CITY of Statesville
NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2014

Prepared and Issued by:
City of Statesville Finance Department

Lisa F. Salmon
Finance Director

CITY OF STATESVILLE, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2014

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October 27, 2014

The Honorable Mayor and Members of City Council
City of Statesville, North Carolina

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Statesville for the fiscal year ended June 30, 2014. The financial statements were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted governmental auditing standards by a firm of licensed certified public accountants. We believe the data is presented in a manner designed to set forth fairly the financial position and results of operations for the City of Statesville for fiscal year 2014.

This report consists of management's representations concerning the finances of the City of Statesville. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Statesville has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Statesville's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Statesville's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Statesville's financial statements have been audited by Potter & Company, P.A. of Mooresville, North Carolina, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Statesville for the fiscal year ended June 30, 2014 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Statesville's financial statements for the fiscal year ended June 30, 2014 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Management is required by GAAP to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Statesville's MD&A can be found immediately following the report of the independent auditors.

Profile of the City

The City of Statesville, North Carolina is located in the central portion of Iredell County (the "County") in the Midwestern part of the State approximately 45 miles north of Charlotte and approximately 40 miles west of Winston-Salem. The City of Statesville is Iredell County's second largest city and is the county seat.

The City of Statesville has a unique and interesting history in its more than 200 years of existence. On December 19, 1789, the North Carolina General Assembly created the Town of Statesville, primarily because of its central location in Iredell County and in western North Carolina. The City of Statesville was formally incorporated on January 9, 1847 as the area began to grow in number and prosperity. The City of Statesville is empowered to levy a property tax on both real and personal properties located within its municipal boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the city council. The City of Statesville currently has a land area of 24.07 square miles and a population of 24,981.

The City of Statesville has operated under the Council/Manager form of government since 1949. The mayor and eight council members are elected on a non-partisan basis with six council members elected from wards and two elected at-large. All nine elected officials serve four-year staggered terms. Policy-making and legislative authority are vested in the city council. Other major duties of the city council include adopting an annual budget, establishing the annual property tax rate, enacting local ordinances and appointing the city manager and members of various boards and commissions. In addition, the city council has the authority to call for bond referenda and enter into contracts.

The city manager serves at the pleasure of the city council and is responsible for daily municipal operations, including preparation of the annual budget and appointment of employees. The city manager supervises and coordinates the activities of the city's departments, attends city council meetings, and makes recommendations on appropriate matters of business. The city manager is responsible for implementing the policies of the city council, advises the city council on the financial condition of the city, and represents the city in business with other parties.

The City of Statesville provides a wide range of services, including police and fire protection; construction and maintenance of streets and sidewalks and other infrastructure; recreational activities and cultural events; sanitation collection; planning and community development; operation of a general aviation airport; and general administration. In addition, the City owns and operates electric, water and wastewater utilities, and a civic center. This report includes all of the City's financial activities in providing these services.

As required by GAAP, the City's financial statements present all of the financial activities of the primary government (City of Statesville) and its two component units, legally separate entities for which the City is financially accountable. The City Council appoints members of the Alcoholic Beverage Control Board and the Statesville Convention and Visitors Bureau. However, the City does not participate in the managerial control of operations of either organization. These organizations are included as discretely presented component units in the financial statements.

The annual budget serves as the foundation for the City of Statesville's financial planning and control. As required by North Carolina General Statutes, the departments of the City are required to submit requests for appropriations to the city manager no later than April 30 each year. The city manager uses these requests as the starting point for developing a proposed budget. The city manager presents a proposed budget to the city council for review no later than June 1. The city council is required to hold a public hearing on the proposed budget and to adopt a final budget no later than July 1. The appropriated budget is prepared by fund, and department. Budgets are legally enacted by adoption of the governing board of an annual budget ordinance or a project ordinance. The annual budget ordinance and project ordinances may be formally amended as required by the governing board within the guidelines of the Local Government Budget and Fiscal Control Act. The city manager is authorized to reallocate departmental appropriations as he deems necessary, and he may transfer appropriations between departments of the same fund with an official report to the governing board on such transfers. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. A project ordinance is used to establish a budget for a project that extends over more than one fiscal year. Project length budget-to-actual comparisons for each governmental fund, for which a project length budget has been adopted, is also included in this report.

Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. Outstanding encumbrances are not broken out separately on the face of the balance sheet but are included within the calculation of "Stabilization by State Statute" reported in the fund balance section of the Governmental Funds Balance Sheet (Exhibit 3) and will be carried forward with their budget appropriations to the subsequent year.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Statesville operates.

Local Economy. Statesville's local economy has not been insulated from the effects of the national economic crisis in 2008 and the subsequent slow recovery, described by leading economists as the worst economic crisis since the Great Depression. At June 30, 2014, the unemployment rate in Iredell County was down to 6.1%; a 2.4 percent decrease from the prior year and lower than the state rate of 6.5% and the same as the national rate. Statesville's economy has had some economic improvement in the past year with fewer cutbacks in manufacturing production, and an increase in consumer purchases by 4.2% from the prior year. Statesville is home to a wide range of businesses from high-tech manufacturing to distribution and service industries, and is well-positioned to benefit from an economic recovery and return to stable economic base.

The City's economy also benefits from its exceptional transportation access with Interstates 77 and 40 connecting within its boundaries. Statesville's close proximity to Charlotte, Winston-Salem and Greensboro and their international airports attracts progressive businesses to the area's many industrial sites. Rail lines and Statesville's own growing municipal airport provide additional transportation options.

A variety of industrial and business parks and sites throughout the City provide focus points for economic development. The City has an effective economic development policy for recruitment of business and industry to Statesville and partners with the Statesville Regional Development Corporation to assist companies investigating new operations or expansions in the area.

In 2009, the City developed a five to ten-year land use master plan for its downtown and the NC Highway 115 corridor. The purpose of the master plan was to maintain and enhance the aesthetic appeal, access and impact of the historic downtown core and facilitate the redevelopment of the NC Highway 115 corridor. In 2010, the City began construction on the first phase of the master plan with a $5.5 million downtown streetscape project which includes improvements to the roadway, streetscape, and infrastructure designed to enhance the economic vitality as well as the visitor experience of downtown. Phase II of the project ($3.8 million) is under construction currently to complete the downtown renovations and future phases are under consideration.

Construction is currently underway of a $24 million expansion of the City's Third Creek Wastewater Treatment Plant. This expansion is necessary to accommodate potential growth in the Third Creek basin. The City is funding the sewer plant expansion with a low interest loan from the State Revolving Fund. The City is also constructing a $4.8 million capital improvement at its Fourth Creek Waste Water Treatment Plant. The City will finance the project through the State at zero percent interest.

The City continues to develop its general aviation airport in response to increased air traffic and in preparation to attract larger aircraft to the airport. Construction of a major airport runway extension project was completed in 2006-2008, in which the runway was extended to 7,000 feet and an instrument landing system was installed. Rehabilitation and strengthening of the runway, taxiways and apron was also completed. City leaders believe these airport improvements will continue to create economic development opportunities for the City and Iredell County.

Long-term Financial Planning. The City follows the statutory provisions of the Local Government Budget and Fiscal Control Act in developing its annual budget. The City maintains an unassigned fund balance in the General Fund above the minimum level required by the North Carolina Local Government Commission of eight (8) percent; historically the City's unassigned fund balance in the General Fund is well above the average of cities in the same population group and above the statewide average for all municipalities. This level of fund balance aids in maintaining adequate cash flows, generates interest income, provides for the use of a pay-as-you-go capital policy, eliminates the need for short-term borrowing, and maintains investment grade bond ratings.

The City maintains a capital reserve fund to accumulate resources for major capital outlays. The City's capital improvement program (CIP) is a six-year plan for capital equipment and improvements. Each year, the City Council adopts a CIP to identify and prioritize the capital needs of the City during the upcoming fiscal year, plus five (5) planning years. The City avoids borrowing for capital outlays by maintaining a pay-as-you-go policy and multi-year planning enables the City to use the pay-as-you-go approach in providing for capital outlay needs.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Statesville, North Carolina for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the twenty-fourth consecutive year that the City of Statesville has received this prestigious award.

In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City of Statesville also received GFOA's Distinguished Budget Presentation Award for its annual budget document for fiscal year beginning July 1, 2014. This was the fourteenth consecutive year that the City of Statesville has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report could not have been accomplished without the assistance and dedication of the entire staff of the Finance Department. A special word of thanks goes to Gene Triplett, Assistant Finance Director, for his work on this report. We also appreciate the cooperation and assistance of other City departments. We would also like to express our appreciation to the Mayor and City Council for their continued support and leadership in conducting the financial activities of the City in a responsible manner.

Respectfully submitted,

Larry P. Pressley
City Manager

Lisa F. Salmon
Finance Director

LIST OF PRINCIPAL OFFICIALS

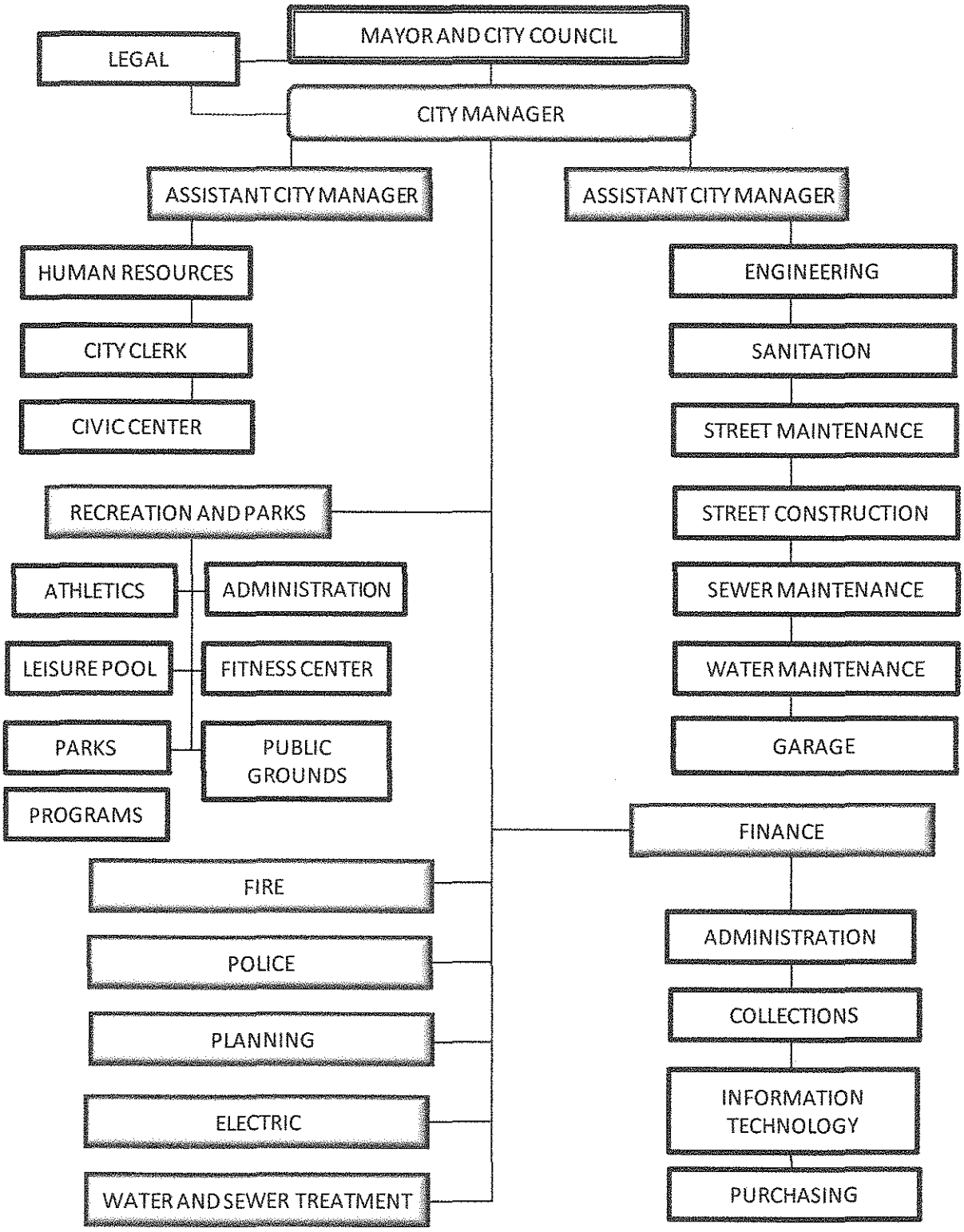
Elected Officials – City Council

Mayor	Constantine H. Kutteh
Mayor Pro Tem/Council Member - Ward 4	Michael H. Johnson
Council Member – At Large	William P. Morgan
Council Member – At Large	Michael H. Schlesinger
Council Member – Ward 1	Roy C. West, Jr.
Council Member – Ward 2	C.O. Johnson
Council Member – Ward 3	Jerrod M. Phifer
Council Member – Ward 5	Arnold W. Watt
Council Member – Ward 6	Flake C. Huggins, Jr.

City Appointed Officials

City Manager	Larry P. Pressley
City Attorney	Edmund L. Gaines
City Clerk	Brenda J. Fugett
Electric Utility Director	Franklin K. Houpe
Finance Director	Lisa F. Salmon
Fire Chief	Dennis A. Hutchens
Recreation and Parks Director	James B. Cornelison
Assistant City Manager	R. Lynn Smyth
Planning Director	David H. Currier
Police Chief	Thomas A. Anderson, Jr.
Public Works Director	Aaron Scott Harrell
Water Resources Director	L.F. Hudson, Jr.

City of Statesville, North Carolina
Organizational Chart



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Statesville

North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

FINANCIAL SECTION

POTTER&COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and the City Council
City of Statesville
Statesville, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of City of Statesville, North Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Statesville ABC Board. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Statesville ABC Board, is based solely on the report 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 *Governmental Auditing Standards,* issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of City of Statesville ABC Board and Convention and Visitor's Bureau were not audited in accordance with *Governmental 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 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.

106 Welton Way ■ Mooresville, NC 28117 ■ 704.662.3146 ■ 704.662.8435 fax ■ www.gotopotter.com

Opinions

In our opinion, 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 Statesville, North Carolina, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and for the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Law Enforcement Officers' and the other Post employment Benefit's and Special Separation Allowance Schedules of Funding Progress and Employer Contributions on pages 67–68 and 69–70, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Statesville, North Carolina's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary schedules, other schedules, statistical section as well as the accompanying schedule of expenditures of expenditures of federal and state awards as required by U.S. Office and Management and budget Circular A-133, *Audits of State and Local governments, and Non-Profit Organizations* 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 nonmajor fund financial 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. In our opinion, based on our audit, the procedures performed as described above and the report of other auditors the combining and individual nonmajor fund financial statements, budgetary schedules, other schedules and schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 27, 2014 on our consideration of the City of Statesville's inter control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contract, and grant agreements and other matters,. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Statesville's internal control over financial reporting and compliance.

Potter & Company, P.A.

October 27, 2014
Mooresville, North Carolina

As management of the City of Statesville, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Statesville for the fiscal year ended June 30, 2014. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the City of Statesville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $202,618,753 (*net position*).

- The City's total net position increased by $706,370, primarily due to increase of $1,028,615 in governmental activities from operating transfers and capital grants in transportation and a decrease of $322,245 business activities.

- As of the close of the current fiscal year, the City of Statesville's governmental funds reported combined ending fund balances of $33,174,168, an increase of $74,241 in comparison with the prior year. Approximately 61.24% of this total amount or $20,315,639 is available for spending at the City's discretion.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $20,315,639 or 73.40% of total General Fund expenditures and transfers out.

- The City of Statesville's total debt decreased by a net amount of $765,676 (3.94%) during the current fiscal year. The decrease is the result of the City's debt service requirements.

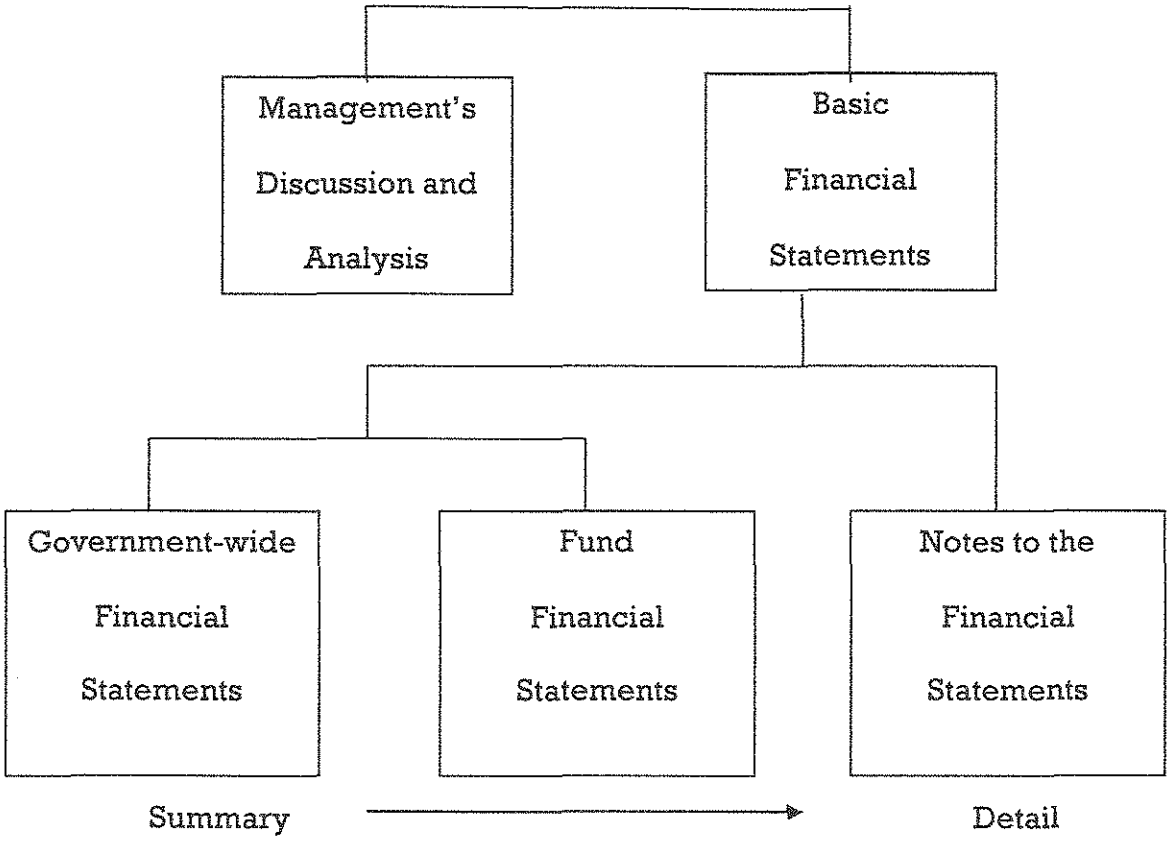
- The City of Statesville maintained its AA bond rating from Standard & Poor's Rating service, and its A1 bond rating from Moody's Investor Service.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Statesville'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 Statesville.

Required Components of Annual Financial Reports

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short- and long-term information about the City's financial status.

The next statements (Exhibits 3 through 8) 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 the financial statements 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, recreation and parks, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the water and sewer and electric services offered by the City of Statesville. The final category is the component units. Although legally separate from the City, the ABC Board and the Statesville Convention and Visitors Bureau are component units of the City. The ABC Board and the Convention and Visitors Bureau are important to the City because the City exercises control over both boards by appointing their members.

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

Fund Financial Statements

The fund financial statements (see Figure 2) 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 Statesville, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or noncompliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All funds of the City of Statesville 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 a detailed short-term view that helps the reader 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 Statesville 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 City Council 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. 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 Statesville has two different kinds of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer and electric services and for its civic center 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. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of the City of Statesville. The City uses internal service funds to account for two activities - employee health insurance and property and casualty liability insurance costs. Because the associated costs are predominantly governmental rather than business-type activities, the internal service fund has been included within the governmental activities in the government-wide financial statements.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. City of Statesville has two fiduciary funds, which are agencies funds. More information about these funds can be obtained in the notes of the financial statements.

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 and are located after Exhibit 10 in the basic financial statements.

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

City of Statesville's Net Position
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	$ 38,868,696	$ 39,324,985	$ 44,463,427	$ 42,435,085	$ 83,332,123	$ 81,760,070
Capital assets	74,601,752	74,500,736	87,431,811	77,519,846	162,033,563	152,020,582
Total assets	113,470,448	113,825,721	131,895,238	119,954,931	245,365,686	233,780,652
Long-term liabilities outstanding	8,072,741	8,817,921	21,138,976	11,838,639	29,211,717	20,656,560
Other liabilities	3,542,057	4,071,698	9,657,010	6,703,143	13,199,067	10,774,841
Deferred inflows of resources	269,897	378,964	66,251	57,903	336,148	436,867
Total liabilities and deferred inflows of resources	11,884,695	13,268,583	30,862,237	18,599,685	42,746,932	31,868,268
Net position:						
Net invested in capital assets, net of related debt	68,264,801	67,394,632	67,271,906	65,470,169	135,536,707	132,864,801
Restricted	11,824,467	11,764,581	-	-	11,824,467	11,764,581
Unrestricted	21,496,485	21,397,925	33,761,094	35,885,077	55,257,579	57,283,002
Total net position	$ 101,585,753	$ 100,557,138	$ 101,033,000	$ 101,355,246	$ 202,618,753	$ 201,912,384

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 the City of Statesville exceeded liabilities and deferred inflows by $202,618,753 as of June 30, 2014. The City's net position increased by $706,370 for the fiscal year ended June 30, 2014. However, the largest portion of net position (66.89%) 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 and restricted assets. The City of Statesville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Statesville's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City of Statesville's net position $11,824,467 or (5.84%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $55,257,579 is unrestricted.

Aspects of the City's financial operations that influenced the total unassigned governmental net position:

- Consistent collections of property tax revenues by maintaining a tax collection percentage of 96.95%.
- Continued low cost of debt due to the City's high bond rating.
- Ad valorem tax revenues increased 1.52% from the prior year to $12,329,641.
- Sales taxes increased 4.21% ($221,695) due primarily to a slight economic recovery.
- Capital grants and contributions decreased $1,375,268 due primarily lack of qualifying capital grants.

City of Statesville Changes in Net Position
Figure 3

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	$ 2,160,010	$ 2,256,266	$ 57,294,650	$ 54,713,247	$ 59,454,660	$ 56,969,513
Operating grants and contributions	615,180	834,006	13,400	977,497	628,580	1,811,503
Capital grants and contributions	946,690	2,103,132	-	-	946,690	2,103,132
General revenues:						
Property taxes	12,329,641	12,144,774	-	-	12,329,641	12,144,774
Other taxes and fees	7,117,790	6,881,962	-	-	7,117,790	6,881,962
Grants and contributions not restricted to specific programs	2,316,788	2,608,519	-	-	2,316,788	2,608,519
Investment earnings, unrestricted	311,881	(149,740)	375,522	(103,514)	687,403	(253,254)
Sales and services not allocated functions	175,411	238,313	-	334,988	175,411	573,301
Total revenues	25,973,391	26,917,232	57,683,572	55,922,218	83,656,963	82,839,450
Expenses:						
General government	3,432,347	3,240,212	-	-	3,432,347	3,240,212
Public safety	12,410,000	12,299,585	-	-	12,410,000	12,299,585
Transportation	4,246,210	3,540,251	-	-	4,246,210	3,540,251
Economic development	947,827	1,332,542	-	-	947,827	1,332,542
Environmental protection	1,715,643	1,846,780	-	-	1,715,643	1,846,780
Cultural and recreation	3,354,153	3,481,787	-	-	3,354,153	3,481,787
Interest on long-term debt	264,534	306,561	319,448	349,978	583,982	656,539
Electric	-	-	46,045,792	44,304,027	46,045,792	44,304,027
Water and Sewer	-	-	9,267,141	9,039,651	9,267,141	9,039,651
Civic Center	-	-	947,498	948,560	947,498	948,560
Total expenses	26,370,714	26,047,718	56,579,879	54,642,216	82,950,593	80,689,934
Increase (decrease) in net position before transfers and special items	(397,323)	869,514	1,103,693	1,280,002	706,370	2,149,516
Transfers in (out)	1,425,938	253,654	(1,425,938)	(253,654)	-	-
Increase (decrease) in net position	1,028,615	1,123,168	(322,245)	1,026,348	706,370	2,149,516
Net position, beginning of year	100,557,138	99,433,970	101,355,246	100,328,898	201,912,384	199,762,868
Net position, end of year	$ 101,585,753	$ 100,557,138	$ 101,033,001	$ 101,355,246	$ 202,618,754	$ 201,912,384

Governmental Activities - Governmental activities increased the City's net position by $1,028,615 thereby accounting for the majority of increase in the net position of the City of Statesville. Key elements of this decrease are as follows:

- Property taxes increased $184,867 or 1.52% from the prior year.
- Sales tax increased $221,695 or 4.21%.
- Capital grants decreased by $1,375,268 from the prior year.
- Governmental expenses increased by $322,996.
- Transfers in was a net increased by $1,172,264.

Business-Type Activities - Business-type activities decreased the City of Statesville's net position by $322,245. Key elements of this increase are as follows:

- Charges for services and other revenues exceeded expenses by $1,103,693. Charges for services increased $2,581,403 or 4.72%. This is the result of a 5.00% and a 2.00% rate increase for Electric and Water and Sewer services respectively. Expenses increased by 3.55% or $1,937,663 primarily due to a 5% wholesale electric rate increase.

Financial Analysis of the City's Funds

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

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

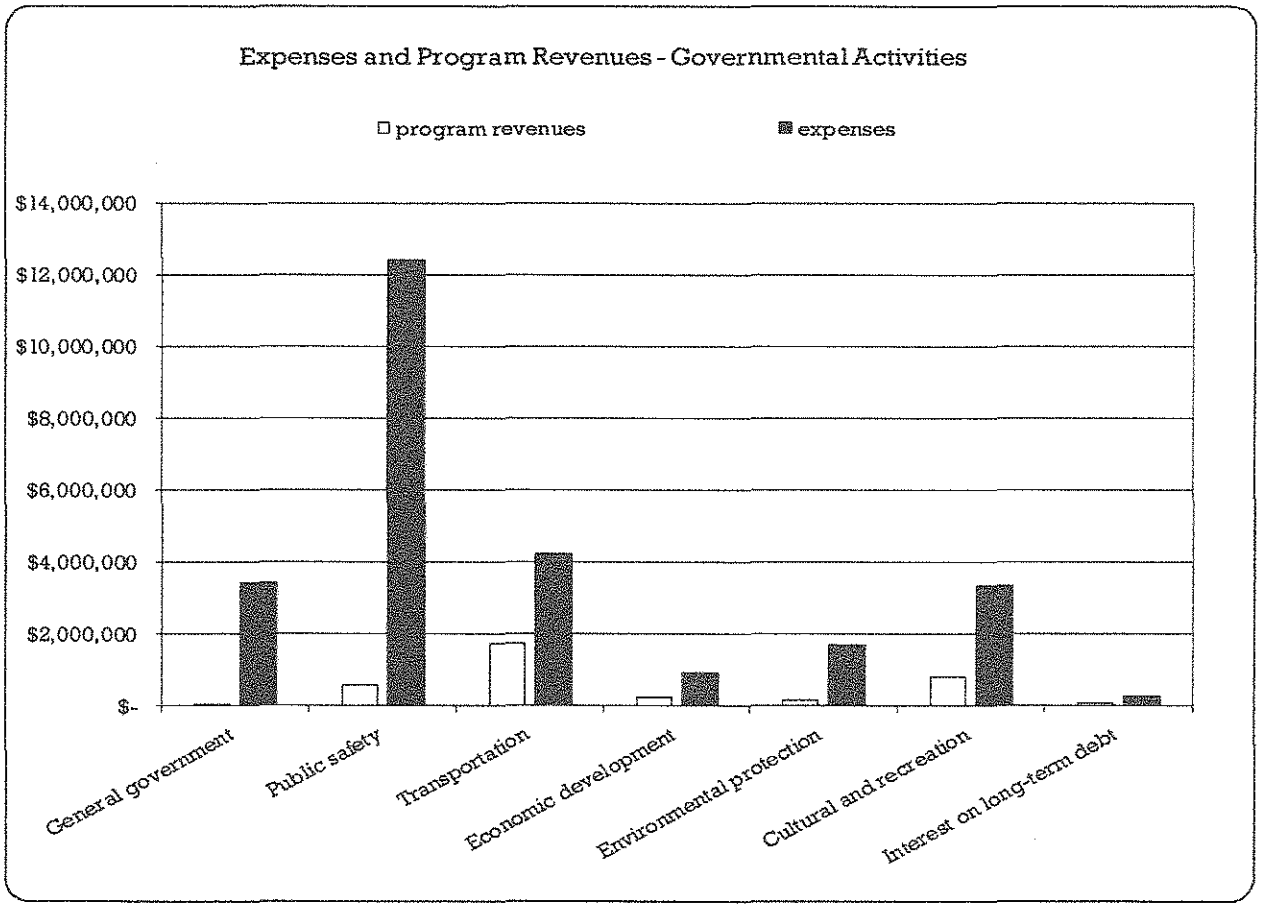
The General Fund is the chief operating fund of the City of Statesville. At the end of the current fiscal year, unassigned fund balance of the General Fund was $20,315,639 while total fund balance was $24,825,738; a decrease of $774,317 from the prior year. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 73.40% of total General Fund expenditures and transfers out, while total fund balance represents 89.69% of that same amount.

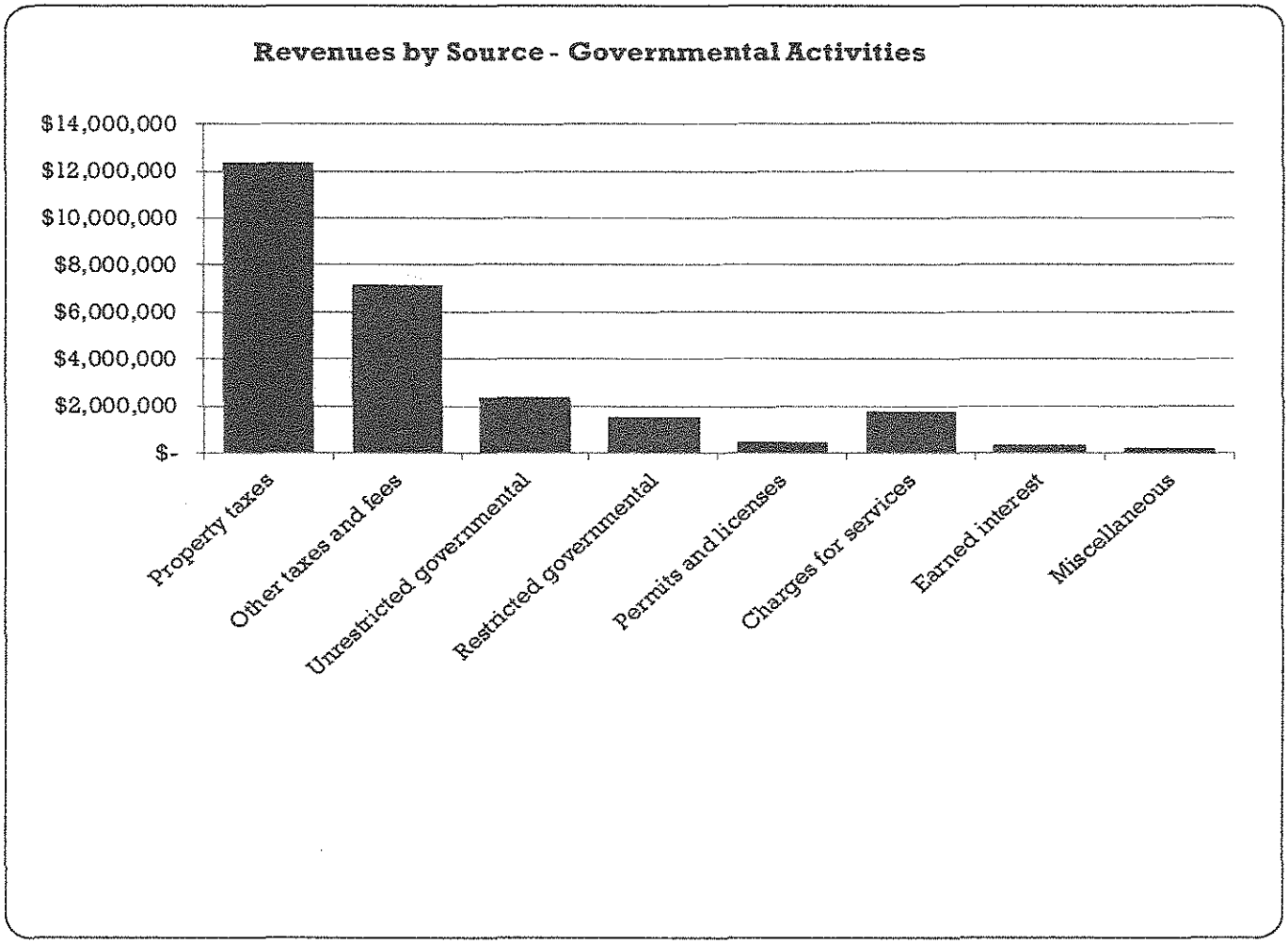
At June 30, 2014, the governmental funds of City of Statesville reported a combined fund balance of $33,174,168; a .22% increase from last year.

- General Fund expenditures exceeded revenues by $1,100,303; below the $5,248,229 in fund balance appropriated.
- Operating transfers from other funds to the General Fund exceeded operating transfers out by $325,986 plus non-major funds of $1,099,952 net increase from transfer in of $1,425,938.
- The net change in fund balances of other governmental funds increased by $848,558 due primarily to the capital outlay for downtown streetscape project.

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. Significant highlights of the General Fund as presented in a modify accrual basis are:

- Ad valorem tax revenues of $12,403,940 fell below budget estimates by $102,164 or 2.17%.
- Other taxes and licenses of $6,299,278 exceeded budget estimates by $474,871 or 3.31% primarily due to excess in sales tax revenues and hold harmless as retail sales exceeded expectation.
- Unrestricted intergovernmental revenues of $2,316,788 exceeded budget estimates by $141,788 due primarily to higher than anticipated utility franchise taxes. ~~and ABC revenues.~~
- Investment earnings exceeded budget estimates by $150,724 due to lower than expected market value loss of $121,347.
- Expenditures were $3,696,237 lower than budget appropriations due primarily to incomplete capital equipment purchases or capital improvement projects at year-end as follows: 1) $495,402 in General Government for land acquisition and other capital costs, 2) $597,543 police and fire, 3) $910,655 in Transportation for street operations and paving, 4) $147,153 in airport improvements, 5) Economic development $428,761, 6) $487,567 in Cultural and Recreation for greenway design and construction and other operating expenditures. The remaining amount of $625,047 is combination of general governmental departments.





Proprietary Funds - The City of Statesville's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Electric Fund is $18,023,833, and those for the Water and Sewer Fund at the end of the fiscal year are $15,537,067. The net position of the Electric Fund increased by $738,788 and decreased in the Water and Sewer Fund by $971,791 mainly from increase operating expenses.

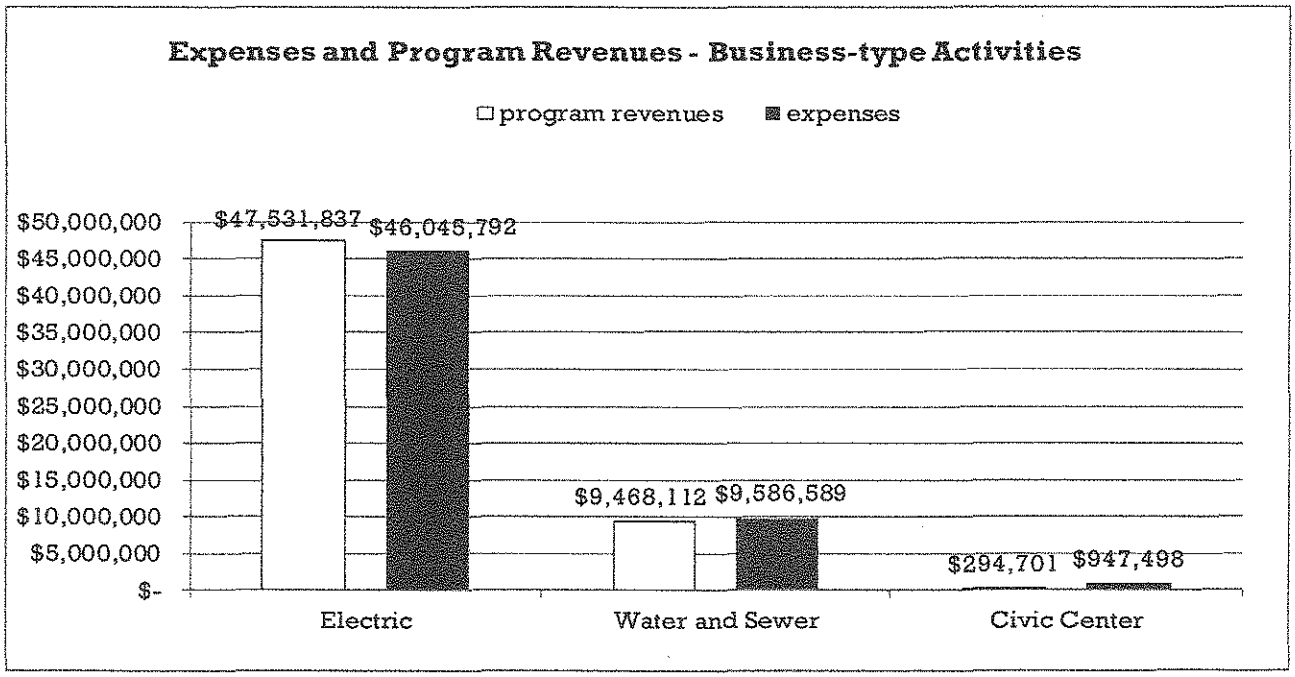
Capital Asset and Debt Administration

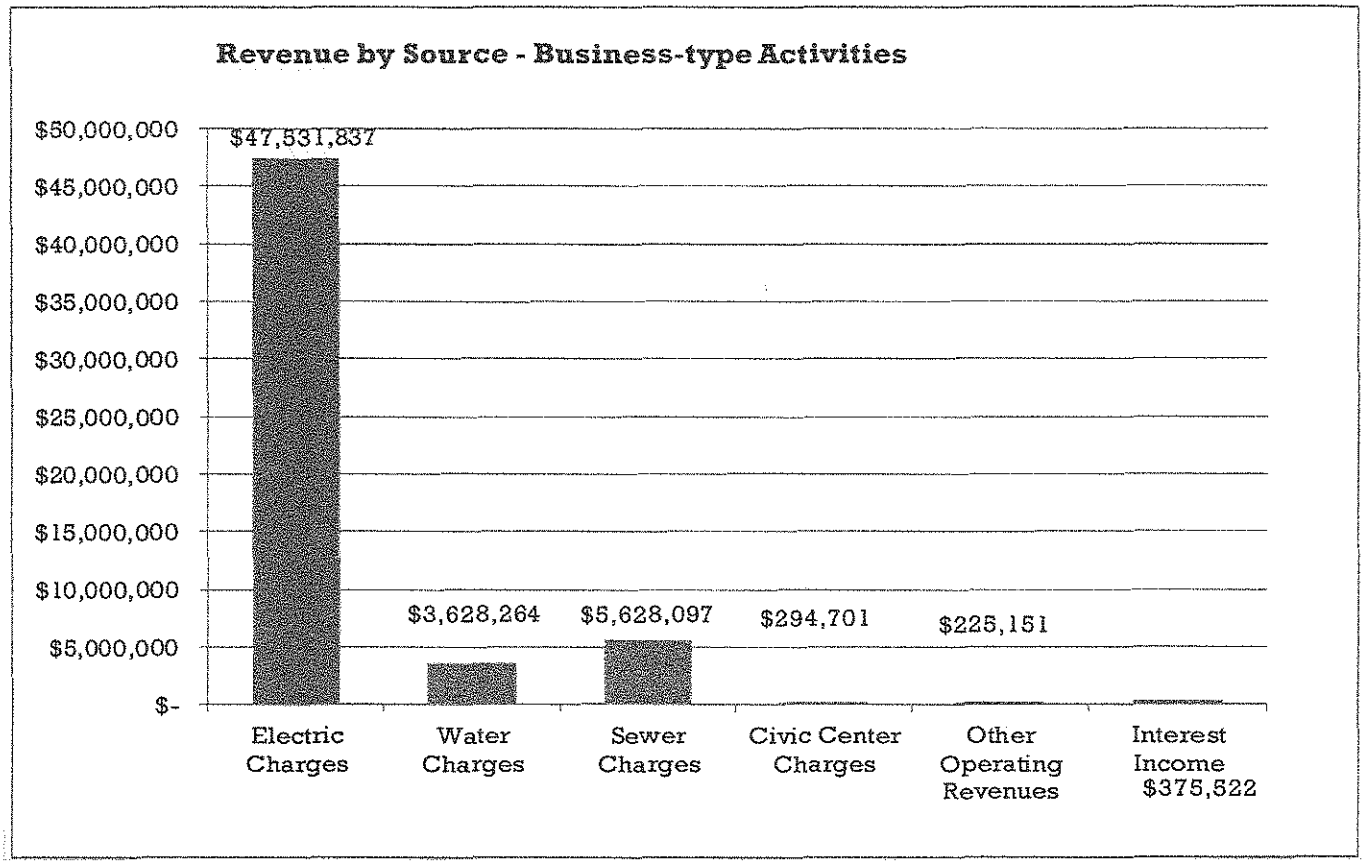
Capital Assets - The City of Statesville's investment in capital assets for its governmental and business-type activities as of June 30, 2014, totals $162,033,563 (net of accumulated depreciation). These assets include buildings, utility systems infrastructure, land, roads, machinery and equipment, park facilities, and vehicles.

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	$ 21,709,487	$ 20,294,552	$ 3,832,156	$ 3,832,156	$ 25,541,643	$ 24,126,708
Fresco	-	-	335,825	335,825	335,825	335,825
Buildings and other improvements	42,893,159	45,261,137	2,764,132	3,090,944	45,657,291	48,352,081
Utility plant in service	-	-	62,814,350	64,381,530	62,814,350	64,381,530
Vehicles	3,114,528	3,025,339	2,556,627	2,055,898	5,671,155	5,081,237
Construction in progress	6,884,578	5,919,708	15,128,721	3,823,493	22,013,299	9,743,201
Total	$ 74,601,752	$ 74,500,736	$ 87,431,811	$ 77,519,846	$ 162,033,563	$ 152,020,582

The figure 4 is net of accumulated depreciation. Additional information on the City's capital assets can be found in the notes at Roman Numeral II DETAIL NOTES ON ALL FUNDS, Section A, Number 4 of the Basic Financial Statements.





Long-Term Debt - As of June 30, 2014, the City of Statesville had no general obligation bonded debt outstanding. The remainder of the City's debt represents notes payable totaling $18,916,900.

City of Statesville's Outstanding Debt
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Notes payable	6,398,200	7,622,900	12,518,700	12,049,677	18,916,900	19,672,577
	$ 6,398,200	$ 10,097,300	$ 12,518,700	$ 14,252,736	$ 18,916,900	$ 19,672,577

The City of Statesville's decreased its total debt by $755,677 during the current period. This net decrease is the result of the City's debt service requirements.

The City of Statesville maintained its A1 bond rating from Moody's Investor Service and AA from Standard and Poor's Rating Service.

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 Statesville as of June 30, 2014 is $239,887,982. The City of Statesville's does not have any outstanding bonded debt being supported by property taxes.

Additional information regarding the City of Statesville's long-term debt can be found in the notes at Roman Numeral II DETAIL NOTES ON ALL FUNDS, Section B, Number 7 of the Basic Financial Statements.

Economic Factors and Next Year's Budget and Rates

- Revenue estimates contained in the City of Statesville's 2014-2015 operating and capital budget were developed on a conservative basis.
- The City's assessed valuation for property taxes decreased 3.5% or $104 million from the prior year due primarily to a decrease in business personal property values, and the removal of four extra months of motor vehicle values with the implementation of a new collection system by the State for motor vehicle property taxes in the prior year. This is expected to reduce ad valorem property tax revenues by approximately $433,000. Increases in sales tax revenues and the use of fund balance appropriated for capital purchases will offset the shortfall in property tax revenues.
- Retail electric rates were increased a net of 2.0% to offset an increase of the same amount in wholesale purchased power costs effective July 1, 2014.
- Water and sewer rates were increased by 2.0% effective July 1, 2014 to provide for operations and capital debt service obligations in the coming years for a major expansion project at one of the City's sewer plants. The City's 10 year financial analysis of the Water and Sewer Fund forecasts annual rate increases of 2% or growth in revenues by the same amount and use of fund balance will be necessary for debt service requirements.

Requests for Information - This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Office of Finance Director, City of Statesville, P.O. Box 1111, Statesville, NC 28687-1111.

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BASIC FINANCIAL STATEMENTS

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CITY OF STATESVILLE, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Convention & Visitors Bureau	Alcoholic Control Board
ASSETS					
Current assets:					
Cash and cash equivalents	$ 33,470,383	$ 32,810,169	$ 66,280,552	$ 118,080	$ 178,032
Tax receivables, net	779,017	-	779,017	-	-
Receivables, net	424,876	7,344,792	7,769,668	-	-
Internal balances	710,751	(710,751)	-	-	-
Interest receivable	210,492	44,163	254,655	-	-
Due from other governments	2,411,034	2,474,033	4,885,067	-	-
Due from other component units	7,429	-	7,429	-	-
Inventories	31,027	1,639,502	1,670,529	-	488,178
Prepaid items	21,342	7,239	28,581	400	-
Net pension asset	741,096	-	741,096	-	-
Restricted cash and cash equivalents	61,249	854,281	915,530	-	-
Total current assets	38,868,696	44,463,428	83,332,124	118,480	666,210
Non-current assets:					
Capital assets:					
Land and other nondepreciable assets	28,594,065	19,296,703	47,890,768	-	235,050
Depreciable assets, net	46,007,687	68,135,108	114,142,795	-	1,360,527
Total capital assets	74,601,752	87,431,811	162,033,563	-	1,595,577
Total assets	113,470,448	131,895,239	245,365,687	118,480	2,261,787
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	1,665,888	7,173,449	8,839,337	18,153	321,634
Accrued Interest payable	32,443	29,880	62,323	-	-
Due to primary government	-	-	-	-	7,429
Due to other governments	-	-	-	-	143,429
Deposits payable	5,735	854,281	860,016	-	-
Current portion of long-term liabilities	1,837,991	1,599,401	3,437,392	327	32,062
Total current liabilities	3,542,057	9,657,011	13,199,068	18,480	504,554
Long-term liabilities:					
Due in more than a year	8,072,741	21,138,976	29,211,717	167	815,310
Total liabilities	11,614,798	30,795,987	42,410,785	18,647	1,319,864
Deferred Inflows of Resources					
Prepaid taxes	36,394	-	36,394	-	-
Unearned revenue	233,503	66,251	299,754	-	-
Total deferred inflows of resources	269,897	66,251	336,148	-	-
NET POSITION					
Net invested in capital assets	68,264,801	67,271,906	135,536,707	-	788,836
Restricted for:					
Stabilization by state statue	6,282,769	-	6,282,769	-	-
Public safety	60,645	-	60,645	-	-
Transportation	1,315,672	-	1,315,672	-	-
Economic development	444,247	-	444,247	99,833	-
Debt Service	61,249	-	61,249	-	-
Capital outlay	3,659,885	-	3,659,885	-	-
Other functions	-	-	-	-	153,751
Unrestricted	21,496,485	33,761,095	55,257,580	-	(664)
Total net position	$ 101,585,753	$ 101,033,001	$ 202,618,754	$ 99,833	$ 941,923

The accompanying notes are an integral part of this statement

CITY OF STATESVILLE, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	$ 3,432,347	$ 46,977	$ -	$ -
Public safety	12,410,000	336,183	240,208	-
Transportation	4,246,210	791,434	-	946,690
Economic and physical development	947,827	45	254,743	-
Environmental protection	1,715,643	165,632	15,098	-
Cultural and recreation	3,354,153	819,739	-	-
Debt service:				
Interest on long-term debt	264,534	-	105,131	-
Total governmental activities	26,370,714	2,160,010	615,180	946,690
Business-Type Activities:				-
Electric	46,045,791	47,531,836	13,400	-
Water and sewer	9,586,589	9,468,112	-	-
Civic Center	947,498	294,701	-	-
Total business-type activities	56,579,878	57,294,649	13,400	-
Total primary government	$ 82,950,592	$ 59,454,659	$ 628,580	$ 946,690
Component Units Activities:				
Convention & Visitors Bureau	$ 177,696	$ 1,758	$ 160,085	$ -
Alcoholic Beverage Control Board	5,196,837	5,195,350	-	-
Total component units	$ 5,374,533	$ 5,197,108	$ 160,085	$ -

General Revenues:
- Ad valorem taxes
- Local option sales tax
- Other taxes - gross vehicle and hold harmless
- Occupancy Tax
- State share franchise, telecommunication, video and liquor taxes

Interest earned on investments
Miscellaneous revenue

Total general revenues not including transfers

Transfers in (out)

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Convention & Visitors Bureau	Alcoholic Beverage Control Board
$ (3,385,370)	$ -	$ (3,385,370)	$ -	$ -
(11,833,609)	-	(11,833,609)	-	-
(2,508,086)	-	(2,508,086)	-	-
(693,039)	-	(693,039)	-	-
(1,534,913)	-	(1,534,913)	-	-
(2,534,414)	-	(2,534,414)	-	-
(159,403)	-	(159,403)	-	-
(22,648,834)	-	(22,648,834)	-	-
-	1,499,445	1,499,445	-	-
-	(118,477)	(118,477)	-	-
-	(652,797)	(652,797)	-	-
-	728,171	728,171	-	-
(22,648,834)	728,171	(21,920,663)	-	-
-	-	-	(15,853)	-
-	-	-	-	(1,487)
-	-	-	(15,853)	(1,487)
12,329,641	-	12,329,641	-	-
5,491,152	-	5,491,152	-	-
808,126	-	808,126	-	-
818,512				
2,316,788	-	2,316,788	-	-
311,881	375,522	687,403	12	124
175,411	-	175,411	-	1,363
22,251,511	375,522	21,808,521	12	1,487
1,425,938	(1,425,938)	-	-	-
23,677,449	(1,050,416)	21,808,521	12	1,487
1,028,615	(322,245)	706,370	(15,841)	-
100,557,138	101,355,246	201,912,384	115,674	941,923
$ 101,585,753	$ 101,033,001	$ 202,618,754	$ 99,833	$ 941,923

CITY OF STATESVILLE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	Major	Non-Major	
	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 23,471,391	$ 8,455,648	$ 31,927,039
Ad valorem taxes receivable, net	779,017	-	779,017
Accounts receivable, net	339,741	85,135	424,876
Interest receivable	30,663	11,299	41,962
Due from other governments	2,344,265	55,094	2,399,359
Due from other component units	7,429	-	7,429
Restricted cash	61,249	-	61,249
Inventories	31,027	-	31,027
Prepaid items	4,290	-	4,290
Total Assets	$ 27,069,072	$ 8,607,176	35,676,248
LIABILITIES			
Accounts payable and accrued liabilities	869,555	172,270	1,041,825
Total Liabilities	869,555	172,270	1,041,825
Deferred Inflows of Resources			
Property taxes	779,017	-	779,017
Prepaid taxes	36,394	-	36,394
Deferred accounts receivable	324,865	86,476	411,341
Unearned privilege licenses	233,503	-	233,503
Total deferred inflows of resources	1,373,779	86,476	1,460,255
FUND BALANCES			
Non Spendable			
Inventory	31,027	-	31,027
Prepaid items	4,290	-	4,290
Restricted			
Stabilization by state statue	3,414,788	2,867,981	6,282,769
Public safety	-	60,645	60,645
Transportation	-	1,315,672	1,315,672
Economic development	-	444,247	444,247
Debt service	61,249	-	61,249
Committed			
Capital outlay	-	3,659,885	3,659,885
Assigned			
Subsequent year's appropriations	998,745	-	998,745
Unassigned	20,315,639	-	20,315,639
Total Fund Balances	24,825,738	8,348,430	33,174,168
Total Liabilities, deferred inflows of revenues and fund balances	$ 27,069,072	$ 8,607,176	

CITY OF STATESVILLE, NORTH CAROLINA
RECONCILIATION OF THE STATEMENT OF NET POSITION TO GOVERNMENTAL BALANCE SHEET
June 30, 2014

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total fund balance continued from Exhibit 3		33,174,168
Capital assets used in governmental activities are not financing resources and are not reported in the funds.		
Capital assets	110,341,921	
Accumulated depreciation	(42,624,747)	
Constrution work in process	6,884,578	74,601,752
The focus of governmental funds is on short-term financing; long-term assets are deferred in the funds.		
Accrued property taxes	166,505	
Federal tax subsidy for debt	11,663	
Net pension asset	741,096	919,264
Internal service funds are used by management to charge the costs of certain activities to individual funds. These assets and liabilities are included in the governmental activities in the statement of net position.		1,643,382
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		
Deferred property taxes	779,017	
Other deferred revenues	411,341	1,190,358
Not reported in the funds.		
Interest payable	(32,443)	
Compensated absences	(1,545,245)	
OPEB payable	(1,249,963)	
Short-term debt	(1,942,020)	
Long-term debt	(5,173,500)	(9,943,171)
Net position of governmental activities (Exhibit 1)		$ 101,585,753

CITY OF STATESVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	Major	Non-Major	
	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Ad valorem taxes	$ 12,403,940	$ -	$ 12,403,940
Other taxes and licenses	6,299,278	818,512	7,117,790
Unrestricted intergovernmental	2,316,788	-	2,316,788
Restricted intergovernmental	1,070,142	469,345	1,539,487
Permits and fees	447,208	-	447,208
Sales and services	1,670,309	9,630	1,679,939
Investment earnings	275,724	71,358	347,082
Miscellaneous	124,164	14,439	138,603
Total revenues	24,607,553	1,383,284	25,990,837
EXPENDITURES			
Current:			
General government	4,443,885	-	4,443,885
Public safety	11,882,543	57,368	11,939,911
Transportation	2,618,753	156,858	2,775,611
Economic and physical development	541,239	406,588	947,827
Environmental protection	1,755,305	-	1,755,305
Cultural and recreation	2,972,747	-	2,972,747
Capital outlay	-	1,013,864	1,013,864
Debt service:			
Principal	1,224,700	-	1,224,700
Interest and fiscal costs	268,684	-	268,684
Total expenditures	25,707,856	1,634,678	27,342,534
Revenues (under) expenditures	(1,100,303)	(251,394)	(1,351,697)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	2,297,953	3,160,731	5,458,684
Transfers to other funds	(1,971,967)	(2,060,779)	(4,032,746)
Total other financing sources and (uses)	325,986	1,099,952	1,425,938
Net change in fund balances	(774,317)	848,558	74,241
Fund balances at beginning of year	25,600,055	7,499,872	33,099,927
Fund balances at end of year	$ 24,825,738	$ 8,348,430	$ 33,174,168

CITY OF STATESVILLE, NORTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

Fund Balances to the Statement of Activities:

Total net change in fund balances-governmental funds (continued)		74,241
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful levies and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciated in the current period.		
Capital outlay	3,936,559	
Capital Gain (loss)	(93)	
Depreciation expense	(3,874,206)	62,260
Revenues in the statement of activities that do not provide current financing resources are not reported as revenues in funds.		
Change in deferred revenue for tax revenues	(74,298)	
Change in other deferred revenues	119,675	
Federal interest subsidy	(1,867)	
Change in net pension asset	(51,309)	(7,799)
The issuance of long-term provides current financing resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financing 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.		
Principal redemption	1,224,700	
Accrued interest payable	4,149	1,228,849
Some expenses reported in the statement of activities do not require the use of current financing resources and , therefore, are note reported as expenditures in governmental funds.		
Compensated absences	(167,529)	
Other postemployment benefits	(228,051)	(395,580)
Net income of internal service funds determined to be governmental-type.		66,642
Changes in net position of governmental activities		$ 1,028,613

CITY OF STATESVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
REVENUES				
Ad valorem taxes	$ 12,506,104	$ 12,506,104	$ 12,403,940	$ (102,164)
Other taxes and licenses	5,717,000	5,824,387	6,299,278	474,891
Unrestricted intergovernmental	2,175,000	2,175,000	2,316,788	141,788
Restricted intergovernmental	884,536	993,383	1,070,142	76,759
Permits and fees	395,600	426,025	447,208	21,183
Sales and services	1,470,484	1,420,014	1,670,309	250,295
Investment earnings	125,000	125,000	275,724	150,724
Miscellaneous	20,000	70,970	124,164	53,194
Total revenues	23,293,724	23,540,883	24,607,553	1,066,670
EXPENDITURES				
Current:				
General government	3,544,659	5,436,008	4,443,885	992,123
Public safety	12,062,799	12,480,086	11,882,543	597,543
Transportation	2,661,155	3,676,561	2,618,753	1,057,808
Economic and physical development	870,000	970,000	541,239	428,761
Environmental protection	1,865,239	1,828,366	1,755,305	73,061
Cultural and recreation	3,325,846	3,460,314	2,972,747	487,567
Debt service:				
Principal	1,224,700	1,224,700	1,224,700	-
Interest and fiscal costs	268,684	268,684	268,684	-
Contingency	102,974	59,374	-	59,374
Total expenditures	25,926,056	29,404,093	25,707,856	3,696,237
Revenues over (under) expenditures	(2,632,332)	(5,863,210)	(1,100,303)	4,762,907
OTHER FINANCING SOURCES (USES)				
Transfer - in	2,346,009	2,586,948	2,297,953	(288,995)
Transfer - (out)	-	(1,971,967)	(1,971,967)	-
Fund balance appropriated	286,323	5,248,229	-	(5,248,229)
Total other financing sources and (uses)	2,632,332	5,863,210	325,986	(5,537,224)
Net change in fund balances	$ -	$ -	(774,317)	$ (774,317)
Fund balances at beginning of year			25,600,055	
Fund balances at end of year			$ 24,825,738	

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Exhibit 6

CITY OF STATESVILLE, NORTH CAROLINA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
June 30, 2014

	Enterprise Funds				
	Major		Other	Total	Governmental
	Electric Fund	Water and Sewer Fund	Civic Center Fund	Enterprise Funds	Activities-Internal Service
ASSETS					
Current assets:					
Cash and cash equivalents	$ 15,062,915	$ 16,700,695	$ 1,046,559	$ 32,810,169	$ 1,543,344
Accounts receivable, net - billed	3,595,475	788,311	-	4,383,786	-
Accounts receivable, net-unbilled	2,467,626	493,380	-	2,961,006	-
Due from other governments	95,465	2,375,660	2,908	2,474,033	17,066
Interest receivable	20,881	21,909	1,373	44,163	2,025
Restricted cash, deposits	854,281	-	-	854,281	-
Inventories	1,478,174	161,328	-	1,639,502	-
Prepaid assets	3,590	3,649	-	7,239	-
Total current assets	23,578,407	20,544,932	1,050,840	45,174,179	1,562,435
Noncurrent assets:					
Capital assets:					
Land and non-depreciable	18,100	1,511,212	2,638,669	4,167,981	-
Capital assets, net of depreciation	20,842,990	44,279,436	3,012,682	68,135,108	-
Construction work in progress	479,578	14,649,144	-	15,128,722	-
Total capital assets, net	21,340,668	60,439,792	5,651,351	87,431,811	-
Total assets	$ 44,919,075	$ 80,984,724	$ 6,702,191	$ 132,605,990	$ 1,562,435
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	$ 4,372,468	$ 2,778,768	$ 22,213	$ 7,173,449	$ 629,804
Interest payable	-	29,880	-	29,880	-
Customer deposits	854,281	-	-	854,281	-
Deferred /prepaid revenues	-	-	66,251	66,251	-
Current portion of compensated absences	112,266	109,180	8,787	230,233	-
Current portion of long-term debt	-	1,369,168	-	1,369,168	-
Total current liabilities	5,339,015	4,286,996	97,251	9,723,262	629,804
Noncurrent liabilities:					
Compensated absences	82,546	195,013	14,790	292,349	-
Other postemployment benefits	133,014	233,203	27,852	394,069	-
Noncurrent portion of long-term debt	-	20,261,290	-	20,261,290	-
Monofill long-term post-closure costs	-	191,268	-	191,268	-
Total noncurrent liabilities	215,560	20,880,774	42,642	21,138,976	-
Total liabilities	5,554,575	25,167,770	139,893	30,862,238	629,804
NET POSITION					
Net invested in capital assets	21,340,668	40,279,887	5,651,351	67,271,906	-
Unrestricted	18,023,832	15,537,067	910,947	34,471,846	932,631
Total net position	$ 39,364,500	$ 55,816,954	$ 6,562,298	101,743,752	$ 932,631
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(710,751)	
Net position of business-type activities				$ 101,033,001	

The accompanying notes are an integral part of this statement

CITY OF STATESVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2014

	Enterprise Funds				
	Major		Other	Total	Governmental
	Electric Fund	Water and Sewer Fund	Civic Center Fund	Enterprise Funds	Activities-Internal Service
OPERATING REVENUES					
Charges for sales and services	$ 45,893,998	$ 9,254,361	$ 294,096	$ 55,442,455	$ 4,183,691
Other operating revenues	1,229,988	179,366	605	1,409,959	-
Total operating revenues	47,123,986	9,433,727	294,701	56,852,414	4,183,691
OPERATING EXPENSES					
Electrical operations	4,012,005	-	-	4,012,005	-
Electrical power purchases	40,827,388	-	-	40,827,388	-
Water and sewer operations	-	6,690,803	-	6,690,803	-
Civic Center operations	-	-	754,731	754,731	-
Health expenses and insurance claims	-	-	-	-	4,117,910
Depreciation	1,211,539	2,585,369	193,842	3,990,750	-
Total operating expenses	46,050,932	9,276,172	948,573	56,275,677	4,117,910
Operating income (loss)	1,073,054	157,555	(653,872)	576,737	65,781
NONOPERATING REVENUES (EXPENSES)					
Interest income	168,680	195,963	10,879	375,522	16,108
Interest expense	-	(319,449)	-	(319,449)	-
Intergovernmental revenues	13,400	-	-	13,400	-
State utility tax, net	177,808	-	-	177,808	-
Pole attachment rental and leases	159,381	34,385	-	193,766	-
Sale of materials	70,662	-	-	70,662	-
Total nonoperating revenues (expense)	589,931	(89,101)	10,879	511,709	16,108
Income (loss) before transfers	1,662,985	68,454	(642,993)	1,088,446	81,889
TRANSFERS IN (OUT)					
Transfers - in	-	683,206	560,866	1,244,072	-
Transfers - (out)	(924,198)	(1,723,451)	(22,361)	(2,670,010)	-
Total transfers	(924,198)	(1,040,245)	538,505	(1,425,938)	-
Change in net position (loss)	738,787	(971,791)	(104,488)	(337,492)	81,889
Net position, beginning of year	38,625,713	56,788,745	6,666,786	102,081,244	850,742
Net position, end of year	$ 39,364,500	$ 55,816,954	$ 6,562,298	101,743,752	$ 932,631
Change in net assets shown above				(337,492)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				15,247	
Change in net position - business-type activities				$ (322,245)	

CITY OF STATESVILLE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2014

	Enterprise Funds				
	Major		Other	Total	Internal
	Electric Fund	Water and Sewer Fund	Civic Center Fund	Enterprise Funds	Service Funds
Cash flows from operating activities:					
Cash received from customers	$ 45,932,018	$ 9,220,893	$ 294,701	$ 55,447,612	$ 4,183,691
Cash paid for goods and services	(42,392,479)	(3,379,117)	(336,711)	(46,108,307)	(3,987,070)
Cash paid to employees for services	(1,575,294)	(2,891,653)	(383,836)	(4,850,783)	-
Customer deposits received	1,983,942	-	-	1,983,942	-
Customer deposits returned	(1,936,896)	-	-	(1,936,896)	-
Other operating income	1,229,988	179,366	-	1,409,354	-
Non-operating income	421,251	34,385	-	455,636	-
Net cash provided (used) by operating activities	3,662,530	3,163,874	(425,846)	6,400,558	196,621
Cash flows from noncapital financing activities:					
Transfers from other funds	-	683,206	560,866	1,244,072	-
Transfers to other funds	(924,198)	(1,723,451)	(22,361)	(2,670,010)	-
Net cash provided (used) by noncapital financing activities	(924,198)	(1,040,245)	538,505	(1,425,938)	-
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(1,686,127)	(10,107,556)	-	(11,793,683)	-
Proceeds from capital debt	-	9,596,000	-	9,596,000	
Principal paid on long-term debt	-	(1,485,770)	-	(1,485,770)	-
Interest paid on long-term debt	-	(322,303)	-	(322,303)	-
Other and monofill activities	-	2,827	-	2,827	-
Due to other governments	-	(944,298)	-	(944,298)	
Net cash used by capital and related financing activities	(1,686,127)	(3,261,100)	-	(4,947,227)	-
Cash flows from investing activities:					
Interest on investments (loss)	169,663	200,297	10,878	380,838	16,063
Net increase (decrease) in cash and cash equivalents	1,221,868	(937,174)	123,537	408,231	212,684
Cash and cash equivalents, July 1	14,695,328	17,637,869	923,022	33,256,219	1,330,660
Cash and cash equivalents, June 30	$ 15,917,196	$ 16,700,695	$ 1,046,559	$ 33,664,450	$ 1,543,344

CITY OF STATESVILLE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2014

	Enterprise Funds				
	Major		Other	Total	Internal
	Electric Fund	Water and Sewer Fund	Civic Center Fund	Enterprise Funds	Service Funds
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	$ 1,073,054	$ 157,555	$ (653,872)	$ 576,737	$ 65,781
Add non-operating income	421,251	34,385	-	455,636	-
Adjusted operating income	1,494,305	191,940	(653,872)	1,032,373	65,781
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	1,211,539	2,585,369	193,842	3,990,750	-
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	38,020	(33,468)	-	4,552	174
Decrease (increase) in inventory	(7,511)	2,274	-	(5,237)	-
Decrease (increase) in prepaids	(490)	(3,649)	65	(4,074)	-
(Increase) decrease due to other governments	488,563	(168,602)	5,223	325,184	-
Increase in accounts payable and accrued liabilities	393,945	540,868	20,413	955,226	147,718
Increase (decrease) in customer deposits and ppd reven	47,046	-	3,197	50,243	(17,052)
Increase (decrease) in accrued compensation absences	(26,297)	6,855	-	(19,442)	-
Increase in other postemployment benefits	23,409	42,287	5,286	70,982	-
Total adjustments	2,168,224	2,971,934	228,026	5,368,184	130,840
Net cash provided (used) by operating activities	$ 3,662,529	$ 3,163,874	$ (425,846)	$ 6,400,557	$ 196,621

Exhibit 9

CITY OF STATESVILLE, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2014

	Pension Trust Fund	Utility Donation Fund
ASSETS		
Cash and cash equivalents	$ 196,865	$ 784
Donation receivable	-	393
Interest receivable	258	1
Total assets	$ 197,123	$ 1,178
LIABILITIES		
Accounts payable	$ -	$ -
Payroll payable	-	-
Total liabilities	-	-
NET POSITION		
Reserved for employee's retirement and utility donations	$ 197,123	$ 1,178

CITY OF STATESVILLE, NORTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2014

	Pension Trust Fund	Utility Donation Fund
Additions		
Employer Contributions	$ 149,697	$ -
Utility Donations	-	4,202
Investment income	1,919	11
Total additions	151,616	4,213
Deductions		
Employee Benefits	120,944	-
Customer Assistance	-	4,224
Total Deductions	120,944	4,224
Change in net position	30,672	(11)
Net position, beginning of year	166,451	1,189
Net position, end of year	$ 197,123	$ 1,178

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Statesville 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 of Statesville is a municipal corporation that is governed by an elected mayor and an eight-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 described below are reported in separate columns in the City's financial statements in order to emphasize that they are legally separate from the City. The discretely presented component units have a June 30 year end.

Discretely presented component units

City of Statesville Alcoholic Beverage Control Board
The City of Statesville Alcoholic Beverage Control Board (the "ABC Board") operates within the City's geographical boundaries, exists for the benefit of its residents, and is governed by a City-appointed governing board. The City does not approve the Board's budget and does not select its management. The City does not finance any of the Board's deficits, but is entitled to receive 40% of net income after deductions for required law enforcement, education, and proper working capital, plus liquor-by-the-drink net income. The Board is presented as if it were a proprietary fund. Complete financial statements for the Board may be obtained from the entity's administrative offices at the City of Statesville Alcoholic Beverage Control Board, P.O. Box 902, 311 South Center Street, Statesville, NC 28677.

Statesville Convention and Visitors Bureau
The Statesville Convention and Visitors Bureau (the "CVB") was chartered as the Statesville Tourism Development Authority by S.L. 1988-112/House Bill 1568 of the 1998 session laws of the North Carolina General Assembly, effective August 20, 1998. During the year ended June 30, 2003, the Board, by resolution and change of by-laws, changed the name of the organization to Statesville Convention and Visitors Bureau. The purpose of the Bureau is to promote travel and tourism in the City of Statesville. The Statesville City Council appoints the Bureau's nine-member board and designates its chair. The budget of the Bureau is approved by the board of the Bureau and the Statesville City Council concurs with the budget. The Bureau is presented as if it were a governmental fund. Complete financial statements for the Bureau may be obtained from the entity's administrative offices at the Statesville Convention and Visitors Bureau, 118 West Broad Street, Statesville, NC 28687.

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, except for fiduciary activities. 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 other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

B. Basis of Presentation *(cont'd)*

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 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, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The fiduciary funds are presented separately and are excluded from the government-wide financial statements.

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, state and federal grants, and various other taxes and licenses. The primary expenditures are for public safety, streets, sanitation, recreation and parks, and general government.

Propriety funds' operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings. The City reports the following major enterprise funds:

Electric Fund – The Electric Fund is used to account for the City's electric operations.

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

Additionally, the City reports the following non-major funds:

Non-major Special Revenue and Capital Project Funds – Non-major funds account for revenues, activities and capital projects for specific purposes. The City currently maintains eleven non-major funds. They are Home Program Grant Project Fund, 1997-1998 Home Consortium Fund, Home Consortium/CDBG Fund, Drug Enforcement Fund, Occupancy Tax Fund, Domestic Violence Grant Fund, Economic Development Grant Fund, Warehouse Construction Fund, Streetscape Capital Fund, Airport Improvement Fund, and General Equipment Capital Reserve Fund.

Non-major Enterprise Fund – The Civic Center Fund is a nonmajor enterprise fund for civic center activities such weddings, musical events, meetings, and other special events.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

B. Basis of Presentation *(cont'd)*

The City reports the following fund types:

Internal Service Funds – Internal Service Funds account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City has two Internal Service Funds: The Health Insurance Fund and the Property and Casualty Liability Insurance Fund. The Health Insurance Fund accounts for the operations of the City's health insurance plan and wellness program. The Property and Casualty Liability Insurance Fund pays all losses below the deductible for general coverage, auto liability, workers compensation, policy liability, public official's liability, municipal equipment and boiler and machinery. Each department or division contributes a defined share of premiums based upon respective exposures. Other revenue sources include collection of subrogated claims and interest earned. Insurance premiums, claims and costs are paid from the Fund.

Fiduciary Funds – Fiduciary funds include Law Enforcement Officers' Special Separation Allowance, the Pension Trust Fund that is administered by the City. The City administers a Utility Donation Fund that provides financial assistance to qualified City utility customers.

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, Proprietary and Fiduciary Fund Financial Statements. The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the 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. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City enterprise funds and of the City's internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the system development fees that are reserved in the Water and Sewer Capital Fund for future expansion. Operating expenses for enterprise funds and internal service 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

C. Measurement Focus and Basis of Accounting *(cont'd)*

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. 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 collected and held by the State at year-end on behalf of the City are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The City's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund, Occupancy Fund, and Enterprise Funds. All annual appropriations lapse at fiscal year end. Project ordinances are adopted for all other Special Revenue Funds, the Capital Projects Funds and the Enterprise Capital Projects Funds. The City's Health Insurance Fund and Property and Casualty Liability Insurance Fund, internal service funds, operates under a financial plan that was adopted by the City Council at the time the City's budget ordinance was approved, as is required by the General Statutes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for multi-year funds.

Expenditures may not legally exceed budgeted appropriations. However, in the related ordinance, the City Council authorizes the City Manager to approve transfers between departments of the same fund with an official written notification to the City Council. Department directors may request unlimited transfers of appropriations within their department with the concurrence of the City Manager and without governing board notification. Any revisions that alter total expenditures of any fund must be approved by the governing board. During the year, several amendments to the original budgets were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

D. Budgetary Data *(cont'd)*

As required by state law, the City maintains encumbrance accounts which are considered to be "budgetary accounts". Encumbrances outstanding at year end represent the estimated amount of the expenditures ultimately to result if unperformed contracts in process at year end are completed. Encumbrances outstanding at year end do not constitute expenditures or liabilities. At June 30, 2014, the General Fund, excluding project funds, had outstanding encumbrances of $1,017,554. The enterprise funds outstanding encumbrances of $3,126,159 and project funds had $13,507,003 in outstanding encumbrances. These encumbrances outstanding are not reported in the fund balance section of the Balance Sheet – Governmental Funds. Encumbrances are re-appropriated in the subsequent fiscal year since appropriations lapse at year end.

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

1. ***Deposits and Investments***

All deposits of the City, the ABC Board, and the CVB are made in board-designated official depositories and are secured as required by State law G.S. §159-31. The City, the ABC Board, and the CVB may designate, as an official depository, any bank or savings and loan association whose principal office is located in North Carolina. Also, the City, the ABC Board, and the CVB may establish time deposit accounts, money market accounts, and certificates of deposit.

State law G.S. §159-30(c) authorizes the City, the ABC Board, and the CVB 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 banker's acceptances and the North Carolina Capital Management Trust (NCCMT).

The City's, the ABC Board's, and the CVB's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

In accordance with State law, The City has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

2. ***Cash and Cash Equivalents***

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents. All CVB funds are considered to be cash and cash equivalents.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

E. Assets, Liabilities, and Fund Equity *(cont'd)*

3. ***Restricted assets***
Restricted assets are those funds that are held as deposits for future action of a third party. Currently the City presents as restricted assets the utility deposits of $854,281 held by the Electric Fund. The unexpended commercial loan proceeds issued by the governmental funds are presented as restricted assets because their use is restricted to the purpose for which the loans were originally issued. As of June 30, 2014 $61,249 of unexpended loan funds was reserved for debt payments.

4. ***Ad Valorem Taxes Receivable***
In accordance with State Law G.S. §105-347 and G.S. §159-13(a), the City levies and creates a lien for ad valorem taxes on July 1st, the beginning of the fiscal year. These taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6th. The taxes levied are based on the assessed values as of January 1, 2013.

5. ***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.

6. ***Inventory and Prepaid Items***
The inventories of the City are valued at cost, which approximates market, using the average cost method. The inventories of the City's General Fund consist of expendable supplies that are recorded as expenditures as used rather than when purchased.

The inventories of the City's Enterprise Funds consist of material and supplies held for subsequent use. The cost is expensed with consumed rather than when purchased.

The inventories of the ABC Board consist of supplies held for resale. 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, are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

7. ***Capital Assets***
Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of one year. Minimum capitalization costs are as follows: buildings, improvements, substations, lines, and other plant and distribution systems, $25,000; infrastructure, $100,000; furniture, equipment and vehicles, $5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and sidewalk sub-network assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

E. Assets, Liabilities, and Fund Equity *(cont'd)*

***Capital Assets** (cont'd)*

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

Asset Class	Estimated Useful Lives
Buildings	40 years
Infrastructure	50 years
Vehicles	6-10 years
Substations and distribution system	20-40 years
Other improvements	25 years

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

Asset Class	Estimated Useful Lives
Land improvements	15 years
Buildings	30 years
Furniture & equipment	5-7 years

The Statesville Convention and Visitors Bureau had no capital assets at June 30, 20142014.

8. ***Deferred outflows/inflows of resources***
In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. 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 two items that meet the criterion for this category-prepaid taxes and prepaid privilege licenses.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

E. Assets, Liabilities, and Fund Equity *(cont'd)*

10. ***Compensated Absences***

The vacation policies of the City, the ABC Board, and the CVB 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 and the ABC Board and CVB, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City provides its employees with compensated time at 1.5 times their regular rate in lieu of overtime pay up to 240 hours. After the 240 hours have been reached, the employees are paid overtime at 1.5 times their regular rate. Police and Fire earned holiday pay for those hours worked on official holidays. The City's, the ABC Board's, and CVB's sick leave policies provide for an unlimited amount of earned sick leave. Sick leave for the City vests after 20 years of service and an expense and a liability are recorded. Sick leave does not vest for the ABC Board or CVB. The ABC Board and CVB have no obligation for accumulated sick leave until it is actually taken; thus, no accrual for sick leave has been made.

11. ***Net position/Fund Balances***

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

Fund Balances

In accordance with GASB 54, the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The governmental fund types classify fund balances as follows:

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

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.

Prepaid Items - portion of fund balance that is not an available resource because it represents the prepaid items for the next year's expenditures.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State statute - portion of fund balance that is restricted by State Statute G.S. §159-8(a).

Restricted for public safety – fund balance that is restricted for drug seizures funds and police grants.

Restricted for transportation – fund balance that is restricted for Powell Bill, streetscape and airport grants.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

E. Assets, Liabilities, and Fund Equity *(cont'd)*

10. *Net position/Fund Balances (cont'd)*

Restricted for economic development – fund balance that is restricted for home program (HUD) and occupancy tax funds.

Restricted for debt service – fund balance that is restricted for unexpended loan proceeds from the Fire Station Construction Fund to be set aside for debt payments.

Committed Fund Balance –portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of City of Statesville's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body. The City Council currently has not committed any fund balance from the General Fund.

Assigned Fund Balance – portion of fund balance that City of Statesville intends to use for specific purposes. Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the City's appropriations with a budget ordinance that lapse at the end of the fiscal year.

Unassigned fund balance – That portion of total fund balance that is available for appropriation which is uncommitted at year end. The City does not have a policy that provides a hierarchy of spending.

II. DETAIL NOTES ON ALL FUNDS

A. Assets

1. *Deposits*

All of the deposits of the City, the ABC Board, and CVB are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed federal depository insurance coverage level are collateralized with securities held by the City's or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, the ABC Board, and CVB, these deposits are considered to be held by the City's, the ABC Board's and CVB's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City, the ABC Board, CVB or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City, the ABC Board, and CVB 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, the ABC Board, and CVB do not have policies regarding custodial risk for deposits.

II. DETAIL NOTES ON ALL FUNDS (cont'd)

A. Assets *(cont'd)*

Deposits (cont'd)

At June 30, 2014 the City's deposits had a carrying amount of $4,854,551 and a bank balances of $5,003,627. Certificate of deposits of $4,000,000 are included in the City's carrying amount of $4,854,552. The City maintained $3,975 in petty cash and other funds. Of the bank balance, $750,000 was covered by federal depository insurance, and $4,104,552 was covered by collateral held by the State Treasurer's "Pooling Method".

At June 30, 2014, the Statesville Convention and Visitors Bureau's deposits had a carrying amount of $19,476 and a bank balance of $20,307 all of which was covered by federal depository insurance.

At June 30, 2014 the ABC Board's deposits had a carrying amount of $178,032 and a bank balance of $235,172. Of the bank balance, $250,000 was covered by federal depository insurance. Amounts in excess of FIDC insurance are collateralized under the Pooling Method.

2. ***Investments***

As of June 30, 2014, the City's investment balances were as follows:

Investment Type	Fair Value	Less Than 1 Year	1-2 Years	More Than 2 Years
US Government Treasuries	$ 4,005,230	$ 3,004,920	$ -	$ 1,000,310
US Government Agencies	27,865,910	-	-	27,865,910
Commercial Paper	14,965,262	14,965,262	-	-
NCCMT - Cash Portfolio	15,698,803	-	-	-
Totals	$ 62,535,205	$ 17,970,182	$ -	$ 28,866,220

Credit Risk. To reduce credit risk, the investment shall be diversified by (1) limiting investments to avoid over-concentration in securities from a specific issuer or business sector, excluding U.S. Treasury securities, and (2) Limiting investment in securities that have higher credit risks.

Interest Rate Risk. To reduce interest credit risk, the investments shall be diversified by (1) investing in securities in varying maturities and (2) continuously investing a portion of the portfolio in readily available funds such as a mutual fund for local government investment certified by the Local Government Commission pursuant to G.S. §159-30(c)(8), currently the North Carolina Capital Management Trust.

Concentration of Credit Risk. The City's investment policy limits the amount that the City may invest in any one issuer. Federal agencies are unlimited on fixed security with no more than 20% of portfolio in a single agency More than 41.94% of the City's investments are in Federal Farm Credit Bank-13.47%, Federal Home Loan Bank-12.01%, Federal Home Loan Mortgage Corporation-4.49%, and Federal National Mortgage Association-11.97%. Percentage for the remaining portfolio is as follows; sweep checking account-.99%, North Carolina Capital Management Trust-17.51%, certificate of deposit-12.72%, commercial paper-20.87%, and U.S. Treasuries-5.97%.

II. DETAIL NOTES ON ALL FUNDS

A. Assets *(cont'd)*

Deposits (cont'd)

Mark to Market. During 2013-2014, the City realized a fair value loss of $121,347 and net pension asset loss of $51,309. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year as determined at June 30, 2014. Realized interest as June 30, 2014 was $334,847 for all funds.

At June 30, 2014, the Statesville Convention and Visitors Bureau had $98,605 invested with the North Carolina Capital Management Trust's Cash Portfolio. The City of Statesville ABC Board had no investments.

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

The amounts presented in the Balance Sheet and the statement of Net Position for the ended June 30, 2014 is net of the following allowances for doubtful accounts:

Receivables at the government-wide level at June 30, 2014 were as follows;

	Accounts Receivable	Taxes Receivable	Total
Governmental activities:			
General Fund	$ 812,731	$ 1,108,516	$ 1,921,247
Airport Improvement	1,341	-	1,341
Home Program	85,136	-	85,136
Total receivables	899,208	1,108,516	2,007,724
Allowance for doubtful accounts	(474,332)	(329,499)	(803,831)
Total governmental activities	$ 424,876	$ 779,017	$ 1,203,893
Business-type activities:			
Electric	$ 6,504,260	$ -	$ 6,504,260
Water	727,022	-	727,022
Sewer	1,090,518	-	1,090,518
Total receivables	8,321,801	-	8,321,801
Allowance for doubtful accounts	(977,009)	-	(977,009)
Total business-type activities:	$ 7,344,792	$ -	$ 7,344,792

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

A. Assets *(cont'd)*

4. *Capital Assets*
Primary Government

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

	7/1/2013	Additions	Retirements	Transfers	06/30/14
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 20,294,552	$ 1,204,435	$ -	$ 210,500	$ 21,709,487
Construction in progress	5,919,708	1,209,477	-	(244,607)	6,884,578
Total capital assets not being depreciated	26,214,260	2,413,912	-	(34,107)	28,594,065
Capital assets being depreciated:					
Buildings	19,820,626	-	-	-	19,820,626
Computers and radios	373,861	-	67,435	-	306,426
Infrastructure	51,474,312	893,435	-	-	52,367,747
Equipment and furniture	369,215	-	11,091	-	358,124
Other improvements	4,346,268	48,294	28,549	34,107	4,400,120
Radios and communications	305,130	-	-	-	305,130
Vehicles	10,684,554	625,371	235,664	-	11,074,261
Total capital assets being depreciated:	87,373,966	1,567,100	342,739	34,107	88,632,434
Less accumulated depreciation for:					
Buildings	5,854,165	518,258	-	-	6,372,423
Computers and radios	297,070	13,432	67,435	-	243,067
Infrastructure	22,621,814	2,464,842	-	-	25,086,656
Equipment and furniture	331,440	21,597	10,998	-	342,039
Other improvements	2,018,656	319,894	22,851	-	2,315,699
Radios and communications	305,130	-	-	-	305,130
Vehicles	7,659,215	536,182	235,664	-	7,959,733
Total accumulated depreciation	39,087,490	$ 3,874,205	$ 336,948	$ -	42,624,747
Total capital assets being depreciated, net	48,286,476				46,007,687
Governmental activity capital assets, net	$ 74,500,736				$ 74,601,752

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

Governmental Functions:	
General government	$ 281,752
Public safety	597,663
Transportation	2,484,835
Environmental protection	98,375
Culture and recreation	411,580
Total depreciation expense governmental functions	$ 3,874,205

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

A. Assets *(cont'd)*

4. *Capital Assets (cont'd)*

Changes in Business-type Capital Assets - A summary of changes in capital assets follows:

	7/1/2013	Additions	Retirements	Transfers	06/30/14
Electric Fund:					
Capital assets not being depreciated:					
Land	$ 18,100	$ -	$ -	$ -	$ 18,100
Construction work in progress	865,248	617,031	-	(1,002,702)	479,577
Total assets not being depreciated	883,348	617,031	-	(1,002,702)	497,677
Capital assets being depreciated:					
Plant in service	37,132,372	981,302	375,054	1,002,702	38,741,322
Equipment	2,034,902	232,004	7,016	-	2,259,890
Total capital assets being depreciated:	39,167,274	1,213,306	382,070	1,002,702	41,001,212
Less accumulated depreciation for:					
Plant in service	17,968,085	1,045,773	230,844	-	18,783,014
Equipment	1,216,457	165,766	7,016	-	1,375,207
Total accumulated depreciation	19,184,542	$ 1,211,539	$ 237,860	$ -	20,158,221
Total capital assets being depreciated, net	19,982,732				20,842,991
Total Electric Fund capital assets, net	$ 20,866,080				$ 21,340,668
Water and Sewer Fund:					
Capital assets not being depreciated:					
Land	$ 1,511,212	$ -	$ -	$ -	$ 1,511,212
Construction work in progress	2,958,245	11,690,899	-	-	14,649,144
Total assets not being depreciated	4,469,457	11,690,899	-	-	16,160,356
Capital assets being depreciated:					
Plant in service - Sewer System	47,799,019	143,341	375,476	-	47,566,884
Plant in service - Water System	46,926,908	-	-	-	46,926,908
Equipment	3,795,857	545,055	51,722	-	4,289,190
Total capital assets being depreciated:	98,521,784	688,396	427,198	-	98,782,982
Less accumulated depreciation for:				-	
Plant in service - Sewer System	29,204,801	1,196,176	212,770	-	30,188,207
Plant in service - Water System	20,303,883	1,145,660	-	-	21,449,543
Equipment	2,673,984	243,533	51,721	-	2,865,796
Total accumulated depreciation	52,182,668	$ 2,585,369	$ 264,491	$ -	54,503,546
Total capital assets being depreciated, net	46,339,116				44,279,436
Total Water and Sewer Fund capital assets, net	$ 50,808,573				$ 60,439,792

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

A. Assets *(cont'd)*

4. *Capital Assets (cont'd)*

	7/1/2013	Additions	Retirements	Transfers	06/30/14
Civic Center Fund:					
Capital assets not being depreciated:					
Land	$ 2,302,844	$ -	$ -	$ -	$ 2,302,844
Fresco	335,825	-	-	-	335,825
Total assets not being depreciated	2,638,669	-	-	-	2,638,669
Capital assets being depreciated:					
Buildings	4,641,031	-	-	-	4,641,031
Improvements	244,808	-	-	-	244,808
Equipment	361,692	-	-	-	361,692
Total capital assets being depreciated:	5,247,531	-	-	-	5,247,531
Less accumulated depreciation for:					
Buildings	1,659,712	154,353	-	-	1,814,065
Improvements	135,183	16,321	-	-	151,504
Equipment	246,112	23,168	-	-	269,280
Total accumulated depreciation	2,041,007	$ 193,842	$ -	$ -	2,234,849
Total capital assets being depreciated, net	3,206,524				3,012,682
Total Civic Center Fund capital assets, net	5,845,193				5,651,351
Business-type activities capital assets,net	$ 77,519,846				$ 87,431,811

Construction Commitments:

The government has active construction projects as of June 30, 2014. At year end, the government's commitments with contractors are as follows:

Vendor	Description of construction project	Amount
Two Way Radio of Carolina	Radio system improvements	$ 144,215
Maymead. Inc.	Street paving	$ 505,275
Siemens Industry, Inc.	Electric distribution system breakers	$ 118,622
JBL Communications, Inc.	Fiber optic installation	$ 240,368
Altec Industries, Inc.	Electric bucket truck	$ 224,726
NC Dept. of Transportation	I-40/1-77 Interchange Project	$1,470,552
McGill Associates, PA	Engineering services, sewer plant improvement	$ 783,770
Adams-Robinson Enter., Inc.	Sewer plant expansion	$9,999,987

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

A. Assets *(cont'd)*

4. *Capital Assets (cont'd)*

Discretely Presented Component Units

Activity for the ABC Board for the year ended June 30, 2014 was as follows:

	7/1/2013	Additions	Retirements	Transfers	06/30/14
Capital assets not being depreciated:					
Land	$ 235,050	$ -	$ -	$ -	$ 235,050
Total assets not being depreciated	235,050	-	-	-	235,050
Capital assets being depreciated:					
Paving	17,666	-	-	(17,666)	-
Buildings	1,649,468	-	-	17,666	1,667,134
Furniture and equipment	319,273	29,427	-	-	348,700
Intangibles	4,052	-	-	-	4,052
Total capital assets being depreciated:	1,990,459	29,427	-	-	2,019,886
Less accumulated depreciation for:					
Paving	17,666	-	-	(17,666)	-
Buildings	367,643	43,503	-	17,666	428,812
Furniture and equipment	205,313	22,668	-	-	227,981
Intangibles	1,756	810	-	-	2,566
Total accumulated depreciation	592,378	$ 66,981	$ -	$ -	659,359
Total ABC capital assets, net	$ 1,633,131				$ 1,595,577

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. Liabilities

1. *Payables*

Payables at the government-wide level at June 30, 2014 were as follows:

	Vendors IBNR	Salaries & Benefits	Total
All governmental activities	$1,150,940	$514,948	$1,665,888
Business-type activities:			
Electric	$4,334,052	$38,415	$4,372,467
Water & sewer	2,722,079	56,689	2,778,768
Civic Center	15,063	7,150	22,213
Total business-type activities	$7,071,194	$102,254	$7,173,448

2. *Pension Plan Obligations*

a. North Carolina Local Government Employees' Retirement System

1) Plan Description. The City of Statesville and the ABC Board contribute to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. The CVB does not participate in LGERS. Article 3 of G. S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699- 1410, or by calling (919) 981-5454.

2) Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The City and the ABC Board are required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement is 7.07% and for law enforcement officers is 7.28%, of annual covered payroll. The contribution requirements are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2014, 2013 and 2012 were $878,319, $835,567, and $863,794 respectively. The City's contributions to LEO for the years ended June 30, 2014, 2013 and 2012 were $262,600, $232,866, and $245,135 respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2014, 2013 and 2012 were $27,688, $23,895, and $25,919, respectively. The contributions made by the City and the ABC Board equaled the required contributions for each year.

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. Liabilities

Pension Plan Obligations *(cont'd)*

b. Law Enforcement Officers' Special Separation Allowance

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

All full-time law enforcement officers of the City and the ABC Board are covered by the Separation Allowance. At December 31, 2013, the Separation Allowance's membership consisted of:

	City	ABC Board
Retirees receiving benefits	7	1
Active plan members	78	1
Total	85	2

A separate report was not issued for the plan. The City uses a separate accounting fund, the Pension Trust Fund, to account for the benefits of the plan.

2) Summary of Significant Accounting Policies:

Basis of Accounting – Financial statements for the separation allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the City has made a formal commitment to provide the contributions. The ABC Board has chosen to fund the Separation Allowance on a "pay-as-you-go" basis. Benefits are recognized when due and are payable in accordance with terms of the plan. For the current year the ABC paid $23,775 in benefits. The ABC Board has chosen not to have an actuarial study performed because the liability is considered to be immaterial.

Method Used to Value Investments – The Separation Allowance's invested funds are part of the City's pooled equity and are reported at fair value. Investments are in United States government agency securities, commercial paper, and the North Carolina Capital Management is reported at fair value as determined by quoted market prices. The ABC Board had no fund set aside to pay benefits and administrative costs. These expenditures are paid as they come due.

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. Liabilities *(cont'd)*

2. *Pension Plan Obligations (cont'd)*

b. Law Enforcement Officers' Special Separation Allowance *(cont'd)*

Contributions – The City is required by Article 12D of G.S. 143 to provide these retirement benefits and has chosen to fund the benefit payments by making contributions based on actuarial valuations. For the current year, the City did not fund annual required contribution. No contributions were made by the employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administrative costs of the Separation Allowance are financed through investment earnings.

The annual required contribution for the current year was determined as part of the December 31, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included: (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.25% to 7.85% per year. The inflation component was 3.00%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using the fair value of investments. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2012 was 18 years.

The ABC Board is required by Article 12D of G.S. 143 to provide these retirement benefits and has chosen to pay benefits and administrative costs on a "pay-as-you-go" basis. No contributions were made by employees. The ABC Board's obligation to make these payments is established and may be amended by the North Carolina General Assembly.

4) *Annual Pension Cost and Net Pension Asset* – The City's annual pension cost and net pension asset of the Separation Allowance for the current year were as follows:

Employer annual required contribution	$138,768
Interest on net pension asset	(39,620)
Adjustment to annual required contribution	64,559
Annual pension cost	163,707
Employer contributions made for fiscal year	112,398
Increase (decrease) in net pension assets	51,309
Net pension assets, July 1, 2013	792,405
Net pension assets, June 30, 2014	$741,096

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. Liabilities *(cont'd)*

2. *Pension Plan Obligations (cont'd)*

b. Law Enforcement Officers' Special Separation Allowance *(cont'd)*

Three-Year Trend Information Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset at End of Year
June 30, 2012	$144,927	99.60%	$829,283
June 30, 2013	$152,220	75.77%	$792,405
June 30, 2014	$163,707	68.66%	$741,096

5) Funded Status and Funding Progress.

As of December 31 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was $1,088,996. The covered payroll (annual payroll of active employees covered by the plan) was $3,459,616, and the ratio of the UAAL to the covered payroll was 31.48 percent. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

1) Plan Description. The City and the ABC Board contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City and ABC Board. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

2) Funding Policy. Article 12E of G. S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2014, were $407,349, which consisted of $181,044 from the City and $266,305 from the law enforcement officers. The City provides a Section 401(k) plan for this purpose. The ABC Board's contributions for the year ended June 30, 2014 was $18,185.

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. Liabilities *(cont'd)*

2. *Pension Plan Obligations (cont'd)*

d. Firefighter's and Rescue Squad Workers' Pension Fund

1) Plan Description. The State of North Carolina contributes, on behalf of the City of Statesville, to the Firefighter's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firefighter's and Rescue Squad Workers' Pension Fund 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 the Fund. the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

2) Funding Policy. Plan members are required to contribute $10 per month to the Fund, $5 per month of which the City elects to contribute for the member. The State, a non-employer funds the plan through appropriations. The State's on-behalf payments are recorded as revenues and expenditures in the City's financial statements. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly. For the fiscal year ended June 30, 2014, the City has recognized on-behalf-of payments for pension contributions made by the state as revenue and an expenditure of $358 for 72 fire department employees who perform firefighting duties for the City's fire department.

3. Other Postemployment Benefits (OPEB)

a. Healthcare Benefits

Plan Description. The City is required to perform an OPEB actuary every two years. The information presented below is from the December 31, 2012 actuary. Under the terms of a City resolution, the City administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). As of July 1, 2012, a participate must be eligible and approved to receive retirement benefits in accordance with the regulations of the North Carolina Local Governmental Employees' Retirement System (NCLGERS) and have thirty (30) years of service or attain age fifty-five (55) with twenty (20) years of service. Participating retired employees are required to pay for coverage based on the City's current funding rates for the group as determined by the third party administrator. Health care and prescription drug coverage are available to eligible retirees under age 65. Dental coverage is available at the retirees' 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 upon the spouse becoming eligible for Medicare, upon the retiree becoming eligible for Medicare, or upon the retirees' death, whichever comes first. Retired employee members are 13 and active employee's membership of the HCB Plan consisted of the following at December 31, 2012, the date of the latest actuarial valuation:

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. Liabilities *(cont'd)*

Other Postemployment Benefits (OPEB) *(cont'd)*

a. Healthcare Benefits (cont)

Description	General Government	Business-type Activities	Law Enforcement
Terminated plan members entitled to but not receiving benefits	0	0	0
Active plan members	219	93	76
Total	219	93	76

Funding Policy. The City does not fund the ARC. The City does not offer additional health benefits to retirees beyond allowing them to participate in the City's group health plan at current rates at their cost. The current ARC rate is .50% of annual covered payroll.

Summary of Significant Accounting Policies. Postemployment expenditures for retirees are made from the Group Health Self-insurance 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. See note 5 for more detail on the City's Group Health Plan.

Annual OPEB Cost and Net OPEB 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 thirty years. The following table shows the components of the City's annual OPEB cost for the year and changes in the City's net OPEB obligation for the healthcare benefits:

Annual OPEB Cost and Net OPEB Obligation for Fiscal Year Ending 06/30/2014:

Employer annual required contribution	$ 297,159
Valuation Discount Rate	4.00%
Interest on Net OPEB Obligation:	41,839
Amortization Factor	26.1695
Adjustment to Annual Required Contribution:	39,969
Annual OPEB Cost:	299,029
Employer Contributions for Fiscal Year Ending 06/30/2014	-
Increase (decrease in Net OPEB Obligation:	$ 299,029
Net OPEB Obligation Beginning of Fiscal Year	1,345,003
Net OPEB Obligation End of Fiscal Year:	$ 1,644,032

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. Liabilities *(cont'd)*

3. Other Postemployment Benefits (OPEB) *(cont)*

a. Healthcare Benefits (cont)

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

Year Ended June 30	Annual Pension Costs (APC)	Percentage of APC Contributed	Net OPEB Oligation at End of Year
2011	$227,882	0.00%	$ 745,083
2012	$289,319	0.00%	$ 1,045,974
2013	$299,029	0.00%	$ 1,345,003
2014	$299,029	0.00%	$ 1,644,032

Funded Status and Funding Progress. As of December 31, 2012, the plan was not funded and the retirees pay the entire health premium as recommended by the City's third party administrator. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was $895,690. The covered payroll (annual payroll of active employees covered by the plan) was $15,515,514, and the ratio of the UAAL to the covered payroll was 5.80 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations. In the December 31, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent 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 8.50 to 5.00 percent annually. Both rates included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2012, was 30 years.

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. Liabilities *(cont'd)*

3. Other Employee Benefits

Life insurance. The City has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employee's Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed $50,000 or be less than $25,000. The City also provides additional term life insurance and any amounts over $50,000 term life insurance limit is considered taxable. All death benefit payments are made from the Death Benefit Plan. The City and the ABC Board have no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payrolls, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the City and the ABC Board, the City and the ABC Board does not determine the number of eligible participants. For the fiscal year ended June 30, 2014, the City was exempt from contributions to the State for death benefits. When the City's exemption is reinstated, the current required contributions for employees not engaged in law enforcement and for law enforcement officers represented .10% and .14% of covered payroll, respectively. The death benefit payment will resume for fiscal year 2016. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

4. *Deferred / Unearned Revenues – (General Fund and Home Consortium Fund)*

Deferred inflows of resources at June 30, 2014 is comprised of the following:

	Unavailable Revenue	Unearned Revenue
Taxes receivable (General Fund)	$ 779,017	$ -
Accounts Receivable	411,341	-
Prepaid taxes (General Fund)	-	36,394
Prepaid privilege licenses	-	233,503
Total governmental activities	$ 1,190,358	$ 269,897

5. *Risk Management*

a. *General Liability, Surety Bonds, Property Insurance and Auto Liability.* 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 purchases various insurance policies, including general liability and auto liability coverage of $4 million per occurrence, property coverage of $105,879,205 per occurrence (after a $10,000 deductible). The City carries commercial coverage for all other risks of loss. 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's flood insurance is $1,000,000 with a $50,000 deductible. The Finance Director and the Tax Collector are bonded for $250,000 and $50,000 respectively.

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. Liabilities *(cont'd)*

5. *Risk Management (cont'd)*

b. *Self-funded - Group Health.* The City is exposed to various risks of loss related to medical and illness needs of employees. The City and employees participate in a cost-share plan for group health insurance. The City established the Health Insurance Fund (Internal Service Fund) to account for its self-insurance plan. The City has contracted with the Aetna to administer the plan. The City is responsible for claims up to $150,000 per covered employee/dependent per policy term. Claims greater than $150,000 per covered employee/dependent per policy term, and those in excess of the aggregate stop loss of 125% of expected net claims, are insured by the private insurance carrier. All employees of the City participate in the program and make payments to the Health Insurance Fund based on actuarial estimates of the amounts needed to pay claims. The claims liability of $376,638 reported in the fund at June 30, 2014 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The $376,638 claims liability represents total estimated claims incurred but not reported (IBNR), as provided by the plan administrator's actuary.

	June 30	
	2014	2013
Unpaid claims and claim adjustment expenses at beginning of fiscal year	$ 373,306	$ 350,969
Add:		
Incurred claims and claim adjustment expenses:		
Provision for insured events of current year including IBNR	3,606,298	3,546,813
Less:		
Claims and adjustment expenses attributable to insured events current and prior years	3,602,966	3,524,476
Total Claims Liability	$ 376,638	$ 373,306

c. *Self-funded Worker's Compensation.* The City is self-funded for worker's compensation. Through this self-funded workers compensation program, the City obtains workers' compensation coverage up to the statutory limits, with no deductible. The worker's compensation program is administered by a third party administrator. The fund is reinsured through an insurance company for single occurrence losses of $400,000 for all City employees. The claims liability of $118,287 reported in the fund at June 30, 2014 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The $118,287 claims liability represents total estimated claims incurred but not reported (IBNR), as provided by the plan administrator's actuary. The reduction of IBNR from the previous fiscal year was the result of a settlement with one of the employees.

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. Liabilities *(cont'd)*

5. *Risk Management*

c. *Self-funded Worker's Compensation (cont'd)*

	June 30 2014	June 30 2013
Unpaid claims and claim adjustment expenses at beginning of fiscal year	$ 82,237	$ 132,850
Add:		
Incurred claims and claim adjustment expenses:		
Provision for insured events of current year including IBNR	479,443	122,897
Less:		
Claims and adjustment expenses attributable to insured events current and prior years	361,156	173,510
Total Claims Liability	$ 200,524	$ 82,237

6. *Claims and Judgments*

At June 30, 2014, the City was a defendant to various lawsuits; however, no provision has been made in the financial statements for any contingent liabilities. In the opinion of the City's management and the City attorney, the ultimate outcome of these legal matters will not have a material adverse effect on the City's financial position.

7. *Long-Term Obligations*

The City of Statesville maintained its A1 bond rating from Moody's Investor Service and AA from Standard and Poor's Rating Service.

a. *General Obligations Indebtedness.* The City has redeemed its last general obligation bond in fiscal year 2014.

b. *Notes Payable.* The City has three outstanding bank loans of which two are Recovery Zone Economic Development bonds payable to Branch Banking & Trust Company (BB&T) and another one payable to Bank of American. The City receives a subsidy of 45 percent of interest cost from the Federal Government that will reduce the effective interest rate of the bond. The Federal Government sequester has impacted the 45 percent subsidy by reducing their subsidy by the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, certain automatic reductions took place as of March 1, 2013. These required reductions included a reduction to refundable credits under Internal Revenue Code section 6431 applicable to certain qualified bonds. As a result, the City's refundable credit payment was reduced by 8.7%. The sequestration reduction rate will be applied until the end of the Federal fiscal year (September 30, 2013) or intervening Congressional action, at which time the sequestration rate is subject to change.

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. Liabilities *(cont'd)*

7. *Long-Term Obligations (cont'd)*

Notes Payable (cont'd)

c. *Loan authorized but not finalized.* The City was approved by the State of North Carolina's Department of Environment and Natural Resources "State Revolving Fund" two loans in the amount of $20,933,900 on May 28, 2014 at an interest rate of 2.00% and $4,800,000 on August 15, 2014 with a no interest rate to be used for sewer treatment plant expansion and improvements. Total amount borrowed as of June 30, 2014 is $9,111,758. The maximum loan term is 20 years.

Serviced by the General Fund:	
Original issue $7,000,000, Recovery Zone Economic Development bonds payable to Branch Banking & Trust Company (BB&T) in 10 annual installments of $700,000 beginning in December 16, 2011 through 2020 plus interest at 3.50 percent. The City receives a subsidy of 45 percent of interest cost from the Federal Government reducing the effective interest rate to 1.93 percent. The note is secured by a Deed of Trust.	$4,900,000
Original issue $1,947,000, Recovery Zone Economic Development bonds payable to Bank of American in 10 annual installments of $194,700 beginning in March 8, 2011 through 2020 plus interest at 5.03 percent. The City receives a subsidy of 45 percent of interest cost from the Federal Government reducing the effective interest rate to 2.77 percent. The note is secured by a Deed of Trust.	1,168,200
3.30% note payable to PNC Bank formerly RBC Centura Bank in 10 annual installments of $330,000 beginning in September 2005 through 2014, plus applicable interest. The note is secured by a Deed of Trust.	330,000
Total general governmental notes payable	6,398,200
Serviced by the Water and Sewer Fund:	
2.60% note payable to the state of North Carolina Drinking Water State Revolving Loan Fund in 19 annual installments of $150,000 beginning in 2004 through 2022, plus applicable interest.	1,200,000
2.87% note payable to the state of North Carolina Drinking Water State Revolving Loan Fund in 19 annual installments of $123,403 beginning in 2004 through 2023, plus applicable interest.	1,110,625
2.66% note payable to the state of North Carolina Drinking Water State Revolving Loan Fund in 20 annual installments of $728,127 beginning in 2007 through 2026, plus applicable interest.	8,737,523
Total North Carolina Drinking Water State Revolving	11,048,148

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. Liabilities *(cont'd)*

7. *Long-Term Obligations (cont'd)*

Service by Water and Sewer Fund:
No interest loan due to the State of North Carolina Department of Transportation for water and sewer relocation I-77/I-40 interchange. Beginning 09/30/2013 to 09/30/2017.

Total NCDOT	1,470,552
Total Outstanding Debt	$18,916,900

As of June 30, 2014 the City does not have any outstanding general obligation bonds with the final redemption occurring in fiscal year 2014. The following table summarizes the annual requirements to amortize all long-term debt outstanding:

	Notes Payable		Total Debt
	Principal	Interest	Payment
Governmental activities:			
2015	$ 1,224,700	$ 223,500	$ 1,448,200
2016	894,700	183,717	1,078,417
2017	894,700	149,424	1,044,124
2018	894,700	115,130	1,009,830
2019	894,700	80,837	975,537
2020-2021	1,594,700	58,793	1,653,493
Total Governmental	6,398,200	811,401	7,209,601
Business-type activities - Water and Sewer Fund:			
2015	1,369,168	295,493	1,664,661
2016	1,369,168	268,683	1,637,851
2017	1,369,168	241,873	1,611,041
2018	1,369,168	215,064	1,584,232
2019	1,001,530	188,254	1,189,784
2020-2024	4,584,245	543,021	5,127,266
2025-2026	1,456,253	58,105	1,514,358
Total Business-type	12,518,700	1,810,492	14,329,192
TOTAL DEBT	$ 18,916,900	$ 2,621,894	$ 21,538,794

The ABC Board's annual report dated June 30, 2014 reported the following outstanding long-term debt:

The ABC Board has a note payable with a bank secured by real estate. At June 30, 2014 the outstanding balance was $805,256. Monthly payments of principal and interest are $5,539 per month. The note bears interest rate of 4.125% per annum. Maturity is May 24, 2016. The maturities are as follows:

2015	$ 33,429
2016	$771,813

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. Liabilities *(cont'd)*

7. *Long-Term Obligations (cont'd)*

The ABC Board's accumulated vacation at June 30, 2014 was $43,484. The current portion of the accumulated vacation pay is not considered material. The CVB's accumulated vacation at June 30, 2014 was $494.

City accounting policy requires that each separate operating fund, those listed below, fully fund or be obligated for their accrued compensated absences. Upon employee's termination, the operating funds provides for the funds to pay the compensated absences.

City's General Fund is obligated to fund the Law Enforcement Separation Allowance that has a mark to market asset of $742,405 and currently has full funded this obligation. Since the City does not fund other postemployment benefit obligations, the operating funds are allocated those costs based on the number of employees.

The following is a summary of changes in general long-term debt for the fiscal year ended June 30, 2014:

	Balances 07/01/13	Additions	Decreases	Balances 06/30/14	Current Portion of Balance	Long-term Portion of Balance
Governmental activities:						
Notes Payable	$ 7,622,900	$ -	$ 1,224,700	$ 6,398,200	$ 1,224,700	$ 5,173,500
Compensated absences	2,081,879	703,634	522,948	2,262,565	613,291	1,649,274
OPEB Obligation	1,021,916	228,051	-	1,249,967	-	1,249,967
Total governmental activities:	$ 10,726,695	$ 931,685	$ 1,747,648	$ 9,910,732	$ 1,837,991	$ 8,072,741
Business-type activities:						
Electric Fund:						
Compensated absences	$ 221,110	$ 99,117	$ 125,415	$ 194,812	$ 112,266	$ 82,546
OPEB Obligation	109,605	23,409	-	133,014	-	133,014
Total Electric Fund	$ 330,715	$ 122,526	$ 125,415	$ 327,826	$ 112,266	$ 215,560
Water and Sewer Fund						
Notes payable	$ 12,049,677	$ 11,066,551	$ 1,485,770	$ 21,630,458	$ 1,369,168	$ 20,261,290
Compensated absences	297,337	112,608	105,752	304,193	109,180	195,013
OPEB Obligation	190,916	42,287	-	233,203	-	233,203
Monofill closure	188,441	2,827	-	191,268	-	191,268
Total Water and Sewer Fund	$ 12,726,371	$ 11,224,273	$ 1,591,522	$ 22,359,122	$ 1,478,348	$ 20,880,774
Civic Center Fund						
Compensated absences	$ 20,381	$ 10,385	$ 7,189	$ 23,577	$ 8,787	$ 14,790
OPEB Obligation	22,566	5,286	-	27,852	-	27,852
Total Civic Center Fund	$ 42,947	$ 15,671	$ 7,189	$ 51,429	$ 8,787	$ 42,642
Total business-type activities	$ 13,100,033	$ 11,362,470	$ 1,724,126	$ 22,738,377	$ 1,599,401	$ 21,138,976

At June 30, 2014, the City of Statesville's legal debt margin is $239,887,982.

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

C. Interfund Balances and Activity

Transfer to/from are for payment in lieu of taxes, for administrative charges, and for capital expenditures. The interfund loans are for covering reimbursable grants to prevent cash deficits in the grant funds.

Transfers to/from at June 30, 2014 consist of the following:

From the Electric Fund to the General Fund for payment in lieu of taxes.	$ 229,492
From the Water & Sewer Fund to the General Fund for payment in lieu of taxes.	488,874
From the Civic Center Fund to the General Fund for payment in lieu of taxes.	23,361
From Occupancy Tax Fund to the General Fund for Administration	18,186
From Drug Enforcement Fund to the General Fund for capital and other.	30,616
From General Capital Reserve to General Fund debt service	801,062
From General Capital Reserve to General Fund real property (Bustle)	152,822
From General Capital Reserve to General Fund street flusher	125,000
From General Capital Reserve to General Fund rear load packer	162,251
From General Capital Reserve to General Fund computers	40,000
From General Capital Reserve to General Fund Fulton Drive sidewalks	21,400
From General Capital Reserve to General Fund Fulton Drive other capital	148,576
From the General Fund to Streetscape Fund	1,921,535
From the General Fund to Airport Improvement Fund	1,126
From the General Fund to Home Consortium/CDBG Fund	1,918
From the General Fund to Domestic Violence Grant Fund	29,388
From the Electric Fund to General Fund	28,657
From the Water and Sewer Fund to General Fund	28,656
From the Electric Fund to the Streetscape Project	666,049
From the Water and Sewer Fund to Streetscape Project	522,715
From Occupancy Tax Fund to the Civic Center Fund	560,866
	$ 6,002,550

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

D. Revenue, Expenditures and Expenses

1. On-Behalf-of Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2014, the City has recognized on-behalf-of payments for pension contributions made by the state as revenue and an expenditure of $369 for 73 fire department employees who perform firefighting duties for the City's fire department. The employees elected to be members of the Firefighter's and Rescue Squad Workers' Pension Fund, a cost-sharing, multiple-employer public retirement system established and administered by the state of North Carolina. The plan is funded by a $10 monthly contribution paid by each member (of which the City paid $5 in the most current year), investment income, and a state appropriation.

III. JOINTLY GOVERNED ORGANIZATIONS

2. North Carolina Municipal Power Agency Number 1

The City is a member of the North Carolina Municipal Power Agency Number 1 (Agency). The purpose of the Agency was to issue bonds and to purchase a 75% interest in the Catawba Project Number 2 Nuclear Station Generating Plant and a 37% interest in the Support Facilities of the Station. The City of Statesville is contractually allocated, under power sales agreement, a 9.8639% interest in the Agency, with the balance being shared by eighteen other municipalities. Each municipality appoints one commissioner to the Agency's governing board.

The Agency outstanding long-term debt as of December 31, 2013 was $1,433,090,000. The City of Statesville, in the event of payment default by other members, would be liable for a pro rata share of the increase, not to exceed 125% of the originally agreed-upon share. Therefore, the City's share would never exceed 12.3299% of the total operating expenses (including debt service) of the Agency.

The City is billed monthly for 9.8639% of the operating expenditures (including debt service) of the Agency, and is obligated to purchase all bulk power supply requirements from the Agency. All payments to the Agency by the City must be made from operating revenues of the Electric Fund, and cannot, by law, be paid by other revenues earned or taxes levied by the City. The City agrees that it will fix and collect rates at a sufficient amount to provide for the pro rata costs and other operating expenses of its Electric Fund. Except for the power sales purchase requirements, no municipality has any obligation, entitlement, or residual interest. The City's purchase of power for the fiscal year ended June 30, 2014 totaled $40,827,388.

3. Centralina Council of Governments

The City, in conjunction with eight counties and 49 other municipalities established the Centralina Council of Governments (COG). The participating governments established the COG to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the COG's governing board. The City paid membership fees of $5,888 to the COG during the fiscal year ended June 30, 2014.

IV. JOINT VENTURE

The City and the members of the City's fire department each appoint two members to the five-member local board of trustees for the Firefighter's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Fireman's Relief Fund is funded by a portion of the fire and lighting insurance premiums that insurers remit to the State. The State passes these moneys to the local board of the Firefighter's Relief Fund. The funds are used to assist fire fighters in various ways. The City obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the City's fire department by the board of trustees. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2014. The Firefighter's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firefighter's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

V. RELATED ORGANIZATION

The five-member board of the City of Statesville Housing Authority is appointed by the Mayor of the City of Statesville. 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 Statesville is also disclosed as a related organization in the notes to the financial statements for the City of Statesville Housing Authority.

VI. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal-and State-Assisted Programs

The City has received proceeds from several federal and state grants. Periodic audits of the 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.

Third Creek Wastewater Plant Monofill

The City has obtained an approved plan from the North Carolina Department of Environment and Natural Resources, Division of Solid Waste Management, Hazardous Waste Section (NCDENR) regarding the closing of the Third Creek/Wastewater Treatment Plant Monofill. Due to high levels of heavy metals found in the sludge of the plant during a clean-out of the facility and the resulting sludge being placed in the monofill, the NCDENR has required the City to complete a plan for closing and a thirty-year monitoring plan for the monofill.

The monofill is now closed to all sludge per a request from the NCDENR and will not reopen. Since the NCDENR has required the closing and monitoring plan, the City has calculated the cost of this action. The costs associated with closure of the monofill had been paid. The 28-year monitoring cost has a net present value (assuming a 6% interest rate) of $191,915. The current balance as of June 30, 2014 is $192,268 and has been accrued as a liability in the Enterprise Funds in the accompanying financial statements. The City's financial liability for the monofill monitoring plan will increase each fiscal year by the rate of inflation (Gross National Product) in accordance with current Federal Environmental Protection Agency regulation Part 265. The amount of accretion for June 30, 2014 was $2,827. This charge has been made in accordance with FASB Statement No. 5 due to information existing which indicates that it is probable that a liability has been incurred and the amount can be reasonably estimated. These amounts will be funded from the operating budget of the Water and Sewer Fund in the year that the related closing and monitoring costs occur.

VII. NET INVESTMENT IN CAPITAL ASSETS

	Governmental	Business-Type
Capital assets	$ 74,601,752	$ 87,431,811
less: long-term debt	6,398,200	20,159,905
add: unexpended debt proceeds	61,249	-
Net investment in capital assets	$ 68,264,801	$ 67,271,906

VIII. FUND BALANCE

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

Total fund balance - General Fund	$ 24,825,738
Less:	
Inventory	31,027
Prepaid items	4,290
Stabilization by state statue	3,414,788
Subsequent year's appropriations	998,745
Debt service	61,249
Unassigned-available for appropriation	20,315,639

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The following information is also found in the budgetary data section of the financial notes regarding the City's budgetary policy. At June 30, 2014, the General Fund, excluding project funds, had outstanding encumbrances of $1,017,554. Project had $13,507,003 in outstanding encumbrances and the enterprise funds outstanding encumbrances of $3,126,159. These encumbrances outstanding are not reported in the fund balance section of the Balance Sheet – Governmental Funds or enterprise funds. Encumbrances are re-appropriated in the subsequent fiscal year since appropriations lapse at year end.

IX. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date the financial statements were issued and has determined that no significant events have occurred that would alter the City's financial position.

This section contains additional information required by generally accepted accounting principles.

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance.
- Notes to Required Schedules for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Funding Progress for OPEB Obligation.
- Schedule of Employer Contributions for OPEB Obligation.
- Notes to Required Schedules for the OPEB Obligation.

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CITY OF STATESVILLE, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Proj. Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll for Year Ending on Val. Date (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/1996	$ -	$ 835,862	$ 835,862	0.00%	$ 1,710,544	48.87%
12/31/1997	789,405	919,529	130,124	85.85%	1,795,639	7.25%
12/31/1998	733,368	872,213	120,015	84.08%	1,723,772	8.05%
12/31/1999	741,287	889,395	148,108	83.35%	1,951,259	7.59%
12/31/2000	653,277	1,173,821	520,544	55.65%	2,163,793	24.06%
12/31/2001	626,033	1,023,804	397,771	61.15%	2,209,531	18.00%
12/31/2002	606,823	1,174,968	568,145	51.65%	2,404,017	23.63%
12/31/2003	576,850	1,153,481	576,631	50.01%	2,426,607	23.76%
12/31/2004	534,139	1,203,741	669,602	44.37%	2,518,442	26.59%
12/31/2005	493,268	933,315	440,047	52.85%	2,566,218	17.15%
12/31/2006	459,012	1,154,925	695,913	39.74%	2,678,402	25.98%
12/31/2007	432,358	1,173,321	740,963	36.85%	2,848,692	26.01%
12/31/2008	401,298	1,282,829	881,531	31.28%	3,100,737	28.43%
12/31/2009	333,770	1,539,643	1,205,873	21.68%	3,315,371	36.37%
12/31/2010	220,111	1,393,328	1,173,217	15.80%	3,470,854	33.80%
12/31/2011	150,901	1,351,372	1,200,471	11.17%	3,471,257	34.58%
12/31/2012	154,950	1,269,921	1,114,971	12.20%	3,352,479	33.26%
12/31/2013	181,811	1,270,807	1,088,996	14.31%	3,459,616	31.48%

Year Ended June 30	Annual Required Contribution	Annual Percentage Contributed	City Actual
1998	$ 93,127	129.53%	$ 120,627
1999	97,009	884.72%	858,258
2000	33,477	113.29%	37,926
2001	38,564	106.67%	41,136
2002	72,744	98.91%	71,951
2003	64,152	108.87%	69,842
2004	79,105	100.52%	79,516
2005	80,096	102.49%	82,090
2006	84,411	102.30%	86,352
2007	66,054	111.99%	73,974
2008	85,272	114.06%	97,263
2009	81,943	190.80%	156,348
2010	96,766	169.11%	163,637
2011	140,943	0.00%	-
2012	144,927	99.60%	144,350
2013	152,220	75.77%	115,342
2014	163,707	91.44%	149,697

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	December 31, 2013
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	17 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.5 – 7.85%
*Includes inflation at	3.00%
Cost-of-living adjustment	N/A

CITY OF STATESVILLE, NORTH CAROLINA
OTHER POSTEMPLOYMENT BENEFIT OBLIGATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Proj. Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll for Year Ending on Val. Date (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2008	$ -	$ 2,398,643	$ 2,398,643	0.00%	$ 15,459,201	15.52%
12/31/2010	$ -	$ 2,968,534	$ 2,968,534	0.00%	$ 16,313,035	18.20%
12/31/2012	$ -	$ 895,690	$ 895,690	0.00%	$ 15,515,514	5.77%

Year Ended June 30	Annual Required Contribution	Annual Percentage Contributed	City Actual
2008	$ 227,882	0.00%	$ -
2009	$ 227,882	0.00%	$ -
2011	$ 288,504	0.00%	$ -
2012	$ 288,504	0.00%	$ -
2013	$ 297,159	0.00%	$ -
2014	$ 297,159	0.00%	$ -

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. The City performs an actuary for OPEB every two years and the current year expense the same as the first year actuary. Additional information as of the latest actuarial valuation follows.

Valuation date	December 31, 2012
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Amortization factor	26.1695
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate	8.50% – 5.00%
Year of Ultimate trend rate	2018
*Includes inflation at	3.00%

Updated actuary required for fiscal year ending June 30, 2015.

MAJOR GOVERNMENTAL FUND

The **General Fund** is the principal fund of the City and is used to account for all activities of the City not included in other specified funds. The **General Fund** accounts for the normal recurring activities of the City.

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CITY OF STATESVILLE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Ad valorem property taxes:			
Ad valorem taxes (city-wide)	$ 11,995,551	$ 11,848,194	$ (147,357)
Prior year ad valorem taxes (city-wide)	325,000	355,580	30,580
Ad valorem taxes (special district)	100,553	102,433	1,880
Penalties and interest	85,000	97,733	12,733
Total ad valorem property taxes	12,506,104	12,403,940	(102,164)
Other taxes and licenses:			
Gross receipt tax	30,000	35,382	5,382
Local sales tax	5,300,000	5,491,152	191,152
Hold harmless	107,387	107,387	-
Privilege licenses	387,000	665,357	278,357
Total other taxes and licenses	5,824,387	6,299,278	474,891
Unrestricted intergovernmental revenues:			
Payments in lieu of taxes	15,000	29,327	14,327
Utility franchise tax	1,445,000	1,599,735	154,735
State beer and wine tax	112,000	108,089	(3,911)
Telecommunication tax	320,000	305,299	(14,701)
Video programming tax	143,000	145,077	2,077
ABC Liquor by the drink	85,000	93,189	8,189
ABC profit distribution	55,000	36,050	(18,950)
Tax refunds	-	22	22
Total unrestricted intergovernmental	2,175,000	2,316,788	141,788
Restricted intergovernmental:			
Powell Bill allocation	730,000	741,701	11,701
Solid waste tax	16,000	15,098	(902)
On-behalf-of-payments - fire	25,000	25,756	756
Other state and federal grants	108,847	182,456	73,609
Federal interest subsidy for debt interest	113,536	105,131	(8,405)
Total restricted intergovernmental	993,383	1,070,142	76,759
Permits and fees:			
Recycling Revenue	15,000	19,775	4,775
Street cut permits	100	400	300
Planning and zoning fees	15,000	15,605	605
Court fees	15,000	5,086	(9,914)
Grave fees	80,000	98,000	18,000
Parking violations	55,425	80,338	24,913
Civil citations	10,000	7,057	(2,943)
Nuisance abatements	7,500	13,194	5,694
Tipping fees	148,000	145,857	(2,143)
Fire inspection fees	80,000	61,396	(18,604)
Appearance Commission	-	500	500
Total permits and fees	426,025	447,208	21,183

CITY OF STATESVILLE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES (Continued):			
Sales and services:			
Sale of capital assets	25,000	21,274	(3,726)
Assessment revenues	-	102,389	102,389
Internal charges	9,000	7,385	(1,615)
Statesville Housing Authority police protection	53,756	52,290	(1,466)
School System resource police officers	105,506	105,235	(271)
Commerce Blvd improvement	-	145,589	145,589
Recreation-General	137,000	97,575	(39,425)
Recreation-Fitness/Activity Center	325,000	373,425	48,425
Recreation-Pool sales	145,000	143,684	(1,316)
Civic Center sales	15,000	15,845	845
SFAC employee membership	36,563	10,597	(25,966)
Airport rent	205,000	193,750	(11,250)
Iredell County-debt sharing airport	173,189	173,190	1
Fueling flow fees	135,000	144,902	9,902
Sale of cemetery lots	55,000	76,800	21,800
Sale of material and labor	-	6,379	6,379
Total sales and services	1,420,014	1,670,309	250,295
Investment earnings:			
Earned interest	125,000	275,724	150,724
Total investment earnings	125,000	275,724	150,724
Miscellaneous:			
Insurance proceeds	48,020	76,204	28,184
Donations - capital assets	-	5,400	5,400
Donations	2,950	2,950	-
Miscellaneous other	20,000	39,610	19,610
Total miscellaneous	70,970	124,164	53,194
Total revenues	23,540,883	24,607,553	1,066,670
EXPENDITURES:			
General government:			
Mayor and council:			
Salaries and employee benefits		87,959	
Professional services		12,555	
Operating expenditures		77,888	
Reimbursement from other funds		(65,009)	
Total Mayor and council	133,574	113,393	20,181
City manager			
Salaries and employee benefits		286,561	
Professional services		3,333	
Operating expenditures		16,161	
Capital		17,511	
Reimbursement from other funds		(123,602)	
Total City manager	216,839	199,964	16,875

CITY OF STATESVILLE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES (Continued):			
General government (continued):			
City clerk:			
Salaries and employee benefits		55,350	
Operating expenditures		81,237	
Reimbursement from other funds		(45,986)	
Total City clerk	107,803	90,601	17,202
Finance department:			
Salaries and employee benefits		1,168,187	
Professional services		112,009	
Operating expenditures		694,454	
Capital outlay		49,638	
Reimbursement from other funds		(1,186,885)	
Total Finance department	985,548	837,403	148,145
Human resources:			
Salaries and employee benefits		433,778	
Professional services		17,126	
Operating expenditures		84,174	
Reimbursement from other funds		(159,027)	
Total Personnel	473,018	376,051	96,967
Legal:			
Professional services		92,198	
Reimbursement from other funds		(13,911)	
Total Legal	83,589	78,287	5,302
Planning and zoning:			
Salaries and employee benefits		545,760	
Professional services		59,875	
Operating expenditures		177,386	
Capital		17,511	
Total Planning and zoning	868,833	800,532	68,301
Main Street:			
Operating expenditures		146,091	
Total Main Street	147,069	146,091	978

CITY OF STATESVILLE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES (Continued):			
General government (continued):			
Public works and engineering:			
Salaries and employee benefits		214,238	
Professional services		28,935	
Operating expenditures		80,043	
Capital		31,898	
Reimbursement from other funds		(90,501)	
Total Public works and engineering	350,586	264,613	85,973
Garage:			
Salaries and employee benefits		465,431	
Operating expenditures		83,097	
Reimbursement from other funds		(322,027)	
Total Garage	247,356	226,501	20,855
Warehouse:			
Operating expenditures		91,904	
Capital		79,808	
Reimbursement from other funds		(155,985)	
Total Warehouse	31,669	15,727	15,942
General expense:			
Capital outlay land	1,699,838	1,204,436	
Miscellaneous	7,500	7,500	
Total General expense	1,707,338	1,211,936	495,402
Special appropriations:			
Arts council	3,325	3,325	
Children's Home of Iredell County	3,750	3,750	
Chamber of Commerce	10,000	10,000	
Council on Aging	5,750	5,750	
Iredell County Rescue Squad	6,500	6,500	
Lifespan Vocational Workshop	25,000	25,000	
Elderly Nutrition Program	3,731	3,731	
Garfield Senior Citizens	1,000	1,000	
Golden Age Senior Citizens	1,000	1,000	
Happy Hour Senior Citizens	1,000	1,000	
Counseling Center	9,560	9,560	
Iredell Senior Center	4,600	4,600	
Fifth Street Ministry	4,000	4,000	
Iredell County Children's Museum	3,570	3,570	
Total Special appropriation	82,786	82,786	-
Total general government	5,436,008	4,443,885	992,123

CITY OF STATESVILLE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES (Continued):			
Public safety:			
Police:			
Salaries and employee benefits		5,922,993	
Professional services		8,542	
Operating expenditures		927,895	
Capital outlay		222,764	
Total Police	7,375,166	7,082,194	292,972
Fire service:			
Salaries and employee benefits		4,059,776	
Professional services		12,965	
Operating expenditures		579,021	
Capital outlay		148,587	
Total Fire service	5,104,920	4,800,349	304,571
Total public safety	12,480,086	11,882,543	597,543
Transportation:			
Street department:			
Salaries and employee benefits		806,391	
Operating expenditures		920,437	
Capital outlay		129,617	
Reimbursement from other funds		(101,714)	
Total Street department	1,987,147	1,754,731	232,416
Street construction:			
Operating expenditures		62,645	
Capital outlay		622,222	
Total Street construction	1,363,106	684,867	678,239
Airport:			
Salaries and employee benefits		54,632	
Professional services		24,435	
Operating expenditures		100,088	
Total Airport	326,308	179,155	147,153
Total transportation	3,676,561	2,618,753	1,057,808

CITY OF STATESVILLE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES (Continued):			
Economic and physical development:			
Operating expenditures		541,239	
Total economic and physical development	970,000	541,239	428,761
Environmental protection:			
Sanitation:			
Salaries and employee benefits		1,241,305	
Operating expenditures		351,749	
Capital outlay		162,251	
Total environmental protection	1,828,366	1,755,305	73,061
Cultural and recreation:			
Recreation - administration:			
Salaries and employee benefits		186,467	
Operating expenditures		194,670	
Total administration	485,780	381,137	104,643
Recreation - athletics:			
Salaries and employee benefits		101,270	
Operating expenditures		73,502	
Total athletics	207,828	174,772	33,056
Recreation - programs:			
Salaries and employee benefits		188,295	
Operating expenditures		73,271	
Total programs	285,589	261,566	24,023
Recreation - fitness center:			
Salaries and employee benefits		259,315	
Operating expenditures		144,581	
Total fitness center	492,571	403,896	88,675
Recreation - leisure pool:			
Salaries and employee benefits		94,830	
Operating expenditures		80,026	
Total leisure pool	189,695	174,856	14,839

CITY OF STATESVILLE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Final Budget	Actual	Variance Favorable (Unfavorable)
Recreation - parks			
Salaries and employee benefits		711,794	
Operating expenditures		339,835	
Capital outlay		51,144	
Reimbursement from other funds		(24,868)	
Total park maintenance	1,179,402	1,077,905	101,497
Recreation - public grounds and cemetery:			
Salaries and employee benefits		257,204	
Operating expenditures		256,968	
Reimbursement from other funds		(15,557)	
Total public grounds and cemetery	619,449	498,615	120,834
Total recreation and culture	3,460,314	2,972,747	487,567
Debt service:			
Principal payment		1,224,700	
Interest payment		268,684	
Total debt service	1,493,384	1,493,384	-
Contingency:			
Contingency	59,374	-	59,374
Total expenditures	29,404,093	25,707,856	3,696,237
Revenues over (under) expenditures	(5,863,210)	(1,100,303)	4,762,907
OTHER FINANCING SOURCES (USES):			
Transfers in:			
Internal PILOT - Electric	229,480	229,492	12
Internal PILOT - Water and Sewer	488,874	488,874	-
Internal PILOT - Civic Center	22,361	22,361	-
Reimbursement - occupancy tax	18,250	18,186	(64)
From Drug Enforcement Fund	30,616	30,616	-
From Electric	28,657	28,657	-
From Water and Sewer	28,656	28,656	-
From General Capital Reserve	1,740,054	1,451,111	(288,943)
Total transfers in	2,586,948	2,297,953	(288,995)

CITY OF STATESVILLE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Final Budget	Actual	Variance Favorable (Unfavorable)
Transfers (out):			
To Streetscape Fund	(1,921,535)	(1,921,535)	-
To Airport Improvement Fund	(1,126)	(1,126)	-
To Home Consortium Fund	(19,918)	(19,918)	-
To Domestic Violence Grant Fund	(29,388)	(29,388)	-
Total transfers out	(1,971,967)	(1,971,967)	-
Fund balance appropriated	5,248,229	-	(5,248,229)
Total other financing sources (uses)	5,863,210	325,986	(5,537,224)
Revenues and other financing sources (under) expenditures and other uses	$ -	(774,317)	$ (774,317)
Fund balances at beginning of year		25,600,055	
Fund balances at end of year		$ 24,825,738	

NONMAJOR GOVERNMENTAL FUNDS

Home Program Grant Project Fund - accounts for the Home Program grant that is restricted to home rehabilitation and down payment assistance.

1997-1998 Home Consortium Fund - accounts for participation in the Cabarrus/Iredell/Rowan Home Consortium and related grant activity. The funds are restricted to be used for the rehabilitation of private dwellings and administrative costs associated with the grant.

Home Consortium/CDBG Fund - accounts for participation in the Cabarrus/Iredell/Rowan Home Consortium and related grant activity. The funds are restricted to be used for the construction or rehabilitation of private dwellings and administrative costs associated with the grant.

Drug Enforcement Fund - accounts for monies reserved for drug enforcement expenditures.

Occupancy Tax Fund - accounts for receipts from a local hotel/motel occupancy tax that are restricted to the operation of a civic center and the promotion of travel and tourism.

Domestic Violence Grant Fund - accounts for presentation and support for victims of domestic violence.

Economic Development - accounts for economic grants from state and federal governments.

Warehouse Construction Fund - accounts for capital construction for new warehouse facility.

Streetscape Fund - accounts for the downtown infrastructure renewal.

Airport Improvement (formerly South Parallel Fund) - accounts for capital improvements to airport facilities.

General Equipment Capital Reserve Fund - accounts for monies restricted to the purchase of general fixed assets.

CITY OF STATESVILLE, NORTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

	Home Program Project Fund	1997-1998 Home Consortium Fund	Home Consortium CDBG Fund	Drug Enforcement Fund	Occupancy Tax Fund	Domestic Violence Grant
ASSETS:						
Cash and cash equivalents	$ 245,192	$ 84,221	$ 18,725	$ 60,645	$ 179,856	$ 3,543
Accounts receivable, net	-	85,135	-	-	-	-
Interest receivable	322	110	25	80	236	10
Due from other governments	-	-	-	-	-	15,819
Total assets	$ 245,514	$ 169,466	$ 18,750	$ 60,725	$ 180,092	$ 19,372
LIABILITIES AND FUND EQUITY:						
Liabilities:						
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ 2,156
Deferred revenues	-	85,135	-	-	-	-
Total liabilities	-	85,135	-	-	-	2,156
Fund Equity:						
Stabilization by state statute	322	85,245	25	80	236	15,828
Restricted	245,192	(914)	18,725	60,645	179,856	1,388
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	245,514	84,331	18,750	60,725	180,092	17,216
Total liabilities and fund balances	$ 245,514	$ 169,466	$ 18,750	$ 60,725	$ 180,092	$ 19,372

Economic Development Fund	Total Nonmajor Special Revenue Funds	Warehouse Construction Fund	Streetscape Fund	Airport Improvement Fund	General Equipment Capital Reserve Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
$ -	$ 592,182	$ 104,336	$ 2,912,923	$ 1,190,658	$ 3,655,549	$ 7,863,466	$ 8,455,648
-	85,135	-	-	-	-	-	85,135
-	783	137	3,821	1,562	4,996	10,516	11,299
-	15,819	-	16,049	23,226	-	39,275	55,094
$ -	$ 693,919	$ 104,473	$ 2,932,793	$ 1,215,446	$ 3,660,545	$ 7,913,257	$ 8,607,176
$ -	$ 2,156	$ -	$ 162,314	$ 7,800	$ -	$ 170,114	$ 172,270
-	85,135	-	-	1,341	-	1,341	86,476
-	87,291	-	162,314	9,141	-	171,455	258,746
-	101,736	100,137	2,636,325	24,787	4,996	2,766,245	2,867,981
-	504,892	-	134,154	1,181,518	-	1,315,672	1,820,564
-	-	4,336	-	-	3,655,549	3,659,885	3,659,885
-	-	-	-	-	-	-	-
-	606,628	104,473	2,770,479	1,206,305	3,660,545	7,741,802	8,348,430
$ -	$ 693,919	$ 104,473	$ 2,932,793	$ 1,215,446	$ 3,660,545	$ 7,913,257	$ 8,607,176

CITY OF STATESVILLE, NORTH CAROLINA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	Home Program Project Fund	1997-1998 Home Consortium Fund	Home Consortium CDBG Fund	Drug Enforcement Fund	Occupancy Tax Fund	Domestic Violence Grant
REVENUES:						
Other taxes and licenses	$ -	$ -	$ -	$ -	$ 818,512	$ -
Restricted intergovernmental	-	-	169,105	12,541	-	45,210
Repayment of loans	-	9,630	-	-	-	-
Investment earnings	2,510	866	493	863	1,037	(14)
Miscellaneous	-	-	-	-	100	-
Total revenues	2,510	10,496	169,598	13,404	819,649	45,196
EXPENDITURES:						
Public safety						
Operating expenditures	-	-	-	-	-	57,368
Transportation						
Capital outlay	-	-	-	-	-	-
Economic and physical development:						
Operating expenditures	-	-	209,003	-	160,085	-
Capital outlay	-	-	-	-	-	-
Total expenditures	-	-	209,003	-	160,085	57,368
Revenue over (under) expenditures	2,510	10,496	(39,405)	13,404	659,564	(12,172)
OTHER FINANCING SOURCES (USES):						
Transfers in:						
General Fund	-	-	19,918	-	-	29,388
Electric Fund	-	-	-	-	-	-
Water and Sewer Fund	-	-	-	-	-	-
Transfers out:						
General Fund			-	(30,616)	(18,186)	-
Civic Center	-	-	-	-	(560,866)	-
Total other financing sources (uses)	-	-	19,918	(30,616)	(579,052)	29,388
Revenues and other sources over (under) expenditures and other (uses)	2,510	10,496	(19,487)	(17,212)	80,512	17,216
Fund balances at beginning of year	243,004	73,835	38,237	77,937	99,580	-
Fund balances at end of year	$ 245,514	$ 84,331	$ 18,750	$ 60,725	$ 180,092	$ 17,216

Economic Development Fund	Total Nonmajor Special Revenue Funds	Warehouse Construction Fund	Streetscape Fund	Airport Improvement Fund	General Equipment Capital Reserve Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
$ -	$ 818,512	$ -	$ -	$ -	$ -	$ -	$ 818,512
37,500	264,356	-	-	204,989	-	204,989	469,345
-	9,630	-	-	-	-	-	9,630
-	5,755	1,173	982	6,906	56,542	65,603	71,358
-	100	-	7,642	-	6,697	14,339	14,439
37,500	1,098,353	1,173	8,624	211,895	63,239	284,931	1,383,284
	-						
-	57,368	-	-	-	-	-	57,368
-	-	-	-	156,858	-	156,858	156,858
37,500	406,588	-	-	-	-	-	406,588
-	-	-	1,013,864	-	-	1,013,864	1,013,864
37,500	463,956	-	1,013,864	156,858	-	1,170,722	1,634,678
-	634,397	1,173	(1,005,240)	55,037	63,239	(885,791)	(251,394)
-	49,306	-	1,921,535	1,126	-	1,922,661	1,971,967
-		-	666,049	-	-	666,049	666,049
-		-	522,715	-	-	522,715	522,715
						-	
-	(48,802)	-	-	-	(1,451,111)	(1,451,111)	(1,499,913)
-	(560,866)	-	-	-	-	-	(560,866)
-	(560,362)	-	3,110,299	1,126	(1,451,111)	1,660,314	1,099,952
-	74,035	1,173	2,105,059	56,163	(1,387,872)	774,523	848,558
-	532,593	103,300	665,420	1,150,142	5,048,417	6,967,279	7,499,872
$ -	$ 606,628	$ 104,473	$2,770,479	$ 1,206,305	$ 3,660,545	$ 7,741,802	$ 8,348,430

CITY OF STATESVILLE, NORTH CAROLINA
HOME PROGRAM GRANT PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2014

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
REVENUES:				
Restricted intergovernmental:				
Home program grant	$ 755,810	$ 755,131	$ -	$ 755,131
Repayment of loans	117,933	274,729	-	274,729
Investment earnings	-	80,601	2,510	83,111
Total revenues	873,743	1,110,461	2,510	1,112,971
EXPENDITURES:				
Economic and physical development				
Home program grant activity	873,743	867,457	-	867,457
Total expenditures	873,743	867,457	-	867,457
Revenues and other financial sources over expenditures	$ -	$ 243,004	2,510	$ 245,514
FUND BALANCES:				
Fund balances at beginning of year			243,004	
Fund balances at end of year			$ 245,514	

CITY OF STATESVILLE, NORTH CAROLINA
1997-1998 HOME CONSORTIUM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2014

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
REVENUES:				
Restricted intergovernmental	$ 102,978	$ 102,977	$ -	$ 102,977
Repayment of loans	-	63,950	9,630	73,580
Investment earnings	-	9,224	866	10,090
Total revenues	102,978	176,151	10,496	186,647
EXPENDITURES:				
Economic and physical development				
Home program grant activity	127,978	127,316	-	127,316
Total expenditures	127,978	127,316	-	127,316
Revenues over (under) expenditures	(25,000)	48,835	10,496	59,331
OTHER FINANCING SOURCES:				
Transfer in - General Fund	25,000	25,000	-	25,000
Revenues and other financing sources over expenditures	$ -	$ 73,835	10,496	$ 84,331
FUND BALANCES:				
Fund balances at beginning of year			73,835	
Fund balances at end of year			$ 84,331	

CITY OF STATESVILLE, NORTH CAROLINA
HOME CONSORTIUM/CDBG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2014

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
REVENUES:				
Restricted intergovernmental-Home Program	$ 1,577,710	$ 1,408,594	$ 169,105	$ 1,577,699
Restricted intergovernmental - other	750,000	750,000	-	750,000
Restricted intergovernmental - CDBG	250,000	249,079	-	249,079
Investment earnings	-	17,272	493	17,765
Total revenues	2,577,710	2,424,945	169,598	2,594,543
EXPENDITURES:				
Economic and physical development				
Home program grant activity	1,942,972	1,732,973	209,003	1,941,976
Restricted intergovernmental - other	750,000	750,000	-	750,000
Restricted intergovernmental - CDBG	250,000	249,079	-	249,079
Total expenditures	2,942,972	2,732,052	209,003	2,941,055
Revenues (under) expenditures	(365,262)	(307,107)	(39,405)	(346,512)
OTHER FINANCING SOURCES:				
Transfer in - General Fund	365,262	345,344	19,918	365,262
Revenues and other financing sources over (under) expenditures and other financing sources	$ -	$ 38,237	(19,487)	$ 18,750
FUND BALANCES:				
Fund balances at beginning of year			38,237	
Fund balances at end of year			$ 18,750	

CITY OF STATESVILLE, NORTH CAROLINA
DRUG ENFORCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2014

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
REVENUES:				
Restricted intergovernmental:				
Adoptive forfeitures	$ 609,464	$ 613,975	$ -	$ 613,975
DARE revenues	2,000	926	-	926
Controlled substance tax	270,668	300,592	12,542	313,134
Investment earnings	63,455	66,188	863	67,051
Total revenues	945,587	981,681	13,405	995,086
EXPENDITURES:				
Public safety:				
Drug enforcement	103,692	97,125	-	97,125
DARE expenditures	2,000	926	-	926
Total expenditures	105,692	98,051	-	98,051
Revenues over expenditures	839,895	883,630	13,405	897,035
OTHER FINANCING USES:				
Transfer out:				
General Fund	(822,019)	(787,818)	(30,616)	(818,434)
SIGI Grant	(17,876)	(17,876)	-	(17,876)
Total transfers (out)	(839,895)	(805,694)	(30,616)	(836,310)
Revenues and other financing sources over (under) expenditures and other financing (uses)	$ -	$ 77,936	(17,211)	$ 60,725
FUND BALANCES:				
Fund balances at beginning of year			77,936	
Fund balances at end of year			$ 60,725	

CITY OF STATESVILLE, NORTH CAROLINA
OCCUPANCY TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Other taxes and licenses:			
5% hotel/motel occupancy tax	$ 825,000	$ 818,512	$ (6,488)
Investment earnings	-	1,037	1,037
Miscellaneous income	-	100	100
Total revenues	825,000	819,649	(5,351)
EXPENDITURES:			
Economic and physical development	161,350	160,085	(1,265)
Total expenditures	161,350	160,085	(1,265)
Revenues over (under) expenditures	663,650	659,564	(4,086)
OTHER FINANCING USES:			
Transfers out:			
General Fund	18,250	18,186	(64)
Civic Center Fund	560,866	560,866	-
Future capital and debt service	84,534	-	(84,534)
Total other financing sources (uses)	663,650	579,052	(84,598)
Revenues and other financing sources over (under) expenditures and other financing sources (uses)	$ -	80,512	$ (88,684)
FUND BALANCES:			
Fund balances at beginning of year		99,580	
Fund balances at end of year		$ 180,092	

CITY OF STATESVILLE, NORTH CAROLINA
DOMESTIC VIOLENCE GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2014

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
REVENUES:				
Restricted intergovernmental:				
Federal grant	$ 93,719	$ -	$ 45,210	$ 45,210
Investment earnings	-	-	(14)	(14)
Total revenues	93,719	-	45,196	45,196
EXPENDITURES:				
Public safety:				
First year grant	63,945	-	57,368	57,368
Second year grant	59,162	-	-	-
Total expenditures	123,107	-	57,368	57,368
Revenues (under) expenditures	(29,388)	-	(12,172)	(12,172)
OTHER FINANCING SOURCES:				
Transfer in:				
General Fund	29,388	-	29,388	29,388
Total transfers	29,388	-	29,388	29,388
Revenues and other financing sources over expenditures	$ -	$ -	17,216	$ 17,216
FUND BALANCES:				
Fund balances at beginning of year			-	
Fund balances at end of year			$ 17,216	

CITY OF STATESVILLE, NORTH CAROLINA
ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2014

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
REVENUES:				
Restricted intergovernmental:				
One NC Fund phase I - Providencia	$ 56,000	$ 56,000	$ -	$ 56,000
One NC Fund - Pate-Dawson Company	150,000	75,000	37,500	112,500
CDBG -Pate-Dawson Bldg Reuse	466,000	466,000	-	466,000
Rural Center - Abundant Mfg (administration)	10,000	10,000	-	10,000
Total revenues	682,000	607,000	37,500	644,500
EXPENDITURES:				
Economic development:				
One NC Fund phase I - Providencia	56,000	56,000	-	56,000
One NC Fund - Pate-Dawson Company	150,000	75,000	37,500	112,500
CDBG -Pate-Dawson Bldg Reuse	466,000	466,000	-	466,000
Rural Center - Abundant Mfg (administration)	10,000	10,000	-	10,000
Total expenditures	682,000	607,000	37,500	644,500
Revenues and other financing sources over expenditures	$ -	$ -	-	$ -
FUND BALANCES:				
Fund balances at beginning of year			-	
Fund balances at end of year			$ -	

CITY OF STATESVILLE, NORTH CAROLINA
WAREHOUSE CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2014

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
REVENUES:				
Investment earnings	$ -	$ 3,300	$ 1,173	$ 4,473
Total revenues	-	3,300	1,173	4,473
EXPENDITURES:				
General Government:				
Capital Outlay	350,000	-	-	-
Total expenditures	350,000	-	-	-
Revenues over (under) expenditures	(350,000)	3,300	1,173	4,473
OTHER FINANCING SOURCES:				
Transfers in:				
General Fund	100,000	100,000	-	100,000
Electric Fund	250,000	-	-	-
Total other financing sources	350,000	100,000	-	100,000
Revenues and other financing sources over expenditures	$ -	$ 103,300	1,173	$ 104,473
FUND BALANCES:				
Fund balances at beginning of year			103,300	
Fund balances at end of year			$ 104,473	

CITY OF STATESVILLE, NORTH CAROLINA
STREETSCAPE CAPITAL PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2014

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
REVENUES:				
Unrestricted intergovernmental	$ 195,727	$ 195,727	$ -	$ 195,727
Investment earnings	7,000	1,034	981	2,015
Total revenues	202,727	196,761	981	197,742
EXPENDITURES:				
Economic and physical development:				
Debt issuance costs	26,133	26,133	-	26,133
Capital outlay professional services	450,357	422,499	1,887	424,386
Capital outlay construction	7,919,977	4,700,921	830,904	5,531,825
Capital outlay - miscellaneous	74,404	29,226	26,057	55,283
Capital outlay - other improvement	160,943	10,942	910	11,852
Professional services	264,750	54,362	154,105	208,467
Contingency	136,846	-	-	-
Total expenditures	9,033,410	5,244,083	1,013,863	6,257,946
Revenues (under) expenditures	(8,830,683)	(5,047,322)	(1,012,882)	(6,060,204)
OTHER FINANCING SOURCES:				
Transfers in:				
General Fund	2,349,505	427,970	1,921,535	2,349,505
Electric Fund	846,512	180,463	666,049	846,512
Water and Sewer Fund	610,024	87,309	522,715	610,024
City Hall Renovation Fund	111,000	111,000	-	111,000
Miscellaneous Revenue	7,642	-	7,642	7,642
Proceeds from debt	4,906,000	4,906,000	-	4,906,000
Total other financing sources	8,830,683	5,712,742	3,117,941	8,830,683
Revenues and other financing sources over expenditures	$ -	$ 665,420	2,105,059	$ 2,770,479
FUND BALANCES:				
Fund balances at beginning of year			665,420	
Fund balances at end of year			$ 2,770,479	

CITY OF STATESVILLE, NORTH CAROLINA
AIRPORT IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2014

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
REVENUES:				
Investment earnings	$ 8,333	$ 42,658	$ 6,907	$ 49,565
NCDOT land	1,450,000	1,368,561	-	1,368,561
Iredell County land	80,555	32,067	43,965	76,032
DOT Grants	903,008	298,055	140,469	438,524
Iredell County	50,167	2,467	20,555	23,022
Total revenues	2,492,063	1,743,808	211,896	1,955,704
EXPENDITURES:				
Transportation:				
Capital Outlay- land	1,144,444	7,220	-	7,220
Airport improvements	1,003,343	331,175	156,858	488,033
Capital Outlay - grant land	1,611,111	1,520,981	-	1,520,981
Total expenditures	3,758,898	1,859,376	156,858	2,016,234
Revenues over (under) expenditures	(1,266,835)	(115,568)	55,038	(60,530)
OTHER FINANCING SOURCES:				
Transfers in:				
General Fund	1,266,835	1,265,709	1,126	1,266,835
Total other financing sources	1,266,835	1,265,709	1,126	1,266,835
Revenues and other financing sources over expenditures	$ -	$ 1,150,141	56,164	$ 1,206,305
FUND BALANCES:				
Fund balances at beginning of year			1,150,141	
Fund balances at end of year			$ 1,206,305	

CITY OF STATESVILLE, NORTH CAROLINA
GENERAL EQUIPMENT CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2014

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
REVENUES:				
Investment earnings	$ 350,000	$ 1,022,709	$ 56,542	$ 1,079,251
Sidewalk and curbs	-	82,025	6,697	88,722
Total revenues	350,000	1,104,734	63,239	1,167,973
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund	3,953,217	3,249,482	-	3,249,482
General Fund - debt service Fire Station#4	2,243,251	2,243,251	-	2,243,251
General Fund - debt service Streetscape	2,625,350	2,625,350	-	2,625,350
Electric	848,190	848,190	-	848,190
Water and Sewer	565,460	565,460	-	565,460
Fire Equipment Reserve Fund	-	153,778	-	153,778
Business Park Capital Project Fund	-	28,489	-	28,489
Total transfers in	10,235,468	9,714,000	-	9,714,000
Transfers out:				
General Fund - Fire Station #4	(1,949,597)	(729,532)	-	(729,532)
General Fund - Streetscape	(4,039,000)	(1,709,926)	(801,063)	(2,510,989)
General Fund - Police	(49,056)	(49,056)	-	(49,056)
General Fund - Fire	(704,000)	(575,000)	-	(575,000)
Statesville Park Fund	(712,096)	(615,467)	-	(615,467)
General Fund - undesignated	(2,756,719)	(1,880,836)	(497,226)	(2,378,062)
General Fund - Fire station land acquisition	(375,000)	(210,500)	(152,822)	(363,322)
Total transfers out	(10,585,468)	(5,770,317)	(1,451,111)	(7,221,428)
Total other financing sources (uses)	(350,000)	3,943,683	(1,451,111)	2,492,572
Revenues and other financing sources over (under) expenditures and other financing (uses)	$ -	$ 5,048,417	(1,387,872)	$ 3,660,545
FUND BALANCES:				
Fund balances at beginning of year			5,048,417	
Fund balances at end of year			$ 3,660,545	

ENTERPRISE FUNDS

MAJOR ENTERPRISE FUNDS

Electric Fund – accounts for the activities of the Electric Utilities Department.

Water and Sewer Fund – accounts for the activities of the Water and Sewer Departments.

NONMAJOR ENTERPRISE FUNDS

Civic Center Fund – accounts for the activities of the Civic Center.

ENTERPRISE PROJECT FUNDS

Utility Capital Reserve Fund – accounts for electric capital future needs.

Electric Rate Stabilization Fund – accounts for funds to stabilize electric rates.

Water and Sewer Capital Reserve Fund – accounts future capital needs.

Third Creek WWTP Expansion Construction – accounts for a major expansion of one of the City's waste water treatment plants.

Fourth Creek WWTP Improvement Project – accounts for a major improvement of one of the City's waste water treatment plants.

CITY OF STATESVILLE, NORTH CAROLINA
MAJOR ENTERPRISE FUND
CITY OF STATESVILLE ELECTRIC FUND- SCHEDULE OF
REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2014

	Amended Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES:			
Electric sales	$ 45,980,000	$ 45,919,158	$ (60,842)
Other operating revenues	1,025,700	1,050,308	24,608
Total operating revenues	47,005,700	46,969,466	(36,234)
Non-operating revenues:			
State utility tax	1,134,000	961,070	(172,930)
NCMPA1 revenues	200,000	40,190	(159,810)
Investment earnings	120,000	165,480	45,480
Pole attachment fees	146,000	159,381	13,381
Miscellaneous Revenues	151,965	223,554	71,589
Total non-operating revenues	1,751,965	1,549,675	(202,290)
Total revenues	48,757,665	48,519,141	(238,524)
EXPENDITURES:			
Salaries and employee benefits	2,097,180	2,051,239	45,941
Electrical power purchases	40,907,418	40,827,387	80,031
Professional services	102,339	67,648	34,691
State utility tax	1,229,880	783,262	446,618
Reimbursements	991,197	991,197	-
Operating expenditures	1,739,832	1,291,088	448,744
Capital outlay	3,065,636	1,325,012	1,740,624
Total expenditures	50,133,482	47,336,833	2,796,649
Revenues over (under) expenditures	(1,375,817)	1,182,308	2,558,125
OTHER FINANCING SOURCES (USES):			
Transfer (out) General Fund - PILOT	(229,492)	(229,492)	-
Transfer (out) General Fund - other	(28,657)	(28,657)	-
Transfer (out) Streetscape	(666,049)	(666,049)	-
Appropriated fund balance	2,300,015	-	(2,300,015)
Total other financing sources (uses)	1,375,817	(924,198)	(2,300,015)
Total revenues and other financing sources over other financing uses and expenditures	$ -	258,110	$ 258,110

CITY OF STATESVILLE, NORTH CAROLINA
MAJOR ENTERPRISE FUND
CITY OF STATESVILLE ELECTRIC FUND- SCHEDULE OF
REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2014

Reconciliation from budgetary basis (modified accrual) to full accrual:

From modified accrual revenues over expenditures	258,110
Capital outlay	1,325,011
Capitalization labor, equipment, and overhead	505,327
Loss on disposition of capital assets	(144,210)
Change in accrued compensated absences	26,297
Change in other postemployment benefits	(23,409)
Depreciation	(1,211,539)
Interest earnings from Project Funds	3,201
Total reconciling items	480,678
Change in net position	$ 738,788

CITY OF STATESVILLE, NORTH CAROLINA
ELECTRIC UTILITY CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2014

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
REVENUES:				
Investment earnings	$ 100,000	$ 195,755	$ 2,310	$ 198,065
Total revenues	100,000	195,755	2,310	198,065
OTHER FINANCING SOURCES (USES):				
Transfers in:				
Electric Fund	900,000	281,884	-	281,884
Transfers out:				
Electric Fund	(1,000,000)	(274,300)	-	(274,300)
Total other financing sources (uses)	(100,000)	7,584	-	7,584
Revenues and other sources over expenditures and other financing (uses)	$ -	$ 203,339	$ 2,310	$ 205,649

CITY OF STATESVILLE, NORTH CAROLINA
ELECTRIC RATE STABILIZATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2014

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
REVENUES:				
Investment earnings	$ 120,000	$ 754,040	$ 891	$ 754,931
Total revenues	120,000	754,040	891	754,931
OTHER FINANCING SOURCES (USES):				
Transfers in:				
Electric Fund	4,000,000	2,474,335	-	2,474,335
Transfers out:				
Electric Fund	(4,120,000)	(3,150,036)	-	(3,150,036)
Total other financing sources (uses)	(120,000)	(675,701)	-	(675,701)
Revenues and other sources over expenditures and other financing	$ -	$ 78,339	$ 891	$ 79,230

CITY OF STATESVILLE, NORTH CAROLINA
MAJOR ENTERPRISE FUND
CITY OF STATESVILLE WATER AND SEWER FUND- SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2014

	Amended Budget	Actual	Favorable (Unfavorable)
OPERATING REVENUES:			
Charges for services:			
Water sales	$ 3,740,700	$ 3,626,264	$ (114,436)
Sewer charges	5,775,000	5,628,097	(146,903)
Water and Sewer System Development Fees	310,000	145,714	(164,286)
Total operating revenues	9,825,700	9,400,075	(425,625)
Non-operating revenue:			
Reimbursement	14,807	14,807	-
Interest on investments	100,000	151,093	51,093
Miscellaneous	125,740	168,632	42,892
Total non-operating revenues	240,547	334,532	93,985
Total revenues	10,066,247	9,734,607	(331,640)
EXPENDITURES:			
Sewer collection line maintenance:			
Salaries and employee benefits	332,594	327,163	5,431
Professional services	3,300	3,110	190
Operating expenditures	199,666	150,203	49,463
Capital outlay	1,064,766	533,361	531,405
Total	1,600,326	1,013,837	586,489
Water distribution line maintenance:			
Salaries and employee benefits	793,228	785,973	7,255
Operating expenditures	117,288	88,294	28,994
Water maintenance	106,800	74,066	32,734
Capital outlay	2,553,673	359,123	2,194,550
Total	3,570,989	1,307,456	2,263,533
Water purification:			
Salaries and employee benefits	708,771	681,278	27,493
Professional services	19,367	19,349	18
Reimbursements	1,189,357	1,189,357	-
Operating expenditures	635,628	573,347	62,281
Operating chemicals and supplies	116,355	111,436	4,919
Capital outlay	221,841	153,169	68,672
Total	2,891,319	2,727,936	163,383
Waste water treatment - Third Creek:			
Salaries and employee benefits	374,533	371,372	3,161
Professional services	36,600	28,257	8,343
Operating expenditures	415,659	335,281	80,378
Operating chemicals and supplies	111,778	106,104	5,674
Capital outlay	226,168	135,200	90,968
Total	1,164,738	976,214	188,524

CITY OF STATESVILLE, NORTH CAROLINA
MAJOR ENTERPRISE FUND
CITY OF STATESVILLE WATER AND SEWER FUND- SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2014

	Amended Budget	Actual	Favorable (Unfavorable)
Waste water treatment - Fourth Creek:			
Salaries and employee benefits	826,523	734,724	91,799
Professional services	82,427	60,826	21,601
Operating expenditures	779,667	684,146	95,521
Operating chemicals and supplies	173,950	159,780	14,170
Capital outlay	70,580	8,092	62,488
Total	1,933,147	1,647,568	285,579
Principal and interest	1,323,833	1,323,833	-
Total	1,323,833	1,323,833	-
Total expenditures	12,484,352	8,996,844	3,487,508
Revenues over (under) expenditures	(2,418,105)	737,763	3,155,868
OTHER FINANCING SOURCES (USES):			
Transfers in (out):			
Water and Sewer Capital Reserve	12,492	12,492	-
General Fund - PILOT	(488,874)	(488,874)	-
Water and Sewer Capital Reserve	(835,000)	(670,714)	164,286
General Fund - other	(28,656)	(28,656)	-
Streetscape Fund	(522,715)	(522,715)	-
Fund balance appropriated	4,280,858	-	(4,280,858)
Total other financing sources	2,418,105	(1,698,467)	(4,116,572)
Revenues and other sources over expenditures and other sources	$ -	(960,704)	$ (960,704)

Reconciliation from budgetary basis (modified accrual) to full accrual:	
Depreciation	(2,585,369)
Capital outlay	688,396
Capital loss	(162,706)
Monofill accretion	(2,827)
Change in accrued compensated absences	(6,855)
Change in other postemployment benefits	(42,287)
Long-term debt principal retirement	1,001,530
Accrued interest payable	2,854
Principal loan received not income - County	(91,157)
Intrafund transfers not income, net	658,222
Interest earnings from Water and Sewer Capital Funds	44,871
Due to state for I-77/I40 utility relocation	484,241
Total reconciling items	(11,087)
Change in net position	$ (971,791)

CITY OF STATESVILLE, NORTH CAROLINA
WATER AND SEWER CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2014

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
REVENUES:				
Investment earnings	$ 2,512,695	$ 2,467,655	$ 37,719	$ 2,505,374
Total revenues	2,512,695	2,467,655	37,719	2,505,374
OTHER FINANCING SOURCES (USES):				
Transfers in:				
Water and Sewer Fund - water SDF	200,000	544,251	23,038	567,289
Water and Sewer Fund - sewer SDF	800,000	2,327,214	122,676	2,449,890
General Fund	500,000	500,000	150,000	650,000
Electric Fund	3,200,000	3,200,000	150,000	3,350,000
Water and Sewer Fund	4,743,254	4,743,254	100,000	4,843,254
Annexation Fund	167,970	167,970	125,000	292,970
Statesville Business Park Fund	1,231,908	1,231,909	-	1,231,909
Water Interconnect Capital Project Fund	238,932	238,932	-	238,932
Lookout Shoals Capital Project Fund	-	123,869	-	123,869
Total transfers in	11,082,064	13,077,399	670,714	13,748,113
Transfers out:				
Reserved for Water & Sewer Capital	(10,427,248)	(9,079,921)	(12,492)	(9,092,413)
Statesville Business Park Fund	(118,576)	(60,223)	-	(60,223)
Water Interconnect Capital Project Fund	(2,238,200)	(2,238,200)	-	(2,238,200)
Water Plant Improvements Fund	(579,988)	(579,988)	-	(579,988)
Raw Water Capital Project Fund	(227,480)	(43,424)	-	(43,424)
Fourth Creek Wastewater Fund	(3,267)	(3,267)	-	(3,267)
Total transfers out	(13,594,759)	(12,005,023)	(12,492)	(12,017,515)
Total other financing sources and other (uses)	(2,512,695)	1,072,376	658,222	1,730,598
Revenues and other sources over (under) expenditures and other financing (uses)	$ -	$ 3,540,031	$ 695,941	$ 4,235,972

CITY OF STATESVILLE, NORTH CAROLINA
THIRD CREEK WWTP EXPANSION CONSTRUCTION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2014

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
REVENUES:				
Investment earnings	$ 115,200	$ 115,411	$ 7,151	$ 122,562
Total revenues	115,200	115,411	7,151	122,562
EXPENDITURES:				
Economic and physical development:				
Debt issuance costs	418,678	418,678	-	418,678
Capital Outlay - professional Services	2,949,000	2,015,204	402,596	2,417,800
Capital Outlay - construction	19,812,276	-	9,548,542	9,548,542
Capital Outlay - miscellaneous	19,700	-	-	-
Contingency	981,924	-	-	-
Total expenditures	24,181,578	2,433,882	9,951,138	12,385,020
Revenues (under) expenditures	(24,066,378)	(2,318,471)	(9,943,987)	(12,262,458)
OTHER FINANCING SOURCES:				
Proceeds revolving loan	20,933,900	-	9,111,758	9,111,758
Transfers in:				
Water and Sewer Operating Fund	3,132,478	3,132,478	-	3,132,478
Total other financing sources	24,066,378	3,132,478	9,111,758	12,244,236
Revenues and other sources over (under) expenditures	$ -	$ 814,007	$ (832,229)	$ (18,222)

CITY OF STATESVILLE, NORTH CAROLINA
FOURTH CREEK WWTP CAPITAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2014

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
REVENUES:				
Investment earnings	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Economic and physical development:				
Capital Outlay - Professional Services	558,200	28,200	269,210	297,410
Total expenditures	558,200	28,200	269,210	297,410
Revenues (under) expenditures	(558,200)	(28,200)	(269,210)	(297,410)
OTHER FINANCING SOURCES:				
Transfers in:				
Water and Sewer Operating Fund	28,200	28,200	-	28,200
Total other financing sources	28,200	28,200	-	28,200
Revenues and other sources over expenditures	$ (530,000)	$ -	$ (269,210)	$ (269,210)

CITY OF STATESVILLE, NORTH CAROLINA
NONMAJOR ENTERPRISE FUND
CITY OF STATESVILLE CIVIC CENTER FUND- SCHEDULE OF
REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2014

	Amended Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES:			
Charges for services:			
Fees	$ 234,000	$ 294,701	$ 60,701
Total operating revenues	234,000	294,701	60,701
Non-operating revenues:			
Interest on investments	4,400	10,878	6,478
Total non-operating revenues	4,400	10,878	6,478
Total revenues	238,400	305,579	67,179
EXPENDITURES:			
Salaries and employee benefits	387,014	385,103	1,911
Operating expenditures	389,891	361,146	28,745
Total expenditures	776,905	746,249	30,656
Total revenues over (under) expenditures	(538,505)	(440,670)	97,835
OTHER FINANCING SOURCES (USES):			
Fund balance appropriated	-	-	-
Transfers in:			
Occupancy Tax Fund	560,866	560,866	-
Transfers out:			
General Fund - PILOT	(22,361)	(22,361)	-
Total other financing sources	538,505	538,505	-
Total revenues and other financing sources other financing uses and expenditures	$ -	97,835	$ 97,835

Reconciliation from budgetary basis (modified accrual) to full accrual:	
Change in accrued compensated absences	(3,195)
Change in other post employee benefits	(5,286)
Depreciation	(193,842)
Total reconciling items	(202,323)
Change in net position	$ (104,488)

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INTERNAL SERVICE FUNDS

The Internal Service Funds account for the financing of goods and services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost reimbursement basis. The City has the following Internal Service Funds:

Health Insurance Fund – accounts for the operations of the City's health insurance plan and wellness program.

Property and Casualty Liability Insurance Fund – accounts for the City's premiums and retained loss portion of its property and casualty liability, municipal equipment, worker's compensation, and boiler and machinery.

CITY OF STATESVILLE, NORTH CAROLINA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2014

	Health Insurance Fund	Property and Casualty Liability Insurance Fund	Totals
ASSETS			
Cash and cash equivalents	$ 928,075	$ 615,269	$ 1,543,344
Accounts receivables, net	17,066	-	17,066
Interest receivable	1,218	807	2,025
Total assets	$ 946,359	$ 616,076	$ 1,562,435
LIABILITIES			
Accounts payable and accrued liabilities	$ 38,120	$ 14,522	$ 52,642
Accrued IBNR	376,638	200,524	577,162
Total liabilities	414,758	215,046	629,804
NET POSITION	$ 531,601	$ 401,030	$ 932,631

CITY OF STATESVILLE, NORTH CAROLINA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2014

	Health Insurance Fund	Property and Casualty Liability Insurance Fund	Totals
Operating revenues:			
Employer's Contributions	$ 2,699,052	$ -	$ 2,699,052
Employee's Contributions	787,715	-	787,715
Insurance premiums charged to departments	-	696,924	696,924
Total operating revenues	3,486,767	696,924	4,183,691
Operating expenses:			
Claims - health, dental and worker's compensation	2,784,125	327,991	3,112,116
Administration and professional services	205,412	15,250	220,662
Stop loss insurance and insurance premiums	232,221	480,743	712,964
Wellness and other claim expenses	14,567	57,601	72,168
Total operating expenses	3,236,325	881,585	4,117,910
Total operating income (loss)	250,442	(184,661)	65,781
Nonoperating revenues:			
Investment income	7,776	8,332	16,108
Total nonoperating income	7,776	8,332	16,108
Income (loss) before transfers	258,218	(176,329)	81,889
Change in net position	258,218	(176,329)	81,889
Net position, beginning of year	273,383	577,359	850,742
Net position, end of year	$ 531,601	$ 401,030	$ 932,631

CITY OF STATESVILLE, NORTH CAROLINA
HEALTH INSURANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-financing PLAN AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2014

	Financing Plan	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Operating revenues:			
Contributions from employer	$ 2,826,266	$ 2,699,052	$ (127,214)
Contributions from employees	736,352	699,180	(37,172)
Contributions from retired employees and COBRA	112,000	88,535	(23,465)
Wellness revenue	1,500	-	(1,500)
Total operating revenues	3,676,118	3,486,767	(189,351)
Non operating revenues:			
Investment earnings	3,000	7,776	4,776
Total nonoperating revenues	3,000	7,776	4,776
Total revenues	3,679,118	3,494,543	(184,575)
EXPENDITURES:			
Operating expenditures:			
Wellness and other expenses	20,000	14,567	5,433
Third party administration	210,000	205,412	4,588
Stop loss insurance	260,000	232,221	27,779
Health claims	3,064,118	2,671,692	392,426
Dental claims	125,000	109,101	15,899
Total expenditures	3,679,118	3,232,993	446,125
Revenues and over expenditures	$ -	261,550	$ 261,550
Reconciliation from financing plan (modified accrual) to full accrual:			
Increase in incurred claims but not reported (IBNR)		3,332	
Change in net position		$ 258,218	

CITY OF STATESVILLE, NORTH CAROLINA
PROPERTY AND CASUALTY LIABILITY INSURANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-financing PLAN AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2014

	Financing Plan	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Operating revenues:			
Insurance premiums charged to departments	$ 696,924	$ 696,924	$ -
Total operating revenues	696,924	696,924	-
Non operating revenues:			
Investment earnings	5,000	8,332	3,332
Total nonoperating revenues	5,000	8,332	3,332
Total revenues	701,924	705,256	3,332
EXPENDITURES:			
Operating expenditures:			
Insurance premiums	428,500	426,523	1,977
Property loss claims	62,500	57,601	4,899
Worker's compensation claims	215,424	209,704	5,720
Worker's compensation Administration	16,000	15,250	750
Worker's compensation stop loss insurance	54,500	54,220	280
Total expenditures	776,924	763,298	13,626
Revenues over (under) expenditures	(75,000)	(58,042)	16,958
OTHER FINANCING USES:			
Fund balance appropriated	75,000	-	(75,000)
Total other sources	75,000	-	(75,000)
Revenues and other sources (under) expenditures	$ -	(58,042)	$ (58,042)
Reconciliation from financing plan (modified accrual) to full accrual:			
Increase in incurred claims but not reported (IBNR)		(118,287)	
Change in net position		$ (176,329)	

CITY OF STATESVILLE, NORTH CAROLINA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2014

	Health Insurance Fund	Property and Casualty Liability Insurance Fund	Totals
Cash flows from operating activities:			
Cash received from employer and employees	$ 3,486,767	$ 696,924	$ 4,183,691
Cash paid for claims and insurance	(3,234,413)	(752,657)	(3,987,070)
Net cash (used) by operating activities	252,354	(55,733)	196,621
Cash flows from investing activities operating activities:			
Interest on investments and miscellaneous	7,552	8,511	16,063
Net increase (decrease) in cash and cash equivalents	259,906	(47,222)	212,684
Cash and cash equivalents:			
Beginning of year, July 1	668,169	662,491	1,330,660
End of year, June 30	$ 928,075	$ 615,269	$ 1,543,344
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating Income (loss)	$ 250,442	$ (184,661)	$ 65,781
Adjustments to reconcile operating loss to net cash used by operating activities:			
Changes in assets and liabilities:			
Increase in prepaid items	(17,052)	-	(17,052)
Decrease in accounts receivable	174	-	174
Decrease in accounts payable and accrued liabilities	18,790	128,928	147,718
Net cash (used) by operating activities	$ 252,354	$ (55,733)	$ 196,621

ADDITIONAL FINANCIAL DATA

This section contains additional information on property taxes.

- Schedule of Ad Valorem Taxes Receivable – General Fund – City-Wide
- Schedule of Ad Valorem Taxes Receivable – General Fund – Downtown Statesville Special Tax District
- Analysis of Current Tax Levy – General Fund – City-Wide
- Analysis of Current Tax Levy – General Fund – Downtown Statesville Special Tax District

CITY OF STATESVILLE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
GENERAL FUND - CITY-WIDE
For the Year Ended June 30, 2014

Fiscal Year	Uncollected Balance June 30, 2013	Additions	Collections and Credits	Uncollected Balance June 30, 2014
[1.] Tax and Tag	$ -	$ 469,707	$ 469,707	$ -
2014	-	11,774,787	11,401,182	373,605
2013	453,691	-	278,768	174,923
2012	166,208	-	38,779	127,429
2011	118,455	-	19,154	99,301
2010	91,220	-	10,446	80,774
2009	70,481	-	7,096	63,385
2008	54,328	-	1,888	52,440
2007	47,128	-	1,183	45,945
2006	48,738	-	1,169	47,569
2005	33,405	-	625	32,780
2004	50,695	-	50,695	-
	$ 1,134,351	$ 12,244,494	$ 12,280,693	1,098,152
		Less allowance for uncollectible accounts - city-wide		339,470
Ad valorem taxes receivable, net				$ 758,682

RECONCILIATION WITH REVENUES:

	$ 12,301,507
Reconciling items:	
Penalties and Interest	97,733
Releases and adjustments	(118,547)
Total collections and credits	$ 12,280,693

[1.] Tax and Tag see financial note page 38 regarding motor vehicles levy committed to Department of Motor Vehicles for collection.

CITY OF STATESVILLE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE-
GENERAL FUND - DOWNTOWN STATESVILLE SPECIAL TAX DISTRICT
For the Year Ended June 30, 2014

Fiscal Year	Uncollected Balance City-wide	Additions	Collections and Credits	Uncollected Balance Registered
[1.] Tax and Tag	$ -	$ 4,009	$ 4,009	$ -
2014	-	99,417	95,938	3,479
2013	3,394	(8)	1,588	1,798
2012	2,911	-	923	1,988
2011	894	-	106	788
2010	467	-	-	467
2009	400	-	-	400
2008	438	-	-	438
2007	318	-	-	318
2006	332	-	-	332
2005	358	-	-	358
2004	388	-	388	-
	$ 9,900	$ 103,418	$ 102,952	10,366
		Less allowance for uncollectible accounts - Downtown		3,204
	Ad valorem taxes receivable, net			$ 7,162

RECONCILIATION WITH REVENUES:

Reconciling items:	$ 102,433
Discoveries and adjustments	519
Total collections and credits	$ 102,952

[1.] Tax and Tag see financial note page 38 regarding motor vehicles levy committed to Department of Motor Vehicles for collection.

CITY OF STATESVILLE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
GENERAL FUND - CITY-WIDE LEVY
For the Year Ended June 30, 2014

	City-wide			Total Levy	
	Property Valuation	Rate per $100	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
ORIGINAL LEVY:					
Property taxed at current year's rate	$ 2,848,068,537	0.4100	$ 11,677,081	$ 11,300,334	$ 376,747
[1.] Tax and Tag	114,562,695		469,707	-	469,707
Penalties	-		8,665	8,665	-
TOTAL ORIGINAL LEVY	2,962,631,232		12,155,453	11,308,999	846,454
DISCOVERIES:					
Current year rate and taxes	25,780,244	0.4100	105,699	100,448	5,251
Penalties	-		13,147	13,147	-
TOTAL DISCOVERIES	25,780,244		118,846	113,595	5,251
RELEASES/TAX AND TAG UNCOLLECTED:					
Current year rate	(7,188,293)	0.4100	(29,472)	(17,587)	(11,885)
Penalties	-		(333)	(333)	-
TOTAL RELEASES	(7,188,293)		(29,805)	(17,920)	(11,885)
Net assessed valuation	$ 2,981,223,183				
Net Levy			12,244,494	11,404,674	839,820
Uncollected taxes , June 30			(373,605)	(330,945)	(42,660)
Current year's taxes collected			$ 11,870,889	$ 11,073,729	$ 797,160
Current levy collection percentage rate			96.95%	97.10%	94.92%

[1.] Tax and Tag see financial note page 38 regarding motor vehicles levy committed to Department of Motor Vehicles for collection.

CITY OF STATESVILLE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
GENERAL FUND -DOWNTOWN STATESVILLE SPECIAL TAX DISTRICT
For the Year Ended June 30, 2014

	City-wide			Total Levy	
	Property Valuation	Rate per $100	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
ORIGINAL LEVY:					
Property taxed at current year's rate	$ 99,198,240	0.1000	$ 99,198	$ 97,267	$ 1,931
[1.] Tax and Tag	4,009,000		4,009	-	4,009
Penalties	-		144	144	-
TOTAL ORIGINAL LEVY	103,207,240		103,351	97,411	5,940
DISCOVERIES:					
Current year rate and taxes	305,000	0.1000	305	282	23
Penalties	-		25	25	-
TOTAL DISCOVERIES	305,000		330	307	23
RELEASES/TAX AND TAG UNCOLLECTED:					
Current year rate	(255,319)	0.1000	(255)	(223)	(32)
Penalties	-		-	-	-
TOTAL RELEASES	(255,319)		(255)	(223)	(32)
Net assessed valuation	$ 103,256,921				
Net Levy			103,426	97,495	5,931
Uncollected taxes , June 30			(3,479)	(3,406)	(73)
Current year's taxes collected			$ 99,947	$ 94,089	$ 5,858
Current levy collection percentage rate			96.64%	96.51%	98.77%

[1.] Tax and Tag see financial note page 38 regarding motor vehicles levy committed to Department of Motor Vehicles for collection.

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STATISTICAL SECTION

This part of the City of Statesville's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the governments overall financial health.

Contents **Page**

Financial Trends *124*

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity *134*

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. The City's other major local revenue sources are its utility revenues of which the Electric Utilities revenues are the largest (see Table 22).

Debt Capacity *145*

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information *149*

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information *152*

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

CITY OF STATESVILLE, NORTH CAROLINA
NET ASSETS BY CATEGORY (UNAUDITED)
FOR THE LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2004-2005	2005-2006	2006-2007	2007-2008
Governmental activities				
Invested in capital asset, net of related debt	$ 30,608,013	$ 36,058,271	$ 44,949,061	$ 48,001,180
Restricted for:				
Stabilization by state statue	-	-	-	-
Public safety	2,486,305	1,181,165	1,883,567	2,135,787
Transportation	158,156	181,156	874,768	216,563
Economic development	534,596	615,050	734,392	402,664
Debt service	-	-	-	-
Capital outlay	-	-	7,487,250	4,005,386
Unrestricted	28,513,882	29,538,254	27,095,084	31,399,891
Total governmental activities net assets	62,300,952	67,573,896	83,024,122	86,161,471
Business-type activities				
Invested in capital asset, net of related debt	60,404,087	60,561,045	64,506,624	83,614,851
Unrestricted	32,438,588	33,438,825	34,850,320	18,104,041
Total business-type activities net assets	92,842,675	93,999,870	99,356,944	101,718,892
Primary government				
Invested in capital asset, net of related debt	91,012,100	96,619,316	109,455,685	131,616,031
Restricted for:				
Stabilization by state statue	-	-	-	-
Transportation	2,486,305	1,181,165	1,883,567	2,135,787
Public Safety	158,156	181,156	874,768	216,563
Economic development	534,596	615,050	734,392	402,664
Debt service	-	-	-	-
Capital projects			7,487,250	4,005,386
Unrestricted	60,952,470	62,977,079	61,945,404	49,503,932
Total primary government net assets	$ 155,143,627	$ 161,573,766	$ 182,381,066	$ 187,880,363

Notes:

(1) Accounting standards require that net assets be reported in three components in the financing statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted when 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulation of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
$ 53,828,159	$ 60,880,399	$ 59,908,456	$ 66,160,070	$ 67,394,632	$ 68,264,801
-	-	-	5,565,574	5,124,143	6,282,769
3,360,512	2,610,583	6,276,092	337,206	77,821	60,645
78,736	1,695,694	383,871	1,332,646	771,303	1,315,672
331,342	319,743	885,021	324,831	353,599	444,247
-	-	-	-	293,653	61,249
1,142,748	1,133,887	8,524,131	6,470,958	5,144,063	3,659,885
29,392,370	30,087,302	24,885,268	19,242,685	21,397,924	21,496,485
88,133,867	96,727,608	100,862,839	99,433,970	100,557,138	101,585,753
66,982,354	65,435,328	65,578,645	65,215,357	65,470,169	67,271,906
34,085,581	35,717,074	34,648,769	35,113,541	35,885,077	33,761,095
101,067,935	101,152,402	100,227,414	100,328,898	101,355,246	101,033,001
120,810,513	126,315,727	125,487,101	131,375,427	132,864,801	135,536,707
-	-	-	5,565,574	5,124,143	6,282,769
3,360,512	2,610,583	6,276,092	337,206	77,821	60,645
78,736	1,695,694	383,871	1,332,646	771,303	1,315,672
331,342	319,743	885,021	324,831	353,599	444,247
-	-	-	-	293,653	61,249
1,142,748	1,133,887	8,524,131	6,470,958	5,144,063	3,659,885
35,717,074	65,804,376	59,534,037	54,356,226	57,283,001	55,257,580
$ 161,440,925	$ 197,880,010	$ 201,090,253	$ 199,762,868	$ 201,912,384	$ 202,618,754

CITY OF STATESVILLE, NORTH CAROLINA
CHANGES IN NET ASSETS (UNAUDITED)
FOR THE LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2004-2005	2005-2006	2006-2007	2007-2008
Expenses by Functions/Programs				
Governmental Activities:				
General government	$ 3,618,939	$ 3,666,728	$ 5,025,649	$ 4,570,260
Public safety	8,433,166	8,954,959	9,507,613	9,912,303
Transportation	1,591,127	1,784,873	3,429,782	2,552,709
Economic and physical development	294,644	422,002	1,027,971	687,943
Environmental protection	1,826,871	1,937,472	1,957,790	2,043,845
Cultural and recreation	1,984,978	2,034,064	2,357,781	2,860,402
Interest on long-term debt	97,328	108,644	97,303	85,272
Subtotal governmental activities	17,847,053	18,908,742	23,403,889	22,712,734
Business-Type Activities:				
Electric	33,213,561	34,325,012	34,781,756	36,808,447
Water and sewer	7,973,812	8,758,206	8,699,578	8,539,967
Civic Center	797,484	795,543	789,198	743,029
Subtotal business-type activities	41,984,857	43,878,761	44,270,532	46,091,443
Total primary government expenses	$ 59,831,910	$ 62,787,503	$ 67,674,421	$ 68,804,177
Program Revenues by Functions				
Governmental Activities:				
Charges for Services:				
General government	$ 540,882	$ 240,129	$ 240,129	$ 211,811
Public safety	328,221	381,205	323,180	238,714
Transportation	50,907	390,138	477,950	470,080
Economic and physical development	-	-	-	-
Environmental protection	489,502	309,051	477,523	311,923
Cultural and recreation	193,034	175,506	236,072	342,981
Operating grants and contributions	1,427,048	1,396,861	653,592	291,176
Capital grants and contributions	4,072,479	1,938,558	4,513,373	1,493,538
Total governmental activities program acti	7,102,073	4,831,448	6,921,819	3,360,223
Business-Type Activities:				
Charges for Services:				
Electric	33,597,354	34,434,669	35,581,680	37,804,704
Water and sewer	8,426,736	9,416,655	9,896,796	9,882,339
Civic Center	218,748	225,489	276,547	284,148
Operating grants and contributions	247,713	-	-	-
Capital grants and contributions	-	-	700,000	-
Total business-type activities	42,490,551	44,076,813	46,455,023	47,971,191
Total primary government program rev	$ 49,592,624	$ 48,908,261	$ 53,376,842	$ 51,331,414

2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
$ 3,390,680	$ 3,259,010	$ 3,346,041	$ 3,274,004	$ 3,240,212	$ 3,432,347
10,439,606	11,206,823	11,408,145	11,994,709	12,299,585	12,410,000
3,370,012	3,409,944	3,412,045	3,468,402	3,540,251	4,246,210
900,469	798,806	806,305	965,655	1,332,542	947,827
2,159,733	2,077,498	2,085,049	2,130,549	1,846,780	1,715,643
2,996,956	3,145,451	3,367,653	3,417,745	3,481,787	3,354,153
72,823	91,868	275,735	352,859	306,561	264,534
23,330,279	23,989,400	24,700,973	25,603,923	26,047,718	26,370,714
37,157,603	38,513,061	40,589,432	41,532,781	44,304,027	46,045,791
9,857,896	9,440,556	9,286,106	9,502,048	9,389,629	9,586,589
825,678	817,270	861,917	848,125	948,560	947,498
47,841,177	48,770,887	50,737,455	51,882,954	54,642,216	56,579,878
$ 71,171,456	$ 72,760,287	$ 75,438,428	$ 77,486,877	$ 80,689,934	$ 82,950,592
$ 129,936	$ 69,423	$ 96,614	$ 379,335	$ -	$ 46,977
265,811	287,186	337,832	198,223	308,753	336,183
469,067	506,981	473,426	322,757	678,516	791,434
-	70,045	4,511	-	802,655	45
309,651	328,217	293,688	288,090	448,057	165,632
511,747	751,559	816,694	831,655	820,940	819,739
330,505	917,021	865,836	501,593	834,006	615,180
1,224,679	8,508,250	3,116,406	1,493,194	2,103,132	946,690
3,241,396	11,438,682	6,005,007	4,014,847	5,996,059	3,721,880
36,661,251	39,102,390	41,973,877	41,334,097	44,989,787	47,531,836
9,508,110	9,348,940	9,146,995	8,973,284	9,464,072	9,468,112
300,010	293,019	277,414	254,004	259,388	294,701
-	-	-	560,534	977,497	13,400
-	-	-	-	-	-
46,469,371	48,744,349	51,398,286	51,121,919	55,690,744	57,308,049
$ 49,710,767	$ 60,183,031	$ 57,403,293	$ 55,136,766	$ 61,686,803	$ 61,029,929

CITY OF STATESVILLE, NORTH CAROLINA
CHANGES IN NET ASSETS (UNAUDITED) -CONTINUED
FOR THE LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2004-2005	2005-2006	2006-2007	2007-2008
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes				
Ad valorem taxes	$ 9,450,204	$ 9,297,047	$ 9,493,505	$ 10,872,577
Local sales tax option	5,790,147	5,846,223	6,310,405	6,416,272
Other taxes	1,304,528	1,319,265	1,216,733	1,128,731
Unrestricted intergovernmental revenues	1,564,550	1,544,840	1,930,374	2,096,956
Interest earned on investments	686,748	998,645	1,779,224	1,592,528
Miscellaneous	1,348	275,829	224,245	83,313
Gain (loss) on sale of capital assets	-	(53,947)	24,823	-
Transfers in (out)	36,728	122,336	185,084	299,483
Total governmental activities	18,834,253	19,350,238	21,164,393	22,489,860
Business-Type Activities:				
Interest earned on investments	707,955	1,081,479	1,776,861	1,461,297
Miscellaneous	50,514	-	868,462	(679,614)
Gain (loss) on sale of capital assets	-	-	(199,208)	-
Transfer in (out)	(36,728)	(122,336)	(185,084)	(299,483)
Total business-type activities	721,741	959,143	2,261,031	482,200
Total primary government	19,555,994	20,309,381	23,425,424	22,972,060
Changes in Net Assets				
Governmental activities	8,089,273	2,868,168	1,811,882	2,400,977
Business-type activities	1,227,435	3,143,634	4,140,779	(889,606)
Total primary government	$ 9,316,708	$ 6,011,802	$ 5,952,661	$ 1,511,371

2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
$ 11,574,508	$ 11,602,821	$ 11,760,600	$ 11,316,717	$ 12,144,774	$ 12,329,641
5,628,740	5,113,327	5,452,410	5,105,479	5,269,457	5,491,152
1,057,366	1,208,289	1,273,835	1,321,032	809,850	1,626,638
2,147,614	2,023,140	2,139,048	2,116,304	2,608,519	2,316,788
1,217,313	554,901	105,840	263,126	(149,740)	311,881
101,969	175,648	268,874	195,157	238,313	175,411
-	-	-	-	-	-
409,899	470,151	1,830,590	(157,608)	253,654	1,425,938
22,137,409	21,148,277	22,831,197	20,160,207	21,174,827	23,677,449
1,130,748	593,605	244,771	256,414	(103,514)	375,522
-	-	-	448,497	334,988	-
-	-	-	-	-	-
(409,899)	(470,151)	(1,830,590)	157,608	(253,654)	(1,425,938)
720,849	123,454	(1,585,819)	862,519	(22,180)	(1,050,416)
22,858,258	21,271,731	21,245,378	21,022,726	21,152,647	22,627,033
9,586,691	2,452,311	1,242,121	108,548	1,123,168	1,028,615
694,311	784,285	(2,346,854)	1,911,047	1,026,348	(322,245)
$ 10,281,002	$ 3,236,596	$ (1,104,733)	$ 2,019,595	$ 2,149,516	$ 706,370

CITY OF STATESVILLE, NORTH CAROLINA
FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)
FOR THE LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2004-2005	2005-2006	2006-2007	2007-2008
General Fund				
Non Spendable				
Reserved for inventories	$ 26,252	$ 27,224	$ 26,732	$ 27,406
Prepaid items	2,212	2,019	827	15,096
Restricted				
Stabilization by State Statute	3,348,484	2,343,075	2,392,401	2,554,149
Debt service	-	-	-	-
[1.] Reserved for encumbrances	2,714,631	1,547,264	2,944,359	5,109,820
Committed	-	-	-	-
Assigned				
Subsequent year's appropriation	-	-	2,890,000	2,100,000
Unassigned	19,115,573	22,192,320	15,142,878	15,205,365
Subtotal governmental activities	25,207,152	26,111,902	23,397,197	25,011,836
All Other Governmental Funds				
Reserved for:				
[1.] Reserved for encumbrances	2,235,425	1,079,484	7,688,381	5,700
Restricted, reported in:				
Stabilization by state statute	2,604,028	1,256,886	212,246	511,713
Special revenue funds	3,106,554	2,383,200	2,122,202	2,010,816
Committed	-	-	-	-
Capital project funds (deficit)	(3,426,211)	(1,027,252)	1,470,188	5,645,881
Unassigned (deficit)	-	-	-	-
Subtotal other governmental activities	4,519,796	3,692,318	11,493,017	8,174,110
Total governmental fund balance	$ 29,726,948	$ 29,804,220	$ 34,890,214	$ 33,185,946
General Fund unassigned fund balance as a percent of expenditures (including transfer out)	99.10%	103.39%	52.97%	65.99%

Notes:

(1) Encumbrances are no longer included in fund balance in accordance with GASB 54 beginning fiscal year 2010-11.

2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
$ 27,689	$ 16,790	$ 26,091	$ 26,497	$ 28,182	$ 31,027
6,940	4,510	320	2,470	2,985	4,290
2,349,570	2,730,658	3,139,241	3,384,316	3,971,056	3,414,788
-	-	-	-	293,653	61,249
5,733,866	4,188,338	-	-	-	-
-	-	750,940	-	-	-
-	652,150	1,847,967	270,292	286,323	998,745
17,389,011	17,401,057	18,218,742	19,403,631	21,017,856	20,315,639
25,507,076	24,993,503	23,983,301	23,087,206	25,600,055	24,825,738
1,070,032	2,479,753	-	-	-	-
363,922	561,960	79,991	2,181,258	1,153,086	2,867,981
1,948,930	4,099,157	955,625	1,994,683	1,202,723	1,820,564
-	-	1,342,079	6,470,958	-	-
4,203,385	2,666,400	13,691,420	-	5,144,063	3,659,885
-	-	-	(85,676)	-	-
7,586,269	9,807,270	16,069,115	10,561,223	7,499,872	8,348,430
$ 33,093,345	$ 34,800,773	$ 40,052,416	$ 33,648,429	$ 33,099,927	$ 33,174,168
63.26%	67.97%	67.54%	76.15%	82.47%	73.40%

CITY OF STATESVILLE, NORTH CAROLINA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)
FOR THE LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2004-2005	2005-2006	2006-2007	2007-2008
Revenues (by source):				
Ad valorem taxes	$ 9,541,219	$ 9,229,195	$ 9,534,403	$ 10,962,849
Sales Tax	5,500,018	5,846,223	6,310,405	6,416,272
Other taxes and licenses	1,323,297	1,204,561	1,151,378	1,128,730
Unrestricted intergovernmental	1,819,575	1,814,360	1,986,661	2,096,957
Restricted intergovernmental	5,221,262	3,125,282	5,165,415	1,780,407
Permits and fees	745,322	750,002	670,787	622,716
Sales and services	537,692	840,747	1,066,972	1,007,280
Investment earnings	645,044	943,604	1,682,542	1,489,005
Miscellaneous	540,580	167,876	127,491	114,952
Total revenues	25,874,009	23,921,850	27,696,054	25,619,168
Expenditures (by function):				
General government	3,423,610	3,465,145	4,783,022	4,425,289
Public safety	7,844,550	8,385,296	8,825,199	9,401,987
Transportation	1,486,356	1,694,167	1,673,689	1,011,510
Economic and physical development	294,644	408,044	1,038,429	687,942
Environmental protection	1,672,009	1,769,566	1,793,815	1,918,679
Cultural and recreation	1,892,447	1,878,769	2,116,144	2,680,000
Capital outlay	8,074,210	5,897,977	2,109,107	7,053,833
Debt service:				
Principal	89,504	355,000	355,000	355,000
Interest on long-term debt	-	112,950	100,710	88,679
Total expenditures	24,777,330	23,966,914	22,795,115	27,622,919
Excess of revenues over (under) expenditures	1,096,679	(45,064)	4,900,939	(2,003,751)
Other Financing Sources (Uses)				
Transfers in	2,216,690	2,645,939	11,172,263	1,245,064
Transfers out	(2,179,962)	(2,523,603)	(10,987,208)	(945,581)
Transfer from component unit	-	-	-	-
Proceeds from long-term debt	3,300,000	-	-	-
Total other financing sources (uses)	3,336,728	122,336	185,055	299,483
Net change in fund balance	$ 4,433,407	$ 77,272	$ 5,085,994	$ (1,704,268)
Debt service as a percentage of noncapital expenditures	0.54%	2.59%	2.20%	2.16%

2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
$ 11,487,668	$ 11,515,195	$ 11,603,732	$ 11,310,155	$ 12,139,952	$ 12,403,940
5,628,740	5,113,327	5,452,410	5,105,479	5,269,457	5,491,152
1,072,667	1,208,289	1,271,879	1,321,032	1,631,962	1,626,638
2,147,614	2,023,140	2,139,049	2,116,304	2,608,519	2,316,788
1,555,184	9,396,440	3,724,998	2,078,787	2,951,620	1,539,487
544,248	526,627	542,334	554,325	439,269	447,208
1,347,115	1,393,927	1,502,159	1,457,941	1,788,988	1,679,939
1,090,462	466,568	235,024	253,517	(121,635)	347,082
101,971	134,024	468,319	206,288	449,217	138,603
24,975,669	31,777,537	26,939,904	24,403,828	27,157,349	25,990,837
3,113,999	3,057,326	3,114,368	3,025,762	3,537,203	3,134,239
9,860,172	10,514,864	10,863,716	11,309,003	11,990,414	11,576,160
2,158,865	1,751,549	1,786,894	1,781,557	2,007,509	1,739,707
900,468	797,915	806,305	1,021,655	2,212,781	947,827
1,946,932	1,934,002	1,960,189	1,979,079	1,918,623	1,593,054
5,795,858	2,974,884	2,965,898	2,974,985	3,264,938	2,921,604
1,194,515	11,037,173	8,199,597	6,597,977	1,489,469	3,936,559
355,000	355,000	549,700	1,249,700	1,249,700	1,224,700
76,230	63,990	272,184	360,490	288,867	268,684
25,402,039	32,486,703	30,518,851	30,300,208	27,959,504	27,342,534
(426,370)	(709,166)	(3,578,947)	(5,896,380)	(802,155)	(1,351,697)
3,446,361	4,950,672	6,849,267	2,266,764	4,532,958	5,458,684
(3,036,462)	(4,480,521)	(5,018,677)	(2,774,371)	(4,279,305)	(4,032,746)
-	-	-	-	-	-
-	1,947,000	7,000,000	-	-	-
409,899	2,417,151	8,830,590	(507,607)	253,653	1,425,938
$ (16,471)	$ 1,707,985	$ 5,251,643	$ (6,403,987)	$ (548,502)	$ 74,241
1.78%	1.95%	3.68%	6.79%	5.81%	6.38%

CITY OF STATESVILLE, NORTH CAROLINA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
FOR THE LAST TEN YEARS [1]
(accrual basis of accounting)

Fiscal Year Ended June 30	Property Tax	Sales Tax	Privilege License Tax	Occupancy Tax	Total
2005	$ 9,450,204	$ 5,790,147	$ 373,492	$ 649,818	$ 16,263,661
2006	9,297,047	5,846,223	377,283	618,589	16,139,142
2007	9,603,330	6,310,405	381,277	679,213	16,974,225
2008	10,872,577	6,416,272	367,858	729,640	18,386,347
2009	11,574,508	5,628,740	393,722	627,122	18,224,092
2010	11,602,821	5,113,327	367,599	648,398	17,732,145
2011	11,760,600	5,452,410	348,992	677,747	18,239,749
2012	11,316,717	5,269,457	341,000	733,086	17,660,260
2013	12,144,774	5,269,457	687,341	803,829	18,905,401
2014	12,329,641	5,491,152	665,357	818,512	19,304,662

Table 6

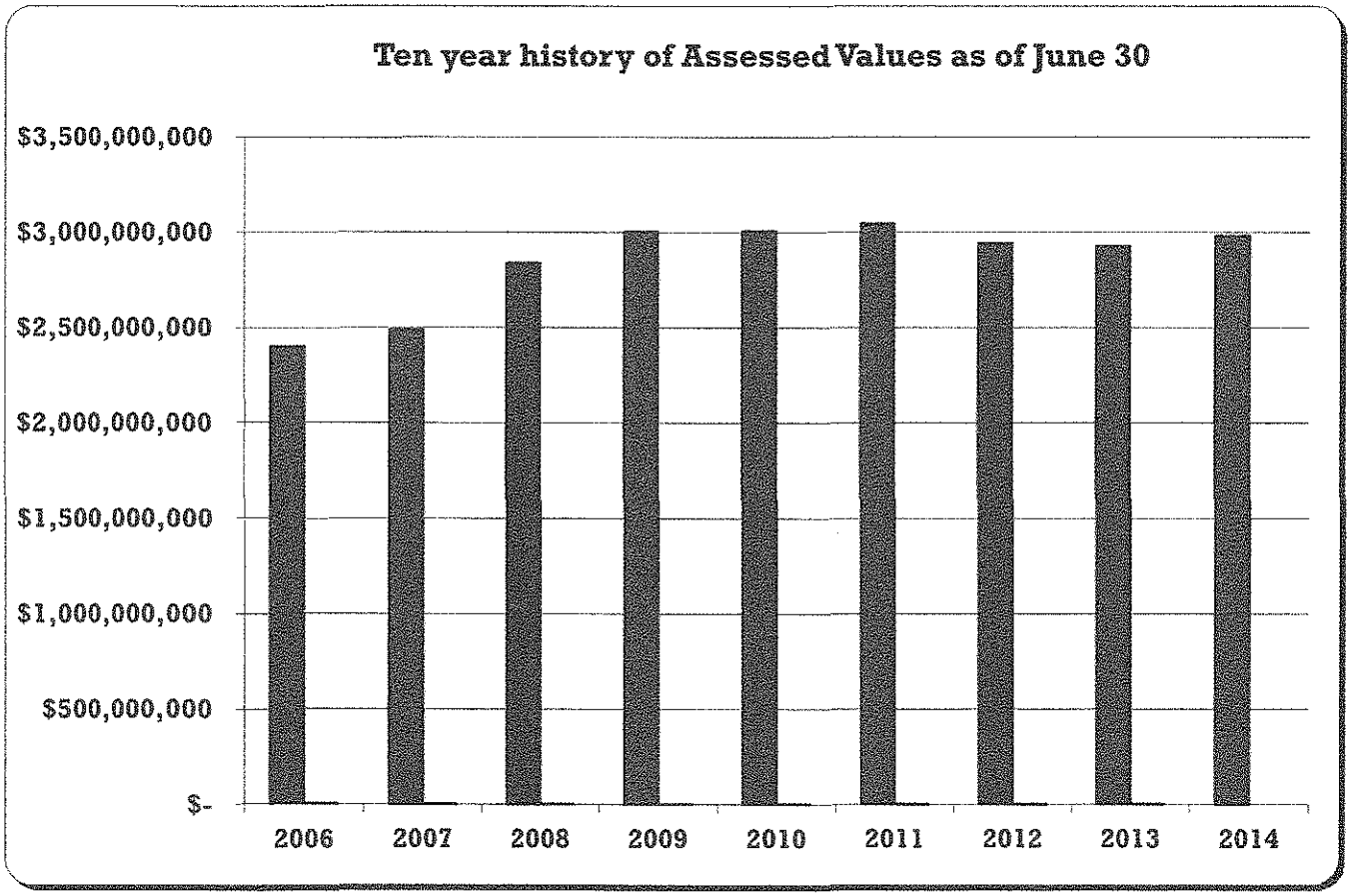
CITY OF STATESVILLE, NORTH CAROLINA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
FOR THE LAST TEN YEARS
(modified accrual basis of accounting)

Fiscal Year Ended June 30	Property Tax	Sales Tax	Privilege License Tax	Occupancy Tax	Total
2005	$ 8,892,592	$ 5,126,617	$ 359,532	$ 657,586	$ 15,036,327
2006	9,541,219	5,500,018	373,492	633,046	16,047,775
2007	9,229,195	5,846,223	377,283	618,589	16,840,680
2008	9,534,403	6,310,405	381,277	679,213	16,905,298
2009	10,962,849	6,416,272	367,858	729,640	18,476,619
2010	11,487,668	5,628,740	393,722	627,122	18,137,252
2011	11,603,732	5,452,410	348,992	677,747	18,082,881
2012	12,139,952	5,269,457	341,000	733,086	18,483,495
2013	12,139,952	5,269,457	687,341	803,829	18,900,579
2014	12,403,940	5,491,152	665,357	818,512	19,378,961

CITY OF STATESVILLE, NORTH CAROLINA
ASSESSED VALUE OF TAXABLE PROPERTY (UNAUDITED)
FOR THE LAST TEN YEARS [1]

Fiscal Year Ended June 30	Tax Year	Real Property	Motor Vehicle and Personal Property	Public Service Companies	Total Assessed Value	Total Direct Tax Rate
2005	2004	$ 1,609,450,141	$ 779,516,927	$ 38,749,366	$ 2,427,716,434	0.3836
2006	2005	1,653,896,167	703,483,219	38,923,969	2,396,303,355	0.3837
2007	2006	1,734,842,543	715,624,404	37,638,962	2,488,105,909	0.3835
2008	2007	2,032,493,274	767,214,046	38,508,312	2,838,215,632	0.3835
2009	2008	2,074,554,266	891,189,760	38,461,549	3,004,205,575	0.3833
2010	2009	2,099,286,384	867,458,395	41,940,666	3,008,685,445	0.3833
2011	2010	2,135,719,487	865,558,609	43,397,510	3,044,675,606	0.3833
2012	2011	2,046,476,967	851,682,471	45,081,888	2,943,241,326	0.3835
2013	2012	2,035,371,098	844,746,172	46,805,285	2,926,922,555	0.4135
2014	2013	2,036,899,857	898,217,364	46,105,962	2,981,223,183	0.4135

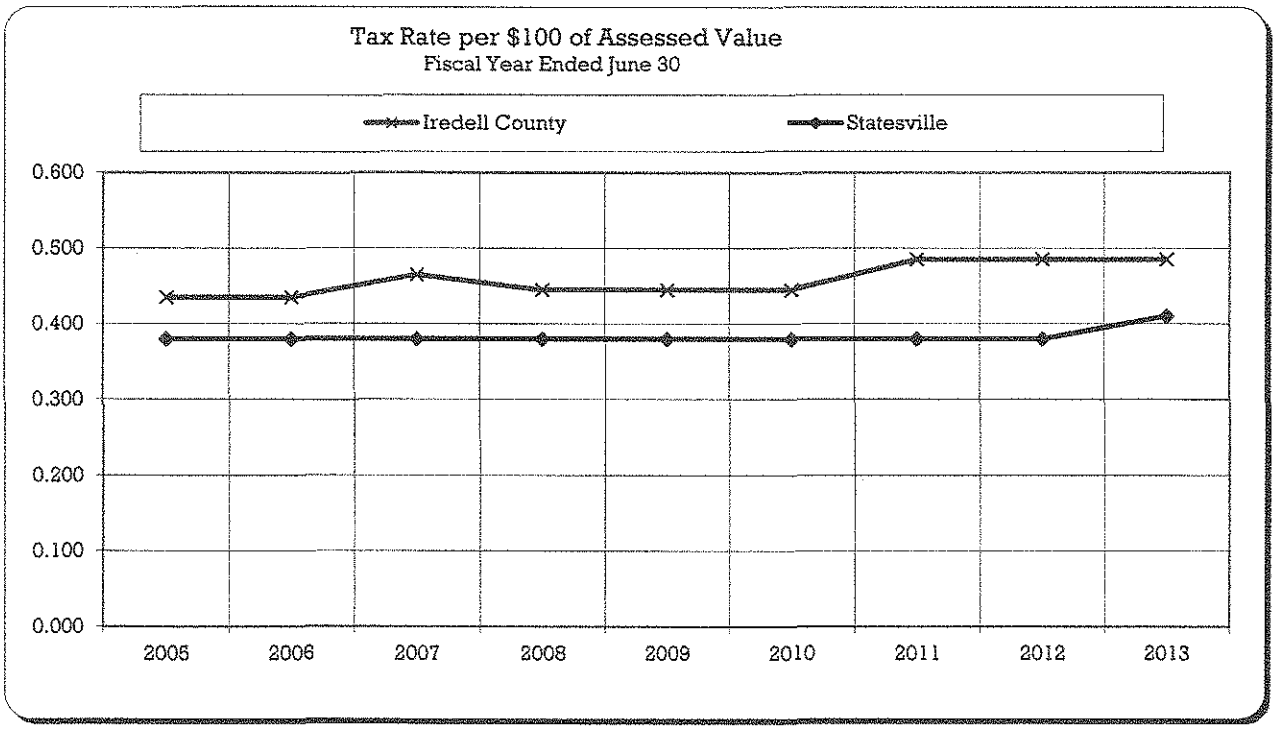
[1] Assessed valuations are established by the Board of County Commissioners at 100 percent of estimated market value. A revaluation of real property is required by the North Carolina General Statutes at least every eight years. The last revaluation was completed in tax year 2011, levied for fiscal year ending June 30, 2012. Next revaluation will be effective for January 1, 2015.



CITY OF STATESVILLE, NORTH CAROLINA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
(Per $100 of Assessed Value)
Last Ten Fiscal Years

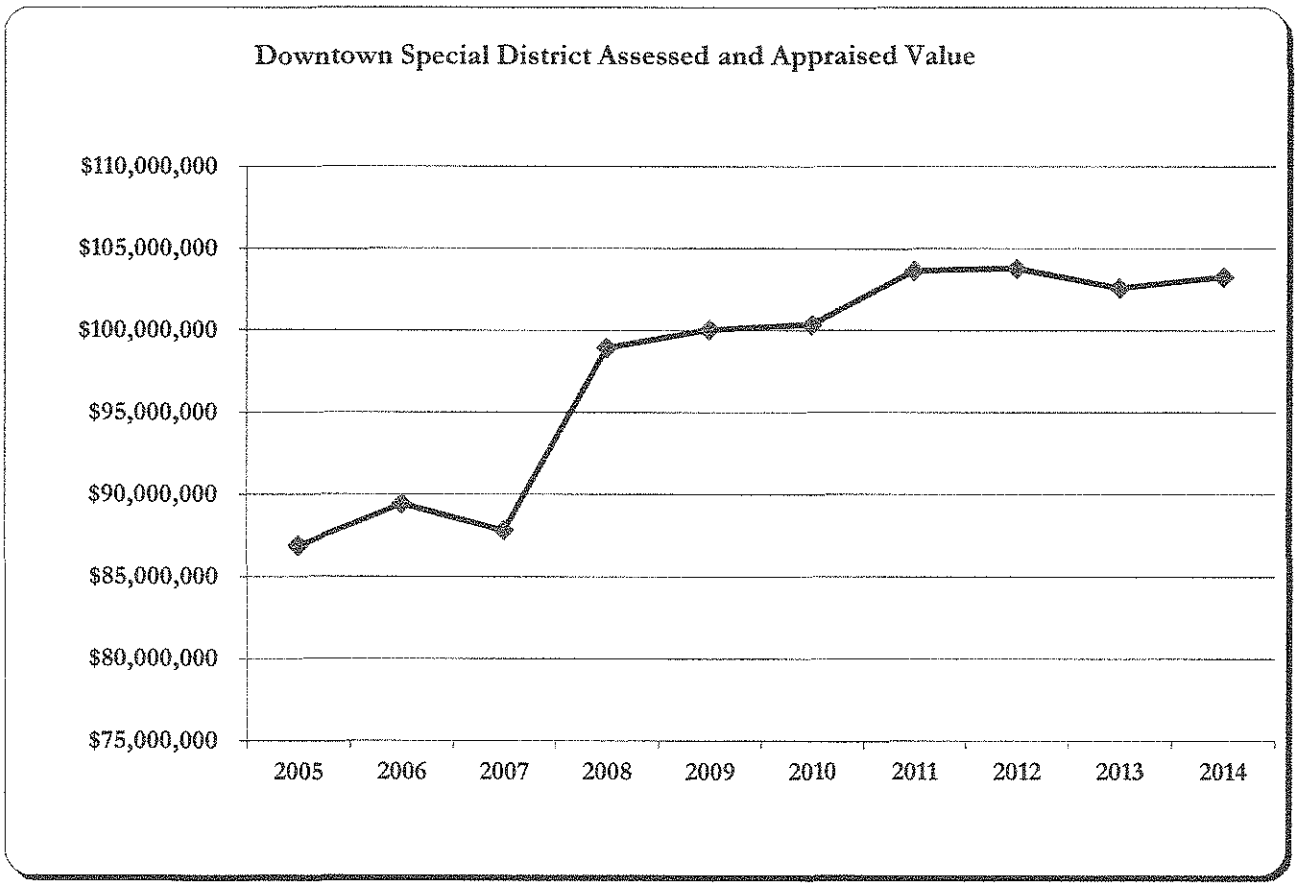
Fiscal Year Ended June 30	City of Statesville City -wide Tax Rate	Downtown Tax Rate	City of Statesville Direct [1]Tax Rate	Iredell County Tax Rate	City of Statesville Direct Tax Rate Plus County Tax Rate
2005	0.380	0.100	0.384	0.435	0.819
2006	0.380	0.100	0.384	0.435	0.819
2007	0.380	0.100	0.384	0.465	0.849
2008	0.380	0.100	0.383	0.445	0.828
2009	0.380	0.100	0.383	0.445	0.828
2010	0.380	0.100	0.383	0.445	0.828
2011	0.380	0.100	0.384	0.485	0.869
2012	0.380	0.100	0.384	0.485	0.869
2013	0.410	0.100	0.414	0.485	0.899
2014	0.410	0.100	0.414	0.485	0.899

[1] Direct tax rate is the prorata rate of the city-wide and special district rates.



CITY OF STATESVILLE, NORTH CAROLINA
ASSESSED AND APPRAISED VALUE OF TAXABLE PROPERTY
GENERAL FUND - DOWNTOWN STATESVILLE SPECIAL TAX DISTRICT
Last Ten Fiscal Years

Fiscal Year Ended June 30	Assessed Value	Appraised Value	Ratio of Total Assessed Value to Total Appraised Value
2005	$ 86,876,298	$ 86,876,298	100%
2006	89,420,820	89,420,820	100%
2007	87,813,703	87,813,703	100%
2008	98,942,000	98,942,000	100%
2009	100,043,730	100,043,730	100%
2010	100,360,997	100,360,997	100%
2011	101,690,327	103,654,000	100%
2012	103,785,047	103,785,047	100%
2013	102,596,150	102,596,150	100%
2014	103,256,921	103,256,921	100%



CITY OF STATESVILLE, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
GENERAL FUND - CITY-WIDE
Last Ten Years

Fiscal Year Ended June 30	Tax Year	Total Tax Levy for Curent Fiscal Year	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2005	2004	$ 9,398,731	$ 9,127,207	97.11%	$268,015	$ 9,395,222	99.96%	$ 734,111	7.81%
2006	2005	9,127,298	8,836,465	96.81%	251,845	9,088,310	99.57%	756,783	8.29%
2007	2006	9,487,143	9,153,219	96.48%	241,287	9,394,506	99.02%	823,226	8.68%
2008	2007	10,785,271	10,494,055	97.30%	291,216	10,806,082	100.19%	776,542	7.20%
2009	2008	11,463,138	11,096,523	96.80%	264,061	11,360,584	99.11%	879,257	7.67%
2010	2009	11,514,546	11,103,359	96.43%	332,799	11,436,158	99.32%	957,656	8.32%
2011	2010	11,608,744	11,145,620	96.01%	323,674	11,469,294	98.80%	1,097,107	9.45%
2012	2011	11,320,637	10,890,248	96.20%	369,223	11,259,471	99.46%	1,108,411	9.79%
2013	2012	12,022,139	11,568,448	96.23%	389,300	11,957,748	99.48%	1,134,351	9.44%
2014	2013	12,244,494	11,870,889	96.95%	356,284	12,227,173	99.86%	1,098,152	8.97%

Note: Ratio of Total Tax Collections to Total Tax Levy includes only the current levy.

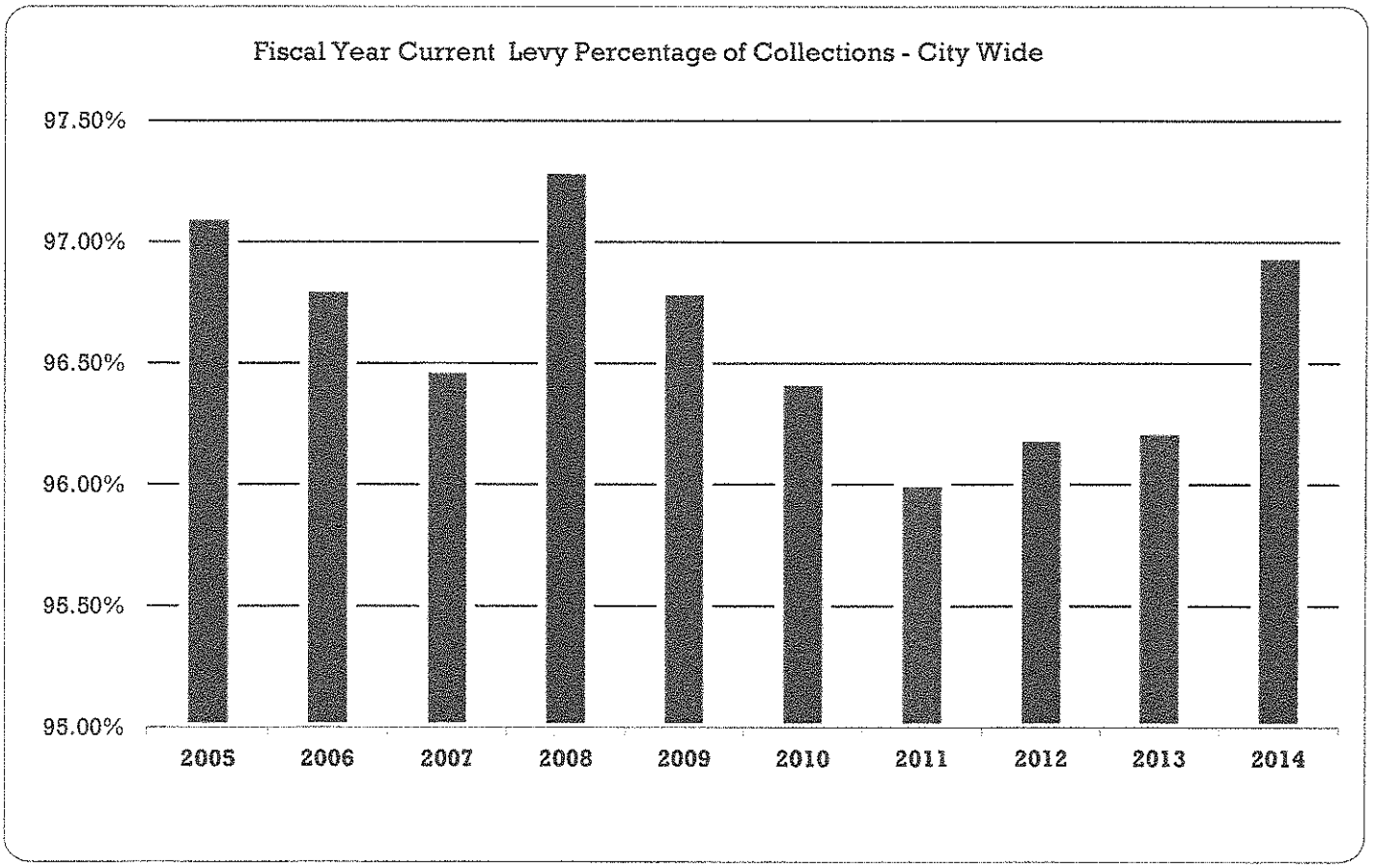
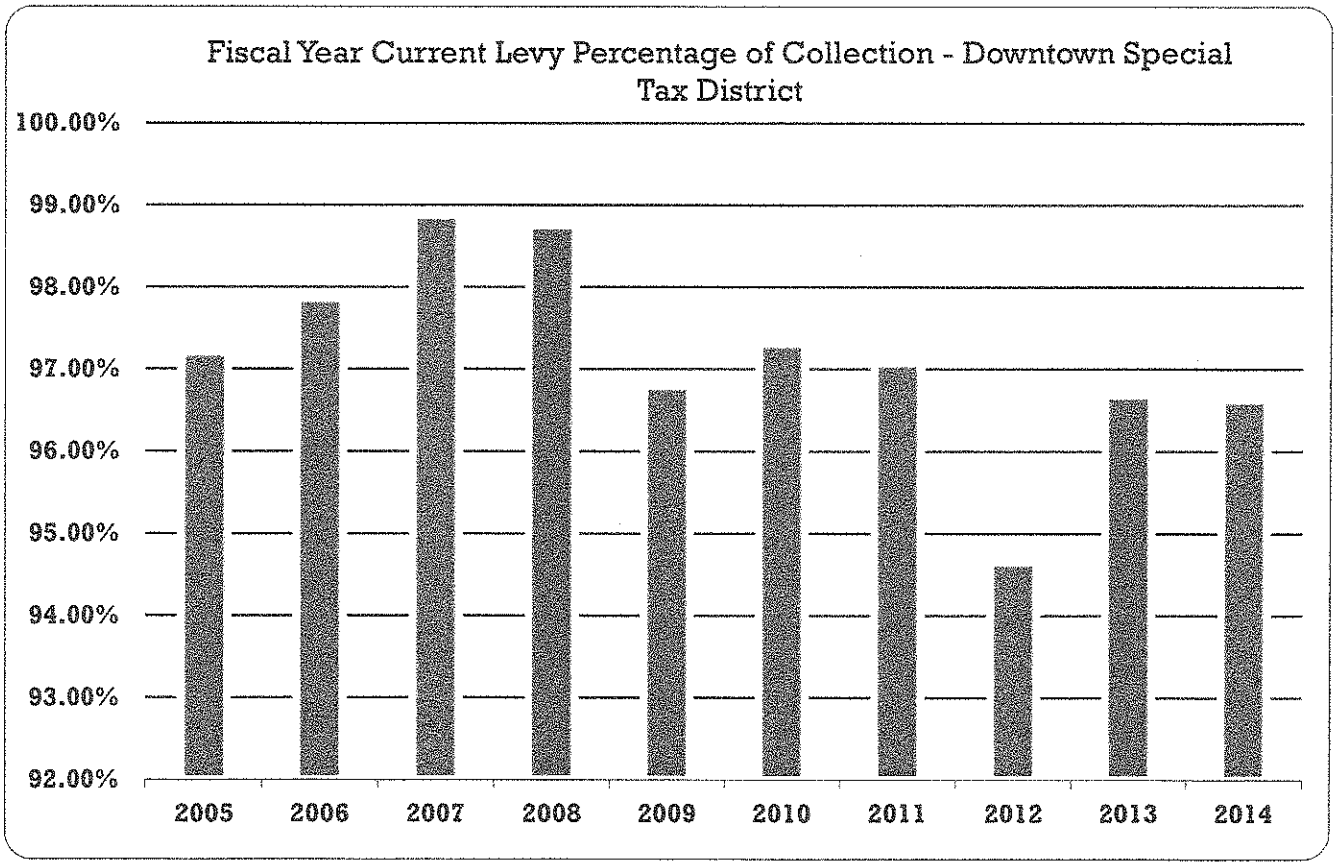


Table 11

CITY OF STATESVILLE, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
GENERAL FUND - DOWNTOWN STATESVILLE SPECIAL TAX DISTRICT
Last Ten Years

Fiscal Year Ended June 30	Tax Year	Total Tax Levy for Curent Fiscal Year	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2005	2004	$ 86,605	$ 84,191	97.21%	$ 3,079	$ 87,270	100.77%	$ 7,164	8.27%
2006	2005	89,421	87,512	97.87%	1,909	89,421	100.00%	7,164	8.01%
2007	2006	87,999	87,014	98.88%	985	87,999	100.00%	6,255	7.11%
2008	2007	98,940	97,707	98.75%	1,233	99,039	100.10%	5,855	5.92%
2009	2008	100,287	97,079	96.80%	1,386	98,465	98.18%	7,677	7.66%
2010	2009	101,220	98,500	97.31%	3,044	101,544	100.32%	7,353	7.26%
2011	2010	101,971	98,997	97.08%	2,069	101,066	99.11%	8,258	8.10%
2012	2011	104,606	99,015	94.66%	2,721	101,736	97.26%	10,870	10.39%
2013	2012	102,596	99,202	96.69%	3,968	103,170	100.56%	9,899	9.65%
2014	2013	103,426	99,947	96.64%	2,617	102,564	99.17%	10,365	10.02%

Note: Ratio of Total Tax Collections to Total Tax Levy includes only the current levy.



CITY OF STATESVILLE, NORTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS - CITY WIDE (UNAUDITED)
June 30, 2014 and June 30, 2005

In accordance with GASB No. 44, the following tables present information for the City's principal property taxpayers as of June 30, 2014 and June 30, 2005 for City wide only.

June 30, 2014

Taxpayer	Type of Business	Percentage of Total Assessed Valuation	Assessed Valuation	Tax Levy
Lowe's	Home Improvement Retailer	4.72%	$ 140,831,191	$ 577,408
Providencia USA, Inc.	Non-Woven Plastic Materials Mfg.	4.18%	124,473,896	510,343
Asmo NC, Inc.	Electric Motor Mfg.	1.80%	53,796,038	220,564
GS Statesville Green Land	Real Estate	0.92%	27,320,310	112,013
Statesville HMA, Inc.	Health Care Facility	0.70%	20,733,700	85,008
Newell Rubbermaid	Home & Office Products, Tool Mfg.	0.61%	18,180,179	74,539
Centro NP Holdings	Real Estate	0.59%	17,630,860	72,287
Pratt (Jett Corr) Inc	Corrugated Container Mfg.	0.48%	14,271,943	58,515
Venture Properties I LLC	Commerical Development	0.48%	14,202,960	58,232
Statesville Shoppes Corp.	Real Estate	0.43%	12,751,410	52,281
	Ten largest taxpayers	14.90%	444,192,487	1,821,190
	All other taxpayers	85.10%	2,537,030,696	10,423,304
	Total:	100.00%	$ 2,981,223,183	$ 12,244,494

June 30, 2005

Taxpayer	Type of Business	Percentage of Total Assessed Valuation	Assessed Valuation	Tax Levy
Asmo NC, Inc.	Electric Motor Mfg.	1.92%	$ 46,643,514	$ 177,245
Dana Corporation	Off-Highway Equipment	1.30%	31,654,616	120,288
Commscope, Inc.	Cable Manufacturer	1.23%	29,813,109	113,290
Statesville HMA, Inc.	Health Care Facility	1.08%	26,306,625	99,965
Excel Realty Trust of NC	Shopping Center	0.97%	23,637,690	89,823
Goodyear Tire & Rubber Co.	Tire Manufacturing	0.77%	18,637,949	70,824
Hexcel Reinforcement Corp.	Fiberglass Manufacturing	0.74%	18,034,063	68,529
C & J Associates	Real Estate	0.66%	16,018,263	60,869
Kewaunee Scientific	Scientifice Equipment	0.65%	15,664,023	64,222
Bell South	Telecommunications	0.63%	15,236,487	62,470
	Ten largest taxpayers	9.95%	241,646,339	927,526
	All other taxpayers	90.05%	2,186,070,095	7,479,190
	Total:	100.00%	$ 2,427,716,434	$ 8,406,716

CITY OF STATESVILLE, NORTH CAROLINA
PRINCIPAL ELECTRIC CUSTOMERS
June 30, 2014 and June 30, 2005

Electric Customer	Type of Business	Dollar Amount of Annual Electric Charges	Percentage of Total Electric Charges for Services
June 30, 2014			
Providencia USA	Non-Woven Plastic Materials	2,609,045	5.7%
City of Statesville	Municipal Corporation	1,622,230	3.5%
Commscope	Cable Manufacturer	1,369,603	3.0%
Kewaunee Scientific	Scientific Equipment	1,112,114	2.4%
Iredell Memorial Hospital	Health Care Facility	1,012,856	2.2%
International Paper	Wood/Veneers	891,169	1.9%
Accuma Corporation	Plastics/Batteries	852,373	1.9%
Statesville Housing Authority	Housing Authority	641,086	1.4%
Hunt-Bienfang Manufacturing	Art Supply	627,860	1.4%
J C Steele & Sons	Manufacture	561,680	1.2%
	Ten largest electric users	11,300,016	24.6%
	All other electric users	34,619,142	75.4%
	Total electric charges	$ 45,919,158	100.0%
June 30, 2005			
Commscope	Cable Manufacturer	$ 1,558,622	4.8%
Kewaunee Scientific	Scientific Equipment	661,113	2.0%
Accuma Corporation	Plastics/Batteries	597,968	1.9%
Mocaro Industries/Finishing	Knit Fibers	576,575	1.8%
Hunt Manufacturing	Art Supply	527,364	1.6%
Armstrong Hardwood	Flooring	398,399	1.2%
Iredell Memorial Hospital	Health Care Facility	381,495	1.2%
Statesville Housing Authority	Public Housing	337,224	1.0%
City of Statesville	Municipal Corporation	333,601	1.0%
ASC Colamco	Automobile Parts	332,338	1.0%
	Ten largest electric users	5,704,699	17.7%
	All other electric users	26,562,721	82.3%
	Total electric charges	$ 32,267,420	100.0%

Source: City of Statesville's utility billing records.

CITY OF STATESVILLE, NORTH CAROLINA
PRINCIPAL WATER CUSTOMERS
June 30, 2014 and June 30, 2005

Water Customer	Type of Business	Dollar Amount of Annual Water Charges	Percentage of Total Water Charges for Services
June 30, 2014			
Statesville Housing Authority	Housing Authority	$ 84,600	2.3%
West Iredell Water Corp.	Utility	81,453	2.2%
Mocaro Industries/Finishing	Knit Fabrics	70,043	1.9%
City of Statesville	Municipal Corporation	62,874	1.7%
Iredell Memorial Hospital	Health Care Facility	55,401	1.5%
Iredell Water Corporation	Utility	50,663	1.4%
Mariner Post Acute	Health Care Facility	45,356	1.3%
Clark-Schwebel Fiber	Textile Manufacturer	36,093	1.0%
Kewaunee Scientific	Scientific Equipment	29,421	0.8%
Rental Uniform Svc. Inc.	Apparel Rental	27,534	0.8%
	Ten largest water users	543,438	15.0%
	All other water users	3,082,826	85.0%
	Total water charges	$ 3,626,264	100.0%
June 30, 2005			
Mocaro Industries/Finishing	Knit Fabrics	$ 151,388	4.7%
Statesville Housing Authority	Housing Authority	80,325	2.5%
Town of Troutman	Municipal Corporation	69,728	2.2%
West Iredell Water Corp.	Utility	49,860	1.6%
Iredell Memorial Hospital	Health Care Facility	40,346	1.3%
Iredell Water Corporation	Utility	38,651	1.2%
Rental Uniform Svc. Inc.	Apparel Rental	21,469	0.7%
City of Statesville	Municipal Corporation	19,057	0.6%
Clark-Schwebel Fiber	Fiberglass	16,353	0.5%
Kewaunee Scientific	Scientific Equipment	15,482	0.4%
	Ten largest water users	502,659	15.7%
	All other water users	2,708,750	84.3%
	Total water charges	$ 3,211,409	100.0%

Source: City of Statesville's utility billing records.

CITY OF STATESVILLE, NORTH CAROLINA
PRINCIPAL SEWER CUSTOMERS
June 30, 2014 and June 30, 2005

Sewer Customer	Type of Business	Dollar Amount of Annual Sewer Charges	Percentage of Total Sewer Charges for Services
June 30, 2014			
Mocaro Industries/Finishing	Knit Fabrics	$ 351,304	6.2%
Town of Troutman	Utility	290,415	5.1%
Statesville Housing Authority	Housing Authority	136,980	2.4%
Iredell Memorial Hospital	Health Care Facility	88,402	1.5%
Mariner Post Acute	Health Care Facility	50,854	0.9%
Iredell-Statesville School Adm	School System	48,730	0.9%
Rental Uniform	Apparel Rental	44,884	0.8%
Kewaunee Scientific	Scientific Equipment	43,229	0.8%
Clark-Schwebel Fiber	Fiberglass	42,837	0.8%
Muellers CIR Holdings, LLC		35,070	0.6%
	Ten largest sewer users	1,132,705	19.8%
	All other sewer users	4,577,793	80.2%
	Total sewer charges	$ 5,710,498	100.0%
June 30, 2005			
Mocaro Industries/Finishing	Knit Fabrics	$ 386,288	8.3%
Town of Troutman	Municipal Corporation	184,050	4.0%
Statesville Housing Authority	Housing Authority	130,353	2.8%
Iredell Memorial Hospital	Health Care Facility	66,030	1.4%
Rental Uniform	Apparel Rental	34,985	0.8%
City of Statesville	Municipal Corporation	31,138	0.7%
Davis Hospital	Health Care Facility	30,563	0.7%
Clark-Schwebel Fiber	Fiberglass	26,813	0.6%
Kewaunee Scientific	Scientific Equipment	25,384	0.5%
Artcraft Foxcroft	Apartment Complex	27,279	0.6%
	Ten largest sewer users	942,883	20.4%
	All other sewer users	3,685,843	79.6%
	Total sewer charges	$ 4,628,726	100.0%

Source: City of Statesville's utility billing records.

CITY OF STATESVILLE, NORTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
FOR THE LAST TEN FISCAL YEARS (UNAUDITED)

	Governmental Activities		Business-type Activities					
Fiscal Year Ended June 30,	General Obligation Bonds	Notes Payable	General Obligation Bonds	Notes Payable	Total Primary Government	Percent of Personal Income		[2] Per Capita
2005	$ 175,000	$ 3,300,000	$ 2,790,000	$ 18,501,538	$ 24,766,538	0.12%		$ 994.20
2006	150,000	2,970,000	2,045,000	19,623,937	24,788,937	0.11%		976.06
2007	125,000	2,640,000	1,325,000	17,518,352	21,608,352	0.12%		828.10
2008	100,000	2,310,000	1,025,000	17,011,175	20,446,175	0.13%		765.66
2009	75,000	1,980,000	725,000	16,055,796	18,835,796	0.14%	(1)	696.62
2010	50,000	3,597,000	425,000	15,054,266	19,126,266	0.14%	(1)	700.03
2011	25,000	10,072,300	120,000	14,052,736	24,350,036	0.10%	(1)	988.51
2012	25,000	8,847,600	120,000	13,051,207	24,350,036	0.10%	(1)	988.51
2013	-	7,622,900	80,000	12,049,677	19,752,577	0.12%	(1)	796.14
2014	-	6,398,200	-	20,159,905	26,558,105	0.10%	(1)	1,063.13

Notes:

[1] Information on the City of Statesville alone is not available. The data presented are for Iredell County and were obtained from the North Carolian Department of Commerce. Information for fiscal year 2013 for Iredell County was $26,031.

[2] From the North Carolina Office of Management and Budget. For the report fiscal year are projections from For fiscal year 2013 the population projections are from the North Carolina Office of Management and Budget as of July 1, 2013. Estimate population for fiscal year 2013: 24,981

CITY OF STATESVILLE, NORTH CAROLINA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING (UNDAUDITED)
FOR THE LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year Ended June 30,	Governmental Activities General Obligation Bonds	Business-type Activities General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total General Obligation Bonds	(1) Percent of Assessed Value	(2) Per Capita
2005	$ 175,000	$ 2,790,000	$ -	$ 2,965,000	0.12%	$ 119.02
2006	150,000	2,045,000	-	2,195,000	0.09%	86.43
2007	125,000	1,325,000	-	1,450,000	0.06%	55.57
2008	100,000	1,025,000	-	1,125,000	0.04%	42.13
2009	75,000	725,000	-	800,000	0.03%	29.58
2010	50,000	425,000	-	475,000	0.02%	17.39
2011	25,000	200,000	-	225,000	0.01%	9.13
2012	-	80,000	-	80,000	0.00%	3.25
2013	-	-	-	-	0.00%	-
2014	-	-	-	-	0.00%	-

Notes:

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

1. See schedule of Assessed Value and Estimated Actual Value of Taxable Property Table 7.

2. The City is not obigated for any general obligation bonds or debt as of June 30, 2013.

CITY OF STATESVILLE, NORTH CAROLINA
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Years 2010 to 2014:

	2009-10	2010-11	2011-12	2012-13	2013-14
Debt Limit	$ 240,695	$ 243,574	$ 235,459	$ 235,459	$ 239,888
Total net debt applicable to limit	475	25	-	-	-
Legal debt margin	$ 240,220	$ 243,549	$ 235,459	$ 235,459	$ 239,888
Total net debt applicable to the limit as a percntage of debt limit	0.20%	0.01%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for the current Fiscal Year:

Total assessed value	$ 2,991,411
Less current year abatements	7,188
Assessed value of taxable property	2,998,600
Debt limit - eight percent (8%) of assessed value	239,888
Amount of debt applicable to debt limit:	
Total bonded debt	-
Legal debt margin	$ 239,888

Fiscal Years 2005 to 2009:

	2004-05	2005-06	2006-07	2007-08	2008-09
Debt Limit	$ 194,217	$ 195,000	$ 200,010	$ 227,057	$ 240,336
Total net debt applicable to limit	2,940	2,195	1,450	1,125	800
Legal debt margin	$ 191,277	$ 192,805	$ 198,560	$ 225,932	$ 239,536
Total net debt applicable to the limit as a percentage of debt limit	1.51%	1.13%	0.72%	0.50%	0.33%

CITY OF STATESVILLE, NORTH CAROLINA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT (UNAUDITED)
June 30, 2014

Jurisdiction		Principal	Allocated Amount	Total
Direct debt:				
City of Statesville	(1)	$ 6,398,200	100%	$ 6,398,200
Overlapping debt:				
Iredell County	(1)	197,876,187	15%	30,592,744
		$ 204,274,387		$ 36,990,944

(1) Long-term includes general obligation bonds, commercial loans, lease purchase, and certificates of participation. Compensated absences, other post employee benefits, monofill, and obligations of the business-like funds are not included.

CITY OF STATESVILLE, NORTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
FOR THE LAST TEN YEARS

Fiscal Year Ended June 30,	Population Estimate (1)	Per Capita Personal Income (2)	Unemployment Rate (3)	Median Age (4)	School Enrollment (5)
2005	24,911	$ 29,676	4.8%	37.00	19,291
2006	25,397	28,038	4.4%	37.20	20,201
2007	26,094	26,399	4.6%	37.26	20,792
2008	26,704	26,818	6.1%	38.00	21,236
2009	27,039	25,743	12.9%	38.00	21,168
2010	27,322	26,641	12.6%	39.00	21,146
2011	24,532	25,018	11.6%	37.10	21,130
2012	24,633	24,559	10.1%	37.10	21,239
2013	24,710	24,633	9.2%	37.10	21,447
2014	24,981	26,031	6.5%	40.00	21,239

Sources:

1. From the North Carolina Office of Management and Budget. For the report fiscal year are projections from the North Carolina Office of Management and Budget. The population estimates are determined as of July 1 of each year. Estimate 2013 of 24,710 was the basis for allocating sales tax for fiscal year 2014.

2. Information on the City of Statesville alone is not available. The data presented are for Iredell County and were obtained from the North Carolian Department of Commerce. Information for fiscal year 2013 for Iredell County was $26,031.

3. From the North Carolina Department of Commerce.

4. From the North Carolina Department of Commerce.

5. Information on the City of Statesville alone is not available. The data presented are for Iredell County and were obtained from the Iredell County Finance Department for years 1997 to 1998 based on enrollment. Beginning with fiscal year 1999 student enrollment data is from the North Carolina Department of Public Instruction's Average Daily Maintenance (ADM).

CITY OF STATESVILLE, NORTH CAROLINA
PRINCIPAL EMPLOYERS
June 30, 2014 and June 30, 2005

	6/30/2014			6/30/2005		
Company or Organization [1]	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
Iredell Statesville Schools	2,720	1	3.59%	2,600	1	4.76%
Iredell Memorial Hospital	1,626	2	2.15%	1,600	2	2.93%
Iredell County Government	1,134	3	1.50%	803	4	1.47%
Lowe's Regional Distribution	823	4	1.09%	998	3	1.83%
Piedmont Healthcare	720	5	0.95%	450	10	0.82%
JC Penney Distribution	620	6	0.82%	600	6	1.10%
Davis Regional Medical Center	492	7	0.65%	650	5	1.19%
Kewaunee Scientific	480	8	0.63%	490	9	0.90%
Doosan Infracore	474	9	0.63%			
Manheim Statesville	443	10	0.59%			
ASMO of NC, Inc.				530	7	0.97%
Dana-Spicer				500	8	0.91%
All other	66,172		87.41%	45,441		83.13%
Total Employed	75,704		100.00%	54,662		100.00%

Sources:

(1) Greater Statesville Development Corporation.

(2) Total Iredell County employed from the North Carolina Department of Commerce as of June 2014.

(3) June 30, 2005 are estimates based on previous data.

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CITY OF STATESVILLE, NORTH CAROLINA
GENERAL GOVERNMENT
OPERATING INDICATORS BY FUNCTION/PROGRAM (UNAUDITED)
FOR THE LAST TEN FISCAL YEARS [1]

Function/Program	2004-2005	2005-2006	2006-2007	2007-2008
General Government Activities:				
General government:				
Personnel				
Number of new hires-full time	53	48	40	50
Number of new hires-part-time	65	74	90	80
Turnover rate	13.20%	10.30%	10.00%	9.00%
Public Safety:				
Police				
UCR Part 1 Violent Crime	N/A	N/A	322	278
Vehicle Crashes Investigated	N/A	N/A	1991	1986
Number of incoming calls	106,545	110,013	109,569	116,349
Fire				
Fire emergency responses	1,283	1,463	1,419	1,450
City-wide fire loss	$ 750,115	$ 807,595	$ 1,040,425	$ 1,849,593
Number of fire inspections	1641	1711	1754	850
Investigations	14	18	23	15
Transportation:				
Street Department				
Miles of street resurfacing	2.53	3.00	3.00	3.00
Environmental protection:				
Sanitation				
Number of household collection points	8,800	9,500	9,700	9,700
Cost per ton collected	$ 79.00	$ 54.00	$ 54.00	$ 61.00
Cemeteries				
Number of burials	325	325	247	230
Recreation:				
Fitness Center Avg. Daily Attendance (2)	N/A	N/A	N/A	N/A
Leisure Pool Avg. Daily Attendance (3)	N/A	N/A	N/A	N/A

(1) Source: Various City departments.

(2) Fitness Center and Leisure Pool opened FY2009 with software purchased during FY2011 to calculate average daily attendance.

(3) Leisure Pool season of operation Memorial Day through Labor Day.

2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
43	33	43	23	20	26
70	97	110	80	96	117
8.50%	6.00%	8.00%	8.20%	9.60%	7.80%
222	274	119	123	123	126
1818	1932	1725	1690	1690	1665
104,514	109,351	58,060	93,590	93,590	89,679
1,709	1,644	1,822	1,890	1,890	2,197
$ 1,132,213	$ 942,350	$ 488,735	$ 1,373,470	$ 1,462,225	$ 713,190
792	816	863	777	777	987
17	34	15	22	9	20
2.85	6.11	4.54	3.22	4.11	4.10
9,900	9,700	9,546	9,546	9,546	9,342
$ 52.00	$ 53.00	$ 63.00	$ 60.00	$ 60.00	$ 78.00
230	325	230	230	230	239
N/A	N/A	N/A	262	262	288
N/A	N/A	N/A	428	428	402

CITY OF STATESVILLE, NORTH CAROLINA
ENTERPRISE FUNDS
OPERATING INDICATORS BY FUNCTION/PROGRAM (UNAUDITED)
FOR THE LAST TEN FISCAL YEARS [1]

Function/Program	2004-2005	2005-2006	2006-2007	2007-2008
Business-type activities:				
Electric:				
[2] Kwh purchased	485,609,557	501,159,266	498,061,811	495,329,967
Purchased power cost	$28,551,352	$29,802,373	$30,115,860	$31,545,275
[2] Cost per kwh	0.0588	0.0595	0.0605	0.0637
[2] Kwh sold	481,136,000	480,322,435	472,258,240	476,017,550
Kwh billed	$31,524,318	$32,669,230	$34,581,935	$36,638,668
[2] Sold per kwh	0.0655	0.0680	0.0732	0.0770
Accounting/line kwh loss	4,473,557	20,836,831	25,803,571	19,312,417
Loss as a percent of billed kwh	0.93%	4.34%	5.46%	4.06%
Average number of customers	12,652	12,715	12,802	12,856
Average days in billed/unbilled receivable	50.71	47.97	48.21	44.90
Avg duration of interruption minutes	128.21	108.55	55.88	47.90
Water:				
[3] Water MG average annually treated	N/A	1404.67	1,429	1,378
[4] Sold Water to Customers MG	N/A	N/A	N/A	1,323
Accounting/line loss	N/A	N/A	N/A	55.00208092
[4] Loss as a percent of billed water	N/A	N/A	N/A	0.039904292
[4] Average number of water customers	11,252	11,315	11,228	11,282
Billed water customers	$3,277,794	$3,611,757	$3,899,180	$3,804,882
Average days in billed/unbilled receivable	51.36	44.11	48.35	42.29
Sewer:				
[3] 3rd Creek treated- average daily MGD	1.37	1.54	1.54	1.30
[3] 4th Creek treated - average daily MGD	2.82	2.88	2.88	2.97
[4] Average number of water customers	10,175	10,238	10,238	10,292
Billed sewer customers	$4,904,684	$5,234,479	$5,606,937	$5,314,062
Average days in unbilled/billed receivable	49.32	44.44	47.64	44.66
Billed Sewer units in MG	N/A	N/A	N/A	N/A
Civic Center:				
Paid Bookings	400	400	423	557

(1) Source: City billings and annual Public Utility Commission report.

(2) Kwh is kilowatts per hour.

(3) MGD is millions of gallons per day.

(4) MG is millions of gallons.

2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
458,127,075	451,517,939	464,051,769	461,666,247	469,944,924	479,643,199
$31,427,382	$32,503,039	$34,847,545	$36,560,241	$38,639,838	$40,826,057
0.0686	0.0720	0.0751	0.0792	0.0822	0.0851
438,703,511	431,589,090	444,968,375	447,066,312	453,300,014	461,546,534
$35,710,561	$38,700,180	$41,410,332	$40,248,347	$43,927,172	$45,919,158
0.0814	0.0897	0.0931	0.0900	0.0969	0.0995
19,423,564	19,928,849	19,083,394	14,599,935	16,644,910	18,096,665
4.43%	4.62%	4.29%	3.27%	3.67%	3.92%
13,046	12,928	12,897	12,941	12,824	12,829
45.92	43.29	44.28	44.88	44.45	44.22
55.88	53.22	70.64	54.21	55.88	54.22
1,186	1,169	1,189	1,143	1,172	1,141
1,048	956	954	953	950	903
138	213	235	190	222	238
11.60%	18.25%	19.78%	16.59%	18.97%	20.86%
11,472	11,354	11,323	11,308	11,366	11,397
$3,437,267	$3,378,505	$3,448,842	$3,432,791	$3,663,166	$ 3,626,264
47.30	51.92	49.70	51.43	49.91	47.86
1.31	1.58	1.12	0.84	0.92	1.07
3.17	3.23	2.83	2.16	2.21	2.48
10,482	10,364	10,333	10,318	10,376	10,399
$5,190,305	$5,162,382	$5,381,251	$5,292,768	$5,710,498	$ 5,628,097
48.34	45.97	48.06	49.91	50.41	49.96
N/A	N/A	954	954	963	959
607	572	624	563	502	620

CITY OF STATESVILLE, NORTH CAROLINA
CAPITAL ASSETS STATISTICS BY FUNCTION (UNAUDITED)
FOR THE LAST TEN FISCAL YEARS [1]

	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Function/Program					
General Government Activities;					
General government:					
City hall	1	1	1	1	1
City office building	1	1	1	1	1
Garage	1	1	1	1	1
Warehouse	1	1	1	1	1
Public Safety:					
Police					
[4] Number of police stations	4	4	4	4	4
Fire					
Number of fire stations	3	3	3	3	3
Transportation:					
Street miles	134.12	134.12	134.12	134.12	134.12
Airport - acres	389	389	389	388.78	388.78
Airport - terminals	1	1	1	1	1
Environmental protection:					
Sanitation - packers	9	9	9	9	8
Cemeteries					
[2] Number of cemeteries	2	2	2	2	2
Cemeteries - acreage	52	52	52	52	60
Recreation:					
Parks - acreage	250	250	250	250	350
Number of Parks	20	20	20	20	20
Greenways/trails-miles	4.50	4.50	4.50	4.50	6.00
Soccer fields	7	7	7	7	7
Recreation Centers & Pool	2	2	2	2	2
Business-type activities:					
Electric:					
Miles of distribution lines	217	217	217	217	235
Number of substations	10	10	10	10	10
Water:					
Miles of distribution lines	200	202	202	202	272.29
Water treatment plants	1	1	1	1	1
[3] Water plant capacity-MGD	15	15	15	15	15
Sewer:					
Miles of collection lines	240	244	244	244	274
Sewer treatment plants	2	2	2	2	2
[3] 3rd Creek plant capacity-MGD	4	4	4	4	4
[3] 4th Creek plant capacity-MGD	6	6	6	6	6
Civic Center:					
Civic Center	1	1	1	1	1

Notes:

[1] Source: City of Statesville capital asset records.

[2] Four Cemeteries are maintained, two are closed.

[3] MGD is Millions of gallons per day. Plant Capacity found on Table 23.

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
2	2	3	3	3
3	3	4	4	4
141.60	141.60	142.24	142.15	145.70
390.41	390.41	394	429.4	429.4
1	1	1	1	1
9	8	9	9	9
2	2	2	2	2
60	60	60	60	60
350	350	350	350	358
20	20	20	20	20
6.00	6.00	6.00	6.00	12.91
7	7	7	7	7
4	4	4	4	4
235	248.5	248.5	248.5	248.5
10	10	10	10	10
272.29	277	265	270	279
1	1	1	1	1
15	15	15	15	15
274	279	265	276	291
2	2	2	2	2
4	4	4	4	4
6	6	6	6	6
1	1	1	1	1

CITY OF STATESVILLE, NORTH CAROLINA
CITY EMPLOYEES BY FUNCTION/PROGRAM (UNAUDITED)
FOR THE LAST TEN FISCAL YEARS

Function/Program	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Governmental Activities:										
General Government:										
Mayor and Council	9	9	9	9	9	9	9	9	9	9
City Manager	3	3	3	3	3	3	3	3	3	3
City Clerk	1	1	1	1	1	1	1	1	1	1
Finance Administration	6	6	6	6	6	6	6	6	6	6
Collections	4	4	4	4	5	5	5	5	5	5
Information Technology	8	9	9	9	9	9	9	9	8	8
Purchasing	3	3	3	3	3	3	3	3	3	3
Human Resources	4	4	4	4	4	4	4	4	3	3
Planning	8	8	8	10	10	10	10	10	8	8
Public Works	6	6	6	6	6	6	6	6	4	4
Garage	9	9	9	9	9	9	9	9	9	9
Warehouse	1	1	1	1	1	1	1	1	-	-
Subtotal general government	62	63	63	65	66	66	66	66	59	59
Public Safety										
Police	89	89	90	94	98	99	99	101	96	96
Fire	55	55	55	55	71	59	59	74	73	73
Subtotal Public Safety	144	144	145	149	169	158	158	175	169	169
Transportation										
Street Department	21	21	21	21	21	21	21	21	17	17
Airport	-	-	-	1	1	1	1	1	1	1
Subtotal Transportation	21	21	21	22	22	22	22	22	18	18
Environmental protection										
Sanitation	28	28	28	28	31	31	31	31	28	28
Subtotal environmental protec	28	28	28	28	31	31	31	31	28	28
Recreation										
Recreation Administration	3	3	3	3	3	3	3	3	3	3
Athletics	2	2	2	2	2	2	2	2	1	1
Programs	6	6	6	6	7	3	3	3	3	3
Fitness & Activity Center	-	-	-	-	-	4	4	4	4	4
Parks	9	7	7	7	7	7	7	7	12	12
Urban Forestry	4	4	4	4	4	4	4	4	-	-
Public Grounds/Cemeterie	6	8	8	8	8	8	8	8	5	5
Subtotal Recreation	30	30	30	30	31	31	31	31	28	28
Total Governmental	285	286	287	294	319	308	308	325	302	302
Business-type activities										
Electric	28	28	29	31	34	34	34	34	31	31
Water Maintenance	14	14	14	16	16	16	16	16	15	15
Sewer Maintenance	7	7	7	7	7	7	7	7	6	6
Water Plant	12	12	12	12	12	12	12	12	12	12
Sewer Treatment Plants	24	24	24	24	24	24	24	24	23	23
Civic Center	7	7	7	7	7	7	7	7	7	7
Subtotal Business-type	92	92	93	97	100	100	100	100	94	94
Total primary government	377	378	380	391	419	408	408	425	396	396

Source: City of Statesville's adopted operating budget.

COMPLIANCE SECTION

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POTTER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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

The Honorable Mayor, City Council and
the City Manager
Statesville, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregated remaining fund information of the City of Statesville, North Carolina, as of and for the year ended June 30, 2014, which collectively comprises the City of Statesville's basic financial statements, and have issued our report thereon dated October 27, 2014. Our report includes a reference to 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. Other auditors audited the financial statements of the City of Statesville ABC Board, as described in our report on the City of Statesville's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the City of Statesville ABC Board and Convention and Visitors Bureau were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Statesville's internal control over financial reporting as a basis for designing our auditing procedures 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 Statesville's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or 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 the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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.

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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*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Statesville, North Carolina's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

Potter & Company, P.A.

October 27, 2014
Mooresville, North Carolina

POTTER&COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; IN ACCORDANCE WITH OMB CIRCULAR A-133; AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

Independent Auditor's Report

The Honorable Mayor, City Council and
the City Manager
Statesville, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the City of Statesville, North Carolina compliance with the types of compliance requirements described in the *OMB Circular A-133 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 Statesville's major federal programs for the year ended June 30, 2014. The City of Statesville'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 compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs.

Auditor Responsibility

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

Opinion on Each Major Federal Program

In our opinion, the City of Statesville 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, 2014.

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; IN ACCORDANCE WITH OMB CIRCULAR A-133; AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

Report on Internal Control Over Compliance

Management of the City of Statesville 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 Statesville'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 our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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, as defined above. However, material weaknesses may exist that have not been identified.

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

Potter & Company, P.A.

October 27, 2014
Mooresville, North Carolina

POTTER&COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; IN ACCORDANCE WITH OMB CIRCULAR A-133; AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

Independent Auditor's Report

The Honorable Mayor, City Council and
the City Manager
Statesville, North Carolina

Report on Compliance for Each Major State Program

We have audited the City of Statesville, North Carolina, 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 its major State programs for the year ended June 30, 2014. The City of Statesville'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 Statesville'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; and applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina,* and the State Single Audit Implementation Act. Those standards, applicable sections of OMB A-133, and the and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City of Statesville'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 Statesville's compliance.

Opinion on Each Major State Program

In our opinion, the City of Statesville complied, in all material respects, with the types 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, 2014.

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; IN ACCORDANCE WITH OMB CIRCULAR A-133; AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

Report on Internal Control Over Compliance

Management of the City of Statesville 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 Statesville's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance 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 noncompliance 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

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

Potter & Company, P.A.

October 27, 2014
Mooresville, North Carolina

CITY OF STATESVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2014

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes __X__ No
- Significant deficiency(s) identified that are not considered to be material weaknesses. _____ Yes __X__ None reported

Noncompliance material to financial statements noted. _____ Yes __X__ No

Federal Awards

Internal control over major federal programs:

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

Noncompliance material to federal awards. _____ yes __X__ no

Type of auditors' report issued on compliance for major federal programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133. _____ yes __X__ no

Identification of major federal programs:

CFDA Numbers	Names of Federal Programs or Cluster
64.458	Clean Water Revolving Fund

Dollar threshold used to distinguish between Type A and Type B Programs. $300,000

Auditee qualified as low-risk auditee? __X__ yes _____ no

Section I. Summary of Auditors' Results - *(cont'd)*

State Awards

Internal control over major State Programs:

- Material weakness(es) identified? _____ Yes __X__ No
- Significant deficiency(s) identified that are not considered to be material weaknesses. _____ Yes __X__ No None reported

Noncompliance material to State awards. _____ Yes __X__ No

Type of auditors' report issued on compliance for major State programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act. _____ Yes __X__ No

Identification of major State programs:

Program Name

Powell Bill

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

None reported.

Section IV. State Award Findings and Questioned Costs

None reported.

CITY OF STATESVILLE, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For The Fiscal Year Ended June 30, 2014

There were no prior year findings.

CITY OF STATESVILLE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2014

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant/WBS Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures
Federal Grants:				
U.S. Department of Housing and Urban Development				
Passed through Cabarrus/Iredell/Rowan:				
Home Investment Partnership Program	14.239	M-01-DC370	$ 169,105	$ -
U.S. Department of Transportation				
Passed through N.C. Department of Transportation:				
Division of Aviation:				
Airport Improvement Program	20.106	36237.46.11.2	114,334	-
Airport Improvement Program	20.106	36237.46.11.3	2,000	-
Airport Improvement Program	20.106	36237.46.13.1	24,134	-
Governor's Highway Safety Program	20.600	K4-10-04-12	7,282	-
U.S. Department of Justice				
Bulletproof Vest Partnership Program	16.607	BA-2000S-ST01	7,733	-
The COPS Hiring Program	16.710	2013-UMWX-O154	57,058	-
Passed through N.C. Department of Public Safety:				
Governor Crime Commission:				
Domestic Violence Initiative	16.588	2013-WF-AX-0010	45,210	
U.S. Environmental Protection Agency				
Passed through N.C. Department of Environment and Natural Resources:				
Clean Water Revolving Fund (CWSRF)(3rd Creek WWTP)	66.458	E-SRF-T-13-0326	9,111,758	-
Clean Water Revolving Fund (CWSRF)(4th Creek WWTP)	66.458	E-SRF-T-13-0361	-	-
State Grants:				
N.C. Department of Transportation				
Powell Bill	DOT-4	32,570	-	741,701
N. C. Department of Commerce				
One North Carolina Fund		O-2011-8211	-	37,500
Total federal grants			$ 9,538,614	
Total state grants				$ 779,201

Notes to the Schedule of Expenditures of Federal and State Awards

Note 1. The accompanying schedule of expenditures of federal and Sate awards includes the federal and State grant activity of the City of Statesville and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local governments, and Non-Profit Organizations and the State Single Audit Implementation Act.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2. **Loans Outstanding**

The City of Statesville had the following loan balances outstanding at June 30, 2014. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

Program Title	CFDA Number	Pass-through Grantor's Number	Amount Outstanding
Capitalization Grant for State Revolving Fund	66.458	E-SRT-T-13-0326	$9,111,758