,187</u>	<u>5,509,533</u>	<u>451,654</u>
Revenues over (under) expenditures	<u>(784,207)</u>	<u>(245,462)</u>	<u>538,745</u>
OTHER FINANCING SOURCES			
Fund balance appropriated	784,207	-	(784,207)
	<u>784,207</u>	<u>-</u>	<u>(784,207)</u>
TOTAL OTHER FINANCING SOURCES	<u>784,207</u>	<u>-</u>	<u>(784,207)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>(245,462)</u>	<u>\$ (245,462)</u>
Fund balance, beginning of year		<u>5,134,947</u>	
Fund balance, end of year		<u>\$ 4,889,485</u>	

Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

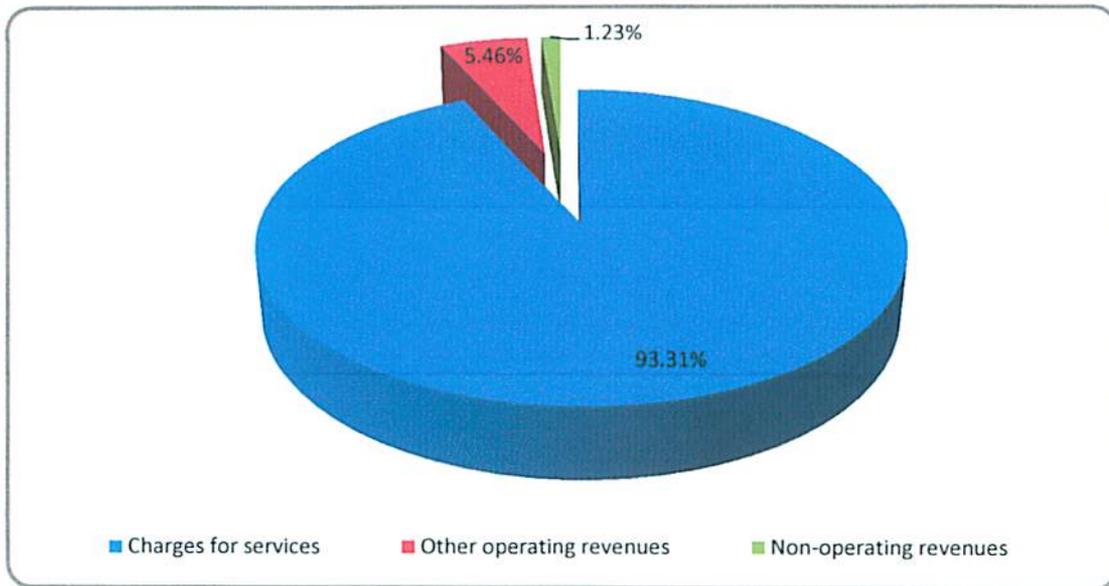
Water and Sewer Fund – This fund is used to account for the Town's water operations and for collection and remittance of sewer charges remitted to the Metropolitan Sewerage District.

Town of Weaverville, North Carolina

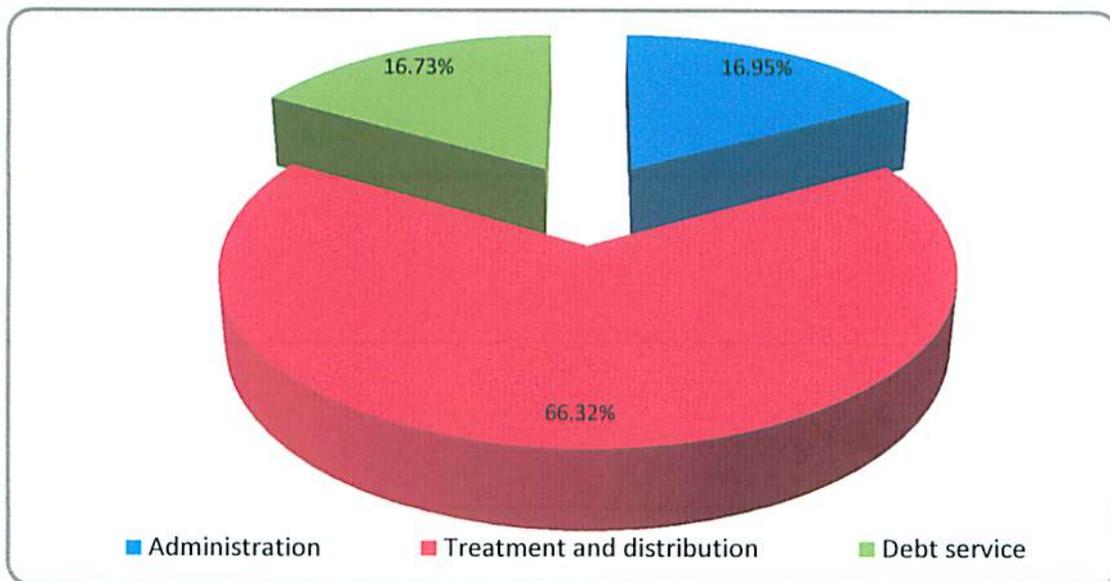
Year Ended June 30, 2011

ENTERPRISE FUND

Revenue Sources



Expenditures by Type



TOWN OF WEAVERVILLE, NORTH CAROLINA
Water and Sewer Fund
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Operating revenues:			
Charges for services	\$ 1,470,000	\$ 1,539,696	\$ 69,696
Other	66,000	90,161	24,161
Total operating revenues	<u>1,536,000</u>	<u>1,629,857</u>	<u>93,857</u>
Nonoperating revenues:			
Investment earnings	30,320	20,312	(10,008)
Total nonoperating revenues	<u>30,320</u>	<u>20,312</u>	<u>(10,008)</u>
TOTAL REVENUES	\$ 1,566,320	\$ 1,650,169	\$ 83,849
EXPENDITURES:			
Operating expenses:			
Administration:			
Salaries and benefits	\$	\$ 226,439	\$
Professional services		15,303	
Supplies and materials		2,227	
Postage		6,802	
Telephone		458	
Insurance		2,727	
Other		2,662	
Total administration	<u>226,299</u>	<u>256,618</u>	<u>(30,319)</u>
Treatment and Distribution:			
Salaries and benefits		584,912	
Professional services		20,396	
Contract work		4,491	
Water testing and maintenance		28,318	
Supplies and materials		131,380	
Training and travel		1,095	
Telephone		10,760	
Utilities		130,785	
Repairs and maintenance		34,145	
Insurance		12,857	
Water purchases		4,753	
Sludge removal		17,783	
Water system improvement		19,088	
Non-capital equipment		3,492	
Total treatment and distribution	<u>1,083,731</u>	<u>1,004,255</u>	<u>79,476</u>
Total operating expenses	1,310,030	1,260,873	49,157

Continued

TOWN OF WEAVERVILLE, NORTH CAROLINA
Water and Sewer Fund
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Budgetary appropriations:			
Contingency	\$ 21,000	\$ -	\$ 21,000
Debt service	235,290	253,378	(18,088)
Capital outlay	-	-	-
	<u>256,290</u>	<u>253,378</u>	<u>2,912</u>
 TOTAL EXPENDITURES	 <u>1,566,320</u>	 <u>1,514,251</u>	 <u>52,069</u>
 Revenues and other sources over expenditures	 <u>\$ -</u>	 <u>\$ 135,918</u>	 <u>\$ 135,918</u>

Reconciliation of modified accrual basis to full accrual basis:

Revenues and other sources over expenditures	\$ 135,918
Reconciling items:	
Principal retirement of debt	131,409
Increase in accrued vacation pay	(10,319)
Increase in accrued OPEB liability	(23,578)
Depreciation expense	<u>(343,182)</u>
Change in net assets	<u>\$ (109,752)</u>

Supplemental Financial Data

This section contains additional information intended to be used for supplemental analysis.

TOWN OF WEAVERVILLE, NORTH CAROLINA
Schedule of Ad Valorem Taxes Receivable
June 30, 2011

Fiscal Year	July 1, 2010	Additions and Adjustments	Collections and Credits	June 30, 2011
2010-2011	\$ -	\$ 2,600,070	\$ 2,589,260	\$ 10,810
2009-2010	15,624	(1,085)	12,164	2,375
2008-2009	6,294	(1,374)	3,588	1,332
2007-2008	1,647	(241)	216	1,190
2006-2007	1,368	(242)	53	1,073
2005-2006	367	(192)	-	175
2004-2005	538	(356)	-	182
2003-2004	191	(20)	-	171
2002-2003	314	(52)	-	262
2001-2002	82	(18)	-	64
2000-2001	110	-	110	-
	<u>\$ 26,535</u>	<u>\$ 2,596,490</u>	<u>\$ 2,605,391</u>	17,634
Less allowance for uncollectible taxes				(855)
Ad Valorem taxes receivable - net				\$ 16,779
Reconciliation with revenues:				
Taxes - Ad Valorem, General Fund			\$ 2,603,095	
Amount written off for fiscal 2000-2001			110	
Other adjustments			13,950	
			2,617,155	
Less interest and fees collected				(11,764)
Total collections and credits			\$ 2,605,391	

TOWN OF WEAVERVILLE, NORTH CAROLINA
 Analysis of Current Tax Levy
 City - Wide Levy
 For the Year Ended June 30, 2011

	<u>Total Property Valuation</u>	<u>Rate</u>	<u>Amount of Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Tax Levy					
Real	\$ 556,111,376				
Utility	4,990,819				
Personal	140,050,987				
	<u>701,153,182</u>				
Discoveries	10,105,359				
Exemptions and releases	<u>(7,467,559)</u>				
Total	<u>\$ 703,790,982</u>	0.00355	\$ 2,498,458	\$ 2,498,458	\$ -
Penalties			3,602		
Registered Motor Vehicles	\$ 28,150,538				
Releases	<u>(542,175)</u>				
Total	<u>\$ 27,608,363</u>	0.00355	<u>98,010</u>	<u>-</u>	<u>98,010</u>
Net levy taxes at June 30, 2011			2,600,070	2,498,458	98,010
Less uncollected taxes at June 30, 2011			<u>(10,810)</u>	<u>(6,602)</u>	<u>(4,208)</u>
Current year's taxes collected			<u>\$ 2,589,260</u>	<u>\$ 2,491,856</u>	<u>\$ 93,802</u>
Percent of current year levy collected			<u>99.58%</u>	<u>99.74%</u>	<u>95.71%</u>

TOWN OF WEAVERVILLE, NORTH CAROLINA
Statistical Section

This part of the Town's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

CONTENTS	PAGES
Financial Trends These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	60-69
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the Town's ability to generate its property taxes.	70-74
Debt Capacity These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	75-78
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and to assist in making comparisons over time and with other governments.	79-80
Operating Information These schedules contain information about the Town's operations and resources to help the reader understand how the Town's financial information relates to the services the Town provides to the citizens.	81-84

TOWN OF WEAVERVILLE, NORTH CAROLINA

Net Assets by Component
Last Eight Fiscal Years
(accrual basis of accounting)

	Fiscal Year 2004	2005	2006
Governmental activities			
Invested in capital assets, net of related debt	\$ 2,035,626	\$ 2,284,053	\$ 2,851,325
Restricted	507,930	486,007	4,187,323
Unrestricted	2,821,865	3,444,785	(4,925)
Total governmental activities net assets	\$ <u>5,365,421</u>	\$ <u>6,214,845</u>	\$ <u>7,033,723</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 6,626,410	\$ 6,801,114	\$ 6,773,602
Unrestricted	2,472,871	2,463,331	2,529,385
Total business-type activities net assets	\$ <u>9,099,281</u>	\$ <u>9,264,445</u>	\$ <u>9,302,987</u>
Primary government			
Invested in capital assets, net of related debt	\$ 8,662,036	\$ 9,085,167	\$ 9,624,927
Restricted	507,930	486,007	4,187,323
Unrestricted	5,294,736	5,908,116	2,524,460
Total primary government net assets	\$ <u>14,464,702</u>	\$ <u>15,479,290</u>	\$ <u>16,336,710</u>

Note: The Town began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004.

The Town began to report net asset classification in accordance with GASB Statement 54 in 2011.

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$	3,224,278	\$ 4,627,661	\$ 4,939,506	\$ 6,347,885	\$ 6,742,401
	1,628,070	679,431	751,036	584,509	1,010,927
	<u>3,703,667</u>	<u>4,438,275</u>	<u>4,990,309</u>	<u>4,186,043</u>	<u>3,377,333</u>
\$	<u>8,556,015</u>	<u>9,745,367</u>	<u>10,680,851</u>	<u>11,118,437</u>	<u>11,130,661</u>
\$	6,632,727	\$ 6,696,012	\$ 6,912,065	\$ 6,752,882	\$ 6,541,109
	<u>2,759,188</u>	<u>2,627,010</u>	<u>2,133,136</u>	<u>2,145,974</u>	<u>2,247,995</u>
\$	<u>9,391,915</u>	<u>9,323,022</u>	<u>9,045,201</u>	<u>8,898,856</u>	<u>8,789,104</u>
\$	9,857,005	\$ 11,323,673	\$ 11,851,571	\$ 13,100,767	\$ 13,283,510
	1,628,070	679,431	751,036	584,509	1,010,927
	<u>6,462,855</u>	<u>7,065,285</u>	<u>7,123,445</u>	<u>6,332,017</u>	<u>5,625,328</u>
\$	<u>17,947,930</u>	<u>19,068,389</u>	<u>19,726,052</u>	<u>20,017,293</u>	<u>19,919,765</u>

TOWN OF WEAVERVILLE, NORTH CAROLINA

Changes in Net Assets
Last Eight Fiscal Years
(accrual basis accounting)

	Fiscal Year			
	2004	2005	2006	2007
Expenses				
Governmental activities:				
General government	\$ 405,340	\$ 431,612	\$ 582,728	\$ 599,262
Public safety	1,682,108	1,926,051	1,873,061	2,164,280
Transportation	246,476	330,055	392,561	293,145
Environmental protection	247,141	298,694	277,293	450,786
Culture and recreation	65,569	106,405	101,022	86,646
Interest on long-term debt	72,947	74,637	74,857	187,703
Total governmental activities expenses	<u>2,719,581</u>	<u>3,167,454</u>	<u>3,301,522</u>	<u>3,781,822</u>
Business-type activities:				
Water and sewer	1,571,760	1,590,451	1,549,374	1,596,762
Total business-type activities expenses	<u>1,571,760</u>	<u>1,590,451</u>	<u>1,549,374</u>	<u>1,596,762</u>
Total primary government expenses	<u>\$ 4,291,341</u>	<u>\$ 4,757,905</u>	<u>\$ 4,850,896</u>	<u>\$ 5,378,584</u>
Program Revenues				
Governmental activities:				
Charges for services				
General government	\$ 22,000	\$ 12,000	\$ 12,000	\$ 13,705
Public safety	17,813	13,208	60,391	54,443
Operating grants and contributions	114,096	397,905	91,952	136,293
Capital grants and contribution	-	-	-	-
Total governmental activities program revenues	<u>153,909</u>	<u>423,113</u>	<u>164,343</u>	<u>204,441</u>
Business-type activities:				
Charges for services:				
Water	1,362,156	1,458,149	1,539,136	1,619,147
Capital grants and contribution	160,105	144,032	-	-
Total business-type activities program revenues	<u>1,522,261</u>	<u>1,602,181</u>	<u>1,539,136</u>	<u>1,619,147</u>
Total primary government program revenues	<u>\$ 1,676,170</u>	<u>\$ 2,025,294</u>	<u>\$ 1,703,479</u>	<u>\$ 1,823,588</u>

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$	642,607	\$ 738,741	\$ 723,016	\$ 762,486
	<u>2,303,242</u>	<u>2,684,782</u>	<u>3,060,692</u>	<u>3,237,380</u>
	500,872	366,130	366,789	410,923
	335,703	365,498	399,436	519,617
	117,045	136,389	146,737	153,234
	<u>166,510</u>	<u>194,368</u>	<u>180,010</u>	<u>159,685</u>
	<u>4,065,979</u>	<u>4,485,908</u>	<u>4,876,680</u>	<u>5,243,325</u>
	<u>1,666,533</u>	<u>1,801,610</u>	<u>1,685,708</u>	<u>1,759,921</u>
	<u>1,666,533</u>	<u>1,801,610</u>	<u>1,685,708</u>	<u>1,759,921</u>
\$	<u>5,732,512</u>	\$ <u>6,287,518</u>	\$ <u>6,562,388</u>	\$ <u>7,003,246</u>
\$	13,705	\$ 13,705	\$ 13,705	\$ 13,705
	47,573	67,236	27,568	24,205
	147,574	135,889	168,531	167,142
	<u>43,370</u>	<u>129,816</u>	-	-
	<u>252,222</u>	<u>346,646</u>	<u>209,804</u>	<u>205,052</u>
	1,527,942	1,451,782	1,492,997	1,629,857
	<u>1,527,942</u>	<u>1,451,782</u>	<u>1,492,997</u>	<u>1,629,857</u>
\$	<u>1,780,164</u>	\$ <u>1,798,428</u>	\$ <u>1,702,801</u>	\$ <u>1,834,909</u>

continued on next page

TOWN OF WEAVERVILLE, NORTH CAROLINA

Changes in Net Assets
Last Seven Fiscal Years
(accrual basis accounting)

	Fiscal Year			
	2004	2005	2006	2007
Net (Expense)/Revenue				
Government activities	\$ (2,565,672)	\$ (2,744,341)	\$ (3,137,179)	\$ (3,577,381)
Business-type activities	<u>(49,499)</u>	<u>11,730</u>	<u>(10,238)</u>	<u>22,385</u>
Total primary government net expense	\$ <u>(2,615,171)</u>	\$ <u>(2,732,611)</u>	\$ <u>(3,147,417)</u>	\$ <u>(3,554,996)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities				
Taxes				
Property taxes	\$ 1,566,825	\$ 1,613,294	\$ 1,813,818	\$ 2,381,557
Sales taxes	645,837	645,837	680,501	864,212
Other taxes	4,175	4,175	4,298	4,678
Unrestricted grants and contributions	1,227,143	1,226,553	1,202,026	1,431,568
Investment earnings	64,805	119,054	220,801	386,222
Miscellaneous	30,034	37,977	34,613	31,436
Transfers	-	(53,125)	-	-
Total governmental activities	<u>3,538,819</u>	<u>3,593,765</u>	<u>3,956,057</u>	<u>5,099,673</u>
Business-type activities:				
Investment earnings	42,395	41,339	48,780	66,543
Transfers	-	53,125	-	-
Accounting change - capitalization policy	<u>(66,628)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>(24,233)</u>	<u>94,464</u>	<u>48,780</u>	<u>66,543</u>
Total primary government	\$ <u>3,514,586</u>	\$ <u>3,688,229</u>	\$ <u>4,004,837</u>	\$ <u>5,166,216</u>
Changes in Net Assets				
Governmental activities	\$ 973,147	\$ 849,424	\$ 818,878	\$ 1,522,292
Business-type activities	<u>(73,732)</u>	<u>106,194</u>	<u>38,542</u>	<u>88,928</u>
Total primary government	\$ <u>899,415</u>	\$ <u>955,618</u>	\$ <u>857,420</u>	\$ <u>1,611,220</u>

Note: The Town began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004.

The Town began to report net asset classification in accordance with GASB Statement 54 in 2011.

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$	(3,813,757)	(4,139,262)	(4,666,876)	(5,038,273)
	<u>(138,591)</u>	<u>(349,828)</u>	<u>(192,711)</u>	<u>(130,064)</u>
\$	<u>(3,952,348)</u>	<u>(4,489,090)</u>	<u>(4,859,587)</u>	<u>(5,168,337)</u>
\$	2,320,988	2,405,340	2,498,598	2,594,574
	942,066	957,261	774,228	803,137
	4,743	4,788	13,218	107,558
	1,462,731	1,506,704	1,399,863	1,485,907
	261,064	161,795	52,001	27,664
	11,517	38,858	366,554	31,658
	-	-	-	-
	<u>5,003,109</u>	<u>5,074,746</u>	<u>5,104,462</u>	<u>5,050,498</u>
	69,698	72,007	46,367	20,312
	-	-	-	-
	-	-	-	-
	<u>69,698</u>	<u>72,007</u>	<u>46,367</u>	<u>20,312</u>
\$	<u>5,072,807</u>	<u>5,146,753</u>	<u>5,150,829</u>	<u>5,070,810</u>
\$	1,189,352	935,484	437,586	12,225
	<u>(68,893)</u>	<u>(277,821)</u>	<u>(146,344)</u>	<u>(109,752)</u>
\$	<u>1,120,459</u>	<u>657,663</u>	<u>291,242</u>	<u>(97,527)</u>

Town of Weaverville, North Carolina
(This page intentionally left blank)

TOWN OF WEAVERVILLE, NORTH CAROLINA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	FISCAL YEAR									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved	\$ 629,876	\$ 588,915	\$ 695,131	\$ 769,026	\$ 805,862	\$ 624,910	\$ 759,513	\$ 869,972	\$ 919,236	\$ -
Unreserved	1,409,795	1,910,696	2,713,186	3,324,858	3,015,075	3,621,609	4,314,587	4,920,744	4,215,711	-
Total General Fund	2,039,671	2,499,611	3,408,317	4,093,884	3,820,937	4,246,519	5,074,100	5,790,716	5,134,947	-
All other government funds										
Reserved	40,445	-	-	-	-	45,968	21,816	65	-	-
Unreserved, reported in:										
Capital projects funds	72,919	74,676	105,875	-	3,632,967	1,234,451	237,691	249,272	-	-
Total all other governmental funds	\$ 113,364	\$ 74,676	\$ 105,875	\$ -	\$ 3,632,967	\$ 1,280,419	\$ 259,507	\$ 249,337	\$ -	\$ -
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	1,010,927
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	371,470
Unassigned	-	-	-	-	-	-	-	-	-	3,507,088
Total General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,889,485
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note: The Town began to report net asset classification in accordance with GASB Statement 54 in 2011.

TOWN OF WEAVERVILLE, NORTH CAROLINA
 Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	FISCAL YEAR									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Ad Valorem Taxes	\$ 996,066	\$ 1,460,877	\$ 1,553,213	\$ 1,626,373	\$ 1,811,049	\$ 2,384,773	\$ 2,319,419	\$ 2,403,512	\$ 2,485,116	\$ 2,603,095
Local Option Sales Taxes	350,053	426,242	613,700	645,837	680,501	864,212	942,066	957,261	774,228	803,137
Other Taxes and Licenses	4,110	3,958	3,965	4,175	4,298	4,678	4,743	4,788	13,218	107,558
Unrestricted Intergovernmental	976,469	1,116,517	1,227,143	1,226,553	1,202,026	1,431,568	1,462,731	1,506,704	1,399,863	1,485,907
Restricted Intergovernmental	90,893	96,380	84,340	389,199	89,380	94,506	153,862	234,123	150,201	144,494
Permits and Fees	14,406	12,547	17,813	13,208	60,391	54,443	47,573	67,236	27,568	24,205
Sales and Services	243,750	3,661	10,000	2,858	-	14,893	-	-	-	-
Investment Earnings	111,768	71,746	64,809	119,054	220,801	418,824	280,013	170,571	52,001	27,664
Miscellaneous	58,241	25,650	71,790	55,825	49,185	39,984	43,355	75,369	398,589	68,011
Total revenues	2,845,756	3,217,578	3,646,773	4,083,082	4,117,631	5,307,881	5,253,762	5,419,564	5,300,784	5,264,071
Expenditures										
Current:										
General government	331,921	312,768	430,802	378,921	546,100	567,427	687,513	777,854	689,602	725,898
Public safety	1,518,620	1,472,677	2,182,364	1,873,635	1,832,766	2,027,437	2,203,336	3,529,242	2,557,761	2,660,279
Transportation	191,473	421,732	229,505	319,841	556,550	254,009	538,368	558,820	303,150	345,948
Environmental Protection	237,594	244,926	228,769	265,080	319,270	420,553	296,124	352,906	348,171	451,412
Cultural and Recreational	86,757	90,170	64,655	104,983	125,110	81,766	110,838	128,291	136,237	143,256
Capital Outlay	201,253	66,811	472,385	232,709	200,460	3,298,563	1,041,124	11,670	1,452,112	502,278
Debt service										
Principal	200,040	115,414	161,190	197,381	655,715	397,448	397,448	533,448	533,448	515,590
Interest and Fees	95,262	124,953	57,073	77,716	72,638	187,644	172,342	180,887	185,408	164,872
Total expenditures	2,862,920	2,849,451	3,826,743	3,450,266		7,234,847	5,447,093	6,073,118	6,205,889	5,509,533
Excess of revenues over (under) expenditures	(17,164)	368,127	(179,970)	632,816	4,117,631	(1,926,966)	(193,331)	(653,554)	(905,105)	(245,462)

continued on next page

TOWN OF WEAVERVILLE, NORTH CAROLINA
 Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	FISCAL YEAR									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Other financing sources (uses)										
Transfers From Other Funds	-	53,125	-	51,458	723,455	-	-	-	-	-
Transfers To Other Funds	-	-	-	(104,583)	(723,455)	-	-	-	-	-
Installment Purchase Obligations Issued	-	-	1,050,000	-	3,551,000	-	-	1,360,000	-	-
Total other financing sources (uses)	-	53,125	1,050,000	(53,125)	3,551,000	-	-	1,360,000	-	-
 Net change in fund balances	<u>\$ (17,164)</u>	<u>\$ 421,252</u>	<u>\$ 870,030</u>	<u>\$ 579,691</u>	<u>\$ 7,668,631</u>	<u>\$ (1,926,966)</u>	<u>\$ (193,331)</u>	<u>\$ 706,446</u>	<u>\$ (905,105)</u>	<u>\$ (245,462)</u>
 Debt services as a percentage of noncapital expenditures	11.09%	8.64%	6.51%	8.55%	17.73%	14.86%	12.93%	11.78%	11.58%	13.59%

Note: The Town began to report net asset classification in accordance with GASB Statement 54 in 2011.

TOWN OF WEAVERVILLE, NORTH CAROLINA
 General Governmental Revenues By Source
 General, Special Revenue and Capital Project Funds
 Last Ten Fiscal Years

Year Ended June 30:	Property Taxes	Permits and Fees	Inter-Governmental	Other Taxes and Licenses	Sales and Services	Investment Earnings	Other Revenues	Total
2011	\$ 2,603,095	\$ 24,205	\$ 1,630,401	\$ 910,695	\$ -	\$ 27,664	\$ 68,011	\$ 5,264,071
2010	2,485,116	27,568	1,550,064	787,446	-	52,001	398,589	5,300,784
2009	2,403,512	67,236	1,740,827	962,049	-	170,571	75,369	5,419,564
2008	2,319,419	47,573	1,616,593	946,809	-	280,013	43,355	5,253,762
2007	2,384,773	54,443	1,526,074	868,890	14,893	418,824	39,984	5,307,881
2006	1,811,049	60,391	1,291,406	684,799	-	220,801	49,185	4,117,631
2005	1,626,373	13,208	1,384,695	650,012	2,858	118,694	55,825	3,851,665
2004	1,553,213	17,813	1,311,483	617,665	10,000	64,809	71,790	3,646,773
2003	1,460,877	12,547	1,212,927	430,200	3,661	71,746	25,650	3,217,608
2002	996,066	14,406	1,067,362	354,163	243,750	111,768	58,241	2,845,756

Source: Audited annual financial reports of the Town of Weaverville, North Carolina

TOWN OF WEAVERVILLE, NORTH CAROLINA

Assessed Value of Taxable Property

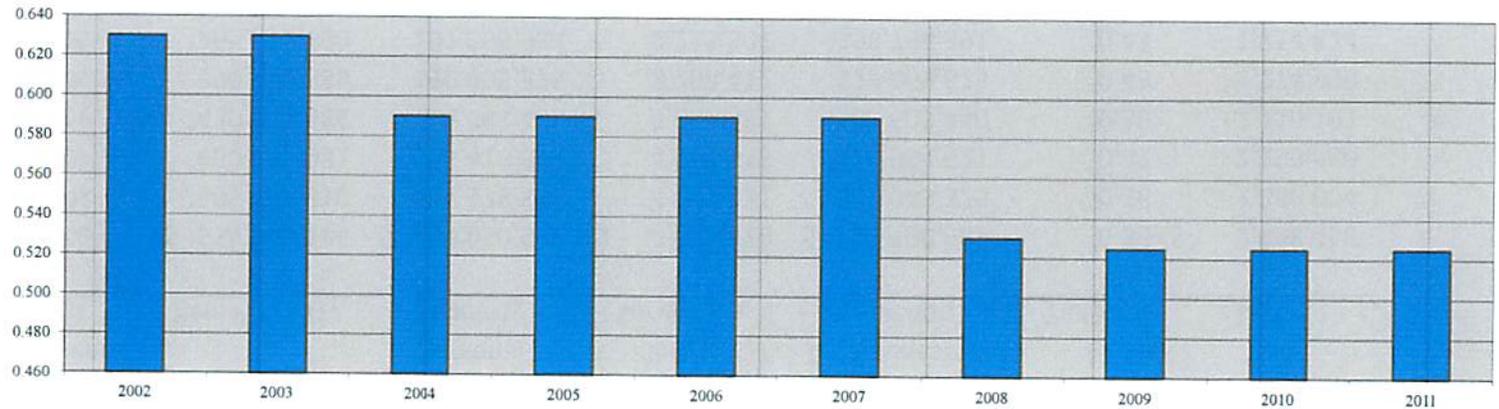
Last Ten Fiscal Years

Fiscal Year	Assessment Ratio	Real Property	Personal Property	Public Service Co.	Total Assessed Valuation	Tax Rate	Levy
2011	100%	\$ 558,749,176	\$ 140,050,987	\$ 4,990,819	\$ 703,790,982	0.36	\$ 2,498,458
2010	100%	508,169,610	154,378,558	4,495,211	667,043,379	0.36	2,368,004
2009	100%	460,439,031	165,410,871	4,144,619	629,994,521	0.37	2,299,480
2008	100%	430,779,386	146,763,465	4,062,589	581,605,440	0.38	2,210,101
2007	100%	390,335,838	130,465,375	8,268,412	529,069,625	0.43	2,274,999
2006	100%	265,523,900	131,056,984	2,215,507	398,796,391	0.43	1,714,824
2005	100%	256,561,162	101,126,454	3,288,160	356,018,707	0.43	1,624,587
2004	100%	245,317,000	101,126,454	3,288,160	362,570,000	0.43	1,559,051
2003	100%	288,788,000	47,296,000	3,310,000	339,394,000	0.43	1,459,394
2002	100%	175,720,000	49,881,000	3,452,000	229,053,000	0.43	984,928

Note: Property in the Town of Weaverville is assessed by the Buncombe County Tax Office every four years. The County assesses property at 100% of actual value. Reappraisal years were in 2006 and 2002. Tax exempt property is not assessed by Buncombe County for tax purposes. Tax rates are per \$100 of assessed value.

TOWN OF WEAVERVILLE, NORTH CAROLINA
 Property Tax Rates-Direct And All Overlapping Governments
 Last Ten Fiscal Years
 Per \$100 of Assessed Value

	FISCAL YEAR									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
County of Buncombe	0.630	0.630	0.590	0.590	0.590	0.590	0.530	0.525	0.525	0.525
City of Asheville	0.560	0.560	0.530	0.530	0.530	0.530	0.424	0.420	0.420	0.420
Town of Biltmore Forest	0.360	0.360	0.360	0.360	0.360	0.360	0.295	0.295	0.300	0.320
Town of Weaverville	0.430	0.430	0.430	0.430	0.430	0.430	0.430	0.380	0.365	0.355
Town of Black Mountain	0.385	0.385	0.385	0.385	0.385	0.385	0.320	0.320	0.320	0.365
Town of Woodfin	0.400	0.400	0.325	0.285	0.285	0.285	0.265	0.265	0.265	0.265
Town of Montreat	0.450	0.450	0.310	0.350	0.370	0.370	0.370	0.370	0.370	0.700
Asheville School District	0.200	0.200	0.200	0.200	0.200	0.200	0.150	0.150	0.150	0.150
Fire Districts	0.060-1.150	0.060-0.150	0.075-0.150	0.075-0.150	0.075-0.150	0.075-0.150	0.075-0.125	0.075-0.125	0.075-0.150	1.075-0.150
Maximum Combined Rate	1.390	1.390	1.320	1.320	1.320	1.320	1.104	1.095	1.095	1.095



NOTE: Property was revalued and effective in fiscal years 2003 and 2007.

Source: June 30, 2011 Buncombe County Comprehensive Annual Financial Report.

TOWN OF WEAVERVILLE, NORTH CAROLINA

Principal Property Taxpayers Current Year and Nine Years Ago

Taxpayer	2010-2011			2001-2002		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Sonopress	\$ 136,614,545	1	19.41%			
Reliance-Baldor	19,608,401	2	2.79%	\$ 14,138,260	1	6.17%
Thermo-Kendro	18,688,110	3	2.66%			
Ingles	8,201,340	4	1.17%	5,568,460	3	2.43%
Shorewood	7,959,100	5	1.13%			
Brian Center	6,906,000	6	0.98%	3,629,100	4	1.58%
Kenmure Enterprises	6,735,150	7	0.96%	3,295,220	5	1.44%
HMVHV	5,933,300	8	0.84%			
Conrad	4,370,750	9	0.62%			
Monticello Commons	4,355,700	10	0.62%	2,346,000	7	1.02%
Albany				2,828,300	6	1.23%
Weaverville Plaza				6,730,900	2	2.94%
Balcrank				1,982,015	8	0.87%
Verizon South				1,792,918	9	0.78%
Weaverville Associates				1,706,600	10	0.75%
Totals	\$ 219,372,396		31.17%	\$ 44,017,773		19.22%
 Total Overall Valuation	 \$ 703,790,982			 \$ 229,053,000		

Source: Weaverville Tax Department

TOWN OF WEAVERVILLE, NORTH CAROLINA

Property Tax Levies and Collections
Last Ten Fiscal Years

Year Ended June 30:	Total Adjusted Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections to Adjusted Tax Levy	Outstanding Delinquent Taxes	Delinquent Taxes to Adjusted Tax Levy
2011	\$ 2,600,070	\$ 2,589,260	99.584%	\$ 16,021	\$ 2,605,281	100.200%	\$ 10,810	0.416%
2010	2,455,125	2,439,501	99.364%	2,692	2,442,193	99.473%	15,624	0.636%
2009	2,394,721	2,386,448	99.655%	5,890	2,392,338	99.900%	15,918	0.665%
2008	2,317,521	2,312,159	99.769%	2,459	2,314,618	99.875%	14,296	0.617%
2007	2,383,557	2,379,553	99.832%	3,307	2,382,860	99.971%	13,078	0.549%
2006	1,820,476	1,812,431	99.558%	3,166	1,815,597	99.732%	16,993	0.933%
2005	1,632,020	1,624,587	99.545%	3,812	1,628,399	99.778%	16,993	1.041%
2004	1,559,111	1,541,825	98.891%	6,844	1,548,669	99.330%	17,286	1.109%
2003	1,459,394	1,452,938	99.558%	4,664	1,457,602	99.877%	16,796	1.151%
2002	984,930	979,757	99.475%	8,007	987,764	100.288%	17,223	1.749%

Source: Audited annual financial reports of the Town of Weaverville, North Carolina

TOWN OF WEAVERVILLE, NORTH CAROLINA

Ratios of Outstanding Debt by Type

Debt Per Capita

Last Ten Fiscal Years

(000 omitted)

Fiscal Year	Population (Est.)	General Bonded Debt			Percentage of Actual Taxable Value of Property	Per Capita	Business-type Activities			Total Primary Government (2)	Percentage of Personal Income (1)	Per Capita
		Assessed Value	Installment Purchases	Percentage of Actual Taxable Value of Property			General Obligation Bonds	Installment Purchase	Per Capita			
2011	3.22	\$731,399	\$3,819	0.522%	\$1,186	\$3,032	\$0	\$942	\$6,851	6.682%	\$2,128	
2010	3.22	691,584	4,335	0.627%	1,346	3,146	18	977	7,499	8.846%	2,329	
2009	3.22	656,088	4,868	0.742%	1,512	3,255	54	1,011	8,177	12.515%	2,539	
2008	3.22	609,874	4,042	0.663%	1,255	3,358	89	1,043	7,489	unavailable	2,326	
2007	2.44	554,315	4,439	0.801%	1,819	3,457	125	1,417	8,021	unavailable	3,287	
2006	2.44	423,367	4,837	1.143%	1,982	3,555	161	1,457	8,553	7.315%	3,505	
2005	2.44	379,539	1,941	0.511%	795	3,649	196	1,495	5,786	6.292%	2,371	
2004	2.44	362,583	2,835	0.782%	1,161	3,638	142	1,490	6,615	6.916%	2,709	
2003	2.44	339,393	1,501	0.442%	615	3,688	-	1,511	5,189	8.205%	2,127	
2002	2.42	229,053	1,617	0.706%	669	3,735	33	1,546	5,385	unavailable	2,229	

Notes: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(1) Personal income data can be found in the Demographic and Economic Statistics Schedule.

(2) Includes general bonded debt and business-type activities debt.

TOWN OF WEAVERVILLE, NORTH CAROLINA
Ratio of Annual Debt Service Expenditures For
General Bonded Debt to Total General Governmental Expenditures
Last Ten Fiscal Years
(000 omitted)

Fiscal Year Ended June 30	Principal	Interest	Total Debt Service Expenditures	(1) Total General Governmental Expenditures	Percentage of Debt Service To Total General Expenditures
2011	\$ 516	\$ 165	\$ 681	\$ 5,510	12.359%
2010	533	185	718	6,206	11.569%
2009	533	181	714	6,061	11.780%
2008	397	172	569	4,406	12.914%
2007	397	188	585	4,742	12.337%
2006	197	71	268	3,648	7.346%
2005	197	78	275	3,450	7.971%
2004	161	57	218	3,827	5.696%
2003	115	125	240	2,849	8.424%
2002	200	95	295	2,863	10.304%

1. Expenditures shown here include all governmental fund type expenditures

Note: Excludes bond issuance and other costs and general obligation bonds reported in the enterprise funds.

TOWN OF WEAVERVILLE, NORTH CAROLINA

Computation of Direct and Underlying Debt

General Obligation Bonds

June 30, 2011

Direct:

Town of Weaverville

Installment debt \$ 3,819,333

Underlying:

Buncombe County

		Percent Applicable to the Town (1)	
General obligation bonds	<u>58,530,000</u>	<u>2.51%</u>	1,471,755

Total underlying bonded debt 1,471,755

Total direct and overlapping bonded debt \$ 5,291,088

1. Percent applicable to the Town of Weaverville calculated using assessed valuation of Town divided by assessed valuation of the County taxing district.

Source: Town of Weaverville tax collector and County of Buncombe, North Carolina, Comprehensive Annual Financial Report, Year ended June 30, 2011.

TOWN OF WEAVERVILLE, NORTH CAROLINA

Legal Debt Margin

Last Ten Fiscal Years

(amounts expressed in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 18,324,278	\$ 25,651,520	\$ 29,006,711	\$ 30,363,167	\$ 33,869,325	\$ 44,345,253	\$ 48,789,920	\$ 52,487,042	\$ 55,326,750	\$ 58,511,948
Total net debt applicable to limit	5,384,688	3,687,500	6,008,953	5,786,655	8,552,674	8,020,960	7,399,961	8,176,532	7,498,818	6,851,818
Legal debt margin	\$ 12,939,590	\$ 21,964,020	\$ 22,997,758	\$ 24,576,512	\$ 25,316,651	\$ 36,324,293	\$ 41,389,959	\$ 44,310,510	\$ 47,827,932	\$ 51,660,130
Total net debt applicable to the limit as a percentage of debt limit	29.39%	14.38%	20.72%	19.06%	25.25%	18.09%	15.17%	15.58%	13.55%	11.71%

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed value of taxable property	<u>\$ 731,399,345</u>
Debt Limit - Eight Percent (8%) of assessed value	58,511,948
Gross Debt:	
Total Bonded Debt	3,032,486
Authorized and Unissued Bonds	-
Installment Purchase Agreements	<u>3,819,332</u>
Gross Debt	6,851,818
Less: Authorized and unissued bonds	<u>-</u>
Total amount of debt applicable to debt limit (net debt)	<u>6,851,818</u>
Legal debt margin	<u>\$ 51,660,130</u>

NOTE: Under state finance law, the Town's outstanding general obligation debt should not exceed 8 percent of total assessed property value.

TOWN OF WEAVERVILLE, NORTH CAROLINA

Demographic and Economic Statistics

Last Ten Fiscal Years as of June 30

June 30	Population (1)	Personal Income (thousands) (2)	Per Capita Personal Income (3)	Median Age (3)	Public School Enrollment (4)	Unemployment Rate (5)
2011	3,673	\$ 102,528	\$ 27,914	44.30	3,660	7.7
2010	3,216	84,771	26,359	50.00	3,660	7.4
2009	3,220	65,636	20,384	39.19	3,660	8.5
2008	3,216	unavailable	unavailable	38.90	3,800	3.7
2007	2,840	unavailable	unavailable	39.60	3,589	3.7
2006	2,840	116,920	41,169	39.60	3,680	3.2
2005	2,508	91,958	36,666	45.00	3,655	4.6
2004	2,442	95,651	39,169	45.00	3,584	3.3
2003	2,442	63,243	25,898	45.00	3,511	4.2
2002	2,416	unavailable	unavailable	45.00	3,796	4.7

Sources:

- (1) North Carolina Office of State Planning (The Town has annexed additional areas effective 6/30/06 and 7/1/10)
- (2) Personal income information is a total for the year
- (3) North Carolina Office of State Planning (Buncombe County)
- (4) Buncombe County Schools-North Buncombe District (Average Daily Membership)
- (5) North Carolina Employment Security Commission (Buncombe County)

TOWN OF WEAVERVILLE, NORTH CAROLINA

Principal Employers
Current Year and Nine Years Ago

	2011			2002		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Employer:						
Sonopress	625	1	23.58%	<i>Not available</i>		
Thermo Electron	611	2	23.06%	<i>Not available</i>		
Ingles	208	3	7.85%	<i>Not available</i>		
Balcrank	135	4	5.09%	<i>Not available</i>		
Reliance	130	5	4.91%	<i>Not available</i>		
Shorewood	127	6	4.79%	<i>Not available</i>		
Brian Center	123	7	4.64%	<i>Not available</i>		
Buncombe County Schools	116	8	4.38%	<i>Not available</i>		
Conrad Industries	74	9	2.79%	<i>Not available</i>		
Town of Weaverville	60	10	2.26%	<i>Not available</i>		
Total	2,209		83.36%			

The employers in Weaverville provides jobs for individuals from Buncombe, Madison, Yancey and Mitchell Counties in North Carolina and from Unicoi County in Tennessee.

TOWN OF WEAVERVILLE, NORTH CAROLINA
 Full-time Equivalent Town Government Employees by Function/Program
 Last Ten Fiscal Years

Function/Program	Full-time Equivalent Employees as of June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>Administration</u>	5	5	5	5	5	5	5	5	5	5
Manager	1	1	1	1	1	1	1	1	1	1
Finance Officer	1	1	1	1	1	1	1	1	1	1
Adm. Assistant	1	1	1	1	1	1	1	1	1	1
Account Clerk/Tax	1	1	1	1	1	1	1	1	1	1
Zoning/Clerk	1	1	1	1	1	1	1	1	1	1
<u>Police</u>	12	12	12	12	14	14	14	14	14	15
Chief	1	1	1	1	1	1	1	1	1	1
Lieutenant	1	1	1	1	1	1	1	1	1	1
Detective	1	1	1	1	1	1	1	1	1	1
Sergeant	2	2	2	2	2	2	2	2	2	2
Corporal	2	2	2	2	2	2	2	2	2	2
Officer	4	4	4	4	6	6	6	6	6	7
Reception	1	1	1	1	1	1	1	1	1	1
<u>Fire</u>	17	17	17	17	17	17	17	18	18	18
Chief	1	1	1	1	1	1	1	1	1	1
Dept. Chief	0	0	0	0	0	0	0	1	1	1
Fire Marshal	1	1	1	1	1	1	1	1	1	1
Battalion Chief	3	3	3	3	3	3	3	3	3	3
Captain	3	3	3	3	3	3	3	3	3	3
Fire Fighter	9	9	9	9	9	9	9	9	9	9
<u>Public Works</u>	20	20	20	20	20	20	20	20	20	22
Director	1	1	1	1	1	1	1	1	1	1
Adm. Assistant	1	1	1	1	1	1	1	1	1	1
Supervisor	2	2	2	2	2	2	2	2	2	2
Equipment II	1	1	1	1	1	1	1	1	1	1
Equipment I	3	3	3	3	3	3	3	3	3	3
Water Treat.	3	3	3	3	3	3	3	3	3	3
Meter Reader	1	1	1	1	1	1	1	1	1	1
Skilled Labor	4	4	4	4	4	4	4	4	4	4
Semi-Skilled	2	2	2	2	2	2	2	2	2	2
Water Tr. Sup.	1	1	1	1	1	1	1	1	1	1
Water Tr. A Sup.	1	1	1	1	1	1	1	1	1	1
Total Employees	54	54	54	54	56	56	56	57	57	60

Source: Town Budget Office

Notes: A full-time employee is scheduled to work the following hours:

Administration: 1,950 hours annual

Police: 2,184 hours annual

Fire: 2,756 hours annual

Public Works: 2,080 hours annual

In 1999 the Fire Department begin to add employees to meet OSHA Regulations.

In 1999 the Water Department added employees for the new Ivy River Water Plant.

In 1999 the Police Department added employees for the community policing program again in 2006 as the results of area growth and annexations.

TOWN OF WEAVERVILLE, NORTH CAROLINA

Operating Indicators by Function/Program
Last Ten Calendar Years

<u>Function/Program</u>	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Administration										
Zoning Permits	82	68	106	82	176	144	145	106	96	79
Tax Collection Rate	99.610%	99.856%	99.884%	99.910%	99.545%	99.558%	99.980%	99.770%	99.000%	99.000%
Tax Rate	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.37	0.36	0.36
Police										
*Dollar Value Stolen	\$ 40,890	\$ 1,081,980	\$ 54,303	\$ 57,355	\$ 99,029	\$ 138,454	\$ 76,915	\$ 48,443	\$ 45,313	\$ 138,054
*Dollar Value Recovered	\$ 5,350	\$ 1,043,431	\$ 48,481	\$ 41,334	\$ 10,908	\$ 69,197	\$ 50,483	\$ 6,020	\$ 25,505	\$ 68,908
Criminal Activities	159	72	106	98	141	96	98	72	97	136
Total Activities	21,684	32,054	26,755	26,676	24,414	23,311	22,556	23,347	26,468	33,516
Patrol Miles Driven	101,068	102,087	101,031	99,025	93,023	110,439	134,579	127,907	124,067	114,598
Fire										
Vehicle Fires	9	14	10	7	8	12	7	6	6	6
Vehicle Loss	\$ 22,900	\$ 36,670	\$ 24,000	\$ 2,500	\$ 170,175	\$ 22,500	\$ 17,750	\$ 65,000	\$ 119,150	\$ 100,600
Structure Fires	10	8	10	10	28	15	20	14	7	12
Structure Loss	\$ 25,000	\$ 29,000	\$ 66,500	\$ 104,340	\$ 448,720	\$ 90,620	\$ 560,120	\$ 988,415	\$ 294,650	\$ 350,000
Total Calls	1,669	1,671	1,607	1,416	1,458	1,588	1,558	1,602	1,727	1,571
Public Works										
Solid Waste/Program Cos	\$ 237,586	\$ 271,056	\$ 286,004	\$ 330,771	\$ 292,025	\$ 332,363	\$ 330,838	\$ 352,905	\$ 494,921	\$ 576,988
Cost per Household	\$ 179.32	\$ 250.76	\$ 264.60	\$ 305.99	\$ 272.35	\$ 259.05	\$ 201.63	\$ 245.27	\$ 299.95	\$ 349.69
Cost per Ton Recyclables	\$ 171.67	\$ 324.65	\$ 335.06	\$ 377.59	\$ 335.06	\$ 164.03	\$ 158.15	\$ 153.83	\$ 143.88	\$ 121.30
Recovered Tons	140.10	154.70	177.50	188.10	179.10	200.57	219.52	263.34	271.58	330.18
Street Signs Installed	40	35	22	27	31	20	9	13	12	44
Paving Repairs	88	53	45	23	25	-	34	26	13	10

continued on next page

TOWN OF WEAVERVILLE, NORTH CAROLINA

Operating Indicators by Function/Program
Last Ten Calendar Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Water										
Water Mains										
Six inch	103,150	103,150	103,150	103,150	103,150	104,550	104,550	106,325	106,325	106,325
Eight inch	90,380	90,380	97,280	97,280	97,280	98,680	100,325	110,462	110,462	110,462
Ten inch	23,220	23,220	23,220	25,795	25,795	25,795	25,795	25,795	25,795	25,795
Twelve inch	17,300	17,300	17,300	17,300	17,300	17,300	17,300	21,855	21,855	21,855
Twenty inch	21,400	21,400	21,400	21,400	21,400	21,400	21,400	21,400	21,400	21,400

Source: Various Town departments

Notes: Prior to 1999 the Weaverville Police Department did not report dollar values stolen or recovered to the State Bureau of Investigation.

In 1997 the Weaverville Police only estimated miles driven.

The Fire Department stopped unlocking doors except in an emergency in 2000.

The Public Works department implemented curbside recycling in 2000.

TOWN OF WEAVERVILLE, NORTH CAROLINA
 Capital Asset Statistics by Function/Program
 Last Ten Calendar Years

<u>Function/Program</u>	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	13	14	14	14	14	15	15	15	15	15
Fire stations	1	1	1	1	1	1	1	1	1	1
Refuse collection										
Collection trucks	2	2	2	2	2	2	2	2	2	2
Other public works										
Streets (miles)	17.09	17.3	17.30	18.03	18.03	18.03	18.03	18.03	18.03	18.03
Streetlights	285	285	298	298	301	301	301	301	301	301
Traffic signals	5	5	5	5	5	7	7	7	7	7
Water										
Transmission lines (miles)	37.55	48.56	48.56	49.9	50.36	50.71	51.01	54.14	54.14	54.14
Fire hydrants	269	269	276	276	276	281	284	389	389	389
Storage capacity (thousands of gallons)	2,820	2,700	2,700	2,700	2,700	2,700	3,950	3,950	3,950	3,950

Sources: Various Town Departments

Notes:

Traffic signals are maintained by North Carolina Department of Transportation.

Streetlights are provided by Progress Energy.

Town street total includes gravel and hard surface.

Police vehicles include support vehicles.