

**Town of Weaverville, North Carolina**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2013**





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**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2013**

**Town Council**  
**(As of June 30, 2013)**

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, 2013***  
**Town of Weaverville, North Carolina**

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Government Finance Officers Association

**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, 2012**

Executive Director/CEO



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](http://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*

September 30, 2013

### **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, 2013.

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, 2013 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, 2013 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 3,715 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 3,715.

Population growth remains a consistent and stable contributor to the local economy. The Asheville metro / Weaverville area 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 strive to retain its small town atmosphere, while actively managing the growth that is inevitable near a large city.*

*Our town will be attractive to both young and old with a wide range of housing choices. We will reserve areas for neighborhoods and businesses while buffering one 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 types of business and industry, those that are environmentally friendly and provide a good living for our residents.*

## **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 Town has begun to see signs of improved economic recovery. Houses are beginning to stay on the market for much shorter periods of time. Home prices in the area have stabilized and are beginning to increase. We have seen a good deal of construction activity in the Town during the 2013 Fiscal Year. There is increased interest in further housing and retail development. The Asheville MSA has the lowest unemployment rate of any MSA in NC. In addition, the Asheville MSA has added jobs at a faster rate than any other MSA in NC. These are all positive signs that our economy is getting better.

We continue to be concerned about the future of Arvado Digital Services. Arvado is the largest producer of CD's and DVD's in the world and is the Town's largest taxpayer. We are concerned that the move to the "cloud" will continue to damage Arvado's business model and force them to close their Weaverville facility or make other changes to the manufacturing operation.

### **Conclusion:**

The economy in the Asheville region is growing at a much faster pace than the economy of North Carolina in general. This should benefit Weaverville and lead to continued growth in the housing and retail markets. Hopefully the Town's partnership with the Asheville Buncombe EDC will lead to growth in the manufacturing sector in Weaverville. While we expect growth to continue and even accelerate, the Town will have to continue to watch the situation with Arvado as it could have significant impact on the Town's finances. We will continue to work to keep our expenses as low as possible and collect our property taxes at a high rate to avoid reductions in service.

### **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; AI, 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, 2013, including time deposits and money market accounts used for investment purposes were \$6,945,069.

### **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 taxpayer, 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, 2012. This was the seventeenth 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 seventeen 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,

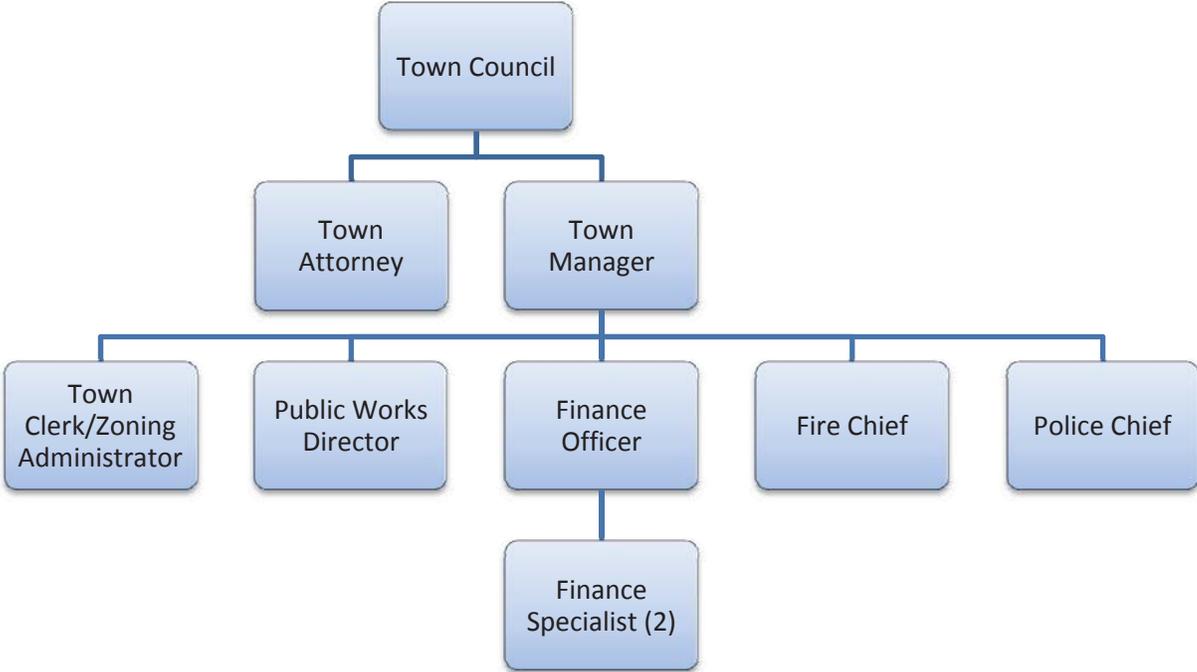


James Michael Boaz  
Town Manager

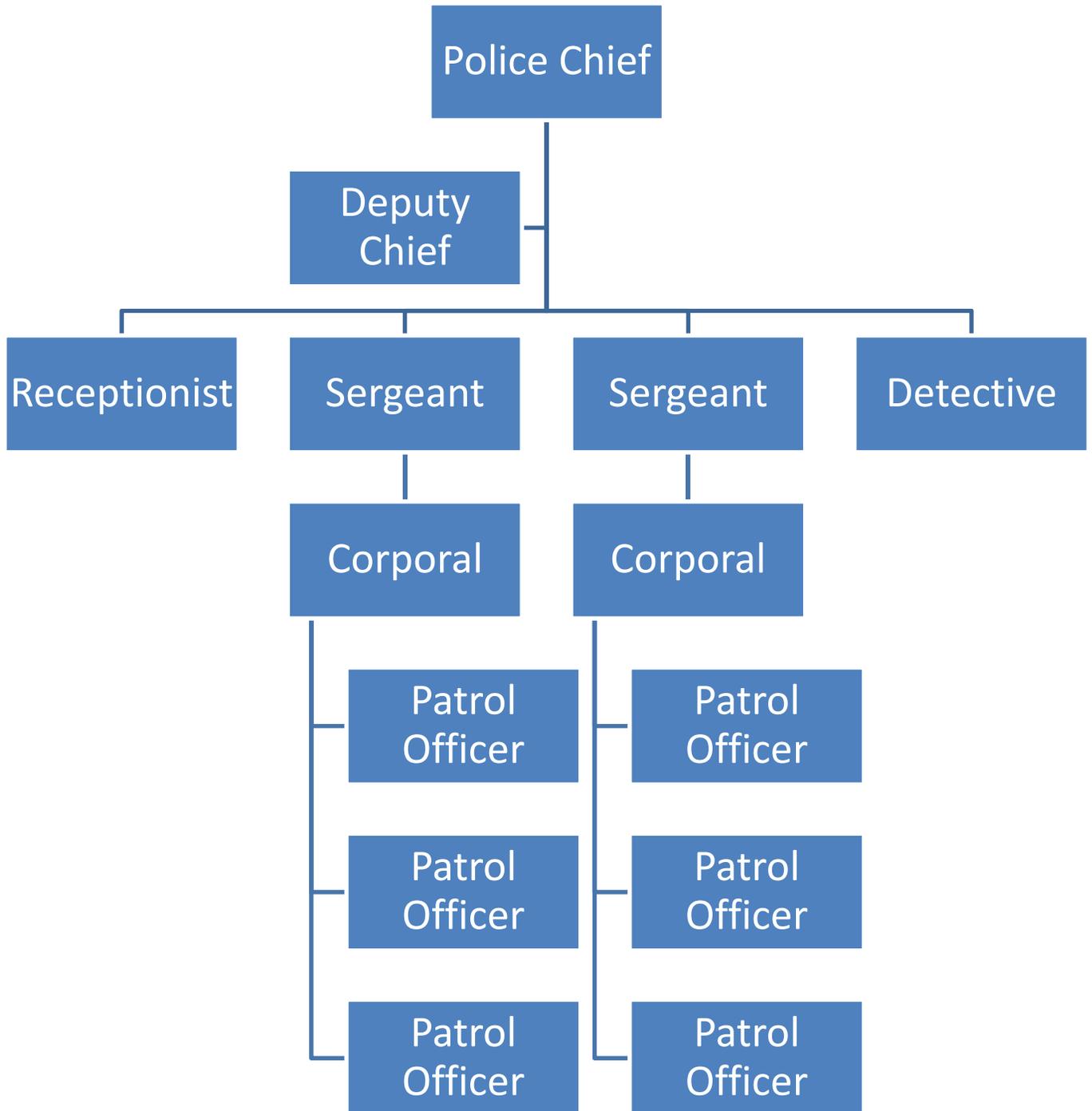


Jim McMillan  
Finance Officer

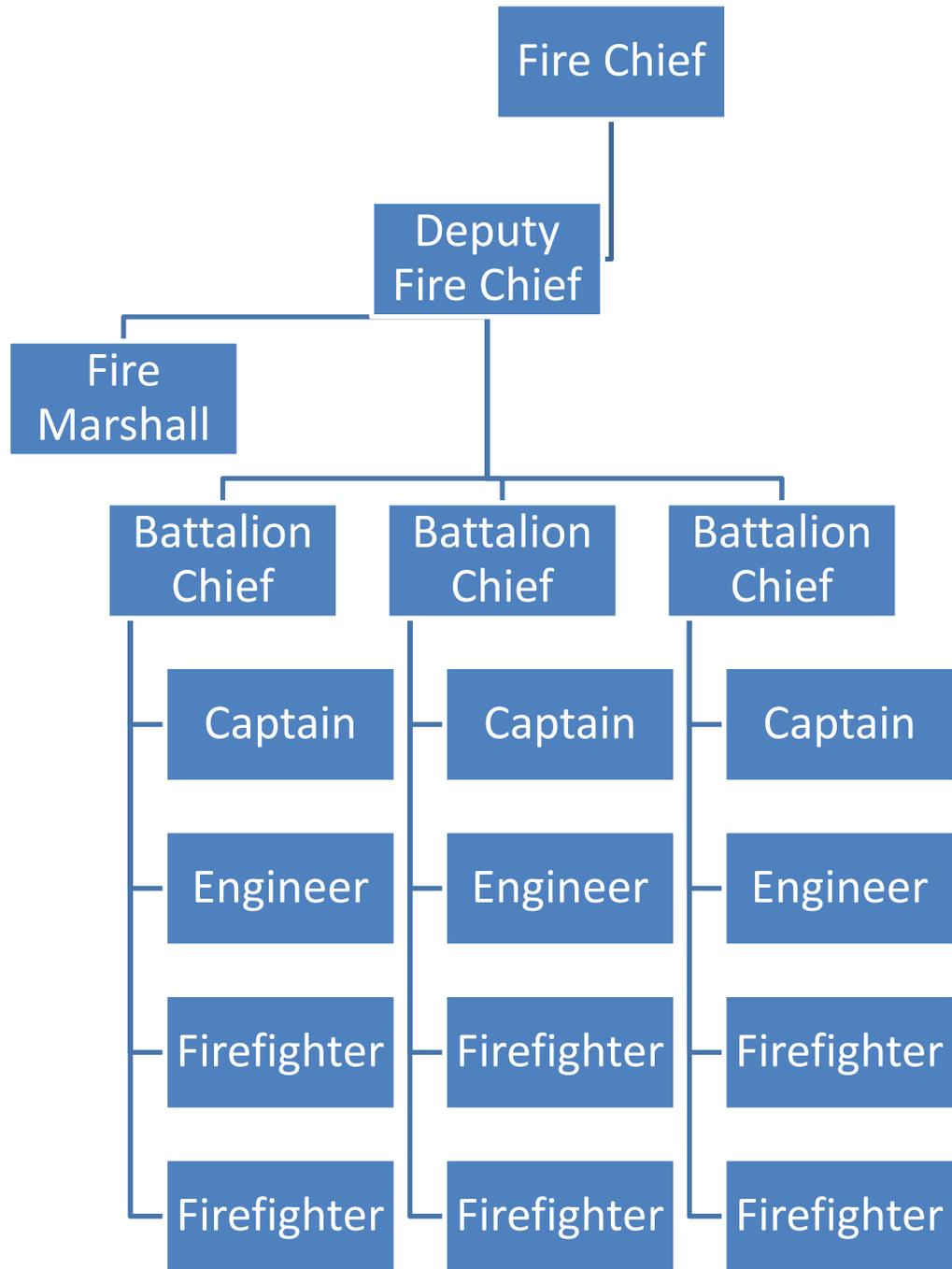
Administration  
Organizational Chart



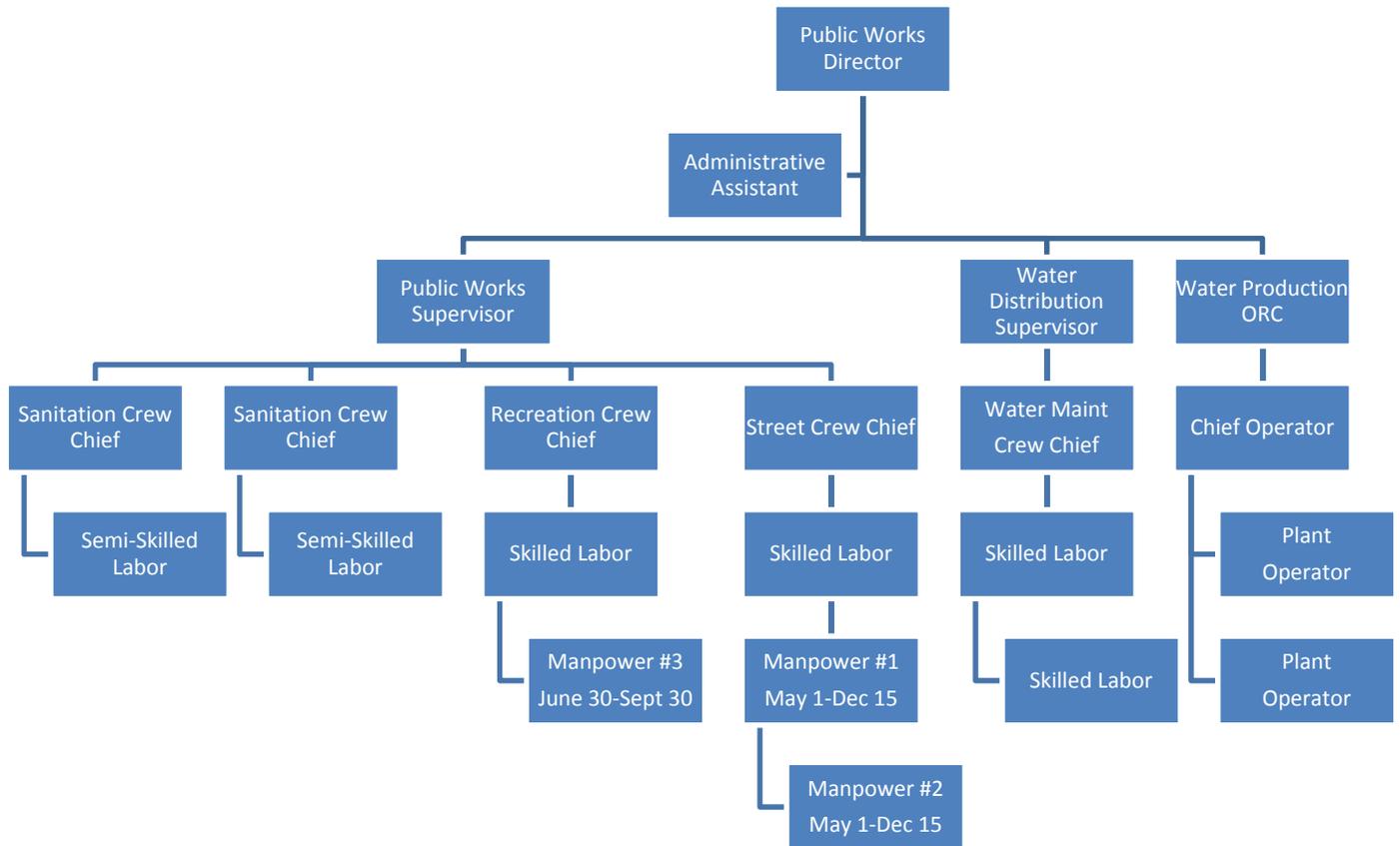
Police Department  
Organizational Chart



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**

**Terry A. Malone**

**POLICE DEPARTMENT CHIEF**

**Gregory Stephens**



**GOULD KILLIAN  
CPA GROUP, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS

## **Independent Auditors' Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Weaverville, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Town of Weaverville ABC Board. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town of 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates

made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Weaverville, North Carolina, as of June 30, 2013, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance's and the Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions on pages 57-58 and 59-60, respectively, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Weaverville, North Carolina. The introductory section, individual fund statements, budgetary comparison schedules, supplemental financial data, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund statements, budgetary comparison schedules, and supplemental financial data are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in

the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the individual fund statements, budgetary comparison schedules, and supplemental financial data 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.

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

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

*David Killian CPA Group, P.A.*

Asheville, North Carolina  
September 30, 2013

## 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, 2013. 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

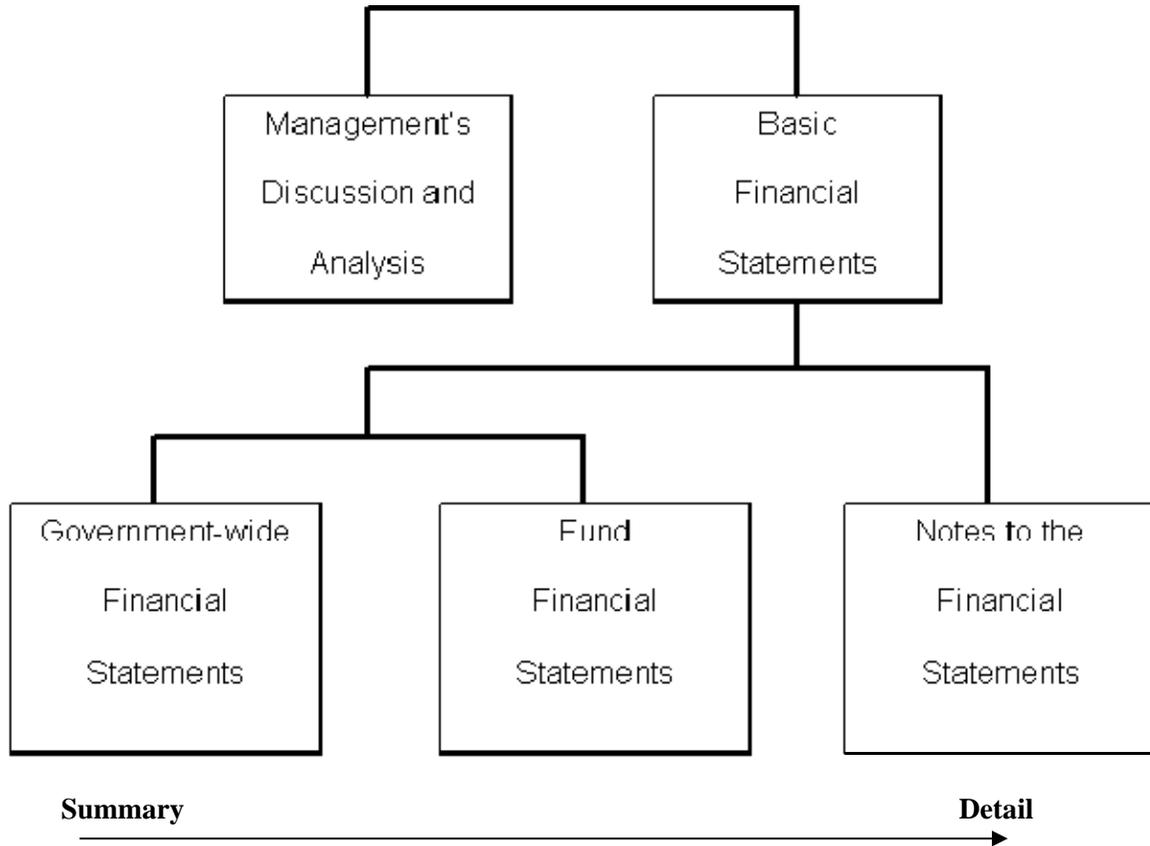
- The assets of the Town of Weaverville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$20,386,644 (*net position*).
- The government's total net position increased by \$253,831 due to an increase in governmental activities net position of \$325,978.
- As of the close of the current fiscal year, the Town of Weaverville's General Fund reported an ending fund balance of \$5,096,750, with a net decrease of \$72,687 in fund balance. Approximately 18.0% of this total amount, or \$916,438, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,898,817, or 68.8% 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's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

### Government-wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer 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 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 Position 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 Position and the Statement of Activities.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 35 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 57 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 Position**

*Figure 2*

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 5,233,808	\$ 5,312,319	\$ 2,848,361	\$ 2,658,263	\$ 8,082,169	\$ 7,970,582
Capital assets	9,920,898	10,164,352	9,023,439	9,303,382	18,944,337	19,467,734
Total assets	<u>15,154,706</u>	<u>15,476,671</u>	<u>11,871,800</u>	<u>11,961,645</u>	<u>27,026,506</u>	<u>27,438,316</u>
Long-term liabilities outstanding	3,274,708	3,913,148	2,925,203	3,030,321	6,199,911	6,943,469
Other liabilities	127,927	144,085	302,372	214,952	430,299	359,037
Deferred inflows of resources	<u>9,652</u>	<u>2,997</u>	<u>-</u>	<u>-</u>	<u>9,652</u>	<u>2,997</u>
Total liabilities and deferred inflows of resources	<u>3,412,287</u>	<u>4,060,230</u>	<u>3,227,575</u>	<u>3,245,273</u>	<u>6,639,862</u>	<u>7,305,503</u>
Net position:						
Net investment in capital assets	7,347,031	6,842,752	6,228,057	6,389,448	13,575,088	13,232,200
Restricted	916,438	940,151	-	-	916,438	940,151
Unrestricted	<u>3,478,950</u>	<u>3,633,538</u>	<u>2,416,168</u>	<u>2,326,924</u>	<u>5,895,118</u>	<u>5,960,462</u>
Total net position	<u>\$ 11,742,419</u>	<u>\$ 11,416,441</u>	<u>\$ 8,644,225</u>	<u>\$ 8,716,372</u>	<u>\$ 20,386,644</u>	<u>\$ 20,132,813</u>

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The assets of the Town of Weaverville exceeded liabilities and deferred inflows by \$20,386,644 as of June 30, 2013. The Town’s net position increased by \$253,831 for the fiscal year ended June 30, 2013. However, the largest portion (66.59%) reflects the Town’s net investment in capital assets (e.g. land, buildings, machinery, and equipment). 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 net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the

Town of Weaverville's net position, \$916,438, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$5,895,118 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage 99.72% which is better than the statewide average of 97.42%.
- Increased sales tax revenues of approximately \$110,000 due to economic growth in the Town.

**Town of Weaverville's Changes in Net Position**  
*Figure 3*

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Revenues:</b>						
<i>Program revenues:</i>						
Charges for services	\$ 61,538	\$ 47,165	\$ 1,652,376	\$ 1,604,755	\$ 1,713,914	\$ 1,651,920
Operating grants and contributions	81,131	24,561	-	-	81,131	24,561
Capital grants and contributions	105,081	120,661	-	-	105,081	120,661
<i>General revenues:</i>						
Property taxes	2,729,362	2,731,700	-	-	2,729,362	2,731,700
Other taxes	1,086,231	979,761	-	-	1,086,231	979,761
Grants and contributions, not restricted to specific programs	1,470,911	1,490,077	-	-	1,470,911	1,490,077
Unrestricted investment earnings	24,452	28,139	17,248	20,774	41,700	48,913
Miscellaneous	30,879	46,587	-	-	30,879	46,587
Gain (loss) on sale of property	(7,578)	-	14,412	-	6,834	-
<i>Total revenues</i>	<u>5,582,007</u>	<u>5,468,651</u>	<u>1,684,036</u>	<u>1,625,529</u>	<u>7,266,043</u>	<u>7,094,180</u>
<b>Expenses:</b>						
General government	871,378	745,832	-	-	871,378	745,832
Public safety	3,164,552	3,192,377	-	-	3,164,552	3,192,377
Transportation	443,150	431,241	-	-	443,150	431,241
Environmental protection	490,032	525,647	-	-	490,032	525,647
Culture and recreation	165,007	151,913	-	-	165,007	151,913
Water and sewer	-	-	1,756,183	1,698,261	1,756,183	1,698,261
Interest on long-term debt	121,910	135,861	-	-	121,910	135,861
<i>Total expenses</i>	<u>5,256,029</u>	<u>5,182,871</u>	<u>1,756,183</u>	<u>1,698,261</u>	<u>7,012,212</u>	<u>6,881,132</u>
Increase (decrease) in net position	<u>325,978</u>	<u>285,780</u>	<u>(72,147)</u>	<u>(72,732)</u>	<u>253,831</u>	<u>213,048</u>
Net position, beginning 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>
Net position, end of year	<u>\$ 11,742,419</u>	<u>\$ 11,416,441</u>	<u>\$ 8,644,225</u>	<u>\$ 8,716,372</u>	<u>\$ 20,386,644</u>	<u>\$ 20,132,813</u>

**Governmental activities.** Governmental activities increased the Town's net position by \$325,978, thereby accounting for all of the growth in the net position of the Town of Weaverville. Key elements of this increase are as follows:

- Grant revenues in the transportation area of \$98,384 were used to construct capital assets.
- Tax revenues remained steady.

**Business-type activities:** Business-type activities decreased the Town of Weaverville's net position by \$72,147. There was no change in water rates from the previous fiscal year.

### **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 \$4,748,071, while total fund balance reached \$5,096,750. 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 an available fund balance of 85.06% of General Fund revenues, while total fund balance represents 91.15% 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 collected more Ad Valorem taxes than anticipated as evidenced by an increased collection rate in the current year. 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 position of the Water and Sewer Fund at the end of the fiscal year amounted to \$2,416,168. The total change in net position for the Water and Sewer Fund was a decrease of \$72,147. The change in net position in the Water and Sewer Fund is mostly a result of small equipment and meter replacement expenses.

### **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, 2013, totals \$18,944,337 (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 \$98,000.
- One new vehicle for the general government department at a cost of approximately \$26,000.
- New equipment for the transportation, public safety, and general government departments at a cost of approximately \$221,000.
- Disposal of four vehicles from the public safety department with an original basis of approximately \$154,000 and an adjusted basis of \$8,000.
- New equipment at the water treatment plant at a cost of approximately \$72,000.
- Disposal of four vehicles by the water department with an original basis of approximately \$85,000 and an adjusted basis of \$0.

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

*Figure 4*

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 1,292,440	\$ 1,292,440	\$ 146,035	\$ 146,035	\$ 1,438,475	\$ 1,438,475
Buildings	4,989,768	5,110,178	-	-	4,989,768	5,110,178
Land improvements	212,473	223,321	-	-	212,473	223,321
Furniture, equipment and vehicles	1,723,623	1,894,707	198,050	194,100	1,921,673	2,088,807
Infrastructure	<u>1,702,594</u>	<u>1,643,706</u>	<u>8,679,354</u>	<u>8,963,247</u>	<u>10,381,948</u>	<u>10,606,953</u>
Total	<u>\$ 9,920,898</u>	<u>\$ 10,164,352</u>	<u>\$ 9,023,439</u>	<u>\$ 9,303,382</u>	<u>\$ 18,944,337</u>	<u>\$ 19,467,734</u>

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, 2013, the Town of Weaverville had total debt in the form of installment purchase contracts and general obligation bonds outstanding of \$5,369,249.

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

*Figure 5*

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds, net	\$ -	\$ -	\$ 2,795,382	\$ 2,913,934	\$ 2,795,382	\$ 2,913,934
Installment purchases payable	<u>2,573,867</u>	<u>3,321,600</u>	<u>-</u>	<u>-</u>	<u>2,573,867</u>	<u>3,321,600</u>
	<u>\$ 2,573,867</u>	<u>\$ 3,321,600</u>	<u>\$ 2,795,382</u>	<u>\$ 2,913,934</u>	<u>\$ 5,369,249</u>	<u>\$ 6,235,534</u>

**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 \$53,200,000.

Additional information regarding the Town of Weaverville's long-term debt can be found in Note 2.B.5 of this report.

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

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

- The Town has seen continued growth in both the housing and retail markets during FY 2013, and we expect that this will continue during FY 2014.
- The Asheville Metropolitan Statistical Area (MSA) is adding jobs at a faster pace than any other MSA in NC. This should encourage growth to continue in the Weaverville area.
- We have partnered with the Asheville Buncombe EDC to help attract new manufacturing operations to Weaverville.
- Buncombe County completed a revaluation of all real property which resulted in a decline of approximately 8% in Weaverville property values.
- The Town's fund balance continues to remain strong which helps the Town avoid any drastic cut to services and massive rate increases.

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

**Governmental Activities:** The Town Council has adopted a budget for Fiscal Year 2013-2014 that sets the tax rate at \$0.400 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.

**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 2013-2014 are estimated at \$1,699,400, or just slightly above the actual amount of \$1,652,376 collected in the 2012-2013 fiscal year. The budget for FY 2013-2014 does not include a rate increase and includes funding for a number of capital projects. The Town was able to accomplish this through continued growth in the customer base.

### **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](http://www.weavervillenc.org) or send an email to [jwmcmillan@weavervillenc.org](mailto:jwmcmillan@weavervillenc.org) for more information.

## **BASIC FINANCIAL STATEMENTS**

STATEMENT OF NET POSITION  
June 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Town of Weaverville ABC Board
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 4,272,539	\$ 2,628,908	\$ 6,901,447	\$ 151,220
Taxes receivable, net	13,101	-	13,101	-
Accounts receivable, net	38,395	219,453	257,848	-
Due from other governments	310,284	-	310,284	-
Inventories	-	-	-	113,757
Prepaid expenses	-	-	-	5,093
Restricted cash and equivalents	599,489	-	599,489	-
Total current assets	5,233,808	2,848,361	8,082,169	270,070
Non-current assets:				
Capital assets:				
Land and construction in progress	1,292,440	146,035	1,438,475	-
Other capital assets, net	8,628,458	8,877,404	17,505,862	1,316,896
Total capital assets	9,920,898	9,023,439	18,944,337	1,316,896
Total assets	15,154,706	11,871,800	27,026,506	1,586,966
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	68,120	250,179	318,299	78,696
Other liabilities	46,185	43,130	89,315	53,695
Accrued interest payable	13,622	9,063	22,685	13,999
Current portion of long-term liabilities	386,733	132,000	518,733	59,147
Total current liabilities	514,660	434,372	949,032	205,537
Long-term liabilities:				
Due in more than one year	2,887,975	2,793,203	5,681,178	1,336,847
Total liabilities	3,402,635	3,227,575	6,630,210	1,542,384
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Prepaid taxes	9,652	-	9,652	-
Total deferred inflows of resources	9,652	-	9,652	-
<b>NET POSITION</b>				
Net investment in capital assets	7,347,031	6,228,057	13,575,088	(71,745)
Restricted for:				
Stabilization by State statute	348,769	-	348,769	-
Streets	567,669	-	567,669	-
Working capital	-	-	-	64,770
Unrestricted (deficit)	3,478,950	2,416,168	5,895,118	51,557
Total net position	\$ 11,742,419	\$ 8,644,225	\$ 20,386,644	\$ 44,582

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, 2013

Functions/Programs	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>				
Governmental Activities:				
General government	\$ 871,378	\$ 15,270	\$ -	\$ -
Public safety	3,164,552	46,268	81,131	-
Transportation	443,150	-	-	105,081
Environmental protection	490,032	-	-	-
Cultural and recreation	165,007	-	-	-
Interest on long-term debt	121,910	-	-	-
Total governmental activities	5,256,029	61,538	81,131	105,081
Business-type activities:				
Water and sewer	1,756,183	1,652,376	-	-
Total primary government	\$ 7,012,212	\$ 1,713,914	\$ 81,131	\$ 105,081
Component unit:				
Town of Weaverville ABC Board	\$ 2,114,477	\$ 2,189,148	\$ -	\$ -
Total component unit	\$ 2,114,477	\$ 2,189,148	\$ -	\$ -

General revenues:

Taxes:

Property taxes, levied for general purpose

Other taxes

Grants and contributions not restricted to specific programs

Gain (loss) on sale of property

Unrestricted investment earnings

Miscellaneous

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

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

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Town of Weaverville ABC Board</b>
\$ (856,108)	\$ -	\$ (856,108)	\$ -
(3,037,153)	-	(3,037,153)	-
(338,069)	-	(338,069)	-
(490,032)	-	(490,032)	-
(165,007)	-	(165,007)	-
(121,910)	-	(121,910)	-
(5,008,279)	-	(5,008,279)	-
-	(103,807)	(103,807)	-
(5,008,279)	(103,807)	(5,112,086)	-
-	-	-	74,671
-	-	-	74,671
2,729,362	-	2,729,362	-
1,086,231	-	1,086,231	-
1,470,911	-	1,470,911	-
(7,578)	14,412	6,834	-
24,452	17,248	41,700	207
30,879	-	30,879	-
5,334,257	31,660	5,365,917	207
325,978	(72,147)	253,831	74,878
11,416,441	8,716,372	20,132,813	(30,296)
\$ 11,742,419	\$ 8,644,225	\$ 20,386,644	\$ 44,582

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

TOWN OF WEAVERVILLE, NORTH CAROLINA

Exhibit 3

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2013

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,272,539	\$ 4,272,539
Restricted cash and cash equivalents	599,489	599,489
Taxes receivable, net	13,101	13,101
Accounts receivable, net	38,395	38,395
Due from other governments	310,284	310,284
Total assets	<u>\$ 5,233,808</u>	<u>\$ 5,233,808</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 68,120	\$ 68,120
Deposits	46,185	46,185
Total liabilities	<u>114,305</u>	<u>114,305</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property taxes receivable	13,101	13,101
Prepaid taxes	9,652	9,652
Total deferred inflows of resources	<u>22,753</u>	<u>22,753</u>
<b>FUND BALANCES</b>		
Restricted		
Stabilization by State statute	348,769	348,769
Streets	567,669	567,669
Assigned		
Public safety	31,820	31,820
Subsequent year's expenditures	257,890	257,890
Unassigned	3,890,602	3,890,602
Total fund balances	<u>5,096,750</u>	<u>5,096,750</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,233,808</u>	
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 14,147,503	
Accumulated depreciation	<u>4,226,605</u>	9,920,898
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		
		13,101
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.		
Installment purchases	(2,573,867)	
Other postemployment benefits	(379,513)	
Compensated absences	(147,395)	
Net pension obligation	(173,933)	
Accrued interest	<u>(13,622)</u>	(3,288,330)
Net position of governmental activities		<u>\$ 11,742,419</u>

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

**TOWN OF WEAVERVILLE, NORTH CAROLINA**

**Exhibit 4**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
For the year ended June 30, 2013

	<u>Major Fund</u>	
	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>		
Ad valorem taxes	\$ 2,731,714	\$ 2,731,714
Other taxes and licenses	1,086,231	1,086,231
Unrestricted intergovernmental	1,470,911	1,470,911
Restricted intergovernmental	166,057	166,057
Permits and fees	46,268	46,268
Investment earnings	24,452	24,452
Miscellaneous	66,304	66,304
Total revenues	<u>5,591,937</u>	<u>5,591,937</u>
<b>EXPENDITURES</b>		
Current:		
General government	909,154	909,154
Public safety	2,795,704	2,795,704
Transportation	501,136	501,136
Environmental protection	423,712	423,712
Culture and recreation	159,244	159,244
Debt service:		
Principal	747,733	747,733
Interest	127,941	127,941
Total expenditures	<u>5,664,624</u>	<u>5,664,624</u>
Net change in fund balances	(72,687)	(72,687)
Fund balances, beginning of year	<u>5,169,437</u>	<u>5,169,437</u>
Fund balances, end of year	<u>\$ 5,096,750</u>	<u>\$ 5,096,750</u>

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

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

For the year ended June 30, 2013

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

Net changes in fund balances - total governmental funds \$ (72,687)

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

Capital outlay expenditures which were capitalized	\$ 345,146	
Depreciation expense for governmental assets	<u>(581,022)</u>	(235,876)

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 position differs from the change in fund balance by the cost of the capital assets sold.

(7,578)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

(2,352)

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 position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on long-term debt	747,733	
Decrease in accrued interest payable	<u>6,031</u>	753,764

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	13,738	
Net pension obligation	(24,199)	
Other postemployment benefits	<u>(98,832)</u>	(109,293)

Total changes in net position of governmental activities \$ 325,978

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

For the year ended June 30, 2013

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Ad valorem taxes	\$ 2,622,610	\$ 2,622,610	\$ 2,731,714	\$ 109,104
Other taxes and licenses	1,000,000	1,000,000	1,086,231	86,231
Unrestricted intergovernmental	1,475,000	1,475,000	1,470,911	(4,089)
Restricted intergovernmental	103,172	163,172	166,057	2,885
Permits and fees	14,841	14,841	46,268	31,427
Investment earnings	15,500	15,500	24,452	8,952
Miscellaneous	48,035	48,035	66,304	18,269
Total revenues	5,279,158	5,339,158	5,591,937	252,779
<b>EXPENDITURES</b>				
Current:				
General government	905,491	917,961	909,154	8,807
Public safety	2,812,297	2,908,329	2,795,704	112,625
Transportation	794,070	794,070	501,136	292,934
Environmental protection	488,610	488,610	423,712	64,898
Cultural and recreation	158,730	158,730	159,244	(514)
Debt service:				
Principal and interest	623,620	875,690	875,674	16
Total expenditures	5,782,818	6,143,390	5,664,624	478,766
Revenues over (under) expenditures	(503,660)	(804,232)	(72,687)	731,545
Other financing sources:				
Appropriated fund balance	503,660	804,232	-	(804,232)
Total other financing sources	503,660	804,232	-	(804,232)
Revenues and other sources under expenditures	\$ -	\$ -	(72,687)	\$ (72,687)
Fund balance, beginning of year			5,169,437	
Fund balance, end of year			\$ 5,096,750	

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

TOWN OF WEAVERVILLE, NORTH CAROLINA

Exhibit 7

STATEMENT OF NET POSITION  
 PROPRIETARY FUND  
 June 30, 2013

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 2,628,908
Accounts receivable, net	219,453
Total current assets	<u>2,848,361</u>
Capital assets:	
Land and other non-depreciable assets	146,035
Other capital assets, net of depreciation	8,877,404
Capital assets, net	<u>9,023,439</u>
Total assets	<u>11,871,800</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	250,179
Salaries and payroll taxes payable	12,299
Customer deposits	30,831
Accrued interest payable	9,063
Compensated absences, current	7,000
Bonds payable, current	125,000
Total current liabilities	<u>434,372</u>
Noncurrent liabilities:	
Compensated absences	33,160
Other postemployment benefits	89,661
Bonds payable	2,670,382
Total noncurrent liabilities	<u>2,793,203</u>
Total liabilities	<u>3,227,575</u>
<b>NET POSITION</b>	
Net investment in capital assets	6,228,057
Unrestricted	2,416,168
Total net position	<u>\$ 8,644,225</u>

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUND

For the year ended June 30, 2013

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 1,531,863
Other operating revenues	120,513
Total operating revenues	<u>1,652,376</u>
<b>OPERATING EXPENSES</b>	
Administration	227,566
Water treatment and distribution	1,062,537
Depreciation	352,306
Total operating expenses	<u>1,642,409</u>
Operating income	<u>9,967</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment earnings	17,248
Gain on sale of property	14,412
Interest expense	(113,774)
Total nonoperating revenue (expenses)	<u>(82,114)</u>
Change in net position	(72,147)
Net position, beginning of year	<u>8,716,372</u>
Net position, end of year	<u>\$ 8,644,225</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, 2013

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 1,643,335
Cash paid for goods and services	(448,451)
Cash paid to or on behalf of employees for services	(746,289)
Net cash provided by operating activities	<u>448,595</u>
<b>Cash flows from capital and related financing activities:</b>	
Sale of capital assets	14,412
Interest paid on bond maturities	(112,651)
Principal payments on debt	(120,000)
Net cash used by noncapital and related financing activities	<u>(218,239)</u>
<b>Cash flows from investing activities:</b>	
Interest earned	17,248
Acquisition of capital assets	(72,363)
Net cash used for investing activities	<u>(55,115)</u>
Net increase in cash and cash equivalents	175,241
Cash and cash equivalents, beginning of year	<u>2,453,667</u>
Cash and cash equivalents, end of year	<u>\$ 2,628,908</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 9,967
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	352,306
Changes in assets and liabilities:	
Increase in accounts receivable	(14,857)
Increase in accounts payable and accrued liabilities	81,535
Increase in salaries and payroll taxes payable	394
Decrease in accrued compensated absences	(6,391)
Increase in other postemployment benefits	19,825
Increase in other liabilities	5,816
Total adjustments	<u>438,628</u>
Net cash provided by operating activities	<u>\$ 448,595</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**TOWN OF WEAVERVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended June 30, 2013

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

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

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and 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, 2013, 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. 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 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

#### **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 \$5,000 without limit and without approval by the governing board; however, any revisions that alter the total expenditures of any fund or that change departmental appropriations by more than \$5,000 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, Deferred Outflows/Inflows of Resources 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 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.

**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 1<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2012.

**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. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired 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. Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. As of June 30, 2013, the Town does not have any items that meet this criterion. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so

will not be recognized as revenue until then. As of June 30, 2013, the Town has only two items that meet the criterion for this category – prepaid taxes and property taxes receivable.

#### **9. 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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

#### **10. Compensated Absences**

The vacation policy of the Town provides for the accumulation of up to thirty (30) 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.

#### **11. Net Position/Fund Balances**

##### **Net Position**

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

##### **Fund Balances**

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

can be spent.

The governmental fund types classify fund balances as follows:

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

**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 \$5,000.

**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-town funds; town 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 level are collateralized with securities held by the Town's or the ABC Board's agents 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, 2013, the Town's deposits had a carrying amount of \$4,144,089 and a bank balance of \$4,271,671. Of the bank balance, \$531,820 was covered by federal depository insurance and \$3,739,851 was covered by collateral held under the pooling method. At June 30, 2013, the Town's petty cash fund totaled \$350. The carrying amount of deposits for the ABC Board was \$149,932 and the bank balance was \$125,478. 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, 2013, the Town had \$3,356,497 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, 2013.

**3. Receivables – Allowances for Doubtful Accounts**

The amount presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2013 is net of the following allowances for doubtful accounts:

<u>Funds</u>	
General Fund - Taxes Receivable	\$ 1,486
Enterprise Fund - Uncollectible Accounts	<u>2,230</u>
Total	<u>\$ 3,716</u>

**4. Capital Assets****Primary Government**

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,292,440	\$ -	\$ -	\$ 1,292,440
Total capital assets not being depreciated	<u>1,292,440</u>	<u>-</u>	<u>-</u>	<u>1,292,440</u>
<b>Capital assets being depreciated:</b>				
Buildings	6,024,793	-	-	6,024,793
Land improvements	262,137	-	-	262,137
Furniture, equipment, and vehicles	4,563,772	246,762	153,922	4,656,612
Infrastructure	<u>1,813,137</u>	<u>98,384</u>	<u>-</u>	<u>1,911,521</u>
Total capital assets being depreciated	<u>12,663,839</u>	<u>345,146</u>	<u>153,922</u>	<u>12,855,063</u>
<b>Less accumulated depreciation for:</b>				
Buildings	914,615	120,410	-	1,035,025
Land improvements	38,816	10,848	-	49,664
Furniture, equipment, and vehicles	2,669,065	410,268	146,344	2,932,989
Infrastructure	<u>169,431</u>	<u>39,496</u>	<u>-</u>	<u>208,927</u>
Total accumulated depreciation	<u>3,791,927</u>	<u>581,022</u>	<u>146,344</u>	<u>4,226,605</u>
Total capital assets being depreciated, net	<u>8,871,912</u>			<u>8,628,458</u>
<b>Governmental activities capital assets, net</b>	<u>\$10,164,352</u>			<u>\$ 9,920,898</u>

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

General government	\$ 51,098
Public safety	404,134
Transportation	68,499
Environmental protection	54,931
Cultural and recreational	<u>2,360</u>
Total depreciation expense	<u>\$ 581,022</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type activities:</b>				
<i>Water and Sewer Fund</i>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 146,035	\$ -	\$ -	\$ 146,035
Total capital assets not being depreciated	<u>146,035</u>	<u>-</u>	<u>-</u>	<u>146,035</u>
<b>Capital assets being depreciated:</b>				
Plant and distribution systems	13,280,465	-	-	13,280,465
Furniture, equipment, and vehicles	<u>1,004,441</u>	<u>72,363</u>	<u>85,158</u>	<u>991,646</u>
Total capital assets being depreciated	<u>14,284,906</u>	<u>72,363</u>	<u>85,158</u>	<u>14,272,111</u>
<b>Less accumulated depreciation for:</b>				
Plant and distribution systems	4,317,218	283,893	-	4,601,111
Furniture, equipment, and vehicles	<u>810,341</u>	<u>68,413</u>	<u>85,158</u>	<u>793,596</u>
Total accumulated depreciation	<u>5,127,559</u>	<u>\$ 352,306</u>	<u>\$ 85,158</u>	<u>5,394,707</u>
Total capital assets being depreciated, net	<u>9,157,347</u>			<u>8,877,404</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 9,303,382</u>			<u>\$ 9,023,439</u>

There were no construction commitments as of June 30, 2013.

#### **Discretely presented component unit**

Activity for the ABC Board for the year ended June 30, 2013, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Capital assets not being depreciated:</b>				
Land	\$ 410,000	\$ -	\$ -	\$ 410,000
Total capital assets not being depreciated	<u>410,000</u>	<u>-</u>	<u>-</u>	<u>410,000</u>
<b>Capital assets being depreciated:</b>				
Buildings	1,069,898	-	-	1,069,898
Furniture and equipment	<u>100,822</u>	<u>353</u>	<u>-</u>	<u>101,175</u>
Total capital assets being depreciated	<u>1,170,720</u>	<u>353</u>	<u>-</u>	<u>1,171,073</u>
<b>Less accumulated depreciation for:</b>				
Buildings	162,789	59,196	-	221,985
Furniture and equipment	<u>30,564</u>	<u>11,628</u>	<u>-</u>	<u>42,192</u>
Total accumulated depreciation	<u>193,353</u>	<u>\$ 70,824</u>	<u>\$ -</u>	<u>264,177</u>
Total capital assets being depreciated, net	<u>977,367</u>			<u>906,896</u>
<b>ABC Board capital assets, net</b>	<u>\$ 1,387,367</u>			<u>\$ 1,316,896</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 6.92% and 6.77%, 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, 2013, 2012, and 2011 were \$201,266, \$151,740, and \$182,573 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, 2012, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>17</u>
Total	<u><u>17</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, 2012 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 post-employment benefit increases.

### *Annual Pension Cost and Net Pension Obligation*

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

Annual required contribution	\$ 26,030
Interest on net pension obligation	7,487
Adjustment to annual required contribution	<u>(9,318)</u>
Annual pension cost	24,199
Contributions made	<u>-</u>
Increase (decrease) in net pension obligation	24,199
Net pension obligation, beginning of fiscal year	<u>149,734</u>
Net pension obligation, end of fiscal year	<u>\$ 173,933</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>
6/30/2011	\$ 26,644	0.00%	\$ 127,434
6/30/2012	22,300	0.00	149,734
6/30/2013	24,199	0.00	173,933

## 4. Funded Status and Funding Progress:

As of December 31, 2012, 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, 2012 was 18 years.

The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$219,107. The covered payroll (annual payroll of active employees covered by the plan) was \$727,595, and the ratio of the UAAL to the covered payroll was 30.11%.

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.

**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 for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained 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, 2013 were \$288,253, which consisted of \$123,894 from the Town and \$164,359 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 Governmental Employees' Retirement System (System) and have at least twelve years of creditable service with the Town. The Town pays for the retiree's group health insurance coverage through private insurers at the same percentage as current full-time employees until one of the following takes place: (1) The retiree is eligible for Medicare or Medicaid, or (2) the retiree goes to work where coverage is otherwise offered and available. Also, the Town's retirees can purchase coverage for their dependents at the Town's group rates.

The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

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><u>49</u></u>	<u><u>14</u></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 annual required contribution (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, 2013 were \$11,919.

## 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 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	\$ 128,651
Interest on net OPEB obligation	14,021
Adjustment to annual required contribution	<u>(12,096)</u>
Annual OPEB cost (expense)	130,576
Contributions made	<u>(11,919)</u>
Increase in net OPEB obligation	118,657
Net OPEB obligation, beginning of year	<u>350,517</u>
Net OPEB obligation, end of year	<u><u>\$ 469,174</u></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, 2013 were as follows:

Fiscal Year Ended	Annual OPEB June 30 Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$ 120,175	4.2%	\$ 234,611
6/30/2012	125,289	7.5	350,517
6/30/2013	130,576	9.1	469,174

#### 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 \$3,959. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.18% and 0.00% 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 Outflows and Inflows of Resources**

The Town has no deferred outflows of resources for the year ended June 30, 2013.

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

	<u>Unavailable Revenue</u>	<u>Unearned Revenue</u>	<u>Total</u>
Taxes receivable - net (General Fund)	\$ 13,101	\$ -	\$ 13,101
Prepaid taxes (General Fund)	-	<u>9,652</u>	<u>9,652</u>
Total	<u>\$ 13,101</u>	<u>\$ 9,652</u>	<u>\$ 22,753</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 the employees designated by the general manager and finance officer are bonded by a corporate surety in the amount of \$50,000.

#### **4. Claims, Judgments and Contingent Liabilities**

At June 30, 2013, the Town was a defendant to a lawsuit. In the opinion of the Town's management and the Town's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

#### **5. 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 required semi-annual principal payments beginning in July 2003, with interest at 3.83% and was repaid by the General Fund. This contract was paid in full during the year at an amount of \$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. On June 7, 2013, the Town entered into a refinancing agreement. The refinancing contract requires semi-annual payments of \$118,367 beginning in December 2013 with interest at 2.06% and is being paid by the General Fund. The balance on this installment purchase contract at June 30, 2013 was \$1,893,867.

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, 2013 was \$680,000.

Annual debt service payments of the installment purchases as of June 30, 2013, including \$234,251 of interest, are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 372,733	\$ 61,439
2015	372,733	51,584
2016	372,733	41,729
2017	372,734	31,875
2018	372,734	22,021
2019-2022	<u>710,200</u>	<u>25,603</u>
	<u>\$ 2,573,867</u>	<u>\$ 234,251</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, 2013 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

\$ 2,820,000

Annual debt service requirements to maturity for long-term obligations are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 125,000	\$ 108,751
2015	125,000	104,689
2016	130,000	100,470
2017	140,000	95,920
2018	145,000	91,020
2019-2023	785,000	373,081
2024-2028	960,000	205,581
2029-2030	<u>410,000</u>	<u>25,830</u>
	2,820,000	<u>\$ 1,105,342</u>
Less unamortized discount	<u>(24,618)</u>	
	<u>\$ 2,795,382</u>	

At June 30, 2013 the Town of Weaverville had a legal debt margin of approximately \$53,200,000.

**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, 2013 was \$1,343,625.

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, 2013 was \$45,016.

Interest expense on the obligation for the year ended June 30, 2013 was \$70,327.

Annual debt service payments of the notes payable of the ABC Board as of June 30, 2013, including \$653,959 of interest, are as follows:

Year Ending June 30	<u>Discretely Presented Component Unit</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 59,147	\$ 68,130
2015	62,049	65,228
2016	65,093	68,351
2017	68,286	58,991
2018	71,636	55,641
2019-2023	414,475	221,910
2024-2028	526,630	109,756
2029	121,325	5,952
	<u>\$ 1,388,641</u>	<u>\$ 653,959</u>

**d. Advance Refundings**

In prior years, the Town has refunded various bond issues by creating separate irrevocable trust funds. Accordingly, the trust account assets and liabilities are not included in the Town's financial statements. 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, 2013:

	Balance <u>July 1, 2012</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>June 30, 2013</u>	Current <u>Portion</u>
Governmental activities:					
Installment purchases	\$ 3,321,600	\$ -	\$ 747,733	\$ 2,573,867	\$ 372,733
Net pension obligation	149,734	24,199	-	173,933	-
Other postemployment benefits	280,681	98,832	-	379,513	-
Compensated absences	<u>161,133</u>	<u>100,464</u>	<u>114,202</u>	<u>147,395</u>	<u>14,000</u>
Governmental activity long-term liabilities	<u>\$ 3,913,148</u>	<u>\$ 223,495</u>	<u>\$ 861,935</u>	<u>\$ 3,274,708</u>	<u>\$ 386,733</u>
Business-type activities:					
General obligation bonds, net	\$ 2,913,934	\$ -	\$ 118,552	\$ 2,795,382	\$ 125,000
Other postemployment benefits	69,836	19,825	-	89,661	-
Compensated absences	<u>46,551</u>	<u>24,874</u>	<u>31,265</u>	<u>40,160</u>	<u>7,000</u>
Business-type activity long-term liabilities	<u>\$ 3,030,321</u>	<u>\$ 44,699</u>	<u>\$ 149,817</u>	<u>\$ 2,925,203</u>	<u>\$ 132,000</u>
Discretely presented component unit:					
Notes payable	\$ 1,445,023	\$ -	\$ 56,382	\$ 1,388,641	\$ 59,147
Compensated absences	<u>7,366</u>	<u>-</u>	<u>13</u>	<u>7,353</u>	<u>-</u>
Discretely presented component unit long-term liabilities:	<u>\$ 1,452,389</u>	<u>\$ -</u>	<u>\$ 56,395</u>	<u>\$ 1,395,994</u>	<u>\$ 59,147</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	\$ 5,096,750
Less:	
Restricted for:	
Stabilization by State statute	348,769
Streets – Powell Bill	567,669
Assigned:	
Appropriated fund balance in 2014 budget	257,890
Public safety – fire department	31,820
Unassigned:	
Working capital/fund balance policy – minimum	1,118,387
Remaining fund balance	2,772,215

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.

**D. On-Behalf Payments for Fringe Benefits and Salaries**

The Town has recognized as a revenue and an expenditure, on-behalf payments for fringe benefits and salaries of \$6,686 for the salary supplement and stipend benefits paid to eligible firemen by the local board of trustees of the Firemen's Relief Fund during the fiscal year ended June 30, 2013. Under State law, the local board of trustees for the Fund receives an amount each year, which the board may use at its own discretion for eligible firemen or their departments.

**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, 2013, the Town reported revenues and expenditures for the payments of \$6,686 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, 2013. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

**Note 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 \$619,108 during the fiscal year ended June 30, 2013. The Town's income for these collections totaled \$38,814.

**Note 5 – Summary Disclosure of Significant Contingencies**

**Federal and State Assisted Programs**

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

**Note 6 – Change in Accounting Principles/Restatement**

The Town implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously reported as Assets and Liabilities*, in the fiscal year ended June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources.

**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)
12/31/2006	-	\$ 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%
12/31/2012	-	219,107	219,107	0%	727,595	30.11%

**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>
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%
2013	26,030	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>
2011	\$ 120,175	4.2%
2012	124,001	7.5%
2013	128,651	9.3%



**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, 2013

	<b>2013</b>		
	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Ad valorem taxes:			
Taxes		\$ 2,707,359	
Penalties and interest		24,355	
	\$ 2,622,610	2,731,714	\$ 109,104
Other taxes and licenses:			
Privilege licenses		103,012	
Local option sales tax		983,219	
	1,000,000	1,086,231	86,231
Intergovernmental revenues:			
Unrestricted:			
Utilities franchise tax		407,075	
Beer and wine tax		15,023	
Buncombe Co. - Fire Protection		1,048,813	
	1,475,000	1,470,911	(4,089)
Restricted:			
Powell Bill		105,081	
Police Department grant		60,976	
	163,172	166,057	2,885
Permits and fees:			
Zoning inspection fees		35,977	
Project review/inspections		8,841	
Fire inspection fees		1,450	
	14,841	46,268	31,427
Investment earnings			
Investment earnings	15,500	24,452	8,952
Other:			
Miscellaneous		30,724	
Contributions		355	
Cops For Kids		19,800	
Sale of property		15,425	
	48,035	66,304	18,269
 Total revenues	 5,339,158	 5,591,937	 252,779

(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, 2013

	<b>2013</b>		
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>EXPENDITURES</b>			
General government:			
Governing board:			
Salaries and employee benefits		20,669	
Community promotions		38,626	
Professional services		146,369	
Other operating expenses		77,780	
Total governing board	264,980	283,444	(18,464)
Administration:			
Salaries and employee benefits		348,710	
Professional services		79,120	
Equipment purchases		126,182	
Other operating expenses		71,698	
Total administration	652,981	625,710	27,271
Total general government	917,961	909,154	8,807
Public safety:			
Police:			
Salaries and employee benefits		968,754	
Supplies and materials		56,700	
Equipment purchases		134,940	
Repairs and maintenance		25,770	
Insurance		29,347	
Other operating expenses		77,866	
Total police	1,314,634	1,293,377	21,257
Fire:			
Salaries and employee benefits		1,247,004	
Insurance		60,787	
Repairs and maintenance		49,105	
Other operating expenses		114,908	
Capital outlay		30,523	
Total fire	1,593,695	1,502,327	91,368
Total public safety	2,908,329	2,795,704	112,625

(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, 2013

	<b>2013</b>		Variance Positive (Negative)
	Budget	Actual	
<b>EXPENDITURES (CONTINUED)</b>			
Transportation:			
Streets:			
Salaries and employee benefits		<b>187,011</b>	
Contract services		<b>14,884</b>	
Utilities		<b>53,834</b>	
Supplies and materials		<b>43,144</b>	
Other operating expenses		<b>14,121</b>	
Capital outlay		<b>37,627</b>	
Total streets	369,970	<b>350,621</b>	19,349
Powell Bill:			
Salaries and benefits		<b>23,690</b>	
Other operating expenditures		<b>28,441</b>	
Capital outlay		<b>98,384</b>	
Total Powell Bill	424,100	<b>150,515</b>	273,585
Total transportation	794,070	<b>501,136</b>	292,934
Environmental protection:			
Sanitation:			
Salaries and benefits		<b>292,055</b>	
Contract services		<b>12,000</b>	
Supplies and materials		<b>22,676</b>	
Other operating expenses		<b>96,981</b>	
Total environmental protection	488,610	<b>423,712</b>	64,898
Cultural and recreational:			
Recreation:			
Salaries and employee benefits		<b>113,546</b>	
Contract services		<b>11,518</b>	
Other operating expenses		<b>34,180</b>	
Total cultural and recreational	158,730	<b>159,244</b>	(514)
Debt service:			
Principal		<b>747,733</b>	
Interest		<b>127,941</b>	
Total debt service	875,690	<b>875,674</b>	16
Total expenditures	6,143,390	<b>5,664,624</b>	478,766
Revenues over (under) expenditures	(804,232)	<b>(72,687)</b>	731,545

(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, 2013

	<u>2013</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Other financing sources:			
Appropriated fund balance	804,232	-	(804,232)
Total other financing sources	<u>804,232</u>	<u>-</u>	<u>(804,232)</u>
Revenues and other financing sources under expenditures	<u>\$ -</u>	(72,687)	<u>\$ (72,687)</u>
Fund balance, beginning of year		<u>5,169,437</u>	
Fund balance, end of year		<u>\$ 5,096,750</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, 2013

	<b>2013</b>		
	Budget	Actual	Variance Positive (Negative)
<b>OPERATING REVENUES</b>			
Charges for services		\$ 1,531,863	
Other operating revenues		120,513	
Total operating revenues	\$ 1,630,890	1,652,376	\$ 21,486
<b>NON-OPERATING REVENUES</b>			
Investment earnings		17,248	
Sale of property		14,412	
Total non-operating revenues	8,500	31,660	23,160
Total revenues	1,639,390	1,684,036	44,646
<b>OPERATING EXPENDITURES</b>			
Water and sewer administration:			
Salaries and employee benefits		188,368	
Professional services		13,586	
Supplies and materials		7,145	
Postage		8,293	
Telephone		2,886	
Insurance		2,660	
Other operating expenses		626	
Total water and sewer administration	227,040	223,564	3,476
Treatment and distribution:			
Salaries and employee benefits		558,317	
Professional services		25,193	
Contract services		690	
Water testing and maintenance		37,248	
Supplies and materials		144,969	
Training and travel		6,022	
Telephone		9,609	
Utilities		119,473	
Repairs and maintenance		25,218	
Insurance		12,806	
Sludge removal		24,349	
Water system improvement		77,132	
Non-capital equipment		12,081	
Capital outlay		72,363	
Total treatment and distribution	1,164,700	1,125,470	39,230

(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, 2013

	<b>2013</b>		
	Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES (CONTINUED)</b>			
Debt service:			
Principal retirement		<b>120,000</b>	
Interest		<b>113,774</b>	
Total debt service	247,650	<b>233,774</b>	13,876
Total expenditures	1,639,390	<b>1,582,808</b>	56,582
Revenues over expenditures	\$ -	<b>101,228</b>	\$ 101,228
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Payment of debt principal		<b>120,000</b>	
Decrease in accrued vacation pay		<b>6,392</b>	
Increase in accrued OPEB liability		<b>(19,824)</b>	
Capital outlay		<b>72,363</b>	
Depreciation expense		<b>(352,306)</b>	
Change in net position		<b>\$ (72,147)</b>	

**SUPPLEMENTAL FINANCIAL DATA**

**TOWN OF WEAVERVILLE, NORTH CAROLINA**

GENERAL FUND  
SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
June 30, 2013

Fiscal Year	Uncollected Balance 6/30/2012	Additions	Collections And Credits	Uncollected Balance 6/30/2013
2012-2013	\$ -	\$ 2,702,440	\$ 2,694,813	\$ 7,627
2011-2012	9,845	-	7,263	2,582
2010-2011	1,319	-	89	1,230
2009-2010	2,093	-	813	1,280
2008-2009	1,162	-	779	383
2007-2008	1,035	-	553	482
2006-2007	986	-	512	474
2005-2006	175	-	-	175
2004-2005	183	-	-	183
2003-2004	171	-	-	171
2002-2003	262	(262)	-	-
	\$ 17,231	\$ 2,702,178	\$ 2,704,822	14,587
Less allowance for uncollectible ad valorem taxes receivable				(1,486)
Ad valorem taxes receivable, net				\$ 13,101
Reconciliation with Revenues:				
Taxes - Ad valorem - General Fund				\$ 2,731,714
Reconciling items:				
Amount written off for fiscal year 2002-2003				262
Other adjustments				(2,799)
Subtotal				2,729,177
Interest Collected				(24,355)
Total collections and credits				\$ 2,704,822

**TOWN OF WEAVERVILLE, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY**  
Town-Wide Levy  
For the Year Ended June 30, 2013

	Total Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Tax Levy:					
Real	\$ 577,788,850				
Utility	4,873,600				
Personal	113,133,091				
	<u>695,795,541</u>				
Discoveries	<u>3,853,526</u>				
Total	<u>\$ 699,649,067</u>	0.00375	\$ 2,623,684		
Exemptions and Releases			(43,082)		
Total, less releases				\$ 2,580,602	\$ -
Registered Motor Vehicles	<u>\$ 32,490,133</u>	0.00375	<u>121,838</u>	-	<u>121,838</u>
Net levy			2,702,440	2,580,602	121,838
Less: uncollected taxes at June 30, 2013			<u>7,627</u>	<u>1,957</u>	<u>5,670</u>
Current year's taxes collected			<u>\$ 2,694,813</u>	<u>\$ 2,578,645</u>	<u>\$ 116,168</u>
Current levy collection percentage			<u>99.72%</u>	<u>99.92%</u>	<u>95.35%</u>

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

**TOWN OF WEAVERVILLE, NORTH CAROLINA**  
**Net Position by Component**  
**Last Nine Fiscal Years**  
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities									
Net investment in capital assets	\$ 2,284,053	\$ 2,851,325	\$ 3,224,278	\$ 4,627,661	\$ 4,939,506	\$ 6,347,885	\$ 6,742,401	\$ 6,842,752	\$ 7,347,031
Restricted	486,007	4,187,323	1,628,070	679,431	751,036	584,509	1,010,927	940,151	916,438
Unrestricted	3,444,785	(4,925)	3,703,667	4,438,275	4,990,309	4,186,043	3,377,333	3,633,538	3,478,950
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>	<u>\$ 11,742,419</u>
Business-type activities									
Net investment in capital assets	\$ 6,801,114	\$ 6,773,602	\$ 6,632,727	\$ 6,696,012	\$ 6,912,065	\$ 6,752,882	\$ 6,541,109	\$ 6,389,448	\$ 6,228,057
Unrestricted	2,463,331	2,529,385	2,759,188	2,627,010	2,133,136	2,145,974	2,247,995	2,326,924	2,416,168
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>	<u>\$ 8,644,225</u>
Primary government									
Net investment in capital assets	\$ 9,085,167	\$ 9,624,927	\$ 9,857,005	\$ 11,323,673	\$ 11,851,571	\$ 13,100,767	\$ 13,283,510	\$ 13,232,200	\$ 13,575,088
Restricted	486,007	4,187,323	1,628,070	679,431	751,036	584,509	1,010,927	940,151	916,438
Unrestricted	5,908,116	2,524,460	6,462,855	7,065,285	7,123,445	6,332,017	5,625,328	5,960,462	5,895,118
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>	<u>\$ 20,386,644</u>

Note: The Town began to report net position classification in accordance with GASB Statements 63 and 65 in 2013.

**TOWN OF WEAVERVILLE, NORTH CAROLINA**  
**Changes in Net Position**  
**Last Nine Fiscal Years**  
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>									
Governmental activities									
General government	\$ 431,612	\$ 582,728	\$ 599,262	\$ 642,607	\$ 738,741	\$ 723,016	\$ 762,486	\$ 745,832	\$ 871,378
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	3,164,552
Transportation	330,055	392,561	293,145	500,872	366,130	366,789	410,923	431,241	443,150
Environmental protection	298,694	277,293	450,786	335,703	365,498	399,436	519,617	525,647	490,032
Cultural and recreation	106,405	101,022	86,646	117,045	136,389	146,737	153,234	151,913	165,007
Interest on long term debt	74,637	74,857	187,703	166,510	194,368	180,010	159,685	135,861	121,910
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>	<u>5,256,029</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	1,756,183
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>	<u>1,756,183</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>	<u>\$ 7,012,212</u>
<b>Program Revenues</b>									
Governmental activities:									
Charges for services									
General government	\$ 12,000	\$ 12,000	\$ 13,705	\$ 13,705	\$ 13,705	\$ 13,705	\$ 13,705	\$ 15,377	\$ 15,270
Public safety	13,208	60,391	54,443	47,573	67,236	27,568	24,205	31,788	46,268
Operating grants and contributions	397,905	91,952	136,293	147,574	135,889	168,531	167,142	24,561	81,131
Capital grants and contributions	-	-	-	43,370	129,816	-	-	120,661	105,081
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>	<u>247,750</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	1,652,376
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>	<u>1,652,376</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>	<u>\$ 1,900,126</u>

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**TOWN OF WEAVERVILLE, NORTH CAROLINA**  
**Changes in Net Position**  
**Last Nine Fiscal Years**  
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Net (Expense) Revenue</b>									
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)	\$ (5,008,279)
Business-type activities	11,730	(10,238)	22,385	(138,591)	(349,828)	(192,711)	(130,064)	(93,506)	(103,807)
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>	<u>\$ (5,112,086)</u>
<b>General Revenue and Other Changes in Net Position</b>									
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	\$ 3,815,593
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	1,470,911
Loss on sale of property	-	-	-	-	-	-	-	-	(7,578)
Investment earnings	119,054	220,801	386,222	261,064	161,795	52,001	27,664	28,139	24,452
Miscellaneous	37,977	34,613	31,436	11,517	38,858	366,554	31,658	46,587	30,879
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>	<u>5,334,257</u>
Business-type activities:									
Gain on sale of property	-	-	-	-	-	-	-	-	14,412
Investment earnings	41,339.00	48,780.00	66,543	69,698	72,007	46,367	20,312	20,774	17,248
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>	<u>31,660</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>	<u>\$ 5,365,917</u>
<b>Change in Net Position</b>									
Governmental activities	\$ 849,424	\$ 818,878	\$ 1,522,292	\$ 1,189,352	\$ 935,484	\$ 437,586	\$ 12,225	\$ 285,780	\$ 325,978
Business activities	106,194	38,542	88,928	(68,893)	(277,821)	(146,344)	(109,752)	(72,732)	(72,147)
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>	<u>\$ 253,831</u>

Note: The Town began to report net position classification in accordance with GASB Statements 63 and 65 in 2013.

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

	2004	2005	2006	2007	2008	2009	2010	2011*	2012	2013
General Fund										
Reserved	\$ 695,131	\$ 769,026	\$ 805,862	\$ 624,910	\$ 759,513	\$ 869,972	\$ 919,236	\$ -	\$ -	\$ -
Unreserved	2,713,186	3,324,858	3,015,075	3,621,609	4,314,587	4,920,744	4,215,711	-	-	-
Total General Fund	\$ 3,408,317	\$ 4,093,884	\$ 3,820,937	\$ 4,246,519	\$ 5,074,100	\$ 5,790,716	\$ 5,134,947	\$ -	\$ -	\$ -
All other government funds										
Reserved	\$ -	\$ -	\$ -	\$ 45,968	\$ 21,816	\$ 65	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Capital projects funds	105,875	-	3,632,967	1,234,451	237,691	249,272	-	-	-	-
Total all other government funds	\$ 105,875	\$ -	\$ 3,632,967	\$ 1,280,419	\$ 259,507	\$ 249,337	\$ -	\$ -	\$ -	\$ -
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	1,010,927	940,151	916,438
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	371,470	213,340	289,710
Unassigned	-	-	-	-	-	-	-	3,507,088	4,015,946	3,890,602
Total General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,889,485	\$ 5,169,437	\$ 5,096,750

\* Note: The Town began to report fund balance 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>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>	<u>2013</u>
<b>Revenues</b>										
Ad valorem taxes	\$1,553,213	\$1,626,373	\$1,811,049	\$2,384,773	\$2,319,419	\$2,403,512	\$2,485,116	\$2,603,095	\$2,733,026	\$2,731,714
Other taxes and licenses	617,665	650,012	684,799	868,890	946,809	962,049	787,446	910,695	979,761	1,086,231
Unrestricted intergovernmental revenues	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	1,470,911
Restricted intergovernmental revenues	84,340	389,199	89,380	94,506	153,862	234,123	150,201	144,494	106,580	166,057
Permits and fees	17,813	13,208	60,391	54,443	47,573	67,236	27,568	24,205	31,788	46,268
Sales and services	10,000	2,858	-	14,893	-	-	-	-	-	-
Investment earnings	64,809	119,054	220,801	418,824	280,013	170,571	52,001	27,664	28,139	24,452
Other revenues	71,790	55,825	49,185	39,984	43,355	75,369	398,589	68,011	81,806	66,304
Total Revenue	<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>5,451,177</u>	<u>5,591,937</u>
<b>Expenditures</b>										
Current										
General government	430,802	378,921	546,100	567,427	687,513	777,854	689,602	725,898	696,877	800,715
Public safety	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	2,692,509
Transportation	229,505	319,841	556,550	254,009	538,368	558,820	303,150	345,948	354,636	367,624
Environmental protection	228,769	265,080	319,270	420,553	296,124	352,906	348,171	451,412	465,371	423,712
Cultural and recreational	64,655	104,983	125,110	81,766	110,838	128,291	136,237	143,256	145,181	159,244
Capital outlay	472,385	232,709	200,460	3,298,563	1,041,124	11,670	1,452,112	502,278	185,867	345,146
<b>Debt Service</b>										
Principal retirement	161,190	197,381	655,715	397,448	397,448	533,448	533,448	515,590	497,733	747,733
Interest and fees	57,073	77,716	72,638	187,644	172,342	180,887	185,408	164,872	145,263	127,941
Total expenditures	<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>	<u>5,664,624</u>
Excess of revenues over (under) expenditures	<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>279,952</u>	<u>(72,687)</u>
<b>Other Financing Sources</b>										
Transfers in	-	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>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>	<u>-</u>
Net change in fund balances	<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>\$ 279,952</u>	<u>\$ (72,687)</u>
Debt service as a percentage of non capital expenditures	6.51%	8.55%	17.73%	14.86%	12.93%	11.78%	15.12%	13.59%	12.90%	16.46%

**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>
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	2,733,026	31,788	1,596,657	979,761	-	28,139	81,806	5,451,177
2013	2,731,714	46,268	1,636,968	1,086,231	-	24,452	66,304	5,591,937

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>	<u>Tax Rate</u>	<u>Levy</u>
2004	\$ 245,317	\$ 101,126	\$ 3,288	\$ 349,731	0.43	1,559
2005	256,561	101,126	3,288	360,975	0.43	1,624
2006	265,524	131,057	2,216	398,797	0.43	1,715
2007	390,336	130,465	8,268	529,069	0.43	2,275
2008	430,779	146,763	4,063	581,605	0.38	2,210
2009	460,439	165,411	4,145	629,995	0.37	2,299
2010	508,170	154,379	4,495	667,044	0.36	2,368
2011	558,749	140,051	4,991	703,791	0.36	2,498
2012	571,098	121,819	5,036	697,953	0.38	2,617
2013	577,789	116,986	4,874	699,649	0.38	2,624

Note: Property in the Town of Weaverville is assessed by the Buncombe County Tax Office. The most recent revaluation occurred in 2013. Tax exempt property is not assessed by Buncombe County for tax purposes. Tax rates are per \$100 of assessed value and are the weighted average of all the individual direct rates applied.

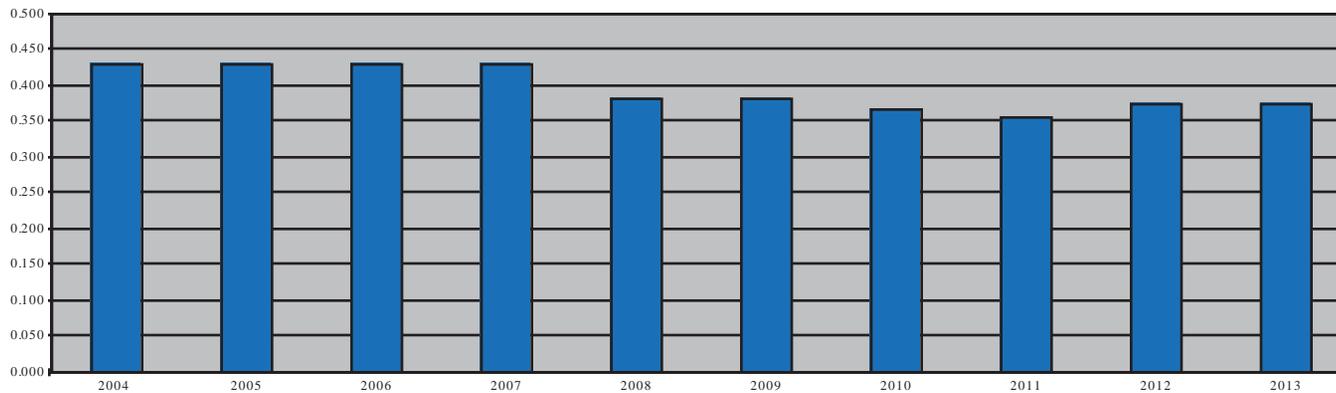
**TOWN OF WEAVERVILLE, NORTH CAROLINA**

Property Tax Rates-Direct And All Overlapping Governments

Last Ten Fiscal Years

Per \$100 of Assessed Value

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
County of Buncombe	0.590	0.590	0.590	0.590	0.530	0.525	0.525	0.525	0.525	0.525
City of Asheville	0.530	0.530	0.530	0.530	0.424	0.420	0.420	0.420	0.420	0.420
Town of Biltmore Forest	0.360	0.360	0.360	0.360	0.295	0.295	0.300	0.320	0.330	0.330
Town of Weaverville	0.430	0.430	0.430	0.430	0.380	0.380	0.365	0.355	0.375	0.375
Town of Black Mountain	0.385	0.385	0.385	0.385	0.320	0.320	0.320	0.365	0.365	0.365
Town of Woodfin	0.325	0.285	0.285	0.285	0.265	0.265	0.265	0.265	0.265	0.265
Town of Montreat	0.310	0.350	0.370	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	0.150	0.150	0.150	0.150	0.150	0.150
Fire Districts	0.150	0.150	0.150	0.150	0.075-0.125	0.075-0.125	0.075-0.150	0.075-0.150	0.075-0.150	0.075-0.150
Maximum Combined Rate	1.320	1.320	1.320	1.320	1.104	1.095	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 Taxpayer Current Year and Nine Years Ago

Taxpayer	2012-2013			2003-2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Arvado / Sonopress	\$ 55,642,860	1	8.05%	\$ 73,339,860	1	20.23%
Reliance / Baldor	26,062,180	2	3.77%	18,669,450	2	5.15%
Thermo-Kendro	15,111,730	3	2.19%	13,469,420	3	3.71%
Walmart	13,358,700	4	1.93%			
Lowes	11,093,320	5	1.60%			
Ingles	11,060,220	6	1.60%	5,562,980	6	1.53%
HMVHV	7,643,200	7	1.11%			
Weaverville Plaza	6,913,900	8	1.00%	6,913,900	5	1.91%
Warrior Golf	5,056,070	9	0.73%			
Balcrank	4,713,650	10	0.68%	3,976,720	9	1.10%
Shorewood Packaging				7,141,020	4	1.97%
Brian Center				4,006,450	8	1.10%
Kenmure Enterprises				3,870,490	10	1.07%
Montocello Commons				4,507,000	7	1.24%
<b>Totals</b>	<b>\$ 156,655,830</b>		<b>22.65%</b>	<b>\$ 141,457,290</b>		<b>39.01%</b>
 Total Overall Valuation	 \$ 691,583,206			 \$ 362,583,887		

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
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%	9,491	2,598,751	99.95%
2012	2,722,961	2,713,116	99.638%	-	2,713,116	99.64%
2013	2,702,440	2,694,813	99.718%	-	2,694,813	99.72%

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

Note: 2011 collections in subsequent years has been adjusted for penalty and interest charges that were previously included in the balance.

**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						
		Assessed Value of Taxable Property	Installment Purchases	Ratio of General Bonded Debt (Net) to Assessed Value of Taxable Property	Per Capita	General Obligation Bonds	Installment Purchase	General Bonded Debt (Net) Per Capita	Total Primary Government (1)	Percentage of Personal Income (2)	Per Capita	
2004	2.44	\$ 362,583	\$ 2,835	0.0078	\$ 1,162	\$ 3,638	\$ 142	\$ 1,549	\$ 6,615	6.916%	\$ 2,711	
2005	2.51	379,539	1,941	0.0051	773	3,649	196	1,532	5,786	6.292%	2,305	
2006	2.84	423,367	4,837	0.0114	1,703	3,555	161	1,308	8,553	7.315%	3,012	
2007	2.84	554,315	4,439	0.0080	1,563	3,457	125	1,261	8,021	unavailable	2,824	
2008	3.22	609,874	4,042	0.0066	1,255	3,358	89	1,070	7,489	unavailable	2,326	
2009	3.22	656,088	4,868	0.0074	1,512	3,255	54	1,028	8,177	12.515%	2,539	
2010	3.22	691,584	4,335	0.0063	1,346	3,146	18	983	7,499	8.846%	2,329	
2011	3.67	731,399	3,819	0.0052	1,041	3,060	-	834	6,879	6.709%	1,874	
2012	3.71	727,379	3,322	0.0046	895	2,914	-	785	6,236	unavailable	1,681	
2013	3.71	732,139	2,574	0.0035	694	2,795	-	753	5,369	unavailable	1,447	

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)

<u>Year Ended June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service Expenditures</u>	<u>Total General Government Expenditures (1)</u>	<u>Percentage of Debt Service to Total General Government Expenditures</u>
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%
2013	748	128	876	5,665	15.463%

(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, 2013**

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<u>Direct:</u>			
Town of Weaverville			
Installment Debt		Percent Applicable to the Town (1)	\$ 2,573,867
<u>Underlying:</u>			
Buncombe County			
General Obligation Bonds	<u>44,707,000</u>	2.47%	<u>1,102,822</u>
Total direct and underlying bonded debt			<u><u>\$ 3,676,689</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, 2013.

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Assessed value of property	\$362,583	\$379,539	\$423,367	\$554,315	\$609,874	\$656,088	\$691,584	\$731,399	\$727,379	\$ 732,139
Debt limit, 8% of assessed value	29,007	30,363	33,869	44,345	48,790	52,487	55,327	58,512	58,190	58,571
Total net debt applicable to limit	6,615	5,786	8,553	8,021	7,489	8,177	7,499	6,879	6,262	5,394
Legal debt margin available	22,392	24,577	25,316	36,324	41,301	44,310	47,828	51,633	51,928	53,177
Total net debt applicable to the limit as a percentage of limit	22.80%	19.06%	25.25%	18.09%	15.35%	15.58%	13.55%	11.76%	10.76%	9.21%

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

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June 30	Population (1)	Personal Income (thousands) (2)	Per Capita Personal Income (3)	Median Age (3)	Public School Enrollment (4)	Unemployment Rate (5)
2013	3,715	unavailable	\$ 25,665	40.6	3,660	6.7
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

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 Employer:  
Current Year and Nine Years Ago

	2013			2004		
	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 Electror	560	2	20.00%	<i>Not available</i>		
Walmart	300	3	10.71%	<i>Not available</i>		
Ingles	220	4	7.86%	<i>Not available</i>		
Dodge Rockwel	147	5	5.25%	<i>Not available</i>		
Lowes	135	6	4.82%	<i>Not available</i>		
Buncombe County School	116	7	4.14%	<i>Not available</i>		
Brian Center	100	8	3.57%	<i>Not available</i>		
Conrad Industrie!	74	9	2.64%	<i>Not available</i>		
Town of Weaverville	60	10	2.14%	<i>Not available</i>		
 Total	2,337		83.46%			

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,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b><u>Administration</u></b>	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
<b><u>Police</u></b>	12	12	14	14	14	14	14	15	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	6	6	6	6	6	7	7	7
Reception	1	1	1	1	1	1	1	1	1	1
<b><u>Fire</u></b>	17	17	17	17	17	18	18	18	18	18
Chief	1	1	1	1	1	1	1	1	1	1
Dept. Chief	0	0	0	0	0	1	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
<b><u>Public Works</u></b>	20	20	20	20	20	20	20	22	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	4	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	3	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
<b>Total Employees</b>	<b>54</b>	<b>54</b>	<b>56</b>	<b>56</b>	<b>56</b>	<b>57</b>	<b>57</b>	<b>60</b>	<b>60</b>	<b>60</b>

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

## TOWN OF WEAVERVILLE, NORTH CAROLINA

### Operating Indicators by Function/Program Last Ten Calendar Years

<b>Function/Program</b>	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Administration</b>										
Zoning Permits	106	82	176	144	145	106	96	79	60	89
Tax Collection Rate	99.884%	99.910%	99.545%	99.558%	99.980%	99.770%	99%	99%	99%	99%
Tax Rate	0.43	0.43	0.43	0.43	0.43	0.37	0.355	0.355	0.375	0.375
<b>Police</b>										
*Dollar Value Stolen	\$ 54,303	\$ 57,355	\$ 99,029	\$ 138,454	\$ 76,915	\$ 48,443	\$ 45,313	\$ 138,054	\$ 125,829	\$ 57,340
*Dollar Value Recovered	\$ 48,481	\$ 41,334	\$ 10,908	\$ 69,197	\$ 50,483	\$ 6,020	\$ 25,505	\$ 68,908	\$ 35,210	\$ 41,833
Criminal Activities	106	98	141	96	98	72	97	136	213	297
Total Activities	26,755	26,676	24,414	23,311	22,556	23,347	26,468	33,516	46,701	52,027
Patrol Miles Driven	101,031	99,025	93,023	110,439	134,579	127,907	124,067	114,598	127,476	124,653
<b>Fire</b>										
Vehicle Fires	10	7	8	12	7	6	6	6	7	12
Vehicle Loss	\$ 24,000	\$ 2,500	\$ 170,175	\$ 22,500	\$ 17,750	\$ 65,000	\$ 119,150	\$ 100,600	\$ 14,750	\$ 14,000
Structure Fires	10	10	28	15	20	14	7	12	13	8
Structure Loss	\$ 66,500	\$ 104,340	\$ 448,720	\$ 90,620	\$ 560,120	\$ 988,415	\$ 294,650	\$ 350,000	\$ 331,780	\$ 160,400
Total Calls	1,607	1,416	1,458	1,588	1,558	1,602	1,727	1,571	1,666	1,503
<b>Public Works</b>										
Solid Waste/Program Cost	\$ 286,004	\$ 330,771	\$ 292,025	\$ 332,363	\$ 330,838	\$ 352,905	\$ 494,921	\$ 576,988	\$ 365,203	\$ 375,544
Cost per Household	\$ 264.60	\$ 305.99	\$ 272.35	\$ 259.05	\$ 201.63	\$ 245.27	\$ 299.95	\$ 349.69	\$ 202.89	\$ 217.45
Cost per Ton Recyclables	\$ 335.06	\$ 377.59	\$ 335.06	\$ 164.03	\$ 158.15	\$ 153.83	\$ 143.88	\$ 121.30	\$ 240.45	\$ 224.35
Recovered Tons	177.50	188.10	179.10	200.57	219.52	263.34	271.58	330.18	357.98	361.06
Street Signs Installed	22	27	31	20	9	13	12	44	88	14
Paving Repairs	45	23	25	-	34	26	13	10	20	12

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**TOWN OF WEAVERVILLE, NORTH CAROLINA**

Operating Indicators by Function/Program  
Last Ten Calendar Years

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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Water</b>										
Water Mains										
Six inch	103,150	103,150	103,150	104,550	104,550	106,325	106,325	106,325	106,325	106,325
Eight inch	97,280	97,280	97,280	98,680	100,325	110,462	110,462	110,462	111,592	114,089
Ten inch	23,220	25,795	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	21,855	21,855	21,855	21,855	23,805
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

**TOWN OF WEAVERVILLE, NORTH CAROLINA**

Capital Asset Statistics by Function/Program

Last Ten Calendar Years

<u>Function/Program</u>	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	14	14	14	15	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	18.03	18.03	18.03	18.03	18.03	18.03	18.03	18.03	18.03
Streetlights	298	298	301	301	301	301	301	301	301	301
Traffic signals	5	5	5	7	7	7	7	7	7	12
Water										
Transmission lines (miles)	48.56	49.9	50.36	50.71	51.01	54.14	54.14	54.14	54.14	55.09
Fire hydrants	276	276	276	281	284	389	389	389	389	402
Storage capacity (thousands of gallons)	2,700	2,700	2,700	2,700	3,950	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***

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Weaverville, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprises the Town of Weaverville's basic financial statements, and have issued our report thereon dated September 30, 2013. Our report includes a reference to other auditors who audited the financial statements of the 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 auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Town of Weaverville ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Weaverville's financial statements are free from 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 the 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*.

Purpose of this Report

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

*Donald Killian CPA Group, P.A.*

Asheville, North Carolina  
September 30, 2013



**TOWN OF WEAVERVILLE, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
For the year ended June 30, 2013

No findings reported in prior year.