

CITY OF RANDLEMAN, NORTH CAROLINA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014



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INTRODUCTORY SECTION

The Honorable Anthony Clarence Jernigan, 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, 2014 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 4,160 at the end of 2013, 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 projected 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. 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

Nick Holcomb
Interim City Manager

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

June 30, 2014

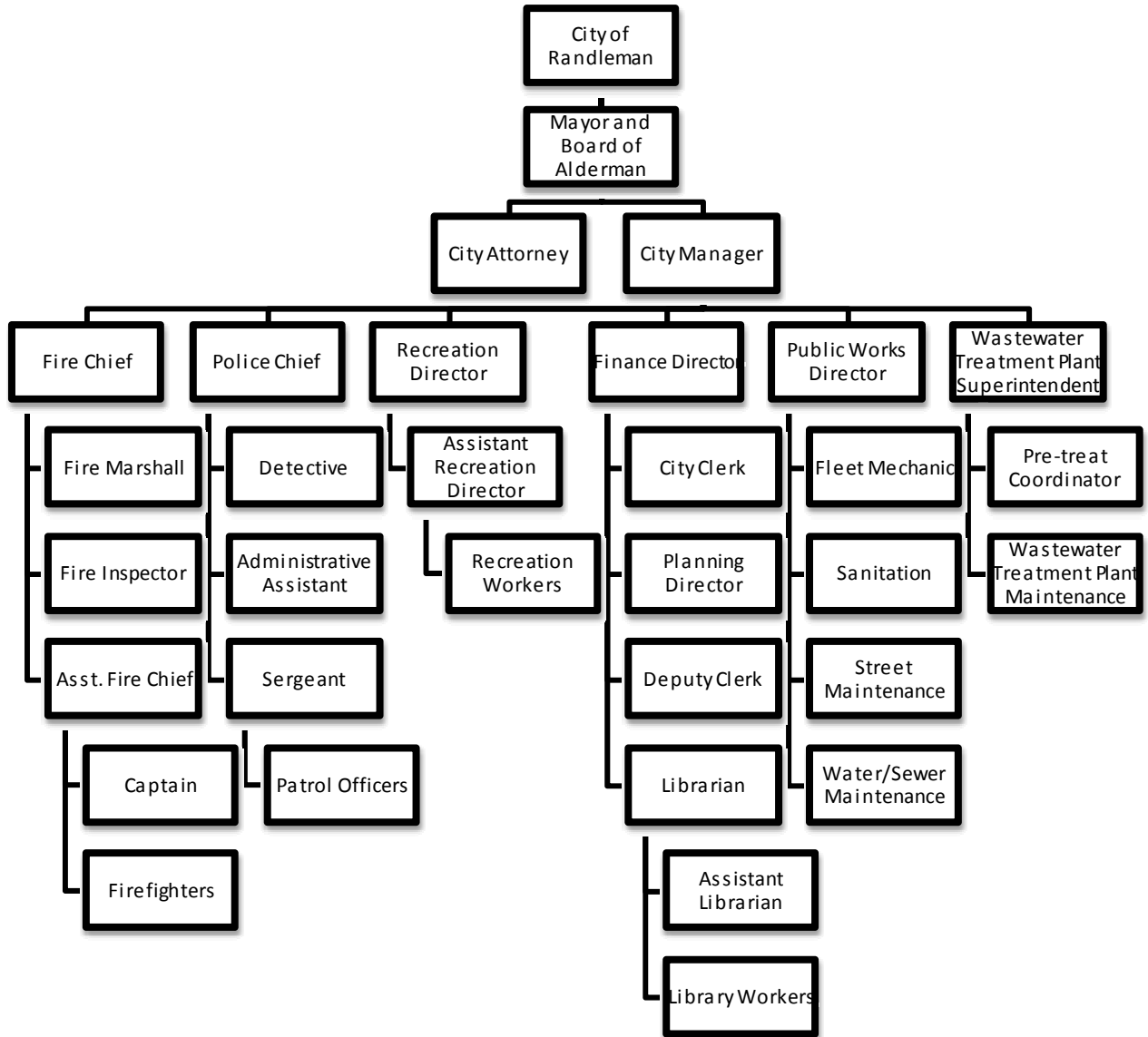
Board of Alderman

Clarence Jernigan, Mayor
Melissa Blalock, Mayor Pro-Tempore
Cliff Bowman, Alderman
Eric Ward, Alderman
Ray Hudson Jr., Alderman
Michael Dawkins, Alderman

City Officials

Nick Holcomb, Interim City Manager
Ron Niland, Project Consultant
Ruth Allen, Finance Director
Peggy Hinshaw, City Clerk/Dep. Finance Director
Melody Hancock, Purchasing Director/City Clerk
Bob Wilhoit, City Attorney
Charles McGougan, 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, 2014, 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, 2014, 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, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory information and statistical 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 December 8, 2014, 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
December 8, 2014

MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2014

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, 2014. 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.

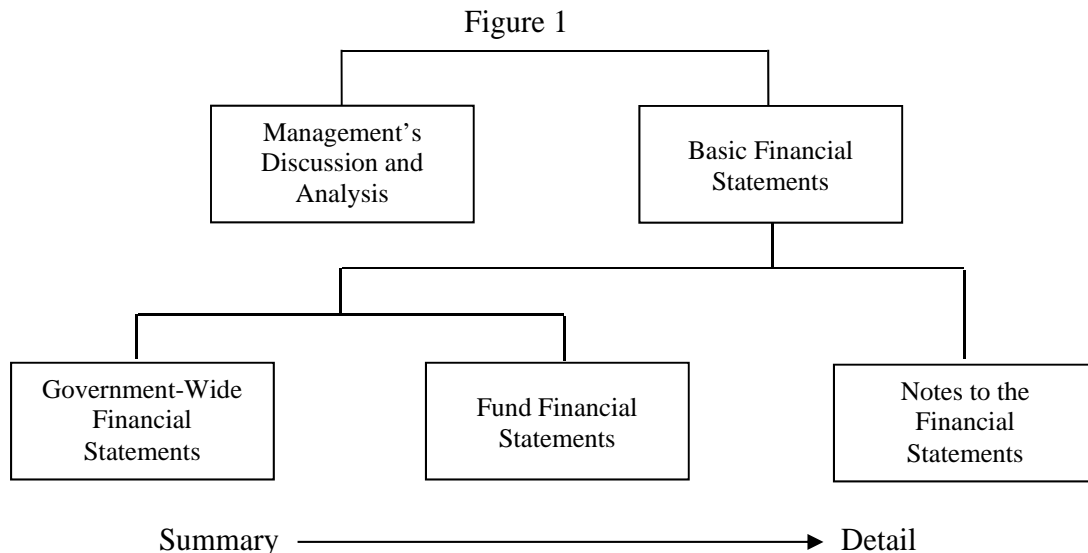
Financial Highlights

- The assets of the City of Randleman exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$15,278,466 (net position).
- The government's total net position increased by \$244,913 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 \$4,036,884 a decrease of \$328,157 in comparison with the prior year. Approximately 34.7% of this total amount, or \$1,399,521, is non spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,114,127, or 47.5%, 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, 2014

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, 2014

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 11 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, 2014

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

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Assets:						
Current and other assets	\$ 4,285,353	\$ 4,617,503	\$ 1,754,179	\$ 2,113,030	\$ 6,039,532	\$ 6,730,533
Capital assets	7,772,723	6,622,142	6,965,582	6,509,787	14,738,305	13,131,929
Total assets	12,058,076	11,239,645	8,719,761	8,622,817	20,777,837	19,862,462
Liabilities:						
Long-term liabilities	2,462,705	1,644,497	2,739,612	2,841,695	5,202,317	4,486,192
Other liabilities	167,238	159,952	129,803	179,294	297,041	339,246
Total liabilities	2,629,943	1,804,449	2,869,415	3,020,989	5,499,358	4,825,438
Deferred Inflow of Resources:						
Prepaid taxes	13	3,471	-	-	13	3,471
Net Position:						
Net investment in capital assets	5,600,176	5,523,288	4,257,253	3,709,453	9,857,429	9,232,741
Restricted	1,399,521	1,299,835	-	-	1,399,521	1,299,835
Unrestricted	2,428,423	2,608,602	1,593,093	1,892,375	4,021,516	4,500,977
Total net position	\$ 9,428,120	\$ 9,431,725	\$ 5,850,346	\$ 5,601,828	\$ 15,278,466	\$ 15,033,553

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 \$15,278,466 as of June 30, 2014. One of the largest portions, \$9,857,429 or 60.4%, 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, \$1,399,521, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,021,516 is unrestricted.

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

- A collection rate of 99.24% 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, 2014

City of Randleman's Changes in Net Position
Figure 3

	Business-Type					
	Governmental Activities		Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 345,980	\$ 360,457	\$ 2,531,624	\$ 2,150,392	\$ 2,877,604	\$ 2,510,849
Operating grants and contributions	255,399	195,363	-	-	255,399	195,363
General revenues:						
Property taxes	2,286,827	2,268,393	-	-	2,286,827	2,268,393
Other taxes	1,946	5,069	-	-	1,946	5,069
Grants and contributions not restricted to specific programs	1,518,196	1,411,778	-	-	1,518,196	1,411,778
Unrestricted investment earnings	5,148	11,802	-	-	5,148	11,802
Other	143,435	37,953	160	2,946	143,595	40,899
Total revenues	<u>4,556,931</u>	<u>4,290,815</u>	<u>2,531,784</u>	<u>2,153,338</u>	<u>7,088,715</u>	<u>6,444,153</u>
Expenses:						
General government	843,841	706,465	-	-	843,841	706,465
Public safety	2,124,197	2,087,062	-	-	2,124,197	2,087,062
Public works	624,880	595,196	-	-	624,880	595,196
Cultural and recreation	725,849	616,692	-	-	725,849	616,692
Economic development	241,769	150,190	-	-	241,769	150,190
Capital outlay	-	-	-	-	-	-
Water and sewer	-	-	2,283,266	1,925,884	2,283,266	1,925,884
Total expenses	<u>4,560,536</u>	<u>4,155,605</u>	<u>2,283,266</u>	<u>1,925,884</u>	<u>6,843,802</u>	<u>6,081,489</u>
Increase in net position before transfers	(3,605)	135,210	248,518	227,454	244,913	362,664
Transfers	-	740,000	-	(740,000)	-	-
Increase (decrease) in net position	(3,605)	875,210	248,518	(512,546)	244,913	362,664
Net position, July 1,	<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>
Net position, June 30,	<u>\$ 9,428,120</u>	<u>\$ 9,431,725</u>	<u>\$ 5,850,346</u>	<u>\$ 5,601,828</u>	<u>\$ 15,278,466</u>	<u>\$ 15,033,553</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

Governmental Activities - Governmental activities decreased the City's net position by \$3,605.

Business-Type Activities - Business-type activities increased the City of Randleman's net position by \$248,518. Key elements of this increase are as follows:

- Increases in revenues

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 \$2,114,127, while the total fund balance increased to \$3,604,598. 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 58.3% of General Fund expenditures, while total fund balance represents 80.9% of the same amount.

At June 30, 2014, the governmental funds of the City of Randleman reported a combined fund balance of \$4,036,884 with a net decrease in fund balance of \$328,157. Included in this change in fund balance is an increase in fund balance of the General Fund and decreases in the Capital Projects Funds.

General Fund Budgetary Highlights - The City amended the budget prior to the end of the fiscal year to reflect revenues that were not anticipated at the beginning of the year as well as expenditures for capital items. 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.

Budget amendments were made to adjust revenue expectations; primarily increased revenue from intergovernmental grants and reimbursements and loan proceeds. Budget amendments were also made to adjust expenditures. Appropriations were increased to reflect the adoption of capital several projects including the completion of the Farmers' Market and the City Hall Annex, as well as several Powell Bill projects; however, actual spending did not increase. Overall, expenditures were less than the expected amounts due to conservative spending late in the fiscal year.

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 \$1,593,093. The total increase in net position for the Water and Sewer Fund amounted to \$248,518.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

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, 2014, totaled \$14,738,305 (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 as part of the City Center project of \$503,033
- Construction in progress on a new Public Works building of \$351,357

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

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
	2014	2013	2014	2013	2014	2013
Land	\$ 301,762	\$ 301,762	\$ 7,275	\$ 7,275	\$ 309,037	\$ 309,037
Construction in progress	770,356	395,668	1,575,037	773,060	2,345,393	1,168,728
Land improvements	806,356	82,263	-	-	806,356	82,263
System improvements	-	-	789,511	853,034	789,511	853,034
Water rights	-	-	1,353,363	1,382,625	1,353,363	1,382,625
Buildings and improvements	3,820,726	3,632,704	899,951	974,094	4,720,677	4,606,798
Water distribution system	-	-	2,028,120	2,158,924	2,028,120	2,158,924
Infrastructure	655,431	675,780	-	-	655,431	675,780
Machinery and equipment	1,394,314	1,530,731	312,325	360,775	1,706,639	1,891,506
Other	23,778	3,234	-	-	23,778	3,234
Total	<u>\$ 7,772,723</u>	<u>\$ 6,622,142</u>	<u>\$ 6,965,582</u>	<u>\$ 6,509,787</u>	<u>\$ 14,738,305</u>	<u>\$ 13,131,929</u>

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, 2014, the City of Randleman had total debt outstanding of \$4,546,821. 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, 2014

General Obligation Bonds, Installment Purchases and Notes

Figure 5

	Business-Type					
	Governmental Activities		Activities		Totals	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Installment purchases	1,838,492	1,098,854	563,637	696,257	2,402,129	1,795,111
Notes payable	-	-	866,259	754,758	866,259	754,758
PTRWA obligation	-	-	1,278,433	1,349,319	1,278,433	1,349,319
Total	<u>\$ 1,838,492</u>	<u>\$ 1,098,854</u>	<u>\$ 2,708,329</u>	<u>\$ 2,800,334</u>	<u>\$ 4,546,821</u>	<u>\$ 3,899,188</u>

City of Randleman's Outstanding Debt

The City of Randleman's total debt increased by \$647,633 (16.6%) during the past fiscal year, primarily due to \$925,000 of new debt incurred relating to the City's capital projects.

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, 2014 was \$29,139,549. The City had no general obligation bonds outstanding at June 30, 2014.

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.

Unemployment - The City of Randleman's unemployment rate as of June 30, stands at 6.8 which mirrors the surrounding area as well as the State.

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

Transportation Upgrade – The North Carolina Department of Transportation completed construction of US Highway 311 Bypass which became part of Interstate 74, and intersects with US Highway 220 just south of Randleman. US Highway 220 is designated as 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 Randleman at the crossroads of two major interstates with the potential for significant development, both commercial and residential, at our doorstep.

The North Carolina Department of Transportation has completed significant upgrades to the major intersection of High Point St. and Academy St. as well as installing roundabouts at the intersections of Tigers Den Rd. and High Point St. and at the Deep River Crossing shopping center and High Point St. making significant traffic flow improvements for this area which is one of the main arteries into the City.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

Investment - During 2014, none of the major employers in the City have 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 II of Commerce Square which included the Timken Farmers' Market, the revitalization of the downtown business area is projected to add to the economic growth of the City.
- Recreation and Cultural opportunities will increase with the expansion of the Deep River Greenway trail and the renovation and relocation of the library to the space vacated by the Richard Petty Museum. Both of these projects are scheduled for completion during fiscal year 2015.
- The City approved a \$4,865,450 general fund budget for fiscal year 2014-2015. This budget represents a 9.2% increase from the fiscal year 2013-2014 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, 2014

Exhibit 1

	Primary Government			City of Randleman ABC Board
	Governmental Activities	Business-Type Activities	Total	
Assets				
Current assets:				
Cash and cash equivalents	\$ 2,828,136	\$ 1,137,206	\$ 3,965,342	\$ 365,846
Receivables:				
Taxes receivable, net	35,904	-	35,904	-
Accounts receivable	98,412	540,972	639,384	-
Inventory and prepaid expenses	22,209	67,375	89,584	112,378
Due from other governments	358,577	8,626	367,203	-
Due from component unit	71,924	-	71,924	-
Restricted cash and cash equivalents	870,191	-	870,191	-
Total current assets	<u>4,285,353</u>	<u>1,754,179</u>	<u>6,039,532</u>	<u>478,224</u>
Non-current assets:				
Capital assets:				
Land and construction in progress	1,072,118	1,582,312	2,654,430	-
Other capital assets, net of depreciation	6,700,605	5,383,270	12,083,875	423,364
Total non-current assets	<u>7,772,723</u>	<u>6,965,582</u>	<u>14,738,305</u>	<u>423,364</u>
Total assets	<u>12,058,076</u>	<u>8,719,761</u>	<u>20,777,837</u>	<u>901,588</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	167,238	49,713	216,951	58,705
Customer deposits	-	58,359	58,359	-
Other current payables	-	21,731	21,731	71,924
Current portion of long-term liabilities	363,055	464,668	827,723	-
Total current liabilities	<u>530,293</u>	<u>594,471</u>	<u>1,124,764</u>	<u>130,629</u>
Long-term liabilities:				
Due in more than one year	2,099,650	2,274,944	4,374,594	35,735
Total liabilities	<u>2,629,943</u>	<u>2,869,415</u>	<u>5,499,358</u>	<u>166,364</u>
Deferred Inflows of Resources				
Prepaid taxes	13	-	13	-
Net Position				
Net investment in capital assets	5,600,176	4,257,253	9,857,429	423,364
Restricted for:				
Ferguson Endowment	50,000	-	50,000	-
Stabilization by State Statute	479,330	-	479,330	-
Streets	870,191	-	870,191	-
Unrestricted	2,428,423	1,593,093	4,021,516	311,860
Total net position	<u>\$ 9,428,120</u>	<u>\$ 5,850,346</u>	<u>\$ 15,278,466</u>	<u>\$ 735,224</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, 2014

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants</u>
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 843,841	\$ -	\$ -	\$ -
Public safety	2,124,197	-	-	-
Public works	624,880	162,307	124,499	-
Cultural and recreational	725,849	183,673	130,900	-
Economic and physical development	241,769	-	-	-
Total governmental activities	<u>4,560,536</u>	<u>345,980</u>	<u>255,399</u>	<u>-</u>
Business-type activities:				
Water and sewer	2,283,266	2,531,624	-	-
Total business-type activities	<u>2,283,266</u>	<u>2,531,624</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 6,843,802</u>	<u>\$ 2,877,604</u>	<u>\$ 255,399</u>	<u>\$ -</u>
Component Unit:				
ABC Board	\$ 1,067,289	\$ 1,034,563	\$ -	\$ -
Total component unit	<u>\$ 1,067,289</u>	<u>\$ 1,034,563</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 and transfers

Change in net position

Net position, beginning

Net position, ending

Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			City of Randleman ABC Board
Governmental Activities	Business-type Activities	Total	
\$ (843,841)	\$ -	\$ (843,841)	\$ -
(2,124,197)	-	(2,124,197)	-
(338,074)	-	(338,074)	-
(411,276)	-	(411,276)	-
<u>(241,769)</u>	<u>-</u>	<u>(241,769)</u>	<u>-</u>
<u>(3,959,157)</u>	<u>-</u>	<u>(3,959,157)</u>	<u>-</u>
<u>-</u>	<u>248,358</u>	<u>248,358</u>	<u>-</u>
<u>-</u>	<u>248,358</u>	<u>248,358</u>	<u>-</u>
<u>(3,959,157)</u>	<u>248,358</u>	<u>(3,710,799)</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (32,726)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (32,726)</u>
2,286,827	-	2,286,827	-
1,946	-	1,946	-
1,518,196	-	1,518,196	-
5,148	-	5,148	540
<u>143,435</u>	<u>160</u>	<u>143,595</u>	<u>-</u>
<u>3,955,552</u>	<u>160</u>	<u>3,955,712</u>	<u>540</u>
(3,605)	248,518	244,913	(32,186)
<u>9,431,725</u>	<u>5,601,828</u>	<u>15,033,553</u>	<u>767,410</u>
<u>\$ 9,428,120</u>	<u>\$ 5,850,346</u>	<u>\$ 15,278,466</u>	<u>\$ 735,224</u>

Balance Sheet

Governmental Funds

June 30, 2014

	<u>Major Fund</u>	Total	Total
	General Fund	Non-Major Fund	Governmental Funds
Assets			
Cash and cash equivalents	\$ 2,308,911	\$ 519,225	\$ 2,828,136
Restricted cash	870,191	-	870,191
Receivables:			
Taxes receivable, net	35,904	-	35,904
Accounts receivable	98,412	-	98,412
Inventories	22,209	-	22,209
Due from other governments	332,099	26,478	358,577
Due from component unit	71,924	-	71,924
Total assets	<u>\$ 3,739,650</u>	<u>\$ 545,703</u>	<u>\$ 4,285,353</u>
Liabilities			
Accounts payable and accrued liabilities	<u>\$ 53,821</u>	<u>\$ 113,417</u>	<u>\$ 167,238</u>
Deferred inflows of resources			
Property taxes receivable	81,218	-	81,218
Prepaid taxes	13	-	13
Total deferred inflows of resources	<u>81,231</u>	<u>-</u>	<u>81,231</u>
Fund Balances:			
Non spendable:			
Library trust fund	-	50,000	50,000
Restricted for:			
Stabilization by state statute	479,330	-	479,330
Streets	870,191	-	870,191
Assigned:			
Capital projects	-	382,286	382,286
Subsequent year's expenditures	140,950	-	140,950
Unassigned	2,114,127	-	2,114,127
Total fund balances	<u>3,604,598</u>	<u>432,286</u>	<u>4,036,884</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,739,650</u>	<u>\$ 545,703</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, 2014

Exhibit 4

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

Total Fund Balance, Governmental Funds		\$ 4,036,884
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Gross capital assets at historical cost	\$ 12,777,476	
Accumulated depreciation	<u>(5,004,753)</u>	7,772,723
Liabilities for earned revenues considered deferred inflows of resources in fund statements		81,218
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds:		
Gross long-term debt beginning	(1,644,497)	
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year)	<u>(818,208)</u>	<u>(2,462,705)</u>
Net position of governmental activities		<u>\$ 9,428,120</u>

CITY OF RANDLEMAN, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

Exhibit 5

	<u>Major Fund</u> <u>General Fund</u>	<u>Total</u> <u>Non-Major</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Revenues			
Ad valorem taxes	\$ 2,294,648	\$ -	\$ 2,294,648
Other taxes and licenses	1,946	-	1,946
Intergovernmental revenues:			
Unrestricted	1,518,196	-	1,518,196
Restricted	136,499	-	136,499
Sales and services	345,980	-	345,980
Investment earnings	4,923	225	5,148
Miscellaneous revenue	143,435	-	143,435
Total revenues	<u>4,445,627</u>	<u>225</u>	<u>4,445,852</u>
Expenditures			
Current:			
General government	775,473	-	775,473
Public safety	1,820,392	-	1,820,392
Public works	577,281	-	577,281
Cultural and recreational	574,591	9,000	583,591
Economic and physical development	128,656	40,007	168,663
Capital outlay	308,139	1,363,942	1,672,081
Debt service:			
Principal retirement	235,362	-	235,362
Interest	35,066	-	35,066
Total expenditures	<u>4,454,960</u>	<u>1,412,949</u>	<u>5,867,909</u>
Deficiency of revenues over expenditures	<u>(9,333)</u>	<u>(1,412,724)</u>	<u>(1,422,057)</u>
Other Financing Sources (Uses)			
Debt proceeds	50,000	925,000	975,000
Transfers to other funds	(35,563)	-	(35,563)
Transfers from other funds	-	35,563	35,563
Donations	-	118,900	118,900
Total other financing sources (uses)	<u>14,437</u>	<u>1,079,463</u>	<u>1,093,900</u>
Net change in fund balances	<u>5,104</u>	<u>(333,261)</u>	<u>(328,157)</u>
Fund balances, beginning	<u>3,599,494</u>	<u>765,547</u>	<u>4,365,041</u>
Fund balances, ending	<u>\$ 3,604,598</u>	<u>\$ 432,286</u>	<u>\$ 4,036,884</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, 2014**

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

Net change in fund balances - total governmental funds	\$	(328,157)
--	----	-----------

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	\$ 1,672,081	
Depreciation expense for governmental assets	<u>(521,500)</u>	1,150,581

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		(7,821)
--	--	---------

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	\$ (975,000)	
Principal payments on long-term debt	<u>235,362</u>	(739,638)

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

Compensated absences	\$ 16,722	
Net pension obligation	(12,658)	
Other postemployment benefits	<u>(82,634)</u>	<u>(78,570)</u>

Total changes in net position of governmental activities		<u>\$ (3,605)</u>
--	--	-------------------

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, 2014

Exhibit 7

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Ad valorem taxes	\$ 2,206,000	\$ 2,296,000	\$ 2,294,648	\$ (1,352)
Other taxes and licenses	3,000	5,500	1,946	(3,554)
Intergovernmental revenues:				
Unrestricted	1,358,000	1,396,000	1,518,196	122,196
Restricted	131,000	132,800	136,499	3,699
Sales and services	373,000	373,000	345,980	(27,020)
Investment earnings	6,000	6,000	4,923	(1,077)
Miscellaneous revenue	13,000	149,335	143,435	(5,900)
Total revenues	<u>4,090,000</u>	<u>4,358,635</u>	<u>4,445,627</u>	<u>86,992</u>
Expenditures				
Current:				
General government	677,800	800,035	783,695	16,340
Public safety	2,062,400	2,180,400	2,103,056	77,344
Public works	663,200	593,950	577,281	16,669
Cultural and recreational	823,600	599,100	591,844	7,256
Economic and physical development	129,200	132,050	128,656	3,394
Debt payments	100,000	278,300	270,428	7,872
Total expenditures	<u>4,456,200</u>	<u>4,583,835</u>	<u>4,454,960</u>	<u>128,875</u>
Revenues over (under) expenditures	<u>(366,200)</u>	<u>(225,200)</u>	<u>(9,333)</u>	<u>215,867</u>
Other Financing Sources (Uses)				
Debt proceeds	-	-	50,000	50,000
Transfer to other funds	-	(61,800)	(35,563)	26,237
Total other financing sources (uses)	<u>-</u>	<u>(61,800)</u>	<u>14,437</u>	<u>76,237</u>
Fund balance appropriated	366,200	287,000	-	(287,000)
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	5,104	<u>\$ 5,104</u>
Fund balances, beginning			3,599,494	
Fund balances, ending			<u>\$ 3,604,598</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, 2014

Exhibit 8

	<u>Water and Sewer Fund</u>
Assets	
Current assets:	
Cash and equivalents	\$ 1,137,206
Account receivables, net	540,972
Due from other governments	8,626
Inventories	67,375
Total current assets	<u>1,754,179</u>
Noncurrent assets:	
Capital assets:	
Land and other non-depreciable assets	1,582,312
Other capital assets, net of depreciation	5,383,270
Total non-current assets	<u>6,965,582</u>
Total assets	<u><u>8,719,761</u></u>
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	49,713
Customer deposits	58,359
Accrued interest payable	21,731
Compensated absences - current	22,000
General obligation bonds payable - current	82,175
Installment purchase agreements payable - current	360,493
Total current liabilities	<u>594,471</u>
Noncurrent liabilities:	
Compensated absences - noncurrent	9,283
General obligation bonds payable - noncurrent	784,084
Installment purchase agreements payable - noncurrent	1,481,577
Total noncurrent liabilities	<u>2,274,944</u>
Total Liabilities	<u><u>2,869,415</u></u>
Net Position	
Net investment in capital assets	4,257,253
Unrestricted	1,593,093
Total net position	<u><u>\$ 5,850,346</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, 2014

Exhibit 9

	<u>Water and Sewer Fund</u>
Operating revenues:	
Water sales	\$ 1,412,589
Sewer charges	1,078,318
Water and sewer taps	10,300
Sampling and monitoring fees	233
Surcharges	1,460
Other operating revenues	28,724
Total operating revenues	<u>2,531,624</u>
Operating expenses:	
Water and treatment and distribution	820,149
Water and sewer maintenance	398,358
Wastewater treatment	549,308
Depreciation	323,349
Total operating expenses	<u>2,091,164</u>
Operating income	<u>440,460</u>
Non-operating revenues (expenses):	
Investment earnings	160
PTRWA administration operating costs	(33,484)
Loss on disposal of capital assets	(22,833)
Interest and other charges	(135,785)
Total non-operating revenues (expenses)	<u>(191,942)</u>
Change in net position	248,518
Total net position, beginning	5,601,828
Total net position, ending	<u><u>\$ 5,850,346</u></u>

CITY OF RANDLEMAN, NORTH CAROLINA
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2014

Exhibit 10

	<u>Water and Sewer Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 2,376,504
Cash paid for goods and services	(1,171,404)
Cash paid to employees for services	(635,222)
Other operating revenues	28,724
Net cash provided by operating activities	<u>598,602</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(801,977)
Payments for PTRWA administration operating costs	(33,484)
Issuance of bonds and installment purchase agreements	197,547
Principal paid on bonds and installment purchase agreements	(289,552)
Interest paid on bonds and installment purchase agreements	(135,785)
Net cash used in capital and related financing activities	<u>(1,063,251)</u>
Cash flows from investing activities:	
Interest earned on investments	160
Net decrease in cash and cash equivalents	(464,489)
Balances, beginning	1,601,695
Balances, ending	<u>\$ 1,137,206</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 440,460</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	323,349
Changes in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(126,396)
Due from other governments	20,758
Increase (decrease) in:	
Accounts payable and accrued liabilities	(53,008)
Customer deposits	3,517
Accrued compensated absences	(10,078)
Total adjustments	<u>158,142</u>
Net cash provided by operating activities	<u>\$ 598,602</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, 2014

Exhibit 11

	<u>Fireman's Relief Fund</u>
Assets:	
Cash and cash equivalents	\$ 118,383
Total assets	<u>\$ 118,383</u>
Liabilities:	
Intergovernmental payable	\$ 118,383
Total liabilities	<u>\$ 118,383</u>

NOTES TO THE FINANCIAL STATEMENTS

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

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

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.

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.

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

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

City Hall Fund – This fund is used to account for the purchase and renovation of the new city hall.

Phase II Fund – This fund is used to account for the second phase of construction of the new City center.

Deep River Greenway Fund – This fund is used to account for development of a greenway around the Deep River.

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.

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 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 for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received.

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the 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 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.

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").

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits and Investments (Continued)

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.

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, 2013. 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.

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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:

Asset Class	Estimated Useful Lives
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.

Asset Class	Estimated Useful Lives
Building	40 years
Store and administrative equipment	7 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 net 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, recycling reimbursements receivable, tipping fees receivable, storm water fees receivable, privilege license fees receivable, and property taxes received but not yet earned.

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances (Continued)

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.

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.

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Deposits (Continued)

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.

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, 2014, the City's deposits, which include the Firemen's Relief Fund, had a carrying amount of \$1,822,535 and a bank balance of \$2,060,425. Of the bank balance, \$750,000 was covered by federal depository insurance, and \$1,310,425 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, 2014, the ABC Board's deposits had a carrying amount of \$365,846 and a bank balance of \$388,525. 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	\$ 530,791	N/A	AAAm
NC Capital Management Trust - Term Portfolio	<u>2,508,390</u>	0.3 years	Unrated
Total	<u>\$ 3,039,181</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: Enterprise Fund – Customer accounts receivable in the amount of \$11,667.

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2014, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 301,762	\$ -	\$ -	\$ 301,762
Construction in progress	395,668	461,909	87,221	770,356
Total capital assets not being depreciated	<u>697,430</u>	<u>461,909</u>	<u>87,221</u>	<u>1,072,118</u>
Capital assets being depreciated:				
Land improvements	163,583	759,970	-	923,553
Buildings and improvements	5,092,731	335,962	-	5,428,693
Infrastructure	811,916	-	-	811,916
Equipment and heavy equipment	4,281,949	180,461	64,453	4,397,957
Other	122,239	21,000	-	143,239
Total capital assets being depreciated	<u>10,472,418</u>	<u>1,297,393</u>	<u>64,453</u>	<u>11,705,358</u>
Less accumulated depreciation for:				
Land improvements	81,320	35,877	-	117,197
Buildings and improvements	1,460,027	147,940	-	1,607,967
Infrastructure	136,136	20,349	-	156,485
Equipment and heavy equipment	2,751,218	316,878	64,453	3,003,643
Other	119,005	456	-	119,461
Total accumulated depreciation	<u>4,547,706</u>	<u>521,500</u>	<u>64,453</u>	<u>5,004,753</u>
Total capital assets being depreciated, net	<u>5,924,712</u>			<u>6,700,605</u>
Government activity capital assets, net	<u>\$ 6,622,142</u>			<u>\$ 7,772,723</u>

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

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	\$ 61,757
Public Safety	249,753
Public Works	39,773
Economic Development	98,960
Cultural and Recreational	71,257
Total depreciation expense	<u>\$ 521,500</u>

Business-Type Activities:

Water and Sewer Fund

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 7,275	\$ -	\$ -	\$ 7,275
Construction in progress	773,060	801,977	-	1,575,037
Total capital assets not being depreciated	<u>780,335</u>	<u>801,977</u>	<u>-</u>	<u>1,582,312</u>
Capital assets being depreciated:				
System improvements	1,508,880	-	45,180	1,463,700
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	939,139	-	-	939,139
Total capital assets being depreciated	<u>12,948,741</u>	<u>-</u>	<u>45,180</u>	<u>12,903,561</u>
Less accumulated depreciation for:				
System improvements	655,846	40,690	22,347	674,189
Water rights	80,470	29,262	-	109,732
Buildings and improvements	1,388,249	74,143	-	1,462,392
Water distribution system	4,516,360	130,804	-	4,647,164
Equipment and heavy vehicle	578,364	48,450	-	626,814
Total accumulated depreciation	<u>7,219,289</u>	<u>323,349</u>	<u>22,347</u>	<u>7,520,291</u>
Total capital assets being depreciated, net	<u>5,729,452</u>			<u>5,383,270</u>
Business-type activities capital assets, net	<u>\$ 6,509,787</u>			<u>\$ 6,965,582</u>

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

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, 2014, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
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	86,313	4,683	27,241	63,755
Total capital assets being depreciated	<u>605,645</u>	<u>4,683</u>	<u>27,241</u>	<u>583,087</u>
Less accumulated depreciation:				
Buildings	175,275	11,984	-	187,259
Store and administrative equipment	75,636	4,239	27,241	52,634
Total accumulated depreciation	<u>250,911</u>	<u>16,223</u>	<u>27,241</u>	<u>239,893</u>
ABC capital assets, net	<u>\$ 434,904</u>			<u>\$ 423,364</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

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, **2014**, 2013, and 2012 were **\$154,696**, \$132,744 and \$130,446, respectively. The ABC Board's contributions to LGERS for the years ended June 30, **2014**, 2013, and 2012 were **\$8,016**, \$8,376, and \$8,485, 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, 2013, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan member entitled to but not yet receiving benefits	-
Active plan members	16
	<u>16</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

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, 2013 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	\$ 16,091
Interest on net pension obligation	5,454
Adjustment to annual required contribution	<u>(8,887)</u>
Annual pension cost	12,658
Contributions made	<u>-</u>
Increase (decrease) in net pension obligation	12,658
Net pension obligation, beginning of year	<u>109,080</u>
Net pension obligation, end of year	<u><u>\$ 121,738</u></u>

3 Year Trend Information

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
2012	\$ 12,425	0.0%	\$ 96,904
2013	12,176	0.0%	109,080
2014	12,658	0.0%	121,738

Funded Status and Funding Progress

As of December 31, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability ("UAAL") was \$103,598. The covered payroll (annual payroll of active employees covered by the plan) was \$549,486, and the ratio of the UAAL to the covered payroll was 18.85%.

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

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, 2014 were \$25,710, which consisted of \$25,710 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-five years of creditable service, the City pays 85% of the cost of coverage for these benefits; and for employees that have twenty years of creditable service, the City pays 75% 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, 2013, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers	Firefighters
Retirees receiving benefits	1	-	-
Terminated plan members entitled to but not yet receiving benefits	-	-	-
Active plan members	25	16	15
Total	<u>26</u>	<u>16</u>	<u>15</u>

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

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 \$4,884, 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	\$ 87,049
Interest on net OPEB obligation	10,500
Adjustment to annual required contribution	<u>(10,031)</u>
Annual OPEB cost	87,518
Contributions made	<u>(4,884)</u>
Increase (decrease) in net OPEB obligation	82,634
Net OPEB pension, beginning of year	<u>262,497</u>
Net OPEB pension, end of year	<u><u>\$ 345,131</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, 2014 were as follows:

Fiscal Year Ended June 30	Annual OPEB Cost (AOC)	Percentage of Annual AOC Cost Contributed	Net OPEB Obligation
2014	\$ 87,518	5.6%	\$ 345,131
2013	78,178	6.5%	262,497
2012	77,821	16.2%	189,382

Funded Status and Funding Progress: As of December 31, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (“UAAL”) was \$764,005. The covered payroll (annual payroll of active employees covered by the plan) was \$2,087,609, and the ratio of the UAAL to the covered payroll was 36.6%.

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

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, 2013 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 7.75 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% 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, 2013, 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

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	\$ 35,904	\$ -
Recycling reimbursement, net	22,211	-
Tipping fees, net	16,813	-
Storm water fees, net	6,073	-
Privilege license fees, net	217	-
Property taxes received but not yet earned	-	13
Total	<u>\$ 81,218</u>	<u>\$ 13</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 \$1 million per occurrence, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by the certified public accountants, and the audited statements are available to the City upon request.

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, 2014, 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

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, 2014, 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>
2015	\$ 334,055	\$ 50,721	\$ 287,644	\$ 74,261
2016	306,066	40,318	289,661	64,200
2017	282,302	30,828	276,966	53,929
2018	282,302	21,569	251,347	46,613
2019	143,699	14,007	128,082	38,373
2020-2024	487,500	31,473	639,600	143,813
2023-2028	-	-	650,399	59,409
2029-2033	-	-	158,618	7,931
Totals	<u>\$ 1,835,924</u>	<u>\$ 188,916</u>	<u>\$ 2,682,317</u>	<u>\$ 488,529</u>

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

Notes Payable

Notes payable - Water and Sewer Fund consists of the following at June 30, 2014:

North Carolina Clean Water Revolving Loan:

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. \$ 112,786

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. 753,473
\$ 866,259

Annual debt service requirements to maturity for the note payable - Water and Sewer Fund at June 30, 2014 are as follows:

<u>Year Ending June 30,</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 82,175	\$ 19,035
2016	82,175	16,416
2017	67,407	13,642
2018	39,657	13,880
2019	39,657	11,897
2020-2024	198,285	47,587
2025-2029	198,285	27,759
2030-2033	158,618	7,931
Totals	<u>\$ 866,259</u>	<u>\$ 158,147</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%.

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

PTRWA Obligation (continued)

Annual debt service requirements of the PTRWA Obligation as of June 30, 2014, including \$173,064 of interest, are as follows:

Year Ending June 30,	Business-type Activities	
	Principal	Interest
2015	\$ 72,849	\$ 34,659
2016	74,866	32,642
2017	76,939	30,569
2018	79,070	28,439
2019	81,259	26,250
2020-2024	441,315	96,226
2025-2029	452,114	31,650
Totals	<u>\$ 1,278,412</u>	<u>\$ 280,435</u>

At June 30, 2014, the City of Randleman had a legal debt margin of \$29,700,401.

Changes in Long-Term Liabilities

Compensated absences typically have been liquidated in the General Fund.

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014	Current Portion of Balance
Governmental Activities:					
Installment purchases	\$ 1,098,854	\$ 975,000	\$ 235,362	\$ 1,838,492	\$ 334,055
Compensated absences	174,065	12,654	29,376	157,343	29,000
Other post employment benefits	262,498	82,634	-	345,132	-
Unfunded pension obligation	109,080	12,658	-	121,738	-
Governmental Activity Long-term Liabilities	<u>\$ 1,644,497</u>	<u>\$ 1,082,946</u>	<u>\$ 264,738</u>	<u>\$ 2,462,705</u>	<u>\$ 363,055</u>
Business-Type Activities:					
Installment purchases	\$ 696,257	\$ -	\$ 132,620	\$ 563,637	\$ 287,644
Notes payable	754,758	197,547	86,046	866,259	82,175
PTRWA Obligation	1,349,319	-	70,886	1,278,433	72,849
Compensated absences	41,361	12,365	22,443	31,283	22,000
Business-Type Activity Long-term Liabilities	<u>\$ 2,841,695</u>	<u>\$ 209,912</u>	<u>\$ 311,995</u>	<u>\$ 2,739,612</u>	<u>\$ 464,668</u>

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 3 – INTER-FUND ACTIVITY

Changes to/from other funds at June 30, 2014, consist of the following:

From the General Fund to Nonmajor Governmental Funds	<u>\$ 35,563</u>
Total	<u><u>\$ 35,563</u></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 – 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 5 – 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>\$ 3,604,598</u>
Less:	
Stabilization by State Statute	479,330
Street - Powell Bill	870,191
Appropriated Fund balance in 2014 budget	140,950
Working Capital / Fund Balance Policy	<u>486,545</u>
Remaining Fund Balance	<u><u>\$ 1,627,582</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.

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 6 – 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, 2014, 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, 2014. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

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 7 – 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 \$4,362 to the Council during the fiscal year ended June 30, 2014.

NOTE 8 – 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 9 – 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.

NOTE 10 – SUBSEQUENT EVENTS

The City has evaluated all subsequent events through December 8, 2014, 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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
		Liability (AAL) Project Unit Credit (b)				
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%
Dec. 31, 2013	-	103,598	103,598	0.0%	549,486	18.85%

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

Year Ended	Annual Required Contribution	Percentage Contributed
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%
2014	12,658	0.00%

Notes to required schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated.

Valuation date	12/31/2013
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

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]
12/31/2013	-	\$ 764,005	\$ 764,005	0.00%	\$2,089,610	36.56%

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

Year Ended June 30	Annual Required Contributions	Percentage Contributed
2012	\$ 77,821	16.20%
2013	78,178	6.50%
2014	87,518	5.60%

Notes to required schedules:

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

Valuation date	12/31/2013
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	7.75% - 5.00%
Year of ultimate trend rate	2019
*Includes inflation at	3.00%

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, 2014

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Current year	\$ 2,235,000	\$ 2,251,610	\$ 16,610
Prior years	57,000	33,708	(23,292)
Penalties and interest	4,000	9,330	5,330
Total	<u>2,296,000</u>	<u>2,294,648</u>	<u>(1,352)</u>
Other taxes and licenses:			
Vehicle tag fee	2,000	171	(1,829)
Privilege licenses	3,500	1,775	(1,725)
Total	<u>5,500</u>	<u>1,946</u>	<u>(3,554)</u>
Intergovernmental revenues:			
Unrestricted:			
Local option sales tax	680,000	704,612	24,612
Utilities franchise tax	360,000	408,156	48,156
Randolph County fire district	273,000	255,536	(17,464)
ABC distribution	65,000	123,924	58,924
Beer and wine tax	10,000	17,948	7,948
Fire inspection revenue	8,000	8,020	20
Total	<u>1,396,000</u>	<u>1,518,196</u>	<u>122,196</u>
Restricted:			
Randolph County - Library	10,000	12,000	2,000
Solid waste disposal tax	2,800	2,507	(293)
Powell bill street allocation	120,000	121,992	1,992
Total	<u>132,800</u>	<u>136,499</u>	<u>3,699</u>
Sales and services:			
Rents and concessions	24,000	13,000	(11,000)
Recreation service revenues	185,000	159,128	(25,872)
Library fees	6,000	11,545	5,545
Stormwater fees	38,000	43,735	5,735
Tipping fees	120,000	118,572	(1,428)
Total	<u>373,000</u>	<u>345,980</u>	<u>(27,020)</u>
Investment earnings	<u>6,000</u>	<u>4,923</u>	<u>(1,077)</u>
Miscellaneous:			
Fundraising	6,500	8,778	2,278
Other	142,835	134,657	(8,178)
Total	<u>149,335</u>	<u>143,435</u>	<u>(5,900)</u>
Total Revenues	<u>4,358,635</u>	<u>4,445,627</u>	<u>86,992</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, 2014

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits	\$ 29,700	\$ 29,389	\$ 311
Administration:			
Salaries and employee benefits		151,905	
Professional services		33,515	
Telephone and postage		20,287	
Travel and school		8,829	
Insurance		147,551	
Other services and charges		89,712	
Dues and subscriptions		27,599	
Supplies		6,024	
Contracted services		97,405	
Utilities		16,753	
Total	<u>600,300</u>	<u>599,580</u>	<u>720</u>
SAFER:			
Salaries and employee benefits		53,422	
Maintenance and repair		45	
Other expenditures		17,716	
Capital outlay		8,222	
Total	<u>90,035</u>	<u>79,405</u>	<u>10,630</u>
Central Garage:			
Salaries and employee benefits		52,712	
Automotive supplies		7,561	
Other services and charges		15,048	
Total	<u>80,000</u>	<u>75,321</u>	<u>4,679</u>
Total general government	<u>800,035</u>	<u>783,695</u>	<u>16,340</u>
Public safety:			
Police:			
Salaries and employee benefits		689,397	
Departmental supplies		60,753	
Telephone		24,615	
Uniforms		4,803	
Fundraising		2,333	
Restricted funds expenditures		11,946	

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, 2014

	Budget	Actual	Variance Positive (Negative)
Expenditures (Continued):			
Public safety (Continued):			
Police:			
Other services and charges		46,153	
Capital outlay		193,638	
Total	<u>1,082,300</u>	<u>1,033,638</u>	<u>48,662</u>
Fire:			
Salaries and employee benefits		775,748	
Fire calls		61,190	
Departmental supplies		59,943	
Medical supplies		28,813	
Utilities		11,536	
Telephone and postage		13,662	
Uniforms		4,240	
Fundraising		898	
Capital outlay		89,647	
Other services and charges		23,741	
Total	<u>\$ 1,098,100</u>	<u>\$ 1,069,418</u>	<u>\$ 28,682</u>
Total public safety	<u>2,180,400</u>	<u>2,103,056</u>	<u>77,344</u>
Public works:			
Streets:			
Salaries and employee benefits		133,843	
Utilities		96,161	
Maintenance and repairs		2,466	
Supplies and materials		16,298	
Other services and charges		138,346	
Total	<u>402,550</u>	<u>387,114</u>	<u>15,436</u>
Sanitation:			
Salaries and employee benefits		52,253	
Supplies		920	
Gas and automotive supplies		34,434	
Recycling and landfill		102,560	
Total	<u>191,400</u>	<u>190,167</u>	<u>1,233</u>
Total public works	<u>593,950</u>	<u>577,281</u>	<u>16,669</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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (Continued):			
Cultural and recreational:			
Recreation:			
Salaries and employee benefits		230,892	
Utilities		44,448	
Gas and supplies		18,057	
Uniforms		17,746	
Special events		7,241	
Fundraising		3,104	
Capital outlay		17,253	
Other services and charges		61,382	
Total	<u>\$ 406,000</u>	<u>\$ 400,123</u>	<u>\$ 5,877</u>
Library:			
Salaries and employee benefits		151,391	
Utilities		8,232	
Books		9,992	
Maintenance and repairs		10,558	
Fundraising		1,050	
Other services and charges		10,498	
Total	<u>193,100</u>	<u>191,721</u>	<u>1,379</u>
Total cultural and recreational	<u>599,100</u>	<u>591,844</u>	<u>7,256</u>
Economic and physical development:			
Industrial development		6,000	
Senior citizens		20,000	
Other expenditures		23,225	
Total	<u>49,250</u>	<u>49,225</u>	<u>25</u>
Planning and zoning:			
Salaries and employee benefits		65,424	
Other services and charges		14,007	
Total	<u>82,800</u>	<u>79,431</u>	<u>3,369</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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (Continued):			
Supplemental Budget Appropriations:			
Debt principal and interest payments	\$ 278,300	\$ 270,428	\$ 7,872
Total supplemental budget appropriations	<u>278,300</u>	<u>270,428</u>	<u>7,872</u>
Total expenditures	<u>4,583,835</u>	<u>4,454,960</u>	<u>128,875</u>
Revenues over (under) expenditures	<u>(225,200)</u>	<u>(9,333)</u>	<u>(41,883)</u>
Other Financing Sources:			
Sale of assets	-	-	-
Debt proceeds	-	50,000	50,000
Transfers to/from other funds:			
Nonmajor capital project funds	<u>(61,800)</u>	<u>(35,563)</u>	<u>26,237</u>
Total	<u>(61,800)</u>	<u>14,437</u>	<u>76,237</u>
Fund balance appropriated	287,000	-	(287,000)
Net change in fund balance	<u>\$ -</u>	5,104	<u>\$ (252,646)</u>
Fund balance, beginning		<u>3,599,494</u>	
Fund balance, ending		<u>\$ 3,604,598</u>	

CITY OF RANDLEMAN, NORTH CAROLINA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Randleman Library Endowment Fund	Public Works Building Fund	City Center Fund	Library Renovation Fund
Assets				
Cash and cash equivalents	\$ 64,304	\$ -	\$ 1,700	\$ 390,580
Due from other governments	-	10,702	6,794	420
Total assets	<u>\$ 64,304</u>	<u>\$ 10,702</u>	<u>\$ 8,494</u>	<u>\$ 391,000</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 53,609	\$ -	\$ -
Total liabilities	<u>-</u>	<u>53,609</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Non spendable:				
Library trust fund	50,000	-	-	-
Restricted for:				
Public works	-	(42,907)	-	391,000
Cultural and recreational	14,304	-	8,494	-
Total fund balances	<u>64,304</u>	<u>(42,907)</u>	<u>8,494</u>	<u>391,000</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 64,304</u>	<u>\$ 10,702</u>	<u>\$ 8,494</u>	<u>\$ 391,000</u>

Schedule 2

Phase II Fund	Deep River Greenway Fund	Total Nonmajor Governmental Funds
\$ -	\$ 50,000	\$ 519,225
<u>7,862</u>	<u>-</u>	<u>26,478</u>
<u>\$ 7,862</u>	<u>\$ 50,000</u>	<u>\$ 545,703</u>
\$ 59,808	\$ -	\$ 113,417
<u>59,808</u>	<u>-</u>	<u>113,417</u>
-	-	50,000
(51,946)	-	309,488
<u>-</u>	<u>50,000</u>	<u>72,798</u>
<u>(51,946)</u>	<u>50,000</u>	<u>432,286</u>
<u>\$ 7,862</u>	<u>\$ 50,000</u>	<u>\$ 545,703</u>

CITY OF RANDLEMAN, NORTH CAROLINA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Randleman Library Endowment Fund	Public Works Building Fund	City Center Fund	Library Renovation Fund
Revenues				
Investment earnings	\$ 225	\$ -	\$ -	\$ -
Total revenues	<u>225</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Cultural and recreational	-	-	-	9,000
Economic and physical development	-	-	242	-
Contingency	-	-	-	-
Capital outlay	-	351,357	502,791	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>351,357</u>	<u>503,033</u>	<u>9,000</u>
Revenues over (under) expenditures	<u>225</u>	<u>(351,357)</u>	<u>(503,033)</u>	<u>(9,000)</u>
Other Financing Sources				
Loan proceeds	-	-	-	400,000
Transfers from other funds	-	-	15,563	-
Donations	-	-	118,900	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>134,463</u>	<u>400,000</u>
Net change in fund balances	<u>225</u>	<u>(351,357)</u>	<u>(368,570)</u>	<u>391,000</u>
Fund balances, beginning	<u>64,079</u>	<u>308,450</u>	<u>377,064</u>	<u>-</u>
Fund balances, ending	<u>\$ 64,304</u>	<u>\$ (42,907)</u>	<u>\$ 8,494</u>	<u>\$ 391,000</u>

Schedule 3

City Hall Fund	Phase II Fund	Deep River Greenway Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 225
-	-	-	225
-	-	-	-
-	-	-	-
-	-	-	9,000
-	39,765	-	40,007
-	-	-	-
22,613	487,181	-	1,363,942
-	-	-	-
-	-	-	-
22,613	526,946	-	1,412,949
(22,613)	(526,946)	-	(1,412,724)
-	475,000	50,000	925,000
20,000	-	-	35,563
-	-	-	118,900
20,000	475,000	50,000	1,079,463
(2,613)	(51,946)	50,000	(333,261)
15,954	-	-	765,547
\$ 13,341	\$ (51,946)	\$ 50,000	\$ 432,286

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, 2014

	Project Authorization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Expenditures					
Public Works Building Project:					
Engineering and architecture	\$ 70,000	\$ 22,836	\$ -	\$ 22,836	\$ 47,164
Construction	708,000	266,161	351,357	617,518	90,482
Administration	12,000	2,553	-	2,553	9,447
Interest	10,000	-	-	-	10,000
Total expenditures	<u>800,000</u>	<u>291,550</u>	<u>351,357</u>	<u>642,907</u>	<u>157,093</u>
Other Financing Sources					
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	-	-	-	-	-
Total other financing sources	<u>600,000</u>	<u>600,000</u>	<u>-</u>	<u>600,000</u>	<u>-</u>
Net Change in Fund					
Balance	<u>\$ 200,000</u>	<u>\$ (308,450)</u>	<u>\$ (351,357)</u>	<u>\$ 42,907</u>	<u>\$ 157,093</u>
Fund balance, beginning			<u>308,450</u>		
Fund balance (deficit), ending			<u>\$ (42,907)</u>		

CITY OF RANDLEMAN, NORTH CAROLINA

Schedule 5

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, 2014

	Project Authorization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Expenditures					
City Center Project:					
Engineering and architecture	\$ 10,000	\$ 9,750	\$ 242	\$ 9,992	\$ 8
Property acquisition	606,000	459,547	-	459,547	146,453
Downtown improvements	459,500	97,481	502,791	600,272	(140,772)
Total expenditures	<u>1,075,500</u>	<u>566,778</u>	<u>503,033</u>	<u>1,069,811</u>	<u>5,689</u>
Other Financing Sources					
City Center Project:					
Transfers from other funds:					
General fund	856,600	843,842	15,563	859,405	2,805
Water and sewer fund	40,000	40,000	-	40,000	-
Donations	178,900	60,000	118,900	178,900	-
Total other financing sources	<u>1,075,500</u>	<u>943,842</u>	<u>134,463</u>	<u>1,078,305</u>	<u>2,805</u>
Net Change in Fund Balance					
	<u>\$ -</u>	<u>\$ 377,064</u>	<u>\$ (368,570)</u>	<u>\$ 8,494</u>	<u>\$ 8,494</u>
Fund balance, beginning			<u>377,064</u>		
Fund balance, ending			<u>\$ 8,494</u>		

CITY OF RANDLEMAN, NORTH CAROLINA

Schedule 6

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, 2014

	Project Authorization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Expenditures					
Library Renovation Project:					
Engineering and architecture	\$ 10,000	\$ -	\$ 9,000	\$ 9,000	\$ 1,000
Construction	125,000	-	-	-	125,000
Furnishings and equipment	265,000	-	-	-	265,000
Total expenditures	<u>400,000</u>	<u>-</u>	<u>9,000</u>	<u>9,000</u>	<u>391,000</u>
Other Financing Sources					
Library Renovation Project:					
Loan proceeds	400,000	-	400,000	400,000	-
Total other financing sources	<u>400,000</u>	<u>-</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Net Change in Fund Balance					
	<u>\$ -</u>	<u>\$ -</u>	\$ 391,000	<u>\$ 391,000</u>	<u>\$ 391,000</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 391,000</u>		

CITY OF RANDLEMAN, NORTH CAROLINA

Schedule 7

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

Capital Projects Fund - City Hall Building

From Inception and For the Fiscal Year Ended June 30, 2014

	Project Authorization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Expenditures					
City Hall Building Project:					
Property acquisition	\$ 610,800	\$ 610,219	\$ -	\$ 610,219	\$ 581
Construction	109,400	73,827	22,613	96,440	12,960
Total expenditures	720,200	684,046	22,613	706,659	13,541
Other Financing Sources					
City Hall Building Project:					
Transfers from other funds:					
General fund	370,200	350,000	-	350,000	(20,200)
Water and sewer fund	350,000	350,000	20,000	370,000	20,000
Total other financing sources	720,200	700,000	20,000	720,000	(200)
Net Change in Fund					
Balance	<u>\$ -</u>	<u>\$ 15,954</u>	<u>\$ (2,613)</u>	<u>\$ (13,341)</u>	<u>\$ 13,341</u>
Fund balance, beginning			<u>15,954</u>		
Fund balance (deficit), ending			<u>\$ 13,341</u>		

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Capital Projects Fund - Phase II Project
 From Inception and For the Fiscal Year Ended June 30, 2014

	Project Authorization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Expenditures					
Phase II Project:					
Repairs and maintenance	\$ 50,000	\$ -	\$ 3,452	\$ 3,452	\$ 46,548
Capital outlay	400,000	-	487,181	487,181	87,181
Other expenditure	-	-	36,313	36,313	(36,313)
Total expenditures	<u>450,000</u>	<u>-</u>	<u>526,946</u>	<u>526,946</u>	<u>97,416</u>
Other Financing Sources					
Phase II Project:					
Appropriations	\$ 50,000	-	-	-	(50,000)
Loan proceeds	<u>400,000</u>	<u>-</u>	<u>475,000</u>	<u>475,000</u>	<u>75,000</u>
Total other financing sources	<u>450,000</u>	<u>-</u>	<u>475,000</u>	<u>475,000</u>	<u>25,000</u>
Net Change in Fund					
Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (51,946)</u>	<u>\$ 51,946</u>	<u>\$ 122,416</u>
Fund balance, beginning			<u>-</u>		
Fund balance (deficit), ending			<u>\$ (51,946)</u>		

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects Fund - Deep River Greenway Project
From Inception and For the Fiscal Year Ended June 30, 2014**

	Project Authorization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Expenditures					
Deep River Greenway Project:					
Construction	\$ 249,000	\$ -	\$ -	\$ -	\$ 249,000
Total expenditures	<u>249,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>249,000</u>
Other Financing Sources					
Deep River Greenway Project:					
Grant proceeds	199,000	\$ -	\$ -	\$ -	\$ 199,000
Loan proceeds	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total other financing sources	<u>249,000</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>199,000</u>
Net Change in Fund Balance					
	<u>\$ -</u>	<u>\$ -</u>	\$ 50,000	<u>\$ 50,000</u>	<u>\$ 448,000</u>
Fund balance, beginning			<u>-</u>		
Fund balance (deficit), ending			<u>\$ 50,000</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, 2014

Schedule 10
(Page 1 of 2)

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Water sales	\$ 1,250,000	\$ 1,412,589	\$ 162,589
Sewer charges	920,000	1,078,318	158,318
Water and sewer taps	6,000	10,300	4,300
Surcharges	2,000	1,460	(540)
Other operating revenues	27,000	28,957	1,957
Total	<u>2,205,000</u>	<u>2,531,624</u>	<u>326,624</u>
Nonoperating revenues:			
Interest earned on investments	2,000	160	(1,840)
Total revenues	<u>2,207,000</u>	<u>2,531,784</u>	<u>324,784</u>
Expenditures:			
Operating expenditures:			
Water treatment and distribution:			
Salaries and employee benefits	150,000	135,358	
Repairs and maintenance	15,000	2,357	
Utilities	10,000	7,087	
Utility services	70,000	62,881	
Purchase of water	484,000	530,527	
Other operating expenditures	104,000	81,939	
Total	<u>833,000</u>	<u>820,149</u>	<u>12,851</u>
Water and sewer maintenance:			
Salaries and employee benefits	263,500	269,391	
Repairs and maintenance	75,000	47,007	
Other operating expenditures	79,000	81,960	
Total	<u>417,500</u>	<u>398,358</u>	<u>19,142</u>
Wastewater treatment:			
Salaries and employee benefits	203,000	220,885	
Supplies and chemicals	24,000	20,059	
Repairs and maintenance	66,000	49,863	
Utilities	145,000	134,753	
Pretreatment/lab	30,000	22,422	
Sludge removal	38,600	32,968	
Capital Outlay	10,000	-	
Other operating expenditures	52,400	68,358	
Total	<u>569,000</u>	<u>549,308</u>	<u>19,692</u>
Total operating expenditures	<u>\$ 1,819,500</u>	<u>\$ 1,767,815</u>	<u>\$ 51,685</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, 2014

Schedule 10
(Page 2 of 2)

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures:			
Nonoperating expenditures:			
Interest and fiscal charges on long-term debt	\$ 147,000	\$ 135,785	
PTRWA principal payments	172,000	202,139	
Bond principal payments	105,000	113,404	
Capital outlay	100,000	-	
PTRWA admin operating costs	33,000	33,484	
Total nonoperating expenditures	<u>557,000</u>	<u>484,812</u>	<u>\$ 72,188</u>
Total expenditures	<u>2,376,500</u>	<u>2,252,627</u>	<u>123,873</u>
Revenues over (under) expenditures	<u>(169,500)</u>	<u>279,157</u>	<u>448,657</u>
Fund balance appropriated	<u>169,500</u>	<u>-</u>	<u>(169,500)</u>
Revenues and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	<u>279,157</u>	<u>\$ 279,157</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:			
Reconciling items:			
Depreciation		(323,349)	
Loss on disposal of capital assets		(22,833)	
Principal retirement		315,543	
Total		<u>(30,639)</u>	
Change in net position		<u>\$ 248,518</u>	

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, 2014

	Project Authorization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Expenditures					
Waterline Improvements					
Project:					
Engineering and architecture	\$ 75,000	\$ 69,756	\$ -	\$ 69,756	\$ 5,244
Waterline improvements	455,000	19,013	315,147	334,160	120,840
Contingency	20,000	-	-	-	20,000
Total expenditures	<u>550,000</u>	<u>88,769</u>	<u>315,147</u>	<u>403,916</u>	<u>146,084</u>
Other Financing Sources					
Waterline Improvements					
Project:					
Transfers from other fund:					
Water and sewer fund	120,000	120,000	-	120,000	-
Loan Proceeds	<u>430,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(430,000)</u>
Total other financing sources	<u>550,000</u>	<u>120,000</u>	<u>-</u>	<u>120,000</u>	<u>(430,000)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 31,231</u>	<u>(315,147)</u>	<u>\$ (283,916)</u>	<u>\$ (283,916)</u>
Fund balance, beginning			<u>31,231</u>		
Fund balance, ending			<u>\$ (283,916)</u>		

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, 2014

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Expenditures					
Wastewater System Repair					
Project:					
Construction	\$ 768,020	\$ 532,748	\$ 258,950	\$ 791,698	\$ (23,678)
Technical services	64,585	64,794	53,692	118,486	(53,901)
Contingency	38,401	-	-	-	38,401
Closing fee	13,566	19,868	-	19,868	(6,302)
Total expenditures	<u>884,572</u>	<u>617,410</u>	<u>312,642</u>	<u>930,052</u>	<u>(45,480)</u>
Other Financing Sources					
Wastewater System Repair					
Project:					
Transfers from other funds:					
Water and sewer fund	192,690	-	-	-	(192,690)
Revolving loan proceeds	<u>691,882</u>	<u>599,454</u>	<u>197,547</u>	<u>797,001</u>	<u>105,119</u>
Total other financing sources	<u>884,572</u>	<u>599,454</u>	<u>197,547</u>	<u>797,001</u>	<u>(87,571)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (17,956)</u>	<u>(115,095)</u>	<u>\$ (133,051)</u>	<u>\$ (133,051)</u>
Fund balance, beginning			<u>(17,596)</u>		
Fund balance, ending			<u>\$ (132,691)</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, 2014

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Expenditures					
Water Tank Improvements					
Project:					
Water tank					
improvements	\$ 195,000	\$ 60,720	\$ 174,188	\$ 234,908	\$ (39,908)
Contingency	5,000	-	-	-	5,000
Total expenditures	200,000	60,720	174,188	234,908	(34,908)
Other Financing Sources					
Water Tank Improvements					
Project:					
Transfers from other funds:					
General fund	20,000	-	-	-	(20,000)
Water and sewer fund	180,000	-	-	-	(180,000)
Total other financing sources	200,000	-	-	-	(200,000)
Net Change in Fund Balance	\$ -	\$ (60,720)	(174,188)	\$ (234,908)	\$ (234,908)
Fund balance, beginning			(60,720)		
Fund balance, ending			\$ (234,908)		

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

Schedule 14

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Assets				
Cash and cash equivalents	<u>\$ 113,530</u>	<u>\$ 4,853</u>	<u>\$ -</u>	<u>\$ 118,383</u>
Liabilities				
Intergovernmental payable	<u>\$ 113,530</u>	<u>\$ 4,853</u>	<u>\$ -</u>	<u>\$ 118,383</u>

CITY OF RANDLEMAN, NORTH CAROLINA
Schedule of Ad Valorem Taxes Receivable
Fiscal Years ended June 30, 2014

Schedule 15

Fiscal Year	Uncollected Balance June 30, 2013	Additions	Collections and Credits	Uncollected Balance June 30, 2014
2013 - 2014	\$ -	\$ 2,261,231	\$ 2,244,048	\$ 17,183
2012 - 2013	47,447	-	42,181	5,266
2011 - 2012	3,995	-	1,693	2,302
2010 - 2011	2,932	-	461	2,471
2009 - 2010	2,202	-	200	2,002
2008 - 2009	1,893	-	201	1,692
2007 - 2008	1,794	-	95	1,699
2006 - 2007	1,107	-	17	1,090
2005 - 2006	1,107	-	13	1,094
2004 - 2005	1,133	-	28	1,105
2003 - 2004	1,324	-	1,324	-
	\$ 64,934	\$ 2,261,231	\$ 2,290,261	35,904
Less: allowance for uncollectible accounts				-
Ad valorem taxes receivable, net				\$ 35,904
Reconciliation with revenues:				
Ad valorem taxes collected - General Fund				\$ 2,294,648
Reconciling items:				
Discounts allowed				4,943
Interest collected				(9,330)
Total collections and credits				\$ 2,290,261

CITY OF RANDLEMAN, NORTH CAROLINA
Analysis of Current Tax Levy City-Wide Levy
Fiscal Year Ended June 30, 2014

Schedule 16

	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	\$ 385,216,552	0.58%	\$ 2,234,256	\$ 2,070,727	\$ 163,529
Motor vehicles taxed at at prior year's rate	4,650,862	0.58%	26,975	-	26,975
Penalties			-	-	-
Total	389,867,414		2,261,231	2,070,727	190,504
Abatements	(7,239,828)		-	-	-
Total property valuation	\$ 382,627,586				
Net levy			2,261,231	2,070,727	190,504
Uncollected taxes at June 30, 2014			(17,183)	(10,468)	(6,715)
Current year's taxes collected			\$ 2,244,048	\$ 2,060,259	\$ 183,789
Current levy collection percentage			99.24%	99.49%	96.48%

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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities				
Net investment in capital assets	\$ 1,707,851	\$ 1,869,749	\$ 1,924,095	\$ 2,346,836
Restricted:				
For non-expendable purposes	54,327	55,652	76,355	82,046
For street improvements	543,345	692,697	841,375	1,008,776
For expendable purposes	-	-	-	-
Unrestricted	<u>1,419,426</u>	<u>1,844,584</u>	<u>2,497,525</u>	<u>3,064,214</u>
Total governmental activities				
Net Positions	<u>\$ 3,724,949</u>	<u>\$ 4,462,682</u>	<u>\$ 5,339,350</u>	<u>\$ 6,501,872</u>
Business type activities				
Net investment in capital assets	\$ 4,769,356	\$ 4,793,489	\$ 4,898,457	\$ 5,085,335
Unrestricted	<u>1,283,578</u>	<u>1,462,464</u>	<u>1,559,985</u>	<u>1,349,928</u>
Total business type activities				
Net Positions	<u>\$ 6,052,934</u>	<u>\$ 6,255,953</u>	<u>\$ 6,458,442</u>	<u>\$ 6,435,263</u>
Primary government				
Net investment in capital assets	\$ 6,477,207	\$ 6,663,238	\$ 6,822,552	\$ 7,432,171
Restricted:				
For non-expendable purposes	54,327	55,652	76,355	82,046
For street improvements	543,345	692,697	841,375	1,008,776
For expendable proposes	-	-	-	-
Unrestricted	<u>2,703,004</u>	<u>3,307,048</u>	<u>4,057,510</u>	<u>4,414,142</u>
Total primary government				
Net Positions	<u>\$ 9,777,883</u>	<u>\$ 10,718,635</u>	<u>\$ 11,797,792</u>	<u>\$ 12,937,135</u>

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 3,217,973	\$ 3,435,005	\$ 3,790,831	\$ 5,523,288	\$ 5,600,176
97,449	343,905	398,481	353,480	479,330
1,080,610	1,204,482	997,674	882,276	870,191
-	-	69,445	64,079	50,000
<u>3,247,992</u>	<u>3,131,344</u>	<u>3,300,084</u>	<u>2,608,602</u>	<u>2,428,423</u>
\$ <u>7,644,024</u>	\$ <u>8,114,736</u>	\$ <u>8,556,515</u>	\$ <u>9,431,725</u>	\$ <u>9,428,120</u>
\$ 5,228,807	\$ 5,290,691	\$ 5,269,156	\$ 3,709,453	\$ 4,257,253
<u>1,614,455</u>	<u>2,168,283</u>	<u>2,459,025</u>	<u>1,892,375</u>	<u>1,593,093</u>
\$ <u>6,843,262</u>	\$ <u>7,458,974</u>	\$ <u>7,728,181</u>	\$ <u>5,601,828</u>	\$ <u>5,850,346</u>
\$ 8,446,780	\$ 8,725,696	\$ 9,059,987	\$ 9,232,741	\$ 9,857,429
97,449	97,449	398,481	353,480	479,330
1,080,610	1,080,610	997,674	882,276	870,191
-	-	69,445	64,079	50,000
<u>4,862,447</u>	<u>5,299,627</u>	<u>5,759,109</u>	<u>4,500,977</u>	<u>4,021,516</u>
\$ <u>14,487,286</u>	\$ <u>15,203,382</u>	\$ <u>16,284,696</u>	\$ <u>15,033,553</u>	\$ <u>15,278,466</u>

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

	2005	2006	2007	2008
<u>Expenses</u>				
Governmental activities:				
General government	\$ 710,259	\$ 601,169	\$ 803,788	\$ 688,482
Public safety	1,222,850	1,257,136	1,220,825	1,522,623
Public works	240,278	306,869	45,112	50,548
Cultural and recreational	360,044	388,411	489,454	571,931
Economic/physical development	85,487	117,045	469,371	710,794
Capital outlay	103,077	107,586	165,593	11,175
Total governmental expenses	2,721,995	2,778,216	3,194,143	3,555,553
Business type activities:				
Water and sewer	1,370,747	1,530,343	1,575,890	1,873,319
Total primary government expenses	<u>\$ 4,092,742</u>	<u>\$ 4,308,559</u>	<u>\$ 4,770,033</u>	<u>\$ 5,428,872</u>
<u>Program Revenues</u>				
Government activities:				
Charges for services				
General government	\$ -	\$ -	\$ -	\$ -
Public Safety	8,000	8,000	8,000	8,000
Public Works	9,287	110,798	172,718	159,132
Cultural and recreational	110,778	246,000	239,086	264,749
Operating grants and contributions	155,040	137,523	359,383	522,786
Capital grants and contributions	-	-	-	-
Total governmental activities revenue	283,105	502,321	779,187	954,667
Business like activities				
Charges for services				
Water and sewer	1,496,212	1,652,977	1,730,971	1,817,455
Capital grants and contributions	-	-	-	-
Total primary government revenues	<u>\$ 1,779,317</u>	<u>\$ 2,155,298</u>	<u>\$ 2,510,158</u>	<u>\$ 2,772,122</u>
<u>Net (Expense) Revenue</u>				
Governmental activities	\$ (2,438,890)	\$ (2,275,895)	\$ (2,414,956)	\$ (2,600,886)
Business type activities	282,230	175,779	155,081	(55,864)
Total primary government net expense	<u>\$ (2,156,660)</u>	<u>\$ (2,100,116)</u>	<u>\$ (2,259,875)</u>	<u>\$ (2,656,750)</u>

2009	2010	2011	2012	2013	2014
\$ 829,271	\$ 938,893	\$ 764,859	\$ 723,377	\$ 706,465	\$ 843,841
1,675,507	1,753,327	1,782,595	1,823,766	2,087,062	2,124,197
55,905	76,013	51,030	84,312	595,196	624,880
562,766	563,243	610,536	613,506	616,692	725,849
564,353	499,806	541,344	533,856	150,190	241,769
4,524	12,426	250,973	60,655	-	-
3,692,326	3,843,708	4,001,337	3,839,472	4,155,605	4,560,536
1,910,697	1,881,943	1,907,495	1,970,822	1,925,884	2,283,266
<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>	<u>\$ 6,843,802</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8,000	8,000	8,000	8,000	-	-
144,653	159,362	159,383	160,206	159,901	162,307
268,835	270,362	231,195	212,332	200,556	183,673
408,578	380,773	374,292	373,389	195,363	255,399
-	-	-	-	-	-
830,066	818,497	772,870	753,927	555,820	601,379
2,083,650	2,038,382	2,516,441	2,400,778	2,150,392	2,531,624
35,500	-	-	-	-	-
<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>	<u>\$ 3,133,003</u>
\$ (2,862,260)	\$ (3,025,211)	\$ (3,228,467)	\$ (3,085,545)	\$ (3,599,785)	\$ (3,959,157)
208,453	156,439	608,946	429,956	224,508	248,358
<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>	<u>\$ (3,710,799)</u>

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>General Revenues and Other Changes in Net Position</u>				
Governmental activities:				
Taxes:				
Ad valorem taxes (property)	\$ 1,576,041	\$ 1,614,431	\$ 1,743,750	\$ 2,155,355
Other taxes and licenses	7,033	6,246	6,356	7,571
Unrestricted governmental revenues	1,255,374	1,253,109	1,326,979	1,401,385
Investment earnings	39,453	97,762	190,565	162,498
Miscellaneous	91,317	42,080	36,086	36,599
Transfers	-	-	-	-
Total governmental activities	<u>2,969,218</u>	<u>3,013,628</u>	<u>3,303,736</u>	<u>3,763,408</u>
Business type activities				
Investment earnings	11,228	8,740	47,408	32,685
Miscellaneous	-	18,500	-	-
Transfers	-	-	-	-
Total business type activities	<u>11,228</u>	<u>27,240</u>	<u>47,408</u>	<u>32,685</u>
Total primary governmental activities	<u>\$ 2,980,446</u>	<u>\$ 3,040,868</u>	<u>\$ 3,351,144</u>	<u>\$ 3,796,093</u>
<u>Change in Net Position</u>				
Governmental activities	\$ 530,328	\$ 737,733	\$ 888,780	\$ 1,162,522
Business activities	293,458	203,019	202,489	(23,179)
Total primary activities	<u>\$ 823,786</u>	<u>\$ 940,752</u>	<u>\$ 1,091,269</u>	<u>\$ 1,139,343</u>

2009	2010	2011	2012	2013	2014
\$ 2,202,893	\$ 2,345,844	\$ 2,259,101	\$ 2,249,540	\$ 2,268,393	\$ 2,286,827
6,912	7,498	7,433	7,623	5,069	1,946
1,171,248	1,102,661	1,123,344	1,130,642	1,411,778	1,518,196
68,366	17,691	13,625	13,820	11,802	5,148
53,665	52,845	295,676	77,890	37,593	143,435
-	-	-	47,809	740,000	-
<u>3,503,084</u>	<u>3,526,539</u>	<u>3,699,179</u>	<u>3,527,324</u>	<u>4,474,635</u>	<u>3,955,552</u>
19,233	10,195	6,766	6,088	-	-
13,679	-	-	972	2,946	160
-	-	-	(47,809)	(740,000)	-
<u>32,912</u>	<u>10,195</u>	<u>6,766</u>	<u>(40,749)</u>	<u>(737,054)</u>	<u>160</u>
<u>\$ 3,535,996</u>	<u>\$ 3,536,734</u>	<u>\$ 3,705,945</u>	<u>\$ 3,486,575</u>	<u>\$ 3,737,581</u>	<u>\$ 3,955,712</u>
\$ 640,824	\$ 501,328	\$ 470,712	\$ 441,779	\$ 875,410	\$ (3,605)
241,365	166,634	615,712	366,578	(512,546)	248,518
<u>\$ 882,189</u>	<u>\$ 667,962</u>	<u>\$ 1,086,424</u>	<u>\$ 808,357</u>	<u>\$ 362,864</u>	<u>\$ 244,913</u>

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

General Fund

<u>Fiscal</u>	<u>Reserved</u>	<u>Unreserved</u>	<u>Non- spendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
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
2014	-	-	-	1,349,521	140,950	2,114,127	3,604,598

Other Governmental Funds FY 2014 382,286 382,286

<u>Fiscal</u> <u>Year</u>	<u>Reserved</u>	<u>Unreserved</u>	<u>Non- spendable</u>	<u>Restricted</u>	<u>Total</u>
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
2014	-	-	50,000	14,034	64,034

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

	2005	2006	2007	2008	2009
Revenues					
Property taxes and licenses	\$ 1,375,660	\$ 1,411,933	\$ 1,727,635	\$ 2,161,908	\$ 2,200,540
Other taxes and licenses	34,134	43,766	29,533	7,571	6,912
Intergovernmental	1,586,054	1,561,799	1,671,185	1,932,171	1,587,826
Permits and fees	120,065	343,709	401,092	420,541	426,059
Investment earnings	39,453	97,762	190,565	162,498	68,366
Other revenues	91,316	31,080	35,586	57,169	50,842
Total revenue	<u>3,246,682</u>	<u>3,490,049</u>	<u>4,055,596</u>	<u>4,741,858</u>	<u>4,340,545</u>
Expenditures					
General government	689,260	578,950	581,939	626,732	767,100
Public safety	1,082,372	1,143,491	1,231,519	1,406,439	1,499,844
Public works	209,442	273,575	299,467	378,847	499,979
Cultural and recreation	304,200	358,407	391,772	469,413	468,894
Economic/physical development	79,322	113,081	169,505	346,807	162,791
Capital outlay	47,604	89,871	215,949	420,802	666,779
Debt Service:					
Principal	261,845	267,360	263,809	252,367	287,591
Interest and service charges	118,399	107,586	96,807	80,227	80,797
Total expenditures	<u>2,792,444</u>	<u>2,932,321</u>	<u>3,250,767</u>	<u>3,981,634</u>	<u>4,433,775</u>
Excess of revenues Over (under) expenditures	<u>454,238</u>	<u>557,728</u>	<u>804,829</u>	<u>760,224</u>	<u>(93,230)</u>
Other financing sources					
Insurance recovery	-	11,000	500	18,792	2,823
Debt proceeds	-	-	-	-	-
Transfers from other funds	-	-	-	-	-
Donations	-	-	-	-	-
Sale of assets	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>11,000</u>	<u>500</u>	<u>18,792</u>	<u>2,823</u>
Net change in fund balance	<u>\$ 454,238</u>	<u>\$ 568,728</u>	<u>\$ 805,329</u>	<u>\$ 779,016</u>	<u>\$ (90,407)</u>
Debt services as a percentage of non-capital expenditures	13.85%	13.19%	11.88%	9.34%	9.78%

2010	2011	2012	2013	2014
\$ 2,325,048	\$ 2,262,442	\$ 2,252,193	\$ 2,258,376	\$ 2,294,648
7,498	7,433	7,623	5,069	1,946
1,491,434	1,505,636	1,512,031	1,547,141	1,654,695
429,209	390,073	375,617	360,457	345,980
17,691	13,625	13,820	11,802	5,148
52,845	45,676	51,093	37,953	143,435
<u>4,323,725</u>	<u>4,224,885</u>	<u>4,212,377</u>	<u>4,220,798</u>	<u>4,445,852</u>
813,302	695,338	641,306	576,301	775,473
1,515,152	1,530,249	1,617,310	1,769,848	1,820,392
479,875	471,934	656,198	494,841	577,281
486,879	488,492	499,463	564,554	583,591
94,588	125,640	107,384	79,681	168,663
135,906	562,417	328,366	2,020,252	1,672,081
272,801	220,852	232,868	234,195	235,362
63,918	55,863	51,122	43,015	35,066
<u>3,862,421</u>	<u>4,150,785</u>	<u>4,134,017</u>	<u>5,782,687</u>	<u>5,867,909</u>
<u>461,304</u>	<u>74,100</u>	<u>78,360</u>	<u>(1,561,889)</u>	<u>(1,422,057)</u>
-	250,000	22,797	-	-
-	-	-	-	975,000
-	-	47,809	740,000	-
-	-	-	60,000	118,900
-	-	4,000	-	-
<u>-</u>	<u>250,000</u>	<u>74,606</u>	<u>800,000</u>	<u>1,093,900</u>
<u>\$ 461,304</u>	<u>\$ 324,100</u>	<u>\$ 152,966</u>	<u>\$ (761,889)</u>	<u>\$ (328,157)</u>
9.04%	7.71%	7.46%	7.37%	6.45%

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Fire Dist Tax	Beer and Wine Tax	Other Taxes	Total
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
2014	2,294,648	704,612	408,156	255,536	17,948	2,507	3,683,407

Solid Waste Tax Reimbursement began in Fiscal Year 2009.

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

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
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%
2014	276,327,635	79,034,431	8,882,298	364,244,364	364,244,364	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

<u>Year Ended</u> <u>June 30</u>	<u>City of Randleman</u>	<u>Randolph County</u>	<u>Total Tax Rate</u>
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
2014	0.5800	0.6100	1.1900

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>
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
2014	2,261,231	2,244,048	99.24%	46,213	2,290,261

<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>
99.87%	\$ 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%
101.28%	35,904	1.59%

CITY OF RANDLEMAN, NORTH CAROLINA

Principal Taxpayers

<u>Taxpayer</u>	<u>Type of Business</u>	<u>FY 2014 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	\$ 46,363,516	12.73%	\$ 33,019,581	12.65%
Dart Container Corporation *	Manufacturing	45,703,809	12.55%	29,194,071	11.19%
BW Hughes Properties	Manufacturing	14,032,890	3.85%	4,331,720	1.66%
Deep River Crossing	Shopping Center	10,281,320	2.82%	8,155,140	3.13%
Hughes Furniture Industries *	Manufacturing	7,948,064	2.18%	8,714,142	3.34%
Duke Energy	Utility	5,849,148	1.61%	-	-
Island Ford Properties	Warehouse & Sales	5,529,740	1.52%	-	-
United Brass Works *	Manufacturing	4,793,272	1.32%	2,347,422	0.90%
Clarence Jernigan	Real Estate	3,089,942	0.85%	-	0.00%
Shaw Enterprises	Shopping Center	3,024,302	0.83%	2,781,820	1.07%
		<u>\$ 146,616,003</u>	39.88%		
BT Randleman, LLC	Shopping Center			2,680,280	1.03%
Randolph Real Partners	Shopping Center			2,520,190	0.97%
Pierce Management Group	Mental Health			2,156,700	0.83%
				<u>\$ 95,901,066</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	Notes	General	Installment	Notes
	Obligation			Obligation		
	Bonds	Purchases	Payable	Bonds	Purchases	Payable (1)
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	240,340
2013	-	1,098,854	-	-	696,257	2,104,077
2014	-	1,838,492	-	-	563,637	2,144,692

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.

Total Primary Government	Debt as Percentage of	
	Personal Income (2)	Debt per Capita (2)
\$ 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
2,402,266	3.10%	673
3,899,188	3.94%	940
4,546,821	4.37%	1,042

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

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)
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%	-
2014	-	-	-	364,244,364	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

<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>
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%
2014	364,244,364	29,139,549	1,838,492	27,301,057	6.31%

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

<u>Fiscal Year Ending June 30</u>	<u>Population (1)</u>	<u>Per Capita Income (4)</u>	<u>Total Personal Income</u>	<u>Median Age (1)</u>	<u>Public School Enrollment (2)</u>	<u>Average Unemployment Rate (3)</u>
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	3,376*	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%
2014	4,163	24,020	99,995,260	38.7	4,527	6.80%

* 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, 2014

<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	50

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General governmental	8	6	6	6	6	6	7
Public safety							
Sworn officers	12	13	13	14	14	14	14
Paid firefighters	15	13	13	14	14	14	14
Volunteer firefighters	17	17	17	18	15	19	21
Public works	17	12	11	11	12	12	12
Culture & recreation*	5	5	5	5	5	5	5
General fund	64	60	59	62	60	60	57
Enterprise fund	10	8	6	6	6	6	8

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



<u>2012</u>	<u>2013</u>	<u>2014</u>
7	8	6
15	14	14
14	15	25
26	23	16
12	14	14
5	6	6
63	65	70
8	10	11

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

Function	2007	2008	2009	2010	2011	2012	2013	2014
Fire								
Fires	\$ 103	\$ 131	\$ 105	\$ 89	\$ 99	\$ 83	\$ 87	\$ 72
Vehicle accidents	72	84	82	83	76	63	72	68
Medical assistance	651	728	713	826	742	658	735	769
Other	236	226	299	245	281	233	248	240
Police								
Number of calls	4,544	4,654	4,650	4,996	4,827	4,639	4,731	4,681
Vehicle	199	198	213	188	204	195	192	195
(3) Patrol hours	1,341	1,403	1,460	1,572	1,486	1,468	1,473	1,529
(3) Patrol miles	8,505	8,492	8,837	9,890	8,827	8,085	8,322	8,413
Public works								
Miles of paved streets	21	21	21	21	21	21	21	21
(1) Number of trash customers			1,593	1,510	1,515	1,522	1,526	1,547
Planning and zoning								
Zoning permits issued	100	112	75	84	66	58	62	51
Zone violations	68	68	48	47	60	88	93	103
Cultural and recreation								
(3) Community center members*	1,170	1,303	1,532	1,483	1,587	1,456	1,523	1,587
(3) Book circulation	5,772	6,311	7,038	7,462	7,517	8,364	8,457	8,622
Number of patrons	7,713	8,334	4,626	5,129	5,182	5,022	5,219	5,312
(3) Children's programs participants	220	265	174	159	247	305	284	314
Number of volumes	31,154	31,822	32,046	34,610	36,340	3,994	39,560	41,010
Water and sewer								
(1) Number of customers	2,263	2,347	2,167	2,252	2,275	2,283	2,270	2,286
(1) (2) Gallons billed	29	26	25	29	31	33	30	30
(2) Sewer treatment-ave gallons	29	23	22	25	22	23	24	25
(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, 2014

	Beginning Balances	Less Depreciation	Increases	Decreases	Ending Balances
<u>Governmental activities</u>					
Land	\$ 301,762	\$ -	\$ -	\$ -	\$ 301,762
Construction in progress	395,668	-	461,909	87,221	770,356
Land improvements	82,263	35,877	759,970	-	806,356
Buildings and improvements	3,632,704	147,940	335,962	-	3,820,726
Infrastructure	675,780	20,349	-	-	655,431
Equipment and heavy equipment	1,530,731	316,878	180,461	-	1,394,314
Other	3,234	456	21,000	-	23,778
	<u>697,430</u>	<u>-</u>	<u>461,909</u>	<u>87,221</u>	<u>1,072,118</u>
Total non-depreciable assets	697,430	-	461,909	87,221	1,072,118
Total depreciable assets	<u>5,924,712</u>	<u>521,500</u>	<u>1,297,393</u>	<u>-</u>	<u>6,700,605</u>
Total net governmental activity capital assets	<u>\$ 6,622,142</u>	<u>\$ 521,500</u>	<u>\$ 1,759,302</u>	<u>\$ 87,221</u>	<u>\$ 7,772,723</u>
<u>Business-like activities</u>					
Land	\$ 7,275	\$ -	\$ -	\$ -	\$ 7,275
Construction in progress	773,060	-	801,977	-	1,575,037
System improvements	853,034	40,690	-	22,833	789,511
Water rights	1,382,625	29,262	-	-	1,353,363
Buildings and improvements	974,094	74,143	-	-	899,951
Water distribution system	2,158,924	130,804	-	-	2,028,120
Equipment and heavy vehicle	360,775	48,450	-	-	312,325
	<u>780,335</u>	<u>-</u>	<u>801,977</u>	<u>-</u>	<u>1,582,312</u>
Total non-depreciable assets	780,335	-	801,977	-	1,582,312
Total depreciable assets	<u>5,729,452</u>	<u>323,349</u>	<u>-</u>	<u>22,833</u>	<u>5,383,270</u>
Total net business-like activity capital assets	<u>\$ 6,509,787</u>	<u>\$ 323,349</u>	<u>\$ 801,977</u>	<u>\$ 22,833</u>	<u>\$ 6,965,582</u>

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

Function	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General government						
Buildings	2	2	2	2	2	2
Vehicles	2	2	2	2	2	2
Public Safety						
Police						
Stations	1	1	1	1	1	1
Vehicles	8	8	9	10	12	12
Fire						
Stations	1	1	1	1	1	1
Vehicles	7	7	8	8	9	9
Public works						
Streets						
Miles	20.47	21.06	21.45	21.83	22.10	22.25
Lights	526	529	531	534	534	534
Vehicles	5	6	6	7	8	9
Sanitation						
Collection Trucks	3	3	3	4	4	4
Cultural and recreation						
Library						
Buildings	1	1	2	2	2	2
Volumes	24,541	24,786	31,154	31,822	32,046	34,610
Parks and recreation						
Parks	2	2	2	2	2	2
Buildings	2	3	3	3	3	3
Vehicles	1	1	1	1	2	2
Water and sewer operations						
Treatment plants	2	2	2	2	2	2
Water lines	34.05	34.05	37.46	37.46	37.46	37.46
Sewer lines	27.24	27.24	29.97	29.97	29.97	29.97
Pump stations	10	10	12	12	12	12
Water trucks	5	5	6	6	6	6
Vehicles	3	4	4	5	6	7

2011	2012	2013	2014
2	2	2	3
2	2	2	2
1	1	1	1
12	12	12	12
1	1	1	1
10	10	10	10
22.25	22.25	22.75	23.00
534	538	538	538
9	10	12	12
4	4	3	3
2	2	1	1
36,340	3,994	39,560	41,010
2	2	2	2
3	3	3	3
2	2	2	2
2	2	2	2
37.46	37.46	37.46	37.46
29.97	29.97	29.97	29.97
12	12	12	12
6	6	6	6
7	9	9	9

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 8, 2014.

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
December 8, 2014