

Town of Weaverville, North Carolina
Comprehensive Annual Financial Report
June 30, 2012



Town of Weaverville, North Carolina

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2012

Town Council
(As of June 30, 2012)

Al Root, Mayor
Dottie Sherrill, Vice-Mayor
Walt Currie
Gene Knoefel
John Penley
Doug Dearth

Town Manager
James Michael Boaz

Prepared under the direction of:
Finance Officer
Jim McMillan

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2012
Town of Weaverville, North Carolina

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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, 2011

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. Danison

President

Jeffrey R. Emer

Executive Director



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

October 31, 2012

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, 2012.

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 misstatements. 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 Gould Killian CPA Group, P.A., 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, 2012 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used; and evaluating the overall financial

statement presentation. The independent audit for the fiscal year ended June 30, 2012 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. In 1875 the town was officially founded.

Weaverville prides itself in providing its current population of 3,721 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 3,721.

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 crises. 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 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 orderly government and the provision of high quality services.
- ◆ Promote the stability of existing residential neighborhoods while fostering a diversity of housing opportunities.
- ◆ Promote diverse economic development in keeping with the Town's residential character and the environment.
- ◆ Provide, support and encourage a high quality of life for the Town of Weaverville.

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 board 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 projects 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 CD's and DVD's 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 type of investments to be used. 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 in North Carolina; A1, P1, domestic commercial paper and the North Carolina Cash 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, 2012, including time deposits and money market accounts used for investment purposes were \$7,170,589.

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 worker's compensation. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit is 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 post-employment 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 benefit 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 percent 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 post-employment benefits can be found in in the notes to the financial statements.

Debt Administration

On May 23, 2005 Moody's Investors Service assigned an initial A2 rating to the Town of Weaverville's general obligation refunding bonds. The A2 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, 2011. This was the fifteenth 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.

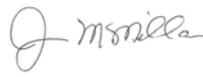
For sixteen consecutive years the Town has received the Government Finance Officers Association Award for Distinguished Budgetary Presentation.

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,

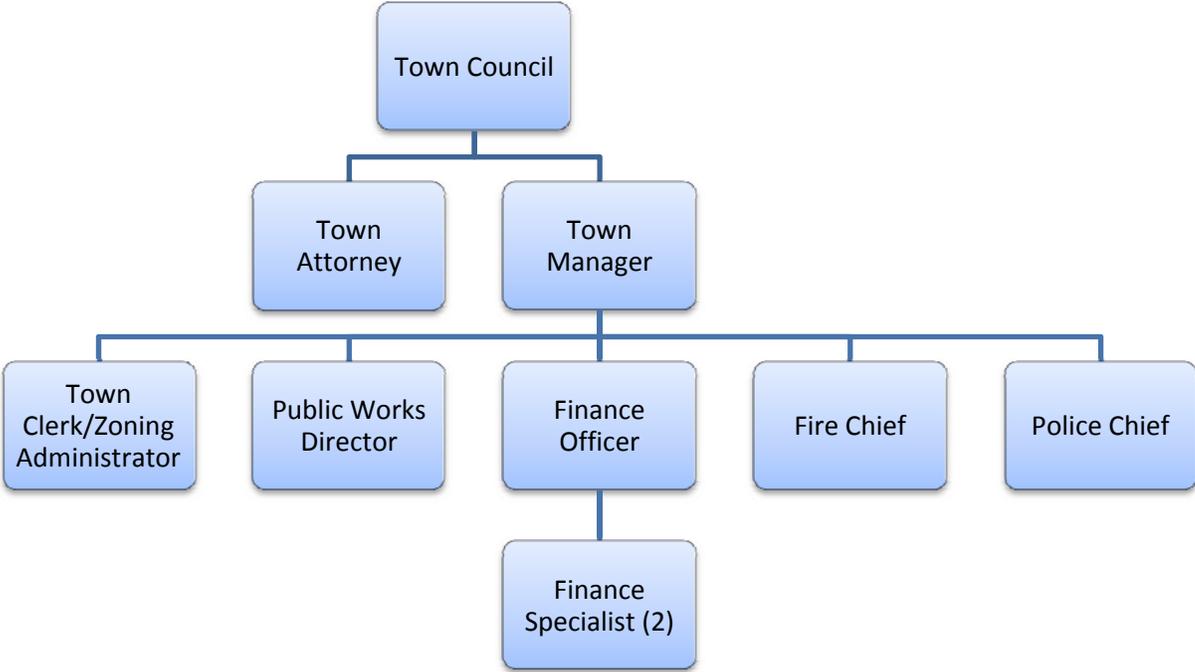


James Michael Boaz
Town Manager

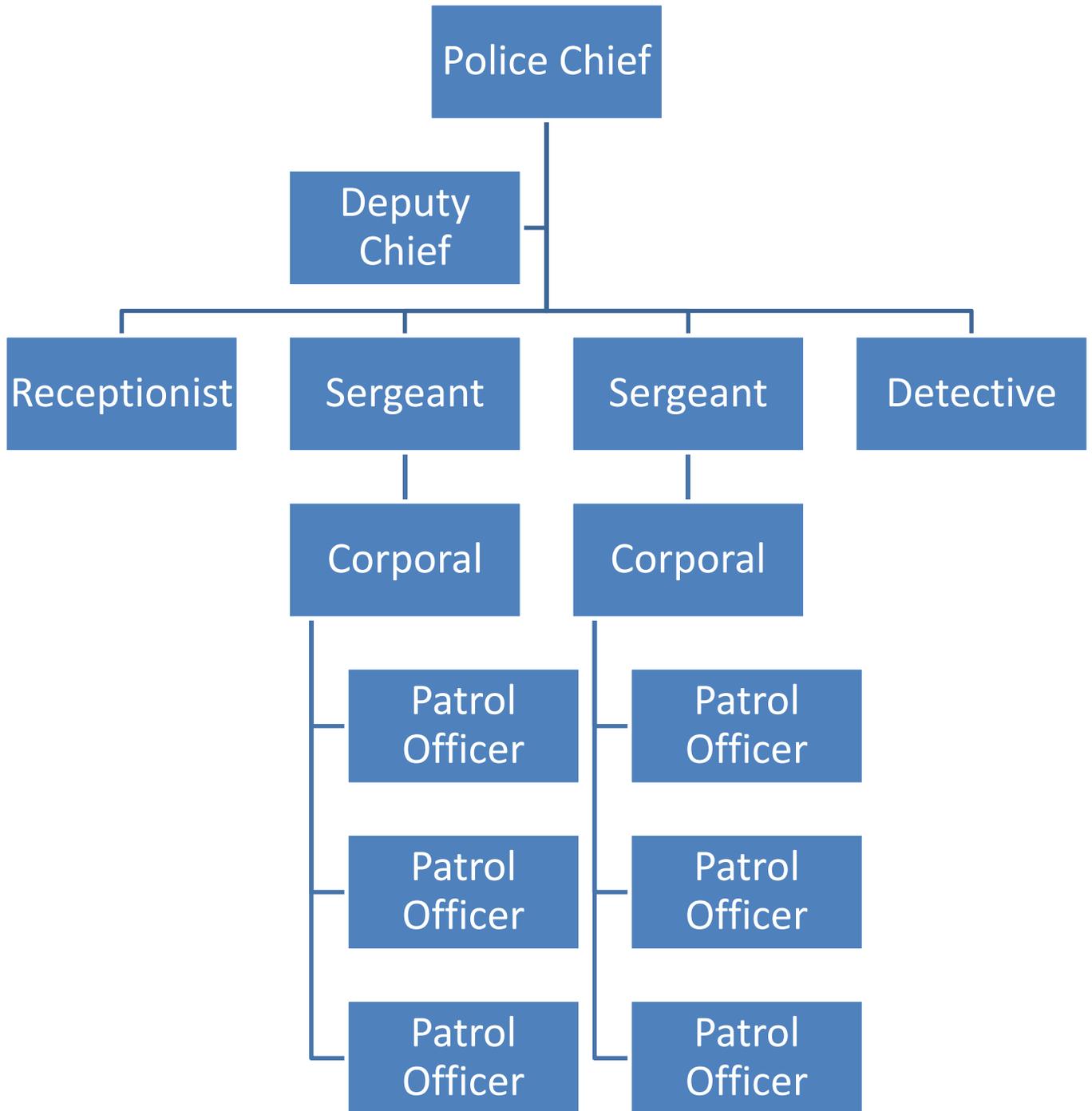


Jim McMillan
Finance Officer

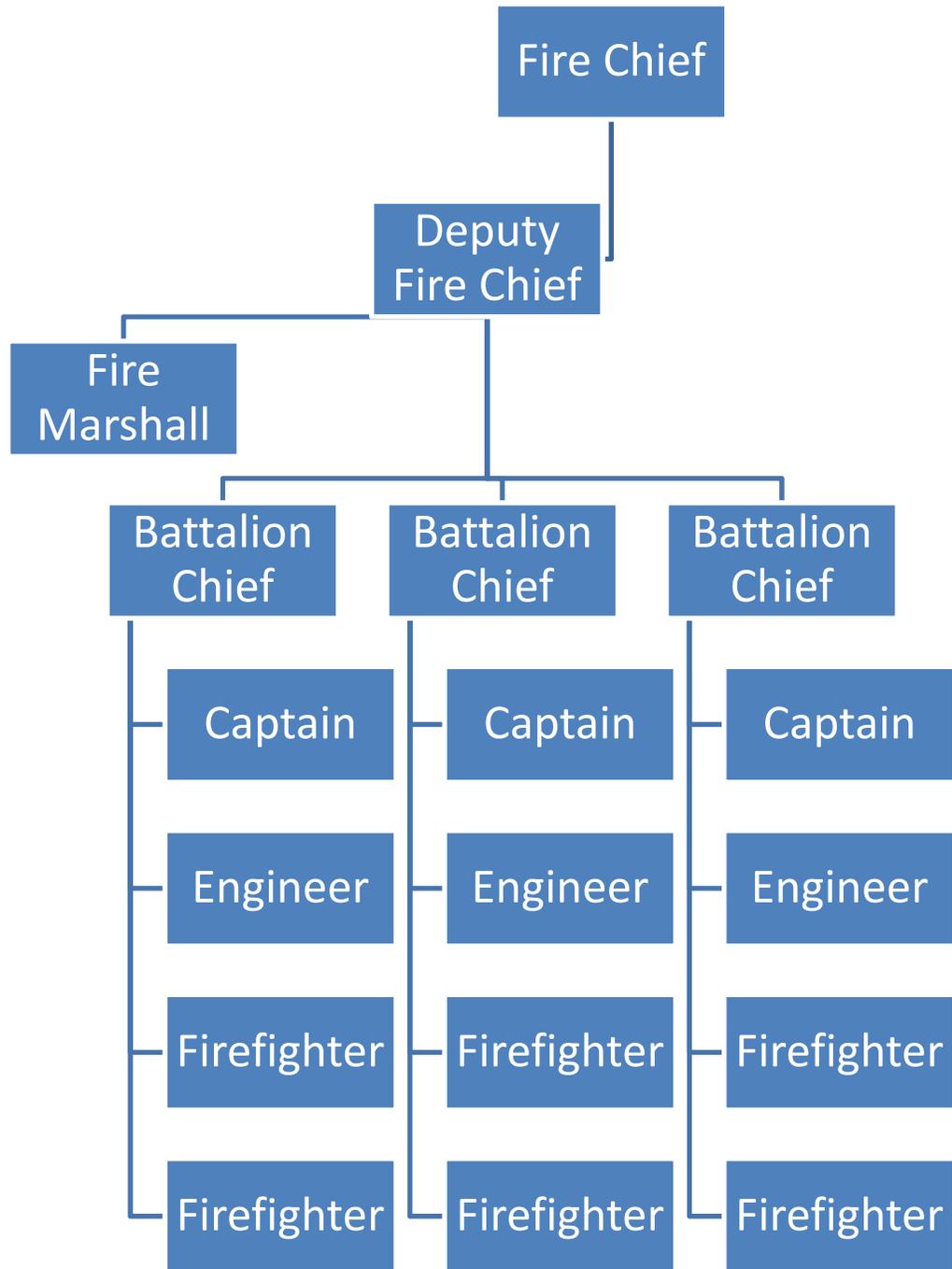
Administration
Organizational Chart



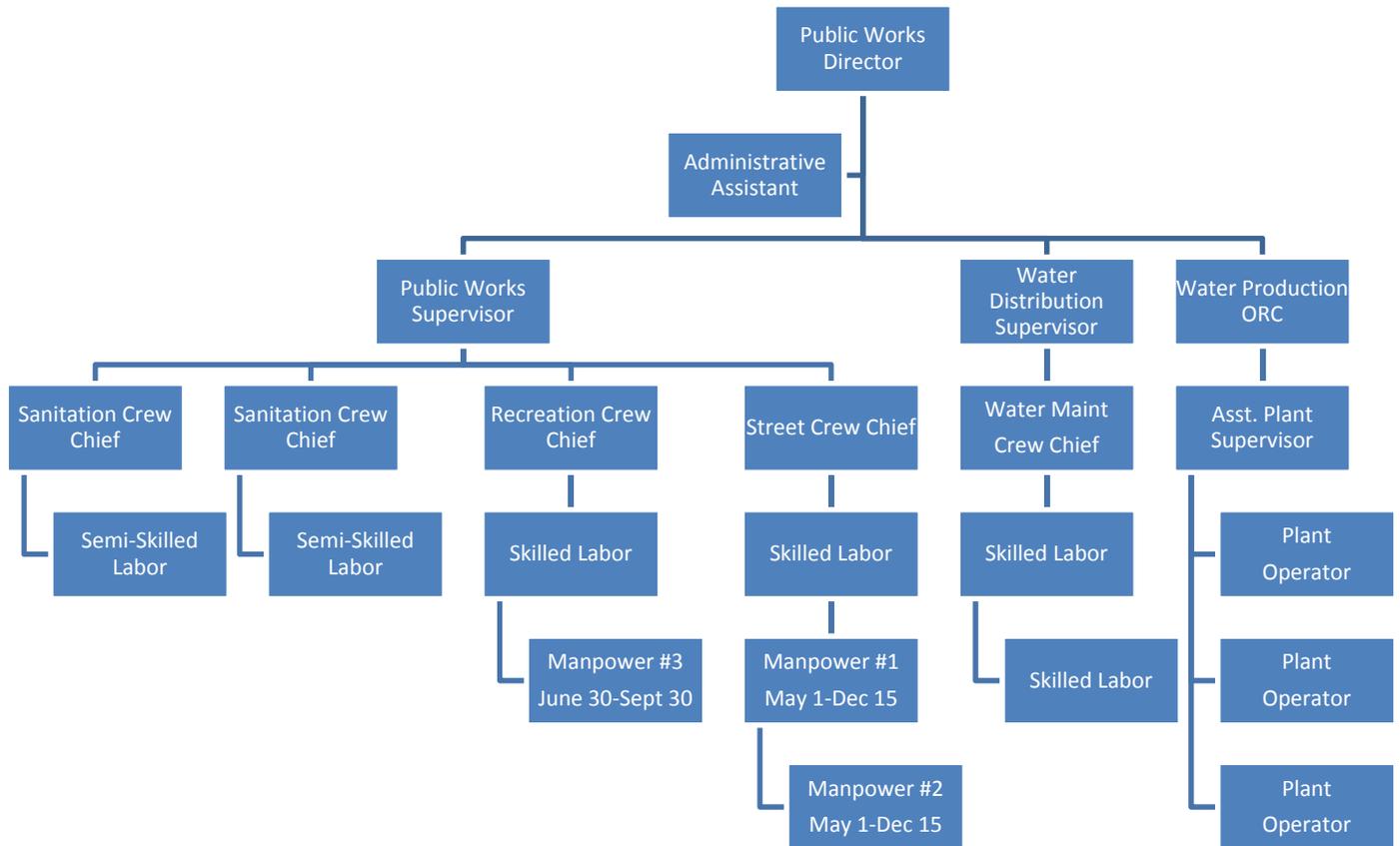
Police Department
Organizational Chart



Fire Department
Organizational Chart



Public Work Department
Organizational Chart



TOWN OF WEAVERVILLE

Principal Officials

TOWN COUNCIL

Al Root, Mayor
Dottie Sherrill, Vice-Mayor
Walt Currie
Gene Knoeful
Doug Dearth
John Penley

TOWN ATTORNEY

Patsy Bryson

TOWN MANAGER

James Michael Boaz

FINANCE OFFICER

Jim McMillan

PUBLIC WORKS DIRECTOR

Anthony Laughter

FIRE DEPARTMENT CHIEF

Jeffrey T. Hooper

POLICE DEPARTMENT CHIEF

Gregory Stephens



Independent Auditors' Report

To the Honorable Mayor
and Members of the Town Council
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, 2012, 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'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 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Town of Weaverville ABC Board were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditor 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, 2012, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2012 on our consideration of the Town of Weaverville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 16 through 23, the Law Enforcement Officers' Special Separation Allowance's and the Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions on pages 60 and 63, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in

an appropriate operational, economic, or historical context. We and the other auditor have applied certain limited procedures to the required supplementary information in accordance with auditing standards general accepted in the United State of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Weaverville's basic financial statements. The introductory section, individual fund statements, budgetary schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and budgetary schedules are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
November 15, 2012

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, 2012. 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

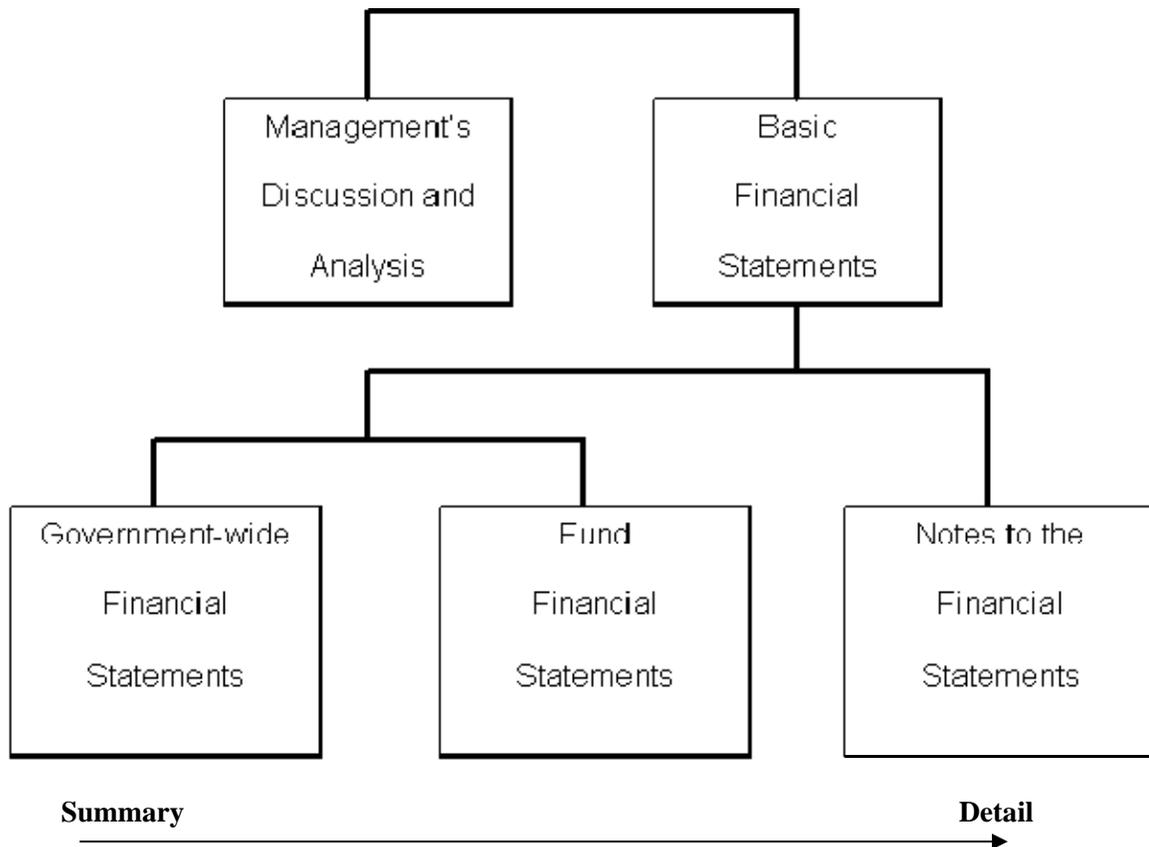
- The assets of the Town of Weaverville exceeded its liabilities at the close of the fiscal year by \$20,132,813 (*net assets*).
- The government's total net assets increased by \$213,048 due to an increase in governmental activities net assets of \$285,780.
- As of the close of the current fiscal year, the Town of Weaverville's General Fund reported an ending fund balance of \$5,169,437, an increase of \$279,952 in comparison with the prior year. Approximately 18.2% of this total amount, or \$940,151, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,015,946, or 77.7% 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 (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town 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, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer 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. 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 Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of 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 the 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 – The Town of Weaverville has one proprietary fund. The *Enterprise Fund* is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Weaverville uses the enterprise fund to account for its water and sewer activity. This fund is 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 37 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 and other postemployment benefits to its employees. Required supplementary information can be found beginning on page 59 of this report.

Interdependence with Other Entities – The Town depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

Government-Wide Financial Analysis

The Town of Weaverville’s Net Assets

Figure 2

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 5,312,319	\$ 5,206,228	\$ 2,658,263	\$ 2,558,677	\$ 7,970,582	\$ 7,764,905
Capital assets	<u>10,164,352</u>	<u>10,561,734</u>	<u>9,303,382</u>	<u>9,573,595</u>	<u>19,467,734</u>	<u>20,135,329</u>
Total assets	<u>15,476,671</u>	<u>15,767,962</u>	<u>11,961,645</u>	<u>12,132,272</u>	<u>27,438,316</u>	<u>27,900,234</u>
Long-term liabilities						
outstanding	3,913,148	4,308,282	3,030,321	3,136,998	6,943,469	7,445,280
Other liabilities	<u>147,082</u>	<u>329,019</u>	<u>214,952</u>	<u>206,170</u>	<u>362,034</u>	<u>535,189</u>
Total liabilities	<u>4,060,230</u>	<u>4,637,301</u>	<u>3,245,273</u>	<u>3,343,168</u>	<u>7,305,503</u>	<u>7,980,469</u>
Net assets:						
Invested in capital assets, net of related debt	6,842,752	6,742,401	6,389,448	6,541,109	13,232,200	13,283,510
Restricted	940,151	1,010,927	-	-	940,151	1,010,927
Unrestricted	<u>3,633,538</u>	<u>3,377,333</u>	<u>2,326,924</u>	<u>2,247,995</u>	<u>5,960,462</u>	<u>5,625,328</u>
Total net assets	<u>\$ 11,416,441</u>	<u>\$ 11,130,661</u>	<u>\$ 8,716,372</u>	<u>\$ 8,789,104</u>	<u>\$ 20,132,813</u>	<u>\$ 19,919,765</u>

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 \$20,132,813 as of June 30, 2012. The Town’s net assets *increased* by \$213,048 for the fiscal year ended June 30, 2012. However, the largest portion (65.72%) 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 of \$940,151 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$5,960,462 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage 99.64% which is better than the statewide average of 97.42%.
- Increased sales tax revenues of approximately \$70,000 due to economic growth in the Town.

Town of Weaverville Changes in Net Assets

Figure 3

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:						
<i>Program revenues:</i>						
Charges for services	\$ 47,165	\$ 37,910	\$ 1,604,755	\$ 1,629,857	\$ 1,651,920	\$ 1,667,767
Operating grants and contributions	24,561	167,142	-	-	24,561	167,142
Capital grants and contributions	120,661	-	-	-	120,661	-
<i>General revenues:</i>						
Property taxes	2,731,700	2,594,574	-	-	2,731,700	2,594,574
Other taxes	979,761	910,695	-	-	979,761	910,695
Grants and contributions, not restricted to specific programs	1,490,077	1,485,907	-	-	1,490,077	1,485,907
Unrestricted investment earnings	28,139	27,664	20,774	20,312	48,913	47,976
Miscellaneous	46,587	31,658	-	-	46,587	31,658
<i>Total revenues</i>	<u>5,468,651</u>	<u>5,255,550</u>	<u>1,625,529</u>	<u>1,650,169</u>	<u>7,094,180</u>	<u>6,905,719</u>
Expenses:						
General government	745,832	762,486	-	-	745,832	762,486
Public safety	3,192,377	3,237,380	-	-	3,192,377	3,237,380
Transportation	431,241	410,923	-	-	431,241	410,923
Environmental protection	525,647	519,617	-	-	525,647	519,617
Culture and recreation	151,913	153,234	-	-	151,913	153,234
Water and sewer	-	-	1,698,261	1,759,921	1,698,261	1,759,921
Interest on long-term debt	135,861	159,685	-	-	135,861	159,685
<i>Total expenses</i>	<u>5,182,871</u>	<u>5,243,325</u>	<u>1,698,261</u>	<u>1,759,921</u>	<u>6,881,132</u>	<u>7,003,246</u>
Increase (decrease) in net assets	<u>285,780</u>	<u>12,225</u>	<u>(72,732)</u>	<u>(109,752)</u>	<u>213,048</u>	<u>(97,527)</u>
Net assets, beginning 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>
Net assets, end of year	<u>\$ 11,416,441</u>	<u>\$ 11,130,661</u>	<u>\$ 8,716,372</u>	<u>\$ 8,789,104</u>	<u>\$ 20,132,813</u>	<u>\$ 19,919,765</u>

Governmental activities. Governmental activities increased the Town’s net assets by \$285,780, thereby accounting for all of the growth in the net assets of the Town. Key elements of this increase are as follows:

- Grant revenues in the transportation area of \$105,280 were used to construct capital assets.
- Tax revenues increased by \$137,126 or 5.0% due to an increase in the tax rate from \$0.355 per \$100 of assessed value to \$0.375 per \$100.

Business-type activities: Business-type activities decreased the Town of Weaverville's net assets by \$72,732.

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, the Town of Weaverville's fund balance available in the General Fund was \$4,243,936, while total fund balance reached \$5,169,437. The Governing Body of the Town of Weaverville has determined that the Town should maintain an available fund balance of a minimum 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 available fund balance of 77.85% of general fund revenues, while total fund balance represents 94.84% 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.

Revenues were more than the budgeted amounts primarily because the Town did not expect to receive some of the unrestricted intergovernmental funds that became available. Expenditures were held in check to comply with its budgetary requirements.

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 \$2,326,924. The total change in net assets was a decrease of \$72,732. The change in net assets in the Water and Sewer Fund is a result of a decrease in operating revenues from budgeted amounts.

Capital Asset 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, 2012, totals \$19,467,734 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, vehicles, furniture, plant and distribution systems, and town infrastructure.

Major capital asset transactions during the year include the following:

- Completion of the Highland Street sidewalks at a cost of approximately \$127,000.
- Completion of a paving project at High Meadow Drive at a cost of approximately \$105,000.
- New equipment at the water treatment plant at a cost of approximately \$36,000.

- Two new trucks for the water department at a cost of approximately \$40,000.

**Town of Weaverville's Capital Assets
(Net of depreciation)**

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 1,292,440	\$ 1,273,640	\$ 146,035	\$ 146,035	\$ 1,438,475	\$ 1,419,675
Construction in progress	-	128,417	-	-	-	128,417
Buildings	5,110,178	5,230,628	-	-	5,110,178	5,230,628
Land improvements	223,321	128,041	-	-	223,321	128,041
Furniture, equipment and vehicles	1,894,707	2,244,773	194,100	180,420	2,088,807	2,425,193
Infrastructure	1,643,706	1,556,235	8,963,247	9,247,140	10,606,953	10,803,375
Total	\$ 10,164,352	\$ 10,561,734	\$ 9,303,382	\$ 9,573,595	\$ 19,467,734	\$ 20,135,329

Additional information on the Town's capital assets can be found in Note 2.A.4 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2012, the Town of Weaverville had total debt in the form of installment purchase contracts and general obligation bonds outstanding of \$6,235,534.

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

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation Bonds, net	\$ -	\$ -	\$ 2,913,934	\$ 3,032,486	\$ 2,913,934	\$ 3,032,486
Installment purchases payable	3,321,600	3,819,333	-	-	3,321,600	3,819,333
	\$ 3,321,600	\$ 3,819,333	\$ 2,913,934	\$ 3,032,486	\$ 6,235,534	\$ 6,851,819

Town of Weaverville's Outstanding Debt

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Weaverville is approximately \$51,900,000.

Additional information regarding the Town of Weaverville's long-term debt can be found in Note 2 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- There has been limited economic growth during FY 2012 and we do not anticipate a significant amount of growth during FY 2013. During the last few months of FY 2012 we began to see an increase in the number of new housing starts. This is a positive sign that the housing market, which greatly influences the Town's property tax base as well as its sales tax collections, is starting to make some recovery. We hope that this recovery will continue and gain momentum during FY 2013. However, we have not budgeted for significant increases in any revenue source for 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 but we believe that this decline has come to an end, for the immediate future.
- Buncombe County has planned a revaluation of real and personal property for next year.
- 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.

Budget Highlights for the Fiscal Year Ending June 30, 2013

Governmental Activities: The Town Council has adopted a budget for Fiscal Year 2012-2013 that maintains the current tax rate of \$0.375 per \$100 of valuation. The adopted budget includes a cost of living adjustment for Town employees and maintains the same level of services that our citizens have come to enjoy and expect from the Town. This was accomplished with an increase in the budget of only 0.7% mainly through the efforts of department heads to keep down operational costs.

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 2012-2013 are estimated at \$1,639,390 or just slightly above the actual amount of \$1,625,529 collected in the 2011-2012 fiscal year. The budget for FY 2012-2013 does not include a rate increase and includes funding for a number of capital projects. The Town was able to accomplish this through a reorganization of staff that led to the elimination of an unfilled position at the Lawrence T. Sprinkle Jr. Water Treatment Facility.

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, NC 28787. You can also call (828) 645-7116, visit our website www.weavervillenc.org or send an email to jwcmillan@weavervillenc.org for more information.



BASIC FINANCIAL STATEMENTS



TOWN OF WEAVERVILLE, NORTH CAROLINA

Exhibit 1

STATEMENT OF NET ASSETS

June 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Town of Weaverville ABC Board
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 4,322,757	\$ 2,453,667	\$ 6,776,424	\$ 90,206
Taxes receivable, net	15,453	-	15,453	-
Accounts receivable, net	32,713	204,596	237,309	-
Due from other governments	296,826	-	296,826	-
Inventories	-	-	-	105,423
Prepaid expenses	-	-	-	5,087
Restricted cash and equivalents	644,570	-	644,570	-
Total current assets	5,312,319	2,658,263	7,970,582	200,716
Non-current assets:				
Capital assets:				
Land and construction in progress	1,292,440	146,035	1,438,475	410,000
Other capital assets, net	8,871,912	9,157,347	18,029,259	977,367
Total capital assets	10,164,352	9,303,382	19,467,734	1,387,367
Total assets	15,476,671	11,961,645	27,438,316	1,588,083
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	78,821	168,644	247,465	96,297
Other liabilities	45,611	36,920	82,531	55,125
Accrued interest payable	19,653	9,388	29,041	14,568
Unearned revenue	2,997	-	2,997	-
Current portion of long-term liabilities	517,733	128,000	645,733	56,382
Total current liabilities	664,815	342,952	1,007,767	222,372
Long-term liabilities:				
Due in more than one year	3,395,415	2,902,321	6,297,736	1,396,007
Total liabilities	4,060,230	3,245,273	7,305,503	1,618,379
NET ASSETS				
Invested in capital assets, net of related debt	6,842,752	6,389,448	13,232,200	(57,656)
Restricted for:				
Stabilization by State statute	327,360	-	327,360	-
Streets	612,791	-	612,791	-
Working capital	-	-	-	62,380
Unrestricted (deficit)	3,633,538	2,326,924	5,960,462	(35,020)
Total net assets	\$ 11,416,441	\$ 8,716,372	\$ 20,132,813	\$ (30,296)

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, 2012

Functions/Programs	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:				
Governmental Activities:				
General government	\$ 745,832	\$ 15,377	\$ -	\$ 18,800
Public safety	3,192,377	31,788	22,183	-
Transportation	431,241	-	-	101,861
Environmental protection	525,647	-	-	-
Cultural and recreational	151,913	-	2,378	-
Interest on long-term debt	135,861	-	-	-
Total governmental activities	5,182,871	47,165	24,561	120,661
Business-type activities:				
Water and sewer	1,698,261	1,604,755	-	-
Total primary government	\$ 6,881,132	\$ 1,651,920	\$ 24,561	\$ 120,661
Component unit:				
Town of Weaverville ABC Board	\$ 2,055,396	\$ 2,092,129	\$ -	\$ -
Total component unit	\$ 2,055,396	\$ 2,092,129	\$ -	\$ -

General revenues:

Taxes:

Property taxes, levied for general purpose

Other taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Miscellaneous

Total general revenues

Changes in net assets

Net assets, beginning of year

Net assets, end of year

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Town of Canton ABC Board
\$ (711,655)	\$ -	\$ (711,655)	\$ -
(3,138,406)	-	(3,138,406)	-
(329,380)	-	(329,380)	-
(525,647)	-	(525,647)	-
(149,535)	-	(149,535)	-
(135,861)	-	(135,861)	-
(4,990,484)	-	(4,990,484)	-
-	(93,506)	(93,506)	-
(4,990,484)	(93,506)	(5,083,990)	-
-	-	-	36,733
-	-	-	36,733
2,731,700	-	2,731,700	-
979,761	-	979,761	-
1,490,077	-	1,490,077	-
28,139	20,774	48,913	255
46,587	-	46,587	1,870
5,276,264	20,774	5,297,038	2,125
285,780	(72,732)	213,048	38,858
11,130,661	8,789,104	19,919,765	(69,154)
\$ 11,416,441	\$ 8,716,372	\$ 20,132,813	\$ (30,296)

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

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 4,322,757	\$ 4,322,757
Restricted cash and cash equivalents	644,570	644,570
Taxes receivable, net	15,453	15,453
Accounts receivable, net	32,713	32,713
Due from other governments	296,826	296,826
Total assets	\$ 5,312,319	\$ 5,312,319
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ 78,821	\$ 78,821
Deposits	45,611	45,611
Deferred revenue	15,453	15,453
Unearned revenue	2,997	2,997
Total liabilities	142,882	142,882
Fund balances:		
Restricted for:		
Stabilization by State statute	327,360	327,360
Streets	612,791	612,791
Assigned:		
Public safety	31,780	31,780
Subsequent year's expenditures	181,560	181,560
Unassigned	4,015,946	4,015,946
Total fund balances	5,169,437	5,169,437
Total liabilities and fund balances	\$ 5,312,319	\$ 5,312,319
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		10,164,352
Liabilities for earned but deferred revenues in fund statements.		15,453
Some liabilities, including notes payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.		(3,932,801)
Net assets of governmental activities		\$ 11,416,441

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2012

	Major Fund	
	General Fund	Total Governmental Funds
REVENUES		
Ad valorem taxes	\$ 2,733,026	\$ 2,733,026
Other taxes and licenses	979,761	979,761
Unrestricted intergovernmental	1,490,077	1,490,077
Restricted intergovernmental	106,580	106,580
Permits and fees	31,788	31,788
Investment earnings	28,139	28,139
Miscellaneous	81,806	81,806
Total revenues	5,451,177	5,451,177
EXPENDITURES		
Current:		
General government	705,657	705,657
Public safety	2,724,937	2,724,937
Transportation	487,083	487,083
Environmental protection	465,371	465,371
Cultural and recreational	145,181	145,181
Debt service:		
Principal	497,733	497,733
Interest and other charges	145,263	145,263
Total expenditures	5,171,225	5,171,225
Net change in fund balances	279,952	279,952
Fund balances, beginning of year	4,889,485	4,889,485
Fund balances, end of year	\$ 5,169,437	\$ 5,169,437

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2012

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net changes in fund balances - total governmental funds	\$ 279,952
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.	(397,382)
In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,326)
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.	507,135
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	17,304
Net pension obligation	(22,300)
Other postemployment benefits	<u>(97,603)</u>
Total changes in net assets of governmental activities	<u>\$ 285,780</u>

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND

For the year ended June 30, 2012

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Ad valorem taxes	\$ 2,664,930	\$ 2,664,930	\$ 2,733,026	\$ 68,096
Other taxes and licenses	952,000	952,000	979,761	27,761
Unrestricted intergovernmental	1,388,600	1,389,100	1,490,077	100,977
Restricted intergovernmental	103,000	107,719	106,580	(1,139)
Permits and fees	3,000	9,025	31,788	22,763
Investment earnings	41,000	41,000	28,139	(12,861)
Miscellaneous	30,700	67,700	81,806	14,106
Total revenues	5,183,230	5,231,474	5,451,177	219,703
EXPENDITURES				
Current:				
General government	687,730	723,276	705,657	17,619
Public safety	2,816,550	2,879,262	2,724,937	154,325
Transportation	881,920	1,014,530	487,083	527,447
Environmental protection	505,740	505,740	465,371	40,369
Cultural and recreation	152,840	152,840	145,181	7,659
Debt service:				
Principal and interest	643,010	643,010	642,996	14
Contingency	18,000	-	-	-
Total expenditures	5,705,790	5,918,658	5,171,225	747,433
Revenues over (under) expenditures	(522,560)	(687,184)	279,952	967,136
Other financing sources:				
Appropriated fund balance	522,560	687,184	-	(687,184)
Total other financing sources	522,560	687,184	-	(687,184)
Revenues and other sources over expenditures	\$ -	\$ -	279,952	\$ 279,952
Fund balance, beginning of year			4,889,485	
Fund balance, end of year			\$ 5,169,437	

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

STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 June 30, 2012

	Enterprise Fund
	Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,453,667
Accounts receivable	204,596
Total current assets	2,658,263
Capital assets:	
Land and other non-depreciable assets	146,035
Other capital assets, net of depreciation	9,157,347
Capital assets, net	9,303,382
Total assets	11,961,645
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	168,644
Salaries and payroll taxes payable	11,905
Customer deposits	25,015
Accrued interest payable	9,388
Compensated absences, current	8,000
Bonds payable, current	120,000
Total current liabilities	342,952
Noncurrent liabilities:	
Compensated absences	38,551
Other postemployment benefits	69,836
Bonds payable	2,793,934
Total noncurrent liabilities	2,902,321
Total liabilities	3,245,273
NET ASSETS	
Invested in capital assets, net of related debt	6,389,448
Unrestricted	2,326,924
Total net assets	\$ 8,716,372

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

TOWN OF WEAVERVILLE, NORTH CAROLINA

Exhibit 8

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUND**

For the year ended June 30, 2012

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
OPERATING REVENUES	
Charges for services	\$ 1,502,163
Other operating revenues	102,592
Total operating revenues	<u>1,604,755</u>
OPERATING EXPENSES	
Administration	244,969
Water treatment and distribution	989,536
Depreciation	346,560
Total operating expenses	<u>1,581,065</u>
Operating income	<u>23,690</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	20,774
Interest expense	(117,196)
Total nonoperating revenue (expenses)	<u>(96,422)</u>
Change in net assets	(72,732)
Net assets, beginning of year	<u>8,789,104</u>
Net assets, end of year	<u><u>\$ 8,716,372</u></u>

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

TOWN OF WEAVERVILLE, NORTH CAROLINA

Exhibit 9

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 For the year ended June 30, 2012

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 1,623,813
Cash paid for goods and services	(502,728)
Cash paid to or on behalf of employees for services	(710,316)
Net cash provided by operating activities	<u>410,769</u>
Cash flows from capital and related financing activities:	
Interest paid on bond maturities	(116,552)
Principal payments on debt	(120,000)
Acquisition of capital assets	(76,347)
Net cash used by noncapital and related financing activities	<u>(312,899)</u>
Cash flows from investing activities:	
Interest earned	20,774
Net cash provided by investing activities	<u>20,774</u>
Net increase in cash and cash equivalents	118,644
Cash and cash equivalents, beginning of year	<u>2,335,023</u>
Cash and cash equivalents, end of year	<u>\$ 2,453,667</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 23,690
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	346,560
Changes in assets and liabilities:	
Decrease in accounts receivable	19,058
Increase in accounts payable and accrued liabilities	5,354
Increase in salaries and payroll taxes payable	1,647
Decrease in accrued compensated absences	(7,750)
Increase in other postemployment benefits	19,626
Increase in other liabilities	2,584
Total adjustments	<u>387,079</u>
Net cash provided by operating activities	<u>\$ 410,769</u>

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

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF WEAVERVILLE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2012

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.

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 nonmajor funds. As of June 30, 2012, the Town of Weaverville did not have any nonmajor funds.

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

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange 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 and sewer system. Operating expenses for the enterprise fund 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.

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 of Weaverville. 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 2011 through February 2012 apply to the fiscal year ended June 30, 2012. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and 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 accounting principles generally accepted in the United States of America, 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 functional 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.

E. Assets, Liabilities, and Fund Equity**1. Deposits and Investments**

All deposits of the Town and of 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 (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. 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.

2. Cash and Cash Equivalents

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

3. Restricted Assets

The unexpended 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 they 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.

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2011.

5. Allowances for Doubtful Accounts

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

written off in prior years.

6. Inventories and Prepaid Items

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 sale. The cost of these inventories is expensed when sold rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The ABC Board expenses these items when used.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain amount and an estimated useful life in excess of 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. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired prior 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:

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

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

8. 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.

9. 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.

10. Net Assets/Fund Balances

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 funds.

Committed fund balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Weaverville's governing body (highest level

of decision-making authority.) Any changes or removal of specific purposes requires majority action by the governing body.

Assigned fund balance – portion of fund balance that the Town of Weaverville 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 appropriation by resource or appropriation within funds up to \$2,500.

Unassigned fund balance – portion of total 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 typically 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.

F. Estimates

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

Note 2 – Detail Notes on All Funds

A. Assets

1. Deposits

All of the Town's and the ABC Board's deposits are insured or collateralized using one of two options. Under the Dedicated Method, all deposits over the federal depository insurance coverage are collateralized with securities held by the Town's or the ABC Board's agent in 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, 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 deposits only in the Pooling Method depositories. 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, 2012, the Town's deposits had a carrying amount of \$3,803,251 and a bank balance of \$3,980,022. Of the bank balance, \$622,640 was covered by federal depository insurance and \$3,357,382 was covered by collateral held under the pooling method. At June 30, 2012, the Town's petty cash fund totaled \$350. The carrying amount of deposits for the ABC Board was \$88,918 and the bank balance was \$90,831. The ABC Board's petty cash fund totaled \$1,288. All of the bank balance was covered by federal depository insurance.

2. Investments

At June 30, 2012, the Town had \$3,617,393 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAm by Standard and Poor's.

Interest Rate Risk

The Town has a formal cash management policy, but it 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 limit the Town's investments to the provisions of G.S. 159-30 and restrict the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The 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, 2012.

3. Receivables – Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Assets for the year ended June 30, 2012 is net of the following allowances for doubtful accounts:

<u>Funds</u>	
General Fund - Taxes Receivable	\$ 1,778
Enterprise Fund - Uncollectible Accounts	<u>2,577</u>
Total	<u>\$ 4,355</u>

4. Capital Assets**Primary Government**

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,273,640	\$ 18,800	\$ -	\$ 1,292,440
Construction in process	<u>128,417</u>	<u>-</u>	<u>128,417</u>	<u>-</u>
Total capital assets not being depreciated	<u>1,402,057</u>	<u>18,800</u>	<u>128,417</u>	<u>1,292,440</u>
Capital assets being depreciated:				
Buildings	6,024,793	-	-	6,024,793
Land improvements	156,857	105,280	-	262,137
Furniture, equipment, vehicles	4,912,690	82,354	431,272	4,563,772
Infrastructure	<u>1,686,485</u>	<u>126,652</u>	<u>-</u>	<u>1,813,137</u>
Total capital assets being depreciated	<u>12,780,825</u>	<u>314,286</u>	<u>431,272</u>	<u>12,663,839</u>
Less accumulated depreciation for:				
Buildings	794,165	120,450	-	914,615
Land improvements	28,816	10,000	-	38,816
Furniture, equipment, vehicles	2,667,917	432,420	431,272	2,669,065
Infrastructure	<u>130,250</u>	<u>39,181</u>	<u>-</u>	<u>169,431</u>
Total accumulated depreciation	<u>3,621,148</u>	<u>602,051</u>	<u>431,272</u>	<u>3,791,927</u>
Total capital assets being depreciated, net	<u>9,159,677</u>			<u>8,871,912</u>
Governmental activities capital assets, net	<u>\$10,561,734</u>			<u>\$10,164,352</u>

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

General government	\$ 36,285
Public safety	440,880
Transportation	71,744
Environmental protection	50,728
Cultural and recreational	<u>2,414</u>
Total depreciation expense	<u>\$ 602,051</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
<i>Water and Sewer 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	<u>928,094</u>	<u>76,347</u>	<u>-</u>	<u>1,004,441</u>
Total capital assets being depreciated	<u>14,208,559</u>	<u>76,347</u>	<u>-</u>	<u>14,284,906</u>
Less accumulated depreciation for:				
Plant and distribution systems	4,033,325	283,893	-	4,317,218
Furniture, equipment, vehicles	<u>747,674</u>	<u>62,667</u>	<u>-</u>	<u>810,341</u>
Total accumulated depreciation	<u>4,780,999</u>	<u>\$ 346,560</u>	<u>\$ -</u>	<u>5,127,559</u>
Total capital assets being depreciated, net	<u>9,427,560</u>			<u>9,157,347</u>
Business-type activities capital assets, net	<u>\$ 9,573,595</u>			<u>\$ 9,303,382</u>

There were no construction commitments as of June 30, 2012.

Discretely presented component unit

Activity for the ABC Board for the year ended June 30, 2012, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
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	<u>98,011</u>	<u>2,811</u>	<u>-</u>	<u>100,822</u>
Total capital assets being depreciated	<u>1,167,909</u>	<u>2,811</u>	<u>-</u>	<u>1,170,720</u>
Less accumulated depreciation for:				
Buildings	103,593	59,196	-	162,789
Furniture and equipment	<u>19,173</u>	<u>11,391</u>	<u>-</u>	<u>30,564</u>
Total accumulated depreciation	<u>122,766</u>	<u>\$ 70,587</u>	<u>\$ -</u>	<u>193,353</u>
Total capital assets being depreciated, net	<u>1,045,143</u>			<u>977,367</u>
ABC Board capital assets, net	<u>\$ 1,455,143</u>			<u>\$ 1,387,367</u>

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Government Employees' Retirement System

1. Plan Description

The Town of Weaverville contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The 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.

2. 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. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 7.06% and 7.05%, respectively, of annual covered payroll. The contribution requirements of members and of the Town are established, and may be amended, by the North Carolina General Assembly. The Town's contributions to LGERS for the years ended June 30, 2012, 2011, and 2010 were \$151,740, \$182,573 and \$140,398 respectively. The contributions made by the Town equaled the required contributions for the year.

b. Law Enforcement Officers' Special Separation Allowance

1. 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 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increase in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
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 Accounting 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 contributions for the current year were determined as part of the December 31, 2010 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 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include postretirement benefit increases.

4. Annual Pension Cost and Net Pension Obligations

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

Annual required contributions	\$ 23,530
Interest on net pension obligation	6,372
Adjustment to annual required contribution	<u>(7,602)</u>
Annual pension cost	22,300
Contributions made	<u>-</u>
Increase (decrease) in net pension obligation	22,300
Net pension obligation, beginning of fiscal year	<u>127,434</u>
Net pension obligation, end of fiscal year	<u>\$ 149,734</u>

3 Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2010	\$ 18,462	0.00%	\$ 100,790
6/30/2011	26,644	0.00	127,434
6/30/2012	22,300	0.00	149,734

5. Funded Status and Funding Progress:

As of December 31, 2011, 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, 2011 was 19 years. The actuarial accrued liability (UAAL) was \$190,223. The covered payroll (annual payroll of active employees covered by the plan) was \$681,504, and the ratio of the UAAL to the covered payroll was 27.91%.

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 value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

6. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 5% 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 a projected salary increase of 4.25 % to 7.85% annually. The investment rate included a 3% 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 a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2011, was 19 years.

c. **Supplemental Retirement Income Plan for Law Enforcement Officers and General Employees**

1. Plan Description

The Town contributes to the Supplemental Retirement Income Plan (the 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 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 by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

2. Funding Policy

Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each employee's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers and general employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2012 were \$216,309, which consisted of \$124,714 from the Town and \$91,595 from the law enforcement officers and general employees.

d. Other Postemployment Benefits**Healthcare Benefits**

1. 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 benefits to retirees of the Town, provided they participate in the North Carolina Local Government 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.

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

	General Employees:	Law Enforcement Officers:
Retirees receiving benefits	1	-
Terminated plan members entitled to but not receiving benefits	-	-
Active plan members	<u>48</u>	<u>14</u>
Total	<u>49</u>	<u>14</u>

2. 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.

The current ARC rate is 3.94% of annual covered payroll. The Town obtains healthcare coverage through private insurers. The Town's obligation to contribute to the HCB Plan is established and may be amended by the Town Council.

Contributions to the HCB Plan for the year ended June 30, 2012 were \$9,376.

3. 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.

4. 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	\$ 124,001
Interest on net OPEB obligation	9,384
Adjustment to annual required contribution	<u>(8,103)</u>
Annual OPEB cost (expense)	125,282
Contributions made	<u>(9,376)</u>
Increase in net OPEB obligation	115,906
Net OPEB obligation, beginning of year	<u>234,611</u>
Net OPEB obligation, end of year	<u>\$ 350,517</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, 2012 were as follows:

Fiscal Year Ended	Annual OPEB June 30 Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 119,519	0.0%	\$ 119,519
6/30/2011	120,175	4.2	234,611
6/30/2012	125,289	7.5	350,517

5. 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 accrued 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%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents 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.

6. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% 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% annually. The investment rate included a 3% 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 a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2010, was 30 years.

e. 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 Benefits Plan and not by the town, the Town does not determine the number of eligible participants. For the fiscal year ended June 30, 2012, the Town made contributions to the State for death benefits of \$4,922. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.18% and 0.14% of covered payroll respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amounts.

2. Deferred/Unearned Revenues

The balance in deferred/unearned revenues on the fund statements at year-end is composed of the following:

	Deferred Revenue	Unearned Revenue	Total
Taxes receivable - net (General Fund)	\$ 15,453	\$ -	\$ 15,453
Prepaid taxes not yet earned (General Fund)	-	2,997	2,997
Total	<u>\$ 15,453</u>	<u>\$ 2,997</u>	<u>\$ 18,450</u>

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town 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 insurance for risks of loss. Settled claims resulting from these risks 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.

The Weaverville ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The ABC Board has commercial property, general liability, auto liability, workmen's compensation and employee health coverage. The Board also has liquor legal liability insurance. There have been no significant reductions in insurance coverage from the prior year and settled claims have not exceeded coverage in any of the past three fiscal years. In accordance with G.S. 18B-700(i), each board member and employee are bonded under a blanket bond in the amount of \$50,000.

At June 30, 2012, there were no pending lawsuits or legal issues.

4. Long-Term Obligations

a. Installment Purchase

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. The balance on this installment purchase contract at June 30, 2012 was \$375,000.

In June 2006, 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 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, 2012 was \$2,130,600.

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. The contract requires semi-annual principal payments beginning with a fixed \$68,000 payment as of August 2008 and initial payment following in 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, 2012 was \$816,000.

Annual debt service payments of the installment purchases as of June 30, 2012, including \$533,085 of interest, are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 497,733	\$ 125,887
2014	497,733	106,510
2015	497,733	87,134
2016	372,733	68,953
2017	372,733	54,365
2018-2022	<u>1,082,935</u>	<u>90,236</u>
	<u>\$ 3,321,600</u>	<u>\$ 533,085</u>

b. 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, 2012 are comprised of the following individual issue:

General Obligation Bonds

Serviced by the Water and Sewer Fund:

Water Refunding Bonds, 2005, \$3,685,000 issue, interest at 3% payable semiannually due serially to 2030	<u>\$ 2,940,000</u>
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Annual debt service requirements to maturity for long-term obligations are as follows:

<u>Year Ending June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 120,000	\$ 112,651
2014	125,000	108,751
2015	125,000	104,689
2016	130,000	100,470
2017	140,000	95,920
2018-2022	760,000	401,426
2023-2027	925,000	242,580
2028-2030	<u>615,000</u>	<u>51,506</u>
	2,940,000	<u>\$ 1,217,993</u>
Less unamortized discount	<u>(26,066)</u>	
	<u>\$ 2,913,934</u>	

At June 30, 2012 the Town of Weaverville had a legal debt margin of approximately \$51,900,000.

c. Discretely Presented Component Unit

In April 2009, the ABC Board entered into a \$1,500,000 note payable to a banking institution 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, followed by 19 annual principal and interest payments of \$123,007 with interest of 4.89%. The note payable is collateralized by all real and personal property of the ABC Board. The balance of the loan as of June 30, 2012 was \$1,398,257.

In April 2009, the ABC Board also entered into a \$225,000 note payable to a banking institution to purchase inventory for the retail store. The financing agreement required monthly interest only payments at 6.50%, with an additional requirement that an amount equal to one-third (1/3) of the original principal amount be paid each year for three years. This loan was paid in full as of June 30, 2012.

During the year ended June 30, 2010, the ABC Board entered into a loan with a banking institution in the amount of \$50,000. Loan payments commenced with interest only payments at 5.39% beginning in

April 2010. Annual principal and interest payments of \$4,270 commenced in April 2011. The loan matures in April 2029. The balance of this loan as of June 30, 2012 was \$46,766.

Interest expense on the obligation for the year ended June 30, 2012 was \$88,417.

Annual debt service payments of the notes payable of the ABC Board as of June 30, 2012, including \$724,854 of interest, are as follows:

Year Ending June 30	Discretely Presented Component Unit	
	Principal	Interest
2013	\$ 56,382	\$ 70,895
2014	59,147	68,130
2015	62,049	65,228
2016	65,093	68,351
2017	68,286	58,991
2018-2022	395,092	241,293
2023-2027	502,000	134,386
2028-2029	236,974	17,580
	<u>\$ 1,445,023</u>	<u>\$ 724,854</u>

d. Advance Refundings

In prior years, the Town has refunded various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase qualified government securities that were placed in the trust funds.

e. Changes in Long-Term Liabilities

The following is a summary of changes in the Town's long-term obligations for the year ended June 30, 2012:

	Balance July 1, 2011	Increase	Decrease	Balance June 30, 2012	Portion of Balance
Governmental activities:					
Installment purchases	\$ 3,819,333	\$ -	\$ 497,733	\$ 3,321,600	\$ 497,733
Net pension obligation	127,434	22,300	-	149,734	-
Other postemployment benefits	183,078	97,603	-	280,681	-
Compensated absences	<u>178,437</u>	<u>2,240</u>	<u>19,544</u>	<u>161,133</u>	<u>20,000</u>
Governmental activity long-term liabilities	<u>\$ 4,308,282</u>	<u>\$ 122,143</u>	<u>\$ 517,277</u>	<u>\$ 3,913,148</u>	<u>\$ 517,733</u>
Business-type activities:					
General obligation bonds, net	\$ 3,032,486	\$ -	\$ 118,552	\$ 2,913,934	\$ 120,000
Other postemployment benefits	50,210	19,626	-	69,836	-
Compensated absences	<u>54,302</u>	<u>320</u>	<u>8,071</u>	<u>46,551</u>	<u>8,000</u>
Business-type activity long-term liabilities	<u>\$ 3,136,998</u>	<u>\$ 19,946</u>	<u>\$ 126,623</u>	<u>\$ 3,030,321</u>	<u>\$ 128,000</u>

	Balance <u>July 1, 2011</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>June 30, 2012</u>	Current Portion of Balance
Discretely presented component unit:					
Notes payable	\$ 1,548,768	\$ -	\$ 103,745	\$ 1,445,023	\$ 56,382
Compensated absences	<u>-</u>	<u>7,366</u>	<u>-</u>	<u>7,366</u>	<u>-</u>
Discretely presented component unit long-term liabilities:	<u>\$ 1,548,768</u>	<u>\$ 7,366</u>	<u>\$ 103,745</u>	<u>\$ 1,452,389</u>	<u>\$ 56,382</u>

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

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	\$ 5,169,437
Less:	
Restricted for:	
Stabilization by State Statute	327,360
Streets – Powell Bill	612,791
Assigned:	
Appropriated Fund Balance in 2013 Budget	181,560
Public safety – fire department	31,780
Unassigned:	
Working Capital/Fund Balance Policy – minimum	1,090,235
Remaining Fund Balance	2,925,711

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 3 – 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 monies 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, 2012, the town reported no revenues and expenditures for the payments made through the Fireman'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, 2012. The Firemen's Relief Fund does not issue separate audited financial statement. 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 4 – 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 \$650,936 during the fiscal year ended June 30, 2012. The Town's income for these collections totaled \$40,117.

Note 5 – Summary Disclosure of Significant ContingenciesFederal 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.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

TOWN OF WEAVERVILLE, NORTH CAROLINA

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/2005	-	\$ 50,761	\$ 50,761	0%	\$ 415,778	12.21%
12/31/2006	-	60,838	60,838	0%	475,342	12.80%
12/31/2007	-	86,726	86,726	0%	515,689	16.82%
12/31/2008	-	119,578	119,578	0%	626,884	19.07%
12/31/2009	-	195,244	195,244	0%	651,874	29.95%
12/31/2010	-	167,172	167,172	0%	687,920	24.30%
12/31/2011	-	190,223	190,223	0%	681,504	27.91%

TOWN OF WEAVERVILLE, NORTH CAROLINA

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2005	\$ 7,211	0.0%
2006	7,733	0.0%
2007	8,468	0.0%
2008	9,546	0.0%
2009	13,942	0.0%
2010	18,462	0.0%
2011	26,644	0.0%
2012	23,530	0.0%

TOWN OF WEAVERVILLE, NORTH CAROLINA

**OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/2009	\$ -	\$ 778,800	\$ 778,800	0%	\$ 2,849,772	27.3%
12/31/2010	-	836,271	836,271	0%	2,887,322	29.0%

TOWN OF WEAVERVILLE, NORTH CAROLINA

**OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2010	\$ 119,519	0.0%
2011	120,175	4.2%
2012	124,001	7.5%



INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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, 2012

	2012		
	Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad Valorem taxes:			
Taxes		\$ 2,722,355	
Penalties and interest		10,671	
	\$ 2,664,930	2,733,026	\$ 68,096
Other taxes and licenses:			
Privilege licenses		106,069	
Local option sales tax		873,692	
	952,000	979,761	27,761
Intergovernmental revenues:			
Unrestricted:			
Utilities franchise tax		415,022	
Beer and wine tax		15,914	
Buncombe Co. - Fire Protection		1,058,511	
Grant funds		630	
	1,389,100	1,490,077	100,977
Restricted:			
Powell Bill		101,861	
Police Department grant		4,719	
	107,719	106,580	(1,139)
Permits and fees:			
Zoning inspection fees		23,347	
Project review/inspections		7,041	
Fire inspection fees		1,400	
	9,025	31,788	22,763
Investment earnings			
Investment earnings	41,000	28,139	(12,861)
Other:			
Miscellaneous		48,448	
Contributions		2,285	
Cops For Kids		17,557	
Sale of property		13,516	
	67,700	81,806	14,106
 Total revenues	 5,231,474	 5,451,177	 219,703

(Continued on next page)

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, 2012

	2012		
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
EXPENDITURES			
General government:			
Governing board:			
Salaries and employee benefits		20,669	
Community promotions		50,195	
Professional services		127,879	
Other operating expenses		54,137	
Total governing board	263,533	252,880	10,653
Administration:			
Salaries and employee benefits		336,064	
Professional services		37,282	
Equipment purchases		19,270	
Other operating expenses		60,161	
Total administration	459,743	452,777	6,966
Total general government	723,276	705,657	17,619
Public safety:			
Police:			
Salaries and employee benefits		964,605	
Supplies and materials		57,079	
Equipment purchases		83,045	
Repairs and maintenance		23,270	
Insurance		29,117	
Other operating expenses		72,142	
Total police	1,304,963	1,229,258	75,705
Fire:			
Salaries and employee benefits		1,221,822	
Insurance		71,693	
Repairs and maintenance		47,445	
Other operating expenses		106,274	
Capital outlay		48,445	
Total fire	1,574,299	1,495,679	78,620
Total public safety	2,879,262	2,724,937	154,325

(Continued on next page)

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, 2012

	2012		
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
EXPENDITURES (CONTINUED)			
Transportation:			
Streets:			
Salaries and employee benefits		141,033	
Contract services		51,405	
Utilities		53,754	
Supplies and materials		49,685	
Other operating expenses		42,997	
Capital outlay		2,440	
Total streets	591,700	341,314	250,386
Powell Bill:			
Salaries and benefits		20,857	
Contract services		2,043	
Other operating expenditures		17,589	
Capital outlay		105,280	
Total Powell Bill	422,830	145,769	277,061
Total transportation	1,014,530	487,083	527,447
Environmental protection:			
Sanitation:			
Salaries and benefits		320,097	
Contract services		8,484	
Supplies and materials		26,555	
Other operating expenses		110,235	
Total environmental protection	505,740	465,371	40,369
Cultural and recreational:			
Recreation:			
Salaries and employee benefits		105,278	
Contract services		6,711	
Other operating expenses		33,192	
Total cultural and recreational	152,840	145,181	7,659
Debt service:			
Principal		497,733	
Interest		145,263	
Total debt service	643,010	642,996	14
Total expenditures	5,918,658	5,171,225	747,433
Revenues over (under) expenditures	(687,184)	279,952	967,136

(Continued on next page)

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, 2012

	<u>2012</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Other financing sources:			
Appropriated fund balance	687,184	-	(687,184)
Total other financing sources	<u>687,184</u>	<u>-</u>	<u>(687,184)</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	279,952	<u>\$ 279,952</u>
Fund balance, beginning of year		<u>4,889,485</u>	
Fund balance, end of year		<u>\$ 5,169,437</u>	

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, 2012

	2012		Variance Positive (Negative)
	Budget	Actual	
OPERATING REVENUES			
Charges for services		\$ 1,502,163	
Other operating revenues		102,592	
Total operating revenues	\$ 1,655,580	1,604,755	\$ (50,825)
NON-OPERATING REVENUES			
Investment earnings	8,500	20,774	12,274
Total Revenues	1,664,080	1,625,529	(38,551)
OPERATING EXPENDITURES			
Water and sewer administration:			
Salaries and employee benefits		189,904	
Professional services		28,404	
Supplies and materials		7,324	
Postage		7,719	
Telephone		7,076	
Insurance		2,827	
Other operating expenses		403	
Total water and sewer administration	254,410	243,657	10,753
Treatment and distribution:			
Salaries and employee benefits		539,061	
Professional services		14,070	
Contract services		3,803	
Water testing and maintenance		41,569	
Supplies and materials		136,377	
Training and travel		3,087	
Telephone		11,855	
Utilities		114,902	
Repairs and maintenance		24,487	
Insurance		12,771	
Water purchases		14,835	
Sludge removal		30,534	
Water system improvement		16,418	
Non-capital equipment		12,580	
Capital outlay		76,347	
Total treatment and distribution	1,173,110	1,052,696	120,414

(Continued on next page)

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, 2012

	2012		
	Budget	Actual	Variance Positive (Negative)
EXPENDITURES (CONTINUED)			
Debt service:			
Principal retirement		120,000	
Interest		117,196	
Total debt service	236,560	237,196	(636)
Total expenditures	1,664,080	1,533,549	130,531
Revenues over expenditures	\$ -	91,980	\$ 91,980
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Payment of debt principal		120,000	
Increase in accrued vacation pay		(1,646)	
Increase in accrued OPEB liability		(12,853)	
Capital outlay		76,347	
Depreciation expense		(346,560)	
Change in net assets		\$ (72,732)	



SUPPLEMENTAL FINANCIAL DATA

TOWN OF WEAVERVILLE, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2012

Fiscal Year	Uncollected Balance 6/30/2011	Additions	Collections And Credits	Uncollected Balance 6/30/2012
2011-2012	\$ -	\$ 2,722,961	\$ 2,713,116	\$ 9,845
2010-2011	10,810	-	9,491	1,319
2009-2010	2,375	-	282	2,093
2008-2009	1,332	-	170	1,162
2007-2008	1,190	-	155	1,035
2006-2007	1,073	-	87	986
2005-2006	175	-	-	175
2004-2005	183	-	-	183
2003-2004	171	-	-	171
2002-2003	262	-	-	262
2001-2002	64	(64)	-	-
	\$ 17,635	\$ 2,722,897	\$ 2,723,301	17,231
Less allowance for uncollectible ad valorem taxes receivable				(1,778)
Ad valorem taxes receivable, net				\$ 15,453
 Reconciliation with Revenues:				
Taxes - Ad valorem - General Fund				\$ 2,733,026
Reconciling items:				
Amount written off for fiscal year 2001-2002				64
Other adjustments				882
Subtotal				2,733,972
Interest Collected				(10,671)
Total collections and credits				\$ 2,723,301

TOWN OF WEAVERVILLE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
City-Wide Levy
For the Year Ended June 30, 2012

	<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	\$ 571,098,400				
Utility	5,036,142				
Personal	<u>36,244,786</u>				
	612,379,328				
Discoveries	<u>85,573,739</u>				
Total	<u>\$ 697,953,067</u>	0.00375	\$ 2,617,324		
Releases			(4,711)		
Total, less releases				\$ 2,612,613	\$ -
Registered Motor Vehicles	<u>\$ 29,426,133</u>	0.00375	<u>110,348</u>	-	<u>110,348</u>
Net levy			2,722,961	2,612,613	110,348
Less: uncollected taxes at June 30, 2012			<u>9,845</u>	<u>4,341</u>	<u>5,504</u>
Current year's taxes collected			<u>\$ 2,713,116</u>	<u>\$ 2,608,272</u>	<u>\$ 104,844</u>
Current levy collection percentage			<u>99.64%</u>	<u>99.83%</u>	<u>95.01%</u>



**TOWN OF WEAVERVILLE, NORTH CAROLINA
STATISTICAL SECTION**



TOWN OF WEAVERVILLE, NORTH CAROLINA
Net Asset by Component
Last Eight Fiscal Years
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities								
Invested in capital assets, net of related debt	\$ 2,284,053	\$ 2,851,325	\$ 3,224,278	\$ 4,627,661	\$ 4,939,506	\$ 6,347,885	\$ 6,742,401	\$ 6,842,752
Restricted	486,007	4,187,323	1,628,070	679,431	751,036	584,509	1,010,927	940,151
Unrestricted	<u>3,444,785</u>	<u>(4,925)</u>	<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>3,633,538</u>
Total governmental activities	<u>\$ 6,214,845</u>	<u>\$ 7,033,723</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>	<u>\$ 11,416,441</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 6,801,114	\$ 6,773,602	\$ 6,632,727	\$ 6,696,012	\$ 6,912,065	\$ 6,752,882	\$ 6,541,109	\$ 6,389,448
Unrestricted	<u>2,463,331</u>	<u>2,529,385</u>	<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>2,326,924</u>
Total business-type activities	<u>\$ 9,264,445</u>	<u>\$ 9,302,987</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>	<u>\$ 8,716,372</u>
Primary government								
Invested in capital assets, net of related debt	\$ 9,085,167	\$ 9,624,927	\$ 9,857,005	\$ 11,323,673	\$ 11,851,571	\$ 13,100,767	\$ 13,283,510	\$ 13,232,200
Restricted	486,007	4,187,323	1,628,070	679,431	751,036	584,509	1,010,927	940,151
Unrestricted	<u>5,908,116</u>	<u>2,524,460</u>	<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>5,960,462</u>
Total primary government	<u>\$ 15,479,290</u>	<u>\$ 16,336,710</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>	<u>\$ 20,132,813</u>

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

TOWN OF WEAVERVILLE, NORTH CAROLINA
Changes in Net Assets
Last Eight Fiscal Years
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012
Expenses								
Governmental activities								
General government	\$ 431,612	\$ 582,728	\$ 599,262	\$ 642,607	\$ 738,741	\$ 723,016	\$ 762,486	\$ 745,832
Public safety	1,926,051	1,873,061	2,164,280	2,303,242	2,684,782	3,060,692	3,237,380	3,192,377
Transportation	330,055	392,561	293,145	500,872	366,130	366,789	410,923	431,241
Environmental protection	298,694	277,293	450,786	335,703	365,498	399,436	519,617	525,647
Cultural and recreation	106,405	101,022	86,646	117,045	136,389	146,737	153,234	151,913
Interest on long term debt	74,637	74,857	187,703	166,510	194,368	180,010	159,685	135,861
Total governmental activities expenses	<u>3,167,454</u>	<u>3,301,522</u>	<u>3,781,822</u>	<u>4,065,979</u>	<u>4,485,908</u>	<u>4,876,680</u>	<u>5,243,325</u>	<u>5,182,871</u>
Business-type activities:								
Water and Sewer	1,590,451	1,549,374	1,596,762	1,666,533	1,801,610	1,685,708	1,759,921	1,698,261
Total business-type activities	<u>1,590,451</u>	<u>1,549,374</u>	<u>1,596,762</u>	<u>1,666,533</u>	<u>1,801,610</u>	<u>1,685,708</u>	<u>1,759,921</u>	<u>1,698,261</u>
Total primary government expenses	<u>\$ 4,757,905</u>	<u>\$ 4,850,896</u>	<u>\$ 5,378,584</u>	<u>\$ 5,732,512</u>	<u>\$ 6,287,518</u>	<u>\$ 6,562,388</u>	<u>\$ 7,003,246</u>	<u>\$ 6,881,132</u>
Program Revenues								
Governmental activities:								
Charges for services								
General government	\$ 12,000	\$ 12,000	\$ 13,705	\$ 13,705	\$ 13,705	\$ 13,705	\$ 13,705	\$ 15,377
Public safety	13,208	60,391	54,443	47,573	67,236	27,568	24,205	31,788
Operating grants and contributions	397,905	91,952	136,293	147,574	135,889	168,531	167,142	24,561
Capital grants and contributions	-	-	-	43,370	129,816	-	-	120,661
Total governmental activities program revenues	<u>423,113</u>	<u>164,343</u>	<u>204,441</u>	<u>252,222</u>	<u>346,646</u>	<u>209,804</u>	<u>205,052</u>	<u>192,387</u>
Business-type activities:								
Charge for services								
Water	1,458,149	1,539,136	1,619,147	1,527,942	1,451,782	1,492,997	1,629,857	1,604,755
Capital grants and contributions	144,032	-	-	-	-	-	-	-
Total business-type activities:	<u>1,602,181</u>	<u>1,539,136</u>	<u>1,619,147</u>	<u>1,527,942</u>	<u>1,451,782</u>	<u>1,492,997</u>	<u>1,629,857</u>	<u>1,604,755</u>
Total primary government program revenues	<u>\$ 2,025,294</u>	<u>\$ 1,703,479</u>	<u>\$ 1,823,588</u>	<u>\$ 1,780,164</u>	<u>\$ 1,798,428</u>	<u>\$ 1,702,801</u>	<u>\$ 1,834,909</u>	<u>\$ 1,797,142</u>

(Continued on next page)

TOWN OF WEAVERVILLE, NORTH CAROLINA
Changes in Net Assets
Last Eight Fiscal Years
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012
Net (Expense) Revenue								
Governmental activities	\$ (2,744,341)	\$ (3,137,179)	\$ (3,577,381)	\$ (3,813,757)	\$ (4,139,262)	\$ (4,666,876)	\$ (5,038,273)	\$ (4,990,484)
Business-type activities	11,730	(10,238)	22,385	(138,591)	(349,828)	(192,711)	(130,064)	(93,506)
Total primary government expense	<u>\$ (2,732,611)</u>	<u>\$ (3,147,417)</u>	<u>\$ (3,554,996)</u>	<u>\$ (3,952,348)</u>	<u>\$ (4,489,090)</u>	<u>\$ (4,859,587)</u>	<u>\$ (5,168,337)</u>	<u>\$ (5,083,990)</u>
General Revenue and Other changes in Net assets								
Governmental activities:								
Taxes	\$ 2,263,306	\$ 2,498,617	\$ 3,250,447	\$ 3,267,797	\$ 3,367,389	\$ 3,286,044	\$ 3,505,269	\$ 3,711,461
Grants and unrestricted contributions	1,226,553	1,202,026	1,431,568	1,462,731	1,506,704	1,399,863	1,485,907	1,490,077
Investment earnings	119,054	220,801	386,222	261,064	161,795	52,001	27,664	28,139
Miscellaneous	37,977	34,613	31,436	11,517	38,858	366,554	31,658	46,587
Transfers	(53,125)	-	-	-	-	-	-	-
Total government activities	<u>3,593,765</u>	<u>3,956,057</u>	<u>5,099,673</u>	<u>5,003,109</u>	<u>5,074,746</u>	<u>5,104,462</u>	<u>5,050,498</u>	<u>5,276,264</u>
Business-type activities:								
Investment earnings	41,339	48,780	66,543	69,698	72,007	46,367	20,312	20,774
Transfers	53,125	-	-	-	-	-	-	-
Total business-type activities	<u>94,464</u>	<u>48,780</u>	<u>66,543</u>	<u>69,698</u>	<u>72,007</u>	<u>46,367</u>	<u>20,312</u>	<u>20,774</u>
Total primary government	<u>\$ 3,688,229</u>	<u>\$ 4,004,837</u>	<u>\$ 5,166,216</u>	<u>\$ 5,072,807</u>	<u>\$ 5,146,753</u>	<u>\$ 5,150,829</u>	<u>\$ 5,070,810</u>	<u>\$ 5,297,038</u>
Change in Net Assets								
Governmental activities	\$ 849,424	\$ 818,878	\$ 1,522,292	\$ 1,189,352	\$ 935,484	\$ 437,586	\$ 12,225	\$ 285,780
Business activities	106,194	38,542	88,928	(68,893)	(277,821)	(146,344)	(109,752)	(72,732)
Total primary government	<u>\$ 955,618</u>	<u>\$ 857,420</u>	<u>\$ 1,611,220</u>	<u>\$ 1,120,459</u>	<u>\$ 657,663</u>	<u>\$ 291,242</u>	<u>\$ (97,527)</u>	<u>\$ 213,048</u>

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

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

	FISCAL YEAR									
	2003	2004	2005	2006	2007	2008	2009	2010	2011*	2012
General Fund										
Reserved	\$ 588,915	\$ 695,131	\$ 769,026	\$ 805,862	\$ 624,910	\$ 759,513	\$ 869,972	\$ 919,236	\$ -	\$ -
Unreserved	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	<u>\$ 2,499,611</u>	<u>\$ 3,408,317</u>	<u>\$ 4,093,884</u>	<u>\$ 3,820,937</u>	<u>\$ 4,246,519</u>	<u>\$ 5,074,100</u>	<u>\$ 5,790,716</u>	<u>\$ 5,134,947</u>	<u>\$ -</u>	<u>\$ -</u>
All other government funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 45,968	\$ 21,816	\$ 65	\$ -	\$ -	\$ -
Unreserved, reported in:										
Capital projects funds	74,676	105,875	-	3,632,967	1,234,451	237,691	249,272	-	-	-
Total all other government funds	<u>\$ 74,676</u>	<u>\$ 105,875</u>	<u>\$ -</u>	<u>\$ 3,632,967</u>	<u>\$ 1,280,419</u>	<u>\$ 259,507</u>	<u>\$ 249,337</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	1,010,927	940,151
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	371,470	213,340
Unassigned	-	-	-	-	-	-	-	-	3,507,088	4,015,946
Total General Fund	<u>\$ -</u>	<u>\$ 4,889,485</u>	<u>\$ 5,169,437</u>							

* 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 Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues										
Ad valorem taxes	\$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	\$2,731,700
Other taxes and licenses	430,200	617,665	650,012	684,799	868,890	946,809	962,049	787,446	910,695	979,761
Unrestricted intergovernmental revenues	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	1,490,077
Restricted intergovernmental revenues	96,380	84,340	389,199	89,380	94,506	153,862	234,123	150,201	144,494	106,580
Permits and fees	12,547	17,813	13,208	60,391	54,443	47,573	67,236	27,568	24,205	31,788
Sales and services	3,661	10,000	2,858	-	14,893	-	-	-	-	-
Investment earnings	71,746	64,809	119,054	220,801	418,824	280,013	170,571	52,001	27,664	28,139
Other revenues	25,650	71,790	55,825	49,185	39,984	43,355	75,369	398,589	68,011	81,806
Total Revenue	<u>3,217,578</u>	<u>3,646,773</u>	<u>4,083,082</u>	<u>4,117,631</u>	<u>5,307,881</u>	<u>5,253,762</u>	<u>5,419,564</u>	<u>5,300,784</u>	<u>5,264,071</u>	<u>5,449,851</u>
Expenditures										
Current										
General government	312,768	430,802	378,921	546,100	567,427	687,513	777,854	689,602	725,898	696,877
Public safety	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	2,680,297
Transportation	421,732	229,505	319,841	556,550	254,009	538,368	558,820	303,150	345,948	354,636
Environmental protection	244,926	228,769	265,080	319,270	420,553	296,124	352,906	348,171	451,412	465,371
Cultural and recreational	90,170	64,655	104,983	125,110	81,766	110,838	128,291	136,237	143,256	145,181
Capital outlay	66,811	472,385	232,709	200,460	3,298,563	1,041,124	11,670	1,452,112	502,278	185,867
Debt Service										
Principal retirement	115,414	161,190	197,381	655,715	397,448	397,448	533,448	533,448	515,590	497,733
Interest and fees	124,953	57,073	77,716	72,638	187,644	172,342	180,887	185,408	164,872	145,263
Total expenditures	<u>2,849,451</u>	<u>3,826,743</u>	<u>3,450,266</u>	<u>4,308,609</u>	<u>7,234,847</u>	<u>5,447,093</u>	<u>6,073,118</u>	<u>6,205,889</u>	<u>5,509,533</u>	<u>5,171,225</u>
Excess of revenues over (under) expenditures	<u>368,127</u>	<u>(179,970)</u>	<u>632,816</u>	<u>(190,978)</u>	<u>(1,926,966)</u>	<u>(193,331)</u>	<u>(653,554)</u>	<u>(905,105)</u>	<u>(245,462)</u>	<u>278,626</u>
Other Financing Sources										
Transfers in	53,125	-	51,458	723,455	-	-	-	-	-	-
Transfers out	-	-	(104,583)	(723,455)	-	-	-	-	-	-
Proceeds from debt	-	1,050,000	-	3,551,000	-	-	1,360,000	-	-	-
Total other financing sources	<u>53,125</u>	<u>1,050,000</u>	<u>(53,125)</u>	<u>3,551,000</u>	<u>-</u>	<u>-</u>	<u>1,360,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 421,252</u>	<u>\$ 870,030</u>	<u>\$ 579,691</u>	<u>\$ 3,360,022</u>	<u>\$ (1,926,966)</u>	<u>\$ (193,331)</u>	<u>\$ 706,446</u>	<u>\$ (905,105)</u>	<u>\$ (245,462)</u>	<u>\$ 278,626</u>
Debt service as a percentage of non capital expenditures	8.64%	6.51%	8.55%	17.73%	14.86%	12.93%	11.78%	15.12%	13.59%	12.90%

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

<u>Year Ended June 30:</u>	<u>Property Taxes</u>	<u>Permits and Fees</u>	<u>Inter- Governmental</u>	<u>Other Taxes and Licenses</u>	<u>Sales and Services</u>	<u>Investment Earnings</u>	<u>Other Revenues</u>	<u>Total</u>
2003	\$ 1,460,877	\$ 12,547	\$ 1,212,927	\$ 430,200	\$ 3,661	\$ 71,746	\$ 25,650	\$ 3,217,608
2004	1,553,213	17,813	1,311,483	617,665	10,000	64,809	71,790	3,646,773
2005	1,626,373	13,208	1,384,695	650,012	2,858	118,694	55,825	3,851,665
2006	1,811,049	60,391	1,291,406	684,799	-	220,801	49,185	4,117,631
2007	2,384,773	54,443	1,526,074	868,890	14,893	418,824	39,984	5,307,881
2008	2,319,419	47,573	1,616,593	946,809	-	280,013	43,355	5,253,762
2009	2,403,512	67,236	1,740,827	962,049	-	170,571	75,369	5,419,564
2010	2,485,116	27,568	1,550,064	787,446	-	52,001	398,589	5,300,784
2011	2,603,095	24,205	1,630,401	910,695	-	27,664	68,011	5,264,071
2012	2,731,700	31,788	1,596,657	979,761	-	28,139	81,806	5,449,851

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

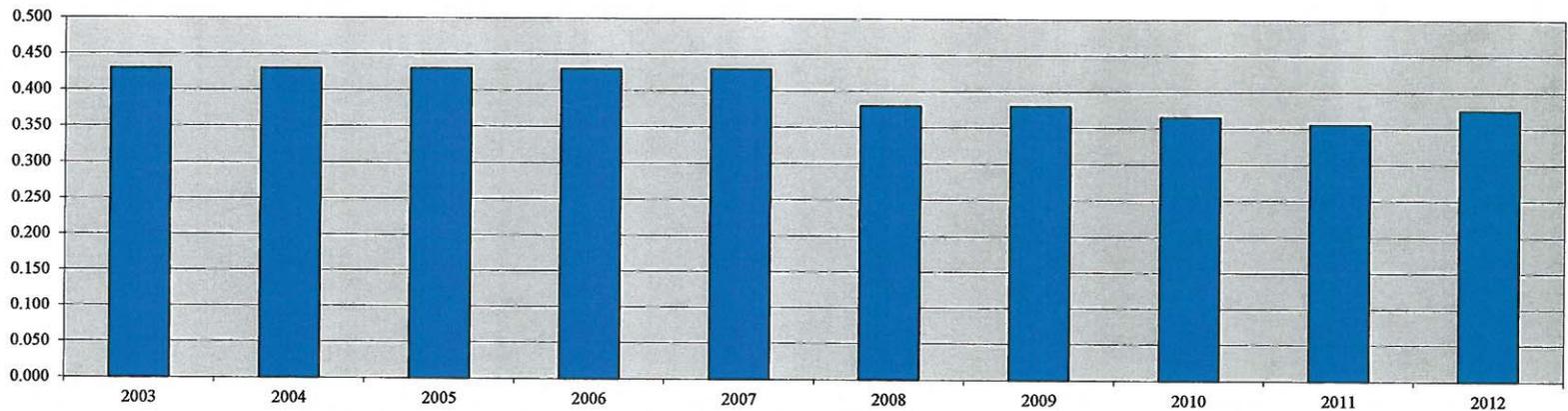
TOWN OF WEAVERVILLE, NORTH CAROLINA
Assessed Value of Taxable Property
Last Ten Fiscal Years
(in thousands)

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Public Service</u>	<u>Total</u>
2003	\$ 288,788	\$ 47,296	\$ 3,310	\$ 339,394
2004	245,317	101,126	3,288	349,731
2005	256,561	101,126	3,288	360,975
2006	265,524	131,057	2,216	398,797
2007	390,336	130,465	8,268	529,069
2008	430,779	146,763	4,063	581,605
2009	460,439	165,411	4,145	629,995
2010	508,170	154,379	4,495	667,044
2011	558,749	140,051	4,991	703,791
2012	571,098	121,819	5,036	697,953

Note: Property in the Town of Weaverville is assessed by the Buncombe County Tax Office. The most recent revaluation occurred in 2006. Tax exempt property is not assessed by Buncombe County for tax purposes.

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

	FISCAL YEAR									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
County of Buncombe	0.630	0.590	0.590	0.590	0.590	0.530	0.525	0.525	0.525	0.525
City of Asheville	0.560	0.530	0.530	0.530	0.530	0.424	0.420	0.420	0.420	0.420
Town of Biltmore Forest	0.360	0.360	0.360	0.360	0.360	0.295	0.295	0.300	0.320	0.330
Town of Weaverville	0.430	0.430	0.430	0.430	0.430	0.380	0.380	0.365	0.355	0.375
Town of Black Mountain	0.385	0.385	0.385	0.385	0.385	0.320	0.320	0.320	0.365	0.365
Town of Woodfin	0.400	0.325	0.285	0.285	0.285	0.265	0.265	0.265	0.265	0.265
Town of Montreat	0.450	0.310	0.350	0.370	0.370	0.370	0.370	0.370	0.370	0.370
Asheville School District	0.200	0.200	0.200	0.200	0.200	0.150	0.150	0.150	0.150	0.150
Fire Districts	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	0.075-0.150	0.075-0.150
Maximum Combined Rate	1.390	1.320	1.320	1.320	1.320	1.104	1.095	1.095	1.095	1.095



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

Source: Buncombe County Tax Department
Graph is Town of Weaverville data.

TOWN OF WEAVERVILLE, NORTH CAROLINA

Principal Property Taxpayers Current Year and Nine Years Ago

Taxpayer	2011-2012			2002-2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Arvado / Sonopress	\$ 85,679,210	1	12.28%			
Walmart	16,537,190	2	2.37%			
Thermo-Kendro	12,406,860	3	1.78%			
Reliance / Baldor	12,000,000	4	1.72%	20,837,235	1	9.88%
Lowe's	11,366,420	5	1.63%			
Ingles	11,280,290	6	1.62%	6,057,830	3	2.87%
Weaverville Plaza	9,000,000	7	1.29%	6,913,900	2	3.28%
Shorewood	7,895,340	8	1.13%			
HMVHV	7,643,200	9	1.10%			
Warrior Golf	5,059,080	10	0.73%			
Albany				1,935,900	8	0.92%
Brian Center				4,321,820	4	2.05%
Kenmure Enterprises				4,069,300	5	1.93%
Balcrank				3,994,520	6	1.89%
Montocello Commons				2,392,700	7	1.13%
Verizon South				1,532,444	10	0.73%
Weaverville Associates				1,783,800	9	0.85%
Totals	\$ 178,867,590		25.64%	\$ 53,839,449		25.53%
 Total Overall Valuation	 \$ 697,593,067			 \$ 210,866,000		

Source: Weaverville Tax Department

TOWN OF WEAVERVILLE, NORTH CAROLINA
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collection within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 1,459,394	\$ 1,452,938	99.558%	\$ 4,664	\$ 1,457,602	99.88%
2004	1,559,111	1,541,825	98.891%	6,844	\$ 1,548,669	99.33%
2005	1,632,020	1,624,587	99.545%	3,812	1,628,399	99.78%
2006	1,820,476	1,812,431	99.558%	3,166	1,815,597	99.73%
2007	2,383,557	2,379,553	99.832%	3,394	2,382,947	99.97%
2008	2,317,521	2,312,159	99.769%	2,614	2,314,773	99.88%
2009	2,394,721	2,386,448	99.655%	6,060	2,392,508	99.91%
2010	2,455,125	2,439,501	99.364%	2,974	2,442,475	99.48%
2011	2,600,070	2,589,260	99.584%	25,348	2,614,608	100.56%
2012	2,722,961	2,713,116	99.638%	-	2,713,116	99.64%

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
(dollars in thousands)

Year Ended June 30	Population (Est.)	General Bonded Debt				Business-type Activities				Total Primary Government (1)	Percentage of Personal Income (2)	Per Capita
		Assessed Value	Installment Purchases	Percentage of Taxable Value of Property	Per Capita	General Obligation Bonds	Installment Purchase	Per Capita				
2003	2.44	\$ 339,393	\$ 1,501	0.442%	\$ 615	\$ 3,688	\$ -	\$ 1,511	\$ 5,189	8.205%	\$ 2,127	
2004	2.44	362,583	2,835	0.782%	1,162	3,638	142	1,549	6,615	6.916%	2,711	
2005	2.51	379,539	1,941	0.511%	773	3,649	196	1,532	5,786	6.292%	2,305	
2006	2.84	423,367	4,837	1.143%	1,703	3,555	161	1,308	8,553	7.315%	3,012	
2007	2.84	554,315	4,439	0.801%	1,563	3,457	125	1,261	8,021	unavailable	2,824	
2008	3.22	609,874	4,042	0.663%	1,255	3,358	89	1,070	7,489	unavailable	2,326	
2009	3.22	656,088	4,868	0.742%	1,512	3,255	54	1,028	8,177	12.515%	2,539	
2010	3.22	691,584	4,335	0.627%	1,346	3,146	18	983	7,499	8.846%	2,329	
2011	3.67	731,399	3,819	0.522%	1,041	3,060	-	834	6,879	6.709%	1,874	
2012	3.71	727,379	3,322	0.457%	895	2,940	-	792	6,262	unavailable	1,688	

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

- (1) Includes general bonded debt and business-type activities debt.
- (2) Personal income data can be found in the Demographic and Economic Statistics Schedule.

TOWN OF WEAVERVILLE, NORTH CAROLINA
Ratio of Annual Debt Service Expenditures For
General Bonded Debt to Total General Government Expenditures
Last Ten Fiscal Years
(dollars in thousands)

Year Ended June 30:	Principal	Interest	Total Debt Service Expenditures	Total General Government Expenditures (1)	Percentage of Debt Service to Total General Government Expenditures
2003	\$ 115	\$ 125	\$ 240	\$ 2,849	8.424%
2004	161	57	218	3,827	5.696%
2005	197	78	275	3,450	7.971%
2006	197	71	268	3,648	7.346%
2007	397	188	585	4,742	12.337%
2008	397	172	569	4,406	12.914%
2009	533	181	714	6,061	11.780%
2010	533	185	718	6,206	11.569%
2011	516	165	681	5,510	12.359%
2012	498	145	643	5,171	12.435%

(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, 2012

<u>Direct:</u>			
Town of Weaverville			
Installment Debt		Percent Applicable to the Town (1)	\$ 3,321,600
<u>Underlying:</u>			
Buncombe County			
General Obligation Bonds	<u>51,086,000</u>	2.48%	<u>1,267,573</u>
Total direct and underlying bonded debt			<u><u>\$ 4,589,173</u></u>

(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, 2012.

TOWN OF WEAVERVILLE, NORTH CAROLINA
Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Assessed value of property	\$339,393	\$362,583	\$379,539	\$423,367	\$554,315	\$609,874	\$656,088	\$691,584	\$731,399	\$727,379
Debt limit, 8% of assessed value	27,151	29,007	30,363	33,869	44,345	48,790	52,487	55,327	58,512	58,190
Total net debt applicable to limit	5,189	6,615	5,786	8,553	8,021	7,489	8,177	7,499	6,879	6,262
Legal debt margin available	21,962	22,392	24,577	25,316	36,324	41,301	44,310	47,828	51,633	51,928
Total net debt applicable to the limit as a percentage of limit	19.11%	22.81%	19.06%	25.25%	18.09%	15.35%	15.58%	13.55%	11.76%	10.76%

Note: NC Statute GS159-55 limits the Town's outstanding debt to 8% of the appraised value of property subject to taxation.

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)
2012	3,714	unavailable	\$ 25,142	42.5	3,660	7.0
2011	3,673	\$ 102,528	\$ 27,914	44.3	3,660	7.7
2010	3,216	\$ 84,771	\$ 26,359	50.0	3,660	7.4
2009	3,220	\$ 65,636	\$ 20,384	39.2	3,660	8.5
2008	3,216	unavailable	unavailable	38.9	3,800	3.7
2007	2,840	unavailable	unavailable	39.6	3,589	3.7
2006	2,840	116,920	41,169	39.6	3,680	3.2
2005	2,508	91,958	36,666	45.0	3,655	4.6
2004	2,442	95,651	39,169	45.0	3,584	3.3
2003	2,442	63,243	25,898	45.0	3,511	4.2

Sources:

- (1) North Carolina Office of State Planning (Annexations occurred on 6/30/06 & 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

	2012			2003		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Employer:						
Arvado / Sonopress	625	1	22.32%	<i>Not available</i>		
Thermo Electron	560	2	20.00%	<i>Not available</i>		
Walmart	300	3	10.71%	<i>Not available</i>		
Ingles	208	4	7.43%	<i>Not available</i>		
Dodge Rockwell	165	5	5.89%	<i>Not available</i>		
Lowe's	135	6	4.82%	<i>Not available</i>		
Buncombe County Schools	116	7	4.14%	<i>Not available</i>		
Brian Center	100	8	3.57%	<i>Not available</i>		
Conrad Industries	74	9	2.64%	<i>Not available</i>		
Town of Weaverville	60	10	2.14%	<i>Not available</i>		
Total	2,343		83.68%			

The employers in Weaverville provide 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,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<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	14	14	14	14	14	15	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	6	6	6	6	6	7	7
Reception	1	1	1	1	1	1	1	1	1	1
<u>Fire</u>	17	17	17	17	17	17	18	18	18	18
Chief	1	1	1	1	1	1	1	1	1	1
Dept. Chief	0	0	0	0	0	0	1	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	22	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	4	4
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	3	3
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	56	56	56	57	57	60	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>	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Administration										
Zoning Permits	68	106	82	176	144	145	106	96	79	60
Tax Collection Rate	99.856%	99.884%	99.910%	99.545%	99.558%	99.980%	99.770%	99%	99%	99%
Tax Rate	0.43	0.43	0.43	0.43	0.43	0.43	0.37	0.355	0.355	0.375
Police										
*Dollar Value Stolen	\$ 1,081,980	\$ 54,303	\$ 57,355	\$ 99,029	\$ 138,454	\$ 76,915	\$ 48,443	\$ 45,313	\$ 138,054	\$ 125,829
*Dollar Value Recovered	\$ 1,043,431	\$ 48,481	\$ 41,334	\$ 10,908	\$ 69,197	\$ 50,483	\$ 6,020	\$ 25,505	\$ 68,908	\$ 35,210
Criminal Activities	72	106	98	141	96	98	72	97	136	213
Total Activities	32,054	26,755	26,676	24,414	23,311	22,556	23,347	26,468	33,516	46,701
Patrol Miles Driven	102,087	101,031	99,025	93,023	110,439	134,579	127,907	124,067	114,598	127,476
Fire										
Vehicle Fires	14	10	7	8	12	7	6	6	6	7
Vehicle Loss	\$ 36,670	\$ 24,000	\$ 2,500	\$ 170,175	\$ 22,500	\$ 17,750	\$ 65,000	\$ 119,150	\$ 100,600	\$ 14,750
Structure Fires	8	10	10	28	15	20	14	7	12	13
Structure Loss	\$ 29,000	\$ 66,500	\$ 104,340	\$ 448,720	\$ 90,620	\$ 560,120	\$ 988,415	\$ 294,650	\$ 350,000	\$ 331,780
Total Calls	1,671	1,607	1,416	1,458	1,588	1,558	1,602	1,727	1,571	1,666
Public Works										
Solid Waste/Program Cost	\$ 271,056	\$ 286,004	\$ 330,771	\$ 292,025	\$ 332,363	\$ 330,838	\$ 352,905	\$ 494,921	\$ 576,988	\$ 365,203
Cost per Household	\$ 250.76	\$ 264.60	\$ 305.99	\$ 272.35	\$ 259.05	\$ 201.63	\$ 245.27	\$ 299.95	\$ 349.69	\$ 202.89
Cost per Ton Recyclables	\$ 324.65	\$ 335.06	\$ 377.59	\$ 335.06	\$ 164.03	\$ 158.15	\$ 153.83	\$ 143.88	\$ 121.30	\$ 240.45
Recovered Tons	154.70	177.50	188.10	179.10	200.57	219.52	263.34	271.58	330.18	357.98
Street Signs Installed	35	22	27	31	20	9	13	12	44	88
Paving Repairs	53	45	23	25	-	34	26	13	10	20

continued on next page

TOWN OF WEAVERVILLE, NORTH CAROLINA
 Operating Indicators by Function/Program
 Last Ten Calendar Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Water										
Water Mains										
Six inch	103,150	103,150	103,150	103,150	104,550	104,550	106,325	106,325	106,325	106,325
Eight inch	90,380	97,280	97,280	97,280	98,680	100,325	110,462	110,462	110,462	111,592
Ten inch	23,220	23,220	25,795	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	21,855	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

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	14	14	14	14	15	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)	17.30	17.30	18.03	18.03	18.03	18.03	18.03	18.03	18.03	18.03
Streetlights	285	298	298	301	301	301	301	301	301	301
Traffic signals	5	5	5	5	7	7	7	7	7	7
Water										
Transmission lines (miles)	48.56	48.56	49.9	50.36	50.71	51.01	54.14	54.14	54.14	54.14
Fire hydrants	269	276	276	276	281	284	389	389	389	389
Storage capacity (thousands of gallons)	2,700	2,700	2,700	2,700	2,700	3,950	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.

COMPLIANCE SECTION



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

To the Honorable Mayor
and Members of the Town Council
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, 2012, which collectively comprises the Town of Weaverville's basic financial statements, and have issued our report thereon dated November 15, 2012. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Town of Weaverville ABC Board, as described in our report on the Town of Weaverville's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Town of Weaverville ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of the Town of Weaverville is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Weaverville's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Weaverville's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Weaverville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of

Members of Town Council
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financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the entity, and members of the Town Council and is not intended to be and should not be used by anyone other than these specified parties.

David Killian CPA Group, P.A.

Asheville, North Carolina
November 15, 2012

TOWN OF WEAVERVILLE, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2012

No findings reported in prior year.