

**CITY OF THOMASVILLE  
NORTH CAROLINA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2017**



# CITY OF THOMASVILLE, NORTH CAROLINA

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# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## INDEPENDENT AUDITOR'S REPORT

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

### Report On the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Thomasville, North Carolina, as of and for the year ended June 30, 2017, 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 Thomasville Board of Education, which represents 90.54 percent, 90.64 percent, and 88.93 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. We did not audit the financial statements of the Thomasville ABC Board, which represents 8.66 percent, 8.29 percent, and 10.52 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and; our opinion, insofar as it relates to the amounts included for the Thomasville Board of Education and the Thomasville ABC Board, are based solely on the reports of the 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 basic financial statements are free of material misstatement. The financial statements of the City of Thomasville ABC Board and Thomasville Tourism Commission 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 accounting 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 reports 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Thomasville, North Carolina, as of June 30, 2017, and the respective changes in financial position and cash flows, where appropriate thereof and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Change in Accounting Principle**

As discussed in Note 8 to the financial statements, for fiscal year ending June 30, 2017 the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedule of the Change in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions 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, economical, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



### *Supplementary and Other Information*

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Thomasville, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules, and the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act, 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, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual fund statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2017 on our consideration of City of Thomasville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant, agreements, and other matters. The purpose of the report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Thomasville's 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 Thomasville's internal control over financial reporting and compliance.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, NC  
October 31, 2017

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## **Management's Discussion and Analysis**

As management of the City of Thomasville, we offer readers of the City of Thomasville's financial statements this narrative overview and analysis of the financial activities of the City of Thomasville for the fiscal year ended June 30, 2017. 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**

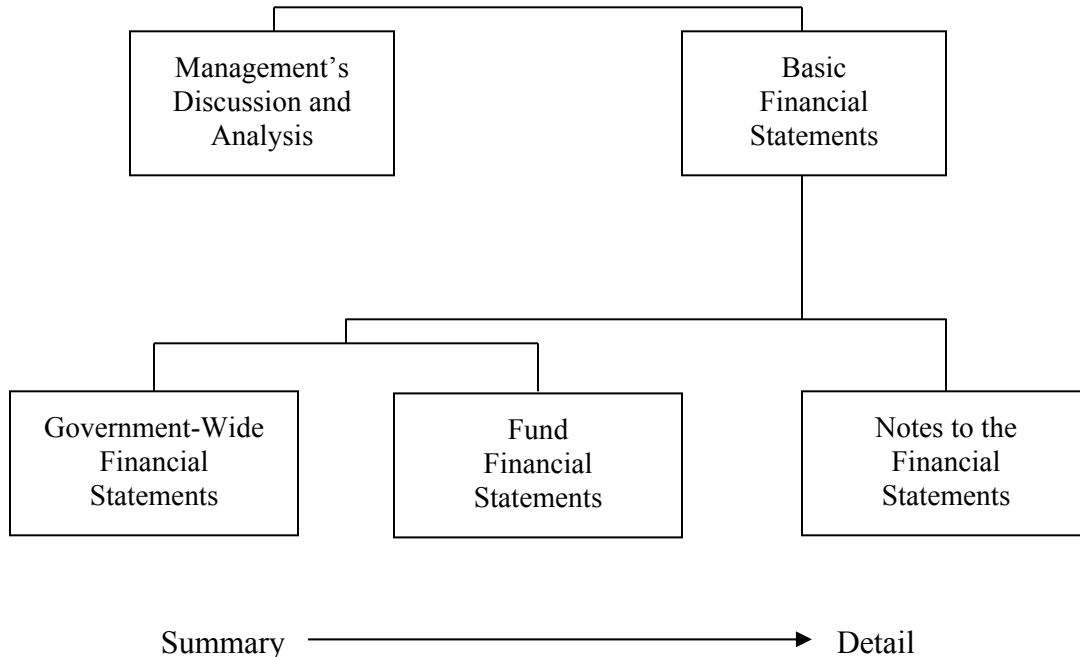
- The assets and deferred outflows of the City of Thomasville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$32,914,678 (net position).
- The government's total net position increased by \$2,087,587 due to increases in governmental and business-type activities.
- As of the close of the current fiscal year, the City of Thomasville's governmental funds reported combined ending fund balances of \$12,959,838, an increase of \$1,125,876 in comparison with the prior year. Currently, 34.2% of this total amount, or \$4,428,113, is restricted or non-spendable.
- At the end of the current fiscal year, available fund balance for the General Fund was \$8,022,641, or 38.93%, of total General Fund expenditures and transfers to other funds.
- Water and Sewer Fund current assets increased 19.09%. At June 30, 2017, current assets exceeded current liabilities for the seventh consecutive year.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Thomasville'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 Thomasville.

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

The first two statements (Exhibits A and B) 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 C through I) 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 they have changed. Net position is the difference between the City's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the 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 Federal and State 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 and golf services offered by the City of Thomasville. The final category is the component units. Although legally separate from the City, the City School Board, ABC Board, and Tourism Commission are important to the City because the City exercises control over the School Board, ABC Board, and Tourism Commission by appointing its members and setting the local tax rate for the School Board and Tourism Commission. The ABC Board is required to distribute its profits to the City.

The government-wide financial statements are on Exhibits A and B 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 Thomasville, 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 Thomasville can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds.** Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the 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* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between governmental 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 Thomasville 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 Funds.** The City of Thomasville has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Thomasville uses enterprise funds to account for its water and sewer activity and for its golf operations. These funds are 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 are on pages 26-66 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Thomasville's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 67 of this report.

**Interdependence with Other Entities:** The City depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

**Government-Wide Financial Analysis  
City of Thomasville's Net Position**

**Figure 2**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Assets:</b>						
Current and other assets	\$ 14,806,975	\$ 13,866,503	\$ 9,409,766	\$ 8,383,951	\$ 24,216,741	\$ 22,250,454
Capital assets	12,444,683	10,263,526	42,475,806	43,674,201	54,920,489	53,937,727
Total assets	<u>27,251,658</u>	<u>24,130,029</u>	<u>51,885,572</u>	<u>52,058,152</u>	<u>79,137,230</u>	<u>76,188,181</u>
<b>Deferred Outflows of Resources</b>	<u>3,013,709</u>	<u>685,760</u>	<u>608,732</u>	<u>140,457</u>	<u>3,622,441</u>	<u>826,217</u>
<b>Liabilities:</b>						
Long-term liabilities	10,606,167	4,603,576	32,915,270	33,717,935	43,521,437	38,321,511
Other liabilities	2,186,361	1,846,555	3,773,791	4,190,935	5,960,152	6,037,490
Total liabilities	<u>12,792,528</u>	<u>6,450,131</u>	<u>36,689,061</u>	<u>37,908,870</u>	<u>49,481,589</u>	<u>44,359,001</u>
<b>Deferred Inflows of Resources:</b>						
Pension deferrals	<u>308,957</u>	<u>538,380</u>	<u>54,447</u>	<u>110,271</u>	<u>363,404</u>	<u>648,651</u>
<b>Net Position:</b>						
Net investment in capital assets	8,671,169	8,447,749	7,820,041	7,005,051	16,491,210	15,452,800
Restricted	4,120,216	3,668,370	-	-	4,120,216	3,668,370
Unrestricted	<u>4,372,497</u>	<u>5,711,159</u>	<u>7,930,755</u>	<u>7,174,417</u>	<u>12,303,252</u>	<u>12,885,576</u>
Total net position	<u>\$ 17,163,882</u>	<u>\$ 17,827,278</u>	<u>\$ 15,750,796</u>	<u>\$ 14,179,468</u>	<u>\$ 32,914,678</u>	<u>\$ 32,006,746</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the City of Thomasville exceeded its liabilities and deferred inflows of resources by \$32,914,678 as of June 30, 2017. The City's net position increased by \$2,087,587 for the fiscal year ended June 30, 2017. However, the largest portion (50%) reflects the City's net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City of Thomasville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City of Thomasville's net position (12.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$12,303,252 is unrestricted.

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

- General Fund expenditures were 6.8% under budgetary estimates.
- Water and sewer revenues were 6.6% higher than the previous fiscal year.
- Water and sewer expenses were 16.5% under budgetary estimates.

# City of Thomasville's Changes in Net Position

Figure 3

	2017			2016		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,638,616	\$ 13,248,933	\$ 14,887,549	\$ 1,463,067	\$ 12,441,612	\$ 13,904,679
Operating grants and contributions	1,380,357	-	1,380,357	1,350,232	-	1,350,232
Capital grants and contributions	94,340	-	94,340	59,046	275	59,321
General revenues:						
Property taxes	11,653,633	-	11,653,633	11,273,775	-	11,273,775
Other taxes	6,450,816	-	6,450,816	5,624,258	-	5,624,258
Miscellaneous	1,894,841	31,086	1,925,927	2,057,840	130,787	2,188,627
Total revenues	<u>23,112,603</u>	<u>13,280,019</u>	<u>36,392,622</u>	<u>21,828,218</u>	<u>12,572,674</u>	<u>34,400,892</u>
<b>Expenses:</b>						
General government	4,753,783	-	4,753,783	3,550,696	-	3,550,696
Public works	4,648,005	-	4,648,005	4,716,193	-	4,716,193
Public safety	11,081,687	-	11,081,687	10,802,875	-	10,802,875
Economic and physical development	636,223	-	636,223	231,134	-	231,134
Culture and recreation	1,188,722	-	1,188,722	1,089,539	-	1,089,539
Interest on long-term debt	46,146	-	46,146	63,559	-	63,559
Water and sewer	-	10,944,892	10,944,892	-	10,340,308	10,340,308
Golf course	-	1,005,577	1,005,577	-	854,464	854,464
Total expenses	<u>22,354,566</u>	<u>11,950,469</u>	<u>34,305,035</u>	<u>20,453,996</u>	<u>11,194,772</u>	<u>31,648,768</u>
Change in net position before transfers	758,037	1,329,550	2,087,587	1,374,222	1,377,902	2,752,124
Transfers in (out)	<u>(241,778)</u>	<u>241,778</u>	<u>-</u>	<u>(172,327)</u>	<u>172,327</u>	<u>-</u>
Change in net position	<u>516,259</u>	<u>1,571,328</u>	<u>2,087,587</u>	<u>1,201,895</u>	<u>1,550,229</u>	<u>2,752,124</u>
<b>Net Position:</b>						
Beginning of year - July 1	17,827,278	14,179,468	32,006,746	16,625,383	12,629,239	29,254,622
Restatement	<u>(1,179,655)</u>	<u>-</u>	<u>(1,179,655)</u>	<u>-</u>	<u>-</u>	<u>-</u>
July 1 (restated)	<u>16,647,623</u>	<u>14,179,468</u>	<u>30,827,091</u>	<u>16,625,383</u>	<u>12,629,239</u>	<u>29,254,622</u>
End of year - June 30	<u>\$ 17,163,882</u>	<u>\$ 15,750,796</u>	<u>\$ 32,914,678</u>	<u>\$ 17,827,278</u>	<u>\$ 14,179,468</u>	<u>\$ 32,006,746</u>



**Governmental Activities.** Governmental activities increased the City's net position by \$516,259. Key elements of this increase are as follows:

- Property tax collections exceeded budget estimates by \$322,308.
- General government expenditures were \$242,031 (12.26%) under budgetary estimates.
- Public safety expenditures were \$427,974 (3.09%) under budgetary estimates.
- Public works expenditures were \$595,116 (9.70%) under budgetary estimates.

**Business-Type Activities.** Business-type activities increased the City of Thomasville's net position by \$1,571,328. Key elements of this increase are as follows:

- The City raised water and sewer rates 3.0% as per their 5-year rate study. This rate adjustment resulted in a revenue increase of \$695,851.
- Maintenance and construction expenses were \$1,117,075 (33.4%) under budgetary estimates.

### **Financial Analysis of the City's Funds**

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

**Governmental Funds.** The focus of the City of Thomasville'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 Thomasville's financing requirements. Specifically, available for appropriation fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City of Thomasville. At the end of the current fiscal year, the City of Thomasville's fund balance available in the General Fund was \$8,022,641, while total fund balance reached \$11,141,170. The governing body of the City of Thomasville has determined that the City should maintain an unassigned fund balance of 20.0% 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 38.93% of General Fund expenditures and transfers to other funds, while total fund balance represents 54.06% of the same amount.

**General Fund Budgetary Highlights.** During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. The City increased the General Fund budget by \$108,734.

**Proprietary Funds.** The City of Thomasville's proprietary funds provide 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 \$8,304,042. The total changes in net position for the Water and Sewer Fund was \$1,754,688. Unrestricted net position of the Golf Course Fund at the end of the fiscal year amounted to \$(373,287). Total changes in net position for the Golf Course Fund was \$(183,360). Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of Thomasville's business-type activities.

## Capital Asset and Debt Administration

**Capital Assets.** The City of Thomasville's investment in capital assets for its governmental and business-type activities as of June 30, 2017 totals \$54,920,489 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Additional information on the City's capital assets can be found beginning on page 39 of this report.

### City of Thomasville's Capital Assets (net of depreciation)

Figure 4

	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
	2017	2017	2017	2016	2016	2016
Land	\$ 1,702,473	\$ 662,153	\$ 2,364,626	\$ 1,252,473	\$ 662,153	\$ 1,914,626
Buildings	3,000,433	722,919	3,723,352	3,136,243	1,038,431	4,174,674
Other improvements	1,616,077	21,918,694	23,534,771	1,449,225	23,425,248	24,874,473
Infrastructure	857,264	15,254,005	16,111,269	948,543	16,556,288	17,504,831
Equipment and vehicles	5,268,436	1,683,876	6,952,312	3,477,042	1,688,930	5,165,972
Construction in progress	-	2,234,159	2,234,159	-	303,151	303,151
Total	<u>\$ 12,444,683</u>	<u>\$ 42,475,806</u>	<u>\$ 54,920,489</u>	<u>\$ 10,263,526</u>	<u>\$ 43,674,201</u>	<u>\$ 53,937,727</u>

**Long-Term Debt.** As of June 30, 2017, the City of Thomasville had total bonded debt outstanding of \$10,437,081. Of this, \$-0- is backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

### City of Thomasville's Outstanding Debt Revenue Bonds

Figure 5

	Governmental Activities		Business-Type Activities	
	2017	2016	2017	2016
Revenue bonds	\$ -	\$ -	\$ 9,803,334	\$ 11,491,667
Add premiums	-	-	638,995	696,189
Less discounts	-	-	(5,248)	(6,986)
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,437,081</u>	<u>\$ 12,180,870</u>

The City of Thomasville's total bonded debt decreased by \$1,743,789 during the past fiscal year, primarily due to the repayment of outstanding debt.

The City maintained its Moody's Investor Service Rating of A1 and an A+ rating from Standard and Poor's Corporation.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the City of Thomasville is approximately \$105,000,000. The City has \$-0- in bonds authorized but unissued as June 30, 2017.

Additional information regarding the City of Thomasville's long-term debt can be found beginning on page 55 of this report.

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

### **Economic Factors**

- Unemployment in the State of North Carolina was 4.2% as of June 30, 2017, and Davidson County's rate of unemployment was 4.1%. The State unemployment rate has decreased from 5.2% as of June 30, 2016, and Davidson County's rate has decreased from 4.9% a year ago.

### **Budget Highlights for the Fiscal Year Ending June 30, 2018**

**Governmental Activities.** Revenues are expected to increase following a four (4) cent tax rate increase. Two (2) cent of the increase is restricted for the building of a New Police Headquarters and two (2) cent is restricted for the upgrade/ or replacement of a Recreation Department Gymnasium. One-half (1/2) cent of the tax rate has been pledged to economic development reserves. Unassigned fund balance exceeded fiscal policy by 3.74%. \$434,181 (3.74%) of unassigned fund balance was appropriated for capital purchase.

**Business-Type Activities.** The water and sewer rates in the City will increase by 1.23% as projected in the rate study which was updated in May, 2017.

### **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 information found in this report or requests for additional information should be directed to the Director of Finance, City of Thomasville, P.O. Box 368, Thomasville, North Carolina 27361.

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CITY OF THOMASVILLE, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 10,112,930	\$ 6,432,735	\$ 16,545,665
Restricted cash	624,443	442,653	1,067,096
Receivables:			
Accounts receivable, net	3,693,940	2,141,671	5,835,611
Due from other governments	-	-	-
Due from primary government	-	-	-
Due from component units	28,431	-	28,431
Internal balances	265,373	(265,373)	-
Inventories	81,858	258,668	340,526
Investment in joint venture	-	399,412	399,412
Prepaid items	-	-	-
Total current assets	14,806,975	9,409,766	24,216,741
Non-current assets:			
Capital assets:			
Land and construction in progress	1,702,473	2,896,312	4,598,785
Other capital assets, net of depreciation	10,742,210	39,579,494	50,321,704
Total capital assets	12,444,683	42,475,806	54,920,489
Total non-current assets	12,444,683	42,475,806	54,920,489
Total assets	27,251,658	51,885,572	79,137,230
<b>Deferred Outflows of Resources:</b>			
Contributions to pension plan in current fiscal year	821,210	159,666	980,876
Pension deferrals	2,192,499	449,066	2,641,565
Total deferred outflows of resources	3,013,709	608,732	3,622,441
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	552,374	182,187	734,561
Accrued interest payable	-	140,822	140,822
Due to primary government	-	-	-
Due to component units	12,998	-	12,998
Prepaid fees	-	42,676	42,676
Current portion of long-term liabilities	1,596,332	3,036,834	4,633,166
Liabilities to be paid from restricted assets:			
Customer deposits	24,657	371,272	395,929
Total current liabilities	2,186,361	3,773,791	5,960,152
Long-term liabilities:			
Net pension liability	3,424,957	701,497	4,126,454
Total pension liability (LEOSSA)	2,024,832	-	2,024,832
Due in more than one year	5,156,378	32,213,773	37,370,151
Total long-term liabilities	10,606,167	32,915,270	43,521,437
Total liabilities	12,792,528	36,689,061	49,481,589
<b>Deferred Inflows of Resources:</b>			
Pension deferrals	308,957	54,447	363,404
<b>Net Position:</b>			
Net investment in capital assets	8,671,169	7,820,041	16,491,210
Restricted for:			
Stabilization by State statute	3,144,850	-	3,144,850
Streets	373,747	-	373,747
Solid waste	47,792	-	47,792
Public safety	553,827	-	553,827
Other purposes	-	-	-
Unrestricted	4,372,497	7,930,755	12,303,252
Total net position	\$ 17,163,882	\$ 15,750,796	\$ 32,914,678

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

CITY OF THOMASVILLE, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2017

	Component Units		
	Thomasville Board of Education	Alcoholic Beverage Control Board	Thomasville Tourism Commission
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 1,731,717	\$ 284,271	\$ 180,849
Restricted cash	-	-	-
Receivables:			
Accounts receivable, net	131,352	382	-
Due from other governments	698,086	-	-
Due from primary government	-	-	12,998
Due from component units	-	-	-
Internal balances	-	-	-
Inventories	86,176	256,638	-
Investment in joint venture	-	-	-
Prepaid items	179,963	10,352	3,375
Total current assets	<u>2,827,294</u>	<u>551,643</u>	<u>197,222</u>
Non-current assets:			
Capital assets:			
Land and construction in progress	552,595	405,801	-
Other capital assets, net of depreciation	18,939,954	1,178,546	-
Total capital assets	<u>19,492,549</u>	<u>1,584,347</u>	<u>-</u>
Total non-current assets	<u>19,492,549</u>	<u>1,584,347</u>	<u>-</u>
Total assets	<u>22,319,843</u>	<u>2,135,990</u>	<u>197,222</u>
<b>Deferred Outflows of Resources:</b>			
Contributions to pension plan in current fiscal year	6,231,625	10,528	-
Pension deferrals	-	-	-
Total deferred outflows of resources	<u>6,231,625</u>	<u>10,528</u>	<u>-</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	546,172	166,230	3,738
Accrued interest payable	-	-	-
Due to primary government	60,000	28,431	-
Due to component units	-	-	-
Unearned Revenue	25,330	-	-
Prepaid fees	-	-	-
Current portion of long-term liabilities	1,508,951	-	-
Liabilities to be paid from restricted assets:			
Customer deposits	-	-	-
Total current liabilities	<u>2,140,453</u>	<u>194,661</u>	<u>3,738</u>
Long-term liabilities:			
Net pension liability	9,267,318	-	-
Total pension liability (LEOSSA)	-	-	-
Due in more than one year	167,661	462,123	-
Total long-term liabilities	<u>9,434,979</u>	<u>462,123</u>	<u>-</u>
Total liabilities	<u>11,575,432</u>	<u>656,784</u>	<u>3,738</u>
<b>Deferred Inflows of Resources:</b>			
Pension deferrals	<u>683,699</u>	<u>-</u>	<u>-</u>
<b>Net Position:</b>			
Net investment in capital assets	19,492,549	1,122,224	-
Restricted for:			
Stabilization by State statute	189,443	-	12,998
Streets	-	-	-
Solid waste	-	-	-
Public safety	-	54,573	-
Other purposes	55,348	-	180,486
Unrestricted	(3,445,003)	312,937	-
Total net position	<u>\$ 16,292,337</u>	<u>\$ 1,489,734</u>	<u>\$ 193,484</u>

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

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CITY OF THOMASVILLE, NORTH CAROLINA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 4,753,783	\$ 81,605	\$ 46,475	\$ -
Public works	4,648,005	879,956	704,586	-
Public safety	11,081,687	343,992	219,996	-
Economic and physical development	636,223	-	399,300	94,340
Cultural and recreation	1,188,722	333,063	10,000	-
Debt service:				
Interest and fiscal charges	46,146	-	-	-
Total governmental activities	<u>22,354,566</u>	<u>1,638,616</u>	<u>1,380,357</u>	<u>94,340</u>
<b>Business-Type Activities:</b>				
Water and sewer	10,944,892	12,680,353	-	-
Golf course	1,005,577	568,580	-	-
Total business-type activities	<u>11,950,469</u>	<u>13,248,933</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 34,305,035</u>	<u>\$ 14,887,549</u>	<u>\$ 1,380,357</u>	<u>\$ 94,340</u>
<b>Component Units:</b>				
Thomasville Board of Education	\$ 27,124,088	\$ 484,379	\$ 20,170,456	\$ 1,888
Alcoholic Beverage Control Board	2,821,890	2,999,784	-	-
Thomasville Tourism Commission	120,095	-	-	-
Total component units	<u>\$ 30,066,073</u>	<u>\$ 3,484,163</u>	<u>\$ 20,170,456</u>	<u>\$ 1,888</u>

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



CITY OF THOMASVILLE, NORTH CAROLINA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs:	Net (Expense) Revenue and Changes in Net Position					
	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Thomasville Board of Education	Alcoholic Beverage Control Board	Thomasville Tourism Commission
<b>Primary Government:</b>						
<b>Governmental Activities:</b>						
General government	\$ (4,625,703)	\$ -	\$ (4,625,703)			
Public works	(3,063,463)	-	(3,063,463)			
Public safety	(10,517,699)	-	(10,517,699)			
Economic and physical development	(142,583)	-	(142,583)			
Cultural and recreation	(845,659)	-	(845,659)			
Debt service:						
Interest and fiscal charges	(46,146)	-	(46,146)			
Total governmental activities	(19,241,253)	-	(19,241,253)			
<b>Business-Type Activities:</b>						
Water and sewer	-	1,735,461	1,735,461			
Golf course	-	(436,997)	(436,997)			
Total business-type activities	-	1,298,464	1,298,464			
Total primary government	(19,241,253)	1,298,464	(17,942,789)			
<b>Component Units:</b>						
Thomasville Board of Education				\$ (6,467,365)	\$ -	\$ -
Alcoholic Beverage Control Board				-	177,894	-
Thomasville Tourism Commission				-	-	(120,095)
Total component units				(6,467,365)	177,894	(120,095)
<b>General Revenues:</b>						
Taxes:						
Property taxes, levied for general purposes	11,653,633	-	11,653,633	-	-	-
Unrestricted appropriations	1,861,301	-	1,861,301	4,574,352	-	-
Local option sales tax	6,063,946	-	6,063,946	-	-	-
Video programming tax	218,064	-	218,064	-	-	-
Solid waste disposal tax	18,154	-	18,154	-	-	-
Occupancy tax	150,652	-	150,652	-	-	143,018
Investment earnings, unrestricted	33,540	19,227	52,767	16,037	9	220
Miscellaneous	-	-	-	104,884	200	4,780
Gain on sale of asset	-	11,859	11,859	-	-	7,051
Total general revenues, excluding transfers	19,999,290	31,086	20,030,376	4,695,273	209	155,069
Transfers	(241,778)	241,778	-	-	-	-
Total general revenues and transfers	19,757,512	272,864	20,030,376	4,695,273	209	155,069
Change in net position	516,259	1,571,328	2,087,587	(1,772,092)	178,103	34,974
<b>Net Position:</b>						
Beginning of year - July 1	17,827,278	14,179,468	32,006,746	18,064,429	1,311,631	158,510
Restatement	(1,179,655)	-	(1,179,655)	-	-	-
Beginning of year, restated	16,647,623	14,179,468	30,827,091	18,064,429	1,311,631	158,510
End of year - June 30	\$ 17,163,882	\$ 15,750,796	\$ 32,914,678	\$ 16,292,337	\$ 1,489,734	\$ 193,484

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

CITY OF THOMASVILLE, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2017

	Major Fund	Nonmajor Funds	
	General Fund	Other Governmental Funds	Total
<b>Assets:</b>			
Cash and cash equivalents	\$ 8,269,568	\$ 1,843,362	\$ 10,112,930
Restricted cash	621,898	2,545	624,443
Taxes receivable, net	772,481	203,930	976,411
Accounts receivable, net	399,599	16,528	416,127
Due from other funds	265,373	33,417	298,790
Due from other governments	2,301,402	-	2,301,402
Due from component units	28,431	-	28,431
Inventories	81,858	-	81,858
Total assets	<u>\$ 12,740,610</u>	<u>\$ 2,099,782</u>	<u>\$ 14,840,392</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 477,735	\$ 74,639	\$ 552,374
Liabilities to be paid from restricted assets:			
Deposits	22,112	2,545	24,657
Due to other funds	33,417	-	33,417
Due to component units	12,998	-	12,998
Total liabilities	<u>546,262</u>	<u>77,184</u>	<u>623,446</u>
<b>Deferred Inflows of Resources:</b>			
Taxes receivable	772,481	203,930	976,411
Miscellaneous receivables	280,697	-	280,697
Total deferred inflows of resources	<u>1,053,178</u>	<u>203,930</u>	<u>1,257,108</u>
<b>Fund Balances:</b>			
Non-spendable:			
Inventories	81,858	-	81,858
Restricted:			
Stabilization by State statute	3,036,671	108,179	3,144,850
Restricted, all other	421,539	779,866	1,201,405
Committed for economic development	604,600	-	604,600
Committed for capital reserve	602,954	-	602,954
Assigned for general government	375,030	964,040	1,339,070
Unassigned	6,018,518	(33,417)	5,985,101
Total fund balances	<u>11,141,170</u>	<u>1,818,668</u>	<u>12,959,838</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,740,610</u>	<u>\$ 2,099,782</u>	<u>\$ 14,840,392</u>

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

**CITY OF THOMASVILLE, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2017**

Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:

Total fund balance of governmental funds	\$ 12,959,838
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	12,444,683
Net pension liability - LGERS	(3,424,957)
Total pension liability	(2,024,832)
Contributions to the pension plan in the current fiscal year and pension deferrals are deferred outflows of resources on the Statement of Net Position.	3,013,709
Pension related deferrals	(308,957)
Liabilities for earned revenues but considered deferred inflows of resources in fund statements	1,257,108
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(6,752,710)</u>
Net position of governmental activities	<u>\$ 17,163,882</u>

*The accompanying notes are an integral part of the financial statements.*

## CITY OF THOMASVILLE, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Major Fund	Nonmajor Funds	
	General Fund	Other Governmental Funds	Total
<b>Revenues:</b>			
Ad valorem taxes	\$ 10,377,510	\$ 1,415,661	\$ 11,793,171
Other taxes and licenses	6,450,816	-	6,450,816
Unrestricted intergovernmental	1,861,301	-	1,861,301
Restricted intergovernmental	715,705	512,121	1,227,826
Permits and fees	284,803	139,401	424,204
Sales and services	1,078,849	-	1,078,849
Contributions	218,562	28,309	246,871
Investment earnings	31,238	2,302	33,540
Miscellaneous	113,898	15,573	129,471
Total revenues	<u>21,132,682</u>	<u>2,113,367</u>	<u>23,246,049</u>
<b>Expenditures:</b>			
Current:			
General government	1,731,324	1,528,530	3,259,854
Public works	4,984,272	-	4,984,272
Public safety	12,556,680	34,192	12,590,872
Economic and physical development	-	636,223	636,223
Cultural and recreation	999,603	-	999,603
Miscellaneous	6,604	-	6,604
Debt service:			
Principal	816,234	-	816,234
Interest and other changes	46,146	-	46,146
Capital outlay	1,517,346	21,251	1,538,597
Total expenditures	<u>22,658,209</u>	<u>2,220,196</u>	<u>24,878,405</u>
Revenues over (under) expenditures	<u>(1,525,527)</u>	<u>(106,829)</u>	<u>(1,632,356)</u>
<b>Other Financing Sources (Uses):</b>			
Installment financing issued	3,000,010	-	3,000,010
Transfers from other funds	-	998,925	998,925
Transfers to other funds	(950,703)	(290,000)	(1,240,703)
Total other financing sources (uses)	<u>2,049,307</u>	<u>708,925</u>	<u>2,758,232</u>
Net change in fund balances	523,780	602,096	1,125,876
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>10,617,390</u>	<u>1,216,572</u>	<u>11,833,962</u>
End of year - June 30	<u>\$ 11,141,170</u>	<u>\$ 1,818,668</u>	<u>\$ 12,959,838</u>

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

## CITY OF THOMASVILLE, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different because:

Net changes in fund balances - total governmental funds (Exhibit D)	\$ 1,125,876
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these 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.	2,181,157
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(133,446)
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position.	41,668
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(2,183,776)
Change in deferred outflow - pension	2,286,281
Change in deferred inflows - pension	272,555
Change in net pension liability	(2,655,189)
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 the governmental funds.	
Compensated absences	(14,960)
OPEB	(249,986)
Total pension obligation (LEO)	<u>(153,921)</u>
Total changes in net position of governmental activities (Exhibit B)	<u>\$ 516,259</u>

*The accompanying notes are an integral part of the financial statements.*

## CITY OF THOMASVILLE, NORTH CAROLINA

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund			
	Budgeted Amounts			Variance with Final Budget Over/Under
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 10,034,452	\$ 10,045,202	\$ 10,377,510	\$ 332,308
Other taxes and licenses	5,902,727	6,137,977	6,450,816	312,839
Unrestricted intergovernmental	2,144,531	1,924,531	1,861,301	(63,230)
Restricted intergovernmental	735,032	761,532	715,705	(45,827)
Permits and fees	243,750	243,750	284,803	41,053
Sales and services	1,056,855	1,056,855	1,078,849	21,994
Contributions	140,175	165,175	218,562	53,387
Investment earnings	42,000	42,000	31,238	(10,762)
Miscellaneous	151,800	183,034	113,898	(69,136)
Total revenues	20,451,322	20,560,056	21,132,682	572,626
Expenditures:				
Current:				
General government	1,889,455	1,973,355	1,731,324	242,031
Public works	6,094,319	6,137,687	5,542,571	595,116
Public safety	13,441,606	13,864,978	13,437,004	427,974
Cultural and recreation	1,141,045	1,187,217	1,078,326	108,891
Miscellaneous	319,638	195,779	6,604	189,175
Debt service:				
Principal	816,021	824,136	816,234	7,902
Interest and other changes	37,825	46,175	46,146	29
Total expenditures	23,739,909	24,229,327	22,658,209	1,571,118
Revenues over (under) expenditures	(3,288,587)	(3,669,271)	(1,525,527)	2,143,744
Other Financing Sources (Uses):				
Installment financing issued	2,984,030	2,984,030	3,000,010	15,980
Transfers to other funds	(477,778)	(1,100,703)	(950,703)	150,000
Appropriated fund balance	782,335	1,785,944	-	(1,785,944)
Total other financing sources (uses)	3,288,587	3,669,271	2,049,307	(1,619,964)
Net change in fund balance	\$ -	\$ -	523,780	\$ 523,780
Fund Balance:				
Beginning of year - July 1			10,617,390	
End of year - June 30			\$ 11,141,170	

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

## CITY OF THOMASVILLE, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017

	Major		
	Water and Sewer Fund	Golf Course Fund	Total
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 6,432,735	\$ -	\$ 6,432,735
Restricted cash and investments	442,253	400	442,653
Accounts receivable, net - billed	1,283,280	15,985	1,299,265
Accounts receivable, net - unbilled	842,406	-	842,406
Inventories	258,668	-	258,668
Investment in joint venture	399,412	-	399,412
Total current assets	9,658,754	16,385	9,675,139
Non-current assets:			
Capital assets:			
Land and other non-depreciable assets	2,396,827	499,485	2,896,312
Other capital assets, net of depreciation	38,914,223	665,271	39,579,494
Total capital assets, net	41,311,050	1,164,756	42,475,806
Total non-current assets	41,311,050	1,164,756	42,475,806
Total assets	50,969,804	1,181,141	52,150,945
<b>Deferred Outflows of Resources:</b>			
Contributions to pension plan in current fiscal year	131,490	28,176	159,666
Pension deferrals	369,819	79,247	449,066
Total deferred outflows of resources	501,309	107,423	608,732
<b>Liabilities, Deferred Inflows of Resources, and Net Position:</b>			
<b>Liabilities:</b>			
Current liabilities:			
Due to other funds	-	265,373	265,373
Accounts payable and accrued liabilities	161,207	20,980	182,187
Prepaid fees	35,940	6,736	42,676
Accrued interest payable	140,203	619	140,822
Customer deposits	370,872	400	371,272
Compensated absences, current	95,197	3,203	98,400
Current portion of long-term debt	2,814,599	123,835	2,938,434
Liabilities to be paid from restricted assets:			
Customer deposits	370,872	400	371,272
Total current liabilities	3,618,018	421,146	4,039,164
Non-current liabilities:			
Net pension liability- LGERS	577,703	123,794	701,497
Compensated absences	71,631	15,133	86,764
Non-current portion of long-term debt	31,566,761	221,951	31,788,712
Other post-employment benefits obligation	287,049	51,248	338,297
Total non-current liabilities	32,503,144	412,126	32,915,270
Total liabilities	36,121,162	833,272	36,954,434
<b>Deferred Inflows of Resources:</b>			
Pension deferrals	44,838	9,609	54,447
<b>Net Position:</b>			
Net investment in capital assets	7,001,071	818,970	7,820,041
Unrestricted	8,304,042	(373,287)	7,930,755
Total net position	\$ 15,305,113	\$ 445,683	\$ 15,750,796

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

## CITY OF THOMASVILLE, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Major</b>		
	<b>Water and Sewer Fund</b>	<b>Golf Course Fund</b>	<b>Total</b>
<b>Operating Revenues:</b>			
Charges for sales and services	\$ 11,889,586	\$ 546,758	\$ 12,436,344
Connection fees	255,251	-	255,251
Other operating revenues	535,516	21,822	557,338
Total operating revenues	<u>12,680,353</u>	<u>568,580</u>	<u>13,248,933</u>
<b>Operating Expenses:</b>			
Administration	140,692	-	140,692
Billing and collection	578,723	-	578,723
Meter service	234,611	-	234,611
Water treatment plant	1,416,184	-	1,416,184
Construction and maintenance	1,728,066	-	1,728,066
Waste treatment plant	2,275,791	-	2,275,791
Non-capitalized project expenditures	207,291	-	207,291
Golf course clubhouse	-	224,100	224,100
Golf course maintenance	-	503,419	503,419
Depreciation and amortization	<u>3,505,357</u>	<u>272,089</u>	<u>3,777,446</u>
Total operating expenses	<u>10,086,715</u>	<u>999,608</u>	<u>11,086,323</u>
Operating income (loss)	<u>2,593,638</u>	<u>(431,028)</u>	<u>2,162,610</u>
<b>Non-Operating Revenues (Expenses):</b>			
Investment earnings	19,227	-	19,227
Interest and other charges	(923,587)	(5,969)	(929,556)
Gain (loss) on sale of capital assets	-	11,859	11,859
Miscellaneous revenue	92,275	-	92,275
Contribution to Reservoir Recreation Joint Venture	<u>(26,865)</u>	<u>-</u>	<u>(26,865)</u>
Total non-operating revenues (expenses)	<u>(838,950)</u>	<u>5,890</u>	<u>(833,060)</u>
Income (loss) before transfers	1,754,688	(425,138)	1,329,550
Transfers from other funds	<u>-</u>	<u>241,778</u>	<u>241,778</u>
Change in net position	1,754,688	(183,360)	1,571,328
<b>Net Position:</b>			
Beginning of year - July 1	<u>13,550,425</u>	<u>629,043</u>	<u>14,179,468</u>
End of year - June 30	<u>\$ 15,305,113</u>	<u>\$ 445,683</u>	<u>\$ 15,750,796</u>

*The accompanying notes are an integral part of the financial statements.*



**CITY OF THOMASVILLE, NORTH CAROLINA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Major</b>		
	<b>Water and Sewer Fund</b>	<b>Golf Course Fund</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 12,403,560	\$ 567,960	\$ 12,971,520
Cash paid for goods and services	(4,009,671)	(245,301)	(4,254,972)
Cash paid to employees for services	(2,401,243)	(473,219)	(2,874,462)
Customer deposits received	6,737	-	6,737
Net cash provided (used) by operating activities	<u>5,999,383</u>	<u>(150,560)</u>	<u>5,848,823</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Contribution to Reservoir Recreation Joint Venture	(26,865)	-	(26,865)
Miscellaneous non-operating revenue	113,496	-	113,496
Due to (from) other funds	-	13,917	13,917
Transfers (to) from other funds	-	241,778	241,778
Net cash provided (used) by non-capital financing activities	<u>86,631</u>	<u>255,695</u>	<u>342,326</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(2,488,877)	(145,630)	(2,634,507)
Principal payments on long-term debt	(3,442,685)	(111,072)	(3,553,757)
Proceeds from sale of capital assets	-	11,859	11,859
Interest expense	(939,877)	(5,976)	(945,853)
Proceeds from issuance of debt	<u>1,521,525</u>	<u>145,684</u>	<u>1,667,209</u>
Net cash provided (used) by capital and related financing activities	<u>(5,349,914)</u>	<u>(105,135)</u>	<u>(5,455,049)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest and dividends	<u>35,517</u>	<u>-</u>	<u>35,517</u>
Net increase (decrease) in cash and cash equivalents	771,617	-	771,617
<b>Cash and Equivalents:</b>			
Beginning of year - July 1	<u>6,103,371</u>	<u>400</u>	<u>6,103,771</u>
End of year - June 30	<u>\$ 6,874,988</u>	<u>\$ 400</u>	<u>\$ 6,875,388</u>

*The accompanying notes are an integral part of the financial statements.*

**CITY OF THOMASVILLE, NORTH CAROLINA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Major</b>		
	<b>Water and Sewer Fund</b>	<b>Golf Course Fund</b>	<b>Total</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 2,593,638	\$ (431,028)	\$ 2,162,610
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	3,505,357	272,089	3,777,446
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(291,568)	(996)	(292,564)
(Increase) decrease in inventories	(12,819)	-	(12,819)
Increase in net pension liability	447,863	95,971	543,834
Decrease in deferred inflows of resources for pensions	(45,973)	(9,851)	(55,824)
(Increase) decrease in deferred outflows of resources for pensions	(385,638)	(82,637)	(468,275)
Increase (decrease) in accounts payable and accrued liabilities	110,027	2,570	112,597
Increase (decrease) in deferred revenue	-	376	376
Increase (decrease) in compensated absences payable	23,469	(3,639)	19,830
Increase (decrease) in other post-employment benefits	48,290	6,585	54,875
Increase (decrease) in customer deposits	6,737	-	6,737
Net cash provided (used) by operating activities	<u>\$ 5,999,383</u>	<u>\$ (150,560)</u>	<u>\$ 5,848,823</u>

*The accompanying notes are an integral part of the financial statements.*

# **CITY OF THOMASVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

### **1. Summary of Significant Accounting Policies**

The accounting policies of the City of Thomasville (the “City”) and its discretely presented component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

#### **A. Reporting Entity**

The City is a municipal corporation which is governed by an elected Mayor and a seven-member Council. As required by generally accepted accounting principles, these financial statements present the City and its component units, legally separate entities for which the City is financially accountable. The discretely presented component units presented below are reported jointly in a separate column in the City’s financial statements in order to emphasize that they are legally separate from the City.

##### **Thomasville Board of Education**

The members of the Thomasville Board of Education (the “Board of Education”) are appointed by the City Council. In addition, the City sets the rate of and levies the school supplement tax remitted to the Board of Education annually. The Thomasville Board of Education, which has a June 30 year-end, is presented as if it were a governmental fund (discrete presentation). Complete financial statements for the Thomasville Board of Education may be obtained from the entity’s administrative offices at 400 Turner Street, Thomasville, North Carolina 27360.

##### **Thomasville Alcoholic Beverage Control (ABC) Board**

The members of the governing body of the Thomasville ABC Board (the “ABC Board”) are appointed by the City Council. 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 Thomasville Alcoholic Beverage Control (ABC) Board may be obtained from the entity’s administrative office at 1414 National Highway, Thomasville, North Carolina 27360.

##### **Thomasville Tourism Commission**

The members of the governing board of the Thomasville Tourism Commission (the “Commission”) are appointed by the City Council. In addition, the City collects an occupancy tax, remitting 95% of such taxes collected to the Commission, SL 1993-453. The Commission, which has a June 30 year-end, is presented as if it were a governmental fund (discrete presentation). Complete financial statements for the Commission may be obtained from the entity’s administrative office at 44 West Main Street, Thomasville, North Carolina 27360.

##### **Thomasville Public Facilities Corporation**

This legally separate non-profit corporation assists the City in obtaining long-term financing (i.e., certificates of participation). Once obtained, the debt and any related assets are transferred to the City. As such, no assets or liabilities of the corporation existed at June 30, 2017.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### B. Basis of Presentation

*Government-Wide Statements.* The Statement of Net Position and the Statement of Activities display information about the primary government and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and 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. The effects of interfund activity have been eliminated from the government-wide financial statements.

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

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 and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental fund:

**General Fund.** The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, Federal and State grants, and various other taxes and licenses. The primary expenditures are for public safety, streets and highways, sanitation, parks and recreation, and general government services.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

The City reports the following major enterprise funds:

**Water and Sewer Fund.** The Water and Sewer Fund is used to account for the City's water and sewer operations. The primary revenue source is charges to water and sewer customers on a monthly basis. The primary expenses are water treatment, sewer treatment, distribution and collection lines, and administration.

**Golf Course Fund.** The Golf Course Fund is used to account for the operation of the City municipal golf course.

### C. 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 and Proprietary Fund Financial Statements.* The government-wide and proprietary statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. 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. 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's 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 capital leases are reported as other financing sources.

# **CITY OF THOMASVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

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 districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City of Thomasville because the tax is levied by Davidson and Randolph Counties and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

On-behalf payments made by the State to the Fireman's and Rescue Squad Workers' Pension Plan for employees of the City are recognized as revenues and expenditures during the period in which the State makes the contributions to the Plan. Also, the State's contributions to the Fireman's Relief Fund, which have been spent by the local board of trustees for various salary supplements and stipends for employees, have been recognized as revenues and expenditures during the period in which those payments were received.

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 are 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.

### **D. Budgetary Data**

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the special revenue funds (City School Supplement, Police Restitution and Forfeitures, Stormwater, Cemetery, and Beautification), and the enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for all other special revenue funds, the capital projects funds, and the Enterprise Capital Project Fund, which are consolidated with the operating funds for reporting purposes.

# **CITY OF THOMASVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. The City Manager is authorized by the budget ordinance to transfer appropriations between functional areas within a fund up to \$10,000; however, any revisions that alter the total expenditures of any fund or that change functional appropriations by more than \$10,000 must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

### **E. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are allowance for doubtful accounts and depreciation lives.

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

#### **Deposits and Investments**

All deposits of the City are made in Board-designated official depositories and are secured or required by State law [G.S. 159-31]. The City may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City 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 to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust ("NCCMT").

The City's and the ABC Board's investments are reported at fair value. The NCCMT-Government Portfolio, a SEC-registered (2a7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value.

#### **Cash and Cash Equivalents**

The City pools monies 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 to be cash and cash equivalents.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### Restricted Cash

The unexpended bond proceeds of the General Fund and the Water and Sewer Fund are classified as restricted cash because their use is completely restricted to the purpose for which the debt was originally issued. Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. 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.

#### Governmental Activities:

##### General Fund:

Developer deposits	\$ 22,112
Streets	373,747
Unspent debt proceeds	226,039

##### Cemetery Fund:

Customer deposits	<u>2,545</u>
Total governmental activities	<u>624,443</u>

#### Business-Type Activities:

##### Water and Sewer Fund:

Customer deposits	370,872
Unspent debt proceeds	71,381

##### Golf Course Fund:

Customer deposits	<u>400</u>
Total business-type activities	<u>442,653</u>

Total restricted cash	<u>\$ 1,067,096</u>
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### 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 1, the beginning of the fiscal year. These taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2016. As allowed by State law, the City has established a schedule of discounts that apply to taxes that 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.



# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### Inventory and Prepaid Items

The inventories of the City are valued at cost (first-in, first-out method), which approximates market. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

The inventories of the City's enterprise funds consist of materials and supplies held for consumption. The cost of these inventories is recorded as an expense as the inventories are consumed or sold.

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

### Capital Assets

Capital assets are defined by the government as assets with an initial individual cost of more than a certain amount and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: buildings, improvements, substations, lines, and other plant and distribution systems – \$25,000; infrastructure – \$100,000; and furniture, equipment and vehicles – \$5,000. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Infrastructure and buildings	10 to 50 years
Furniture, equipment, and vehicles	5 to 15 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 has two items that meets this criterion, contributions made to the pension plan in the 2017 fiscal year and pension deferrals. In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet the criterion for this category –property taxes receivable, miscellaneous receivables, and deferrals of pension expense that result from the implementation of GASB Statement 68.

# **CITY OF THOMASVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

### **Long-Term Obligations**

In the government-wide financial statements and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **Compensated Absences**

The vacation policies of the City provide for the accumulation of up to thirty 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 on a first-in, first-out basis. The portion of time estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The City's sick leave policy provides for an unlimited amount of earned sick leave. Sick leave does not vest, but unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the City does not have any obligation for 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, the laws or regulations of other governments, or imposed by law through State statute.

#### **Fund Balances**

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

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

State law [G.S. 159-13 (b) (16)] restricts the appropriation of fund balance or fund equity for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

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.

*Inventories* – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

### **Restricted Fund Balance:**

*Stabilization by State Statute* – portion of fund balance that is not an available resource for appropriation in accordance with State law [G.S. 159-8(a)].

*Restricted for Public Works* – portion of fund balance that is available for appropriation but legally segregated for a \$2.00 per ton excise tax on solid waste collected by the N.C. Department of Revenue and distributed quarterly to the City. The funds are designated to promote and fund recycling in Thomasville.

*Restricted for Streets* – portion of fund balance that is available for appropriation but legally segregated for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

*Restricted for Public Safety* – portion of fund balance restricted by revenue source for public safety related activities such as restitution and forfeitures.

Restricted fund balance at June 30, 2017 is as follows:

<b>Purpose</b>	<b>General Fund</b>	<b>Other Governmental Funds</b>
<b>Restricted, All Other:</b>		
Streets	\$ 373,747	\$ -
Public works	47,792	-
Public safety	-	779,866
Total	<u>\$ 421,539</u>	<u>\$ 779,866</u>

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of unspent debt proceeds of \$226,039 as of June 30, 2017.

## CITY OF THOMASVILLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

**Committed Fund Balance:** This classification represents the portion of fund balance that can only be used for specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

*Committed for Economic Development* – represents the portion of fund balance committed by the governing body for future economic development related purposes.

*Committed for Capital Reserve* – represents the portion of fund balance committed by the governing body for future capital related purposes.

**Assigned Fund Balance:** Assigned fund balance is the portion of fund balance that the City of Thomasville intends to use for specific purposes. The City's governing body has the authority to assign fund balance. The Manager and Finance Officer, as granted in the officially adopted budget ordinance, have been granted limited authority to assign fund balance.

*Assigned for General Government* – portion of fund balance that has been budgeted by the Board for general governmental activities for subsequent years' expenditures, beautification, community development, and cemetery usage.

**Unassigned Fund Balance:** Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes within the General Fund.

The City of Thomasville has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following order: bond/debt proceeds, Federal funds, State funds, local non-City funds, and City funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the City or when required by grant or other contractual agreements.

The City 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 24.0% of the budgeted operating expenditures (excluding capital outlay). Any portion of the General Fund balance in excess of 24.0% of budgeted operating expenditures may be appropriated for capital items valued at \$10,000 or greater. If fund balance falls below 12.0%, no appropriation can be made from fund balance unless it is an emergency appropriation.

## CITY OF THOMASVILLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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	\$ 11,141,170
<b>Less:</b>	
Inventories	(81,858)
Stabilization by State statute	<u>(3,036,671)</u>
Total available fund balance	<u>\$ 8,022,641</u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

#### **Governmental Activities:**

General Fund	\$ 322,563
Nonmajor funds	<u>58,234</u>
Total governmental activities	<u>\$ 380,797</u>

#### **Business-Type Activities:**

Water and Sewer Fund	\$ 1,093,714
Golf	<u>791</u>
Total business-type activities	<u>\$ 1,094,505</u>

#### **Pensions**

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

# **CITY OF THOMASVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

### **2. Detail Notes On All Funds**

#### **A. Assets**

##### **Deposits**

All of the deposits of the City are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's agent in the respective unit's name. 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, these deposits are considered to be held by the City's agent in their name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City 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.

At June 30, 2017, the City's deposits had a carrying amount of \$16,171,253 and a bank balance of \$17,387,366. The City also had petty cash of \$1,700. Of the bank balance, \$772,696 was covered by federal depository insurance, and the remainder was covered by collateral held under the Pooling Method.

##### **Investments**

At June 30, 2017, the City had \$1,439,808 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The City has no policy regarding credit risk.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### Receivables

Receivables at the government-wide level at June 30, 2017 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due From Other Governments</u>	<u>Due From Component Unit</u>	<u>Total</u>
<b>Governmental Activities:</b>					
General	\$ 399,599	\$ 1,262,481	\$ 2,301,402	\$ 28,431	\$ 3,991,913
Other governmental	<u>16,528</u>	<u>409,930</u>	<u>-</u>	<u>-</u>	<u>426,458</u>
Total receivables	416,127	1,672,411	2,301,402	28,431	4,418,371
Allowance for doubtful accounts	<u>-</u>	<u>(696,000)</u>	<u>-</u>	<u>-</u>	<u>(696,000)</u>
Total governmental activities	<u>\$ 416,127</u>	<u>\$ 976,411</u>	<u>\$ 2,301,402</u>	<u>\$ 28,431</u>	<u>\$ 3,722,371</u>
<b>Business-Type Activities:</b>					
Water and sewer	\$ 2,246,795	\$ -	\$ 123,891	\$ -	\$ 2,370,686
Golf course	<u>-</u>	<u>-</u>	<u>15,985</u>	<u>-</u>	<u>15,985</u>
Total receivables	2,246,795	-	139,876	-	2,386,671
Allowance for doubtful accounts	<u>(245,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(245,000)</u>
Total business-type activities	<u>\$ 2,001,795</u>	<u>\$ -</u>	<u>\$ 139,876</u>	<u>\$ -</u>	<u>\$ 2,141,671</u>

Amounts due from governmental agencies consist of the following:

	<u>County</u>	<u>State</u>	<u>Total</u>
<b>Governmental Funds:</b>			
<b>General Fund:</b>			
Property taxes	\$ 228,236	\$ -	\$ 228,236
Sales and use tax distribution	-	1,498,760	1,498,760
Utilities franchise and telecommunications tax	-	464,173	464,173
Sales tax refund	<u>-</u>	<u>110,233</u>	<u>110,233</u>
Total governmental funds	<u>\$ 228,236</u>	<u>\$ 2,073,166</u>	<u>\$ 2,301,402</u>
<b>Business-Type Funds:</b>			
<b>Water and Sewer Fund:</b>			
Sales tax refund	<u>\$ -</u>	<u>\$ 123,891</u>	<u>\$ 123,891</u>
<b>Golf Course Fund:</b>			
Sales tax refund	<u>-</u>	<u>15,985</u>	<u>15,985</u>
Total business-type funds	<u>\$ -</u>	<u>\$ 139,876</u>	<u>\$ 139,876</u>

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2017</u>
<b>Governmental Activities:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 1,252,473	\$ 450,000	\$ -	\$ -	\$ 1,702,473
Construction in progress	-	90,521	-	90,521	-
Total non-depreciable capital assets	<u>1,252,473</u>	<u>540,521</u>	<u>-</u>	<u>90,521</u>	<u>1,702,473</u>
<b>Depreciable Capital Assets:</b>					
Buildings	7,076,846	-	-	-	7,076,846
Other improvements	3,610,628	221,739	-	90,521	3,922,888
Infrastructure	2,358,196	-	-	-	2,358,196
Equipment and vehicles	<u>14,299,040</u>	<u>2,953,277</u>	<u>308,699</u>	<u>-</u>	<u>16,943,618</u>
Total depreciable capital assets	<u>27,344,710</u>	<u>3,175,016</u>	<u>308,699</u>	<u>90,521</u>	<u>30,301,548</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	3,940,603	135,810	-	-	4,076,413
Other improvements	2,161,403	145,408	-	-	2,306,811
Infrastructure	1,409,653	91,279	-	-	1,500,932
Equipment and vehicles	<u>10,821,998</u>	<u>1,161,883</u>	<u>308,699</u>	<u>-</u>	<u>11,675,182</u>
Total accumulated depreciation	<u>18,333,657</u>	<u>\$ 1,534,380</u>	<u>\$ 308,699</u>	<u>\$ -</u>	<u>19,559,338</u>
Total depreciable capital assets, net	<u>9,011,053</u>				<u>10,742,210</u>
Governmental activities capital assets, net	<u>\$ 10,263,526</u>				<u>\$ 12,444,683</u>

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

General government	\$ 41,639
Public works	456,222
Public safety	783,495
Recreation	<u>253,024</u>
Total	<u>\$ 1,534,380</u>



# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

The following is a summary of changes in the business-type capital assets for the year ended June 30, 2017:

	<u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2017</u>
<b>Business-Type Activities:</b>				
<b>Water and Sewer Fund:</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 162,668	\$ -	\$ -	\$ 162,668
Construction in progress	303,151	1,931,008	-	2,234,159
Total non-depreciable capital assets	<u>465,819</u>	<u>1,931,008</u>	<u>-</u>	<u>2,396,827</u>
<b>Depreciable Capital Assets:</b>				
Buildings	7,582,068	-	-	7,582,068
Other improvements	37,821,687	297,677	-	38,119,364
Infrastructure	52,090,019	-	-	52,090,019
Equipment and vehicles	3,425,067	260,192	12,770	3,672,489
Total depreciable capital assets	<u>100,918,841</u>	<u>557,869</u>	<u>12,770</u>	<u>101,463,940</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	6,853,877	174,121	-	7,027,998
Other improvements	14,410,518	1,801,913	-	16,212,431
Infrastructure	35,533,731	1,302,283	-	36,836,014
Equipment and vehicles	2,203,548	282,496	12,770	2,473,274
Total accumulated depreciation	<u>59,001,674</u>	<u>\$ 3,560,813</u>	<u>\$ 12,770</u>	<u>62,549,717</u>
Total depreciable capital assets, net	<u>41,917,167</u>			<u>38,914,223</u>
Water and Sewer Fund capital assets, net	<u>42,382,986</u>			<u>41,311,050</u>

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	<u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2017</u>
<b>Golf Course Fund:</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	499,485	\$ -	\$ -	499,485
Total non-depreciable capital assets	499,485	-	-	499,485
<b>Depreciable Capital Assets:</b>				
Buildings	3,111,116	-	-	3,111,116
Improvements	51,491	-	-	51,491
Furniture, equipment, and vehicles	1,058,568	145,630	50,413	1,153,785
Total depreciable capital assets	4,221,175	145,630	50,413	4,316,392
<b>Less Accumulated Depreciation:</b>				
Buildings	2,800,876	141,391	-	2,942,267
Improvements	37,412	2,318	-	39,730
Furniture, equipment, and vehicles	591,157	128,380	50,413	669,124
Total accumulated depreciation	3,429,445	\$ 272,089	\$ 50,413	3,651,121
Total depreciable capital assets, net	791,730			665,271
Golf Course Fund capital assets, net	1,291,215			1,164,756
Business-type activities capital assets, net	\$ 43,674,201			\$ 42,475,806

### Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2017, is composed of the following elements:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets	\$ 12,444,683	\$ 42,475,806
Long-term debt	(3,999,553)	(34,727,146)
Unspent debt proceeds	226,039	71,381
Net investment in capital assets	<u>\$ 8,671,169</u>	<u>\$ 7,820,041</u>

## CITY OF THOMASVILLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

#### B. Liabilities

##### Payables

Payables at the government-wide level at June 30, 2017 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Ending Balances</u>
Governmental activities	\$ 113,415	\$ 438,959	\$ 552,374
Business-type activities	\$ 88,717	\$ 93,470	\$ 182,187

##### Construction Commitments

The government has active construction projects as of June 30, 2017. At June 30, 2017, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
North Hamby Creek Phase II Project	\$ 1,866,997	\$ 792,977

##### Pension Plan Obligations

##### Local Governmental Employees' Retirement System

**Plan Description.** The City is a participating employer in the State-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The LGERS 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, or at [www.osc.nc.gov](http://www.osc.nc.gov).

**Benefits Provided.** LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

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

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Thomasville employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Thomasville's contractually required contribution rate for the year ended June 30, 2017, was 7.35% of compensation for law enforcement officers and 8% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Thomasville were \$939,207 for the year ended June 30, 2017.

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

### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2017, the City reported a liability of \$4,126,454 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2016, the City's proportion was 0.19443%, which was a decrease of 0.01222% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$1,055,297. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 77,530	\$ 144,596
Changes of assumptions	282,625	-
Net difference between projected and actual earnings on pension plan investments	2,281,410	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	175,676
City contributions subsequent to the measurement date	<u>939,207</u>	<u>-</u>
Total	<u><u>\$ 3,580,772</u></u>	<u><u>\$ 320,272</u></u>

\$939,207 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b><u>Year Ending June 30</u></b>	<b><u>Total</u></b>
2018	\$ 316,920
2019	317,413
2020	1,044,103
2021	642,857
2022	-
Thereafter	<u>-</u>
Total	<u><u>\$ 2,321,293</u></u>

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

**Actuarial Assumptions.** The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement. The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	<u>6.0%</u>	4.0%
Total	<u>100.0%</u>	

## CITY OF THOMASVILLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

The information above is based on 30-year expectations developed with the consulting actuary for the 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

*Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.* The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	<b>1% Decrease</b> <b>(6.25%)</b>	<b>Discount Rate</b> <b>(7.25%)</b>	<b>1% Increase</b> <b>(8.25%)</b>
City's proportionate share of the net pension liability (asset)	<u>\$ 9,794,005</u>	<u>\$ 4,126,454</u>	<u>\$ (607,502)</u>

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

#### **Law Enforcement Officers' Special Separation Allowance**

**Plan Description.** The City 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 under the age of 62 who have completed at least 30 years of creditable service. The Separation Allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any 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.

## CITY OF THOMASVILLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2015, the Separation Allowance's membership consisted of:

Retirees receiving benefits	5
Active plan members	<u>68</u>
Total	<u><u>73</u></u>

A separate report was not issued for the plan.

#### 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. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statement 73.

#### Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2015 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.86 percent

The discount rate used to measure the TPL is the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

**Deaths after Retirement (Healthy):** RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 104% for males and 100% for females.

**Deaths before Retirement:** RP-2014 Employee base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015.

**Deaths after Retirement (Beneficiary):** RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 123% for males and females.



# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

**Deaths after Retirement (Disabled):** RP-2014 Disabled Retiree base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 103% for males and 99% for females.

**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. The City paid \$66,804 as benefits came due for the reporting period.

### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2017, the City reported a total pension liability of \$2,024,832. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was rolled forward to the measurement date of December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the City recognized pension expense of \$153,921.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	\$ 43,132
City benefit payments and plan administrative expense made subsequent to the measurement date	41,669	-
Total	<u>\$ 41,669</u>	<u>\$ 43,132</u>

\$41,669 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2018	\$ 7,958
2019	7,958
2020	7,958
2021	7,958
2022	7,958
Thereafter	3,342
Total	<u>\$ 43,132</u>

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

\$41,669 paid as benefits came due and no administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

*Sensitivity of the City's Total Pension Liability to Changes in the Discount Rate.* The following presents the City's total pension liability calculated using the discount rate of 3.86 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.86 percent) or 1-percentage-point higher (4.86 percent) than the current rate:

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Total pension liability	\$ 2,206,815	\$ 2,024,832	\$ 1,858,870

### Schedule of Changes in Total Pension Liability Law Enforcement Officers' Special Separation Allowance

	2017
Beginning balance	\$ 1,980,847
Service cost	92,355
Interest on the total pension liability	69,524
Changes of assumptions or other inputs	(51,090)
Benefit payments	(66,804)
Ending balance of the total pension liability	\$ 2,024,832

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

### Supplemental Retirement Income Plan for Law Enforcement Officers

**Plan Description.** The City contributes to Supplemental Retirement Income Plans (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 CAFR for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue

## CITY OF THOMASVILLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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 Comptroller, 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 5.0% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to their plan. Contributions for the year ended June 30, 2017 were \$238,704 which consisted of \$168,054 from the City and \$70,650 from the law enforcement officers. No amounts were forfeited.

In addition to law enforcement officers, the City has allowed other employees to contribute to the Plan. During the year ended June 30, 2017, other employees contributed \$49,004 to the Plan. The City elected not to make a contribution for other employees during the year ended June 30, 2017. No amounts were forfeited.

#### **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 Death Benefit Plan, or who die within 180 days after retirement or termination of service and have at least one year of continuing membership service in the Death Benefit Plan 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 may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan and not by the City; the City does not determine the number of eligible participants.

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. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The City considers these contributions to be immaterial.

#### **Other Post-Employment Benefits – Healthcare Benefits**

**Plan Description.** In addition to providing pension benefits, the City, by resolution, has elected to provide healthcare benefits to retirees of the City who retire from the North Carolina Local Government Employees' Retirement System under a normal or early retirement and has at least 15 consecutive years of service with the City at the time of retirement is eligible to participate in the City's healthcare plan upon retirement. Employees retiring due to a disability retirement are not eligible to participate in the City's healthcare plan upon retirement. Retired employees meeting the criteria discussed herein will be provided hospitalization in the same manner as the active City employees. Retirees can purchase coverage for their dependents at

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

the City's group rates. Currently, 33 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2017, the City made payments for post-retirement health benefits premiums of \$166,115. The City purchases insurance from a private carrier for healthcare coverage. A separate report was not issued for the Plan. The plan is a single-employer defined benefit plan. The City Council may amend the benefit provisions.

Coverage will continue until the retiree becomes Medicare eligible at which time the City's subsidized retiree healthcare benefits will end. Retirees not qualifying for the City's subsidized health insurance plan may continue coverage for themselves and their dependents at their expense. The retiree may continue dependent coverage and pay the full cost of this coverage if enrolled in dependent coverage at the time of retirement. Dependent coverage terminates when the dependent reaches the age of 65.

Membership of the plan consisted of the following at June 30, 2016, the date of the latest actuarial valuation:

	<b>General Employees</b>	<b>Law Enforcement Officers</b>
Retirees and dependents receiving benefits	33	-
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	201	67
Total	<u>234</u>	<u>67</u>

**Funding Policy.** The City's portion of the retiree premium will be based on the current rate for active employees as established by the health insurance carrier. The amount of the retiree's premium paid by the City will be a percentage based upon years of service with the retirement system at retirement and can be amended by City Council. The percentages are:

<b>Years of Service At Retirement</b>	<b>Maximum Monthly City Contribution</b>
30 or more	100.0%
25-29	75.0%
20-24	50.0%

The City has chosen to fund the healthcare on a pay-as-you-go basis.

The current ARC rate is 4.06% of annual covered payroll. For the current year, the City contributed \$166,115 or 1.44%, of annual covered payroll. The City purchases insurance from a private carrier for healthcare coverage. The City's required contributions, under a City resolution, for employees not engaged in law enforcement and for law enforcement officers

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

represented 3.40% and 3.40% of covered payroll, respectively. There were no contributions made by employees, except for dependent coverage in the amount of \$10,730. Retirees are responsible for the difference between the amount charged for an active employee and the retiree rate, which is paid on a monthly basis. The City's obligation to contribute to the Plan is established and may be amended by the City Board.

### 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 Obligation

The City's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the healthcare benefits:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Annual required contribution	\$ 383,804	\$ 84,250	\$ 468,054
Interest on net OPEB obligation	53,604	11,767	65,371
Adjustments to annual required contribution	51,208	11,241	62,449
Annual OPEB cost (expense)	386,200	84,776	470,976
Contributions made	136,214	29,901	166,115
Increase (decrease) in net OPEB obligation	249,986	54,875	304,861
Net OPEB obligation:			
Beginning of year - July 1	1,350,850	283,422	1,634,272
End of year - June 30	<u>\$ 1,600,836</u>	<u>\$ 338,297</u>	<u>\$ 1,939,133</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 were as follows:

<b>Year Ended June 30</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2017	\$ 470,976	35.3%	\$ 1,939,133
2016	456,899	45.7%	1,634,272
2015	413,111	46.7%	1,386,123

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### Fund Status and Funding Progress

As of June 30, 2016, 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 \$6,044,196. The covered payroll (annual payroll of active employees covered by the plan) was \$11,532,764, and the ratio of the UAAL to the covered payroll was 52.41%. 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 multi-year 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 assets, consistent with the long-term perspective of the calculations. In the June 30, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date and an annual medical cost trend increase of 7.50% to 5.00% annually. Both rates included a 3.00% inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2016, was 30 years.

As of June 30, 2017, management decided to fund OPEB on the pay-as-you-go basis. Management will continue their efforts to find a way to fund the annual required contribution while maintaining the level of service as prioritized by the City Council.

### Deferred Outflows and Inflows of Resources

The City has two deferred outflows of resources. Deferred outflows of resources are comprised of the following:

Source	Amount
Contribution to pension plan in current fiscal year	\$ 980,876
Pension deferrals	2,641,565
Total	<u>\$ 3,622,441</u>

## CITY OF THOMASVILLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

The balance in deferred inflows of resources for the City of Thomasville at year-end is composed of the following elements:

	<u>Amount</u>
Pension deferrals	\$ 363,404
Miscellaneous accounts receivable (General Fund)	280,697
Taxes receivable (Special Revenue Fund)	203,930
Taxes receivable (General Fund)	<u>772,481</u>
Total	<u><u>\$ 1,620,512</u></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 obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, 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 the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the City upon request.

The City carries commercial coverage for all other risks of loss, including employee health coverage. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The City does not carry flood insurance.

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 Director of Finance is individually bonded for \$100,000. The remaining employees that have access to funds are bonded under a blanket plan for \$100,000 in a loss related to dishonesty, forgery, or alteration, and \$5,000 for theft.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### Long-Term Obligations

#### Installment Purchase Contracts

##### Serviced by Governmental Funds:

Branch Banking & Trust - for the purchase of various vehicles and equipment, issued December 2014 in the amount of \$431,500, payable in 20 quarter-annual installments of \$22,430, including interest at 1.57%. The vehicles and equipment are held as collateral. 53.0% of this debt is serviced by the governmental funds. \$ 115,214

Motorola Solutions Financing - for the purchase of equipment, issued December 2014 in the amount of \$939,278, payable in 5 annual installments of \$204,740, including interest at 2.950%. The equipment is held as collateral. 580,075

SunTrust - for purchase of various equipment, issued October 2013 in the amount of \$735,000, payable in 20 quarterly installments of \$38,229, including interest at 1.54%. The equipment is held as collateral. 82.0% of this debt is serviced by the governmental funds. 183,570

U.S. Bancorp - for purchase of various vehicles and equipment, issued January 2013, in the amount of \$478,500, payable in 20 quarterly installments of \$36,172, including interest at 1.25%. The vehicles and equipment are held as collateral. 47,341

Bank of America - for construction and equipping of two fire stations, issued December 2002 in the amount of \$1,600,000, payable in 60 quarterly installments of \$26,667, including interest at 3.89%, secured by Deed of Trust. 53,333

Branch Banking & Trust - for the purchase of various vehicles and equipment, issued December 2016 in the amount of \$1,618,725, payable in 20 quarter-annual installments of \$42,101, including interest at 1.54%. The vehicles and equipment are held as collateral. 76.0% of this debt is serviced by the General Fund. 1,110,905

Motorola Solutions Financing - for the purchase of equipment, issued September 2016 in the amount of \$1,769,780, payable in 5 annual installments of \$373,857, including interest at 2.840%. The equipment is held as collateral. 1,769,780

Regions Equipment Finance - for purchase of various vehicles and equipment, issued November 2015 in the amount of \$563,500, payable in four annual installments of \$29,243, including interest at 1.5%. The vehicles and equipment are held as collateral. 35% of this debt is serviced by governmental funds. 139,335

Total governmental funds \$ 3,999,553



# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### Serviced by Business-Type Funds:

#### Water and Sewer Fund:

Branch Banking & Trust - for the purchase of various vehicles and equipment, issued December 2014 in the amount of \$431,500, payable in 20 quarter-annual installments of \$22,430, including interest at 1.57%. The vehicles and equipment are held as collateral. 39.0% of this debt is serviced by the Water and Sewer Fund.

\$ 85,045

U.S. Bancorp - for purchase of various vehicles and equipment, issued January 2013, in the amount of \$223,000, payable in 20 quarterly installments of \$36,172, including interest at 1.25%. The vehicles and equipment are held as collateral.

22,219

SunTrust - for purchase of various equipment, issued October 2013 in the amount of \$735,000, payable in 20 quarterly installments of \$38,229, including interest at 1.54%. The equipment is held as collateral. 18.0% of this debt is serviced by the Water and Sewer Fund.

42,746

Branch Banking & Trust - for the purchase of various vehicles and equipment, issued December 2016 in the amount of \$1,618,725, payable in 20 quarter-annual installments of \$42,101, including interest at 1.54%. The vehicles and equipment are held as collateral. 15.0% of this debt is serviced by the Water and Sewer Fund.

219,258

Regions Equipment Finance - for purchase of various vehicles and equipment, issued November 2015 in the amount of \$563,500, payable in four annual installments of \$29,243, including interest at 1.5%. The vehicles and equipment are held as collateral. 45% of this debt is serviced by the Water & Sewer Fund.

179,144

Total Water and Sewer Fund

548,412

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### Golf Course Fund:

Branch Banking & Trust - for the purchase of various vehicles and equipment, issued December 2014 in the amount of \$431,500, payable in 20 quarter-annual installments of \$22,430, including interest at 1.57%. The vehicles and equipment are held as collateral. 9% of this debt is serviced by the Golf Course Fund. \$ 19,277

Regions Equipment Finance - for purchase of various vehicles and equipment, issued November 2015 in the amount of \$563,500, payable in four annual installments of \$29,243, including interest at 1.5%. The vehicles and equipment are held as collateral. 20% of this debt is serviced by the Golf Course Fund. 79,620

Branch Banking & Trust- for purchase of various equipment, issued March 2016 in the amount of \$195,500, payable in quarterly installments of \$16,789, including interest of 1.89% 115,335

Branch Banking & Trust - for the purchase of various vehicles and equipment, issued December 2016 in the amount of \$1,618,725, payable in 20 quarter-annual installments of \$42,101, including interest at 1.54%. The vehicles and equipment are held as collateral. 9.0% of this debt is serviced by the Water and Sewer Fund. 131,554

Total Golf Course Fund 345,786

Total business-type funds \$ 894,198

Annual debt service requirements for the City's installment purchase notes are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities		Total Debt Due	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 1,108,932	\$ 40,136	\$ 305,709	\$ 12,147	\$ 1,414,641	\$ 52,283
2019	918,932	65,687	256,838	7,473	1,175,770	73,160
2020	854,403	44,653	174,189	3,993	1,028,592	48,646
2021	625,412	24,893	117,252	1,598	742,664	26,491
2022	491,874	9,972	40,210	207	532,084	10,179
Total	<u>\$ 3,999,553</u>	<u>\$ 185,341</u>	<u>\$ 894,198</u>	<u>\$ 25,418</u>	<u>\$ 4,893,751</u>	<u>\$ 210,759</u>

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### Water/Sewer 2003, 2004, 2009, and 2012 Revenue Bonds:

The City issued Combined Enterprise System Revenue Bonds (Series 2009) totaling \$7,080,000 on November 25, 2009. These bonds bear interest at rates varying from 3.00% to 4.00% to advance refund the 1997A and 1997B Water and Sewer Refunding Bonds to finance improvements to the Combined Enterprise System. Principal and interest will be provided by appropriation in the year in which they become due. \$ 1,160,000

The City issued Combined Enterprise System Revenue Bonds (Series 2012) totaling \$10,745,000 on May 10, 2012. These bonds bear interest at rates varying from 2.00% to 4.75% to advance refund the 2002 and 2003 Water and Sewer Refunding Bonds to finance improvements to the Combined Enterprise System. Principal and interest will be provided by appropriation in the year in which they become due. 8,060,000

The City issued Combined Enterprise System Revenue Bonds (Series 2004) totaling \$3,500,000 on October 28, 2004 to finance improvements to the Combined Enterprise System. These bonds bear interest at a rate of 3.40%. Principal and interest requirements will be provided by appropriation in the year in which they become due. 583,334

Total revenue bonds \$ 9,803,334

### Revenue Bond Indebtedness

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending June 30	Water and Sewer Fund		
	Principal	Interest	Total
2018	\$ 1,098,335	\$ 359,734	\$ 1,458,069
2019	1,123,333	318,168	1,441,501
2020	1,041,666	286,252	1,327,918
2021	955,000	264,125	1,219,125
2022	965,000	234,525	1,199,525
2023-2027	3,290,000	493,163	3,783,163
2028	<u>1,330,000</u>	<u>72,650</u>	<u>1,402,650</u>
Total	<u><u>\$ 9,803,334</u></u>	<u><u>\$ 2,028,617</u></u>	<u><u>\$ 11,831,951</u></u>

At June 30, 2017, the City of Thomasville had a legal debt margin of approximately \$105,000,000.

# **CITY OF THOMASVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

### **Revolving Loan Payables**

On January 6, 2006, the City was approved for a maximum loan amount of \$27,000,000 from the U.S. Environmental Protection Agency passed through the North Carolina Department of Environmental and Natural Resources under the Drinking Water State Revolving Fund Program. The loan proceeds were being used to upgrade the wastewater treatment plant. The loan is repayable at 2.31% for 20 years. The loan repayment schedule based on the maximum loan of \$27,000,000 calls for semi-annual principal and interest repayments that amount to \$1,700,230 annually for 20 years. The total amount outstanding at June 30, 2017 was \$17,648,281.

On March 14, 2011, the City was approved for a \$59,354 loan from the U.S. Environmental Protection Agency passed through the North Carolina Department of Environmental and Natural Resources under the American Recovery and Reinvestment Act, Drinking Water State Revolving Fund Program. The loan proceeds were being used to install solar mixers at various water treatment plant locations. The loan is repayable at 0% for 20 years. The loan repayment schedule calls for annual principal repayments that amount to approximately \$3,100 annually for 20 years. The total amount outstanding at June 30, 2017 was \$38,462.

On June 4, 2012, the City was approved for a \$521,273 loan from the U.S. Environmental Protection Agency passed through the North Carolina Department of Environmental and Natural Resources under the North Carolina Water Pollution Control Revolving Fund Program. The loan proceeds were being used for a Sanitary Sewer Project. The loan is repayable at 0% for 20 years. The loan repayment schedule calls for annual principal repayments that amount to approximately \$26,064 annually for 20 years. The total amount outstanding at June 30, 2017 was \$390,955.

On October 15, 2012, the City was approved for a \$1,233,394 loan from the U.S. Environmental Protection Agency passed through the North Carolina Department of Environmental and Natural Resources under the North Carolina Water Pollution Control Revolving Fund Program. The loan proceeds were being used for a Fairgrove Water Main Improvement Project. The loan is repayable at 0% for 20 years. The loan repayment schedule calls for annual principal repayments that amount to approximately \$61,670 annually for 20 years. The total amount outstanding at June 30, 2017 was \$957,654.

On December 30, 2013, the City was approved for a \$695,750 loan from the U.S. Environmental Protection Agency passed through the North Carolina Department of Environmental and Natural Resources under the North Carolina Water Pollution Control Revolving Fund Program. The loan proceeds were being used for a Northside Pump Station Sewer Project. The loan is repayable at 2.00% for 20 years. The loan repayment schedule calls for annual principal repayments that amount to approximately \$34,788 annually for 20 years. The total amount outstanding at June 30, 2017 was \$591,388.

## CITY OF THOMASVILLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

On February 24, 2014, the City was approved for a \$3,169,646 loan from the U.S. Environmental Protection Agency passed through the North Carolina Department of Environmental and Natural Resources under the North Carolina Water Pollution Control Revolving Fund Program. The loan proceeds were being used for a North Hamby Creek Outfall Sewer Project. The loan is repayable at 2.00% for 20 years. The loan repayment schedule calls for annual principal repayments that amount to approximately \$158,482 annually for 20 years. The total amount outstanding at June 30, 2017 was \$2,285,315.

On August 1, 2014, the City was approved for a \$241,293 loan from the U.S. Environmental Protection Agency passed through the North Carolina Department of Environmental and Natural Resources under the North Carolina Water Pollution Control Revolving Fund Program. The loan proceeds were being used for the East Davidson Sewer Project. The loan is repayable at zero percent for 20 years. The loan repayment schedule calls for annual principal repayments that amount to approximately \$12,065 annually for 20 years. The total amount outstanding at June 30, 2017 was \$205,097.

On June 30, 2017, the City was approved for a \$1,278,715 loan from the U.S. Environmental Protection Agency passed through the North Carolina Department of Environmental and Natural Resources under the North Carolina Water Pollution Control Revolving Fund Program. The loan proceeds were being used for a North Hamby Creek Outfall Sewer Project. The loan is repayable at 1.40% for 20 years. The loan repayment schedule calls for semiannual principal repayments that amount to approximately \$63,936 annually for 20 years. The total amount outstanding at June 30, 2017 was \$1,278,715.

Total outstanding revolving loan payables at June 30, 2017 are \$23,395,867.

<b>Year Ending</b> <b>June 30</b>	<b>Water and Sewer Fund</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 1,587,648	\$ 472,505	\$ 2,060,153
2019	1,658,867	471,840	2,130,707
2020	1,705,210	421,632	2,126,842
2021	1,737,221	385,756	2,122,977
2022	1,769,962	349,149	2,119,111
2023-2027	9,367,695	1,174,751	10,542,446
2028-2032	4,988,908	253,505	5,242,413
2033-2037	506,712	30,546	537,258
2038-2042	73,644	777	74,421
Total	<u>\$ 23,395,867</u>	<u>\$ 3,560,461</u>	<u>\$ 26,956,328</u>

## CITY OF THOMASVILLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

#### Water/Sewer Revenue Bonds

The City has been in compliance with the covenants as to rates, fees, rentals, and charges in Section 704 of the Bond Order, authorizing the issuance of the Water and Sewer Revenue Bonds, Series 2004, 2009, and 2012 since their adoption. Section 704(a) of the Bond Order requires the debt service parity coverage ratio to be no less than 125.0% and the total debt service coverage ratio to be no less than 100.0%. Additional indebtedness constituted by the Series 2004 revenue bonds is to be considered in the calculation of the debt service parity coverage ratio.

The debt service parity coverage ratio calculation for the year ended June 30, 2017 is as follows:

Operating revenues	\$ 12,680,353
Operating expenses*	<u>(6,581,358)</u>
Operating income	<u>\$ 6,098,995</u>
 Debt service on parity indebtedness	 <u>\$ 2,114,108</u>
 Debt service on parity indebtedness	 288%
 Other indebtedness related to the Combined Enterprise System	 <u>\$ 2,268,013</u>
 Pro-forma debt service coverage ratio on parity and other indebtedness	 139%

\*Excludes depreciation and amortization

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay Combined Enterprise System Revenue Bonds (\$7,080,000 issued in 2009, \$10,745,000 issued in 2012, and \$3,500,000 issued in 2004). Proceeds from the bonds provided financing for the sewer line extensions to annexed areas. The bonds are payable solely from water and sewer customer net revenues and are payable through 2028. Annual principal and interest payments on the bonds are expected to require 35% of net revenues. The total principal and interest remaining to be paid on the bonds is \$11,831,951. Principal and interest paid for the current year and total net revenues were \$2,114,108 and \$12,680,353, respectively.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### Changes in Long-Term Liabilities

The following is a summary of changes in long-term debt for the year ended June 30, 2017.

	<u>Balance</u> <u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2017</u>	<u>Current</u> <u>Maturities</u>
<b>Governmental Activities:</b>					
Installment purchases	\$ 1,815,777	\$ 3,000,010	\$ (816,234)	\$ 3,999,553	\$ 1,108,932
Net pension obligation (LGRS)	769,768	2,655,189	-	3,424,957	-
Total pension liability (LEOSSA)	734,388	1,290,444	-	2,024,832	-
Other post-employment benefits	1,350,850	386,200	(136,214)	1,600,836	-
Compensated absences	<u>1,137,361</u>	<u>496,032</u>	<u>(481,072)</u>	<u>1,152,321</u>	<u>487,400</u>
Total governmental activities	<u>\$ 5,808,144</u>	<u>\$ 7,827,875</u>	<u>\$ (1,433,520)</u>	<u>\$ 12,202,499</u>	<u>\$ 1,596,332</u>
<b>Serviced by Water and Sewer Fund:</b>					
Installment purchases	\$ 501,448	\$ 242,810	\$ (195,846)	\$ 548,412	\$ 181,874
Revenue bonds	11,491,667	-	(1,688,333)	9,803,334	1,098,335
Add: unamortized bond premium	696,189	-	(57,194)	638,995	(57,194)
Less: unamortized bond discount	<u>(6,986)</u>	<u>-</u>	<u>1,738</u>	<u>(5,248)</u>	<u>3,936</u>
Total revenue bonds	<u>12,180,870</u>	<u>-</u>	<u>(1,743,789)</u>	<u>10,437,081</u>	<u>1,045,077</u>
Note payable	<u>23,675,658</u>	<u>1,278,715</u>	<u>(1,558,506)</u>	<u>23,395,867</u>	<u>1,587,648</u>
Compensated absences	<u>143,359</u>	<u>105,274</u>	<u>(81,805)</u>	<u>166,828</u>	<u>95,197</u>
Net pension obligation (LGRS)	<u>129,840</u>	<u>447,863</u>	<u>-</u>	<u>577,703</u>	<u>-</u>
Other post-employment benefits	<u>238,759</u>	<u>74,603</u>	<u>(26,313)</u>	<u>287,049</u>	<u>-</u>
Total water and sewer	<u>\$ 36,869,934</u>	<u>\$ 2,149,265</u>	<u>\$ (3,606,259)</u>	<u>\$ 35,412,940</u>	<u>\$ 2,909,796</u>
	<u>Balance</u> <u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Current</u> <u>Portion</u>
Installment loans	\$ 311,174	\$ 145,684	\$ (111,072)	\$ 345,786	\$ 123,835
Other post-employment benefits	44,663	10,173	(3,588)	51,248	-
Net pension obligation (LGRS)	27,823	95,971	-	123,794	-
Compensated absences	<u>21,975</u>	<u>6,186</u>	<u>(9,825)</u>	<u>18,336</u>	<u>3,203</u>
Total	<u>\$ 405,635</u>	<u>\$ 258,014</u>	<u>\$ (124,485)</u>	<u>\$ 539,164</u>	<u>\$ 127,038</u>

Compensated absences, pension obligations, and other post-employment benefit liabilities for governmental activities typically have been liquidated in the General Fund.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### C. Revenue, Expenditures, and Expenses

#### On-Behalf Payments for Fringe Benefits and Salaries

The City has recognized as revenue and an expenditure on-behalf payments for fringe benefits of \$13,802 for the stipend benefits paid to eligible fireman by the local Board of Trustees of the Fireman's Relief Fund during the fiscal year ended June 30, 2017. Under State law, the local Board of Trustees for the Fund receives an amount each year which the Board may use at its own discretion for eligible firemen or their dependents.

### D. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2017 consist of the following:

Due to the City School Supplement Fund from the General Fund for property taxes	\$ 33,417
Due to the General Fund from the Golf Course Fund for cash deficit at year-end	<u>265,373</u>
Total	<u>\$ 298,790</u>

Transfers to/from other funds during the year ending June 30, 2017 consist of the following:

From the General Fund to the Golf Course Fund for debt payments	\$ 241,778
From the General Fund to the Police Restitution and Forfeitures Fund for annual contribution	10,000
From the General Fund to the Beautification Fund for annual contribution	37,500
From the General Fund to the Cemetery Fund for annual contribution	38,500
From General Fund to Capital Project Fund for annual contribution	622,925
From the Police Restitution and Forfeitures Fund to the Capital Project Fund for annual contribution	<u>290,000</u>
Total	<u>\$ 1,240,703</u>



# **CITY OF THOMASVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

### **3. Related Organization**

The five-member Board of the City of Thomasville Housing Authority is appointed by the Mayor of the City of Thomasville. 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 Thomasville is also disclosed as a related organization in the Notes to the Financial Statements for the City of Thomasville Housing Authority.

The pro shop at the City's golf course is owned and operated by a City employee. The employee leases the space for the pro shop from the City. The City's income from the lease for the year ended June 30, 2017 was \$4,800.

### **4. Joint Venture**

The municipalities of Thomasville and Lexington, North Carolina, jointly own and operate a waterworks reservoir system. Both cities' governing bodies have authority, under resolutions adopted individually, to acquire, construct, improve, maintain, and jointly operate this system. Both cities have authority to issue bonds or other means of financing as necessary to acquire, construct, and/or improve the system. There are no bonds outstanding for the joint venture at June 30, 2017, and there are no bonds authorized but unissued. The cities' governing boards also have joint control over budgeting the operation.

As of May 1, 2000, the two cities and their county of location, Davidson County, entered into an agreement to form the Lake Thom-A-Lex Recreation Authority. This Authority, consisting of five members appointed by the governmental parties, is responsible for the oversight and promotion of operations related to recreation at Lake Thom-A-Lex.

Costs of operation are shared equally between both cities and the County. The City maintains control over the financial records and its share to the cost of operations is included as a non-operating expense in the Water and Sewer Fund. The City of Lexington and Davidson County are billed by Thomasville for their share of the costs.

Effective July 1, 2009, Davidson County began maintaining control over the financial records of the operation of the lake.

The City has a 50% interest in the venture and an ongoing financial responsibility for Lake Thom-A-Lex. The City's equity interest as of June 30, 2017, was \$399,412 which is shown in the government-wide financial statements. There is no distribution of net income. Net position remains in the joint venture for future operational needs of the system.

Assets, other than the construction in progress, consist of 1,034 acres of land, an earthen dam constructed in 1957, a boat house, piers, boats, and a vehicle which are jointly owned. Costs of these assets are listed below as well as a Condensed Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balance.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	<u>June 30, 2017</u>
<b>Assets:</b>	
Cash	\$ 321,054
Accounts receivable	28,067
Land	223,395
Buildings	15,000
Other improvements	1,190,537
Equipment	<u>92,039</u>
	1,870,092
Less: accumulated depreciation	<u>(1,071,268)</u>
Total assets	<u>\$ 798,824</u>
 Net position	 <u>\$ 798,824</u>

	<u>June 30, 2017</u>
<b>Revenues:</b>	
Permits, rentals, concessions, etc.	\$ 69,249
City of Thomasville	26,865
City of Lexington	26,865
Davidson County	<u>26,865</u>
Total revenues	<u>149,844</u>

<b>Expenditures:</b>	
Salaries and employee benefits	106,418
Operating expenditures	<u>43,330</u>
Total expenditures	<u>149,748</u>
 Revenues over (under) expenditures	 <u>96</u>

### Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:

Reconciling items:	
Depreciation expense	<u>(42,538)</u>
 Change in net position	 (42,442)

### Net Position:

Beginning of year - July 1	<u>841,266</u>
 End of year - June 30	 <u>\$ 798,824</u>

# **CITY OF THOMASVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

### **5. Jointly Governed Organization**

The City, in conjunction with six counties and 25 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 \$5,664 to the Council during the fiscal year ended June 30, 2017.

### **6. Summary Disclosure**

#### **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.

### **7. Subsequent Events**

On August 10, 2017, the City of Thomasville finalized a Drinking Water State Revolving Loan of \$822,924 payable over 20 years at an interest rate of 1.84%.

On August 1, 2017, the City of Thomasville was approved for a Clean Water Revolving Fund Loan of \$3,000,000 payable over 20 years at an interest rate of 1.91%.

On August 1, 2017, the City of Thomasville was approved for a Clean Water Revolving Fund Loan of \$1,150,000 payable over 20 years at zero interest.

### **8. Change in Accounting Principles/Restatement**

The City implemented Governmental Accounting Standards Board (GASB) No. Statement 73, Accounting and Financial Reporting for Pensions and Related Assets That are Not within Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, in the fiscal year ending June 30, 2017. The implementation of the statement required the City to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the City to the Law Enforcement Officers' Special Separation Allowance during the measurement period. As a result, net pension for the governmental activities decreased \$1,179,655.

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## CITY OF THOMASVILLE, NORTH CAROLINA

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**FOR THE YEAR ENDED JUNE 30, 2017\***

<b>Law Enforcement Officers' Special Separation Allowance</b>	
	<b>2017</b>
Beginning balance	\$ 1,980,847
Service cost	92,355
Interest on the total pension liability	69,524
Changes of assumptions or other inputs	(51,090)
Benefit payments	(66,804)
Ending balance of the total pension liability	<u>\$ 2,024,832</u>

The amounts presented for each fiscal year were determined as of the prior December 31.

\*Pension schedules are intended to show information for ten years, additional years' information will be displayed as it comes available.

**CITY OF THOMASVILLE, NORTH CAROLINA****SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL -  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
FOR THE YEAR ENDED JUNE 30, 2017**

<b>Law Enforcement Officers' Special Separation Allowance</b>	
	<b>2017</b>
Total pension liability	\$ 2,024,832
Covered payroll	3,302,883
Total pension liability as a percentage of covered payroll	61.30%

Notes to the schedules:

The City of Thomasville has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

## CITY OF THOMASVILLE, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS -  
 RETIREE HEALTH PLAN  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS  
 FOR THE YEAR ENDED JUNE 30, 2017

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
6/30/2016	\$ -	\$ 6,044,196	\$ 6,044,196	0.00%	\$ 11,532,764	52.41%
12/31/2014	-	5,494,148	5,494,148	0.00%	11,258,149	48.80%
12/31/2012	-	4,897,101	4,897,101	0.00%	11,027,846	44.41%
12/31/2010	-	4,725,519	4,725,519	0.00%	11,497,747	41.10%
12/31/2008	-	4,499,881	4,499,881	0.00%	10,384,625	43.33%

## Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2017	\$ 468,054	35.49%
2016	454,421	45.94%
2015	411,027	46.97%
2014	399,055	55.39%
2013	402,766	52.41%
2012	391,035	55.48%
2011	391,035	49.29%
2010	378,265	51.94%
2009	378,265	37.00%

## Notes to the 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	June 30, 2016	
Actuarial cost method	Projected unit credit	
Amortization method	Level percent of pay, closed	
Remaining amortization period	30 years	
Amortization factor	26.1695	
Asset valuation method	Market value of assets	
Actuarial assumptions		
Investment rate of return*	4.00%	* Includes inflation of 3.00%
Medical trend rate	7.75% - 5.00%	
Year of Ultimate trend rate	2022	

## CITY OF THOMASVILLE, NORTH CAROLINA

CITY OF THOMASVILLE'S PROPORTIONATE SHARE  
OF NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST FOUR FISCAL YEARS\*

	<b>Local Government Employees' Retirement System</b>			
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
City of Thomasville's proportion of the net pension liability (asset) (%)	0.19443%	0.20665%	0.22027%	0.22390%
City of Thomasville's proportion of the net pension liability (asset) (\$)	\$ 4,126,454	\$ 927,431	\$ (1,299,035)	\$ 2,698,855
City of Thomasville's covered-employee payroll	\$ 12,019,822	\$ 11,492,069	\$ 11,566,597	\$ 11,056,772
City of Thomasville's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	34.33%	8.07%	( 11.23%)	24.41%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%

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

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



## CITY OF THOMASVILLE, NORTH CAROLINA

CITY OF THOMASVILLE'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST FOUR FISCAL YEARS

<b>Local Government Employees' Retirement System</b>				
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 939,207	\$ 826,217	\$ 825,904	\$ 824,112
Contributions in relation to the contractually required contribution	<u>939,207</u>	<u>826,217</u>	<u>825,904</u>	<u>824,112</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Thomasville's covered-employee payroll	\$ 12,481,074	\$ 12,019,822	\$ 11,492,069	\$ 11,566,597
Contributions as a percentage of covered-employee payroll	7.53%	6.87%	7.19%	7.12%

## CITY OF THOMASVILLE, NORTH CAROLINA

## GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Ad Valorem Taxes:</b>			
Current year - property	\$ 9,569,452	\$ 9,793,877	\$ 224,425
Prior years - property	385,750	435,225	49,475
Penalties and interest	90,000	148,408	58,408
Total	<u>10,045,202</u>	<u>10,377,510</u>	<u>332,308</u>
<b>Other Taxes and Licenses:</b>			
Local option sales tax	5,758,755	6,046,931	288,176
Video programming	220,000	218,064	(1,936)
Business privilege license	5,250	17,015	11,765
Solid waste disposal tax	18,972	18,154	(818)
Occupancy tax	135,000	150,652	15,652
Total	<u>6,137,977</u>	<u>6,450,816</u>	<u>312,839</u>
<b>Unrestricted Intergovernmental Revenues:</b>			
Telecommunications sales tax	164,000	163,611	(389)
Piped natural gas tax	44,000	43,645	(355)
Franchise tax	1,475,531	1,405,743	(69,788)
Beer and wine tax	120,000	122,401	2,401
Payments in lieu of taxes	16,000	26,070	10,070
ABC distributions	80,000	86,029	6,029
On-behalf payments:			
Fire and rescue	25,000	13,802	(11,198)
Total	<u>1,924,531</u>	<u>1,861,301</u>	<u>(63,230)</u>
<b>Restricted Intergovernmental Revenues:</b>			
Powell Bill	730,532	704,586	(25,946)
Miscellaneous contribution	500	500	-
ABC distribution	4,500	10,119	5,619
Federal grant	26,000	500	(25,500)
Total	<u>761,532</u>	<u>715,705</u>	<u>(45,827)</u>
<b>Permits and Fees:</b>			
Building permits and inspection fees	243,750	284,803	41,053
Total	<u>243,750</u>	<u>284,803</u>	<u>41,053</u>
<b>Sales and Services:</b>			
Court costs and fines	10,000	4,892	(5,108)
Recreation revenues	294,300	328,743	34,443
Disposal fees	752,555	745,214	(7,341)
Total	<u>1,056,855</u>	<u>1,078,849</u>	<u>21,994</u>
<b>Contributions</b>	<u>165,175</u>	<u>218,562</u>	<u>53,387</u>

## CITY OF THOMASVILLE, NORTH CAROLINA

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Investment Earnings</b>	42,000	31,238	(10,762)
<b>Miscellaneous</b>	183,034	113,898	(69,136)
Total revenues	20,560,056	21,132,682	572,626
<b>Expenditures:</b>			
<b>General Government:</b>			
<b>Mayor and Council:</b>			
Salaries and employee benefits		84,533	
Operating expenditures		250,270	
Payment to Thomasville Tourism Commission		143,019	
Reimbursement from other funds		(49,308)	
Total	476,420	428,514	47,906
<b>Administration:</b>			
Salaries and employee benefits		289,834	
Operating expenditures		15,898	
Reimbursement from other funds		(97,282)	
Total	275,463	208,450	67,013
<b>Personnel:</b>			
Salaries and employee benefits		172,871	
Operating expenditures		30,041	
Reimbursement from other funds		(54,085)	
Total	153,149	148,827	4,322
<b>City Hall:</b>			
Salaries and employee benefits		48,727	
Operating expenditures		134,173	
Reimbursement from other funds		(50,541)	
Total	143,111	132,359	10,752
<b>Finance:</b>			
Salaries and employee benefits		365,476	
Operating expenditures		62,113	
Reimbursement from other funds		(116,667)	
Total	330,354	310,922	19,432
<b>MIS:</b>			
Salaries and employee benefits		140,909	
Operating expenditures		223,745	
Capital outlay		28,235	
Reimbursement from other funds		(123,192)	
Total	343,914	269,697	74,217

## CITY OF THOMASVILLE, NORTH CAROLINA

## GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Legal:</b>			
Salaries and employee benefits		132,113	
Professional services		3,257	
Operating expenditures		5,673	
Reimbursement from other funds		(40,063)	
Total	<u>113,444</u>	<u>100,980</u>	<u>12,464</u>
<b>Tax Collection:</b>			
Contract services	<u>137,500</u>	<u>131,575</u>	<u>5,925</u>
Total	<u>137,500</u>	<u>131,575</u>	<u>5,925</u>
Total general government	<u>1,973,355</u>	<u>1,731,324</u>	<u>242,031</u>
<b>Public Works:</b>			
<b>Building:</b>			
Salaries and employee benefits		66,430	
Operating expenditures		49,972	
Total	<u>123,777</u>	<u>116,402</u>	<u>7,375</u>
<b>Engineering:</b>			
Salaries and employee benefits		299,301	
Operating expenditures		12,012	
Capital outlay		27,935	
Reimbursement from other funds		(95,805)	
Total	<u>262,209</u>	<u>243,443</u>	<u>18,766</u>
<b>Streets and Highways:</b>			
Salaries and employee benefits		509,608	
Street lighting		427,189	
Operating expenditures		187,834	
Capital outlay		229,900	
Total	<u>1,678,706</u>	<u>1,354,531</u>	<u>324,175</u>
<b>Powell Bill:</b>			
Salaries and employee benefits		420,192	
Operating expenditures		494,920	
Total	<u>1,055,773</u>	<u>915,112</u>	<u>140,661</u>
<b>Fleet Services:</b>			
Salaries and employee benefits		235,750	
Operating expenditures		43,698	
Capital outlay		20,590	
Reimbursement from other funds		(85,080)	
Total	<u>232,724</u>	<u>214,958</u>	<u>17,766</u>

## CITY OF THOMASVILLE, NORTH CAROLINA

## GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Solid Waste:</b>			
Salaries and employee benefits		1,378,994	
Operating expenditures		781,422	
Capital outlay		537,709	
Total	<u>2,784,498</u>	<u>2,698,125</u>	<u>86,373</u>
Total public works	<u>6,137,687</u>	<u>5,542,571</u>	<u>595,116</u>
<b>Public Safety:</b>			
<b>Police Department:</b>			
Salaries and employee benefits		4,986,880	
Operating expenditures		867,605	
Capital outlay		699,176	
Total	<u>6,677,252</u>	<u>6,553,661</u>	<u>123,591</u>
<b>Fire Department:</b>			
Salaries and employee benefits		4,012,453	
Operating expenditures		479,277	
Capital outlay		181,148	
Total	<u>4,861,997</u>	<u>4,672,878</u>	<u>189,119</u>
<b>Inspection:</b>			
Salaries and employee benefits		330,855	
Operating expenditures		64,403	
Reimbursement from other funds		(111,969)	
Total	<u>308,125</u>	<u>283,289</u>	<u>24,836</u>
<b>Radio Service:</b>			
Operating expenditures		130,037	
Capital outlay		1,769,780	
Reimbursement from other funds		(89,484)	
Total	<u>1,874,502</u>	<u>1,810,333</u>	<u>64,169</u>
<b>Planning and Zoning:</b>			
Salaries and employee benefits		83,047	
Operating expenditures		33,796	
Total	<u>143,102</u>	<u>116,843</u>	<u>26,259</u>
Total public safety	<u>13,864,978</u>	<u>13,437,004</u>	<u>427,974</u>
<b>Cultural and Recreation:</b>			
<b>Administration:</b>			
Salaries and employee benefits		151,872	
Operating expenditures		13,146	
Total	<u>170,485</u>	<u>165,018</u>	<u>5,467</u>

## CITY OF THOMASVILLE, NORTH CAROLINA

## GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Organized Programs:</b>			
Salaries and employee benefits		308,929	
Operating expenditures		39,239	
Total	<u>407,100</u>	<u>348,168</u>	<u>58,932</u>
<b>Areas and Facilities:</b>			
Salaries and employee benefits		207,653	
Operating expenditures		278,764	
Capital outlay		78,723	
Total	<u>609,632</u>	<u>565,140</u>	<u>44,492</u>
Total cultural and recreation	<u>1,187,217</u>	<u>1,078,326</u>	<u>108,891</u>
<b>Debt Service:</b>			
Principal retirement		816,234	
Interest and fees		46,146	
Total debt service	<u>870,311</u>	<u>862,380</u>	<u>7,931</u>
Miscellaneous expenditures	<u>195,779</u>	<u>6,604</u>	<u>189,175</u>
Total expenditures	<u>24,229,327</u>	<u>22,658,209</u>	<u>1,571,118</u>
Revenues over (under) expenditures	<u>(3,669,271)</u>	<u>(1,525,527)</u>	<u>2,143,744</u>
<b>Other Financing Sources (Uses):</b>			
Installment financing	2,984,030	3,000,010	
Transfers to:			
Police Restitution and Forfeitures Fund	(10,000)	(10,000)	
Cemetery Fund	(38,500)	(38,500)	
General Capital Projects Fund	(772,925)	(622,925)	
Golf Course Enterprise Fund	(241,778)	(241,778)	
Beautification Fund	(37,500)	(37,500)	
Appropriated fund balance	<u>1,785,944</u>	<u>-</u>	
Total other financing sources (uses)	<u>3,669,271</u>	<u>2,049,307</u>	<u>(1,619,964)</u>
Net change in fund balance	<u>\$ -</u>	<u>523,780</u>	<u>\$ 523,780</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>10,617,390</u>	
End of year - June 30		<u>\$ 11,141,170</u>	

CITY OF THOMASVILLE, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2017

	Nonmajor Special Revenue Funds			
	City School Supplement Fund	Police Restitution and Forfeitures Fund	Stormwater Fund	Cemetery Fund
<b>Assets:</b>				
Cash and cash equivalents	\$ 12,222	\$ 12,600	\$ 932,683	\$ 53,759
Restricted cash	-	-	-	2,545
Taxes receivable, net	203,930	-	-	-
Accounts receivable, net	-	-	16,528	-
Due from other funds	33,417	-	-	-
Total assets	<u>\$ 249,569</u>	<u>\$ 12,600</u>	<u>\$ 949,211</u>	<u>\$ 56,304</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accrued expenses	\$ 45,639	\$ -	\$ -	\$ -
Liabilities to be paid from restricted assets:				
Deposits	-	-	-	2,545
Total liabilities	<u>45,639</u>	<u>-</u>	<u>-</u>	<u>2,545</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable taxes	<u>203,930</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>				
Restricted:				
Stabilization by State statute	33,417	3,076	55,727	9,043
Restricted, all other	-	9,524	-	-
Assigned	-	-	893,484	44,716
Unassigned	(33,417)	-	-	-
Total fund balances	<u>-</u>	<u>12,600</u>	<u>949,211</u>	<u>53,759</u>
Total liabilities, deferred inflows of resources, resources, and fund balances	<u>\$ 249,569</u>	<u>\$ 12,600</u>	<u>\$ 949,211</u>	<u>\$ 56,304</u>

CITY OF THOMASVILLE, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2017

	Nonmajor Special Revenue Funds			Total Nonmajor Special Revenue Funds
	Beautification Fund	Public Safety Grant Fund	Community Development Block Grant Fund	
<b>Assets:</b>				
Cash and cash equivalents	\$ 24,256	\$ -	\$ 8,500	\$ 1,044,020
Restricted cash	-	-	-	2,545
Taxes receivable, net	-	-	-	203,930
Accounts receivable, net	-	-	-	16,528
Due from other funds	-	-	-	33,417
Total assets	<u>\$ 24,256</u>	<u>\$ -</u>	<u>\$ 8,500</u>	<u>\$ 1,300,440</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accrued expenses	\$ -	\$ -	\$ -	\$ 45,639
Deposits	-	-	-	2,545
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,184</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable taxes	-	-	-	203,930
<b>Fund Balances:</b>				
Restricted:				
Stabilization by State statute	6,916	-	-	108,179
Restricted, all other	-	-	-	9,524
Assigned	17,340	-	8,500	964,040
Unassigned	-	-	-	(33,417)
Total fund balances	<u>24,256</u>	<u>-</u>	<u>8,500</u>	<u>1,048,326</u>
Total liabilities, deferred inflows of resources, resources, and fund balances	<u>\$ 24,256</u>	<u>\$ -</u>	<u>\$ 8,500</u>	<u>\$ 1,300,440</u>



CITY OF THOMASVILLE, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2017

	General Capital Projects Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>			
Cash and cash equivalents	\$ 799,342	\$ 799,342	\$ 1,843,362
Restricted cash	-	-	2,545
Taxes receivable, net	-	-	203,930
Accounts receivable, net	-	-	16,528
Due from other funds	-	-	33,417
Total assets	<u>\$ 799,342</u>	<u>\$ 799,342</u>	<u>\$ 2,099,782</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accrued expenses	\$ 29,000	\$ 29,000	\$ 74,639
Deposits	-	-	2,545
Total liabilities	<u>29,000</u>	<u>29,000</u>	<u>77,184</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable taxes	-	-	203,930
<b>Fund Balances:</b>			
Restricted:			
Stabilization by State statute	-	-	108,179
Restricted, all other	770,342	770,342	779,866
Assigned	-	-	964,040
Unassigned	-	-	(33,417)
Total fund balances	<u>770,342</u>	<u>770,342</u>	<u>1,818,668</u>
Total liabilities, deferred inflows of resources, resources, and fund balances	<u>\$ 799,342</u>	<u>\$ 799,342</u>	<u>\$ 2,099,782</u>

CITY OF THOMASVILLE, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2017

	Nonmajor Special Revenue Funds			
	City School Supplement Fund	Police Restitution and Forfeitures Fund	Stormwater Fund	Cemetery Fund
<b>Revenues:</b>				
Ad valorem taxes	\$ 1,415,661	\$ -	\$ -	\$ -
Restricted intergovernmental	-	17,260	-	-
Permits and fees	339	-	134,742	-
Contributions	-	-	-	18,309
Investment earnings	-	81	2,145	-
Miscellaneous revenue	-	15,573	-	-
Total revenues	<u>1,416,000</u>	<u>32,914</u>	<u>136,887</u>	<u>18,309</u>
<b>Expenditures:</b>				
Current:				
General government	1,416,000	-	46,015	18,212
Public safety	-	32,971	-	-
Economic and physical development	-	-	-	-
Capital outlay	-	-	-	21,251
Total expenditures	<u>1,416,000</u>	<u>32,971</u>	<u>46,015</u>	<u>39,463</u>
Revenues over (under) expenditures	-	(57)	90,872	(21,154)
<b>Other Financing Sources (Uses):</b>				
Transfers to Capital Project Fund	-	(290,000)	-	-
Transfers from General Fund	-	10,000	-	38,500
Transfer from Police Restitution & Forfeitures Fund	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(280,000)</u>	<u>-</u>	<u>38,500</u>
Net change in fund balances	-	(280,057)	90,872	17,346
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>-</u>	<u>292,657</u>	<u>858,339</u>	<u>36,413</u>
End of year - June 30	<u>\$ -</u>	<u>\$ 12,600</u>	<u>\$ 949,211</u>	<u>\$ 53,759</u>

CITY OF THOMASVILLE, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2017

	Nonmajor Special Revenue Funds			Total Nonmajor Special Revenue Funds
	Beautification Fund	Public Safety Grant Fund	Community Development Block Grant Fund	
<b>Revenues:</b>				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 1,415,661
Restricted intergovernmental	-	1,221	399,300	417,781
Permits and fees	4,320	-	-	139,401
Contributions	10,000	-	-	28,309
Investment earnings	76	-	-	2,302
Miscellaneous revenue	-	-	-	15,573
Total revenues	<u>14,396</u>	<u>1,221</u>	<u>399,300</u>	<u>2,019,027</u>
<b>Expenditures:</b>				
Current:				
General government	48,303	-	-	1,528,530
Public safety	-	1,221	-	34,192
Economic and physical development	-	-	399,300	399,300
Capital outlay	-	-	-	21,251
Total expenditures	<u>48,303</u>	<u>1,221</u>	<u>399,300</u>	<u>1,983,273</u>
Revenues over (under) expenditures	(33,907)	-	-	35,754
<b>Other Financing Sources (Uses):</b>				
Transfers to Capital Project Fund	-	-	-	(290,000)
Transfers from General Fund	37,500	-	-	86,000
Transfer from Police Restitution & Forfeitures Fund	-	-	-	-
Total other financing sources (uses)	<u>37,500</u>	<u>-</u>	<u>-</u>	<u>(204,000)</u>
Net change in fund balances	3,593	-	-	(168,246)
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>20,663</u>	<u>-</u>	<u>8,500</u>	<u>1,216,572</u>
End of year - June 30	<u>\$ 24,256</u>	<u>\$ -</u>	<u>\$ 8,500</u>	<u>\$ 1,048,326</u>

CITY OF THOMASVILLE, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2017

	General Capital Projects Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
Ad valorem taxes	\$ -	\$ -	\$ 1,415,661
Restricted intergovernmental	94,340	94,340	512,121
Permits and fees	-	-	139,401
Contributions	-	-	28,309
Investment earnings	-	-	2,302
Miscellaneous revenue	-	-	15,573
Total revenues	<u>94,340</u>	<u>94,340</u>	<u>2,113,367</u>
<b>Expenditures:</b>			
Current:			
General government	-	-	1,528,530
Public safety	-	-	34,192
Economic and physical development	236,923	236,923	636,223
Capital outlay	-	-	21,251
Total expenditures	<u>236,923</u>	<u>236,923</u>	<u>2,220,196</u>
Revenues over (under) expenditures	(142,583)	(142,583)	(106,829)
<b>Other Financing Sources (Uses):</b>			
Transfers to Capital Project Fund	-	-	(290,000)
Transfers from General Fund	622,925	622,925	708,925
Transfer from Police Restitution & Forfeitures Fund	290,000	290,000	290,000
Total other financing sources (uses)	<u>912,925</u>	<u>912,925</u>	<u>708,925</u>
Net change in fund balances	770,342	770,342	602,096
<b>Fund Balances:</b>			
Beginning of year - July 1	-	-	1,216,572
End of year - June 30	<u>\$ 770,342</u>	<u>\$ 770,342</u>	<u>\$ 1,818,668</u>

## CITY OF THOMASVILLE, NORTH CAROLINA

**CITY SCHOOL SUPPLEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Ad Valorem Taxes:</b>			
Current year - property	\$ 1,387,885	\$ 1,349,812	\$ (38,073)
Prior years - property	35,000	65,849	30,849
Miscellaneous revenue	500	339	(161)
Total revenues	<u>1,423,385</u>	<u>1,416,000</u>	<u>(7,385)</u>
<b>Expenditures:</b>			
<b>General Government:</b>			
Operating expenditures	<u>1,423,385</u>	<u>1,416,000</u>	<u>7,385</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ -</u>	

## CITY OF THOMASVILLE, NORTH CAROLINA

**POLICE RESTITUTION AND FORFEITURES FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Restricted Intergovernmental:</b>			
Forfeitures and restitution	\$ 54,075	\$ 1,390	\$ (52,685)
Controlled substance tax	11,000	15,870	4,870
Sale of fixed assets	-	15,573	15,573
Investment earnings	-	81	81
Total revenues	<u>65,075</u>	<u>32,914</u>	<u>(32,161)</u>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Public Safety:</b>			
Current operating	<u>75,612</u>	<u>32,971</u>	<u>42,641</u>
Revenues over (under) expenditures	<u>(10,537)</u>	<u>(57)</u>	<u>10,480</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	290,537	-	(290,537)
Transfer to Capital Project Fund	(290,000)	(290,000)	-
Transfer from General Fund	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total other financing sources (uses)	<u>10,537</u>	<u>(280,000)</u>	<u>(290,537)</u>
Net change in fund balance	<u>\$ -</u>	<u>(280,057)</u>	<u>\$ (280,057)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>292,657</u>	
End of year - June 30		<u>\$ 12,600</u>	

## CITY OF THOMASVILLE, NORTH CAROLINA

## STORMWATER FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Permits and fees			
Stormwater fees	\$ 103,380	\$ 134,742	\$ 31,362
Investment earnings	-	2,145	2,145
Total revenues	<u>103,380</u>	<u>136,887</u>	<u>33,507</u>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>General Government:</b>			
Current operating	<u>149,740</u>	<u>46,015</u>	<u>103,725</u>
Revenues over (under) expenditures	<u>(46,360)</u>	<u>90,872</u>	<u>137,232</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>46,360</u>	<u>-</u>	<u>(46,360)</u>
Net change in fund balance	<u>\$ -</u>	<u>90,872</u>	<u>\$ 90,872</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>858,339</u>	
End of year - June 30		<u>\$ 949,211</u>	

## CITY OF THOMASVILLE, NORTH CAROLINA

## CEMETERY FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Contributions	\$ -	\$ 18,309	\$ 18,309
<b>Expenditures:</b>			
<b>Current:</b>			
<b>General Government:</b>			
Current operating	12,900	18,212	(5,312)
Capital outlay	<u>57,000</u>	<u>21,251</u>	<u>35,749</u>
Total expenditures	<u>69,900</u>	<u>39,463</u>	<u>30,437</u>
Revenues over (under) expenditures	<u>(69,900)</u>	<u>(21,154)</u>	<u>48,746</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	31,400	-	(31,400)
Transfer from General Fund	<u>38,500</u>	<u>38,500</u>	<u>-</u>
Total other financing sources (uses)	<u>69,900</u>	<u>38,500</u>	<u>(31,400)</u>
Net change in fund balance	<u>\$ -</u>	<u>17,346</u>	<u>\$ 17,346</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>36,413</u>	
End of year - June 30		<u>\$ 53,759</u>	



## CITY OF THOMASVILLE, NORTH CAROLINA

## BEAUTIFICATION FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Sales and rents	\$ 4,320	\$ 4,320	\$ -
Contributions	10,000	10,000	-
Total operating revenues	<u>14,320</u>	<u>14,320</u>	<u>-</u>
Non-operating revenues:			
Investment earnings	<u>100</u>	<u>76</u>	<u>(24)</u>
Total revenues	<u>14,420</u>	<u>14,396</u>	<u>(24)</u>
<b>Expenditures:</b>			
Current operating:			
General government	<u>63,914</u>	<u>48,303</u>	<u>15,611</u>
Revenues over (under) expenditures	<u>(49,494)</u>	<u>(33,907)</u>	<u>15,587</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in - General Fund	37,500	37,500	-
Appropriated fund balance	<u>11,994</u>	<u>-</u>	<u>(11,994)</u>
Total other financing sources (uses)	<u>49,494</u>	<u>37,500</u>	<u>(11,994)</u>
Net change in fund balance	<u>\$ -</u>	<u>3,593</u>	<u>\$ 3,593</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>20,663</u>	
End of year - June 30		<u>\$ 24,256</u>	

## CITY OF THOMASVILLE, NORTH CAROLINA

**PUBLIC SAFETY GRANT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

		<b>Actual</b>		
	<b><u>Project Authorization</u></b>	<b><u>Prior Years</u></b>	<b><u>Current Year</u></b>	<b><u>Total to Date</u></b>
<b>Revenues:</b>				
<b>Restricted Intergovernmental:</b>				
Justice Assistance Grant (15)	\$ 11,324	\$ 10,026	\$ 1,221	\$ 11,247
Governor's Highway Safety Grant	11,504	-	-	-
Total revenues	<u>22,828</u>	<u>10,026</u>	<u>1,221</u>	<u>11,247</u>
<b>Expenditures:</b>				
<b>Justice Assistance Grant (15):</b>				
Operations and maintenance	<u>11,324</u>	<u>10,026</u>	<u>1,221</u>	<u>11,247</u>
<b>Governor's Highway Safety Grant:</b>				
Equipment	<u>11,504</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## CITY OF THOMASVILLE, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
<b>Revenues:</b>					
<b>Restricted Intergovernmental:</b>					
Building Re-Use Grant Wildcat Territory	\$ 161,500	\$ 34,016	\$ 34,362	\$ 68,378	\$ (93,122)
Building Re-Use Grant 13-E-2601	500,000	500,000	-	500,000	-
Building Re-Use Grant 15-E-2778	200,000	-	124,938	124,938	(75,062)
Building Re-Use Grant 14-E-2670	240,000	-	240,000	240,000	-
Total revenues	<u>1,101,500</u>	<u>534,016</u>	<u>399,300</u>	<u>933,316</u>	<u>(168,184)</u>
<b>Expenditures:</b>					
<b>General Government:</b>					
<b>Building Re-Use Grant:</b>					
Operating expenditures Wildcat Territory	170,000	34,016	34,362	68,378	101,622
Operating expenditures 13-E-2601	500,000	500,000	-	500,000	-
Operating expenditures 15-E-2778	200,000	-	124,938	124,938	75,062
Operating expenditures 14-E-2670	240,000	-	240,000	240,000	-
Total expenditures	<u>1,110,000</u>	<u>534,016</u>	<u>399,300</u>	<u>933,316</u>	<u>176,684</u>
Revenues over (under) expenditures	(8,500)	-	-	-	8,500
<b>Other Financing Sources (Uses):</b>					
Transfers (to) from General Fund	<u>8,500</u>	<u>8,500</u>	<u>-</u>	<u>8,500</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 8,500</u>	<u>\$ -</u>	<u>\$ 8,500</u>	<u>\$ 8,500</u>

## CITY OF THOMASVILLE, NORTH CAROLINA

**GENERAL CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>					
Restricted intergovernmental	\$ 94,340	\$ -	\$ 94,340	\$ 94,340	\$ -
<b>Expenditures:</b>					
<b>General Government:</b>					
<b>Police Headquarters:</b>					
Operating expenditures	912,925	-	146,005	146,005	766,920
<b>Downtown Revitalization Grant:</b>					
Operating expenditures	94,340	-	90,918	90,918	3,422
Total expenditures	1,007,265	-	236,923	236,923	770,342
Revenues over (under) expenditures	(912,925)	-	(142,583)	(142,583)	(285,166)
<b>Other Financing Sources (Uses):</b>					
Transfers from General Fund	622,925	-	622,925	622,925	622,925
Transfers from Police Restitution & Forfeitures Fund	290,000	-	290,000	290,000	290,000
Total other financing sources (uses)	912,925	-	912,925	912,925	912,925
Net change in fund balance	\$ -	\$ -	\$ 770,342	\$ 770,342	\$ 770,342

CITY OF THOMASVILLE, NORTH CAROLINA

WATER AND SEWER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Operating Revenues:</b>			
<b>Charges for Services:</b>			
Water and sewer charges	\$ 11,408,432	\$ 11,889,586	\$ 481,154
<b>Connection Fees:</b>			
Water and sewer taps	35,000	61,100	26,100
Reconnection fees	180,000	194,151	14,151
Total connection fees	215,000	255,251	40,251
Total charges for services and connection fees	11,623,432	12,144,837	521,405
<b>Restricted Intergovernmental:</b>			
Other operating revenues	548,885	535,516	(13,369)
Total operating revenues	12,172,317	12,680,353	508,036
Non-operating revenues:			
Miscellaneous	84,129	62,908	(21,221)
Interest earned on investments	10,000	17,019	7,019
Total non-operating revenues	94,129	79,927	(14,202)
Total revenues	12,266,446	12,760,280	493,834
<b>Expenditures:</b>			
<b>Administration:</b>			
Salaries and employee benefits	109,022	109,178	(156)
Administrative fees	9,573	9,573	-
Other departmental expenditures	6,851	5,206	1,645
Total administration	125,446	123,957	1,489
<b>Billing and Collection:</b>			
Salaries and employee benefits	276,756	270,472	6,284
Telephone and postage	52,800	51,716	1,084
Administrative fees	34,370	34,370	-
Contract services	81,350	75,395	5,955
Other departmental expenditures	63,368	44,874	18,494
Total billing and collection	508,644	476,827	31,817
<b>Meter Service:</b>			
Salaries and employee benefits	183,751	191,227	(7,476)
Supplies	7,501	3,189	4,312
Administrative fees	17,005	17,005	-
Other departmental expenditures	24,417	18,261	6,156
Total meter service	232,674	229,682	2,992

**CITY OF THOMASVILLE, NORTH CAROLINA**

**WATER AND SEWER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Water Treatment Plant:</b>			
Salaries and employee benefits	499,717	452,308	47,409
Utilities	186,200	167,903	18,297
Supplies and maintenance materials	292,287	280,015	12,272
Repairs and maintenance	250,000	183,849	66,151
Administrative fees	220,914	220,914	-
Other departmental expenditures	123,605	78,551	45,054
Capital outlay	735,167	279,528	455,639
Total water treatment plant	<u>2,307,890</u>	<u>1,663,068</u>	<u>644,822</u>
<b>Construction and Maintenance:</b>			
Salaries and employee benefits	762,129	669,761	92,368
Supplies and maintenance materials	393,633	356,741	36,892
Repairs and maintenance	73,006	60,943	12,063
Contract services	341,744	250,681	91,063
Administrative fees	171,831	171,831	-
Other departmental expenditures	442,721	203,723	238,998
Capital outlay	<u>1,158,246</u>	<u>512,555</u>	<u>645,691</u>
Total construction and maintenance	<u>3,343,310</u>	<u>2,226,235</u>	<u>1,117,075</u>
<b>Waste Treatment Plant:</b>			
Salaries and employee benefits	770,038	796,308	(26,270)
Utilities	287,620	282,266	5,354
Supplies and maintenance materials	83,385	69,476	13,909
Repairs and maintenance	266,420	232,581	33,839
Contract services	370,107	325,477	44,630
Administrative fees	459,783	459,783	-
Other departmental expenditures	132,935	97,827	35,108
Capital outlay	<u>42,550</u>	<u>26,500</u>	<u>16,050</u>
Total waste treatment plant	<u>2,412,838</u>	<u>2,290,218</u>	<u>122,620</u>
Contribution to joint venture	<u>26,865</u>	<u>26,865</u>	<u>-</u>
Miscellaneous	<u>234,912</u>	<u>-</u>	<u>234,912</u>
<b>Debt Service:</b>			
Principal retirement	3,600,977	3,442,685	158,292
Interest and fees	<u>938,977</u>	<u>939,877</u>	<u>(900)</u>
Total debt service	<u>4,539,954</u>	<u>4,382,562</u>	<u>157,392</u>
Total expenditures	<u>13,732,533</u>	<u>11,419,414</u>	<u>2,313,119</u>

CITY OF THOMASVILLE, NORTH CAROLINA

WATER AND SEWER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues over (under) expenditures	<u>(1,466,087)</u>	<u>1,340,866</u>	<u>2,806,953</u>
<b>Other Financing Sources (Uses):</b>			
Installment financing	248,291	242,810	(5,481)
Transfer to Water and Sewer Capital Reserve Fund	(300,000)	(300,000)	-
Transfer to Water and Sewer Capital Projects Fund	(10,588)	-	10,588
Appropriated retained earnings	<u>1,528,384</u>	<u>-</u>	<u>(1,528,384)</u>
Total other financing sources (uses)	<u>1,466,087</u>	<u>(57,190)</u>	<u>(1,523,277)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,283,676</u>	<u>\$ 1,283,676</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		<u>\$ 1,283,676</u>	
Reconciling items:			
Payment of debt principal		3,442,685	
Depreciation and amortization		(3,505,357)	
Capital outlay expenditures		818,583	
Capital project fund expenditures not capitalized		(207,291)	
Transfer to Capital Reserve Fund		300,000	
Installment financing issued		(242,810)	
Capital Project fund revenues		29,367	
Compensated absences		(23,469)	
Other post-employment benefits		(48,290)	
Investment earnings in capital reserve		2,208	
Increase in deferred outflows of resources - pensions		385,638	
Increase in net pension liability		(447,863)	
Decrease in deferred inflows of resources - pensions		45,973	
Bad debt expense		(94,652)	
Change in accrued interest		<u>16,290</u>	
Total reconciling items		<u>471,012</u>	
Change in net position		<u>\$ 1,754,688</u>	

## CITY OF THOMASVILLE, NORTH CAROLINA

WATER AND SEWER CAPITAL PROJECTS FUND  
 COMBINED REVENUE BONDS AND STATE REVOLVING LOAN  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (NON-GAAP)  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Sales tax refund	\$ -	\$ -	\$ 29,367	\$ 29,367	\$ 29,367
<b>Expenditures:</b>					
Kennedy Road - Engineering	60,000	-	-	-	60,000
Kennedy Road - Construction	447,060	-	-	-	447,060
Kennedy Road - Contract services	10,588	-	10,588	10,588	-
Kennedy Road- Contingency	22,353	-	-	-	22,353
North Hamby Creek Outfall Phase 2 -					
North Hamby Creek Outfall Phase 2 - construction	6,389,016	-	1,670,301	1,670,301	4,718,715
North Hamby Creek Outfall Phase 2 -					
North Hamby Creek Outfall Phase 2 - engineering	211,784	-	101,149	101,149	110,635
North Hamby Creek Outfall Phase 2 -					
North Hamby Creek Outfall Phase 2 - closing costs	136,252	-	95,547	95,547	40,705
North Hamby Creek Outfall Phase 2 -					
North Hamby Creek Outfall Phase 2 - contingency	211,784	-	-	-	211,784
Total expenditures	7,488,837	-	1,877,585	1,877,585	5,611,252
Revenues over (under) expenditures	(7,488,837)	-	(1,848,218)	(1,848,218)	(5,581,885)
<b>Other Financing Sources (Uses):</b>					
State revolving loan	7,341,997	-	1,278,715	1,278,715	6,063,282
Transfers from Water and Sewer Fund	146,840	-	-	-	146,840
Total other financing sources (uses)	7,488,837	-	1,278,715	1,278,715	6,210,122
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	\$ (569,503)	\$ (569,503)	\$ (569,503)



## CITY OF THOMASVILLE, NORTH CAROLINA

**WATER AND SEWER CAPITAL RESERVE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 2,208	\$ 2,208
<b>Other Financing Sources (Uses):</b>			
Transfers:			
From Water and Sewer Fund	300,000	300,000	-
To Capital Projects Fund	(300,000)	-	300,000
Total other financing sources (uses)	-	300,000	300,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 302,208	\$ 302,208

CITY OF THOMASVILLE, NORTH CAROLINA

**GOLF COURSE ENTERPRISE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues			
Charges for services	\$ 626,271	\$ 546,758	\$ (79,513)
Miscellaneous	26,419	33,681	7,262
Total revenues	<u>652,690</u>	<u>580,439</u>	<u>(72,251)</u>
<b>Expenditures:</b>			
<b>Golf Course Clubhouse:</b>			
Salaries and employee benefits	156,722	151,348	5,374
Other departmental expenditures	77,852	71,986	5,866
Total golf course clubhouse	<u>234,574</u>	<u>223,334</u>	<u>11,240</u>
<b>Golf Course Maintenance:</b>			
Salaries and employee benefits	333,765	328,300	5,465
Other departmental expenditures	191,058	169,456	21,602
Capital outlay	164,219	145,630	18,589
Total golf course maintenance	<u>689,042</u>	<u>643,386</u>	<u>45,656</u>
<b>Debt Service:</b>			
Debt principal	111,149	111,072	77
Interest	4,703	5,969	(1,266)
Total debt service	<u>115,852</u>	<u>117,041</u>	<u>(1,189)</u>
Contingency	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total expenditures	<u>1,044,468</u>	<u>983,761</u>	<u>60,707</u>
Revenues over (under) expenditures	<u>(391,778)</u>	<u>(403,322)</u>	<u>(11,544)</u>
<b>Other Financing Sources (Uses):</b>			
Transfer from General Fund	241,778	241,778	-
Installment note issued	150,000	145,684	(4,316)
Total other financing sources (uses)	<u>391,778</u>	<u>387,462</u>	<u>(4,316)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (15,860)</u>	<u>\$ (15,860)</u>

**CITY OF THOMASVILLE, NORTH CAROLINA**

**GOLF COURSE ENTERPRISE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (15,860)	
Reconciling items:			
Depreciation		(272,089)	
Installment note issued		(145,684)	
Capital outlay expenditures		145,630	
Increase in deferred outflows of resources - pensions		82,637	
Increase in net pension liability		(95,971)	
Decrease in deferred inflows of resources - pensions		9,851	
Compensated absences		3,639	
Other post-employment benefits		(6,585)	
Debt principal		<u>111,072</u>	
Total reconciling items		<u>(167,500)</u>	
Change in net position		<u>\$ (183,360)</u>	

## CITY OF THOMASVILLE, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND  
JUNE 30, 2017

<b>Fiscal Year</b>	<b>Uncollected Balance July 1, 2016</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2017</b>
2016-2017	\$ -	\$ 10,230,836	\$ 9,870,410	\$ 360,426
2015-2016	382,780	-	157,340	225,440
2014-2015	233,897	-	91,102	142,795
2013-2014	186,946	-	55,745	131,201
2012-2013	182,714	-	37,145	145,569
2011-2012	108,997	-	30,872	78,125
2010-2011	123,657	-	27,355	96,302
2009-2010	32,914	-	14,861	18,053
2008-2009	13,201	-	6,049	7,152
2007-2008	60,944	-	3,526	57,418
2006-2007	42,755	-	42,755	-
Total	<u>\$ 1,368,805</u>	<u>\$ 10,230,836</u>	<u>\$ 10,337,160</u>	<u>1,262,481</u>
Less allowance for uncollectible ad valorem taxes receivable				<u>490,000</u>
Ad valorem taxes receivable, net				<u>\$ 772,481</u>
<b>Ad Valorem Taxes Receivable, Net</b>				
General Fund				<u>\$ 772,481</u>
<b>Reconciliation With Revenues:</b>				
Ad valorem taxes - General Fund				\$ 10,377,510
Amounts written off per Statute of Limitations				(42,755)
Collection of prior taxes written off				4,582
Discounts allowed				93,866
Releases allowed				52,365
Interest and penalties collected				<u>(148,408)</u>
Total collections and credits				<u>\$ 10,337,160</u>

## CITY OF THOMASVILLE, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	City-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Total property taxed at current year's rate	\$ 1,730,810,812	\$ 0.56	\$ 9,876,617	\$ 8,965,346	\$ 911,271
<b>Discoveries:</b>					
Current year taxes	63,253,450		354,219	354,219	-
Total property valuation	\$ 1,794,064,262	(a)			
<b>Net Levy</b>			10,230,836	9,319,565	911,271
Less uncollected taxes at June 30, 2017			360,426	358,116	2,310
<b>Current Year's Taxes Collected</b>			\$ 9,870,410	\$ 8,961,449	\$ 908,961
<b>Current Levy Collection Percentage</b>			96.48%	96.16%	99.75%

(a) Total property valuation consists  
of the following:

Real property	\$ 1,372,624,443
Personal property	373,452,239
Public utilities property	47,987,580
<b>Total</b>	<u>\$ 1,794,064,262</u>

## CITY OF THOMASVILLE, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - CITY SCHOOL FUND  
JUNE 30, 2017

<b>Fiscal Year</b>	<b>Uncollected Balance July 1, 2016</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2017</b>
2016-2017	\$ -	\$ 1,433,562	\$ 1,347,414	\$ 86,148
2015-2016	89,173	-	31,951	57,222
2014-2015	63,966	-	18,897	45,069
2013-2014	42,469	-	12,450	30,019
2012-2013	36,718	-	7,942	28,776
2011-2012	34,759	-	6,906	27,853
2010-2011	30,360	-	5,276	25,084
2009-2010	48,521	-	3,271	45,250
2008-2009	57,713	-	1,392	56,321
2007-2008	8,954	-	766	8,188
2006-2007	30,511	-	30,511	-
Total	<u>\$ 443,144</u>	<u>\$ 1,433,562</u>	<u>\$ 1,466,776</u>	<u>409,930</u>
Less allowance for uncollectible ad valorem taxes receivable				<u>206,000</u>
Ad valorem taxes receivable, net				<u>\$ 203,930</u>
<b>Ad Valorem Taxes Receivable, Net</b>				
City School Fund				<u>\$ 203,930</u>
<b>Reconciliation With Revenues:</b>				
Ad valorem taxes - City School Supplement Fund				\$ 1,415,661
Amounts written off per Statute of Limitations				(30,511)
Collection of prior taxes written off				908
Releases allowed				65,598
Interest and penalties collected				<u>15,120</u>
Total collections and credits				<u>\$ 1,466,776</u>

## CITY OF THOMASVILLE, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - CITY SCHOOL FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	City-Wide		Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles
<b>Original Levy:</b>				
Total property taxed at current year's rate	\$ 796,079,527	\$ 0.18	\$ 1,433,562	\$ 1,304,416
Total property valuation	<u>\$ 796,079,527</u>			
<b>Net Levy</b>			1,433,562	1,304,416
Less uncollected taxes at June 30, 2017			<u>86,148</u>	<u>85,452</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 1,347,414</u>	<u>\$ 1,218,964</u>
<b>Current Levy Collection Percentage</b>			<u>93.99%</u>	<u>93.45%</u>

## CITY OF THOMASVILLE, NORTH CAROLINA

PROPERTY VALUATION AND LEVY OF TOP TEN COMPANIES  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Real Value</u>	<u>Personal Value</u>	<u>Total Value</u>	<u>City Levy</u>	<u>School Levy</u>
Unilin Flooring NC/North America	\$ 29,918,560	\$ 41,780,516	\$ 71,699,076	\$ 401,515	\$ -
Old Dominion Freight Lines	5,668,850	36,212,882	\$ 41,881,732	234,538	-
Duke Energy Corp	-	28,928,491	28,928,491	100,425	19,792
Shelba D. Johnson Trucking Inc.	-	21,037,210	21,037,210	61,046	18,245
Wal-Mart	14,942,400	2,445,971	17,388,371	97,374	-
Coveris Flexibles	-	14,263,075	14,263,075	79,873	25,674
Ennis Paint Inc.	3,608,230	8,248,168	11,856,398	66,396	-
Brass Craft/Thomas MFG	2,447,800	8,860,467	11,308,267	63,327	20,355
North State Telephone Co.	-	11,282,196	11,282,196	48,538	4,706
Flint Trading Inc.	<u>288,780</u>	<u>6,779,891</u>	<u>7,068,671</u>	<u>39,584</u>	<u>153</u>
Total	<u>\$ 56,874,620</u>	<u>\$ 179,838,867</u>	<u>\$ 236,713,487</u>	<u>\$ 1,192,616</u>	<u>\$ 88,925</u>



# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

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

### **Independent Auditor's Report**

To the Honorable Mayor and  
Members of the City Council  
City of Thomasville, 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 accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Thomasville as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Thomasville's basic financial statements, and have issued our report thereon dated October 31, 2017. Our report includes a reference to other auditors who audited the financial statements of the City of Thomasville Board of Education and the City of Thomasville ABC Board, as described in our report on the City of Thomasville's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the City of Thomasville ABC Board and the Thomasville Tourism Commission were not audited in accordance with *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Thomasville'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 of Thomasville'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 the internal control over financial reporting was for limited purposes 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 of Thomasville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 non-compliance 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, NC  
October 31, 2017

# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; In Accordance With Uniform Guidance; And the State Single Audit Implementation Act**

### **Independent Auditor's Report**

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

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Thomasville's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Thomasville's major federal programs for the year ended June 30, 2017. The City of Thomasville's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Thomasville's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Thomasville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major Federal Program**

In our opinion, the City of Thomasville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

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

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

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

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
October 31, 2017

# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; In Accordance With The Uniform Guidance And The State Single Audit Implementation Act**

### **Independent Auditor's Report**

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

### **Report On Compliance for Each Major State Program**

We have audited the City of Thomasville, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the City of Thomasville's major State programs for the year ended June 30, 2017. The City of Thomasville's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Thomasville's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, applicable sections of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City of Thomasville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion On Each Major State Program**

In our opinion, the City of Thomasville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2017.

### **Report On Internal Control Over Compliance**

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirement of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, NC  
October 31, 2017

# CITY OF THOMASVILLE, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2017

### 1. Summary of Auditor's Results

#### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? None reported

Non-compliance material to financial statements noted? No

#### Federal Awards

Internal control over Federal Programs:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major Federal programs:

<u>Program Name</u>	<u>CFDA #</u>
Community Development Block Grant State's Program	14.228
Clean Water State Revolving Fund Cluster	66.458

Dollar threshold used to distinguish between Type A and Type B Programs \$750,000

Auditee qualified as low-risk auditee? No

## **CITY OF THOMASVILLE, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2017**

#### **State Awards**

Internal control over major State programs:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? None reported

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

Unmodified

Any audit findings disclosed that are required to be  
reported in accordance with the State Single Audit  
Implementation Act?

No

Identification of major State programs:

#### **Program Name**

Powell Bill

#### **2. Financial Statements Findings**

None reported

#### **3. Federal Award Findings and Questioned Costs**

None reported

#### **4. State Award Findings and Questioned Costs**

None reported



**CITY OF THOMASVILLE, NORTH CAROLINA**

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017**

No prior year findings

**CITY OF THOMASVILLE, NORTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Pass-Through to Subrecipients</u>
<b>Federal Awards:</b>					
<b><u>U.S. Environmental Protection Agency</u></b>					
Passed-through N.C. Department of Environmental Quality					
Clean Water State Revolving Fund Cluster:					
Clean Water State Revolving Loan	66.458	CS370619-03	\$ 1,771,451	\$ -	\$ -
<b><u>U.S. Department of Housing and Urban Development</u></b>					
Passed-through N.C. Department of Commerce:					
Community Development Block Grant, State's Program and Non-Entitlement Grants in Hawaii	14.228	14-E-2670	240,000	-	-
Community Development Block Grant, State's Program and Non-Entitlement Grants in Hawaii	14.228	15-E-2778	124,938	-	-
<b><u>U.S. Department of Justice</u></b>					
Bureau of Justice Assistance					
Edward Byrne Memorial Justice Assistance Grant	16.738	2015-DJ-BX-0483	1,221	-	-
Drug Enforcement Administration					
Equitable Sharing Program	16.922		26,971	-	-
<b>State Grants:</b>					
<b><u>N.C. Department of Commerce</u></b>					
NC Rural Building Reuse - Downtown Revitalization		2017-050-1257-1534	-	90,918	-
NC Rural Building Reuse		2015-027-3201-2538	-	34,362	-
<b><u>N.C. Department of Administration</u></b>					
Youth Advocacy Involvement Office					
Mini-Grant Program		201711	-	756	-
<b><u>N.C. Department of Transportation</u></b>					
Powell Bill	DOT-4	32570	-	939,962	-
				\$	\$
Total Federal grants			\$ 2,164,581		
Total State grants				\$ 1,065,998	

**Notes to the Schedule of Expenditures of Federal and State Awards:**

**(1) Basis of Presentation:**

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and State grant activity of the City of Thomasville under the programs of the federal government and the State of North Carolina for the year ended June 30, 2017. The information in this SEFSA is presented in accordance with the requirements of *Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the City of Thomasville, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Thomasville.

**(2) Summary of Significant Accounting Policies:**

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City of Thomasville has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**(3) Loans Outstanding:**

The City of Thomasville had the following loan balances outstanding at June 30, 2017 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2017 consist of:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Amount Outstanding</u>
Clean Water State Revolving Loan	66.458	CS370619-03	\$ 1,278,715