

CITY OF RANDLEMAN, NORTH CAROLINA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013



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## **INTRODUCTORY SECTION**

The Honorable Anthony V. Lowe, Mayor  
Board of Alderman,  
Residents of Randleman  
Randleman, NC 27317

Dear Randleman Residents:

### **The Reporting Entity**

The Comprehensive Annual Financial Report (CAFR) of Randleman, North Carolina (the "City") for the fiscal year ended June 30, 2013 is submitted herewith. This report was prepared by the City Finance Department staff, which has responsibility for the accuracy of the presented data. The completeness and fairness of the presentation rests with the City. We believe the data, as presented, are accurate in all material respects and the CAFR is presented in a manner designed to fairly set forth the financial position and operational results of the City as measured by the financial activity of its various funds. We have included all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs.

In conformity with the standards of the Governmental Accounting Standards Board, this report includes all funds and account groups of the City as well as its component unit. The City of Randleman (as legally defined) is considered to be a primary government. Component units are legally separate entities for which the primary government is financially accountable or for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The primary government is considered financially accountable if it appoints a voting majority of the organization's governing body; and 1) it is able to impose its will on that organization; or, 2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burden on, the primary government.

Discretely presented component units are reported in a separate column in the general purpose financial statements to emphasize that they are legally separate from the primary government and to distinguish their financial positions, results of operations, and cash flows from those of the City. The ABC Board is included as a discretely presented component unit. The ABC Board's governing members are appointed by the City Council. However, the City has no further accountability for its operations.

### **Description of the City**

The City of Randleman, located in Randolph County, was founded in 1880. The City is noted for its "southern hospitality", ties to NASCAR and is an industrial and business center in northern Randolph County. The City, with an estimated population of 4150 at the end of 2012, offers a "small town" setting near urban centers and universities. The City is a short commute to the Piedmont Triad, the University of North Carolina at Greensboro, North Carolina A&T, and Wake Forest because of its proximity to several major highways and interstates, as well as the future Interstates 73 and 74. The City has experienced a 10% increase in population since 2000 through annexation and growth.

The Council – The City operates under a Manager form of government. The six members of the City's non-partisan Board of Aldermen serve four-year staggered terms with two members elected at large and four members elected by district. The Mayor is one of those two members elected at large; he presides over all Council meetings and votes when a tie occurs.

The City provides a full range of municipal services, including police and fire protection, planning and zoning, water distribution, wastewater collection and treatment, parks and recreation programs, a community center, library services, street maintenance, and solid waste collection. The City provides financial support to certain boards, agencies, and commissions to assist their efforts in serving citizens. The City has evaluated its relationship with each of these entities according to criteria established by GASB Statement 14 and has determined that none of these entities are includable in the reporting entity because the City is not financially accountable for them.

As noted previously, the City owns its water and sanitary sewer systems. The City operates the wastewater treatment plant with a treatment capacity of 1.75 MGD with a current average daily flow of 0.892 MGD. The water treatment plant is no longer in operation. The City is part of the Piedmont Triad Regional Water Authority (PTRWA) and has been purchasing water from the Authority since October 2010. The City also purchases approximately 0.135 MGD from the City of Asheboro.

### **Economic Conditions and Outlook**

The City of Randleman, Randolph County and the Piedmont Triad area continue to experience some growth in spite of the lagging economy, and the area is considered to be among the top desirable areas of the country to live and work. The economy of the City is diversified with manufacturing and a mix of wholesale and retail businesses, as well as numerous service providers. Thirty-five percent of Randleman's tax base is industrial in nature. Local industries are involved in a range of operations from simple assembly to complex manufacturing processes resulting in products such as textiles, machinery, and hydraulic parts.

The City's unemployment rate reflects the unemployment rate at both the State and National level in recent years. The City's unemployment rate as of June 2013 was 9.6 percent while the State and National rates were 9.8 percent and 8.2 percent, respectively. The City's economy is expected to remain relatively strong in the foreseeable future because of the benefits derived from a stable employment base, and the added employment prospects as new businesses continue to locate within the city. The City is served by Highways 220 and 311, as well as Interstates 85, 40, and future Interstates 73 and 74. The construction of Interstates 73 and 74, which will merge south of the city limits will greatly improve access to the City from other areas of the State; therefore creating many economic benefits for the City. We are confident that with proper planning and continued effective leadership, the City will be able to meet the challenges of the future.

### **Major Initiatives**

Under the agreement with the PTRWA, the City's daily allotment of water from the authority is 1.0 MGD which, at present, exceeds our requirements. With the surplus, the City will be able to accommodate the needs of new businesses and manufacturing that may be looking to locate in this area.

The City has also begun several Capital Projects that will improve and upgrade its infrastructure. Projects underway include street and sidewalk rehabilitation, waterline and sewer line upgrades, as well as improvements to the wastewater treatment plant and main lift station.

## **Financial Information**

In government, much more than in business, the budget is an integral part of a unit's accounting system and daily operations. An annual or project budget ordinance, adopted by the governing body, creates a legal limit on spending authorizations. For the City of Randleman, annual budgets are adopted for the General Fund, and for the Enterprise Fund. Appropriations are made at the department level. However, for internal accounting purposes, budgetary control is maintained by object class (line item account).

City management is responsible for the accounting system and for establishing and maintaining an internal control structure. The internal control structure is designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements in conformity with generally accepted accounting principles and maintaining accountability for assets; and (3) compliance with applicable laws and regulations related to federal and state financial assistance programs. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately protect assets and provide reasonable assurance of the proper recording of financial transactions.

**Cash Management** - The investment policy of the City is guided in large part by state statute and as a result, investments have been made in certificates of deposit, secured time deposits and the North Carolina Capital Management Trust. All such investments are fully secured by pledged collateral, delivered securities or United States government guarantee. All securities are delivered to a third party safekeeping account in the name of the City.

## **Risk Management**

In recent years changes in the insurance industry have pushed many local governments almost completely out of the commercial insurance market. Randleman has been fortunate to retain coverage with a local agent for health, life, accident, disability and dental insurance. The City maintains coverage for worker's compensation, liability, property damage and bonding for public officials through the North Carolina League of Municipalities Risk Management Insurance Pool. Each year the City requests bids for insurance services. We do not anticipate any problems in retaining our current coverage, although premiums have risen significantly over the past five years.

## **Independent Audit**

North Carolina statutes require an annual audit by independent certified public accountants. The Board of Aldermen selected the accounting firm of Bernard Robinson & Company, L.L.P. In addition to meeting the requirements set forth in the State statutes, the audit was also designed to meet the requirements of the Single Audit of 1984 and the related OMB Circular A -133. The auditor's unqualified report is included in the Financial Section of the CAFR.

## **Acknowledgements**

The City's annual financial report should be management's report to its governing body, constituents, oversight bodies, resource providers, investors and creditors. A copy is available for viewing in the Randleman Public Library. In addition, a copy has been submitted to bond rating agencies, the Local Government Commission, and other financial institutions which have expressed an interest in the City of Randleman's financial affairs.



We appreciate the assistance and dedication of the Finance Department Staff throughout the year, especially during the preparation of this CAFR. We would like to thank all members of the department who contributed to its preparation, and to the independent certified public accountant firm of Bernard Robinson & Company L.L.P. for their assistance. The cooperation of each City department is appreciated as we work together in conducting the City's financial operations. We also express our appreciation to the Mayor and the members of the Board of Aldermen for their continued support, guidance, and advice in planning and conducting the financial activities of the City in a responsible and progressive manner. The City's strong financial status is a tribute to that involvement.

Respectfully submitted,  
CITY OF RANDLEMAN

Ruth Allen  
Finance Director

**City of Randleman, North Carolina  
List of Principal Officials**

June 30, 2013

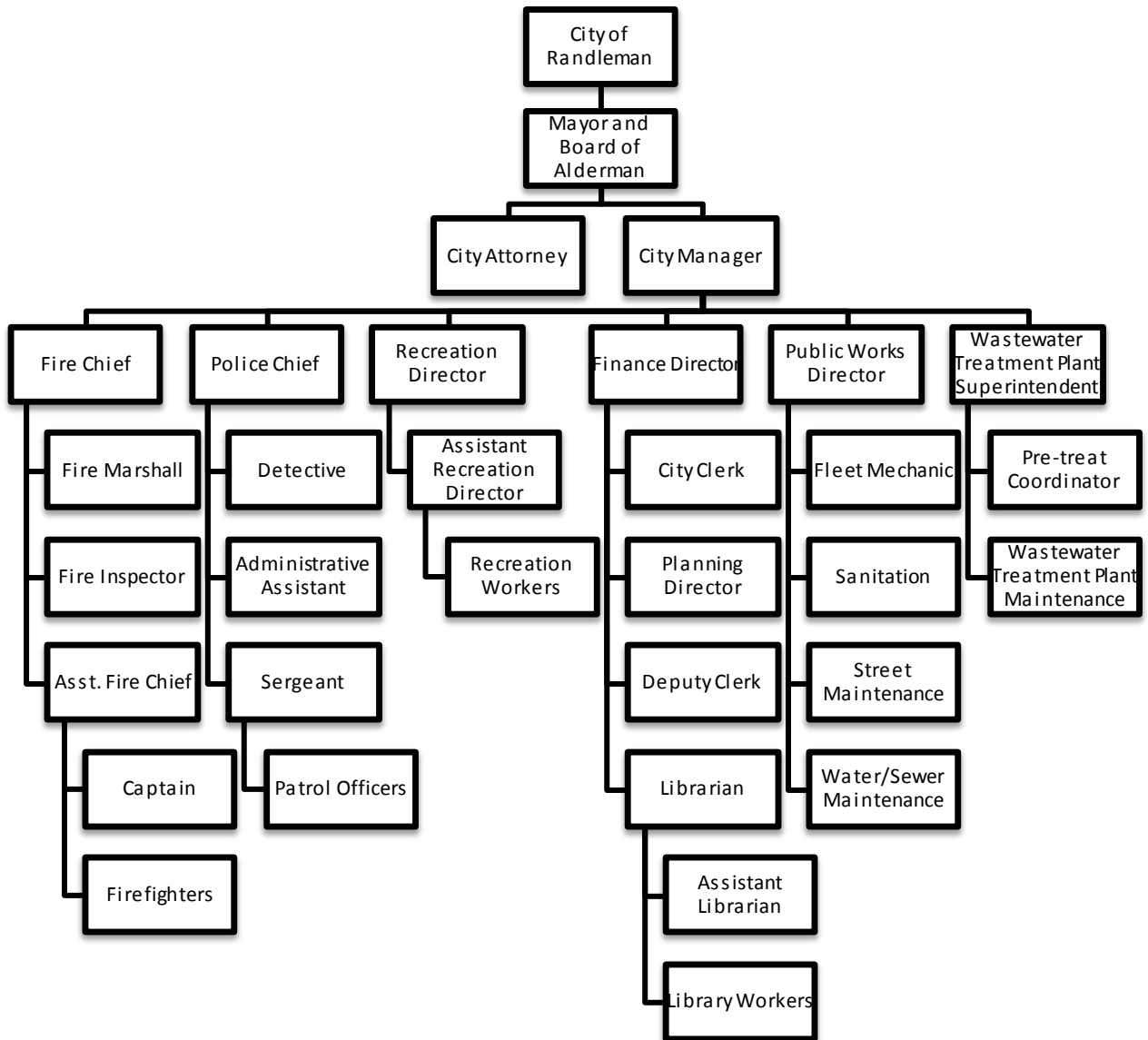
**Board of Alderman**

Anthony V. Lowe, Mayor  
Melissa Blalock, Mayor Pro-Tempore  
Cliff Bowman, Alderman  
R. Keith Wall, Alderman  
Ray Hudson Jr., Alderman  
Michael Dawkins, Alderman

**City Officials**

Ronald Niland, Interim City Manager  
Ruth Allen, Finance Director  
Peggy Hinshaw, City Clerk/Dep. Finance Director  
Bob Wilhoit, City Attorney  
Hiram Marziano, City Engineer  
Steve Leonard, Police Chief  
Marty Leonard, Fire Chief  
Greg Patton, Planning Director  
Don Peeler, Public Works Director  
Jeff Tuttle, Parks & Recreation Director  
Donna Toomes, Librarian  
Frank Brewer, Wastewater Plant Superintendent

# City of Randleman Organizational Chart



## **Independent Auditor's Report**

To the Honorable Mayor and  
Board of Alderman  
City of Randleman, 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, each major fund, and the aggregate remaining fund information of the City of Randleman, North Carolina (the "City") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Randleman ABC Board. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Randleman ABC Board, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the City of Randleman ABC Board were not audited in accordance with *Government Auditing Standards*.

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

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

## ***Opinions***

In our opinion, based on our audit and the 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, each major fund, and the aggregate remaining fund information of the City of Randleman, North Carolina as of June 30, 2013, and the respective changes in financial position, where applicable, cash flows thereof and the 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 4 through 12, the Law Enforcement Officers' Special Separation Allowance – Schedules of Funding Progress, and Employer Contributions, and the Other Postemployment Benefits - Schedules of Funding Progress, and Employer Contributions, on pages 48 through 49, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United State of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Randleman, North Carolina's basic financial statements. The introductory section, combining and individual fund statements, budgetary schedules, other schedules, statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

The introductory information and statistical section have not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2013, on our consideration of the City of Randleman, North Carolina'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 that 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 the City of Randleman, North Carolina's internal control over financial reporting and compliance.

*Bernard Robinson & Company, L.L.P.*

Greensboro, North Carolina  
November 27, 2013

**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**June 30, 2013**

As management of the City of Randleman (the “City”), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Randleman for the fiscal year ended June 30, 2013. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

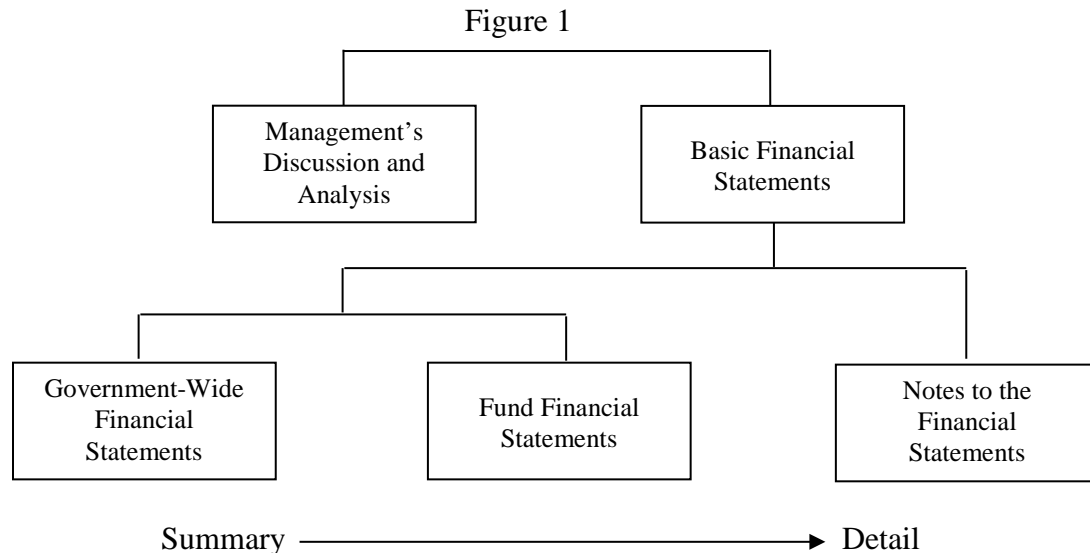
**Financial Highlights**

- The assets of the City of Randleman exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$15,033,553 (net position).
- The government's total net position increased by \$362,664 primarily due to property tax collections in the General Fund and utility charges in the Water and Sewer Fund.
- As of the close of the current fiscal year, the City of Randleman's governmental funds reported combined ending fund balances of \$4,365,041 a decrease of \$761,889 in comparison with the prior year. Approximately 29.8% of this total amount, or \$1,299,835, is non spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,997,538, or 47.1%, of total General Fund expenditures for the fiscal year.
- City of Randleman maintained its BBB+ bond rating from Standard & Poor’s Corporation.

**Overview of the Financial Statements**

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

**Required Components of Annual Financial Report**



## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

### **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 City's financial status.

The next statements (Exhibits 3 through 10) are Fund Financial Statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

### **Government-Wide Financial Statements**

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

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

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

The government-wide financial statements are on Exhibits 1 and 2 of this report.

### **Fund Financial Statements**

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



## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

*Governmental Funds* - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between 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 City of Randleman adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

*Proprietary Fund* - The City of Randleman has one kind of proprietary fund or enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Randleman uses an 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 immediately follow Exhibit 10 of the audit report.

*Other Information* - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Randleman's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information is included within this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2013**

**Government-Wide Financial Analysis**  
**City of Randleman's Net Position**  
**Figure 2**

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
<b>Assets:</b>						
Current and other assets	\$ 4,617,503	\$ 5,293,246	\$ 2,113,030	\$ 2,677,297	\$ 6,730,533	\$ 7,970,543
Capital assets	6,622,142	5,123,880	6,509,787	6,084,566	13,131,929	11,208,446
Total assets	<u>11,239,645</u>	<u>10,417,126</u>	<u>8,622,817</u>	<u>8,761,863</u>	<u>19,862,462</u>	<u>19,178,989</u>
<b>Liabilities:</b>						
Long-term liabilities	1,644,497	1,372,140	2,841,695	2,486,087	4,486,192	3,858,227
Other liabilities	159,952	483,853	179,294	161,402	339,246	645,255
Total liabilities	<u>1,804,449</u>	<u>1,855,993</u>	<u>3,020,989</u>	<u>2,647,489</u>	<u>4,825,438</u>	<u>4,503,482</u>
<b>Deferred Inflow of Resources:</b>						
Prepaid taxes	3,471	4,618	-	-	3,471	4,618
<b>Net Position:</b>						
Net investment in capital assets	5,523,288	3,790,831	3,709,453	3,628,478	9,232,741	7,419,309
Restricted	1,299,835	1,465,600	-	-	1,299,835	1,465,600
Unrestricted	2,608,602	3,300,084	1,892,375	2,485,896	4,500,977	5,785,980
Total net position	<u>\$ 9,431,725</u>	<u>\$ 8,556,515</u>	<u>\$ 5,601,828</u>	<u>\$ 6,114,374</u>	<u>\$ 15,033,553</u>	<u>\$ 14,670,889</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the City of Randleman exceeded liabilities and deferred inflows of resources by \$15,033,553 as of June 30, 2013. One of the largest portions, \$9,232,741 or 61.4%, reflects the City's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The City of Randleman uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Randleman's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City of Randleman's net position, \$1,299,835, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,500,977 is unrestricted.

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

- A collection rate of 98.13% for property taxes including Motor Vehicle taxes
- Continual examination of departmental spending to conserve resources and boost fund balance.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2013**

**City of Randleman's Changes in Net Position**  
**Figure 3**

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 360,457	\$ 380,538	\$ 2,150,392	\$ 2,400,778	\$ 2,510,849	\$ 2,781,316
Operating grants and contributions	195,363	373,389	-	-	195,363	373,389
General revenues:						
Property taxes	2,268,393	2,249,540	-	-	2,268,393	2,249,540
Other taxes	5,069	1,138,265	-	-	5,069	1,138,265
Grants and contributions not restricted to specific programs	1,411,778	-	-	-	1,411,778	-
Unrestricted investment earnings	11,802	-	-	-	11,802	-
Other	37,953	91,710	2,946	7,060	40,899	98,770
<b>Total revenues</b>	<b>4,290,815</b>	<b>4,233,442</b>	<b>2,153,338</b>	<b>2,407,838</b>	<b>6,444,153</b>	<b>6,641,280</b>
<b>Expenses:</b>						
General government	706,465	723,377	-	-	706,465	723,377
Public safety	2,087,062	1,823,766	-	-	2,087,062	1,823,766
Public works	595,196	84,312	-	-	595,196	84,312
Cultural and recreation	616,692	613,506	-	-	616,692	613,506
Economic development	150,190	533,856	-	-	150,190	533,856
Capital outlay	-	60,655	-	-	-	60,655
Water and sewer	-	-	1,925,884	1,988,324	1,925,884	1,988,324
<b>Total expenses</b>	<b>4,155,605</b>	<b>3,839,472</b>	<b>1,925,884</b>	<b>1,988,324</b>	<b>6,081,489</b>	<b>5,827,796</b>
Increase in net position before transfers	135,210	393,970	227,454	419,514	362,664	813,484
Transfers	740,000	47,809	(740,000)	(47,809)	-	-
Increase (decrease) in net position	875,210	441,779	(512,546)	371,705	362,664	813,484
Net position, July 1,	8,556,515	8,114,736	6,114,374	5,742,669	14,670,889	13,857,405
Net position, June 30,	\$ 9,431,725	\$ 8,556,515	\$ 5,601,828	\$ 6,114,374	\$ 15,033,553	\$ 14,670,889

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

*Governmental Activities* - Governmental activities increased the City's net position by \$875,210. Key elements of this increase are as follows:

- Consistent tax revenues
- Transfers from the business-type activities

*Business-Type Activities* - Business-type activities decreased the City of Randleman's net position by \$512,546. Key elements of this outcome are as follows:

- Transfers to the governmental activities

### Financial Analysis of the City's Funds

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

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

The General Fund is the chief operating fund of the City of Randleman. At the end of the current fiscal year, the City of Randleman's fund balance available in the General Fund was \$1,997,538, while the total fund balance increased to \$3,599,494. The Governing Body of the City of Randleman has determined that the City should maintain an available fund balance of 10% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the City. The City currently has an available fund balance of 74.45% of General Fund expenditures, while total fund balance represents 84.84% of the same amount.

At June 30, 2013, the governmental funds of the City of Randleman reported a combined fund balance of \$4,365,041 with a net decrease in fund balance of \$761,889. Included in this change in fund balance is a decrease in fund balance of the General Fund and increases in the Capital Projects and Permanent Funds.

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

Revenues were slightly higher than budgeted due primarily to the receipt of some unexpected unrestricted intergovernmental revenues. Expenditures were under budget primarily because of savings in the recreation department.

*Proprietary Fund* - The City of Randleman'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 \$1,892,375. The total decline in net position for the Water and Sewer Fund amounted to \$512,546. The decline in net position is a result of transfers to governmental funds.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2013**

**Capital Asset and Debt Administration**

*Capital Assets* - The City of Randleman's investment in capital assets for its governmental and business-type activities as of June 30, 2013, totals \$13,131,929 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following:

- Acquisition and construction in progress for a new City Hall of \$684,046
- Acquisition and construction in progress as part of the City Center project of \$566,778
- Construction in progress on a new Public Works building of \$292,584
- Wastewater system repairs in progress of \$543,050

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

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
	Land	\$ 301,762	\$ 191,214	\$ 7,275	\$ 7,275	\$ 309,037
Construction in progress	395,668	-	773,060	93,129	1,168,728	93,129
Land improvements	82,263	63,392	-	-	82,263	63,392
System improvements	-	-	853,034	895,333	853,034	895,333
Water rights	-	-	1,382,625	1,411,887	1,382,625	1,411,887
Buildings and improvements	3,632,704	2,736,148	974,094	1,044,686	4,606,798	3,780,834
Water distribution system	-	-	2,158,924	2,289,728	2,158,924	2,289,728
Infrastructure	675,780	548,660	-	-	675,780	548,660
Machinery and equipment	1,530,731	1,580,775	360,775	342,528	1,891,506	1,923,303
Other	3,234	3,691	-	-	3,234	3,691
Total	\$ 6,622,142	\$ 5,123,880	\$ 6,509,787	\$ 6,084,566	\$ 13,131,929	\$ 11,208,446

Additional information regarding the City's capital assets can be found in Note 2.A. of the basic financial statements.

*Long-Term Debt* - As of June 30, 2013, the City of Randleman had total debt outstanding of \$4,486,192. None of the current debt is backed by the full faith and credit of the City. The remainder of the City's debt is secured by specific assets financed by the debt.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2013**

**General Obligation Bonds, Installment Purchases and Notes**

**Figure 5**

	Business-Type					
	Governmental Activities		Activities		Totals	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Installment purchases	1,098,854	1,333,049	696,257	828,877	1,795,111	2,161,926
Notes payable	-	-	754,758	197,822	754,758	197,822
PTRWA obligation	-	-	1,349,319	1,429,389	1,349,319	1,429,389
<b>Total</b>	<b>\$ 1,098,854</b>	<b>\$ 1,333,049</b>	<b>\$ 2,800,334</b>	<b>\$ 2,456,088</b>	<b>\$ 3,899,188</b>	<b>\$ 3,789,137</b>

**City of Randleman's Outstanding Debt**

The City of Randleman's total debt increased by \$110,051 (2.90%) during the past fiscal year, primarily due to approximately \$600,000 of new debt incurred relating to the City's wastewater system repair project.

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 City of Randleman as of June 30, 2013 was \$30,799,255. The City had no general obligation bonds outstanding at June 30, 2013.

**Economic Factors**

The City of Randleman is situated in one of the best regions for business growth in the United States according to Site Selection Magazine which named the Greensboro-High Point Metropolitan area as one of the nation's top ten regions for business growth and economic development. Randolph County is included in this area.

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

Unemployment - The City of Randleman's unemployment rate remains close to 9% which mirrors the surrounding area as well as the State.

Cost of Living - Compared to the rest of the country, the City of Randleman's cost of living is 10% lower than the U.S. average.

Transportation Upgrade - The North Carolina Department of Transportation has completed significant upgrades to the major intersection of High Point and Academy Streets, as well as installing roundabouts at the intersections of Tigers Den Road and High Point Street and at the Deep River Crossing shopping center entrance and High Point Street which have enhanced the traffic flow for this area which is one of the main arteries into the City.

Transportation Upgrade - The North Carolina Department of Transportation has completed Highway 311 Bypass which became part of Interstate 74, and intersects with US Highway 220 just south of Randleman. US Highway 220 is designated a part of the future Interstate 73 which is projected to run from Sault Ste. Marie, Michigan to Myrtle Beach, South Carolina when completed. This puts the City of Randleman at the crossroads of two major interstates with the potential for significant development, both commercial and residential, at our doorstep.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2013**

Investment – During 2013, none of the major employers in the City have significantly cut back on their labor force, and several commercial developments were in the building stages and are scheduled for completion in the near future.

Piedmont Triad Regional Water Authority - The water plant went online in October 2010. As a member of the water authority, the City is now receiving the majority of its water from the Randleman Regional Reservoir. With an allotment of 1 million gallons per day, the City will be able to provide ample amounts of water to potential industry and business ventures.

**Next Year's Budgets and Rates**

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

- Tourism to the City has continued to increase, and with the completion of Phase I of Commerce Square scheduled for the fall of 2013, the revitalization of the downtown business area is projected to add to the economic growth of the City.
- The City approved a \$3,374,374 General Fund budget for fiscal year 2013-2014. This budget represents a 0.67% increase from the fiscal year 2012-2013 amended budget.

**Requests for Information**

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Office, City of Randleman, 204 S. Main St., Randleman, NC 27317.

## **BASIC FINANCIAL STATEMENTS**



**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Statement of Net Position**  
**June 30, 2013**

Exhibit 1

	Primary Government			City of Randleman ABC Board
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 3,283,624	\$ 1,601,695	\$ 4,885,319	\$ 350,229
Receivables:				
Taxes receivable, net	64,934	-	64,934	-
Accounts receivable	24,569	414,576	439,145	-
Due from other governments	321,165	29,384	350,549	-
Due from component unit	40,935	-	40,935	-
Inventory and prepaid expenses	-	67,375	67,375	120,079
Restricted cash and cash equivalents	882,276	-	882,276	-
Total current assets	<u>4,617,503</u>	<u>2,113,030</u>	<u>6,730,533</u>	<u>470,308</u>
Non-current assets:				
Capital assets:				
Land and construction in progress	697,430	780,335	1,477,765	-
Other capital assets, net of depreciation	5,924,712	5,729,452	11,654,164	434,904
Total non-current assets	<u>6,622,142</u>	<u>6,509,787</u>	<u>13,131,929</u>	<u>434,904</u>
Total assets	<u>\$ 11,239,645</u>	<u>\$ 8,622,817</u>	<u>\$ 19,862,462</u>	<u>\$ 905,212</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 159,952	\$ 102,721	\$ 262,673	\$ 66,620
Customer deposits	-	54,842	54,842	-
Other current payables	-	21,731	21,731	40,935
Current portion of long-term liabilities	259,361	213,111	472,472	-
Total current liabilities	<u>419,313</u>	<u>392,405</u>	<u>811,718</u>	<u>107,555</u>
Long-term liabilities:				
Due in more than one year	1,385,136	2,628,584	4,013,720	30,247
Total liabilities	<u>1,804,449</u>	<u>3,020,989</u>	<u>4,825,438</u>	<u>137,802</u>
<b>Deferred Inflows of Resources</b>				
Prepaid taxes	3,471	-	3,471	-
<b>Net Position</b>				
Net investment in capital assets	5,523,288	3,709,453	9,232,741	434,904
Restricted for:				
Ferguson Endowment	64,079	-	64,079	-
Stabilization by State Statute	353,480	-	353,480	-
Streets	882,276	-	882,276	-
Unrestricted	2,608,602	1,892,375	4,500,977	332,506
Total net position	<u>\$ 9,431,725</u>	<u>\$ 5,601,828</u>	<u>\$ 15,033,553</u>	<u>\$ 767,410</u>

*The notes to the financial statements are an integral part of this statement*

**CITY OF RANDLEMAN, NORTH CAROLINA**

**Statement of Activities**

**For the Year Ended June 30, 2013**

	Program Revenues			Capital Grants
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>Functions/Programs</b>				
Primary government:				
Governmental activities:				
General government	\$ 706,465	\$ -	\$ -	\$ -
Public safety	2,087,062	-	-	-
Public works	595,196	159,901	123,363	-
Cultural and recreational	616,692	200,556	72,000	-
Economic and physical development	150,190	-	-	-
Total governmental activities	<u>4,155,605</u>	<u>360,457</u>	<u>195,363</u>	<u>-</u>
Business-type activities:				
Water and sewer	1,925,884	2,150,392	-	-
Total business-type activities	<u>1,925,884</u>	<u>2,150,392</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 6,081,489</u>	<u>\$ 2,510,849</u>	<u>\$ 195,363</u>	<u>\$ -</u>
<b>Component Unit:</b>				
ABC Board	<u>\$ 1,001,637</u>	<u>\$ 984,695</u>	<u>\$ -</u>	<u>\$ -</u>
Total component unit	<u>\$ 1,001,637</u>	<u>\$ 984,695</u>	<u>\$ -</u>	<u>\$ -</u>

**General Revenues:**

Taxes:

  Property taxes, levied for general purpose

  Other taxes and licenses

Grants and contributions not restricted to a specific purpose

Unrestricted investment earnings

Miscellaneous revenues

  Total general revenues not including transfers

Transfers

  Total general revenues and transfers

Change in net position

Net position, beginning as previously reported

Prior period adjustment

Net position, beginning as restated

Net position, ending

*The notes to the financial statements are an integral part of this statement*

Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			City of Randleman ABC Board
Governmental Activities	Business-type Activities	Total	
\$ (706,465)	\$ -	\$ (706,465)	\$ -
(2,087,062)	-	(2,087,062)	-
(311,932)	-	(311,932)	-
(344,136)	-	(344,136)	-
(150,190)	-	(150,190)	-
<u>(3,599,785)</u>	<u>-</u>	<u>(3,599,785)</u>	<u>-</u>
-	224,508	224,508	-
-	224,508	224,508	-
<u>(3,599,785)</u>	<u>224,508</u>	<u>(3,375,277)</u>	<u>-</u>
\$ -	\$ -	\$ -	\$ (16,942)
\$ -	\$ -	\$ -	\$ (16,942)
2,268,393	-	2,268,393	-
5,069	-	5,069	-
1,411,778	-	1,411,778	-
11,802	-	11,802	817
37,953	2,946	40,899	-
<u>3,734,995</u>	<u>2,946</u>	<u>3,737,941</u>	<u>817</u>
<u>740,000</u>	<u>(740,000)</u>	<u>-</u>	<u>-</u>
4,474,995	(737,054)	3,737,941	817
875,210	(512,546)	362,664	(16,125)
8,556,515	7,830,679	16,387,194	783,535
-	(1,716,305)	(1,716,305)	-
<u>8,556,515</u>	<u>6,114,374</u>	<u>14,670,889</u>	<u>783,535</u>
<u>\$ 9,431,725</u>	<u>\$ 5,601,828</u>	<u>\$ 15,033,553</u>	<u>\$ 767,410</u>

## Balance Sheet

## Governmental Funds

June 30, 2013

	Major Fund		Total Non-Major Fund	Total Governmental Funds
	General Fund	New City Hall Fund		
<b>Assets</b>				
Cash and cash equivalents	\$ 2,471,746	\$ 40,201	\$ 771,677	\$ 3,283,624
Restricted cash	882,276	-	-	882,276
Receivables:				
Taxes receivable, net	64,934	-	-	64,934
Accounts receivable	24,569	-	-	24,569
Other	-	-	-	-
Due from other governments	312,081	1,086	7,998	321,165
Due from component unit	40,935	-	-	40,935
Total assets	<u>\$ 3,796,541</u>	<u>\$ 41,287</u>	<u>\$ 779,675</u>	<u>\$ 4,617,503</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 104,537	\$ 25,333	\$ 30,082	\$ 159,952
<b>Deferred inflows of resources</b>				
Property taxes receivable	89,039	-	-	89,039
Prepaid taxes	3,471	-	-	3,471
Total deferred inflows of resources	<u>92,510</u>	<u>-</u>	<u>-</u>	<u>92,510</u>
<b>Fund Balances:</b>				
Non spendable:				
Library trust fund	-	-	64,079	64,079
Restricted for:				
Stabilization by state statute	353,480	-	-	353,480
Streets	882,276	-	-	882,276
Assigned:				
Capital projects	-	15,954	685,514	701,468
Subsequent year's expenditures	366,200	-	-	366,200
Unassigned	1,997,538	-	-	1,997,538
Total fund balances	<u>3,599,494</u>	<u>15,954</u>	<u>749,593</u>	<u>4,365,041</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,796,541</u>	<u>\$ 41,287</u>	<u>\$ 779,675</u>	

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Statement of Net Position**  
**For the Year Ended June 30, 2013**

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Exhibit 4

Amounts reported for governmental activities in the statement of net position  
(Exhibit 1) are different because:

Total Fund Balance, Governmental Funds		\$ 4,365,041
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Gross capital assets at historical cost	\$ 11,169,848	
Accumulated depreciation	<u>(4,547,706)</u>	6,622,142
Liabilities for earned revenues considered deferred inflows of recourses in fund statements		89,039
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds:		
Gross long-term debt beginning	(1,770,766)	
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year)	<u>126,269</u>	<u>(1,644,497)</u>
Net position of governmental activities		<u><u>\$ 9,431,725</u></u>

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2013**

Exhibit 5

	Major Fund		Total Non-Major Fund	Total Governmental Funds
	General Fund	New City Hall Fund		
<b>Revenues</b>				
Ad valorem taxes	\$ 2,258,376	\$ -	\$ -	\$ 2,258,376
Other taxes and licenses	5,069	-	-	5,069
Intergovernmental revenues:				
Unrestricted	1,411,778	-	-	1,411,778
Restricted	135,363	-	-	135,363
Sales and services	360,457	-	-	360,457
Investment earnings	10,912	-	890	11,802
Miscellaneous revenue	37,953	-	-	37,953
Total revenues	<u>4,219,908</u>	<u>-</u>	<u>890</u>	<u>4,220,798</u>
<b>Expenditures</b>				
Current:				
General government	576,301	-	-	576,301
Public safety	1,769,848	-	-	1,769,848
Public works	494,841	-	-	494,841
Cultural and recreational	564,554	-	-	564,554
Economic and physical development	79,681	-	-	79,681
Capital outlay	477,878	684,046	858,328	2,020,252
Debt service:				
Principal retirement	234,195	-	-	234,195
Interest	43,015	-	-	43,015
Total expenditures	<u>4,240,313</u>	<u>684,046</u>	<u>858,328</u>	<u>5,782,687</u>
Deficiency of revenues over expenditures	<u>(20,405)</u>	<u>(684,046)</u>	<u>(857,438)</u>	<u>(1,561,889)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers to other funds	(1,443,842)	-	-	(1,443,842)
Transfers from other funds	-	700,000	1,483,842	2,183,842
Donations	-	-	60,000	60,000
Total other financing sources (uses)	<u>(1,443,842)</u>	<u>700,000</u>	<u>1,543,842</u>	<u>800,000</u>
Net change in fund balances	<u>(1,464,247)</u>	<u>15,954</u>	<u>686,404</u>	<u>(761,889)</u>
Fund balances, beginning	<u>5,063,741</u>	<u>-</u>	<u>63,189</u>	<u>5,126,930</u>
Fund balances, ending	<u>\$ 3,599,494</u>	<u>\$ 15,954</u>	<u>\$ 749,593</u>	<u>\$ 4,365,041</u>

*The notes to the financial statements are an integral part of this statement*

**Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of the Governmental Funds to the Statement of Activities  
Governmental Funds  
For the Year Ended June 30, 2013**

---

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

Net change in fund balances - total governmental funds \$ (761,889)

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	\$ 2,020,252	
Depreciation expense for governmental assets	(428,090)	
Loss on disposal of capital assets	<u>(93,900)</u>	1,498,262

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

Change in unavailable revenue for tax revenues		10,017
--	--	--------

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 differences in the treatment of long-term debt and related items.

New long-term debt issued	\$ -	
Principal payments on long-term debt	234,195	
Change in accrued interest payable	<u>2,551</u>	236,746

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	\$ (22,634)	
Net pension obligation	(12,176)	
Other postemployment benefits	<u>(73,116)</u>	<u>(107,926)</u>

Total changes in net position of governmental activities		<u>\$ 875,210</u>
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**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Annual Budget and Actual - General Fund**  
**For the Year Ended June 30, 2013**

Exhibit 7

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Ad valorem taxes	\$ 2,224,000	\$ 2,224,000	\$ 2,258,376	\$ 34,376
Other taxes and licenses	1,000	1,000	5,069	4,069
Intergovernmental revenues:				
Unrestricted	1,299,000	1,319,000	1,411,778	92,778
Restricted	133,000	133,000	135,363	2,363
Sales and services	396,500	396,500	360,457	(36,043)
Investment earnings	5,000	5,000	10,912	5,912
Miscellaneous revenue	11,000	17,900	37,953	20,053
Total revenues	<u>4,069,500</u>	<u>4,096,400</u>	<u>4,219,908</u>	<u>123,508</u>
<b>Expenditures</b>				
Current:				
General government	674,500	708,000	677,022	30,978
Public safety	2,036,900	2,036,900	1,968,938	67,962
Public works	700,972	688,472	630,298	58,174
Cultural and recreational	569,618	579,618	564,554	15,064
Economic and physical development	129,400	129,400	122,291	7,109
Debt payments	277,210	277,210	277,210	-
Total expenditures	<u>4,388,600</u>	<u>4,419,600</u>	<u>4,240,313</u>	<u>179,287</u>
Revenues over (under) expenditures	<u>(319,100)</u>	<u>(323,200)</u>	<u>(20,405)</u>	<u>302,795</u>
<b>Other Financing Sources (Uses)</b>				
Transfer to other funds	-	(1,444,000)	(1,443,842)	158
Sale of assets	2,000	10,000	-	(10,000)
Total other financing sources (uses)	<u>2,000</u>	<u>(1,434,000)</u>	<u>(1,443,842)</u>	<u>(9,842)</u>
Fund balance appropriated	317,100	1,757,200	-	(1,757,200)
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(1,464,247)</u>	<u>\$ (1,464,247)</u>
Fund balances, beginning			<u>5,063,741</u>	
Fund balances, ending			<u>\$ 3,599,494</u>	

*The notes to the financial statements are an integral part of this statement*



**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Statement of Net Position**  
**Proprietary Fund**  
**June 30, 2013**

Exhibit 8

	<u>Water and Sewer Fund</u>
<b>Assets</b>	
Current assets:	
Cash and equivalents	\$ 1,601,695
Account receivables, net	414,576
Due from other governments	29,384
Inventories	67,375
Total current assets	<u>2,113,030</u>
Noncurrent assets:	
Capital assets:	
Land and other non-depreciable assets	780,335
Other capital assets, net of depreciation	5,729,452
Total non-current assets	<u>6,509,787</u>
Total assets	<u><u>\$ 8,622,817</u></u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 102,721
Customer deposits	54,842
Accrued interest payable	21,731
Compensated absences - current	8,000
General obligation bonds payable - current	72,491
Installment purchase agreements payable - current	132,620
Total current liabilities	<u>392,405</u>
Noncurrent liabilities:	
Compensated absences - noncurrent	33,361
General obligation bonds payable - noncurrent	125,331
Installment purchase agreements payable - noncurrent	2,469,892
Total noncurrent liabilities	<u>2,628,584</u>
Total Liabilities	<u>3,020,989</u>
<b>Net Position</b>	
Net investment in capital assets	3,709,453
Unrestricted	1,892,375
Total net position	<u><u>\$ 5,601,828</u></u>

*The notes to the financial statements are an integral part of this statement*

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Fund**  
**For the Year Ended June 30, 2013**

Exhibit 9

	<u>Water and Sewer Fund</u>
<b>Operating revenues:</b>	
Water sales	\$ 1,220,622
Sewer charges	854,503
Water and sewer taps	14,400
Sampling and monitoring fees	902
Surcharges	1,762
Other operating revenues	58,203
Total operating revenues	<u>2,150,392</u>
<b>Operating expenses:</b>	
Water and treatment and distribution	765,665
Water and sewer maintenance	270,646
Wastewater treatment	467,318
Depreciation	322,856
Total operating expenses	<u>1,826,485</u>
Operating income	<u>323,907</u>
<b>Non-operating revenues (expenses):</b>	
Investment earnings	2,946
PTRWA administration operating costs	(32,968)
Interest and other charges	(66,431)
Total non-operating revenues (expenses)	<u>(96,453)</u>
Income before contributions and transfers	227,454
Transfers to other funds	<u>(740,000)</u>
Change in net position	(512,546)
Total net position, beginning as previously reported	7,830,679
Prior period adjustment	<u>(1,716,305)</u>
Total net position, beginning as restated	6,114,374
Total net position, ending	<u>\$ 5,601,828</u>

*The notes to the financial statements are an integral part of this statement*

## Statement of Cash Flows

## Proprietary Fund

For the Year Ended June 30, 2013

	<u>Water and Sewer Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 2,133,200
Cash paid for goods and services	(1,038,207)
Cash paid to employees for services	(475,643)
Other operating revenues	58,203
Net cash provided by operating activities	<u>677,553</u>
Cash flows from noncapital financing activities:	
Transfers to other funds	<u>(740,000)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(748,077)
Payments for PTRWA administration operating costs	(32,968)
Issuance of bonds and installment purchase agreements	599,454
Principal paid on bonds and installment purchase agreements	(255,208)
Interest paid on bonds and installment purchase agreements	(66,431)
Net cash used in capital and related financing activities	<u>(503,230)</u>
Cash flows from investing activities:	
Interest earned on investments	<u>2,946</u>
Net decrease in cash and cash equivalents	(562,731)
Balances, beginning	<u>2,164,426</u>
Balances, ending	<u>\$ 1,601,695</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 323,907</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	322,856
Changes in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	41,011
Due from other governments	(19,965)
Inventory	(19,510)
Increase (decrease) in:	
Accounts payable and accrued liabilities	13,920
Customer deposits	3,972
Accrued compensated absences	11,362
Total adjustments	<u>353,646</u>
Net cash provided by operating activities	<u>\$ 677,553</u>

*The notes to the financial statements are an integral part of this statement*

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Statement of Fiduciary Net Position**  
**Fiduciary Fund**  
**For the Year Ended June 30, 2013**

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Exhibit 11

	<u>Fireman's Relief Fund</u>
Assets:	
Cash and cash equivalents	\$ 113,530
Total assets	<u>\$ 113,530</u>
Liabilities:	
Intergovernmental payable	\$ 113,530
Total liabilities	<u>\$ 113,530</u>

**NOTES TO THE FINANCIAL STATEMENTS**

## CITY OF RANDLEMAN, NORTH CAROLINA

### Notes to Financial Statements

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#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Randleman, North Carolina (the "City") and its discretely presented component unit conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies.

##### **Reporting Entity**

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

##### **City of Randleman ABC Board**

The members of the ABC Board's governing board are appointed by the City. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the City. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the City of Randleman ABC Board may be obtained from the entity's administrative offices at 100 Hilliary Street, Randleman, NC 27317.

##### **Basis of Presentation**

*Government-Wide Statements:* The statement of net position and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. 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 City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the City's funds including fiduciary fund. Separate statements for each fund category – *governmental, proprietary, and fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Basis of Presentation (Continued)**

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 City reports the following major governmental funds:

*General Fund* – The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those 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, sanitation services, parks and recreation, and general government services.

*New City Hall Fund* – The New City Hall Fund is used to account for the purchase and renovation of the new city hall.

The City reports the following non-major governmental funds:

*Randleman Library Endowment Fund* – This fund is used to account for assets held by the City for the maintenance of the Randleman Library.

*Public Works Building Fund* – This fund is used to account for the construction of a new public works building.

*Library Renovation Fund* – This fund is used to account for the renovations to the City's library.

*City Center Fund* – This fund is used to account for the construction of a new city center.

The City reports the following major proprietary fund:

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

The City reports the following fund type:

*Agency Fund* – Agency funds are custodial in nature and do not involve the measurement of operating results. An agency fund is used to account for assets the City holds on behalf of others. The City maintains a Fireman's Relief Fund for the assistance to firemen and their families.

**Measurement Focus and Basis of Accounting**

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

*Government-Wide, Proprietary, and Fiduciary Fund Financial Statements* - The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis,

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Measurement Focus and Basis of Accounting (Continued)**

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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Randolph County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City of Randleman, North Carolina. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the City's vehicle taxes for vehicles registered in Randolph County from March 2011 through February 2012 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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



**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Measurement Focus and Basis of Accounting (Continued)**

deferred revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

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

**Budgetary Data**

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Projects Fund. 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 and at the project level for the multi-year funds. The City Manager is authorized by the budget ordinance to transfer appropriations between departmental areas within a fund up to \$1,000; however, any revisions that alter the total expenditures of any fund or that change departmental appropriations by more than \$1,000 must be approved by the governing board. 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.

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity**

**Deposits and Investments**

All deposits of the City and the ABC Board are made in board-designated official depositories and are secured as required by State law (G.S. 159-31). The City 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 City 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 City 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 City's and the ABC Board's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earnings are reported at cost.

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Cash and Cash Equivalents**

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

The ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

**Restricted Assets**

Powell Bill funds are classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

**Ad Valorem Taxes Receivable**

In accordance with State law (G.S. 105-347 and G.S. 159-13(a)), the City levies ad valorem taxes on property other than motor vehicles on July 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, 2012. As allowed by State law, the City has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

**Allowance for Doubtful Accounts**

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

**Inventory and Prepaid Items**

The inventories of the City and the ABC Board are valued at cost (first-in, first-out), which approximates market.

The inventories of the City's enterprise fund consist of materials and supplies held for consumption. The inventories of the City of Randleman ABC Board consist of items held for resale. The cost of these inventories is recorded as an expense as the inventories are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

**Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years.

Minimum capitalization costs are as follows: software, equipment and supplies unit cost, \$5,000; vehicles (except for vehicles having a useful life of three years or less), \$10,000; all inexhaustible assets, \$1,000; buildings and improvements, \$20,000; and infrastructure, \$100,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Capital Assets (Continued)**

recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Land improvements	5-10 years
Infrastructure, buildings and improvements	15-50 years
Equipment, heavy equipment and plant facilities and distribution system	40 years
System improvements	15 years
Equipment and heavy vehicles	5-10 years
Software	5-7 years

Depreciation of ABC Board fixed assets is calculated on the straight-line method over their estimated useful lives.

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Building	40 years
Store and administrative equipment	7 years

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City does not currently have any items that meet this criterion. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City had the following items that meet the criterion for this category - property taxes receivable, tipping fees receivable, storm water fees receivable, privilege license fees receivable, and property taxes received but not yet earned.

**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.

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Compensated Absences**

The vacation policy of the City provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City 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 statements. Both the City's and the ABC Board's sick leave policies provide 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 neither the City nor the ABC Board has any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

**Net Position/Fund Balances**

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

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

Library Trust Fund - Library resources that are required to be retained under the terms of an endowment agreement for activities at the City of Randleman Public Library.

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.

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

Capital projects – portion of fund balance that is assigned for various capital projects throughout the City that were approved by the governing body.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted. The governing body approves the appropriation.

## CITY OF RANDLEMAN, NORTH CAROLINA

### Notes to Financial Statements

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#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Fund Balances (Continued)

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

The Finance Officer has been given the authority to spend resources in the order deemed in the best interest of the City. For purposes of fund balance classification, expenditures are spent from restricted fund balance first, followed by assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the City.

The City of Randleman has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the City in such a manner that available fund balance is at least equal to or greater than 10% of budgeted expenditures. Any portion of general fund balance in excess of 10% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the City in a future budget.

##### **Revenues, Expenditures and Expenses**

##### Other Resources

The ABC Board makes quarterly transfers to the City's General Fund. These transfers represent the City's portion of the Board's surpluses that the ABC Board is required by State statute to distribute to the City.

#### NOTE 2 - DETAIL NOTES ON ALL FUNDS

##### **A. Assets**

##### **Deposits**

All deposits of the City and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the City'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 City and the ABC Board, these deposits are considered to be held by the City'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 City, the ABC Board, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City 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.

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

**Deposits (Continued)**

The City has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no policy regarding custodial credit risk for deposits.

At June 30, 2013, the City's deposits, which include the Firemen's Relief Fund, had a carrying amount of \$1,438,977 and a bank balance of \$1,660,774. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$1,160,774 in interest-bearing deposits was covered by collateral held under the Pooling Method. Also included in the City's cash balance is \$240 in petty cash on hand.

At June 30, 2013, the ABC Board's deposits had a carrying amount of \$348,279 and a bank balance of \$341,144. All of the bank balance was covered by federal depository insurance and collateral securities.

**Investments**

At June 30, 2013, the City's investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust - Cash Portfolio	\$ 1,934,694	N/A	AAAm
NC Capital Management Trust - Term Portfolio	<u>2,505,833</u>	0.3 years	Unrated
Total	<u>\$ 4,440,527</u>		

The City has no policy regarding interest rate or credit risks.

The City of Randleman ABC Board has no investments. All funds are in deposit type accounts.

**Receivables – Allowances for Doubtful Accounts**

The amounts presented in the Balance Sheet and the Statement of Net Position are net of the following allowances for doubtful accounts: General Fund – Tipping fees receivable in the amount of \$1,252; and Enterprise Fund – Customer accounts receivable in the amount of \$11,667.

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

**Capital Assets**

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 191,214	\$ 110,548	\$ -	\$ 301,762
Construction in progress	-	395,668	-	395,668
Total capital assets not being depreciated	<u>191,214</u>	<u>506,216</u>	<u>-</u>	<u>697,430</u>
Capital assets being depreciated:				
Land improvements	135,615	27,968	-	163,583
Buildings and improvements	4,118,851	1,049,251	75,371	5,092,731
Infrastructure	670,753	141,163	-	811,916
Equipment and heavy equipment	4,089,488	295,654	103,193	4,281,949
Other	122,239	-	-	122,239
Total capital assets being depreciated	<u>9,136,946</u>	<u>1,514,036</u>	<u>178,564</u>	<u>10,472,418</u>
Less accumulated depreciation for:				
Land improvements	72,223	9,097	-	81,320
Buildings and improvements	1,382,703	86,368	9,044	1,460,027
Infrastructure	122,093	14,043	-	136,136
Equipment and heavy equipment	2,508,713	318,125	75,620	2,751,218
Other	118,548	457	-	119,005
Total accumulated depreciation	<u>4,204,280</u>	<u>428,090</u>	<u>84,664</u>	<u>4,547,706</u>
Total capital assets being depreciated, net	<u>4,932,666</u>			<u>5,924,712</u>
Government activity capital assets, net	<u>\$ 5,123,880</u>			<u>\$ 6,622,142</u>

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

**Capital Assets (Continued)**

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

General Government	\$ 26,627
Public Safety	244,097
Public Works	89,599
Economic Development	-
Cultural and Recreational	67,767
Total depreciation expense	<u>\$ 428,090</u>

Water and Sewer Fund:

	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
<b>Business-Type Activities:</b>				
<b>Water and Sewer Fund</b>				
Capital assets not being depreciated:				
Land	\$ 7,275	\$ -	\$ -	\$ 7,275
Construction in progress	93,129	679,931	-	773,060
Total capital assets not being depreciated	<u>100,404</u>	<u>679,931</u>	<u>-</u>	<u>780,335</u>
Capital assets being depreciated:				
System improvements	1,508,880	-	-	1,508,880
Water rights	1,463,095	-	-	1,463,095
Buildings and improvements	2,362,343	-	-	2,362,343
Water distribution system	6,675,284	-	-	6,675,284
Equipment and heavy vehicle	870,993	68,146	-	939,139
Total capital assets being depreciated	<u>12,880,595</u>	<u>68,146</u>	<u>-</u>	<u>12,948,741</u>
Less accumulated depreciation for:				
System improvements	613,547	42,299		655,846
Water rights	51,208	29,262		80,470
Buildings and improvements	1,317,657	70,592	-	1,388,249
Water distribution system	4,385,556	130,804	-	4,516,360
Equipment and heavy vehicle	528,465	49,899	-	578,364
Total accumulated depreciation	<u>6,896,433</u>	<u>322,856</u>	<u>-</u>	<u>7,219,289</u>
Total capital assets being depreciated, net	<u>5,984,162</u>			<u>5,729,452</u>
Business-type activities capital assets, net	<u>\$ 6,084,566</u>			<u>\$ 6,509,787</u>



**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

**Capital Assets (Continued)**

Discretely Presented Component Unit

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

	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
Capital assets not being depreciated:				
Land	\$ 80,170	\$ -	\$ -	\$ 80,170
Total capital assets not being depreciated	<u>80,170</u>	<u>-</u>	<u>-</u>	<u>80,170</u>
Capital assets being depreciated:				
Buildings	519,332	-	-	519,332
Store and administrative equipment	<u>85,404</u>	<u>909</u>	<u>-</u>	<u>86,313</u>
Total capital assets being depreciated	<u>604,736</u>	<u>909</u>	<u>-</u>	<u>605,645</u>
Less accumulated depreciation for:				
Buildings	162,291	12,984	-	175,275
Store and administrative equipment	<u>72,104</u>	<u>3,532</u>	<u>-</u>	<u>75,636</u>
Total accumulated depreciation	<u>234,395</u>	<u>16,516</u>	<u>-</u>	<u>250,911</u>
ABC capital assets, net	<u>\$ 450,511</u>			<u>\$ 434,904</u>

**B. Liabilities**

Pension Plan Obligations

a. Local Governmental Employees' Retirement System

*Plan Description:* The City of Randleman and the ABC Board contribute to the statewide Local Governmental Employees' Retirement System ("LGERS"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

Pension Plan Obligations (Continued)

*Funding Policy:* Plan members are required to contribute six percent of their annual covered salary. The City and the ABC Board are required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.96% and 7.05%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 6.45% of annual covered payroll. The contribution requirements of members and of the City of Randleman are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, **2013**, 2012, and 2011 were **\$132,744**, \$130,446 and \$121,751, respectively. The ABC Board's contributions to LGERS for the years ended June 30, **2013**, 2012, and 2011 were **\$8,376**, \$8,485, and \$8,178, respectively. The contributions made by the City and the ABC Board equaled the required contributions for each year.

b. Law Enforcement Officers Special Separation Allowance

Plan Description.

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

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2012, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan member entitled to but not yet receiving benefits	-
Active plan members	15
	<u>15</u>

The plan does not issue a separate financial report.

Summary of Significant Accounting Policies

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

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

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

Pension Plan Obligations (Continued)

Contributions

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-employment benefit increases.

*Annual Pension Costs and Net Pension Obligation:* The City's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contributions	\$ 13,361
Interest on net pension obligation	4,845
Adjustment to annual required contribution	<u>(6,030)</u>
Annual pension cost	12,176
Contributions made	<u>-</u>
Increase (decrease) in net pension obligation	12,176
Net pension obligation, beginning of year	<u>96,904</u>
Net pension obligation, end of year	<u><u>\$ 109,080</u></u>

3 Year Trend Information

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
2011	\$ 16,075	0.0%	\$ 84,479
2012	12,425	0.0%	96,904
2013	12,176	0.0%	109,080

Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability ("UAAL") was \$95,294. The covered payroll (annual payroll of active employees covered by the plan) was \$535,235, and the ratio of the UAAL to the covered payroll was 17.80%.

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.

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

Pension Plan Obligations (Continued)

c. Supplemental Retirement Income Plan for Law Enforcement Officers

*Plan Description:* The City of Randleman contributes to the Supplemental Retirement Income Plan (“Plan”), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the 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.

*Funding Policy:* Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to 5% of each officer’s salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2013 were \$25,299, which consisted of \$25,299 from the City and no contributions from the law enforcement officers.

**Other Post Employment Benefits**

Healthcare Benefits

*Plan Description:* In addition to providing pension benefits, the City of Randleman has elected to provide post employment health care benefits to retirees of the City who participate in the North Carolina Local Governmental Employees’ Retirement System and have at least five years of creditable service with the City. The City pays the full cost of coverage for these benefits for employees that have thirty years of creditable service with the City. For employees that have twenty years of creditable service, the City pays 75% of the cost of coverage for these benefits and for employees that have twenty-five years of creditable service, the City pays 85% of the cost of coverage for these benefits. Also, retirees can purchase coverage for their dependents at the City’s group rates.

Membership of the Plan consisted of the following at December 31, 2009, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers	Firefighters
Retirees receiving benefits	2	-	-
Terminated plan members entitled to but not yet receiving benefits	-	-	-
Active plan members	23	14	15
Total	25	14	15

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

Healthcare Benefits (Continued)

*Funding Policy:* The City has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 3.94% of annual covered payroll. For the current year, the City contributed \$5,063, or 6.48% of annual covered payroll. The City participates in the self-funded risk-financing pool administered by the North Carolina League of Municipalities.

*Summary of Significant Accounting Policies:* Post employment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

*Annual OPEB Cost and Net OPEB Obligation:* The City's annual other postemployment benefit (“OPEB”) cost (expense) is calculated based on the *annual required contribution of the employer* (“ARC”), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 77,139
Interest on net OPEB obligation	7,575
Adjustment to annual required contribution	<u>(6,536)</u>
Annual OPEB cost	78,178
Contributions made	<u>(5,063)</u>
Increase (decrease) in net OPEB obligation	73,115
Net OPEB pension, beginning of year	<u>189,382</u>
Net OPEB pension, end of year	<u><u>\$ 262,497</u></u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2013 were as follows:

Fiscal Year Ended June 30	Annual OPEB Cost (AOC)	Percentage of Annual AOC Cost Contributed	Net OPEB Obligation
2013	\$ 78,178	6.5%	\$ 262,497
2012	77,821	16.2%	189,382
2011	74,351	0.0%	124,142

*Funded Status and Funding Progress:* As of December 31, 2009, 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 \$690,624. The covered payroll (annual payroll of active employees covered by the plan) was \$1,888,269, and the ratio of the UAAL to the covered payroll was 36.6%.

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

Healthcare Benefits (Continued)

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.

*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 of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return, which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.50 to 5.00 percent annually. The assumed investment rate of return reflects the fact that no assets are set aside within the City of Randleman that are legally held exclusively for retiree health benefits. The investment rate included a 3.75% inflation assumption. The asset valuation method is the market value of assets. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009, was 30 years.

Other Employment Benefits

The City has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the 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 City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The City considers these contributions to be immaterial.

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

**Deferred Inflows of Resources**

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

	Unavailable Revenue	Unearned Revenue
Taxes receivable, net	\$ 64,934	\$ -
Tipping fees, net	16,177	-
Storm water fees, net	5,718	-
Privilege license fees, net	2,210	-
Property taxes received but not yet earned	-	3,471
Total	<u>\$ 89,039</u>	<u>\$ 3,471</u>

**Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the City has property, general liability, and auto liability coverage of \$2 million per occurrence, workers' compensation coverage up to statutory limits, and employee health coverage up to a \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

The City is also covered through the League of Municipalities for flood insurance damages. The limit for any one maximum loss is \$2.5 million with a \$50,000 deductible. This coverage only applies to buildings and structures mapped and designated as "B, C, or X" areas.

The City carries commercial coverage for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

**Claims, Judgments and Contingent Liabilities**

At June 30, 2013, there was no material pending or threatened litigation, claims or assessments involving the City of Randleman.

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

**Long-Term Obligations**

Installment Purchases

The City has entered into the following installment purchase contracts:

In September 2003, the City entered into an installment financing agreement of \$2,772,026 to refinance a prior note and to finance costs of construction, renovation and improvements to the Randleman Community Center. The financing agreement requires monthly principal payments of \$15,400 plus interest at a rate of 3.67%.

In September 2003, the City entered into an installment financing agreement of \$1,989,306 to finance water treatment plant improvements. The financing agreement requires monthly principal payments of \$11,052 plus interest at a rate of 4.09%.

In December 2010, the City entered into an installment purchase agreement of \$250,000 to finance the purchase of a vehicle. The financing agreement requires quarterly payments with an interest rate of 2.34%.

Annual debt service requirements of the installment purchases as of June 30, 2013, including \$173,064 of interest, are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 235,361	\$ 35,067	\$ 132,620	\$ 23,991
2015	236,555	27,091	132,620	20,567
2016	211,135	19,165	132,620	15,142
2017	184,802	12,151	132,620	9,718
2018	184,802	5,369	132,620	4,294
2019-2023	46,199	283	33,157	226
Totals	<u>\$ 1,098,854</u>	<u>\$ 99,126</u>	<u>\$ 696,257</u>	<u>\$ 73,938</u>

Notes Payable

Notes payable - Water and Sewer Fund consists of the following at June 30, 2013:

On May 1, 1998, the City executed a note with the State of North Carolina to borrow \$835,593 in accordance with the North Carolina Education, Clean Water and Parks Revolving Bond Act of 1993. Annual principal payments of \$42,518 are required through May 1, 2017. Interest at 3.43% on \$555,000 and 5.85% on \$280,593 is payable on November 1 and May 1 of each year until the loan is repaid.

\$ 155,304

On June 1, 2013, the City executed a note with the State of North Carolina to borrow up to \$870,555 in accordance with the North Carolina Education, Clean Water and Parks Revolving Bond Act of 1993. Annual principal payments are required through May 1, 2033. Interest at 2.00% is payable on November 1 and May 1 of each year until the loan is repaid.

599,454  
\$ 754,758



**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

Notes Payable (Continued)

Annual debt service requirements to maturity for the note payable - Water and Sewer Fund at June 30, 2013 are as follows:

<u>Year Ending June 30,</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 72,491	\$ 17,759
2015	72,491	15,356
2016	72,491	12,930
2017	57,723	11,142
2018	29,973	9,592
2019-2023	149,865	38,964
2024-2028	149,865	23,978
2029-2033	149,859	8,992
Totals	<u>\$ 754,758</u>	<u>\$ 138,713</u>

PTRWA Obligation

The City has guaranteed \$1,429,389 of debt of the Piedmont Triad Regional Water Authority (the “Authority”), and the City is required to make semiannual payments to the Authority of \$53,754. These payments include interest at 2.75%.

Annual debt service requirements of the PTRWA Obligation as of June 30, 2013, including \$173,064 of interest, are as follows:

<u>Year Ending June 30,</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 70,886	\$ 36,622
2015	72,849	34,659
2016	74,866	32,642
2017	76,939	30,569
2018	79,070	28,439
2019-2023	429,425	108,117
2024-2028	492,261	45,257
2029-2033	53,002	752
Totals	<u>\$ 1,349,298</u>	<u>\$ 317,057</u>

At June 30, 2013, the City of Randleman had a legal debt margin of \$29,700,401.

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

Changes in Long-Term Liabilities

Compensated absences typically have been liquidated in the General Fund.

	Balance <u>July 1, 2012</u>	Increases	Decreases	Balance <u>June 30, 2013</u>	Current Portion of Balance
<b>Governmental Activities:</b>					
Installment purchases	\$ 1,333,049	\$ -	\$ 234,195	\$ 1,098,854	\$ 235,361
Compensated absences	151,431	46,293	23,659	174,065	24,000
Other post employment benefits	189,382	73,116	-	262,498	-
Unfunded pension obligation	<u>96,904</u>	<u>12,176</u>	<u>-</u>	<u>109,080</u>	<u>-</u>
Governmental Activity Long-term Liabilities	<u>\$ 1,770,766</u>	<u>\$ 131,585</u>	<u>\$ 257,854</u>	<u>\$ 1,644,497</u>	<u>\$ 259,361</u>
<b>Business-Type Activities:</b>					
Installment purchases	\$ 828,877	\$ -	\$ 132,620	\$ 696,257	\$ 132,620
Notes payable	197,822	599,454	42,518	754,758	72,491
PTRWA Obligation	1,429,389	-	80,070	1,349,319	70,886
Compensated absences	<u>29,999</u>	<u>19,357</u>	<u>7,995</u>	<u>41,361</u>	<u>8,000</u>
Business-Type Activity Long-term Liabilities	<u>\$ 2,486,087</u>	<u>\$ 618,811</u>	<u>\$ 263,203</u>	<u>\$ 2,841,695</u>	<u>\$ 283,997</u>

NOTE 3 – INTER-FUND ACTIVITY

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

From the General Fund to Capital Projects - City Hall Fund	\$ 350,000
From the Water and Sewer Fund to Capital Projects - City Hall Fund	350,000
From the General Fund to Nonmajor Governmental Funds	1,093,842
From the Water and Sewer Fund to Nonmajor Governmental Funds	<u>390,000</u>
Total	<u>\$ 2,183,842</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations.

NOTE 4 – PRIOR PERIOD ADJUSTMENT

During the fiscal year ended June 30, 2013, the City determined that certain capital projects relating to the City's Water and Sewer Fund had not been properly consolidated into the fund for reporting purposes. Therefore, an adjustment has been made to increase the beginning net position in the Water and Sewer Fund by \$120,000, which represents the net positions of the unconsolidated capital project funds.

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 4 – PRIOR PERIOD ADJUSTMENT (Continued)

During the fiscal year ended June 30, 2013, the City and the Piedmont Triad Regional Water Authority concluded that water rights the City had recorded as increases to net position in the Water and Sewer Fund should be offset by the City obligation to pay a portion of the Authority's debt. Additionally, it was determined that the water rights should be depreciated as the water is consumed. Therefore, an adjustment has been made to decrease the beginning net position in the Water and Sewer Fund by \$1,836,305.

NOTE 5 – COMMITMENTS

The City of Randleman is obligated to pay the City's pro rata share (2.08%) of the Piedmont Triad Regional Water Authority's annual operating budget.

NOTE 6 – 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	<u>\$ 3,599,494</u>
Less:	
Stabilization by State Statute	353,480
Street - Powell Bill	882,276
Appropriated Fund balance in 2013 budget	366,200
Working Capital / Fund Balance Policy	<u>445,620</u>
Remaining Fund Balance	<u><u>\$ 1,551,918</u></u>

The City of Randleman has adopted a minimum fund balance policy for the General Fund which instructs management to conduct business of the City in such a manner that available fund balance is at least equal to or greater than 10% of budgeted expenditures.

NOTE 7 – JOINT VENTURES

Firemen's Relief Fund

The City and the members of the City's fire department each appoint two members to the five- member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums which insurers remit to the State. The State passes these monies to the local board of the Firemen's Relief Fund. The funds are used to assist fire fighters in various ways. The City obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the City's fire department by the board of trustees. During the fiscal year ended June 30, 2013, the City reported no payments through the Firemen's Relief Fund. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2013. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 7 – JOINT VENTURES (Continued)

files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

Piedmont Triad Regional Water Authority

The City, in conjunction with five other governments, participated in the Piedmont Triad Regional Water Authority. The Authority was established to construct a dam facility, water treatment plant and related distribution lines. The Authority began construction of the dam in 2001, and the participating governments are legally obligated under the intergovernmental agreement that created the Authority to contribute a pre-determined share of the construction costs. According to the joint governmental agreement, the participating governments do not have an equity interest in the joint venture, but rather rights to water in the reservoir. After a water treatment plant is constructed, the participating governments have the right to purchase future treated water based upon their pre-determined share, according to a uniform rate structure to be set by the Authority. Complete financial statements for the Authority can be obtained from the Authority's administrative offices at 2216 West Meadowview Road, Greensboro, North Carolina.

NOTE 8 – JOINTLY GOVERNED ORGANIZATION

The City, in conjunction with 7 counties and 42 other municipalities established the Piedmont Triad Regional Council of Governments (“Council”). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council’s governing board. The City paid membership fees of \$4,634 to the Council during the fiscal year ended June 30, 2013.

NOTE 9 – RELATED ORGANIZATION

The five-member board of the City of Randleman Housing Authority is appointed by the mayor of the City of Randleman. The City is accountable for the Housing Authority because it appoints the governing board; however, the City is not financially accountable for the Housing Authority. The City of Randleman is also disclosed as a related organization in the notes to the financial statements for the City of Randleman Housing Authority.

NOTE 10 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Notes to Financial Statements**

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**NOTE 11 – CHANGE IN ACCOUNTING PRINCIPLES**

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

**NOTE 12 – SUBSEQUENT EVENTS**

The City has evaluated all subsequent events through November 27, 2013, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY FINANCIAL DATA**

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Law Enforcement Officers' Special Separation Allowance**  
**Required Supplementary Information**  
**Schedule of Funding Progress**

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Project Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
Dec. 31, 2007	-	\$ 38,917	\$ 38,917	0.0%	\$ 430,962	9.03%
Dec. 31, 2008	-	52,990	52,990	0.0%	478,547	11.07%
Dec. 31, 2009	-	91,383	91,383	0.0%	496,256	18.41%
Dec. 31, 2010	-	76,418	76,418	0.0%	487,530	15.67%
Dec. 31, 2011	-	80,180	80,180	0.0%	456,683	17.56%
Dec. 31, 2012	-	95,294	95,294	0.0%	535,235	17.80%

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Law Enforcement Officers' Special Separation Allowance**  
**Required Supplementary Information**  
**Schedule of Employer Contributions**

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Year Ended	Annual Required Contribution	Percentage Contributed
2008	\$ 6,123	0.00%
2009	7,603	0.00%
2010	9,798	0.00%
2011	16,317	0.00%
2012	13,241	0.00%
2013	16,091	0.00%

Notes to required schedules:

The information presented in the required supplementary schedules

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay closed
Remaining amortization period	18 years
Asset valuation method	Market value
Actuarial Assumptions:	
Investment rate of return	5.00%
Projected salary increases*	From 4.25% - 7.85%
*Includes inflation at	3.00%
Cost-of-Living Adjustments	N/A

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Other Post Employment Benefits**  
**Required Supplementary Information**  
**Schedule of Funding Progress**

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/2009	-	\$ 690,624	\$ 690,624	0.00%	\$1,888,269	36.57%

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Other Post Employment Benefits**  
**Required Supplementary Information**  
**Schedule of Employer Contributions**

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Year Ended June 30	Annual Required Contributions	Percentage Contributed
2011	\$ 78,676	0.00%
2012	77,139	16.20%
2013	77,139	6.48%

Notes to required schedules:

The information presented in the required supplementary

Valuation date 12/31/2009

Actuarial cost method Projected unit credit

Amortization method Level percentage of pay, open

Remaining amortization period 30 years

Asset valuation Market value

Actuarial Assumptions:

Investment rate of return\* 4.00%

Medical cost trend rate 10.50% - 5.00%

Year of ultimate trend rate 2017

\*Includes inflation at 3.75%



**SUPPLEMENTAL STATEMENTS**

**CITY OF RANDLEMAN, NORTH CAROLINA**

**Schedule 1**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**

**General Fund**

**(Page 1 of 5)**

**For the Fiscal Year Ended June 30, 2013**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Current year	\$ 2,200,000	\$ 2,222,795	\$ 22,795
Prior years	22,000	27,710	5,710
Penalties and interest	2,000	7,871	5,871
Total	<u>2,224,000</u>	<u>2,258,376</u>	<u>34,376</u>
Other taxes and licenses:			
Vehicle tag fee	-	1,897	1,897
Privilege licenses	1,000	3,172	2,172
Total	<u>1,000</u>	<u>5,069</u>	<u>4,069</u>
Intergovernmental revenues:			
Unrestricted:			
Local option sales tax	680,000	677,554	(2,446)
Utilities franchise tax	316,000	389,432	73,432
Randolph County fire district	245,000	239,076	(5,924)
ABC distribution	55,000	80,935	25,935
Beer and wine tax	15,000	16,711	1,711
Fire inspection revenue	8,000	8,070	70
Total	<u>1,319,000</u>	<u>1,411,778</u>	<u>92,778</u>
Restricted:			
Randolph County	10,000	12,000	2,000
Solid waste disposal tax	1,000	2,331	1,331
Powell bill street allocation	122,000	121,032	(968)
Total	<u>133,000</u>	<u>135,363</u>	<u>2,363</u>
Sales and services:			
Rents and concessions	25,000	22,917	(2,083)
Recreation service revenues	187,500	168,686	(18,814)
Library fees	6,000	8,953	2,953
Stormwater fees	38,000	43,449	5,449
Tipping fees	140,000	116,452	(23,548)
Total	<u>396,500</u>	<u>360,457</u>	<u>(36,043)</u>
Investment earnings	<u>5,000</u>	<u>10,912</u>	<u>5,912</u>
Miscellaneous:			
Fundraising	6,900	9,831	2,931
Other	11,000	28,122	17,122
Total	<u>17,900</u>	<u>37,953</u>	<u>20,053</u>
Total Revenues	<u>4,096,400</u>	<u>4,219,908</u>	<u>123,508</u>

CITY OF RANDLEMAN, NORTH CAROLINA

Schedule 1

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

General Fund (Continued)

(Page 2 of 5)

For the Fiscal Year Ended June 30, 2013

	Budget	Actual	Variance Positive (Negative)
<b>Expenditures:</b>			
General government:			
Governing body:			
Salaries and employee benefits	\$ 21,500	\$ 21,315	\$ 185
Administration:			
Salaries and employee benefits		143,322	
Professional services		35,495	
Telephone and postage		9,489	
Travel and school		5,721	
Insurance		120,147	
Other services and charges		110,042	
Dues and subscriptions		27,515	
Supplies		4,348	
Contracted services		72,417	
Utilities		9,130	
Capital outlay		34,223	
Total	<u>599,800</u>	<u>571,849</u>	<u>27,951</u>
Central Garage:			
Salaries and employee benefits		60,825	
Automotive supplies		7,464	
Other services and charges		15,569	
Total	<u>86,700</u>	<u>83,858</u>	<u>2,842</u>
Total general government	<u>708,000</u>	<u>677,022</u>	<u>30,978</u>
Public safety:			
Police:			
Salaries and employee benefits		683,623	
Departmental supplies		62,520	
Telephone		17,508	
Uniforms		9,200	
Fundraising		13,341	
Other services and charges		49,052	
Capital outlay		83,075	
Total	<u>975,300</u>	<u>918,319</u>	<u>56,981</u>

## CITY OF RANDLEMAN, NORTH CAROLINA

Schedule 1

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

General Fund (Continued)

(Page 3 of 5)

For the Fiscal Year Ended June 30, 2013

	Budget	Actual	Variance Positive (Negative)
<b>Expenditures (Continued):</b>			
Public safety (Continued):			
Fire:			
Salaries and employee benefits		742,071	
Fire calls		72,937	
Departmental supplies		58,108	
Medical supplies		16,710	
Utilities		11,218	
Telephone and postage		6,000	
Uniforms		3,110	
Fundraising		562	
Capital outlay		114,981	
Other services and charges		24,922	
Total	<u>\$ 1,061,600</u>	<u>\$ 1,050,619</u>	<u>\$ 10,981</u>
Total public safety	<u>2,036,900</u>	<u>1,968,938</u>	<u>67,962</u>
Public works:			
Streets:			
Salaries and employee benefits		119,373	
Utilities		57,293	
Maintenance and repairs		601	
Supplies and materials		21,337	
Other services and charges		242,410	
Total	<u>499,200</u>	<u>441,014</u>	<u>58,186</u>
Sanitation:			
Salaries and employee benefits		50,064	
Supplies		5,529	
Gas and automotive supplies		40,600	
Recycling and landfill		92,282	
Other services and charges		809	
Total	<u>189,272</u>	<u>189,284</u>	<u>(12)</u>
Total public works	<u>688,472</u>	<u>630,298</u>	<u>58,174</u>

## CITY OF RANDLEMAN, NORTH CAROLINA

Schedule 1

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

## General Fund (Continued)

(Page 4 of 5)

For the Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Expenditures (Continued):</b>			
Cultural and recreational:			
Recreation:			
Salaries and employee benefits		215,132	
Utilities		36,221	
Gas and supplies		18,191	
Uniforms		13,599	
Special events		6,515	
Fundraising		1,754	
Capital outlay		42,610	
Other services and charges		48,535	
Total	<u>\$ 390,518</u>	<u>\$ 382,557</u>	<u>\$ 7,961</u>
Library:			
Salaries and employee benefits		140,162	
Utilities		7,218	
Books		12,000	
Maintenance and repairs		10,246	
Fundraising		1,094	
Other services and charges		11,277	
Total	<u>189,100</u>	<u>181,997</u>	<u>7,103</u>
Total cultural and recreational	<u>579,618</u>	<u>564,554</u>	<u>15,064</u>
Economic and physical development:			
Industrial development		6,000	
Senior citizens		17,500	
Other expenditures		21,840	
Capital outlay		-	
Total	<u>46,000</u>	<u>45,340</u>	<u>660</u>
Planning and zoning:			
Salaries and employee benefits		64,145	
Other services and charges		12,806	
Total	<u>83,400</u>	<u>76,951</u>	<u>6,449</u>

## CITY OF RANDLEMAN, NORTH CAROLINA

Schedule 1

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

## General Fund (Continued)

(Page 5 of 5)

For the Fiscal Year Ended June 30, 2013

	Budget	Actual	Variance Positive (Negative)
<b>Expenditures (Continued):</b>			
Supplemental Budget Appropriations:			
Debt principal and interest payments	\$ 277,210	\$ 277,210	\$ -
Total supplemental budget appropriations	<u>277,210</u>	<u>277,210</u>	<u>-</u>
Total expenditures	<u>4,419,600</u>	<u>4,240,313</u>	<u>179,287</u>
<b>Revenues over (under) expenditures</b>	<u>(323,200)</u>	<u>(20,405)</u>	<u>(55,779)</u>
<b>Other Financing Sources:</b>			
Sale of assets	10,000	-	(10,000)
Transfers to/from other funds:			
Capital projects fund - new city hall	(350,000)	(350,000)	-
Nonmajor capital project funds	<u>(1,094,000)</u>	<u>(1,093,842)</u>	<u>158</u>
Total	<u>(1,434,000)</u>	<u>(1,443,842)</u>	<u>(9,842)</u>
Fund balance appropriated	1,757,200	-	(1,757,200)
Net change in fund balance	<u>\$ -</u>	(1,464,247)	<u>\$ (1,822,821)</u>
Fund balance, beginning		<u>5,063,741</u>	
Fund balance, ending		<u>\$ 3,599,494</u>	

**CITY OF RANDLEMAN, NORTH CAROLINA**

**Schedule 2**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**

**Capital Projects Fund - New City Hall**

**From Inception and For the Fiscal Year Ended June 30, 2013**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Expenditures</b>					
New City Hall Project:					
Property acquisition	\$ 610,800	\$ -	\$ 610,219	\$ 610,219	\$ 581
Construction	89,200	-	73,827	73,827	15,373
Total expenditures	<u>700,000</u>	<u>-</u>	<u>684,046</u>	<u>684,046</u>	<u>15,954</u>
<b>Other Financing Sources</b>					
New City Hall Project:					
Transfers from other funds:					
General fund	350,000	-	350,000	350,000	-
Water and sewer fund	350,000	-	350,000	350,000	-
Total other financing sources	<u>700,000</u>	<u>-</u>	<u>700,000</u>	<u>700,000</u>	<u>-</u>
<b>Net Change in Fund Balance</b>					
	<u>\$ -</u>	<u>\$ -</u>	15,954	<u>\$ 15,954</u>	<u>\$ 15,954</u>
<b>Fund balance, beginning</b>					
			-		
<b>Fund balance, ending</b>					
			<u>\$ 15,954</u>		

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2013**

**Schedule 3**

	Library Endowment Fund	Public Works Building Fund	City Center Fund	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 64,079	\$ 321,873	\$ 385,725	\$ 771,677
Due from other governments	-	6,876	1,122	7,998
Total assets	<u>\$ 64,079</u>	<u>\$ 328,749</u>	<u>\$ 386,847</u>	<u>\$ 779,675</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 20,299	\$ 9,783	\$ 30,082
Total liabilities	<u>-</u>	<u>20,299</u>	<u>9,783</u>	<u>30,082</u>
Fund Balances:				
Non spendable:				
Library trust fund	64,079	-	-	64,079
Restricted for:				
Public works	-	308,450	-	308,450
Cultural and recreational	-	-	377,064	377,064
Total fund balances	<u>64,079</u>	<u>308,450</u>	<u>377,064</u>	<u>749,593</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 64,079</u>	<u>\$ 328,749</u>	<u>\$ 386,847</u>	<u>\$ 779,675</u>



## CITY OF RANDLEMAN, NORTH CAROLINA

Schedule 4

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

## Nonmajor Governmental Funds

For the Year Ended June 30, 2013

	Library Endowment Fund	Public Works Building Fund	City Center Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Investment earnings	\$ 890	\$ -	\$ -	\$ 890
Total revenues	<u>890</u>	<u>-</u>	<u>-</u>	<u>890</u>
<b>Expenditures</b>				
Current:				
Capital outlay	-	291,550	566,778	858,328
Total expenditures	<u>-</u>	<u>291,550</u>	<u>566,778</u>	<u>858,328</u>
Revenues over (under) expenditures	<u>890</u>	<u>(291,550)</u>	<u>(566,778)</u>	<u>(857,438)</u>
<b>Other Financing Sources</b>				
Transfers from other funds	-	600,000	883,842	1,483,842
Donations	-	-	60,000	60,000
Total other financing sources	<u>-</u>	<u>600,000</u>	<u>943,842</u>	<u>1,543,842</u>
Net change in fund balances	<u>890</u>	<u>308,450</u>	<u>377,064</u>	<u>686,404</u>
Fund balances, beginning	<u>63,189</u>	<u>-</u>	<u>-</u>	<u>63,189</u>
Fund balances, ending	<u>\$ 64,079</u>	<u>\$ 308,450</u>	<u>\$ 377,064</u>	<u>\$ 749,593</u>

## CITY OF RANDLEMAN, NORTH CAROLINA

Schedule 5

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

## Capital Projects Fund - Public Works Building

From Inception and For the Fiscal Year Ended June 30, 2013

	Project Authorization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Expenditures</b>					
Public Works Building Project:					
Engineering and architecture	\$ 70,000	\$ -	\$ 22,836	\$ 22,836	\$ 47,164
Construction	708,000	-	266,161	266,161	441,839
Administration	12,000	-	2,553	2,553	9,447
Interest	10,000	-	-	-	10,000
Total expenditures	800,000	-	291,550	291,550	508,450
<b>Other Financing Sources</b>					
Public Works Building Project:					
Transfers from other funds:					
General fund	250,000	-	250,000	250,000	-
Water and sewer fund	350,000	-	350,000	350,000	-
Loan proceeds	200,000	-	-	-	(200,000)
Total other financing sources	800,000	-	600,000	600,000	(200,000)
<b>Net Change in Fund Balance</b>					
	\$ -	\$ -	308,450	\$ (308,450)	\$ 308,450
<b>Fund balance, beginning</b>			-		
<b>Fund balance (deficit), ending</b>			\$ 308,450		

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Capital Projects Fund - Library Renovation

From Inception and For the Fiscal Year Ended June 30, 2013

	Project Authorization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Expenditures</b>					
Library Renovation Project:					
Engineering and architecture	\$ 40,000	\$ -	\$ -	\$ -	\$ 40,000
Construction	400,000	-	-	-	400,000
Debt service	10,000	-	-	-	10,000
Total expenditures	<u>450,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>450,000</u>
<b>Other Financing Sources</b>					
Library Renovation Project:					
Transfers from other funds:					
General fund	250,000	-	-	-	250,000
Loan proceeds	200,000	-	-	-	200,000
Total other financing sources	<u>450,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>450,000</u>
<b>Net Change in Fund Balance</b>					
	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balance, beginning</b>					
			<u>-</u>		
<b>Fund balance, ending</b>					
			<u>\$ -</u>		

**CITY OF RANDLEMAN, NORTH CAROLINA**

**Schedule 7**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**

**Capital Projects Fund - City Center**

**From Inception and For the Fiscal Year Ended June 30, 2013**

	Project Authorization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Expenditures</b>					
City Center Project:					
Engineering and architecture	\$ 30,000	\$ -	\$ 9,750	\$ 9,750	\$ 20,250
Property acquisition	415,000	-	459,547	459,547	(44,547)
Downtown improvements	410,000	-	97,481	97,481	312,519
Total expenditures	<u>855,000</u>	<u>-</u>	<u>566,778</u>	<u>566,778</u>	<u>288,222</u>
<b>Other Financing Sources</b>					
City Center Project:					
Transfers from other funds:					
General fund	815,000	-	843,842	843,842	28,842
Water and sewer fund	40,000	-	40,000	40,000	-
Donations	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>
Total other financing sources	<u>855,000</u>	<u>-</u>	<u>943,842</u>	<u>943,842</u>	<u>88,842</u>
<b>Net Change in Fund Balance</b>					
	<u>\$ -</u>	<u>\$ -</u>	377,064	<u>\$ 377,064</u>	<u>\$ 377,064</u>
<b>Fund balance, beginning</b>			-		
<b>Fund balance, ending</b>			<u>\$ 377,064</u>		

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Schedule of Revenues and Expenditures - Budget and Actual (NON-GAAP)**  
**Water and Sewer Fund**  
**For the Fiscal Year Ended June 30, 2013**

**Schedule 8**  
**(Page 1 of 2)**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Operating revenues:			
Water sales	\$ 1,195,000	\$ 1,220,622	\$ 25,622
Sewer charges	914,400	854,503	(59,897)
Water and sewer taps	15,000	14,400	(600)
Surcharges	8,000	1,762	(6,238)
Other operating revenues	39,000	59,105	20,105
Total	2,171,400	2,150,392	(21,008)
Nonoperating revenues:			
Interest earned on investments	2,000	2,946	946
Total revenues	2,173,400	2,153,338	(20,062)
<b>Expenditures:</b>			
Operating expenditures:			
Water treatment and distribution:			
Salaries and employee benefits		87,124	
Repairs and maintenance		13,309	
Utilities		5,784	
Utility services		73,650	
Purchase of water		520,733	
Other operating expenditures		65,065	
Total	811,500	765,665	45,835
Water and sewer maintenance:			
Salaries and employee benefits		209,665	
Repairs and maintenance		27,401	
Other operating expenditures		33,580	
Total	390,000	270,646	119,354
Wastewater treatment:			
Salaries and employee benefits		190,706	
Supplies and chemicals		16,712	
Repairs and maintenance		22,317	
Utilities		125,700	
Pretreatment/lab		24,080	
Sludge removal		31,968	
Capital outlay		6,161	
Other operating expenditures		55,835	
Total	570,400	473,479	96,921
Total operating expenditures	\$ 1,771,900	\$ 1,509,790	\$ 262,110

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Schedule of Revenues and Expenditures - Budget and Actual (NON-GAAP)**  
**Water and Sewer Fund**  
**For the Fiscal Year Ended June 30, 2013**

**Schedule 8**  
**(Page 2 of 2)**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Expenditures:</b>			
Nonoperating expenditures:			
Interest and fiscal charges on long-term debt		35,016	
PTRWA principal payments		132,620	
PTRWA interest		31,415	
Bond principal payments		122,588	
PTRWA admin operating costs		32,968	
Total nonoperating expenditures	<u>\$ 401,500</u>	<u>\$ 354,607</u>	<u>\$ 46,893</u>
Total expenditures	<u>2,173,400</u>	<u>1,864,397</u>	<u>309,003</u>
<b>Revenues over (under) expenditures</b>	<u>-</u>	<u>288,941</u>	<u>288,941</u>
<b>Other financing sources (uses):</b>			
Transfer to other funds:			
City center fund	(40,000)	(40,000)	-
Public works building fund	(350,000)	(350,000)	-
New City Hall fund	(350,000)	(350,000)	-
Total other financing sources (uses)	<u>(740,000)</u>	<u>(740,000)</u>	<u>-</u>
Fund balance appropriated	740,000	-	(740,000)
<b>Revenues and appropriated fund balance over (under) expenditures and other uses</b>	<u>\$ -</u>	<u>(451,059)</u>	<u>\$ (451,059)</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual basis:</b>			
Reconciling items:			
Capital outlay		6,161	
Depreciation		(322,856)	
Increase (decrease) in deferred revenue recognition			
Change in inventory			
Principal retirement		255,208	
Total		<u>(61,487)</u>	
Change in net position		<u>\$ (512,546)</u>	

**CITY OF RANDLEMAN, NORTH CAROLINA**

**Schedule 9**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**

**Capital Projects Fund - Waterline Improvements**

**From Inception and For the Fiscal Year Ended June 30, 2013**

	Project Authorization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Expenditures</b>					
Waterline Improvements Project:					
Engineering and architecture	\$ 50,000	\$ 8,019	\$ 61,737	\$ 69,756	\$ (19,756)
Waterline improvements	50,000	10,750	8,263	19,013	30,987
Contingency	20,000	-	-	-	20,000
Total expenditures	<u>120,000</u>	<u>18,769</u>	<u>70,000</u>	<u>88,769</u>	<u>31,231</u>
<b>Other Financing Sources</b>					
Waterline Improvements Project:					
Transfers from other fund:					
Water and sewer fund	120,000	120,000	-	120,000	-
Total other financing sources	<u>120,000</u>	<u>120,000</u>	<u>-</u>	<u>120,000</u>	<u>-</u>
<b>Net Change in Fund</b>					
<b>Balance</b>	<u>\$ -</u>	<u>\$ 101,231</u>	(70,000)	<u>\$ 31,231</u>	<u>\$ 31,231</u>
<b>Fund balance, beginning</b>			<u>101,231</u>		
<b>Fund balance, ending</b>			<u>\$ 31,231</u>		

## CITY OF RANDLEMAN, NORTH CAROLINA

Schedule 10

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

## Capital Projects Fund - Wastewater System Repair

From Inception and For the Fiscal Year Ended June 30, 2013

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Expenditures</b>					
Wastewater System Repair Project:					
Construction	\$ 768,020	\$ -	\$ 532,748	\$ 532,748	\$ 235,272
Technical services	64,585	60,794	4,000	64,794	(209)
Contingency	38,401	-	-	-	38,401
Closing fee	13,566	13,566	6,302	19,868	(6,302)
Total expenditures	<u>884,572</u>	<u>74,360</u>	<u>543,050</u>	<u>617,410</u>	<u>267,162</u>
<b>Other Financing Sources</b>					
Wastewater System Repair Project:					
Transfers from other funds:					
Water and sewer fund	192,690	-	-	-	(192,690)
Revolving loan proceeds	691,882	-	599,454	599,454	(92,428)
Total other financing sources	<u>884,572</u>	<u>-</u>	<u>599,454</u>	<u>599,454</u>	<u>(285,118)</u>
<b>Net Change in Fund Balance</b>					
	<u>\$ -</u>	<u>\$ (74,360)</u>	56,404	<u>\$ (17,956)</u>	<u>\$ (17,956)</u>
Fund balance, beginning			<u>(74,360)</u>		
Fund balance, ending			<u>\$ (17,956)</u>		



Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Capital Projects Fund - Water Tank Improvements

From Inception and For the Fiscal Year Ended June 30, 2013

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Expenditures</b>					
Water Tank Improvements Project:					
Water tank improvements	\$ 195,000	\$ -	\$ 60,720	\$ 60,720	\$ 134,280
Contingency	5,000	-	-	-	5,000
Total expenditures	<u>200,000</u>	<u>-</u>	<u>60,720</u>	<u>60,720</u>	<u>139,280</u>
<b>Other Financing Sources</b>					
Water Tank Improvements Project:					
Transfers from other funds:					
General fund	20,000	-	-	-	(20,000)
Water and sewer fund	<u>180,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(180,000)</u>
Total other financing sources	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>
<b>Net Change in Fund Balance</b>					
	<u>\$ -</u>	<u>\$ -</u>	(60,720)	<u>\$ (60,720)</u>	<u>\$ (60,720)</u>
<b>Fund balance, beginning</b>			-		
<b>Fund balance, ending</b>			<u>\$ (60,720)</u>		

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Schedule of Changes in Assets and Liabilities**  
**Fireman's Relief Fund**  
**For the Fiscal Year Ended June 30, 2013**

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**Schedule 12**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>Assets</b>				
Cash and cash equivalents	<u>\$ 108,835</u>	<u>\$ 4,695</u>	<u>\$ -</u>	<u>\$ 113,530</u>
<b>Liabilities</b>				
Intergovernmental payable	<u>\$ 108,835</u>	<u>\$ 4,695</u>	<u>\$ -</u>	<u>\$ 113,530</u>

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Schedule of Ad Valorem Taxes Receivable**  
**Fiscal Years ended June 30, 2013**

**Schedule 13**

Fiscal Year	Uncollected Balance June 30, 2012	Additions	Collections and Credits	Uncollected Balance June 30, 2013
2012 - 2013	\$ -	\$ 2,274,937	\$ 2,227,490	\$ 47,447
2011 - 2012	40,047	-	36,052	3,995
2010 - 2011	4,418	-	1,486	2,932
2009 - 2010	3,049	-	847	2,202
2008 - 2009	2,089	-	196	1,893
2007 - 2008	1,868	-	74	1,794
2006 - 2007	1,347	-	240	1,107
2005 - 2006	1,207	-	100	1,107
2004 - 2005	1,183	-	50	1,133
2003 - 2004	1,340	-	16	1,324
2002 - 2003	925	-	925	-
	\$ 57,473	\$ 2,274,937	\$ 2,267,476	64,934
Less: allowance for uncollectible accounts				-
Ad valorem taxes receivable, net				\$ 64,934
Reconciliation with revenues:				
Ad valorem taxes collected - General Fund				\$ 2,258,376
Reconciling items:				
Taxes written off				925
Discounts allowed				16,046
Interest collected				(7,871)
Total collections and credits				\$ 2,267,476

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Analysis of Current Tax Levy City-Wide Levy**  
**Fiscal Year Ended June 30, 2013**

**Schedule 14**

	City-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 365,868,966	0.58%	\$2,122,040	\$ 2,108,370	\$ 13,670
Motor vehicles taxed at at prior year's rate	26,338,448	0.58%	152,763	-	152,763
Penalties			-	-	-
Total	<u>392,207,414</u>		<u>2,274,803</u>	<u>2,108,370</u>	<u>166,433</u>
Discoveries:					
Current year taxes	23,103	0.58%	134	-	134
Penalties			-	-	-
Fees and interest			-	-	-
Total	<u>23,103</u>		<u>134</u>	<u>-</u>	<u>134</u>
Abatements	<u>(7,239,828)</u>		<u>-</u>	<u>-</u>	<u>-</u>
Total property valuation	<u>\$ 384,990,689</u>				
Net levy			2,274,937	2,108,370	166,567
Uncollected taxes at June 30, 2013			<u>(47,447)</u>	<u>(13,135)</u>	<u>(34,312)</u>
Current year's taxes collected			<u>\$2,227,490</u>	<u>\$ 2,095,235</u>	<u>\$132,255</u>
Current levy collection percentage			<u>97.91%</u>	<u>99.38%</u>	<u>79.40%</u>

**STATISTICAL SECTION**

## STATISTICAL SECTION

This part of the City of Randleman's Comprehensive Annual Financial report presents detailed information as a context for understanding what the information presented in the financial statements, notes disclosures, and required supplementary information says about the financial health of the City of Randleman.

### FINANCIAL TRENDS

These tables contain trend information to assist the reader in understanding how the City's financial performance and well-being has changed over time.

### REVENUE CAPACITY

The tables in this section can be used to assess the City's most significant local revenue source, the Ad Valorem Property tax.

### DEBT CAPACITY

This section presents information on the City's current levels of outstanding debt as well as the City's ability to issue additional debt in the future.

### DEMOGRAPHIC AND ECONOMIC INFORMATION

These tables offer demographic and economic indicators to help the reader understand the environment in which the financial activities of the City take place.

### OPERATING INFORMATION

The tables in this section contain data regarding the services and infrastructure of the City, and shows how the information in the financial report relates to the services the City provides and the activities it performs.

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Net Position by Component**  
**Last Ten Fiscal Years (accrual basis of accounting)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 1,623,941	\$ 1,707,851	\$ 1,869,749	\$ 1,924,095
Restricted:				
For non-expendable purposes	53,765	54,327	55,652	76,355
For street improvements	412,889	543,345	692,697	841,375
For expandable purposes	-	-	-	-
Unrestricted	<u>1,104,026</u>	<u>1,419,426</u>	<u>1,844,584</u>	<u>2,497,525</u>
Total governmental activities				
Net Positions	<u>\$ 3,194,621</u>	<u>\$ 3,724,949</u>	<u>\$ 4,462,682</u>	<u>\$ 5,339,350</u>
<b>Business type activities</b>				
Net investment in capital assets	\$ 4,638,518	\$ 4,769,356	\$ 4,793,489	\$ 4,898,457
Unrestricted	<u>1,188,028</u>	<u>1,283,578</u>	<u>1,462,464</u>	<u>1,559,985</u>
Total business type activities				
Net Positions	<u>\$ 5,826,546</u>	<u>\$ 6,052,934</u>	<u>\$ 6,255,953</u>	<u>\$ 6,458,442</u>
<b>Primary government</b>				
Net investment in capital assets	\$ 6,262,459	\$ 6,477,207	\$ 6,663,238	\$ 6,822,552
Restricted:				
For non-expendable purposes	53,765	54,327	55,652	76,355
For street improvements	412,889	543,345	692,697	841,375
For expendable proposes	-	-	-	-
Unrestricted	<u>2,292,054</u>	<u>2,703,004</u>	<u>3,307,048</u>	<u>4,057,510</u>
Total primary government				
Net Positions	<u>\$ 9,021,167</u>	<u>\$ 9,777,883</u>	<u>\$ 10,718,635</u>	<u>\$ 11,797,792</u>

The City began to report accrual information when it implemented GASB Statement 34 in fiscal year ended June 30, 2004.

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 2,346,836	\$ 3,107,827	\$ 3,217,973	\$ 3,435,005	\$ 3,790,831	\$ <b>5,523,288</b>
82,046	84,303	97,449	343,905	398,481	<b>353,480</b>
1,008,776	1,037,975	1,080,610	1,204,482	997,674	<b>882,276</b>
-	-	-	-	69,445	<b>64,079</b>
<u>3,064,214</u>	<u>2,912,591</u>	<u>3,247,992</u>	<u>3,131,344</u>	<u>3,300,084</u>	<u><b>2,608,602</b></u>
\$ <u>6,501,872</u>	\$ <u>7,142,696</u>	\$ <u>7,644,024</u>	\$ <u>8,114,736</u>	\$ <u>8,556,515</u>	\$ <u><b>9,431,725</b></u>
\$ 5,085,335	\$ 5,065,220	\$ 5,228,807	\$ 5,290,691	\$ 5,269,156	\$ <b>3,709,453</b>
<u>1,349,928</u>	<u>1,611,408</u>	<u>1,614,455</u>	<u>2,168,283</u>	<u>2,459,025</u>	<u><b>1,892,375</b></u>
\$ <u>6,435,263</u>	\$ <u>6,676,628</u>	\$ <u>6,843,262</u>	\$ <u>7,458,974</u>	\$ <u>7,728,181</u>	\$ <u><b>5,601,828</b></u>
\$ 7,432,171	\$ 8,173,047	\$ 8,446,780	\$ 8,725,696	\$ 9,059,987	\$ <b>9,232,741</b>
82,046	84,303	97,449	97,449	398,481	<b>353,480</b>
1,008,776	1,037,975	1,080,610	1,080,610	997,674	<b>882,276</b>
-	-	-	-	69,445	<b>64,079</b>
<u>4,414,142</u>	<u>4,523,999</u>	<u>4,862,447</u>	<u>5,299,627</u>	<u>5,759,109</u>	<u><b>4,500,977</b></u>
\$ <u>12,937,135</u>	\$ <u>13,819,324</u>	\$ <u>14,487,286</u>	\$ <u>15,203,382</u>	\$ <u>16,284,696</u>	\$ <u><b>15,033,553</b></u>



**CITY OF RANDLEMAN, NORTH CAROLINA**

**Changes in Net Position**

**Last Ten Years (accrual basis of accounting)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b><u>Expenses</u></b>				
Governmental activities:				
General government	\$ 790,529	\$ 710,259	\$ 601,169	\$ 803,788
Public safety	1,260,992	1,222,850	1,257,136	1,220,825
Public works	253,706	240,278	306,869	45,112
Cultural and recreational	364,682	360,044	388,411	489,454
Economic/physical development	80,695	85,487	117,045	469,371
Capital outlay	<u>140,453</u>	<u>103,077</u>	<u>107,586</u>	<u>165,593</u>
Total governmental expenses	2,891,057	2,721,995	2,778,216	3,194,143
Business type activities:				
Water and sewer	<u>1,441,736</u>	<u>1,370,747</u>	<u>1,530,343</u>	<u>1,575,890</u>
Total primary government expenses	<u><u>\$ 4,332,793</u></u>	<u><u>\$ 4,092,742</u></u>	<u><u>\$ 4,308,559</u></u>	<u><u>\$ 4,770,033</u></u>
<b><u>Program Revenues</u></b>				
Government activities:				
Charges for services				
General government	\$ 79,776	\$ -	\$ -	\$ -
Public Safety	47,791	8,000	8,000	8,000
Public Works	82,448	9,287	110,798	172,718
Cultural and recreational	65,682	110,778	246,000	239,086
Operating grants and contributions	132,661	155,040	137,523	359,383
Capital grants and contributions	<u>45,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities revenue	<u>453,358</u>	<u>283,105</u>	<u>502,321</u>	<u>779,187</u>
Business like activities				
Charges for services				
Water and sewer	1,496,212	1,496,212	1,652,977	1,730,971
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government revenues	<u><u>\$ 1,949,570</u></u>	<u><u>\$ 1,779,317</u></u>	<u><u>\$ 2,155,298</u></u>	<u><u>\$ 2,510,158</u></u>
<b><u>Net (Expense) Revenue</u></b>				
Governmental activities	\$(2,438,890)	\$(2,438,890)	\$(2,275,895)	\$(2,414,956)
Business type activities	<u>282,230</u>	<u>282,230</u>	<u>175,779</u>	<u>155,081</u>
Total primary government net expense	<u><u>\$(2,156,660)</u></u>	<u><u>\$(2,156,660)</u></u>	<u><u>\$(2,100,116)</u></u>	<u><u>\$(2,259,875)</u></u>

The City begin to report accrual information when it implemented GASB Statement 34 in fiscal year ended June 30, 2004.

2008	2009	2010	2011	2012	2013
\$ 688,482	\$ 829,271	\$ 938,893	\$ 764,859	\$ 723,377	\$ 706,465
1,522,623	1,675,507	1,753,327	1,782,595	1,823,766	2,087,062
50,548	55,905	76,013	51,030	84,312	595,196
571,931	562,766	563,243	610,536	613,506	616,692
710,794	564,353	499,806	541,344	533,856	150,190
11,175	4,524	12,426	250,973	60,655	-
<u>3,555,553</u>	<u>3,692,326</u>	<u>3,843,708</u>	<u>4,001,337</u>	<u>3,839,472</u>	<u>4,155,605</u>
1,873,319	1,910,697	1,881,943	1,907,495	1,970,822	1,925,884
<u>\$ 5,428,872</u>	<u>\$ 5,603,023</u>	<u>\$ 5,725,651</u>	<u>\$ 5,908,832</u>	<u>\$ 5,810,294</u>	<u>\$ 6,081,489</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8,000	8,000	8,000	8,000	8,000	-
159,132	144,653	159,362	159,383	160,206	159,901
264,749	268,835	270,362	231,195	212,332	200,556
522,786	408,578	380,773	374,292	373,389	195,363
-	-	-	-	-	-
<u>954,667</u>	<u>830,066</u>	<u>818,497</u>	<u>772,870</u>	<u>753,927</u>	<u>555,820</u>
1,817,455	2,083,650	2,038,382	2,516,441	2,400,778	2,150,392
-	35,500	-	-	-	-
<u>\$ 2,772,122</u>	<u>\$ 2,949,216</u>	<u>\$ 2,856,879</u>	<u>\$ 3,289,311</u>	<u>\$ 3,154,705</u>	<u>\$ 2,706,212</u>
\$(2,600,886)	\$(2,862,260)	\$(3,025,211)	\$(3,228,467)	\$(3,085,545)	\$ (3,599,785)
(55,864)	208,453	156,439	608,946	429,956	224,508
<u>\$(2,656,750)</u>	<u>\$(2,653,807)</u>	<u>\$(2,868,772)</u>	<u>\$(2,619,521)</u>	<u>\$(2,655,589)</u>	<u>\$ (3,375,277)</u>

**CITY OF RANDLEMAN, NORTH CAROLINA****Changes in Net Position****Last Ten Years (accrual basis of accounting)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b><u>General Revenues and Other Changes in Net Position</u></b>				
Governmental activities:				
Taxes:				
Ad valorem taxes (property)	\$ 1,338,981	\$ 1,576,041	\$ 1,614,431	\$ 1,743,750
Other taxes and licenses	5,843	7,033	6,246	6,356
Unrestricted governmental revenues	1,320,167	1,255,374	1,253,109	1,326,979
Investment earnings	16,562	39,453	97,762	190,565
Miscellaneous	21,923	91,317	42,080	36,086
Sale of capital assets	(215,500)	-	-	-
Transfers	222,971	-	-	-
Total governmental activities	<u>2,710,947</u>	<u>2,969,218</u>	<u>3,013,628</u>	<u>3,303,736</u>
Business type activities				
Investment earnings	8,073	11,228	8,740	47,408
Miscellaneous	-	-	18,500	-
Transfers	(222,971)	-	-	-
Total business type activities	<u>(214,898)</u>	<u>11,228</u>	<u>27,240</u>	<u>47,408</u>
Total primary governmental activities	<u>\$ 2,496,049</u>	<u>\$ 2,980,446</u>	<u>\$ 3,040,868</u>	<u>\$ 3,351,144</u>
<b><u>Change in Net Position</u></b>				
Governmental activities	\$ 273,248	\$ 530,328	\$ 737,733	\$ 888,780
Business activities	(160,422)	293,458	203,019	202,489
Total primary activities	<u>\$ 112,826</u>	<u>\$ 823,786</u>	<u>\$ 940,752</u>	<u>\$ 1,091,269</u>

The City begin to report accrual information when it implemented GASB Statement 34 in fiscal year ended June 30, 2004.

2008	2009	2010	2011	2012	2013
\$ 2,155,355	\$ 2,202,893	\$ 2,345,844	\$ 2,259,101	\$ 2,249,540	\$ 2,268,393
7,571	6,912	7,498	7,433	7,623	5,069
1,401,385	1,171,248	1,102,661	1,123,344	1,130,642	1,411,778
162,498	68,366	17,691	13,625	13,820	11,802
36,599	53,665	52,845	295,676	77,890	37,953
-	-	-	-	-	-
-	-	-	-	47,809	740,000
<u>3,763,408</u>	<u>3,503,084</u>	<u>3,526,539</u>	<u>3,699,179</u>	<u>3,527,324</u>	<u>4,474,995</u>
32,685	19,233	10,195	6,766	6,088	-
-	13,679	-	-	972	2,946
-	-	-	-	(47,809)	(740,000)
<u>32,685</u>	<u>32,912</u>	<u>10,195</u>	<u>6,766</u>	<u>(40,749)</u>	<u>(737,054)</u>
<u>\$ 3,796,093</u>	<u>\$ 3,535,996</u>	<u>\$ 3,536,734</u>	<u>\$ 3,705,945</u>	<u>\$ 3,486,575</u>	<u>\$ 3,737,941</u>
\$ 1,162,522	\$ 640,824	\$ 501,328	\$ 470,712	\$ 441,779	\$ 875,210
(23,179)	241,365	166,634	615,712	366,578	(512,546)
<u>\$ 1,139,343</u>	<u>\$ 882,189</u>	<u>\$ 667,962</u>	<u>\$ 1,086,424</u>	<u>\$ 808,357</u>	<u>\$ 362,664</u>

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

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General Fund

Fiscal	Reserved	Unreserved	Non- spendable	Restricted	Assigned	Unassigned	Total
2004	\$ 687,793	\$ 942,210	\$ -	\$ -	\$ -	\$ -	\$1,630,003
2005	942,224	1,141,455	-	-	-	-	2,083,679
2006	1,034,956	1,616,126	-	-	-	-	2,651,082
2007	1,219,312	2,223,624	-	-	-	-	3,442,936
2008	1,434,965	2,784,983	-	-	-	-	4,219,948
2009	1,370,042	2,757,944	-	-	-	-	4,127,986
2010	1,394,566	3,193,508	-	-	-	-	4,588,074
2011	-	-	-	1,485,594	203,739	3,221,838	4,911,171
2012	-	-	-	1,407,029	17,100	3,639,612	5,063,741
2013	-	-	-	1,235,756	366,200	1,997,538	3,599,494

Other Governmental Funds                      FY 2013                                      701,468                                      701,468

Fiscal Year	Reserved	Unreserved	Non- spendable	Restricted	Total
2004	\$ 53,765	\$ -	\$ -	\$ -	\$ 53,765
2005	54,327	-	-	-	54,327
2006	55,652	-	-	-	55,652
2007	57,375	-	-	-	57,375
2008	59,019	-	-	-	59,019
2009	60,574	-	-	-	60,574
2010	61,790	-	-	-	61,790
2011	-	-	50,000	12,793	62,793
2012	-	-	50,000	13,189	63,189
2013	-	-	50,000	14,079	64,079

The City began to report accrual information when it implemented GASB Statement 24 at fiscal year 2004. Prior year amounts have not been restated for the implementation of Statement 54.

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**

	2004	2005	2006	2007	2008
<b>Revenues</b>					
Property taxes and licenses	\$ 1,348,875	\$ 1,375,660	\$ 1,411,933	\$ 1,727,635	\$ 2,161,908
Other taxes and licenses	341,277	34,134	43,766	29,533	7,571
Intergovernmental	1,285,449	1,586,054	1,561,799	1,671,185	1,932,171
Permits and fees	27,149	120,065	343,709	401,092	420,541
Investment earnings	16,562	39,453	97,762	190,565	162,498
Other revenues	324,481	91,316	31,080	35,586	57,169
Total revenue	<u>3,343,793</u>	<u>3,246,682</u>	<u>3,490,049</u>	<u>4,055,596</u>	<u>4,741,858</u>
<b>Expenditures</b>					
General government	786,339	689,260	578,950	581,939	626,732
Public safety	1,155,226	1,082,372	1,143,491	1,231,519	1,406,439
Public works	219,478	209,442	273,575	299,467	378,847
Cultural and recreation	349,479	304,200	358,407	391,772	469,413
Economic/physical development	77,496	79,322	113,081	169,505	346,807
Capital outlay	1,648,701	47,604	89,871	215,949	420,802
Debt Service:					
Principal	1,650,658	261,845	267,360	263,809	252,367
Interest and service charges	142,891	118,399	107,586	96,807	80,227
Total expenditures	<u>6,030,268</u>	<u>2,792,444</u>	<u>2,932,321</u>	<u>3,250,767</u>	<u>3,981,634</u>
Excess of revenues Over (under) expenditures	<u>(2,686,475)</u>	<u>454,238</u>	<u>557,728</u>	<u>804,829</u>	<u>760,224</u>
<b>Other financing sources</b>					
Insurance recovery	-	-	11,000	500	18,792
Transfers from other funds	222,971	-	-	-	-
Donations	-	-	-	-	-
Installment purchases/loans	3,230,752	-	-	-	-
Sale of assets	-	-	-	-	-
Total other financing sources	<u>3,453,723</u>	<u>-</u>	<u>11,000</u>	<u>500</u>	<u>18,792</u>
Net change in fund balance	<u>\$ 767,248</u>	<u>\$ 454,238</u>	<u>\$ 568,728</u>	<u>\$ 805,329</u>	<u>\$ 779,016</u>
Debt services as a percentage of non-capital expenditures	40.93%	13.85%	13.19%	11.88%	9.34%

2009	2010	2011	2012	2013
\$ 2,200,540	\$ 2,325,048	\$ 2,262,442	\$ 2,252,193	\$ <b>2,258,376</b>
6,912	7,498	7,433	7,623	<b>5,069</b>
1,587,826	1,491,434	1,505,636	1,512,031	<b>1,547,141</b>
426,059	429,209	390,073	375,617	<b>360,457</b>
68,366	17,691	13,625	13,820	<b>11,802</b>
50,842	52,845	45,676	51,093	<b>37,953</b>
<u>4,340,545</u>	<u>4,323,725</u>	<u>4,224,885</u>	<u>4,212,377</u>	<u><b>4,220,798</b></u>
767,100	813,302	695,338	641,306	<b>576,301</b>
1,499,844	1,515,152	1,530,249	1,617,310	<b>1,769,848</b>
499,979	479,875	471,934	656,198	<b>494,841</b>
468,894	486,879	488,492	499,463	<b>564,554</b>
162,791	94,588	125,640	107,384	<b>79,681</b>
666,779	135,906	562,417	328,366	<b>2,020,252</b>
287,591	272,801	220,852	232,868	<b>234,195</b>
80,797	63,918	55,863	51,122	<b>43,015</b>
<u>4,433,775</u>	<u>3,862,421</u>	<u>4,150,785</u>	<u>4,134,017</u>	<u><b>5,782,687</b></u>
<u>(93,230)</u>	<u>461,304</u>	<u>74,100</u>	<u>78,360</u>	<u><b>(1,561,889)</b></u>
2,823	-	250,000	22,797	-
-	-	-	47,809	<b>740,000</b>
-	-	-	-	<b>60,000</b>
-	-	-	-	-
-	-	-	4,000	-
<u>2,823</u>	<u>-</u>	<u>250,000</u>	<u>74,606</u>	<u><b>800,000</b></u>
<u>\$ (90,407)</u>	<u>\$ 461,304</u>	<u>\$ 324,100</u>	<u>\$ 152,966</u>	<u><b>\$ (761,889)</b></u>

9.78%      9.04%      7.71%      7.46%      **7.37%**

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Government Activities Tax Revenue by Source**  
**Last Ten Years (modified accrual basis of accounting)**

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Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Fire Dist Tax	Beer and Wine Tax	Other Taxes	Total
2004	\$ 1,348,875	\$ 557,214	\$ 341,277	\$ 193,225	\$ 16,513	\$ -	\$ 2,457,104
2005	1,375,660	690,460	270,506	194,741	17,258	-	2,548,625
2006	1,411,933	664,792	286,748	200,687	17,619	-	2,581,779
2007	1,727,635	728,806	305,334	267,014	18,550	-	3,047,339
2008	2,161,908	766,899	347,975	238,622	19,807	-	3,535,211
2009	2,200,540	697,449	344,614	234,591	19,473	2,018	3,498,685
2010	2,325,049	627,248	350,787	234,701	6,343	3,031	3,547,159
2011	2,262,442	699,455	349,389	231,940	19,776	3,041	3,566,043
2012	2,252,193	666,474	374,406	241,235	17,864	2,167	3,554,339
2013	2,258,376	677,554	389,432	239,076	16,711	2,331	3,583,480

Solid Waste Tax Reimbursement began in Fiscal Year 2009.

The City began to report accrual information when it implemented GASB Statement 34 in fiscal year ended June 30, 2004.



**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Assessed Value and Estimated Value of Taxable Property**  
**Last Ten Fiscal Years**

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Fiscal Year Ended June 30	Real Property	Personal Property	Public Service Companies	Total Assessed Value	Estimated Actual Value	Ratio of Assessed Value of Estimated Value
2004	\$ 178,023,888	\$ 97,770,559	\$ 6,855,553	\$ 282,650,000	\$ 282,650,000	100%
2005	182,241,661	59,353,735	6,885,887	248,481,283	248,481,283	100%
2006	189,806,178	61,243,298	6,175,622	257,225,098	257,225,098	100%
2007	199,959,515	68,659,240	6,320,570	274,939,325	274,939,325	100%
2008	277,657,375	92,135,102	7,251,661	377,044,138	377,044,138	100%
2009	285,129,096	91,587,319	7,983,929	384,700,344	384,700,344	100%
2010	289,564,574	81,617,363	10,320,477	381,502,414	381,502,414	100%
2011	269,786,757	92,653,665	9,494,237	371,934,659	371,934,659	100%
2012	270,579,016	88,309,868	8,757,657	367,646,541	367,646,541	100%
2013	275,409,308	84,640,308	8,871,789	368,921,405	368,921,405	100%

Source: Randolph County Government

(1) Property is reassessed every six years. Increase is reflected in these years

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Property Tax Rates District and Overlapping Governments**  
**Last Ten Fiscal Years**

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<u>Year Ended</u> <u>June 30</u>	<u>City of Randleman</u>	<u>Randolph County</u>	<u>Total Tax Rate</u>
2004	0.4800	0.5000	0.9800
2005	0.5100	0.5000	1.0100
2006	0.5100	0.5250	1.0350
2007	0.5800	0.5350	1.1150
2008	0.5800	0.5350	1.1150
2009	0.5800	0.5550	1.1350
2010	0.5800	0.5550	1.1350
2011	0.5800	0.5860	1.1660
2012	0.5800	0.5860	1.1660
2013	0.5800	0.5860	1.1660

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Property Tax Levies and Collections**  
**Last Ten Years**

---

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Total</u> <u>Tax Levy</u>	<u>Current Tax</u> <u>Collections</u>	<u>Percentage of</u> <u>Current Tax</u> <u>Collected</u>	<u>Collections</u> <u>Prior Year</u> <u>Taxes</u>	<u>Total Tax</u> <u>Collections</u>
2004	\$ 1,356,720	\$ 1,342,311	98.94%	\$ 13,303	\$ 1,355,614
2005	1,368,585	1,349,979	98.64%	16,849	1,366,828
2006	1,424,332	1,403,106	98.51%	19,415	1,422,521
2007	1,753,739	1,722,127	98.20%	20,770	1,742,897
2008	2,190,077	2,165,955	98.90%	30,753	2,196,708
2009	2,234,797	2,206,920	98.75%	25,702	2,232,622
2010	2,357,078	2,307,976	97.92%	30,234	2,338,210
2011	2,271,292	2,228,729	98.13%	56,429	2,285,158
2012	2,262,038	2,221,991	98.23%	45,148	2,267,139
2013	2,274,937	2,227,490	97.91%	39,986	2,267,476

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<u>Ratio of Total Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes (Net)</u>	<u>Ratio of Total Delinquent Taxes to Total Tax Levy</u>
99.92%	\$ 32,388	2.39%
99.87%	34,145	2.49%
99.87%	35,956	2.52%
99.38%	46,870	2.67%
100.30%	40,318	1.84%
99.90%	42,671	1.91%
99.20%	63,467	2.69%
100.61%	60,126	2.65%
100.23%	57,473	2.54%
99.67%	64,934	2.85%

**CITY OF RANDLEMAN, NORTH CAROLINA**

**Principal Taxpayers**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>FY 2013 Assessed Valuation*</u>	<u>Percentage of Total Assessed Valuation</u>	<u>FY 2004 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
The Timken Company *	Manufacturing	\$ 48,781,335	13.55%	\$ 35,841,796	14.93%
Dart Container Corporation *	Manufacturing	48,390,378	13.49%	31,031,138	12.29%
BW Hughes Properties	Manufacturing	14,036,220	3.80%	4,347,900	1.54%
Deep River Crossing	Shopping Center	7,915,520	2.15%	8,155,140	2.89%
Hughes Furniture Industries *	Manufacturing	7,399,300	2.01%	7,277,082	2.57%
Duke Energy	Utility	5,754,905	1.56%	-	
Island Ford Properties	Warehouse & Sales	5,529,740	1.50%	-	-
United Brass Works *	Manufacturing	4,536,906	1.23%	3,862,365	1.37%
Shaw Enterprises	Manufacturing	3,104,004	0.84%	2,778,112	0.98%
BT Randleman	Shopping Center	2,872,300	0.78%	-	
		<u>\$ 148,320,608</u>	40.34%		
Deep River Dyeing	Manufacturing			5,582,736	1.98%
Time Warner	Utility			4,998,553	1.77%
J&R Ventures	Shopping Center			3,027,400	1.07%
				<u>\$ 106,902,222</u>	

\* Includes both real and personal valuations

Source: Tax scroll provided by Randolph County Tax Departments

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Governmental Activities			Business-Type Activities		
	General	Installment Purchases	Notes Payable	General	Installment Purchases	Notes Payable (1)
	Obligation Bonds			Obligation Bonds		
2004	\$ -	\$ 3,142,541	\$ -	\$ 350,000	\$ 1,889,841	\$ 537,967
2005	-	2,880,697	-	250,000	1,757,220	495,449
2006	-	2,613,336	-	150,000	1,624,600	452,931
2007	-	2,349,527	-	50,000	1,491,980	410,412
2008	-	2,097,160	-	-	1,359,359	367,895
2009	-	1,812,863	-	-	1,226,739	325,376
2010	-	1,538,548	-	-	1,094,118	282,858
2011	-	1,566,060	-	-	961,498	240,340
2012	-	1,333,049	-	-	828,877	1,627,211
2013	-	1,098,854	-	-	696,257	2,104,077

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

(1) Includes PTRWA Obligation.

(2) See Demographic Table for personal income and population data.

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Total Primary Government	Debt as Percentage of	
	Personal Income (2)	Debt per Capita (2)
\$ 5,920,349	6.52%	\$ 1,520
5,383,366	5.71%	1,350
4,840,867	4.78%	1,170
4,301,919	3.96%	1,001
3,824,414	4.55%	882
3,364,978	3.78%	757
2,915,524	3.27%	650
2,767,898	3.10%	673
3,789,137	3.84%	915
3,899,188	3.94%	940

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

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Fiscal Year Ended June 30	General Obligation Bonds	Less Amounts in Debt Service Funds	Total	Assessed Property Value	Percentage of Estimated Actual Taxable Value of Property	Per Capita (1)
2004	\$ 350,000	\$ -	\$ 350,000	\$ 282,650,000	0.12%	\$ 89.86
2005	250,000	-	250,000	267,944,902	0.09%	62.67
2006	150,000	-	150,000	279,321,960	0.05%	36.25
2007	50,000	-	50,000	349,919,135	0.01%	11.64
2008	-	-	-	377,044,138	0.00%	-
2009	-	-	-	384,700,344	0.00%	-
2010	-	-	-	381,502,414	0.00%	-
2011	-	-	-	371,934,659	0.00%	-
2012	-	-	-	367,646,541	0.00%	-
2013	-	-	-	368,921,405	0.00%	-

The City of Randleman has satisfied all outstanding bond indebtedness.

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

(1) See Demographic and Economic Statistics table for personal income and population data.



**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Computation of Legal Debt Margin**  
**Last Ten Fiscal Years**

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<u>Fiscal Year Ending June 30</u>	<u>Assessed Valuation</u>	<u>Legal Debt Limit</u>	<u>General Government Installment Debt</u>	<u>Legal Debt Margin</u>	<u>Percentage of Debt Limit Used</u>
2004	\$ 282,650,000	\$ 22,612,000	\$ 3,142,541	\$ 19,469,459	13.90%
2005	267,944,902	21,435,592	2,880,697	18,554,895	13.44%
2006	267,818,431	21,425,474	2,613,336	18,812,138	12.20%
2007	302,848,252	24,227,860	2,349,527	21,878,333	9.70%
2008	377,044,138	30,163,531	2,097,160	28,066,371	6.95%
2009	384,700,344	30,776,028	1,812,863	28,963,165	5.89%
2010	381,502,414	30,520,193	1,538,548	28,981,645	5.04%
2011	369,876,379	29,590,110	1,566,060	28,024,050	5.29%
2012	389,794,655	31,183,572	1,333,049	29,850,523	4.27%
2013	384,990,689	30,799,255	1,098,854	29,700,401	3.57%

Under North Carolina General Statutes, the net debt of the City is not to exceed eight percent (8%) of the assessed value of the property subject to taxation by the City.

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Demographic Statistics**  
**Last Ten Fiscal Years**

---

Fiscal Year Ending June 30	Population (1)	Per Capita Income (4)	Total Personal Income	Median Age (1)	Public School Enrollment (2)	Average Unemployment Rate (3)
2004	3,895	\$ 23,313	\$ 90,804,135	35.4	3,738	4.20%
2005	3,989	23,651	94,343,839	36.8	3,791	4.60%
2006	4,138	24,459	101,211,342	37.2	3,624	4.61%
2007	4,297	25,267	108,572,299	38.0	3,864	4.36%
2008	4,336	19,384	84,049,024	38.0	3376*	6.30%
2009	4,447	20,031	89,077,857	38.0	3,980	12.30%
2010	4,487	22,875	102,640,125	35.0	4,014	10.20%
2011	4,113	21,674	89,145,162	38.0	4,075	9.95%
2012	4,139	23,850	98,715,150	39.5	4,283	8.90%
2013	4,150	23,850	98,977,500	38.6	4,445	9.30%

\* Decrease in enrollment due to redistricting of High School Students

(1) Source: Office of State Budget & Management

(2) Source: Randolph County Schools

(3) Source: Employment Security Commission

**CITY OF RANDLEMAN, NORTH CAROLINA**

**Principal Employers**

**Fiscal Year Ended June 30, 2013**

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<u>Employer</u>	<u>Type of Enterprise</u>	<u>Number of Employees</u>
Hughes Furniture Industries	Manufacturing	385
The Timken Company	Manufacturing	304
Randolph County Schools*	Education	294
Walmart Stores, Inc.	Retail	235
Dart Container Corporation	Manufacturing	218
Commonwealth Hosiery	Manufacturing	115
United Brass Works	Manufacturing	100
Deep River Dyeing Company	Manufacturing	95

Information provided by individual business.

\* Information for 5 schools located within the city limits or servicing the City of Randleman citizens.

Total employment within the City of Randleman is not available. There are many businesses within the City that employ 50 or more persons.

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Full-Time City Government Employees by Function**  
**Last Ten Years**

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	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General governmental							
Public safety	8	8	6	6	6	6	6
Sworn officers	14	12	13	13	14	14	14
Paid firefighters	16	15	13	13	14	14	14
Volunteer firefighters	17	17	17	17	18	15	19
Public works	11	17	12	11	11	12	12
Culture & recreation*	6	5	5	5	5	5	5
General fund	63	64	60	59	62	60	60
Enterprise fund	9	10	8	6	6	6	6

\*The schedule includes only regular full-time employees. The City also employs regular part-time employees for the Library and the Community Center.



<u>2011</u>	<u>2012</u>	<u>2013</u>
7	7	<b>8</b>
14	15	<b>14</b>
14	14	<b>15</b>
21	26	<b>23</b>
12	12	<b>14</b>
5	5	<b>6</b>
57	63	<b>65</b>
8	8	<b>10</b>

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Operating Indicators by Function**  
**Last Seven Years**

Function	2007	2008	2009	2010	2011	2012	2013
<b>Fire</b>							
Fires	\$ 103	\$ 131	\$ 105	\$ 89	\$ 99	\$ 83	\$ 87
Vehicle accidents	72	84	82	83	76	63	72
Medical assistance	651	728	713	826	742	658	735
Other	236	226	299	245	281	233	248
<b>Police</b>							
Number of calls	4,544	4,654	4,650	4,996	4,827	4,639	4,731
Vehicle	199	198	213	188	204	195	192
(3) Patrol hours	1,341	1,403	1,460	1,572	1,486	1,468	1,473
(3) Patrol miles	8,505	8,492	8,837	9,890	8,827	8,085	8,322
<b>Public works</b>							
Miles of paved streets	21	21	21	21	21	21	21
(1) Number of trash customers			1,593	1,510	1,615	1,622	
<b>Planning and zoning</b>							
Zoning permits issued	100	112	75	84	66	58	62
Zone violations	68	68	48	47	60	88	93
<b>Cultural and recreation</b>							
(3) Community center members*	1,170	1,303	1,532	1,483	1,587	1,456	1,523
(3) Book circulation	5,772	6,311	7,038	7,462	7,517	8,364	8,457
Number of patrons	7,713	8,334	4,626	5,129	5,182	5,022	5,219
(3) Children's programs participants	220	265	174	159	247	305	284
Number of volumes	31,154	31,822	32,046	34,610	36,340	3,994	39,560
<b>Water and sewer</b>							
(1) Number of customers	2,263	2,347	2,167	2,252	2,275	2,283	
(1) (2) Gallons billed	29	26	25	29	31	33	
(2) Sewer treatment-ave gallons	29	23	22	25	22	23	24
(2) Water treatment-ave gallons*	26	21	23	26			
(1) Average for bi-monthly billing cycles							
(2) Reported as millions of gallons							
(3) Monthly average							
* Community center opened FY 2007							
* Water treatment plant was closed FY 2011							

Sources: Departmental Reports

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Capital Assets by Class (Net of Accumulated Depreciation)**  
**For Fiscal Year Ended June 30, 2013**

	<u>Beginning Balances</u>	<u>Less Depreciation</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b><u>Governmental activities</u></b>					
Land	\$ 191,214	\$ -	\$ 110,548	\$ -	\$ 301,762
Construction in progress	-	-	395,668	-	395,668
Land improvements	63,392	9,097	27,968	-	82,263
Buildings and improvements	2,736,148	86,368	1,049,251	66,327	3,632,704
Infrastructure	548,660	14,043	141,163	-	675,780
Equipment and heavy equipment	1,580,775	318,125	295,654	27,573	1,530,731
Other	3,691	457	-	-	3,234
	<u>191,214</u>	<u>-</u>	<u>506,216</u>	<u>-</u>	<u>697,430</u>
Total non-depreciable assets	191,214	-	506,216	-	697,430
Total depreciable assets	<u>4,932,666</u>	<u>428,090</u>	<u>1,514,036</u>	<u>93,900</u>	<u>5,924,712</u>
Total net governmental activity capital assets	<u>\$ 5,123,880</u>	<u>\$ 428,090</u>	<u>\$2,020,252</u>	<u>\$ 93,900</u>	<u>\$6,622,142</u>
<b><u>Business-like activities</u></b>					
Land	\$ 7,275	\$ -	\$ -	\$ -	\$ 7,275
Construction in progress	93,129	-	679,931	-	773,060
System improvements	895,333	42,299	-	-	853,034
Water rights	1,411,887	29,262	-	-	1,382,625
Buildings and improvements	1,044,686	70,592	-	-	974,094
Water distribution system	2,289,728	130,804	-	-	2,158,924
Equipment and heavy vehicle	342,528	49,899	68,146	-	360,775
	<u>100,404</u>	<u>-</u>	<u>679,931</u>	<u>-</u>	<u>780,335</u>
Total non-depreciable assets	100,404	-	679,931	-	780,335
Total depreciable assets	<u>5,984,162</u>	<u>322,856</u>	<u>68,146</u>	<u>-</u>	<u>5,729,452</u>
Total net business-like activity capital assets	<u>\$ 6,084,566</u>	<u>\$ 322,856</u>	<u>\$ 748,077</u>	<u>\$ -</u>	<u>\$6,509,787</u>

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Capital Asset Statistics by Function**  
**Last 10 Years**

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<b>Function</b>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>General government</b>						
Buildings	2	2	2	2	2	2
Vehicles	2	2	2	2	2	2
<b>Public Safety</b>						
<b>Police</b>						
Stations	1	1	1	1	1	1
Vehicles	8	8	8	9	10	12
<b>Fire</b>						
Stations	1	1	1	1	1	1
Vehicles	5	7	7	8	8	9
<b>Public works</b>						
<b>Streets</b>						
Miles	20.14	20.47	21.06	21.45	21.83	22.10
Lights	522	526	529	531	534	534
Vehicles	5	5	6	6	7	8
<b>Sanitation</b>						
Collection Trucks	3	3	3	3	4	4
<b>Cultural and recreation</b>						
<b>Library</b>						
Buildings	1	1	1	2	2	2
Volumes	23,142	24,541	24,786	31,154	31,822	32,046
<b>Parks and recreation</b>						
Parks	2	2	2	2	2	2
Buildings	2	2	3	3	3	3
Vehicles	1	1	1	1	1	2
<b>Water and sewer operations</b>						
Buildings	2	2	2	2	2	2
Treatment plants	40.05	40.50	40.50	44.06	44.06	44.06
Water lines	34.05	34.05	34.05	37.46	37.46	37.46
Sewer lines	27.24	27.24	27.24	29.97	29.97	29.97
Pump stations	10	10	10	12	12	12
Water trucks	5	5	5	6	6	6
Vehicles	3	3	4	4	5	6



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<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
2	2	2	<b>2</b>
2	2	2	<b>2</b>
1	1	1	<b>1</b>
12	12	12	<b>12</b>
1	1	1	<b>1</b>
9	10	10	<b>10</b>
22.25	22.25	22.25	<b>22.75</b>
534	534	538	<b>538</b>
9	9	10	<b>12</b>
4	4	4	<b>3</b>
2	2	2	<b>1</b>
34,610	36,340	3,994	<b>39560</b>
2	2	2	<b>2</b>
3	3	3	<b>3</b>
2	2	2	<b>2</b>
2	2	2	<b>2</b>
44.06	44.06	44.06	<b>44.06</b>
37.46	37.46	37.46	<b>37.46</b>
29.97	29.97	29.97	<b>29.97</b>
12	12	12	<b>12</b>
6	6	6	<b>6</b>
7	7	9	<b>9</b>

## **COMPLIANCE SECTION**

**Independent Auditor's Report On Internal Control  
Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

To the Honorable Mayor and  
Members of the City Board of Aldermen  
City of Randleman, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund, and the aggregated remaining fund information of the City of Randleman, North Carolina (the "City") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 27, 2013.

**Internal Control Over Financial Reporting**

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

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

Our consideration of 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 to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bernard Robinson & Company, L.L.P.*

Greensboro, North Carolina  
November 27, 2013

**Independent Auditor's Report On Compliance for Each Major  
Federal Program and On Internal Control Over Compliance  
Required by OMB Circular A-133**

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

**Report on Compliance for The Major Federal Program**

We have audited the City of Randleman, North Carolina's, (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2013. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on the Major Federal Program***

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

## Report on Internal Control Over Compliance

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

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

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

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

*Bernard Robinson & Company, L.L.P.*

Greensboro, North Carolina  
November 27, 2013

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Fiscal Year Ended June 30, 2013**

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<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
<b>Federal Grants:</b>			
<u>U.S. Environmental Protection Agency:</u>			
Passed-through N.C. Clean Water Management Trust Fund:			
Capitalization Grant for Clean Water State Revolving Funds	66.458	\$ 543,050	\$ -
Total assistance - federal program		<u>543,050</u>	<u>-</u>
<b>State Grants:</b>			
<u>N.C. Department of Transportation</u>			
Powell Bill	-	-	121,032
Total assistance - state program		-	121,032
Total assistance		<u>\$ 543,050</u>	<u>\$ 121,032</u>

**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Notes to the Schedule of Expenditures of Federal and State Awards**  
**Year Ended June 30, 2013**

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The schedule of expenditures of federal and State awards includes the federal and State grant activity of the City of Randleman, North Carolina and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

*Loan Outstanding*

The City of Randleman, North Carolina's Capitalization Grants for State Revolving Funds had an outstanding loan balance of \$754,758 at June 30, 2013. This loan balance also included the \$543,050 included in the federal expenditures presented in the schedule.



**CITY OF RANDLEMAN, NORTH CAROLINA**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2013**

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**Section 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 no
- Significant Deficiency(s) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted yes no

**Federal Award**

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant Deficiency(s) identified that are not considered to be material weaknesses yes none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the section 510(a) of OMB Circular A-133? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
66.458	Capitalization Grant for Clean Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee: yes no

**Section II – Financial Statement Findings**

None reported.

**Section III –Award Findings and Questioned Costs**

None reported.