

Town of Weaverville, North Carolina
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2016





Town of Weaverville, North Carolina
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2016

Town Council
(As of June 30, 2016)

Dottie Sherrill, Mayor
John Penley, Vice-Mayor
Doug Dearth
Doug Jackson
Patrick Fitzsimmons
Andrew Nagle

Town Manager
Selena D. Coffey

Finance Officer
Tonya Dozier

Comprehensive Annual Financial Report
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Town of Weaverville, North Carolina

<i>Table of Contents</i>	<i>Exhibit</i>	<i>Page</i>
Introductory Section		
GFOA Certificate of Achievement in Financial Reporting		1
Letter of Transmittal		2
Organizational Charts		8
List of Principal Officers		12
Financial Section		
Independent Auditors' Report		13
Management's Discussion and Analysis		16
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position	1	25
Statement of Activities	2	26
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	28
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	4	29
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	30
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	6	31
Statement of Net Position – Proprietary Fund	7	32
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	8	33
Statement of Cash Flows – Proprietary Fund	9	34
Notes to Financial Statements		35
Required Supplemental Financial Data		
Law Enforcement Officers' Special Separation Allowance – Schedule of Funding Progress		61
Other Postemployment Benefits – Schedule of Funding Progress and Employer Contributions		62
Local Governmental Employees' Retirement System – Town's Proportionate Share of Net Pension Liability (Asset)		63
Local Governmental Employees' Retirement System – Schedule of Town's Contributions		64
Firefighters' and Rescue Squad Workers' Pension – Town's Proportionate Share of Net Pension Liability		65

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2016
Town of Weaverville, North Carolina

Individual Fund Statements and Schedules

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	66
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) – Water and Sewer Fund	69
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) – Water and Sewer Capital Projects Fund – Water Line Replacement	71
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) – Water and Sewer Capital Projects Fund – Water Plant Improvement	72

Supplemental Financial Data

Schedule of Ad Valorem Taxes Receivable	73
Analysis of Current Tax Levy	74

Statistical Section

Financial Trends	
Net Position by Component	75
Changes in Net Position	76
Fund Balances of Governmental Funds	78
Changes in Fund Balances of Governmental Funds	79
Revenue Capacity	
General Governmental Revenues by Source	80
Assessed Value of Taxable Property	81
Property Tax Rates – Direct and All Overlapping Governments	82
Principal Property Taxpayers	83
Property Tax Levies and Collections	84
Debt Capacity	
Ratios of Outstanding Debt by Type	85
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total Governmental Expenditures	86
Computation of Direct and Underlying Debt	87
Legal Debt Margin Information	88
Demographic and Economic Information	
Demographic and Economic Statistics	89
Principal Employers	90
Operating Information	
Full-Time Equivalent Town Government Employees by Function/Program	91
Operating Indicators by Function/Program	92
Capital Asset Statistics by Function/Program	94

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2016
Town of Weaverville, North Carolina

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	95
Schedule of Findings and Responses	97
Summary Schedule of Prior Audit Findings	98

INTRODUCTORY SECTION



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, 2015

Executive Director/CEO

Dottie Sherrill
Mayor

John Penley
Vice Mayor

Selena D. Coffey
Town Manager

THE TOWN OF
WEAVERVILLE
NORTH CAROLINA

30 South Main Street, Weaverville, N.C. 28787
www.weaverville.org • Phone (828) 645-7116 • Fax (828) 645-4776

Doug Dearth
Councilman

Doug Jackson
Councilman

Andrew Nagle
Councilman

Patrick Fitzsimmons
Councilman

Letter of Transmittal

December 29, 2016

Honorable Mayor Sherrill, Members of Town Council, and 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 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 (CAFR) of the Town of Weaverville, North Carolina for the fiscal year ending June 30, 2016.

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, 2016 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, 2016 concluded that there was reasonable basis for rendering an unmodified opinion that the Town of Weaverville's financial statements 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 the 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 approximately 3,833 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:

1980	1990	2000	2010	2015 Certified Est. ¹
1,495	2,107	2,968	3,120	3,833

The North Carolina Office of State Budget and Management has estimated the population of the Town to be 3,833 as of July 2015.

Population growth remains a consistent and stable contributor to the local economy. Based on the aforementioned population calculations, the Town's population has increased by 22.9% since the 2010 census. The Town continues to grow with approximately 225 residential units either approved or in some phase of the development review process at fiscal year-end June 30, 2016. This has the potential to increase the Town's population by another 500 residents or 13%. The Town has an ample water supply, as the Lawrence T. Sprinkle Jr. Water Treatment Facility is operating at approximately 55% capacity, which means that the Town can support minor additional growth in the residential sector, but future plans are being discussed in order to keep up with future needs.

As these additional residential units are completed and the population grows, Town staff believes that this will lead to further growth in the commercial sector. There has been some modest growth in this sector over the last several years, with the Town's first hotel and a new upscale grocery store in development. There are also a number of vacant sites available in commercial developments in the Town. As our population increases, the demand for additional retail should grow which will lead to further development of these projects.

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.

¹ U.S. Census Bureau and N.C. Office of State Budget & Management

Vision for the Town of Weaverville, North Carolina

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

Town Management	Town Clerk
Planning & Code Enforcement	Legal Services
Utility Billing and Collections	Tax Collections
Personnel Administration	Budget & Finance

Police:

Administration	Patrol
Criminal Investigations	Auxiliary Force
Community Policing	Community Programs

Fire:

Fire Suppression	Investigations
Fire Inspections	First Responder
Public Education	Training & Safety

Public Works:

Sanitation Division

Garbage Collection	Recycling
Appliance Collection	Recycle Collection
Leaf Collection	Brush Collection

Streets Division

Streets & Sidewalks	Street Cleaning
Asphalt Patching	Recycle Collection
Right of Way Mowing	Snow/Ice Removal
Parking Lot Maintenance	Storm Drainage
Street Lighting	

Recreation Division

Lake Louise Park
Park Aeration

Lake Equipment
Nature Park

Water Resources Division

Water Treatment
Water Distribution
Service Installation

Water Production
Meter Reading
Water Operations

Strategic Long-Term Planning Goals

The following goals were established by the Weaverville Town Council within the 2014-2017 Strategic Plan:

- *To provide for orderly government and the provision of high quality services.*
- *To promote the stability of existing residential neighborhoods while fostering a diversity of housing opportunities.*
- *To promote diverse economic development in keeping with the Town's residential character and the environment.*
- *To 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 fiscal control. All departments are required to submit requests to the Manager, who serves 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 to be submitted to Town Council by each June 1. The Council is required to hold at least one public hearing on the proposed budget and must adopt a final budget no later than each June 30, the close of the fiscal year. The Budget Ordinance, as adopted by the governing body, creates a legal limit on spending authorizations. For the Town of Weaverville, the Fiscal Year 2015-2016 Budget was adopted to include the General Fund and Enterprise Funds. Multi-year project ordinances 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

As noted earlier, population growth remains a consistent and stable contributor to the local economy, with population growth estimated at approximately 23% from the U.S. Census in 2010 to the most recent certified estimate of 2015. Also as previously described, the Town continues to grow with approximately 225 residential units either approved or in some phase of the development review process as of the end of the fiscal year, June 30, 2016. Again, this residential development growth could increase the Town's population by at least another 500 residents, a 13% increase. The Town has an ample water supply, as the Lawrence T. Sprinkle Jr. Water Treatment Facility is operating at approximately 55% capacity, which means that the Town can support minor additional growth in the residential sector, but future plans are being discussed in order to keep up with future needs, including the possibility of expanding water treatment infrastructure.

As these additional residential units are completed and the population grows, Town staff believes that this

will lead to further growth in the commercial sector. There has been some modest growth in this sector over the last several years, but there are still a number of vacant sites available in commercial developments in the Town. As our population increases, the demand for additional retail should grow which will lead to further development of these projects.

As of fiscal year end, Buncombe County had the lowest unemployment rate of all counties in the state at 3.6% according to the North Carolina Department of Commerce. This is much lower than the state's average unemployment rate of approximately 5%. We have seen continued year after year job growth in almost all sectors of the economy in our region. Although the closure of Arvato in February 2016 stands to impact the Town of Weaverville, other industries are showing economic improvements. Baldor Electric Company, an international supplier of industrial electric motors, mechanical power transmission products, drives and generators, recently announced an expansion in its Weaverville operations. The company plans to invest more than \$4.8 million and create 32 jobs during the next three years. The Town of Weaverville is also seeing improvements in the commercial sector with the development of a new hotel, a new upscale grocery store and additional retailers opening in the North Ridge Commons Development. With anticipated development of additional commercial and retail developments in the near future, we believe that these are good signs for continued growth and positive financial implications for the Town of Weaverville.

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. The Town approved refunding General Obligation bonds originally issued in June 2005, during Fiscal Year 2015-2016. This results in significant debt service savings to the Town.

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, 2015. This was the twentieth 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.

In addition, the Town of Weaverville has received the Government Finance Officers Association's Distinguished Budget Award for nineteen consecutive years.

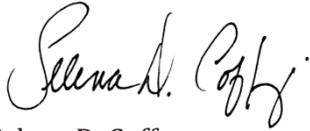
Conclusion

The economy in the Asheville region continues to grow 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, commercial and retail markets. While we expect accelerated growth, the Town realizes that it must continue to prepare for the potential impacts in our departmental service demands and balance what will be significant impacts on the Town's finances. We must continue to work to keep our expenses as low as

possible and collect our property taxes at a high rate, while maintaining increasing levels of the quality services provided to the Town's residents.

We would like to express our appreciation to all of the Town's staff who assisted in the preparation of this report. We also thank the 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,

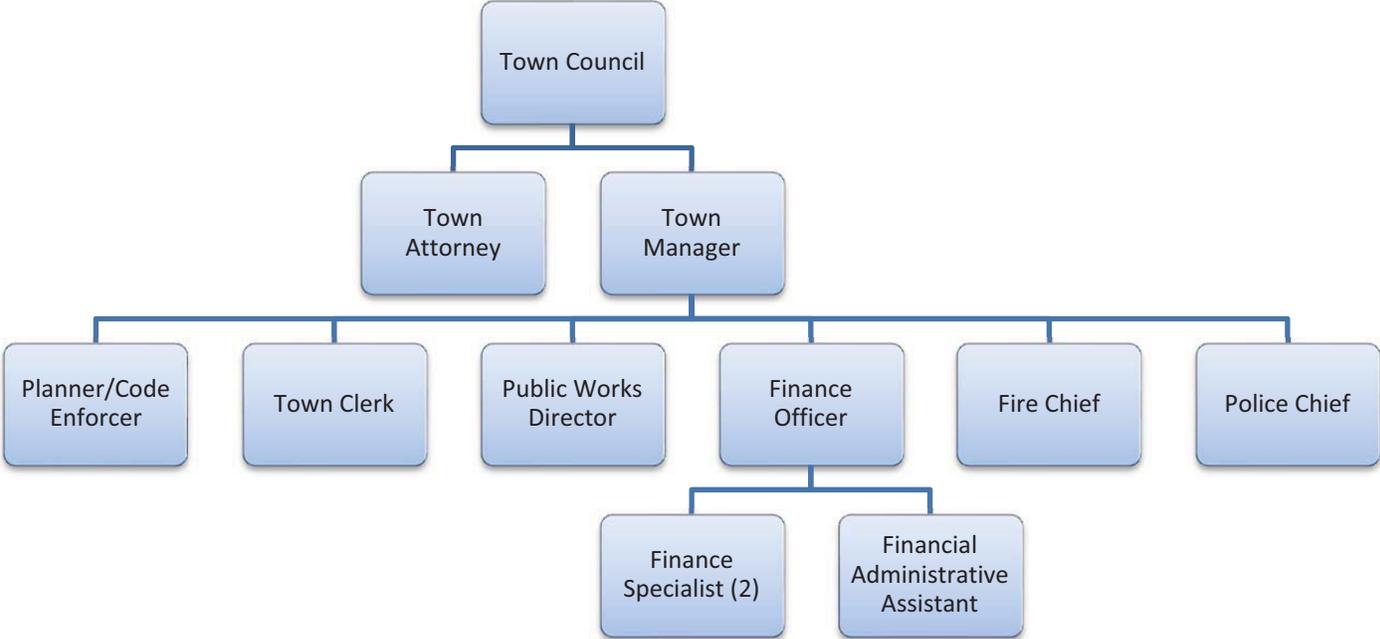


Selena D. Coffey
Town Manager

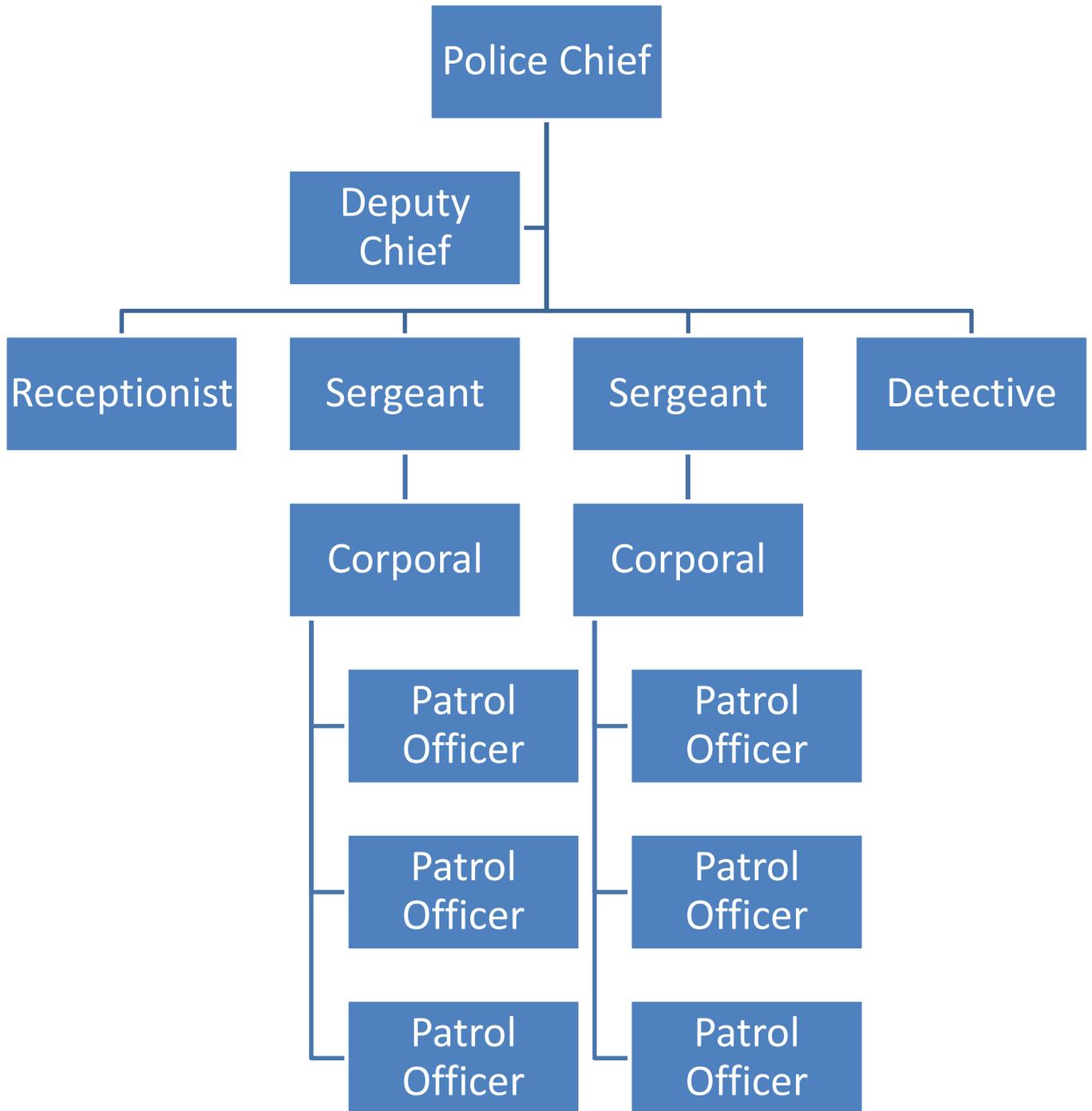


Tonya R. Dozier
Finance Officer

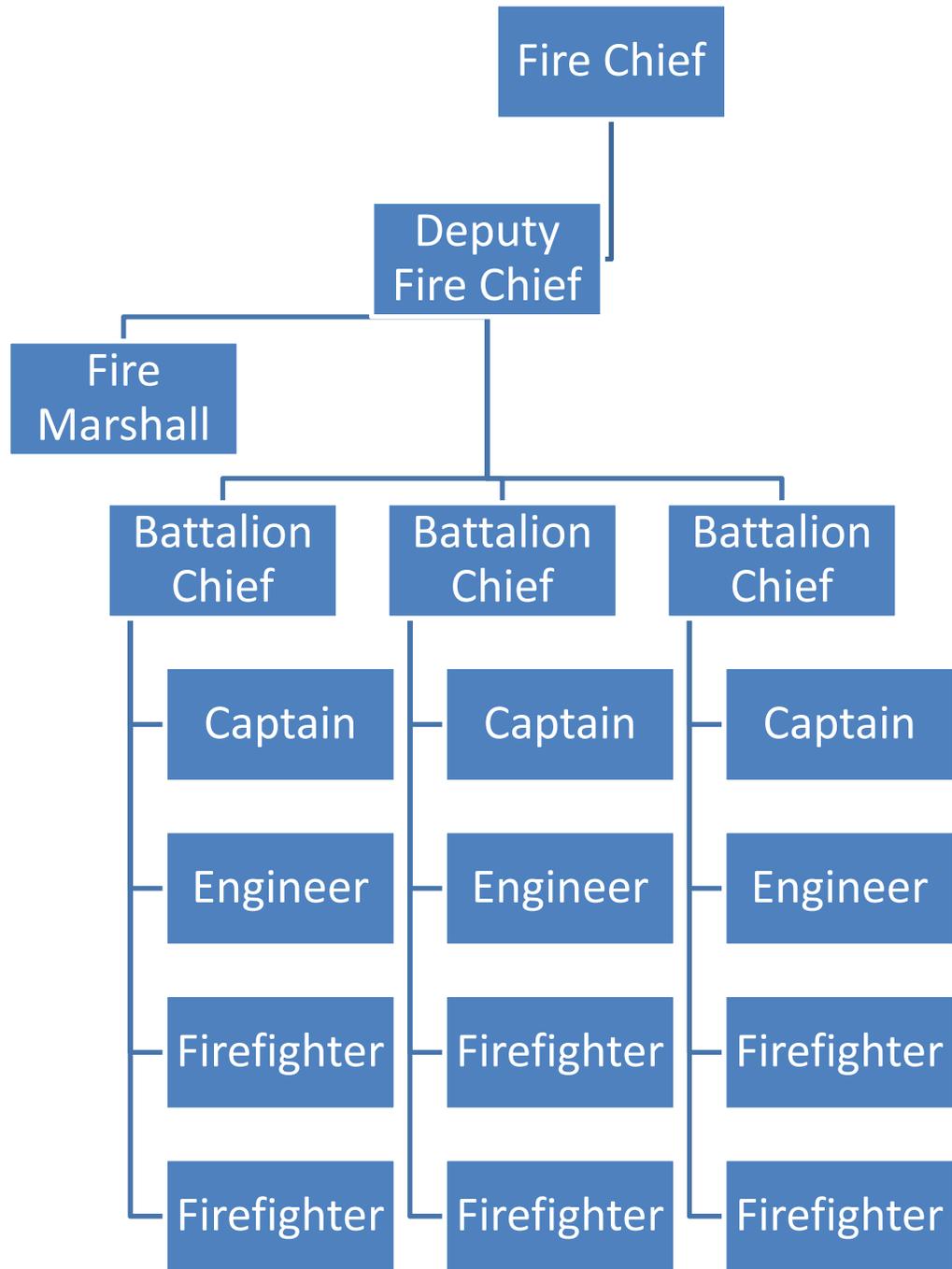
Administration
Organizational Chart



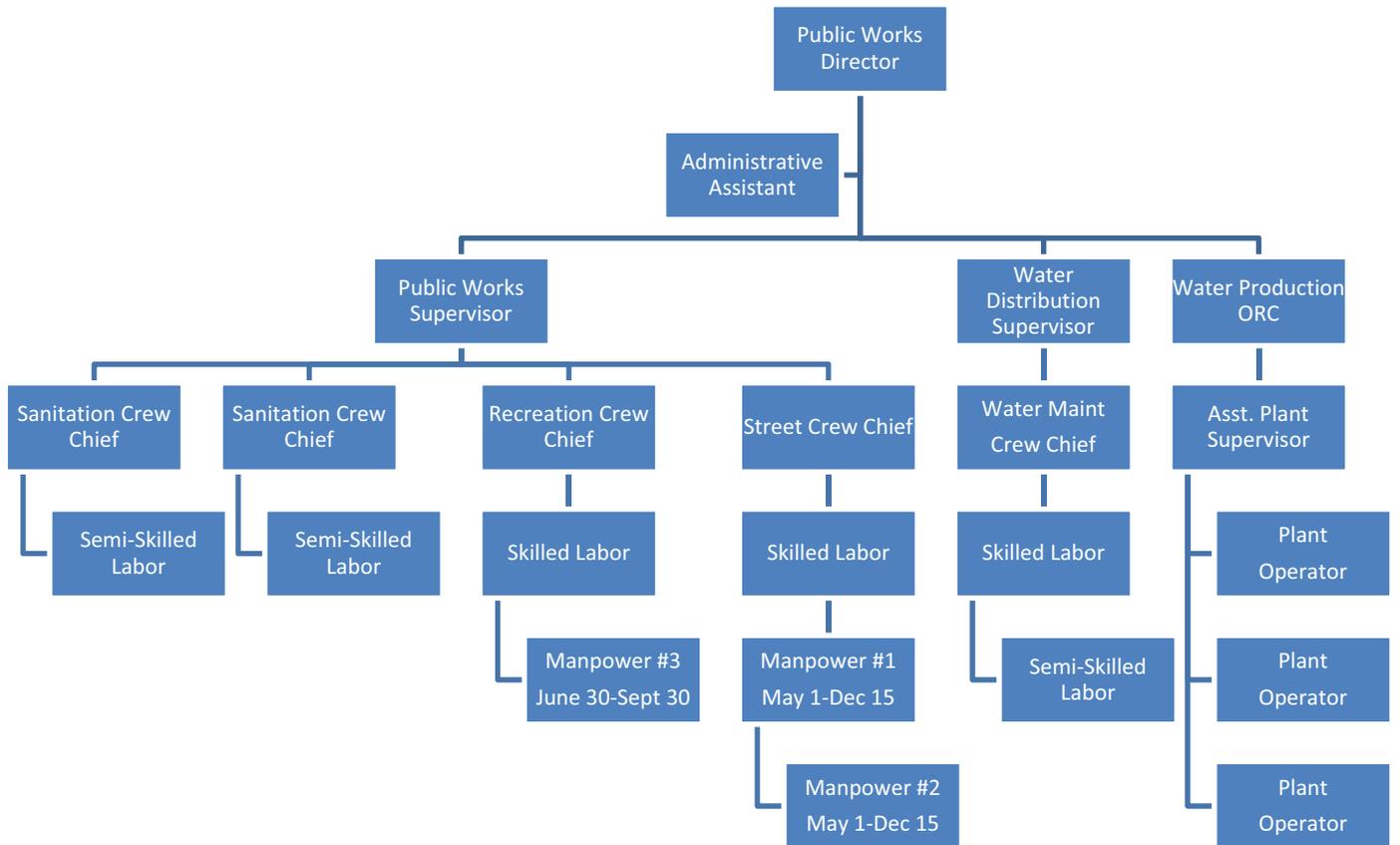
Police Department
Organizational Chart



Fire Department
Organizational Chart



Public Work Department
Organizational Chart



TOWN OF WEAVERVILLE

Principal Officials

TOWN COUNCIL

Dottie Sherrill, Mayor
John Penley, Vice-Mayor
Doug Dearth
Doug Jackson
Patrick Fitzsimmons
Andrew Nagle

TOWN ATTORNEY

Jennifer Jackson

TOWN MANAGER

Selena D. Coffey

FINANCE OFFICER

Tonya Dozier

PUBLIC WORKS DIRECTOR

Anthony Laughter

FIRE DEPARTMENT CHIEF

Ted Williams

POLICE DEPARTMENT CHIEF

Gregory Stephens

FINANCIAL SECTION



**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, 2016, 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 (a component unit) 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, 2016, 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 on pages 16-24, the Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress on page 61, the Other Postemployment Benefits Schedule of Funding Progress and Schedule of Employer Contributions on page 62, the Local Government Employees' Retirement System's schedules of the Town's Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 63 and 64 respectively, and the Firefighters' and Rescue Squad Workers' Pension Fund's Schedule of the Proportionate Share of the Net Pension Liability on page 65 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 information, individual fund financial statements, budgetary schedules, other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund statements, budgetary schedules, and other schedules 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. In our opinion, based on our audit and the procedures performed as described above, the individual fund statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information 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 December 29, 2016 on our consideration of the 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.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
December 29, 2016

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, 2016. 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

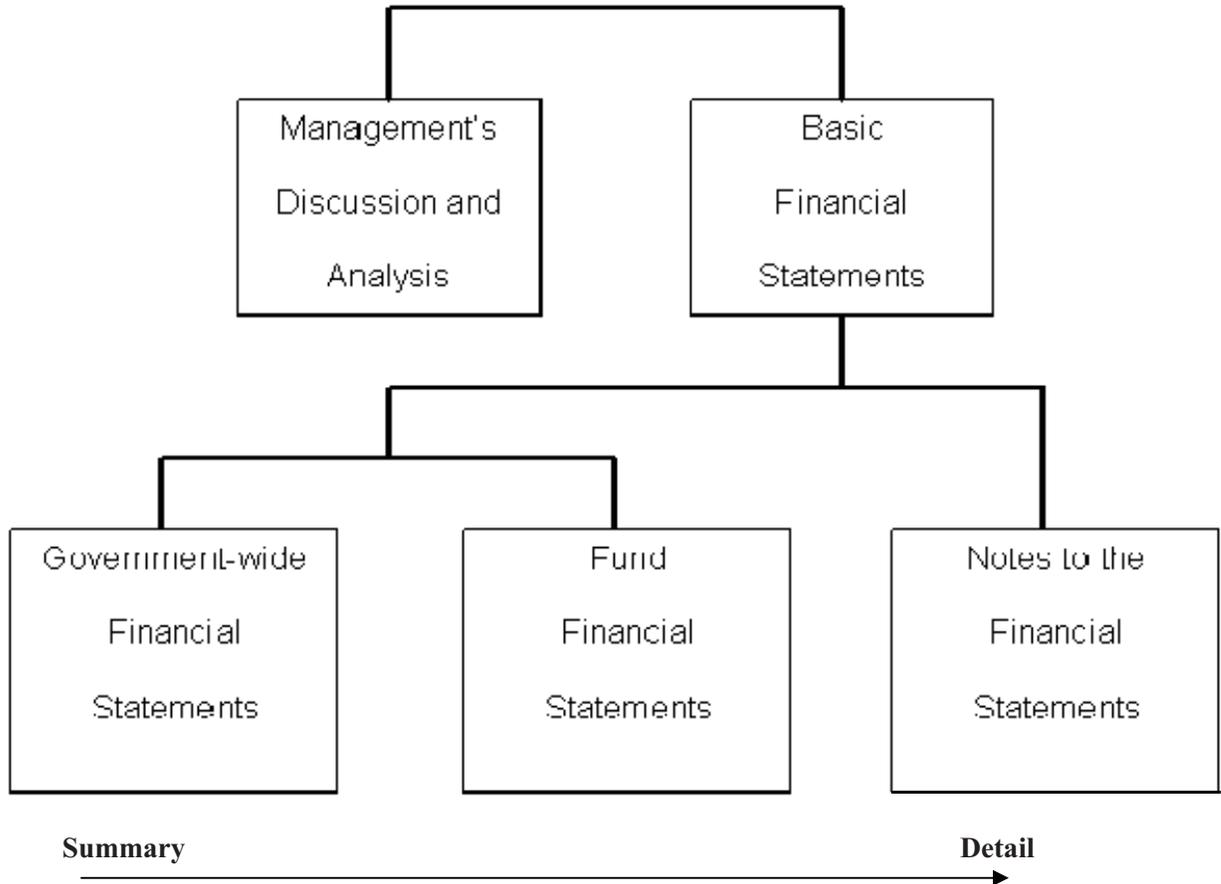
- The assets of the Town of Weaverville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$20,919,995 (*net position*).
- The government's total net position increased by \$436,635 which was primarily the result of increased revenues from governmental activities, as well as business-type activities.
- As of the close of the current fiscal year, the Town of Weaverville's General Fund reported an ending fund balance of \$5,673,535, with a net increase of \$608,091 in fund balance. Approximately 15.7% of this total amount, or \$889,635, is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,508,900, or 83.4% 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 61 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

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2016	2015	2016	2015	2016	2015	
Current and other assets	\$ 5,856,592	\$ 5,576,820	\$ 2,687,305	\$ 2,992,835	\$ 8,543,897	\$ 8,569,655	0%
Capital assets	9,896,630	10,440,978	8,696,795	8,532,813	18,593,425	18,973,791	-2%
Deferred outflows of resources	180,613	175,795	39,420	40,728	220,033	216,523	2%
Total assets and deferred outflows of resources	<u>15,933,835</u>	<u>16,193,593</u>	<u>11,423,520</u>	<u>11,566,376</u>	<u>27,357,355</u>	<u>27,759,969</u>	-1%
Long-term liabilities	2,653,297	3,303,553	2,504,534	2,704,226	5,157,831	6,007,779	-14%
Other liabilities	739,110	155,866	312,618	126,556	1,051,728	282,422	272%
Deferred inflows of resources	187,238	802,563	40,563	183,845	227,801	986,408	-77%
Total liabilities and deferred inflows of resources	<u>3,579,645</u>	<u>4,261,982</u>	<u>2,857,715</u>	<u>3,014,627</u>	<u>6,437,360</u>	<u>7,276,609</u>	-12%
Net position:							
Net investment in capital assets	7,923,020	8,050,186	6,226,795	5,984,535	14,149,815	14,034,721	1%
Restricted	889,635	736,093	-	-	889,635	736,093	21%
Unrestricted	3,541,535	3,145,332	2,339,010	2,567,214	5,880,545	5,712,546	3%
Total net position	<u>\$ 12,354,190</u>	<u>\$ 11,931,611</u>	<u>\$ 8,565,805</u>	<u>\$ 8,551,749</u>	<u>\$ 20,919,995</u>	<u>\$ 20,483,360</u>	2%

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 \$20,919,995 as of June 30, 2016. The Town’s net position increased by \$436,635 for the fiscal year ended June 30, 2016. The largest component of net position (67.6%) reflects the Town’s net investment in capital assets (e.g. land, buildings, machinery, and equipment less the debt related to those assets). 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 (4.2%), \$889,635, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$5,880,545 (28.2%) 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, which resulted in an increase from 98.5% to 99.83%, and which is better than the statewide average of 98.12% for fiscal year 2015.
- Sale of capital assets in the General Fund resulted in an additional \$55,121 of funds.

Town of Weaverville’s Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
<i>Program revenues:</i>						
Charges for services	\$ 41,735	\$ 33,707	\$ 1,751,374	\$ 1,708,014	\$ 1,793,109	\$ 1,741,721
Operating grants and contributions	22,548	42,828	-	-	22,548	42,828
Capital grants and contributions	106,776	106,971	-	-	106,776	106,971
<i>General revenues:</i>						
Property taxes	2,818,205	2,780,914	-	-	2,818,205	2,780,914
Other taxes	1,135,729	1,108,108	-	-	1,135,729	1,108,108
Grants and contributions not restricted to specific programs	1,751,222	1,669,515	-	-	1,751,222	1,669,515
Unrestricted investment earnings	16,114	4,800	2,715	3,994	18,829	8,794
Miscellaneous	33,103	13,114	-	-	33,103	13,114
Gain (loss) on sale of property	51,967	(58,767)	3,154	2,474	55,121	(56,293)
<i>Total revenues</i>	<u>5,977,399</u>	<u>5,701,190</u>	<u>1,757,243</u>	<u>1,714,482</u>	<u>7,734,642</u>	<u>7,415,672</u>
Expenses:						
General government	853,053	972,373	-	-	853,053	972,373
Public safety	3,444,875	3,187,340	-	-	3,444,875	3,187,340
Transportation	377,930	411,294	-	-	377,930	411,294
Environmental protection	605,969	545,538	-	-	605,969	545,538
Culture and recreation	223,273	181,046	-	-	223,273	181,046
Water and sewer	-	-	1,743,187	1,756,734	1,743,187	1,756,734
Interest on long-term debt	49,720	53,241	-	-	49,720	53,241
<i>Total expenses</i>	<u>5,554,820</u>	<u>5,350,832</u>	<u>1,743,187</u>	<u>1,756,734</u>	<u>7,298,007</u>	<u>7,107,566</u>
Increase (decrease) in net position	422,579	350,358	14,056	(42,252)	436,635	308,106
Net position, beginning of year	11,931,611	11,581,253	8,551,749	8,594,001	20,483,360	20,175,254
Net position, end of year	<u>\$ 12,354,190</u>	<u>\$ 11,931,611</u>	<u>\$ 8,565,805</u>	<u>\$ 8,551,749</u>	<u>\$ 20,919,995</u>	<u>\$ 20,483,360</u>

Governmental activities. Governmental activities increased the Town’s net position by \$422,579, thereby accounting for substantially all of the growth in the net position of the Town of Weaverville. Town management

reduced non-essential programs to a minimum and implemented cost saving strategies across Town departments. Certain nonrecurring expenses were either postponed or renegotiated in an attempt to maintain a healthy net position. Management believes healthy investment in the Town will result in additional revenues, and in that vein added to the Town's net position by investing in capital assets through debt issuance and grant funds. Increased efforts to maximize tax collections also contributed to the favorable net position. Town management acknowledges that 2016 was a successful year and plans on improving upon these approaches as a long-term strategy to realize continued fiscal health.

Business-type activities: Business-type activities increased the Town of Weaverville's net position by \$14,056. Water rates increased by 3% 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 \$5,071,529, while total fund balance reached \$5,673,535. 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 85.2% of General Fund revenues, while total fund balance represents 95.3% 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.

Actual 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 also 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 \$2,339,010. The total change in net position for the Water and Sewer Fund was an increase of \$14,056. The change in net position in the Water and Sewer Fund is mostly a result of the Town's continued replacement of manual-read water meters with automated water meters.

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, 2016, totals \$18,593,425 (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 Water Treatment Plant Improvements at a cost of approximately \$314,000.
- Completion of the Water Line Replacement Project at a cost of approximately \$219,000.
- One new vehicle for the Police Department at a cost of approximately \$26,000.
- One new vehicle for the Fire Department at a cost of approximately \$35,000.
- Two new mowers for the Recreation Department at a cost of approximately \$50,000.
- Disposal of one fire truck from the Fire Department with an original basis of approximately \$250,000 and an adjusted basis of \$0, and proceeds of approximately \$33,000.
- Disposal of one garbage truck by the Environmental Protection Department with an original basis of approximately \$78,000 and an adjusted basis of \$0, and proceeds of approximately \$14,000.

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

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 1,032,109	\$ 1,032,109	\$ 146,035	\$ 146,035	\$ 1,178,144	\$ 1,178,144
Buildings	4,628,208	4,748,948	-	-	4,628,208	4,748,948
Land improvements	379,821	398,591	-	-	379,821	398,591
Furniture, equipment and vehicles	1,907,596	2,263,084	141,546	196,590	2,049,142	2,459,674
Infrastructure	1,948,896	1,998,246	8,409,214	8,154,108	10,358,110	10,152,354
Construction in progress	-	-	-	36,080	-	36,080
Total capital assets	<u>\$ 9,896,630</u>	<u>\$ 10,440,978</u>	<u>\$ 8,696,795</u>	<u>\$ 8,532,813</u>	<u>\$ 18,593,425</u>	<u>\$ 18,973,791</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, 2016, the Town of Weaverville had total debt in the form of installment purchase contracts and general obligation bonds outstanding of \$4,443,610.

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds, net	\$ -	\$ -	\$ 2,470,000	\$ 2,548,278	\$ 2,470,000	\$ 2,548,278
Installment purchases payable	1,973,610	2,390,792	-	-	1,973,610	2,390,792
	<u>\$ 1,973,610</u>	<u>\$ 2,390,792</u>	<u>\$ 2,470,000</u>	<u>\$ 2,548,278</u>	<u>\$ 4,443,610</u>	<u>\$ 4,939,070</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 \$49,000,000.

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 2016, and we expect that this will continue during FY 2017.
- 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.
- There are roughly 250 residential units that either have been approved or are in the development review process.
- The Town’s fund balance continues to remain strong which helps the Town avoid any drastic cut to services and/or massive rate increases.

Budget Highlights for the Fiscal Year Ending June 30, 2017

Governmental Activities: The Town Council has adopted a budget for fiscal year 2016-2017 that sets the tax rate at \$0.440 per \$100 of valuation, a \$.02 per \$100 of valuation increase over fiscal year 2015-2016. The adopted budget includes a cost of living adjustment as well as a merit increase 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 2016-2017 are estimated at \$1,695,500, or just below the actual amount of \$1,751,374 collected in the 2015-2016 fiscal year. The budget for FY 2016-2017 includes a rate increase and includes continued funding for transitioning to automated radio read meters. 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 Tonya Dozier, Finance Officer, Town of Weaverville, P.O. Box 338, Weaverville, NC 28787. You can also call (828) 645-7116, visit our website www.weavervillenc.org or send an email to tdozier@weavervillenc.org for more information.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
June 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Town of Weaverville ABC Board
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 4,915,668	\$ 2,440,684	\$ 7,356,352	\$ 325,086
Taxes receivable, net	13,789	-	13,789	-
Accounts receivable, net	64,734	227,501	292,235	-
Due from other governments	537,272	-	537,272	-
Inventories	-	-	-	144,679
Prepaid expenses	-	-	-	11,682
Restricted cash and equivalents	325,129	19,120	344,249	-
Total current assets	5,856,592	2,687,305	8,543,897	481,447
Non-current assets:				
Capital assets:				
Land and construction in progress	1,032,109	146,035	1,178,144	-
Other capital assets, net	8,864,521	8,550,760	17,415,281	1,148,482
Total capital assets	9,896,630	8,696,795	18,593,425	1,148,482
Total assets	15,753,222	11,384,100	27,137,322	1,629,929
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	180,613	39,420	220,033	23,061
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	130,379	78,802	209,181	39,817
Other liabilities	37,500	41,604	79,104	74,344
Accrued interest payable	14,158	4,244	18,402	12,127
Current portion of long-term liabilities	557,073	187,968	745,041	69,410
Total current liabilities	739,110	312,618	1,051,728	195,698
Long-term liabilities:				
Net pension liability	230,466	50,301	280,767	9,602
Due in more than one year	2,422,831	2,454,233	4,877,064	1,167,171
Total liabilities	3,392,407	2,817,152	6,209,559	1,372,471
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	1,389	-	1,389	-
Pension deferrals	185,849	40,563	226,412	4,992
Total deferred inflows of resources	187,238	40,563	227,801	4,992
NET POSITION				
Net investment in capital assets	7,923,020	6,226,795	14,149,815	(80,744)
Restricted for:				
Stabilization by State statute	602,006	-	602,006	-
Streets	287,629	-	287,629	-
Working capital	-	-	-	76,958
Unrestricted	3,541,535	2,339,010	5,880,545	279,313
Total net position	\$ 12,354,190	\$ 8,565,805	\$ 20,919,995	\$ 275,527

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

TOWN OF WEAVERVILLE, NORTH CAROLINA

Exhibit 2

STATEMENT OF ACTIVITIES
For the year ended June 30, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	Town of Weaverville ABC Board
Primary government:								
Governmental Activities:								
General government	\$ 853,053	\$ 15,270	\$ -	\$ -	\$ (837,783)	\$ -	\$ (837,783)	\$ -
Public safety	3,444,875	26,465	22,548	-	(3,395,862)	-	(3,395,862)	-
Transportation	377,930	-	-	106,776	(271,154)	-	(271,154)	-
Environmental protection	605,969	-	-	-	(605,969)	-	(605,969)	-
Cultural and recreation	223,273	-	-	-	(223,273)	-	(223,273)	-
Interest on long-term debt	49,720	-	-	-	(49,720)	-	(49,720)	-
Total governmental activities	5,554,820	41,735	22,548	106,776	(5,383,761)	-	(5,383,761)	-
Business-type activities:								
Water and sewer	1,743,187	1,751,374	-	-	-	8,187	8,187	-
Total primary government	\$ 7,298,007	\$ 1,793,109	\$ 22,548	\$ 106,776	(5,383,761)	8,187	(5,375,574)	-
Component unit:								
Town of Weaverville ABC Board	\$ 1,930,583	\$ 2,010,296	\$ -	\$ -	-	-	-	79,713
Total component unit	\$ 1,930,583	\$ 2,010,296	\$ -	\$ -	-	-	-	79,713
General revenues:								
Taxes:								
Property taxes, levied for general purpose					2,818,205	-	2,818,205	-
Other taxes					1,135,729	-	1,135,729	-
Grants and contributions not restricted to specific programs					1,751,222	-	1,751,222	-
Gain on sale of property					51,967	3,154	55,121	2,986
Unrestricted investment earnings					16,114	2,715	18,829	395
Miscellaneous					33,103	-	33,103	-
Total general revenues					5,806,340	5,869	5,812,209	3,381
Change in net position					422,579	14,056	436,635	83,094
Net position, beginning of year					11,931,611	8,551,749	20,483,360	192,433
Net position, end of year					\$ 12,354,190	\$ 8,565,805	\$ 20,919,995	\$ 275,527

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

TOWN OF WEAVERVILLE, NORTH CAROLINA

Exhibit 3

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	<u>General Fund</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash and cash equivalents	\$ 4,915,668	\$ 4,915,668
Restricted cash and cash equivalents	325,129	325,129
Taxes receivable, net	13,789	13,789
Accounts receivable, net	64,734	64,734
Due from other governments	537,272	537,272
Total assets	<u>\$ 5,856,592</u>	<u>\$ 5,856,592</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 130,379	\$ 130,379
Deposits	37,500	37,500
Total liabilities	<u>167,879</u>	<u>167,879</u>
DEFERRED INFLOWS OF RESOURCES		
Property taxes receivable	13,789	13,789
Prepaid taxes	1,389	1,389
Total deferred inflows of resources	<u>15,178</u>	<u>15,178</u>
FUND BALANCES		
Restricted		
Stabilization by State statute	602,006	602,006
Streets	287,629	287,629
Assigned		
Subsequent year's expenditures	275,000	275,000
Unassigned	4,508,900	4,508,900
Total fund balances	<u>5,673,535</u>	<u>5,673,535</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,856,592</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	\$ 15,456,250	
Accumulated depreciation	<u>(5,559,620)</u>	9,896,630
Deferred outflows of resources related to pension are not reported in the funds		
		180,613
Earned revenues considered deferred inflows of resources in fund statements.		
		13,789
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Installment purchases	(1,973,610)	
Other postemployment benefits	(578,011)	
Compensated absences	(168,998)	
Net pension obligation (LEO)	(259,285)	
Net pension obligation (LGERS)	<u>(230,466)</u>	(3,210,370)
Deferred inflows of resources related to pensions are not reported in the funds		
		(185,849)
Other liabilities (accrued interest payable) are not due and payable in the current period and therefore are not reported in the funds		
		<u>(14,158)</u>
Net position of governmental activities		<u>\$ 12,354,190</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, 2016

	<u>Major Fund</u>	
	<u>General Fund</u>	<u>Total Governmental Funds</u>
REVENUES		
Ad valorem taxes	\$ 2,852,225	\$ 2,852,225
Other taxes and licenses	1,135,729	1,135,729
Unrestricted intergovernmental	1,751,222	1,751,222
Restricted intergovernmental	109,224	109,224
Permits and fees	26,465	26,465
Investment earnings	16,114	16,114
Miscellaneous	59,777	59,777
Total revenues	<u>5,950,756</u>	<u>5,950,756</u>
EXPENDITURES		
Current:		
General government	793,243	793,243
Public safety	3,068,873	3,068,873
Transportation	287,505	287,505
Environmental protection	524,619	524,619
Cultural and recreation	261,394	261,394
Debt service:		
Principal	417,182	417,182
Interest	50,512	50,512
Total expenditures	<u>5,403,328</u>	<u>5,403,328</u>
Revenues over expenditures	<u>547,428</u>	<u>547,428</u>
OTHER FINANCING SOURCES		
Sale of capital assets	51,967	51,967
Insurance recovery	8,696	8,696
Total other financing sources	<u>60,663</u>	<u>60,663</u>
Net change in fund balances	608,091	608,091
Fund balances, beginning of year	<u>5,065,444</u>	<u>5,065,444</u>
Fund balances, end of year	<u>\$ 5,673,535</u>	<u>\$ 5,673,535</u>

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

TOWN OF WEAVERVILLE, NORTH CAROLINA

Exhibit 5

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, 2016

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

Net changes in fund balances - total governmental funds		\$ 608,091
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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	\$ 116,719	
Depreciation expense for governmental assets	<u>(661,067)</u>	(544,348)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		175,911
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(34,020)
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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	417,182	
Decrease in accrued interest payable	<u>792</u>	417,974

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

Compensated absences used (accrued)	7,421	
Pension expense	(107,496)	
Net pension obligation (LEO)	(29,686)	
Other postemployment benefits	<u>(71,268)</u>	(201,029)

Total changes in net position of governmental activities		<u>\$ 422,579</u>
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The accompanying notes are an integral part of these financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
For the year ended June 30, 2016

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Ad valorem taxes	\$ 2,764,400	\$ 2,764,400	\$ 2,852,225	\$ 87,825
Other taxes and licenses	1,095,000	1,095,000	1,135,729	40,729
Unrestricted intergovernmental	1,560,000	1,565,000	1,751,222	186,222
Restricted intergovernmental	110,000	112,448	109,224	(3,224)
Permits and fees	31,000	31,000	26,465	(4,535)
Investment earnings	1,550	1,550	16,114	14,564
Miscellaneous	25,270	45,370	59,777	14,407
Total revenues	<u>5,587,220</u>	<u>5,614,768</u>	<u>5,950,756</u>	<u>335,988</u>
EXPENDITURES				
Current:				
General government	998,585	922,138	793,243	128,895
Public safety	3,116,447	3,192,103	3,068,873	123,230
Transportation	341,108	333,358	287,505	45,853
Environmental protection	525,363	574,963	524,619	50,344
Cultural and recreation	215,762	280,612	261,394	19,218
Debt service:				
Principal and interest	467,728	467,728	467,694	34
Total expenditures	<u>5,664,993</u>	<u>5,770,902</u>	<u>5,403,328</u>	<u>367,574</u>
Revenues over (under) expenditures	<u>(77,773)</u>	<u>(156,134)</u>	<u>547,428</u>	<u>703,562</u>
Other financing sources:				
Appropriated fund balance	72,773	142,438	-	(142,438)
Sale of capital assets	5,000	5,000	51,967	46,967
Insurance recovery	-	8,696	8,696	-
Total other financing sources	<u>77,773</u>	<u>156,134</u>	<u>60,663</u>	<u>(95,471)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>608,091</u>	<u>\$ 608,091</u>
Fund balance, beginning of year			<u>5,065,444</u>	
Fund balance, end of year			<u>\$ 5,673,535</u>	

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

STATEMENT OF NET POSITION
 PROPRIETARY FUND
 June 30, 2016

	Enterprise Fund
	Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,440,684
Accounts receivable, net	227,501
Restricted cash and cash equivalents	19,120
Total current assets	2,687,305
Capital assets:	
Land and other non-depreciable assets	146,035
Other capital assets, net of depreciation	8,550,760
Capital assets, net	8,696,795
Total assets	11,384,100
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	39,420
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	78,802
Salaries and payroll taxes payable	22,484
Customer deposits	19,120
Accrued interest payable	4,244
Compensated absences, current	28,968
Bonds payable, current	159,000
Total current liabilities	312,618
Noncurrent liabilities:	
Compensated absences, net	7,605
Other postemployment benefits	135,628
Bonds payable, net	2,311,000
Net pension liability	50,301
Total noncurrent liabilities	2,504,534
Total liabilities	2,817,152
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	40,563
NET POSITION	
Net investment in capital assets	6,226,795
Unrestricted	2,339,010
Total net position	\$ 8,565,805

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

TOWN OF WEAVERVILLE, NORTH CAROLINA

Exhibit 8

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUND
 For the year ended June 30, 2016

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
OPERATING REVENUES	
Charges for services	\$ 1,622,069
Other operating revenues	129,305
Total operating revenues	<u>1,751,374</u>
OPERATING EXPENSES	
Administration	212,558
Water treatment and distribution	1,051,651
Depreciation	339,312
Total operating expenses	<u>1,603,521</u>
Operating income	<u>147,853</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	2,715
Gain on sale of property	3,154
Interest expense	(139,666)
Total nonoperating revenue (expenses)	<u>(133,797)</u>
Change in net position	14,056
Net position, beginning of year	<u>8,551,749</u>
Net position, end of year	<u>\$ 8,565,805</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, 2016

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 1,740,009
Cash paid for goods and services	(488,724)
Cash paid to or on behalf of employees for services	(779,142)
Net cash provided by operating activities	<u>472,143</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(503,294)
Proceeds on sale of capital assets	3,154
Proceeds from issuance of refunding bonds	2,480,000
Cash paid for bond refinance	(2,440,000)
Interest paid on bond maturities	(122,073)
Principal payments on debt	(140,000)
Net cash used by noncapital and related financing activities	<u>(722,213)</u>
Cash flows from investing activities:	
Interest earned	<u>2,715</u>
Net cash used for investing activities	<u>2,715</u>
Net decrease in cash and cash equivalents	(247,355)
Cash and cash equivalents, beginning of year	<u>2,707,159</u>
Cash and cash equivalents, end of year	<u>\$ 2,459,804</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 147,853</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	339,312
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Increase in accounts receivable	(14,485)
Increase in customer deposits	3,120
Decrease in net pension asset	72,660
Decrease in deferred outflows of resources - pensions	1,308
Increase in net pension liability	50,301
Decrease in deferred inflows of resources - pensions	(143,282)
Decrease in accounts payable and accrued liabilities	(6,758)
Increase in salaries and payroll taxes payable	5,861
Decrease in accrued compensated absences	(441)
Increase in other postemployment benefits	16,694
Total adjustments	<u>324,290</u>
Net cash provided by operating activities	<u>\$ 472,143</u>

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

TOWN OF WEAVERVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2016

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, however interfund services provided and used are not eliminated in the process of consolidation. 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, 2016, 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 funds:

Water and Sewer Fund – This fund is used to account for the Town's water and sewer operations. It also includes the following capital project funds which are consolidated into the Water and Sewer Fund in the basic financial statements:

Water and Sewer Capital Projects Fund – Water Line Replacement – This fund is used to account for the Town's water and sewer capital project to replace water lines on South College Street.

Water and Sewer Capital Projects Fund – Water Plant Improvement – This fund is used to account for the Town's water and sewer capital project to make improvements to the water treatment plant.

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 funds 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 funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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 for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, 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, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates 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 beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Weaverville because the tax is levied by Buncombe County and then remitted to and distributed by the State. Most 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 departmental level for all annually budgeted funds. The Town Manager is authorized by the

budget ordinance to transfer appropriations between departmental areas within a fund up to \$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. Appropriations are adopted at the line item level.

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) external investment pool, are valued at amortized cost, 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

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.

Restricted Cash

Governmental activities:

General Fund - Streets	\$ 287,629
General Fund - Customer Deposits	37,500
Total governmental activities	<u>325,129</u>

Business-type activities:

Water & Sewer Fund - Customer Deposits	19,120
Total business-type activities	<u>19,120</u>

Total Primary Government	<u>\$ 344,249</u>
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4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2015.

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. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired prior to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

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

Asset Class	Estimated Useful Lives
Buildings	25
Furniture and equipment	5 – 15
Computer equipment	5

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, 2016, the Town only has one item that meets this criterion, contributions made to the pension plan in the 2016 fiscal year. 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, 2016, the Town has several items that meet the criterion for this category – prepaid taxes, property taxes receivable, and deferrals of pension expense that result from the implementation of GASB Statement 68.

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.) The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the

adoption of another ordinance) to remove or revise the limitation.

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

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 General Fund is the only fund that reports a positive unassigned fund balance amount.

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. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employee's Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Weaverville's employer contributions are recognized when due and the Town of Weaverville has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

G. 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, 2016, the Town's deposits had a carrying amount of \$4,059,640 and a bank balance of \$4,098,295. Of the bank balance, \$589,879 was covered by federal depository insurance and \$3,508,416 was covered by collateral held under the pooling method. At June 30, 2016, the Town's petty cash fund totaled \$350. The carrying amount of deposits for the ABC Board was \$323,798 and the bank balance was \$427,947. The ABC Board's petty cash fund totaled \$1,288. Of the bank balance, \$250,000 was covered by federal depository insurance and \$177,947 was covered by collateral held under the pooling method.

2. Investments

At June 30, 2016, the Town had \$3,640,611 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

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, 2016 is net of the following allowances for doubtful accounts:

Funds

General Fund - Taxes Receivable	\$ 3,298
Enterprise Fund - Uncollectible Accounts	12,903
Total	<u>\$ 16,201</u>

4. Capital Assets**Primary Government**

Capital asset activity for the Primary Government for the year ended June 30, 2016 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,032,109	\$ -	\$ -	\$ 1,032,109
Total capital assets not being depreciated	<u>1,032,109</u>	<u>-</u>	<u>-</u>	<u>1,032,109</u>
Capital assets being depreciated:				
Buildings	6,024,793	-	-	6,024,793
Land improvements	477,107	-	-	477,107
Furniture, equipment, and vehicles	5,848,164	116,719	341,758	5,623,125
Infrastructure	2,299,116	-	-	2,299,116
Total capital assets being depreciated	<u>14,649,180</u>	<u>116,719</u>	<u>341,758</u>	<u>14,424,141</u>
Less accumulated depreciation for:				
Buildings	1,275,845	120,740	-	1,396,585
Land improvements	78,516	18,770	-	97,286
Furniture, equipment, and vehicles	3,585,080	472,207	341,758	3,715,529
Infrastructure	300,870	49,350	-	350,220
Total accumulated depreciation	<u>5,240,311</u>	<u>661,067</u>	<u>341,758</u>	<u>5,559,620</u>
Total capital assets being depreciated, net	<u>9,408,869</u>			<u>8,864,521</u>
Governmental activities capital assets, net	<u>\$ 10,440,978</u>			<u>\$ 9,896,630</u>

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

General government	\$ 56,617
Public safety	413,706
Transportation	90,434
Environmental protection	82,119
Cultural and recreational	18,191
Total depreciation expense	<u>\$ 661,067</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
<i>Water and Sewer Fund</i>				
Capital assets not being depreciated:				
Land	\$ 146,035	\$ -	\$ -	\$ 146,035
Construction in progress	36,080	497,796	533,876	-
Total capital assets not being depreciated	<u>182,115</u>	<u>497,796</u>	<u>533,876</u>	<u>146,035</u>
Capital assets being depreciated:				
Plant and distribution systems	13,321,818	539,374	-	13,861,192
Furniture, equipment, and vehicles	1,109,432	-	6,395	1,103,037
Total capital assets being depreciated	<u>14,431,250</u>	<u>539,374</u>	<u>6,395</u>	<u>14,964,229</u>
Less accumulated depreciation for:				
Plant and distribution systems	5,167,710	284,268	-	5,451,978
Furniture, equipment, and vehicles	912,842	55,044	6,395	961,491
Total accumulated depreciation	<u>6,080,552</u>	<u>339,312</u>	<u>6,395</u>	<u>6,413,469</u>
Total capital assets being depreciated, net	<u>8,350,698</u>			<u>8,550,760</u>
Business-type activities capital assets, net	<u>\$ 8,532,813</u>			<u>\$ 8,696,795</u>

Discretely presented component unit

Activity for the ABC Board for the year ended June 30, 2016, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Building	\$ 1,479,898	\$ -	\$ -	\$ 1,479,898
Equipment and furniture	98,338	559	-	98,897
Computer equipment	37,954	2,986	10,758	30,182
Total capital assets being depreciated	<u>1,616,190</u>	<u>3,545</u>	<u>10,758</u>	<u>1,608,977</u>
Less accumulated depreciation for:				
Building	340,377	59,196	-	399,573
Equipment and furniture	42,155	9,667	-	51,822
Computer equipment	14,340	5,518	10,758	9,100
Total accumulated depreciation	<u>396,872</u>	<u>74,381</u>	<u>10,758</u>	<u>460,495</u>
Total capital assets being depreciated, net	<u>\$ 1,219,318</u>			<u>\$ 1,148,482</u>

B. Liabilities**1. Pension Plan and Postemployment Obligations****a. Local Governmental Employees' Retirement System**

1. Plan Description

The Town of Weaverville is a participating employer in 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 membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. 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, by calling (919) 981-5454, or at www.osc.nc.gov.

2. Benefits Provided

LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

3. Contributions

Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Weaverville employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Weaverville's contractually required contribution rate for the year ended June 30, 2016, was 7.15% of compensation for law enforcement officers and 6.67% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Weaverville were \$220,033 for the year ended June 30, 2016.

4. Refunds of Contributions

Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

5. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the Town reported liability of \$280,767 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the Town's proportion was 0.06256%, which was a decrease of .00294% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Town recognized pension expense of \$105,163. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 65,996
Net difference between projected and actual earnings on pension plan investments	-	79,933
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	80,483
Town contributions subsequent to the measurement date	220,033	-
Total	<u>\$ 220,033</u>	<u>\$ 226,412</u>

\$220,033 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017	\$	(116,161)
2018		(116,161)
2019		(115,969)
2020		121,879
2021		-
Thereafter		-
	\$	<u>(226,412)</u>

6. Actuarial Assumptions

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rate of return for each major asset class as of June 30, 2014 and summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

7. Discount rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

8. Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate

The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 1,957,820	\$ 280,767	\$ (1,132,115)

9. Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

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, 2015, the Separation Allowance's membership consisted of:

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

A separate report was not issued for the plan.

2. Summary of Significant Accounting Policies

Basis of Accounting – The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members.

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, 2015 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 3.57% investment rate of return (net of

administrative expenses) and (b) projected salary increases ranging from 3.50% to 7.35% 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	\$ 38,382
Interest on net pension obligation	11,480
Adjustment to annual required contribution	<u>(20,176)</u>
Annual pension cost	29,686
Contributions made	<u>-</u>
Increase (decrease) in net pension obligation	29,686
Net pension obligation, beginning of fiscal year	<u>229,599</u>
Net pension obligation, end of fiscal year	<u><u>\$ 259,285</u></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>
6/30/2014	\$ 24,363	0.00%	\$ 198,296
6/30/2015	31,303	0.00	229,599
6/30/2016	29,686	0.00	259,285

4. Funded Status and Funding Progress:

As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The unfunded actuarial accrued liability is being amortized on a level dollar closed basis. The remaining amortization period at December 31, 2015 was 15 years. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$429,610. The covered payroll (annual payroll of active employees covered by the plan) was \$809,381, and the ratio of the UAAL to the covered payroll was 53.08%.

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 law enforcement officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers and general employees may make voluntary contributions to the plan for which the town will provide matching contributions up to six percent of each employee's salary. Contributions for the year ended June 30, 2016 were \$263,894, which consisted of \$131,505 from the Town and \$132,389 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, 2013, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers:
Retirees receiving benefits	3	-
Terminated plan members entitled to but not receiving benefits	-	-
Active plan members	<u>47</u>	<u>14</u>
Total	<u><u>50</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 3.31% 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, 2016 were \$10,254.

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	\$ 97,100
Interest on net OPEB obligation	25,025
Adjustment to annual required contribution	<u>(23,909)</u>
Annual OPEB cost (expense)	98,216
Contributions made	<u>(10,254)</u>
Increase in net OPEB obligation	87,962
Net OPEB obligation, beginning of year	<u>625,677</u>
Net OPEB obligation, end of year	<u>\$ 713,639</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, 2016 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 97,939	26.4%	\$ 541,301
6/30/2015	98,067	14.0	625,677
6/30/2016	98,216	10.4	713,639

5. Funded Status and Funding Progress

As of December 31, 2013, 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 \$843,676. The covered payroll (annual payroll of active employees covered by the plan) was \$2,940,231, and the ratio of the UAAL to the covered payroll was 28.7%. 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, 2013 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 7.75 % to 5.00% 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, 2013, 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, 2016, the Town made contributions to the State for death benefits of \$5,009. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.14% and 0.18% 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 one deferred outflow of resources and several deferred inflows of resources for the year ended June 30, 2016. Deferred outflows of resources is comprised of the following:

Source	Amount
Contributions to the pension plan in the current fiscal year	\$ 220,033

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

Prepaid taxes (General Fund)	\$ 1,389
Taxes receivable, less penalties	13,789
Differences between expected and actual experience (pension)	65,996
Net difference between projected and actual earnings on pension plan investments	79,933
Changes in proportionation and differences between employer contributions and proportionate share of contributions	80,483
	\$ 241,590

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 and workers' compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

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, 2016, 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

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 required semi-annual principal payments of \$118,367 beginning in December 2008, with interest at 4.06%, and was being paid by the General Fund. On June 7, 2013, the Town entered into a refinancing agreement. The refinancing contract requires semi-annual principal 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, 2016 was \$1,183,667.

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 required semi-annual principal payments beginning with a fixed \$68,000 principal payment as of August 2008 and initial payment following in February 2009, with interest at 3.66%, and was being paid by the General Fund. On August 8, 2013, the Town entered into a refinancing agreement. The refinancing contract requires semi-annual principal plus interest payments of \$74,706 beginning in February 2014 including interest at 2.45% and is being paid by the General Fund. The balance on this installment purchase contract as of June 30, 2016 was \$360,345.

In September 2014, the Town entered into an installment purchase contract with a financial institution in the amount of \$692,000 to finance the purchase of several fire trucks. The contract required annual principal payments beginning with a \$220,000 principal payment as of September 2014 and then an initial fixed \$53,541 principal payment following in September 2015, with interest at 2.36%, and is being paid by the General Fund. The balance on this installment purchase contract as of June 30, 2016 was \$429,598.

Annual debt service payments of the installment purchases as of June 30, 2016, including \$132,511 of interest, are as follows:

Year ending June 30	Governmental Activities	
	Principal	Interest
2017	\$ 421,585	\$ 41,267
2018	426,094	31,881
2019	356,171	22,221
2020	283,282	15,527
2021	284,378	9,552
2022-2025	202,100	12,063
	<u>\$ 1,973,610</u>	<u>\$ 132,511</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.

In 2016, the Town refunded the remaining balance of its Series 2005 Water Refunding Bonds, which were payable semiannually until 2030 at an interest rate of 3%. The refunding reduces the interest rate to 2.06%, for an overall savings of \$369,377 in interest payments over the period of repayment. The present value of these savings is approximately \$318,000.

Bonds payable at June 30, 2016 are comprised of the following individual issue:

General Obligation Bonds

Serviced by the Water and Sewer Fund:

Water Refunding Bonds, 2016,
\$2,480,000 issue, interest at 2.06%
payable semiannually due
serially to 2030

\$ 2,470,000

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

Year ending June 30	Business-type Activities	
	Principal	Interest
2017	\$ 159,000	\$ 50,882
2018	162,000	47,607
2019	160,000	44,269
2020	163,000	40,973
2021	166,000	37,616
2022-2026	903,000	134,642
2027-2030	757,000	38,686
	<u>\$ 2,470,000</u>	<u>\$ 394,675</u>

At June 30, 2016 the Town of Weaverville had a legal debt margin of approximately \$49,000,000.

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%. On October 17, 2013, the ABC Board entered into a modification of the loan terms to require quarterly payments instead of annual. No other terms of the loan changed. The required quarterly payment is \$31,038.05. The loan matures in April 2029. The note payable is collateralized by all real and personal property of the ABC Board. The balance of the loan as of June 30, 2016 was \$1,189,196.

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. On October 17, 2013, the ABC Board entered into a modification of the loan terms to require quarterly payments instead of annual. No other terms of the loan changed. The required quarterly payment is \$1,076. The loan matures in April 2029. The balance of this loan as of June 30, 2016 was \$40,030.

Interest expense for the year ended June 30, 2016 was \$61,698.

Annual debt service payments of the notes payable of the ABC Board as of June 30, 2016, including \$440,690 of interest, are as follows:

Year ending June 30	Discretely-Presented Component Unit	
	Principal	Interest
2017	\$ 69,410	\$ 59,045
2018	72,878	55,577
2019	76,520	51,936
2020	80,343	48,112
2021	84,358	44,097
2022-2026	489,398	152,878
2027-2030	356,319	29,045
	<u>\$ 1,229,226</u>	<u>\$ 440,690</u>

d. 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, 2016:

	Balance July 1, 2015	Increase	Decrease	Balance July 1, 2016	Current Portion
Governmental Activities:					
Installment purchases	\$ 2,390,792	\$ -	\$ 417,182	\$ 1,973,610	\$ 421,585
Net pension obligation (LEO)	229,599	29,686	-	259,285	-
Net pension obligation (LGERS)	-	230,466	-	230,466	-
Other postemployment benefits	506,743	71,268	-	578,011	-
Compensated absences	176,419	128,067	135,488	168,998	135,488
Governmental activity long-term liabilities	<u>\$ 3,303,553</u>	<u>\$ 459,487</u>	<u>\$ 552,670</u>	<u>\$ 3,210,370</u>	<u>\$ 557,073</u>
Business-type Activities:					
General obligation bonds	\$ 2,548,278	\$2,480,000	\$2,558,278	\$ 2,470,000	\$ 159,000
Net pension obligation (LGERS)	-	50,301	-	50,301	-
Other postemployment benefits	118,934	16,694	-	135,628	-
Compensated absences	37,014	28,968	29,409	36,573	28,968
Business-type activity long-term liabilities	<u>\$ 2,704,226</u>	<u>\$2,575,963</u>	<u>\$2,587,687</u>	<u>\$ 2,692,502</u>	<u>\$ 187,968</u>

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

C. Net Investment in Capital Assets

The following schedule provides a calculation of net investment in capital assets:

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 9,896,630	\$ 8,696,795
Less: Long-term debt	1,973,610	2,470,000
Net investment in capital assets	<u>\$ 7,923,020</u>	<u>\$ 6,226,795</u>

D. 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	\$ 5,673,535
Less:	
Restricted for:	
Stablization by state statute	602,006
Streets - Powell Bill	287,629
Assigned:	
Appropriated fund balance in 2017 budget	275,000
Unassigned:	
Working capital/fund balance policy - minimum	<u>1,190,150</u>
Remaining fund balance	<u>\$ 3,318,750</u>

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

Note 3 – Joint Ventures

The Town and the members of the Town's fire department each appoint two members to the five-member local board of trustees for the Firefighter's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firefighter'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 Firefighter'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, 2016, the Town reported no revenues and expenditures 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, 2016. The Firefighter's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firefighter'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 \$800,154 during the fiscal year ended June 30, 2016. The Town's income for these collections totaled \$48,300.

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%
12/31/2013	-	257,837	257,837	0%	709,694	36.33%
12/31/2014	-	253,949	253,949	0%	702,088	36.17%
12/31/2015	-	429,610	429,610	0%	809,381	53.08%

TOWN OF WEAVERVILLE, NORTH CAROLINA

OTHER POSTEMPLOYMENT BENEFITS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS AND SCHEDULE OF EMPLOYER CONTRIBUTIONS

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%
12/31/2013	-	843,676	843,676	0%	2,940,231	28.7%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2010	\$ 119,519	0.0%
2011	120,175	4.2%
2012	124,001	7.5%
2013	128,651	9.3%
2014	97,939	26.4%
2015	98,067	14.0%
2016	97,100	10.6%

TOWN OF WEAVERVILLE, NORTH CAROLINA

TOWN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST THREE FISCAL YEARS *

Local Government Employees' Retirement System

	2016	2015	2014
Town's proportionate share of the net pension liability (asset) (%)	0.06256%	0.06550%	0.06550%
Town's proportion of the net pension liability (asset) (\$)	\$ 280,767	\$ (386,284)	\$ 789,527
Town's covered-employee payroll	3,029,056	3,000,672	2,928,477
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	9.27%	(12.75%)	26.96%
Plan fiduciary net position as a percentage of the total pension liability **	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

** This will be the same percentage for all participant employers in the LGERS plan.

TOWN OF WEAVERVILLE, NORTH CAROLINA

**SCHEDULE OF TOWN'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST THREE FISCAL YEARS**

Local Government Employees' Retirement System

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 220,033	\$ 216,523	\$ 213,648
Contribution in relation to the contractually required contribution	<u>220,033</u>	<u>216,523</u>	<u>213,648</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 3,029,056	\$ 3,029,056	\$ 3,000,672
Contributions as a percentage of covered- employee payroll	7.26%	7.15%	7.12%

TOWN OF WEAVERVILLE, NORTH CAROLINA

**TOWN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
LAST TWO FISCAL YEARS ***

Firefighters' and Rescue Squad Workers' Pension

	2016	2015
Town's proportionate share of the net pension liability (asset) (%)	0.00000%	0.00000%
Town's proportion of the net pension liability (asset) (\$)	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	15,173	11,682
Total	\$ 15,173	\$ 11,682
Town's covered-employee payroll	\$ 948,547	\$ 902,753
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	1.60%	1.29%
Plan fiduciary net position as a percentage of the total pension liability	91.40%	93.42%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

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, 2016

	2016		Variance Positive (Negative)
	Budget	Actual	
REVENUES			
Ad valorem taxes:			
Taxes		\$ 2,841,001	
Penalties and interest		11,224	
	\$ 2,764,400	2,852,225	\$ 87,825
Other taxes and licenses:			
Local option sales tax		1,135,729	
	1,095,000	1,135,729	40,729
Intergovernmental revenues:			
Unrestricted:			
Utilities franchise tax		492,008	
Beer and wine tax		16,615	
Buncombe Co. - Fire Protection		1,185,324	
ABC profit distribution		52,275	
Main Street Nature Park		5,000	
	1,565,000	1,751,222	186,222
Restricted:			
Powell Bill		106,776	
Police Department grant		2,448	
	112,448	109,224	(3,224)
Permits and fees:			
Zoning inspection fees		25,565	
Fire inspection fees		900	
	31,000	26,465	(4,535)
Investment earnings			
Investment earnings	1,550	16,114	14,564
Other:			
Miscellaneous		39,677	
Contributions		1,075	
Cops For Kids		19,025	
	45,370	59,777	14,407
 Total revenues	 5,614,768	 5,950,756	 335,988
EXPENDITURES			
General government:			
Governing board:			
Salaries and employee benefits		22,074	
Community promotions		61,879	
Professional services		57,580	
Other operating expenses		57,452	
	245,863	198,985	46,878

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, 2016

	2016		Variance Positive (Negative)
	Budget	Actual	
EXPENDITURES (CONTINUED)			
Administration:			
Salaries and employee benefits		428,243	
Professional services		64,449	
Other operating expenses		65,545	
	607,242	558,237	49,005
Planning:			
Salaries and employee benefits		30,924	
Professional services		80	
Other operating expenses		5,017	
	69,033	36,021	33,012
Total general government	922,138	793,243	128,895
Public safety:			
Police:			
Salaries and employee benefits		1,124,865	
Supplies and materials		37,729	
Equipment purchases		71,062	
Repairs and maintenance		46,119	
Insurance		47,291	
Other operating expenses		73,524	
	1,449,906	1,400,590	49,316
Fire:			
Salaries and employee benefits		1,345,214	
Insurance		59,849	
Repairs and maintenance		60,336	
Other operating expenses		162,828	
Capital outlay		40,056	
	1,742,197	1,668,283	73,914
Total public safety	3,192,103	3,068,873	123,230
Transportation:			
Streets:			
Salaries and employee benefits		131,978	
Contract services		25,588	
Utilities		56,866	
Supplies and materials		34,900	
Other operating expenses		23,672	
Capital outlay		4,032	
	313,292	277,036	36,256

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, 2016

	2016		Variance Positive (Negative)
	Budget	Actual	
EXPENDITURES (CONTINUED)			
Powell Bill:			
Salaries and benefits		10,469	
	20,066	10,469	9,597
Total transportation	333,358	287,505	45,853
Environmental protection:			
Sanitation:			
Salaries and benefits		390,461	
Contract services		17,951	
Supplies and materials		23,259	
Other operating expenses		92,948	
Total environmental protection	574,963	524,619	50,344
Cultural and recreational:			
Recreation:			
Salaries and employee benefits		129,232	
Contract services		14,706	
Other operating expenses		42,198	
Capital outlay		75,258	
Total cultural and recreational	280,612	261,394	19,218
Debt service:			
Principal		417,182	
Interest		50,512	
Total debt service	467,728	467,694	34
Total expenditures	5,770,902	5,403,328	367,574
Revenues over (under) expenditures	(156,134)	547,428	703,562
Other financing sources:			
Appropriated fund balance	142,438	-	(142,438)
Sale of capital assets	5,000	51,967	46,967
Insurance recovery	8,696	8,696	-
Total other financing sources	156,134	60,663	(95,471)
Net change in fund balance	\$ -	608,091	\$ 608,091
Fund balance, beginning of year		5,065,444	
Fund balance, end of year		\$ 5,673,535	

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, 2016

	2016		Variance Positive (Negative)
	Budget	Actual	
OPERATING REVENUES			
Charges for services		\$ 1,622,069	
Other operating revenues		129,305	
Total operating revenues	\$ 1,716,396	1,751,374	\$ 34,978
NON-OPERATING REVENUES			
Investment earnings		2,715	
Sale of property		3,154	
Total non-operating revenues	4,000	5,869	1,869
Total revenues	1,720,396	1,757,243	36,847
OPERATING EXPENDITURES			
Water and sewer administration:			
Salaries and employee benefits		173,286	
Professional services		8,690	
Supplies and materials		4,410	
Postage		11,819	
Telephone		3,951	
Insurance		7,892	
Other operating expenses		2,915	
Total water and sewer administration	235,953	212,963	22,990
Treatment and distribution:			
Salaries and employee benefits		611,276	
Professional services		29,969	
Water testing and maintenance		13,499	
Supplies and materials		136,837	
Training and travel		1,730	
Telephone		8,203	
Utilities		106,983	
Repairs and maintenance		38,317	
Insurance		15,784	
Sludge removal		30,280	
Water system improvement		49,054	
Non-capital equipment		11,633	
Capital outlay		5,498	
Total treatment and distribution	1,221,498	1,059,063	162,435

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, 2016

	2016		
	Budget	Actual	Variance Positive (Negative)
EXPENDITURES (CONTINUED)			
Debt service:			
Principal retirement		140,000	
Interest (and bond costs)		122,076	
Total debt service	270,470	262,076	8,394
Contingency	32,475	-	32,475
Total expenditures	1,760,396	1,534,102	226,294
OTHER FINANCING SOURCES (USES)			
Appropriated fund balance	497,796	-	(497,796)
Payment to refunded bond escrow agent	(2,440,000)	(2,440,000)	-
Proceeds from refunding bond issuance	2,480,000	2,480,000	-
Transfer to water line replacement capital fund	(206,314)	(206,314)	-
Transfer to water plant improvement capital fund	(291,482)	(291,482)	-
Total other financing sources (uses)	40,000	(457,796)	(497,796)
Revenues and other sources over expenditures and other uses	\$ -	(234,655)	\$ (234,655)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Payment to refunded bond escrow agent		2,440,000	
Debt proceeds		(2,480,000)	
Payment of debt principal		140,000	
Write-off of remaining bond discount		(21,722)	
Capital outlay		5,498	
Decrease in accrued interest		4,132	
Decrease in net pension asset		(72,660)	
Decrease in deferred outflows of resources - pensions		(1,308)	
Increase in net pension liability		(50,301)	
Decrease in deferred inflows of resources - pensions		143,282	
Transfers from Capital Projects Funds, net		497,796	
Increase in accrued OPEB liability		(16,694)	
Depreciation		(339,312)	
Change in net position		\$ 14,056	

TOWN OF WEAVERVILLE, NORTH CAROLINA

WATER AND SEWER CAPITAL PROJECTS FUND - WATER LINE REPLACEMENT
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP)
 From inception and for the year ended June 30, 2016

	<u>Actual through June 30, 2016</u>				Variance Positive (Negative)
	Project Authorization	Reported in prior years	Current Year	Total to Date	
Revenues:	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Design and permitting	8,600	8,600	-	8,600	-
Informal bidding and award	3,500	3,500	-	3,500	-
Construction administration	9,800	980	8,820	9,800	-
Construction cost	187,714	-	197,494	197,494	(9,780)
Contingency	16,000	-	-	-	16,000
Total expenditures	<u>225,614</u>	<u>13,080</u>	<u>206,314</u>	<u>219,394</u>	<u>6,220</u>
Revenues under expenditures	<u>(225,614)</u>	<u>(13,080)</u>	<u>(206,314)</u>	<u>(219,394)</u>	<u>6,220</u>
Other financing sources:					
Transfer from water and sewer fund	<u>225,614</u>	<u>13,080</u>	<u>206,314</u>	<u>219,394</u>	<u>(6,220)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>		
Fund balance, end of year			<u><u>\$ -</u></u>		

TOWN OF WEAVERVILLE, NORTH CAROLINA

WATER AND SEWER CAPITAL PROJECTS FUND - WATER PLANT IMPROVEMENT
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP)
 From inception and for the year ended June 30, 2016

	Actual through June 30, 2016				Variance Positive (Negative)
	Project Authorization	Reported in prior years	Current Year	Total to Date	
Revenues:	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Design and permitting	19,500	19,500	-	19,500	-
Informal bidding and award	3,500	3,500	-	3,500	-
Construction administration	8,500	-	8,500	8,500	-
Construction cost	278,335	-	282,982	282,982	(4,647)
Constingency	16,000	-	-	-	16,000
Total expenditures	325,835	23,000	291,482	314,482	11,353
Revenues under expenditures	(325,835)	(23,000)	(291,482)	(314,482)	11,353
Other financing sources:					
Transfer from water and sewer fund	325,835	23,000	291,482	314,482	(11,353)
Revenues and other financing sources over (under) expenditures	\$ -	\$ -	-	\$ -	\$ -
Fund balance, beginning of year			-		
Fund balance, end of year			\$ -		

SUPPLEMENTAL FINANCIAL DATA

TOWN OF WEAVERVILLE, NORTH CAROLINA

GENERAL FUND
 SCHEDULE OF AD VALOREM TAXES RECEIVABLE
 June 30, 2016

Fiscal Year	Uncollected Balance 6/30/2015	Additions	Collections And Credits	Uncollected Balance 6/30/2016
2015-2016	\$ -	\$ 2,805,674	\$ 2,801,001	\$ 4,673
2014-2015	41,639	-	36,576	5,063
2013-2014	1,170	-	96	1,074
2012-2013	1,636	-	396	1,240
2011-2012	2,196	-	455	1,741
2010-2011	1,166	-	18	1,148
2009-2010	809	-	-	809
2008-2009	383	-	-	383
2007-2008	482	-	-	482
2006-2007	474	-	-	474
2005-2006	175	-	175	-
	\$ 50,130	\$ 2,805,674	\$ 2,838,717	17,087
Less allowance for uncollectible ad valorem taxes receivable				(3,298)
Ad valorem taxes receivable, net				\$ 13,789
Reconciliation with Revenues:				
Taxes - Ad valorem - General Fund				\$ 2,852,225
Reconciling items:				
Amount written off for fiscal year 2005-2006				175
Interest collected				(11,224)
Other adjustments				(2,459)
Total collections and credits				\$ 2,838,717

TOWN OF WEAVERVILLE, NORTH CAROLINA

GENERAL FUND
ANALYSIS OF CURRENT TAX LEVY
For the year ended June 30, 2016

	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Original levy	\$ 666,226,429	0.00420	\$ 2,798,151	\$ 2,651,973	\$ 146,178
Penalties			-	-	-
Total			<u>2,798,151</u>	<u>2,651,973</u>	<u>146,178</u>
Discoveries:					
Current year taxes and penalties	11,155,476		46,853	46,853	-
Abatements	<u>(9,364,286)</u>		<u>(39,330)</u>	<u>(39,330)</u>	-
Total property valuation	<u>\$ 668,017,619</u>				
Net levy			2,805,674	2,659,496	146,178
Uncollected taxes at June 30, 2016			<u>4,673</u>	<u>4,673</u>	-
Current year's taxes collected			<u>\$ 2,801,001</u>	<u>\$ 2,654,823</u>	<u>\$ 146,178</u>
Current levy collection percentage			<u>99.83%</u>	<u>99.82%</u>	<u>100.00%</u>

STATISTICAL SECTION

TOWN OF WEAVERVILLE, NORTH CAROLINA
Net Position by Component
Last Ten Fiscal Years
(accural basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 3,224,278	\$ 4,627,661	\$ 4,939,506	\$ 6,347,885	\$ 6,742,401	\$ 6,842,752	\$ 7,347,031	\$ 7,993,996	\$ 8,050,186	\$ 7,923,020
Restricted	1,628,070	679,431	751,036	584,509	1,010,927	940,151	916,438	619,271	736,093	889,635
Unrestricted	3,703,667	4,438,275	4,990,309	4,186,043	3,377,333	3,633,538	3,478,950	3,331,318	3,145,332	3,541,535
Total governmental activities	\$ 8,556,015	\$ 9,745,367	\$ 10,680,851	\$ 11,118,437	\$ 11,130,661	\$ 11,416,441	\$ 11,742,419	\$ 11,944,585	\$ 11,931,611	\$ 12,354,190
Business-type activities										
Net investment in capital assets	\$ 6,632,727	\$ 6,696,012	\$ 6,912,065	\$ 6,752,882	\$ 6,541,109	\$ 6,389,448	\$ 6,228,057	\$ 6,138,248	\$ 5,984,535	\$ 6,226,795
Unrestricted	2,759,188	2,627,010	2,133,136	2,145,974	2,247,995	2,326,924	2,416,168	2,564,076	2,567,214	2,339,010
Total business-type activities	\$ 9,391,915	\$ 9,323,022	\$ 9,045,201	\$ 8,898,856	\$ 8,789,104	\$ 8,716,372	\$ 8,644,225	\$ 8,702,324	\$ 8,551,749	\$ 8,565,805
Primary government										
Net investment in capital assets	\$ 9,857,005	\$ 11,323,673	\$ 11,851,571	\$ 13,100,767	\$ 13,283,510	\$ 13,232,200	\$ 13,575,088	\$ 14,132,244	\$ 14,034,721	\$ 14,149,815
Restricted	1,628,070	679,431	751,036	584,509	1,010,927	940,151	916,438	619,271	736,093	889,635
Unrestricted	6,462,855	7,065,285	7,123,445	6,332,017	5,625,328	5,960,462	5,895,118	5,895,994	5,712,546	5,880,545
Total primary government	\$ 17,947,930	\$ 19,068,389	\$ 19,726,052	\$ 20,017,293	\$ 19,919,765	\$ 20,132,813	\$ 20,386,644	\$ 20,646,909	\$ 20,483,360	\$ 20,919,995

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 Ten Fiscal Years
 (accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
General government	\$ 599,262	\$ 642,607	\$ 736,741	\$ 723,016	\$ 762,486	\$ 745,832	\$ 871,378	\$ 1,060,919	\$ 972,373	\$ 853,053
Public safety	2,164,280	2,303,242	2,684,782	3,060,692	3,237,380	3,192,377	3,164,552	3,181,904	3,187,340	3,444,875
Transportation	293,145	500,872	366,130	366,789	410,923	431,241	443,150	459,368	411,294	377,930
Environmental protection	450,786	335,703	365,498	399,436	519,617	525,647	490,032	560,224	545,538	605,969
Cultural and recreation	86,646	117,045	136,389	146,737	153,234	151,913	165,007	210,541	181,046	223,273
Interest on long term debt	187,703	166,510	194,368	180,010	159,685	135,861	121,910	61,303	53,241	49,720
Total governmental activities expenses	<u>3,781,822</u>	<u>4,065,979</u>	<u>4,485,908</u>	<u>4,876,660</u>	<u>5,243,325</u>	<u>5,182,871</u>	<u>5,256,029</u>	<u>5,534,259</u>	<u>5,350,832</u>	<u>5,554,820</u>
Business-type activities:										
Water and Sewer	1,596,762	1,666,533	1,801,610	1,685,708	1,759,921	1,698,261	1,756,183	1,772,760	1,756,734	1,743,187
Total business-type activities	<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>	<u>1,772,760</u>	<u>1,756,734</u>	<u>1,743,187</u>
Total primary government expenses	<u>\$ 5,378,584</u>	<u>\$ 5,732,512</u>	<u>\$ 6,287,518</u>	<u>\$ 6,562,368</u>	<u>\$ 7,003,246</u>	<u>\$ 6,881,132</u>	<u>\$ 7,012,212</u>	<u>\$ 7,307,019</u>	<u>\$ 7,107,566</u>	<u>\$ 7,298,007</u>
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 13,705	\$ 13,705	\$ 13,705	\$ 13,705	\$ 13,705	\$ 15,377	\$ 15,270	\$ 15,270	\$ 15,269	\$ 15,270
Public safety	54,443	47,573	67,236	27,568	24,205	31,788	46,268	30,384	18,438	26,465
Operating grants and contributions	136,293	147,574	135,889	168,531	167,142	24,561	81,131	93,407	42,828	22,548
Capital grants and contributions	-	43,370	129,816	-	-	120,661	105,081	106,054	106,971	106,776
Total governmental activities program revenues	<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>	<u>245,115</u>	<u>183,506</u>	<u>171,059</u>
Business-type activities:										
Charge for services										
Water	1,619,147	1,527,942	1,451,782	1,492,997	1,629,857	1,604,755	1,652,376	1,824,127	1,708,014	1,751,374
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities:	<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>	<u>1,824,127</u>	<u>1,708,014</u>	<u>1,751,374</u>
Total primary government program revenues	<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>	<u>\$ 2,069,242</u>	<u>\$ 1,891,520</u>	<u>\$ 1,922,433</u>

(Continued on next page)

TOWN OF WEAVERVILLE, NORTH CAROLINA
Changes in Net Position
Last Ten Fiscal Years
(accural basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense) Revenue										
Governmental activities	\$ (3,577,381)	\$ (3,813,757)	\$ (4,139,262)	\$ (4,666,876)	\$ (5,038,273)	\$ (4,990,484)	\$ (5,008,279)	\$ (5,289,144)	\$ (5,167,326)	\$ (5,383,761)
Business-type activities	22,385	(138,591)	(349,828)	(192,711)	(130,064)	(93,506)	(103,807)	51,367	(48,720)	8,187
Total primary government expense	<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>	<u>\$ (5,237,777)</u>	<u>\$ (5,216,046)</u>	<u>\$ (5,375,574)</u>
General Revenue and Other Changes in Net Position										
Governmental activities:										
Taxes	\$ 3,250,447	\$ 3,267,797	\$ 3,367,389	\$ 3,286,044	\$ 3,505,269	\$ 3,711,461	\$ 3,815,593	\$ 3,769,024	\$ 3,889,022	\$ 3,953,934
Grants and unrestricted contributions	1,431,568	1,462,731	1,506,704	1,399,863	1,485,907	1,490,077	1,470,911	1,611,206	1,669,515	1,751,222
Loss on sale of property	-	-	-	-	-	-	(7,578)	-	(58,767)	51,967
Investment earnings	386,222	261,064	161,795	52,001	27,664	28,139	24,452	5,953	4,800	16,114
Miscellaneous	31,436	11,517	38,858	366,554	31,658	46,587	30,879	105,127	13,114	33,103
Total government activities	<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>	<u>5,491,310</u>	<u>5,517,684</u>	<u>5,806,340</u>
Business-type activities:										
Gain on sale of property	-	-	-	-	-	-	14,412	-	2,474	3,154
Investment earnings	66,543	69,698	72,007	46,367	20,312	20,774	17,248	6,732	3,994	2,715
Total business-type activities	<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>	<u>6,732</u>	<u>6,468</u>	<u>5,869</u>
Total primary government	<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>	<u>\$ 5,498,042</u>	<u>\$ 5,524,152</u>	<u>\$ 5,812,209</u>
Change in Net Position										
Governmental activities	\$ 1,522,292	\$ 1,189,352	\$ 935,484	\$ 437,586	\$ 12,225	\$ 285,780	\$ 325,978	\$ 202,166	\$ 350,358	\$ 422,579
Business activities	88,928	(68,893)	(277,821)	(146,344)	(109,752)	(72,732)	(72,147)	58,099	(42,252)	14,056
Total primary government	<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>	<u>\$ 260,265</u>	<u>\$ 308,106</u>	<u>\$ 436,635</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)

	2007	2008	2009	2010	2011*	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 624,910	\$ 759,513	\$ 869,972	\$ 919,236	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	3,621,609	4,314,587	4,920,744	4,215,711	-	-	-	-	-	-
Total General Fund	\$ 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	1,234,451	237,691	249,272	-	-	-	-	-	-	-
Total all other government funds	\$ 1,280,419	\$ 259,507	\$ 249,337	\$ -						
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 940,151	\$ 916,438	\$ 619,271	\$ 736,093	\$ 889,635
Restricted	-	-	-	-	1,010,927	213,340	289,710	240,359	72,773	275,000
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	371,470	4,015,946	3,890,602	3,903,142	4,256,578	4,508,900
Unassigned	-	-	-	-	3,507,088	5,169,437	5,096,750	4,762,772	5,065,444	5,673,535
Total General Fund	\$ -	\$ -	\$ -	\$ -	\$ 4,889,485	\$ 5,169,437	\$ 5,096,750	\$ 4,762,772	\$ 5,065,444	\$ 5,673,535

* 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 Balances of Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Ad valorem taxes	\$2,384,773	\$2,319,419	\$2,403,512	\$2,485,116	\$2,603,095	\$2,733,026	\$2,731,714	\$2,673,180	\$2,744,627	\$2,852,225
Other taxes and licenses	868,890	946,809	962,049	787,446	910,695	979,761	1,086,231	1,097,423	1,108,108	1,135,729
Unrestricted intergovernmental revenues	1,431,568	1,462,731	1,506,704	1,399,863	1,485,907	1,490,077	1,470,911	1,611,206	1,669,515	1,751,222
Restricted intergovernmental revenues	94,506	153,862	234,123	150,201	144,494	106,580	166,057	173,275	126,566	109,224
Permits and fees	54,443	47,573	67,236	27,568	24,205	31,788	46,268	30,384	18,438	26,465
Sales and services	14,893	-	-	-	-	-	-	-	-	-
Investment earnings	418,824	280,013	170,571	52,001	27,664	28,139	24,452	5,953	4,800	16,114
Other revenues	39,984	43,355	75,369	398,589	68,011	81,806	66,304	146,583	49,594	59,777
Total Revenue	5,307,881	5,253,762	5,419,564	5,300,784	5,264,071	5,451,177	5,591,937	5,738,004	5,721,648	5,950,756
Expenditures										
Current										
General government	567,427	687,513	777,854	689,602	725,898	696,877	800,715	984,899	947,769	793,243
Public safety	2,027,437	2,203,336	3,529,242	2,557,761	2,660,279	2,680,297	2,692,509	2,706,134	2,810,037	3,007,254
Transportation	254,009	538,368	558,820	303,150	345,948	354,636	367,624	370,517	321,581	287,505
Environmental protection	420,553	296,124	352,906	348,171	451,412	465,371	423,712	491,741	475,327	524,619
Cultural and recreational	81,766	110,838	128,291	136,237	143,256	145,181	159,244	204,653	175,670	205,993
Capital outlay	3,298,563	1,041,124	11,670	1,452,112	502,278	185,867	345,146	964,804	1,049,345	117,020
Debt Service										
Principal retirement	397,448	397,448	533,448	533,448	515,590	497,733	747,733	283,614	591,461	417,182
Interest and fees	187,644	172,342	180,887	185,408	164,872	145,263	127,941	65,620	47,596	50,512
Total expenditures	7,234,847	5,447,093	6,073,118	6,205,889	5,509,533	5,171,225	5,664,624	6,071,982	6,418,786	5,403,328
Excess of revenues over (under) expenditures	(1,926,966)	(193,331)	(653,554)	(905,105)	(245,462)	279,952	(72,687)	(333,978)	(697,138)	547,428
Other Financing Sources										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	201,564	51,967
Insurance recovery	-	-	-	-	-	-	-	-	2,022	8,696
Proceeds from debt	-	-	1,360,000	-	-	-	-	-	692,000	-
Total other financing sources	-	-	1,360,000	-	-	-	-	-	895,586	60,663
Net change in fund balances	\$ (1,926,966)	\$ (193,331)	\$ 706,446	\$ (905,105)	\$ (245,462)	\$ 279,952	\$ (72,687)	\$ (333,978)	\$ 198,448	\$ 608,091
Debt service as a percentage of non capital expenditures	14.86%	12.93%	11.78%	15.12%	13.59%	12.90%	16.46%	6.84%	11.90%	8.85%

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>
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
2014	2,673,180	30,384	1,784,481	1,097,423	-	5,953	146,583	5,738,004
2015	2,744,627	18,438	1,796,081	1,108,108	-	4,800	49,594	5,721,648
2016	2,852,225	26,465	1,860,446	1,135,729	-	16,114	59,777	5,950,756

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

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

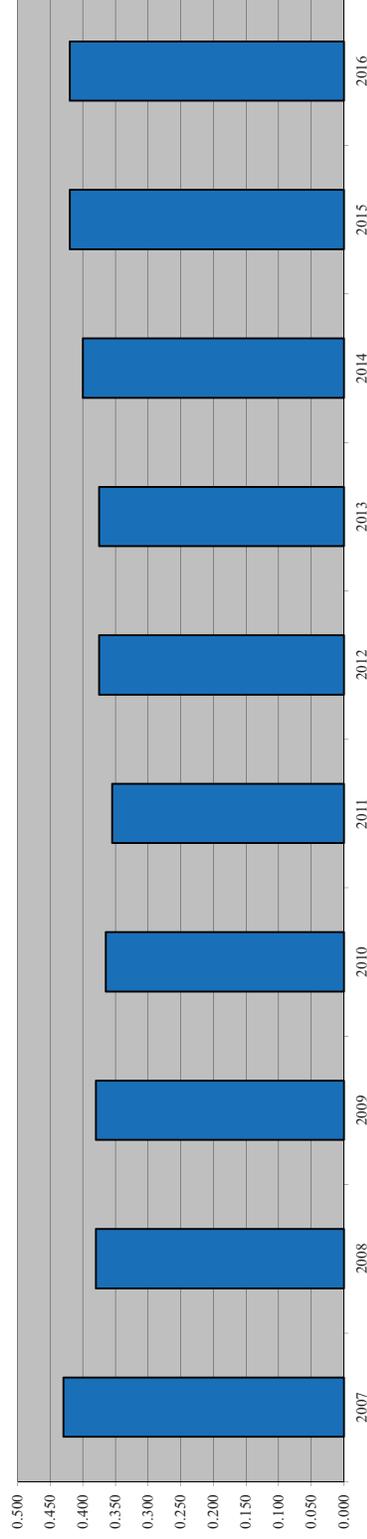
<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Public Service</u>	<u>Total</u>	<u>Tax Rate</u>	<u>Levy</u>
2007	\$ 390,336	\$ 130,465	\$ 8,268	\$ 529,069	0.43	\$ 2,275
2008	430,779	146,763	4,063	581,605	0.43	2,210
2009	460,439	165,411	4,145	629,995	0.38	2,299
2010	508,170	154,379	4,495	667,044	0.37	2,368
2011	558,749	140,051	4,991	703,791	0.36	2,498
2012	571,098	121,819	5,036	697,953	0.36	2,617
2013	577,789	116,986	4,874	699,649	0.38	2,624
2014	533,001	96,066	4,875	633,942	0.40	2,536
2015	538,431	91,105	4,743	634,279	0.42	2,680
2016	570,750	91,775	5,461	667,986	0.42	2,806

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
County of Buncombe	0.590	0.530	0.525	0.525	0.525	0.525	0.525	0.569	0.604	0.604
City of Asheville	0.530	0.424	0.420	0.420	0.420	0.420	0.420	0.460	0.475	0.475
Town of Biltmore Forest	0.360	0.295	0.295	0.300	0.320	0.330	0.330	0.385	0.385	0.385
Town of Weaverville	0.430	0.380	0.380	0.365	0.355	0.375	0.375	0.400	0.420	0.420
Town of Black Mountain	0.385	0.320	0.320	0.320	0.365	0.365	0.365	0.375	0.375	0.375
Town of Woodfin	0.285	0.265	0.265	0.265	0.265	0.265	0.265	0.305	0.305	0.305
Town of Montreat	0.370	0.370	0.370	0.370	0.370	0.370	0.370	0.410	0.410	0.410
Asheville School District	0.200	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150
Fire Districts (average beginning in 2015)	0.075-0.150	0.075-0.125	0.075-0.125	0.075-0.150	0.075-0.150	0.075-0.150	0.075-0.150	0.090-0.150	0.118	0.118
Maximum Combined Rate	1.320	1.104	1.095	1.095	1.095	1.095	1.095	1.214	1.229	1.229



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

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

TOWN OF WEAVERVILLE, NORTH CAROLINA

Principal Property Taxpayers Current Year and Nine Years Ago

Taxpayer	2015-2016			2006-2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Arvato / Sonopress	\$ 28,533,372	1	4.52%	\$ 112,953,270	1	21.92%
Baldor	16,341,809	2	2.59%	10,901,900	3	2.12%
Thermo Fisher	15,380,577	3	2.44%	13,567,278	2	2.63%
Walmart	14,781,906	4	2.34%			
Lowes	11,581,680	5	1.83%			
Ingles	10,377,988	6	1.64%	6,899,670	5	1.34%
Weaverville Plaza	8,550,500	7	1.35%			
Balcrank	5,109,975	8	0.81%	3,860,550	10	0.75%
Monticello Commons/Development	2,959,000	9	0.47%	5,305,100	9	1.03%
Warrior Golf	2,062,795	10	0.33%			
HMVHV			0.00%	6,635,700	7	
Shorewood Packaging				6,644,560	6	1.29%
Brian Center				6,906,000	4	1.34%
Kenmure Enterprises				5,662,910	8	1.10%
Totals	\$ 115,679,602		18.32%	\$ 179,336,938		33.52%
 Total Overall Valuation	 \$ 631,311,246			 \$ 515,251,043		

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
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%	8,992	2,448,493	99.48%
2011	2,600,070	2,589,260	99.584%	9,946	2,599,206	99.95%
2012	2,722,961	2,713,116	99.638%	2,629	2,715,745	99.64%
2013	2,702,440	2,694,813	99.718%	5,121	2,699,934	99.72%
2014	2,574,476	2,568,590	99.771%	824	2,569,414	99.77%
2015	2,773,162	2,731,523	98.499%	36,967	2,768,490	98.50%
2016	2,805,674	2,801,001	99.833%	-	2,801,001	99.83%

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	General Bonded Debt					Business-type Activities					
	Population (Est.)	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
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
2014	3.76	652,170	2,290	0.0035	609	2,672	-	711	4,962	unavailable	1,320
2015	3.80	660,277	2,391	0.0036	629	2,548	-	671	4,939	unavailable	1,300
2016	3.83	668,018	1,974	0.0030	515	2,470	-	645	4,444	unavailable	1,160

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

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

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

Year Ended June 30:	Principal	Interest	Total Debt Service Expenditures	Total General Government Expenditures (1)	Percentage of Debt Service to Total General Government Expenditures
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%
2014	284	66	350	6,072	5.764%
2015	591	48	639	6,419	9.955%
2016	417	50	467	5,403	8.643%

(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, 2016

<u>Direct:</u>		
Town of Weaverville		
Water & Sewer Refunding Bonds	Percent Applicable to the Town (1)	\$ 2,470,000
 <u>Underlying:</u>		
Buncombe County		
General Obligation Bonds	2.14%	<u>582,175</u>
Total direct and underlying bonded debt		<u>\$ 3,052,175</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, 2016.

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed value of property	\$554,315	\$609,874	\$656,088	\$691,584	\$731,399	\$727,379	\$732,139	\$652,170	\$660,277	\$ 668,018
Debt limit, 8% of assessed value	44,345	48,790	52,487	55,327	58,512	58,190	58,571	52,174	52,822	53,441
Total net debt applicable to limit	8,021	7,489	8,177	7,499	6,879	6,262	5,394	4,985	4,961	4,939
Legal debt margin available	36,324	41,301	44,310	47,828	51,633	51,928	53,177	47,189	45,800	48,502
Total net debt applicable to the limit as a percentage of limit	18.09%	15.35%	15.58%	13.55%	11.76%	10.76%	9.21%	9.55%	9.39%	9.24%

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

TOWN OF WEAVERVILLE, NORTH CAROLINA

Demographic and Economic Statistics

Last Ten Fiscal Years as of June 30

June 30	Population (1)	Personal Income (thousands) (2)	Per Capita Personal Income (3)	Median Age (3)	Public School Enrollment (4)	Unemployment Rate (5)
2016	3,833	unavailable	\$ 29,374	46.0	3,792	4.1
2015	3,800	unavailable	unavailable	unavailable	3,802	4.7
2014	3,763	unavailable	26,424	41.0	3,615	4.8
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

Sources:

- (1) North Carolina Office of State Planning (Annexations occurred on 6/30/06 & 7/1/10)
- (2) Personal income information is a total for the year
- (3) North Carolina Office of State Planning (Buncombe County)
- (4) Buncombe County Schools-North Buncombe District (Average Daily Membership)
- (5) North Carolina Employment Security Commission (Buncombe County)

TOWN OF WEAVERVILLE, NORTH CAROLINA

Principal Employers

Current Year and Nine Years Ago

	2016			2007		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Employer:						
Thermo Fisher	574	1	14.98%	611	2	21.82%
Ingles	275	2	7.17%	208	3	7.43%
Walmart	240	3	6.26%	-		
Arvato / Sonopress	223	4	5.82%	625	1	22.32%
Reliance	-		0.00%	130	4	4.64%
Baldor	153	5	3.99%	-		
Brian Center	150	6	3.91%	123	6	4.39%
Lowes	145	7	3.78%	-		
Shorewood	-		0.00%	127	5	4.54%
Buncombe County Schools	118	8	3.08%	116	7	4.14%
Conrad Industries	102	9	2.66%	74	8	2.64%
Town of Weaverville	62	10	1.62%	56	9	2.00%
Balcrank	45	11	1.17%	53	10	1.89%
Total	2,087		54.45%	2,123		75.82%

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Administration</u>	5	5	5	5	5	5	5	5	6	6
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	2	2
Zoning/Clerk	1	1	1	1	1	1	1	1	1	1
<u>Police</u>	14	14	14	14	15	15	15	15	15	15
Chief	1	1	1	1	1	1	1	1	1	1
Lieutenant	1	1	1	1	1	1	1	1	1	0
Detective	1	1	1	1	1	1	1	1	1	2
Sergeant	2	2	2	2	2	2	2	2	2	2
Corporal	2	2	2	2	2	2	2	2	2	2
Officer	6	6	6	6	7	7	7	7	7	7
Reception	1	1	1	1	1	1	1	1	1	1
<u>Fire</u>	17	17	18	18	18	18	18	18	18	18
Chief	1	1	1	1	1	1	1	1	1	1
Dept. Chief	0	0	1	1	1	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
<u>Public Works</u>	20	20	20	20	22	22	22	22	22	23
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	4	4	4	4	4	5
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	3	3	3	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
Total Employees	56	56	57	57	60	60	60	60	61	62

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

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Administration										
Zoning Permits	144	145	106	96	79	60	89	87	47	31
Tax Collection Rate	99.558%	99.980%	99.770%	99.000%	99%	99%	99%	99%	99%	99%
Tax Rate	0.43	0.43	0.37	0.36	0.355	0.375	0.375	0.4	0.42	0.42
Police										
*Dollar Value Stolen	\$ 138,454	\$ 76,915	\$ 48,443	\$ 45,313	\$ 138,054	\$ 125,829	\$ 57,340	\$ 203,724	\$ 180,388	\$ 287,855
*Dollar Value Recovered	\$ 69,197	\$ 50,483	\$ 6,020	\$ 25,505	\$ 68,908	\$ 35,210	\$ 41,833	\$ 92,045	\$ 88,272	\$ 87,725
Criminal Activities	96	98	72	97	136	213	297	211	288	379
Total Activities	23,311	22,556	23,347	26,468	33,516	46,701	52,027	67,293	69,289	68,775
Patrol Miles Driven	110,439	134,579	127,907	124,067	114,598	127,476	124,653	123,039	110,448	114,781
Fire										
Vehicle Fires	12	7	6	6	6	7	12	13	6	10
Vehicle Loss	\$ 22,500	\$ 17,750	\$ 65,000	\$ 119,150	\$ 100,600	\$ 14,750	\$ 14,000	\$ 66,350	\$ 16,800	\$ 23,672
Structure Fires	15	20	14	7	12	13	8	15	11	11
Structure Loss	\$ 90,620	\$ 560,120	\$ 988,415	\$ 294,650	\$ 350,000	\$ 331,780	\$ 160,400	\$ 98,470	\$ 93,350	\$ 271,450
Total Calls	1,588	1,558	1,602	1,727	1,571	1,666	1,503	1,595	1,679	1,670
Public Works										
Solid Waste/Program Cost	\$ 332,363	\$ 330,838	\$ 352,905	\$ 494,921	\$ 576,988	\$ 365,203	\$ 375,544	\$ 299,625	\$ 312,952	\$ 505,910
Cost per Household	\$ 259,05	\$ 201.63	\$ 245.27	\$ 299.95	\$ 349.69	\$ 202.89	\$ 217.45	\$ 167.58	\$ 175.03	\$ 257.46
Cost per Ton Recyclables	\$ 164.03	\$ 158.15	\$ 153.83	\$ 143.88	\$ 121.30	\$ 240.45	\$ 224.35	\$ 162.00	\$ 169.21	\$ 273.53
Recovered Tons	200.57	219.52	263.34	271.58	330.18	357.98	361.06	388.15	407.56	427.94
Street Signs Installed	20	9	13	12	44	88	14	16	10	12
Paving Repairs	-	34	26	13	10	20	12	26	18	28

continued on next page

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Water										
Water Mains										
Six inch	104,550	104,550	106,325	106,325	106,325	106,325	106,325	106,325	106,685	106,745
Eight inch	98,680	100,325	110,462	110,462	110,462	111,592	114,089	114,089	114,229	116,806
Ten inch	25,795	25,795	25,795	25,795	25,795	25,795	25,795	25,795	25,795	25,795
Twelve inch	17,300	17,300	21,855	21,855	21,855	21,855	23,805	23,805	23,805	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

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	15	15	15	15	15	15	15	15	15	15
Fire stations	1	1	1	1	1	1	1	1	1	1
Refuse collection	2	2	2	2	2	2	2	2	2	2
Collection trucks										
Other public works										
Streets (miles)	18.03	18.03	18.03	18.03	18.03	18.03	18.03	18.03	18.18	19.13
Streetlights	301	301	301	301	301	301	301	301	301	301
Traffic signals	7	7	7	7	7	7	12	12	12	12
Water										
Transmission lines (miles)	50.71	51.01	54.14	54.14	54.14	54.14	55.09	55.09	55.18	56.13
Fire hydrants	281	284	389	389	389	389	402	402	404	410
Storage capacity (thousands of gallons)	2,700	3,950	3,950	3,950	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 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, 2016, 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 December 29, 2016. 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
December 29, 2016

TOWN OF WEAVERVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2016

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____yes _X_no

- Significant deficiency(s) identified that are not considered to be material weaknesses? _____yes _X_ none reported

- Noncompliance material to financial statements noted _____yes _X_no

TOWN OF WEAVERVILLE, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2016

No findings reported in prior year.