



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2000

Prepared by:

Financial Services Department  
Melissa C. Miller, Director

CITY OF SANFORD, NORTH CAROLINA

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October 20, 2000

Honorable Mayor and City Council  
City of Sanford  
Sanford, North Carolina

The Comprehensive Annual Financial Report of the City of Sanford, North Carolina, for the year ended June 30, 2000 submitted herewith in compliance with North Carolina General Statutes Section 159-34 which requires an annual independent audit and report on the financial activity of the City. This report is composed of four major sections. The introductory section includes the letter of transmittal. The financial section includes the auditors' opinion, general purpose financial statements, footnotes, combining and individual fund and account group statements. The statistical section includes various tables reflecting the social and economic information, financial trends and fiscal capacity of the City.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments and Non Profit Organizations and the State Single Audit Implementation Act. Information related to this single audit, including the schedule of expenditures federal and state awards findings and recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations, are included in the compliance section of this report.

The City is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation including all disclosures. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City and its component unit as measured by the financial activity of its various funds and that all disclosures necessary to enable the reader to gain understanding of the City's financial activity have been included.

In accordance with the criteria in Governmental Accounting Standards Council (GASB) Statement 14, the Sanford ABC Board is considered a component unit of the City. The Board members are appointed by the City Council and the City is financially accountable for the ABC Board even though it is legally separate from the City. The discretely presented component unit is reported in a separate column in the City's financial statements.

Although the Board members of the Sanford Housing Authority are appointed, it is considered to be a related organization, however the City is not financially accountable for the Housing Authority. The Sanford Housing Authority's financial statements are not included within this report.

The Sanford-Lee County Regional Airport Authority was organized as a joint venture by the City and Lee County in 1992. The City does not retain an ongoing financial interest in the airport's operations. The members of the Airport Authority are appointed by the City and the County, however, management is selected by the Authority. The City's involvement in financial activities for fiscal year ended June 30, 2000, was limited to contributions of \$13,222 for airport operations.

#### Accounting System

Due to the diverse nature of governmental operations and the necessity of assuring legal compliance, the City uses a combination of several distinct fiscal and accounting entities, each functioning independently of the other. Each accounting entity is a separate fund. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and changes therein, which are segregated for the purpose of carrying on specific

activities or attaining certain objectives in accordance with special regulations, restrictions and limitations. Accordingly, the City maintains six generic funds and two account groups which are classified as follows:

1. Governmental fund types which include the General and Special Revenue Funds
2. Proprietary fund types which include the Enterprise and Internal Service Funds.
3. Fiduciary fund types which includes the Pension Trust and Agency Funds.
4. Account groups which include the General Fixed Assets Account Group and the General Long-Term Debt Account Group.

The function of these fund types and account groups are summarized as follows:

**Government fund types** - These funds are used to segregate the financial resources for the various general governmental operations of the City. Expendable assets are assigned to the various funds according to the purpose for which they may or must be used. Specific function levels provide information for a group of related activities. Function classification includes general government, public safety, public works, sanitation, other appropriations and capital outlay. Liabilities are assigned to the fund from which they will be paid in the normal course of the operation of the City. The difference between the assets and liabilities is the fund equity and is commonly referred to as fund balance.

The government fund measurement focus is a determination of financial position and changes in financial position (sources, uses and balances of unused financial resources), rather than upon a net income determination. The combined statement of revenues, expenditures and changes in fund balance is the primary governmental fund operating statement. It is supported in the individual fund section of the report by more detailed schedules of revenues, expenditures and changes in fund balance.

**Proprietary fund types** - These funds are sometimes referred to as income determination or commercial type funds which are used to account for the government's ongoing organizations and activities which are similar to those found in the private sector. All assets, liabilities, equities, revenues, expenses and transfers relating to these government business activities, where net income and capital maintenance are measured, are recorded in the proprietary fund types. The generally accepted accounting principles used in these funds are those applicable to similar business activities in the private sector where measurement focus is upon the determination of net income, financial position and changes in financial position.

**Fiduciary fund types** - A pension trust fund has been established to account for the accumulation of resources for pension benefit payments to qualified law enforcement officers. An agency fund has been established to account for activities in the firemen's supplementary pension plan, which is administered by a board of trustees. The second agency fund accounts for funds held on behalf of the Sanford - Lee County Regional Airport Authority. A third agency fund accounts for billing and collections services being provided to Lee County for their water system. The City Finance Officer is custodian of the funds and the measurement focus is the same as that for governmental fund types (modified accrual).

**Account groups** - The City uses two account groups which are self-balancing accounting entities to establish control and accountability over the City's general fixed assets and outstanding principal of its general long-term debt including general obligation bonds and other payables extending beyond the current fiscal year.

It should be emphasized that the General Fixed Assets Account Group is an "account group" rather than a "fund". In essence, the General Fixed Assets Account Group is a management control and accountability listing of the government's general fixed assets, other than those employed in the proprietary fund types, and is balanced by an account showing the investment in general fixed assets.

The General Long-Term Debt Account Group includes all unmatured long-term general obligation indebtedness of the government together with other payables extending beyond the current fiscal year. It does not include the long-term debt of the Utility Fund (Water & Sewer) which will be paid from revenues generated within this fund.

### **Internal and Budgetary Control**

In developing and evaluating the City's accounting system, consideration has been given to the adequacy of the internal accounting functions. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluation occurs within the above framework. In an effort to strengthen internal control, a comprehensive departmental procedures manual was prepared by the finance department and adopted by the City Council. In 1992, the City won

the State Treasurer's Governmental Accounting/Financial Management Award for Cities with populations from 7,500 to 25,000 for preparation of this manual. It provides a source of standard procedures for other departments and finance department personnel. The manual includes Council adopted policies on travel and investments and provides sample entries for the proper recording of various transactions. We believe that the City's internal controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.

Budgeting control is maintained at the department level by employing the encumbrance method of accounting whereby estimated amounts are established for expenditures through the use of a purchase order system. Before the release of purchase orders to vendors, the appropriation account is checked to see if adequate funds are available for the payment of the purchase order, and purchase orders which would result in an over expenditure of the departmental balance are not released until additional appropriations have been made to the department. All encumbrances are finalized at June 30 and lapse together with all unspent appropriations.

**The City and its Services**

The City of Sanford is the county seat of Lee County and is located in the central piedmont area of North Carolina. The City was incorporated in 1874 and presently has a land area of 24 square miles and a population of approximately 22,310. The City is empowered to levy a property tax on both real and personal property located within its boundaries. Lee County is the only overlapping governmental unit which has the authority to levy a tax. The City has the power by statute to extend its corporate limits by annexation which is done periodically when deemed appropriate by the Council.

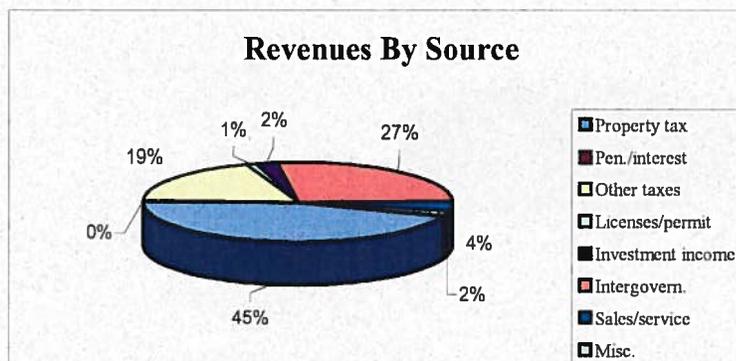
The City is operated under a council-manager form of government which was adopted in 1944. Policy making and legislative authority is vested in a City Council consisting of a mayor and seven councilmen who are elected for four-year terms in odd numbered years. The City Manager is appointed by the Council and is responsible to the Council for the administration of the affairs of the municipality. The City provides a full range of municipal services which include administrative services, police, fire, sanitation, streets, public improvements and planning. The City also operates a water and sewer system which provides water and sewer services to its citizens and people living in the area around the City.

**General Government Functions**

Revenue for general government functions (General, Special Revenue, and Capital Project Funds) totaled \$17,630,997 which is an increase of 12.3 percent compared to 1999. Revenues from various sources and the increase (decrease) over the last year are shown in the following tabulation:

<u>Revenue Source</u>	<u>Amount</u>	<u>Increase (Decrease) from 1999</u>
Property taxes	\$ 7,902,593	\$ 241,764
Other taxes	3,323,827	544,728
Penalties and interest	26,421	(11,431)
Licenses and permits	212,281	19,106
Intergovernmental revenues	4,728,135	908,503
Investment income	392,961	103,348
Sales and service	687,237	52,921
Miscellaneous revenues	<u>357,542</u>	<u>70,962</u>
Total	<u>\$17,630,997</u>	<u>\$ 1,929,901</u>

The following graphic illustration depicts the relative value by source of the general government revenues.



Revenues from general property taxes increased \$241,764 or 3.2% during the year. This increase is due to growth in assessed valuations over the prior year. The City contracts with Lee County to bill and collect all property taxes. Property is assessed for tax purposes as of January 1. The value at that date determines the basis for the tax levy of the fiscal year beginning the following July 1. The City and Lee County also contract with TMA, an independent property tax auditing firm. This firm verifies property tax values reported by business and industry in Lee County.

Property taxes are formally levied with the adoption of the budget ordinance effective July 1. The City did not offer a discount for early payment during 99/00. Taxes are due in September and uncollected taxes are considered delinquent on January 6 of the fiscal year for which they are levied. Since the taxes are considerably past due at the end of the fiscal year (June 30), they are treated as deferred revenue after making a provision for uncollectible taxes. The ratio of collection of taxes to the current net tax levy was 97.14% for the year ended June 30, 2000.

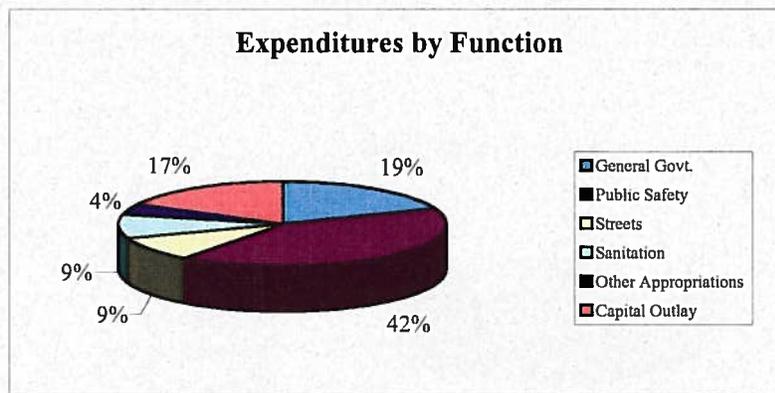
In addition to the taxes levied for general purposes, the City levied an additional ten cents per hundred dollar valuation on property located within its central business district which is used to finance its revitalization. This special tax levy is accounted for in the Special Revenue Fund. Central Business District 1999 taxes collected totaled \$33,097.

The City also receives revenue from other taxes. This category includes privilege license, intangibles tax, and the local option sales tax. For fiscal year 99/00, other taxes increased \$544,728 or 19.6% over the previous fiscal year. The majority of this increase was in the local option sales tax which exceeded the previous year by \$515,024. Intergovernmental revenues continue to represent a significant portion of the total general governmental revenues at 26.8%. This revenue category increased significantly due to hazard mitigation grants received by the City. Interest income from investments continues to play an important role in general governmental revenues. Investment income increased \$103,348 or 35.7% over the previous fiscal year.

Expenditures for general government purposes (General, and Special Revenue) totaled \$17,769,618, an increase of 12.0% compared to the preceding year. The function level of expenditures provides information for a group of related activities. The function classification includes general government, public safety, streets, sanitation, other appropriations, and capital outlay. The general government classification contains specific expenditures in governing body, administration, budget, personnel, elections, finance, legal, public works administration, community development, downtown revitalization, civil preparedness, inspections, public buildings, and central mimeo departments. The public safety function includes the police and fire departments. The street function level consists of streets and sidewalks. The sanitation function includes sanitation and refuse departments. Other appropriations include community development grant projects and debt service. The level of expenditures for major functions of the City compared to the preceding year is as follows:

Function of Expenditures	Amount	Increase from 1999
General Government	\$ 3,394,523	\$ (121,176)
Public safety	7,324,031	564,390
Streets	1,612,261	(109,924)
Sanitation	1,636,063	(133,690)
Other appropriations	701,081	(178,051)
Capital outlay	<u>3,101,659</u>	<u>1,885,176</u>
Total	<u>\$17,769,618</u>	<u>\$ 1,906,725</u>

The following graphic illustration compares the relative value of the general government expenditures by major functions.



The increase of 12.0% in expenditures reflects reduced expenditures in most categories. The largest decrease comes in other appropriations. This decrease is a result of fewer economic development appropriations. Two expenditure categories experienced increases versus fiscal year 98/99. The first is public safety which increased primarily due to the addition of a police officer position and increased operational expenditures. Capital outlay also increased over the prior year \$1,885,176 primarily due to the purchase of an aerial fire pumper, a street sweeper, and construction of an additional parking lot at city hall. In addition, renovations began on the public works service center.

### **Proprietary Functions**

There are four separate operations accounted for in the proprietary fund types. The Utility Fund and the Golf Fund are accounted for in the Enterprise Fund. The Shop Fund, and the Liability Insurance Fund are accounted for in the Internal Service Fund. A summary of the operations of these funds follows:

**Utility Fund** - This fund accounts for the operation of the water treatment and distribution systems and the wastewater collection and treatment systems. For the year ended June 30, 2000 the Utility Fund had a net income of \$2,397,598 compared to a net income of \$2,251,602 for the preceding year. This is a 6.5% increase in net income. Lee County contracts with the City for the maintenance and billing of its utility customers. The City also maintains several bulk water contracts with surrounding local governments. Water and sewer bonds of \$1,285,000 were retired during the year. During fiscal year 99/00, the City completed the construction of a water tank and created a new pressure zone. The City continues to upgrade and replace existing water and sewer lines and improve facilities. These improvements insure adequate water and sewer services to the public during the ensuing years.

**Golf Fund** - The City operates a municipal golf course. Operations for the year resulted in a net income of \$86,019 compared with a net income of \$104,192 for the preceding year. The City continues to improve course conditions each year. Play at the course continues to be strong as a result.

**Shop Fund** - The City maintains a Shop Fund which services the motor vehicles owned by the City. In an effort to increase efficiency and control costs, the City entered an agreement, effective July 1, 1992 to provide vehicle maintenance for Lee County. During the year ended June 30, 2000, the Shop Fund operated with operating expenses of \$693,541 compared to the previous year at \$639,101. There was no material loss or income since the City provides funds to support the operation based on vehicle maintenance time used.

**Liability Insurance Fund** - The City maintains a Liability Insurance Fund to account for worker's compensation, property and liability insurance costs for the City. The City participates in a self-funded risk financing pool administered by the North Carolina League of Municipalities for this coverage. During the past several years there has been an increased effort to control these costs through a formal risk management program. The City's claims experience has been analyzed and deductibles have been increased where it appears it would be advantageous. The fund was established to provide the risk management office a better method for tracking the program's costs, and to begin accumulating savings which may be used to move toward a fully self-insured program. The fund is supported by contributions from other departments. The fund had a net income of \$60,028 for the year ended June 30, 2000.

### **Fiduciary Functions**

A trust fund was established during fiscal 93/94 to begin accumulating resources to pay for pension benefits due to qualified law enforcement officers through the mandated Special Separation Allowance pension plan. The plan had assets of \$271,540 at June 30, 2000.

An agency fund accounts for funds held on behalf of the Airport Authority for their operational and capital construction activities. Assets held at June 30, 2000 totaled \$706,040 due primarily to grant receivables at year end.

Another agency fund accounts for the Firemen's Supplementary Pension Plan with assets of \$277,909 at June 30, 2000. A local act was ratified by the General Assembly during fiscal year ended June 30, 1993, which redesigned the Firemen's Supplementary Pension Plan. Retiring firemen are allowed to receive their choice of a lump sum payment or lifetime annuity. During fiscal 99/00, no firemen became eligible and or was paid benefits through the plan.

A third agency fund was established in 96/97 to account for funds held on behalf of Lee County. The City bills and collects for all County water customers. Assets held in the fund at June 30, 2000 totaled \$300,474.

### General Fixed Assets

The General Fixed Assets Account Group of the City includes those fixed assets used in the performance of general governmental functions. As of June 30, 2000, the City had an investment of \$15,400,702 in general fixed assets. The investment in general fixed assets may be summarized as follows:

Municipal center	\$ 4,135,022
Other municipal land & buildings	4,641,349
Equipment	<u>6,624,331</u>
Total	\$ <u>15,400,702</u>

### Debt Administration

The City had general obligation bonds at June 30, 2000 totaling \$12,539,104 which were issued for improvements in the water and sanitary sewer systems of the City. An advance refunding was completed during 95/96 which will save the City a total of \$760,897 over the next eleven years. Interest payments of \$677,167 were paid on the City's bonded debt during the year ended June 30, 2000. The City also had \$1,797,850 outstanding in state loans for water and sewer improvements in state loans. Further, the General Long-Term Debt Account Group included \$2,160,632 in installment and lease purchase obligations at fiscal year end. In addition, the enterprise and internal service funds had a total of \$5,300,296 outstanding in installment and lease purchase obligations.

The North Carolina General Statutes are very specific about the amount of general long-term debt that can be issued by local governments. The statutes state that long-term debt, net of debt issued for enterprise activities, cannot exceed eight percent of the assessed valuation of the government unit. The legal debt limit of the City as of June 30, 2000 is \$102,291,104. The City's bond ratings are as follows:

	Moody's Investment <u>Service</u>	Standard & Poors <u>&amp; Poors</u>	Municipal Council <u>Inc.</u>
Sanford City Bonds	A1	A+	82

During fiscal year 99/00, the City used installment purchase agreements to finance a street sweeper, an aerial fire pumper truck, an E-911 records management and computer aided dispatch system, a knuckleboom truck, and a dump truck in the general fund. The total of these agreements was \$945,116. In the enterprise funds, a sewer centrifugal compressor was purchased through an installment purchase of \$195,162.

The City was approved for a \$1,950,000 loan from the State and was awarded a \$1,000,000 EDA grant in 97/98 for the construction of a new water tank. Use of the EDA grant and state loan began in 98/99 and have continued with drawdowns totaling \$1,000,000 and \$1,439,342 respectively.

### Cash Management

The City uses a central depository system to pool monies from all funds to facilitate disbursements and investments. All depositories are designated by the Council and collateralized according to North Carolina General Statute 159-31. Investments are made in accordance with North Carolina General Statute 159-30 and a Council-adopted investment policy.

Cash temporarily idle during the year was invested in interest bearing demand deposits, certificates of deposit, treasuries and agencies, commercial paper and the North Carolina Capital Management Trust. Total interest amounted to \$697,915 and was the equivalent of 5 cents on the City tax rate. When compared to the prior fiscal year, this represents an increase in investment earnings of \$175,923.

### Risk Management

The City has had an awareness of risk management concepts and considerations for a number of years. The infrastructure and facilities have been constructed with a keen regard for safety and limitation of municipal liability. The City's internal systems and procedures have been developed in accordance with the highest risk management standards and principles. A risk management office was established in fiscal year 94/95. The risk management officer is responsible for the administration of the following programs on a daily basis; liability insurance, health & safety, and workers compensation. Deductibles are routinely analyzed and

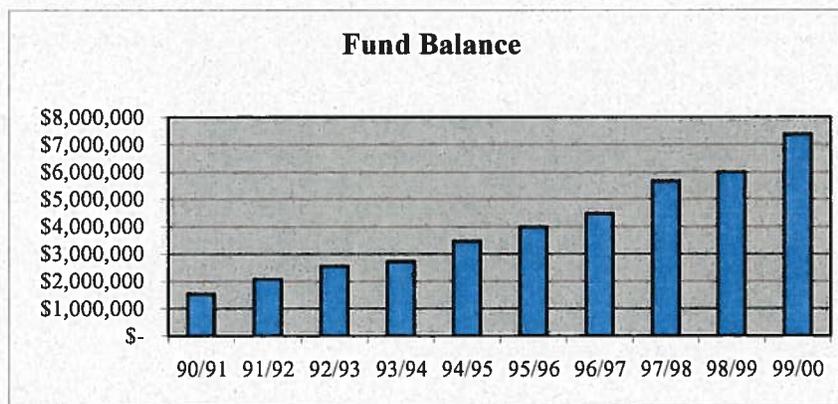
raised when doing so appears favorable for the City. An internal service fund has been established to begin accumulating savings from the program to begin moving toward a self-insurance program. After operating for five years, the fund has retained earnings of \$172,023.

The Human Resources Department advises the City in pension administration, management of health insurance, and the development of a compensation and benefits program. The Health and Safety Program utilizes a three component approach to ensure the safety of employees and citizens of the City. The components are a training program, a written policy, and a safety committee system with personnel from all departments.

### Financial Position

A review of the financial statements of the City will indicate a very sound financial position. Such a position is a result of proper fiscal management by administrative and elected leadership. The Mayor and City Council have made possible this excellent financial position through their planning, interest and support in conducting the financial affairs of the City. The basic principles of realistic budgeting practices, responsible efforts in revenue collections and effective cost controls further assist the City in assuring sound fiscal management.

The current general fund balance is \$7,374,729 and is equivalent to one hundred sixty nine (169) days of expenditures. General fund balance available for appropriation at June 30 was \$5,928,145 or 37% of budgeted 00/01 general fund expenditures.



The utility fund shows a net income of \$2,397,598 for the year compared with a net income of \$2,251,602 for the prior year. The utility fund continues to operate profitably. Bulk water contracts with surrounding local governments and a billing and collection contract with Lee County have strengthened the financial position of this fund.

### Prospects for the Future

The economic picture for Sanford and the surrounding area is bright. The City added several small strip shopping centers and approved shopping center zoning for just under 35 acres in fiscal year 99 – 00. In addition, 9 subdivisions were approved for over 1,900 lots. One of these planned unit developments is Deep River Forest which will be comprised of 1,264 dwelling units, an 18 hole golf course, a conference center and 23 acres of commercial space. Further, through petition annexation, the City added 725 acres to the existing city limits for commercial and residential development. The value of total building permits issued within the City for this fiscal year totaled \$58,940,414. This represents an increase of \$19,093,719 or 48% more than the prior year.

In an effort to improve the existing water system and provide capacity for increased demand, the City will continue the construction of a 36-inch transmission line from the water plant into the City. In addition, the water plant will undergo various improvements including rehabilitation of water treatment filter media, sludge removal modifications, and valve replacements. The chloramination system will be added to improve the disinfecting process to insure compliance with federal mandates. Finally, the raw water pump station will be expanded from 9 million gallons per day to 12 million gallons per day.

In 1999 – 2000 the City expanded the municipal parking lot at city hall and began the expansion and upgrade of the public works service center. This renovation project will be completed in the next fiscal year. The City is continuing a strong emphasis on code enforcement including the demolition of non-compliant housing to further insure a safe and pleasant community in which to live.

### Departmental Focus – Fire

The City of Sanford selects a department each year to highlight for its efforts and accomplishments. For fiscal year 99-00 the Fire Department has been selected for review.

The Sanford Fire Department provides Fire Protection, Fire Prevention Inspections, and Fire and Life Safety Education to the citizens, businesses, and agencies of the City of Sanford. Some of the inspection and education programs extend outside the corporate limits to schools and businesses of Lee County. The following is a listing of accomplishments and projects of the past year:

- ❖ Placed into service a new KME Quint Fire Apparatus. With its 75' aerial ladder, 1250 gallon per minute pump, and compliment of ground ladders, hand tools, hose and appliances this truck will serve as a first responding apparatus with aerial capability for better coverage of all structures. Added capabilities include an onboard Class "A" Firefighting Foam system for faster knockdown power and better penetration of extinguishing media in ordinary combustibles and woodland fire situations. An onboard breathing air system to the ladder tip supplies breathing air to firefighters who may be working on the aerial device. A remotely controlled Master Stream nozzle on the ladder tip so the water stream may be controlled from the ground allowing the ladder to be used as a unmanned water tower. And 1000' of 5" supply hose allows large quantities of water to be moved longer distances to supply the water needs of most incidents.
- ❖ All shift personnel averaged over three hundred (300) hours of specialized and general training per employee. Subject matter included, but is not limited to, hazardous materials, structural firefighting, personal protective equipment, confined space rescue, first responder courses (first aid, CPR, trauma care), emergency rescue techniques.
- ❖ Fire and Life Safety Education classes have been continually presented to school age children in Lee County public and private schools. Programs have been presented to civic groups and interested parties at functions at places such as the Lee County Enrichment Center, Lee County Civic Center, Lee County Boys' And Girls' Club, and various other churches and group meetings.
- ❖ Fire Prevention Inspections are ongoing in Sanford to insure compliance with the State Fire Prevention Code. These inspections involve new and existing structures and installations. Fire alarms, fire sprinkler systems and automatic fire suppression systems have seen an increase in our area; these systems and the structures where they are installed go through a plans review process prior to testing and placing into service.
- ❖ Smoke detectors are the first line of defense against fire for the public. With this in mind, the Sanford Fire Department implemented a program by which any citizen who does not have a smoke detector in their home, and cannot afford one or has a difficult time acquiring and installing one will have one supplied by the fire department free of charge. This unit is installed by fire department personnel and on a yearly basis is checked for operational readiness and a new battery is installed to insure continued protection.
- ❖ The Sanford Fire Department entered into the "Safe Place" programs with the Lee County Youth Services. This program allows for young people who have left a troubled and/or abusive setting, or find themselves in a bad predicament, a place where they can go and receive a warm welcome while waiting for counselors to come to their aid. Each of the City fire stations has been designated and marked as a "Safe Place" and have served some of our youth during the past year. Lee County Youth Services has presented the Sanford Fire Department with recognition for its participation and contribution to the "Safe Place" Program.

In the upcoming year, efforts to continue and expand these programs are planned and include:

- ❖ Acquisition of a Thermal Imaging Camera. This device will enable firefighters to see better in smoke and darkness filled environments and into wall cavities by picking up heat signatures of personnel and hot spots. This device has the capability of transmitting its image to a remote location for recording and real time viewing for assisting with search patterns. The device is safety related for our department and will serve to enhance our ability to search out fallen citizens and our own personnel when it becomes necessary.
- ❖ The Sanford Fire Department will be the lead agency in setting up a "Safe Kids Coalition" in Sanford and Lee County. This coalition will stress safety concerns for children of all ages and will include programs directed at child car seat and restraints. The Fire Department is currently involved in educating its personnel in this area and has two persons trained as instructors. This coalition will involve many agencies in Sanford and Lee County and will include a variety of child safety programs.

### Independent Audit

The General Statutes of North Carolina require an annual independent financial audit of all local government units in the state. Dixon Odom, PLLC, a firm of independent certified public accountants, has examined all financial records of the City and their opinion has been included in this report. In addition to meeting the requirements set forth in the state statutes, the audit was designed to meet the requirements of the Federal Single Audit Act of 1984, related OMB Circular A-133, and the State Single Audit Implementation Act. The auditors' report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the Compliance Section.

### Certificate of Achievement

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sanford, North Carolina, for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1999. The City has received the award every year since 1981.

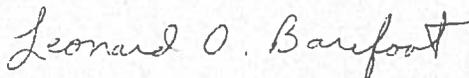
In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the Government Finance Officers Association to determine its eligibility for another certificate.

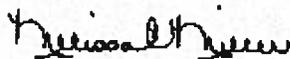
### Acknowledgments

The preparation of this report could not have been accomplished without the efficient and dedicated services of the staff of the finance department. We would like to express our appreciation to all members of the department who assisted and contributed to its preparation. Credit must also go to the Mayor and members of the City Council for their interest and support in planning and conducting the operations of the City in a reasonable and progressive manner.

Respectfully submitted,



Leonard O. Barefoot  
City Manager



Melissa C. Miller  
Financial Services Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sanford,  
North Carolina

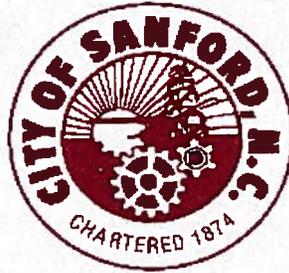
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 1999

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Cary Brubaker*  
President

*Jeffrey L. Esser*  
Executive Director



# **GOVERNING BODY**

**THE HONORABLE WINSTON C. HESTER, MAYOR**

**MAYOR PRO TEM JOSEPH E. MARTIN**

**COUNCIL MEMBER WALTER H. MCNEIL, JR.**

**COUNCIL MEMBER J. T. KIRKMAN**

**COUNCIL MEMBER JAMES G. WILLIAMS**

**COUNCIL MEMBER CLAWSON ELLIS**

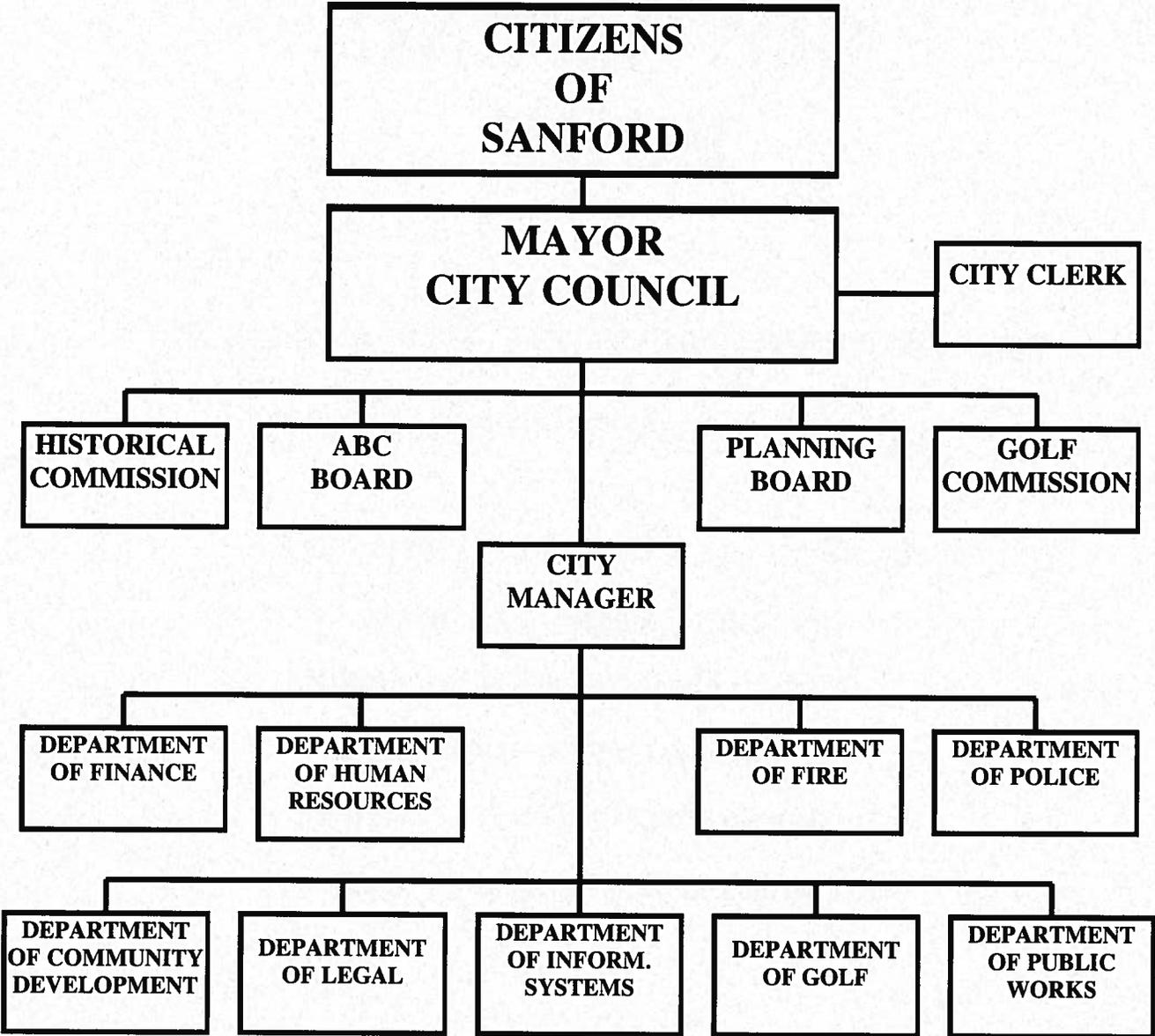
**COUNCIL MEMBER LINWOOD S. MANN, SR.**

**COUNCIL MEMBER PHILIP DUSENBURY**

# CITY OF SANFORD



## ORGANIZATIONAL CHART





# DIXON ODOM PLLC

Certified Public Accountants and Consultants

## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council  
City of Sanford  
Sanford, North Carolina

We have audited the accompanying general purpose financial statements of the City of Sanford, North Carolina, as of and for the year then ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Sanford's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. The financial statements of the City of Sanford ABC Board were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Sanford, North Carolina, as of June 30, 2000, and the results of its operations and cash flows of its proprietary fund types and Pension Trust Fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2000 on our consideration of the City of Sanford's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit performed for the purpose of forming an opinion on the general purpose financial statements of the City of Sanford, North Carolina, taken as a whole. The combining individual fund and account group financial statements and supplemental financial data as listed in the table of contents, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, 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 general purpose financial statements. Such information (except those schedules and information presented therein marked unaudited on which we express no opinion) has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

*Dixon Odom PLLC*

September 1, 2000

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An association of independent  
accounting firms throughout the world.

CITY OF SANFORD, NORTH CAROLINA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS AND DISCRETELY PRESENTED  
 COMPONENT UNIT  
 JUNE 30, 2000

	Governmental Fund Types			Proprietary Fund Types	
	General	Special Revenue	Capital Project	Enterprise	Internal Service
<b>ASSETS AND OTHER DEBITS</b>					
Assets -					
Cash, cash equivalents and investments	\$ 6,577,175	\$ 336,321	\$ 645,098	\$ 5,817,436	\$ 276,461
Short-term investments					
Property taxes receivable, net of allowance for uncollectible accounts	455,912	7,077	-	-	-
Accounts receivable, net of allowance for uncollectible accounts	274,549	-	284,689	2,290,970	-
Due from other governmental agencies	1,087,439	61,229	-	-	25,565
Prepaid expenses	-	-	-	-	-
Due from other funds	126,486	-	-	-	-
Inventories	-	-	-	43,416	38,707
Fixed assets	-	-	-	67,623,354	738,438
Accumulated depreciation	-	-	-	(20,069,648)	(495,810)
Other debits - amounts to be provided for retirement of general long-term debt	-	-	-	-	-
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 8,521,561</b>	<b>\$ 404,627</b>	<b>\$ 929,787</b>	<b>\$ 55,705,528</b>	<b>\$ 583,361</b>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>					
Liabilities -					
Current portion of long-term debt	\$ -	\$ -	\$ -	\$ 2,064,430	\$ -
Accounts payable	153,010	679	115,458	220,496	28,205
Deposits	1,800	9,515	-	255,430	-
Accrued liabilities	344,988	-	-	523,444	24,536
Long-term debt	-	-	-	17,901,397	-
Due to other funds	-	-	-	126,486	-
Deferred revenues	647,034	7,077	-	19,606	-
Due to agencies	-	-	-	-	-
Accrued post-employment benefit obligations	-	-	-	-	-
Net pension obligation	-	-	-	-	-
Compensated absences	-	-	-	-	-
<b>Total liabilities</b>	<b>1,146,832</b>	<b>17,271</b>	<b>115,458</b>	<b>21,111,289</b>	<b>52,741</b>
Fund equity and other credits -					
Investment in general fixed assets	-	-	-	-	-
Fund balance -					
Reserved - restricted by state statute - for benefits	1,446,584	61,229	-	-	-
Unreserved -					
Designated - subsequent year's budget	500,000	11,390	-	-	-
Designated - capital projects	-	-	814,329	-	-
Undesignated	5,428,145	314,737	-	-	-
Contributed equity, net of accumulated add-back	-	-	-	13,115,357	160,272
Retained earnings	-	-	-	21,478,882	370,348
<b>Total fund equity and other credits</b>	<b>7,374,729</b>	<b>387,356</b>	<b>814,329</b>	<b>34,594,239</b>	<b>530,620</b>
<b>TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>	<b>\$ 8,521,561</b>	<b>\$ 404,627</b>	<b>\$ 929,787</b>	<b>\$ 55,705,528</b>	<b>\$ 583,361</b>
See notes to financial statements					

Fiduciary Fund Types Trust and Agency	Account groups		Total (Memorandum only) Primary Government	Component Unit City of Sanford ABC Board
	General Fixed Assets	General Long-Term Debt		
\$ 1,087,693	\$ -	\$ -	\$ 14,740,184	\$ 463,787
			-	145,111
			462,989	-
468,270			3,318,478	721
-			1,174,233	-
-			-	20,105
-			126,486	-
-			82,123	251,707
-	15,400,702		83,762,494	1,034,121
-			(20,565,458)	(393,573)
		4,625,270	4,625,270	-
<u>\$ 1,555,963</u>	<u>\$ 15,400,702</u>	<u>\$ 4,625,270</u>	<u>\$ 87,726,799</u>	<u>\$ 1,521,979</u>
\$ -	\$ -	\$ 659,812	\$ 2,724,242	\$ -
-	-	-	517,848	122,498
-	-	-	266,745	-
-	-	-	892,968	55,521
-	-	2,697,850	20,599,247	-
-	-	-	126,486	-
-	-	-	673,717	-
1,284,423	-	-	1,284,423	-
-	-	-	-	209,802
-	-	72,992	72,992	-
-	-	1,194,616	1,194,616	-
<u>1,284,423</u>	<u>-</u>	<u>4,625,270</u>	<u>28,353,284</u>	<u>387,821</u>
	15,400,702		15,400,702	
			1,507,813	
271,540			271,540	
			511,390	
			814,329	
			5,742,882	
			13,275,629	
			21,849,230	1,134,158
<u>271,540</u>	<u>15,400,702</u>	<u>-</u>	<u>59,373,515</u>	<u>1,134,158</u>
<u>\$ 1,555,963</u>	<u>\$ 15,400,702</u>	<u>\$ 4,625,270</u>	<u>\$ 87,726,799</u>	<u>\$ 1,521,979</u>

CITY OF SANFORD, NORTH CAROLINA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES

YEAR ENDED JUNE 30, 2000

	General	Special Revenue	Capital Project Fund	Total (Memorandum only) Primary Government
<b>REVENUES -</b>				
Ad valorem taxes	\$ 7,869,076	\$ 33,517	\$ -	\$ 7,902,593
Other taxes	3,323,827	-	-	3,323,827
Penalties and interest	26,421	-	-	26,421
Licenses and permits	212,281	-	-	212,281
Intergovernmental revenues	3,578,878	76,306	1,072,951	4,728,135
Investment income	390,090	2,871	-	392,961
Sales and service	687,237	-	-	687,237
Miscellaneous revenues	301,084	46,617	9,841	357,542
<b>Total revenues</b>	<b>16,388,894</b>	<b>159,311</b>	<b>1,082,792</b>	<b>17,630,997</b>
<b>EXPENDITURES -</b>				
Current operating				
Governing body	180,183	-	-	180,183
Administration	173,388	-	-	173,388
Budget	121,681	-	-	121,681
Human resources	196,229	-	-	196,229
Risk management	90,268	-	-	90,268
Elections	13,432	-	-	13,432
Finance	342,400	-	-	342,400
Information systems	113,429	-	-	113,429
Legal	129,743	-	-	129,743
Community development	571,982	-	-	571,982
Geographic information systems	46,370	-	-	46,370
Downtown revitalization	-	72,802	-	72,802
Public buildings	472,729	-	-	472,729
Police	4,590,140	-	-	4,590,140
Fire	2,397,243	-	-	2,397,243
Inspection	336,648	-	-	336,648
Public works administration	265,574	-	-	265,574
Streets and sidewalks	1,612,261	-	-	1,612,261
Refuse	750,175	-	-	750,175
Sanitation - contracted services	885,888	-	-	885,888
Community development grant projects	-	121,090	-	121,090
Central mimeograph	46,203	-	-	46,203
Beautification	234,806	-	-	234,806
Other appropriations	323,304	-	-	323,304
Debt service - lease purchases -				
Principal	466,914	-	-	466,914
Interest	113,077	-	-	113,077
Capital outlay	1,483,196	-	1,618,463	3,101,659
<b>Total expenditures</b>	<b>15,957,263</b>	<b>193,892</b>	<b>1,618,463</b>	<b>17,769,618</b>
<b>REVENUES IN EXCESS OF (LESS THAN) EXPENDITURES</b>	<b>431,631</b>	<b>(34,581)</b>	<b>(535,671)</b>	<b>(138,621)</b>
<b>OTHER FINANCING SOURCES (USES) -</b>				
Operating transfers from other funds	22,000	100,000	-	122,000
Operating transfers from component unit	30,000	-	-	30,000
Operating transfers to other funds	(50,000)	(22,000)	-	(72,000)
Installment purchase	945,116	-	1,350,000	2,295,116
<b>Total other financing sources (uses)</b>	<b>947,116</b>	<b>78,000</b>	<b>1,350,000</b>	<b>2,375,116</b>
<b>INCREASE IN FUND BALANCE</b>	<b>1,378,747</b>	<b>43,419</b>	<b>814,329</b>	<b>2,236,495</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>5,995,982</b>	<b>343,937</b>	<b>-</b>	<b>6,339,919</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 7,374,729</b>	<b>\$ 387,356</b>	<b>\$ 814,329</b>	<b>\$ 8,576,414</b>

See notes to financial statements.

CITY OF SANFORD, NORTH CAROLINA

COMBINED STATEMENTS OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
 ALL GOVERNMENTAL FUND TYPES (for which annual budgets are adopted)  
 YEAR ENDED JUNE 30, 2000

	General			Special Revenue		
	Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)
<b>REVENUES -</b>						
Ad valorem taxes	\$ 7,382,400	\$ 7,869,076	\$ 486,676	\$ 33,000	\$ 33,517	\$ 517
Other taxes	3,393,250	3,323,827	(69,423)	-	-	-
Penalties and interest	20,000	26,421	6,421	100	97	(3)
Licenses and permits	190,000	212,281	22,281	-	-	-
Intergovernmental revenues	3,380,369	3,578,878	198,509	11,535	11,950	415
Investment income	165,000	390,090	225,090	2,000	2,871	871
Sales and services	598,000	687,237	89,237	-	-	-
Miscellaneous revenues	336,280	301,084	(35,196)	1,800	945	(855)
<b>Total revenues</b>	<b>15,465,299</b>	<b>16,388,894</b>	<b>923,595</b>	<b>48,435</b>	<b>49,380</b>	<b>945</b>
<b>EXPENDITURES -</b>						
<b>Current operating -</b>						
Governing body	187,012	182,581	4,431	-	-	-
Administration	178,793	173,388	5,405	-	-	-
Budget	127,057	123,621	3,436	-	-	-
Human resources	282,515	196,829	85,686	-	-	-
Risk management	101,588	90,268	11,320	-	-	-
Elections	14,850	13,432	1,418	-	-	-
Finance	351,569	342,400	9,169	-	-	-
Information systems	163,313	119,422	43,891	-	-	-
Legal	165,798	129,743	36,055	-	-	-
Community development	702,020	573,525	128,495	-	-	-
Geographic information systems	70,111	50,037	20,074	-	-	-
Downtown revitalization	-	-	-	98,435	72,802	25,633
Public buildings	699,441	672,841	26,600	-	-	-
Police	5,123,340	4,947,426	175,914	-	-	-
Fire	3,239,099	3,184,258	54,841	-	-	-
Inspection	376,265	358,368	17,897	-	-	-
Public works administration	290,412	267,611	22,801	-	-	-
Streets and sidewalks	2,135,757	2,022,741	113,016	-	-	-
Refuse	1,151,297	989,176	162,121	-	-	-
Sanitation - contracted services	889,450	885,888	3,562	-	-	-
Central mimeograph	59,500	56,498	3,002	-	-	-
Beautification	283,348	253,906	29,442	-	-	-
Other appropriations	327,528	323,304	4,224	-	-	-
<b>Total expenditures</b>	<b>16,920,063</b>	<b>15,957,263</b>	<b>962,800</b>	<b>98,435</b>	<b>72,802</b>	<b>25,633</b>
<b>REVENUES IN EXCESS OF (LESS THAN) EXPENDITURES</b>	<b>(1,454,764)</b>	<b>431,631</b>	<b>1,886,395</b>	<b>(50,000)</b>	<b>(23,422)</b>	<b>26,578</b>
<b>OTHER FINANCING SOURCES (USES) -</b>						
Operating transfers from other funds	22,000	22,000	-	50,000	50,000	-
Operating transfers from component unit	30,000	30,000	-	-	-	-
Operating transfers to other funds	(50,000)	(50,000)	-	(22,000)	(22,000)	-
Lease purchase	946,521	945,116	(1,405)	-	-	-
<b>Total other financing sources (uses)</b>	<b>948,521</b>	<b>947,116</b>	<b>(1,405)</b>	<b>28,000</b>	<b>28,000</b>	<b>-</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>(506,243)</b>	<b>1,378,747</b>	<b>1,884,990</b>	<b>(22,000)</b>	<b>4,578</b>	<b>26,578</b>
<b>APPROPRIATED FUND BALANCE</b>	<b>506,243</b>	<b>-</b>	<b>(506,243)</b>	<b>22,000</b>	<b>-</b>	<b>-</b>
<b>REVENUES, OTHER FINANCING SOURCES AND APPROPRIATED FUND BALANCE OVER(UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ -</b>	<b>1,378,747</b>	<b>\$ 1,378,747</b>	<b>\$ -</b>	<b>4,578</b>	<b>\$ 26,578</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>		<b>5,995,982</b>			<b>69,930</b>	
<b>FUND BALANCE, END OF YEAR</b>		<b>\$ 7,374,729</b>			<b>\$ 74,508</b>	

See notes to financial statements.

CITY OF SANFORD, NORTH CAROLINA

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES,  
AND DISCRETELY PRESENTED COMPONENT UNIT  
YEAR ENDED JUNE 30, 2000

	Proprietary Fund Types		Total (Memorandum only)	Component Unit
	Enterprise	Internal Service	Primary Government	City of Sanford ABC Board
<b>OPERATING REVENUES -</b>				
User charges	\$ 9,949,003	\$ -	\$ 9,949,003	\$ -
Monitoring fees	54,173	-	54,173	-
Connection and tap fees	168,854	-	168,854	-
Charges to other funds	-	945,588	945,588	-
Sales to Lee County	-	139,026	139,026	-
Alcoholic beverage sales - net	-	-	-	2,170,523
Other	576,443	5,700	582,143	-
Total operating revenues	<u>10,748,473</u>	<u>1,090,314</u>	<u>11,838,787</u>	<u>2,170,523</u>
<b>OPERATING EXPENSES -</b>				
Administration & engineering	872,824	-	872,824	127,930
Utility line maintenance	2,014,268	-	2,014,268	-
Utility plant operations	2,245,155	-	2,245,155	-
Store and warehouse expenses	36,533	-	36,533	268,097
Golf course operations	373,073	-	373,073	-
Shop operations	-	264,878	264,878	-
Cost of goods sold	-	362,702	362,702	1,497,742
Claims and insurance	-	338,880	338,880	-
Depreciation	1,831,953	28,152	1,860,105	35,231
Other	148,992	37,809	186,801	-
Total operating expenses	<u>7,522,798</u>	<u>1,032,421</u>	<u>8,555,219</u>	<u>1,929,000</u>
OPERATING INCOME	<u>3,225,675</u>	<u>57,893</u>	<u>3,283,568</u>	<u>241,523</u>
<b>NONOPERATING INCOME -</b>				
Investment income	297,424	7,530	304,954	27,631
Gain (loss) on disposal of assets	-	12,338	12,338	(527)
Other	-	-	-	787
Total nonoperating income	<u>297,424</u>	<u>19,868</u>	<u>317,292</u>	<u>27,891</u>
INCOME BEFORE NONOPERATING EXPENSES	<u>3,523,099</u>	<u>77,761</u>	<u>3,600,860</u>	<u>269,414</u>
<b>NONOPERATING EXPENSES -</b>				
Interest	(976,601)	-	(976,601)	-
Loss on disposal of assets	(12,881)	-	(12,881)	-
Law enforcement expense	-	-	-	(69,544)
Mixed beverage profit shared with Lee County	-	-	-	-
Total nonoperating expenses	<u>(989,482)</u>	<u>-</u>	<u>(989,482)</u>	<u>(69,544)</u>
INCOME BEFORE OPERATING TRANSFERS OUT	<u>2,533,617</u>	<u>77,761</u>	<u>2,611,378</u>	<u>199,870</u>
<b>OPERATING TRANSFERS OUT -</b>				
Capital Projects Fund from Utility Fund	(50,000)	-	(50,000)	-
Primary government	-	-	-	(60,000)
Total operating transfers out	<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>	<u>(60,000)</u>
NET INCOME	<u>2,483,617</u>	<u>77,761</u>	<u>2,561,378</u>	<u>139,870</u>
ADD DEPRECIATION ON CONTRIBUTED CAPITAL	448,414	16,782	465,196	-
RETAINED EARNINGS, BEGINNING OF YEAR	<u>18,546,851</u>	<u>275,805</u>	<u>18,822,656</u>	<u>994,288</u>
RETAINED EARNINGS, END OF YEAR	<u>\$ 21,478,882</u>	<u>\$ 370,348</u>	<u>\$ 21,849,230</u>	<u>\$ 1,134,158</u>

See notes to financial statements.

CITY OF SANFORD, NORTH CAROLINA

COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNIT

YEAR ENDED JUNE 30, 2000

	Proprietary Fund Types		Totals	Component
	Enterprise	Internal Service	(Memorandum only) Primary Government	Unit City of Sanford ABC Board
<b>CASH FLOW FROM OPERATING ACTIVITIES -</b>				
Operating income	\$ 3,225,675	\$ 57,893	\$ 3,283,568	\$ 241,523
Adjustments to reconcile operating income to cash provided by operating activities -				
Depreciation	1,831,953	28,152	1,860,105	35,231
Write-off of uncollectible accounts	148,992	-	148,992	-
Changes in current assets and liabilities -				
Increase in accounts receivable	(210,619)	-	(210,619)	(242)
Decrease in due from other governmental agencies	115,217	9,586	124,803	-
(Increase) decrease in inventories	(4,471)	(807)	(5,278)	87,755
Increase in prepaid expenses	-	-	-	(1,777)
Increase (decrease) in accounts payable	(184,484)	6,258	(178,226)	(37,981)
Increase in accrued expenses	34,352	3,213	37,565	16,198
Decrease in customer deposits	(965)	-	(965)	-
Increase in deferred revenue	19,606	-	19,606	-
Net cash provided by operating activities	4,975,256	104,295	5,079,551	340,707
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES -</b>				
Operating transfer to Capital Reserve Fund from Utility Fund	(50,000)	-	(50,000)	-
Mixed beverage profit shared	-	-	-	(30,000)
Alcohol education and law enforcement	-	-	-	(69,544)
Transfer to primary government	-	-	-	(30,000)
Net cash used in noncapital financing activities	(50,000)	-	(50,000)	(129,544)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES -</b>				
Proceeds from issuance of debt	688,427	-	688,427	-
Increase in contributed capital	102,195	-	102,195	-
Capital expenditures	(3,018,867)	(21,294)	(3,040,161)	(260,774)
Principal payments on debt	(1,950,957)	-	(1,950,957)	-
Interest expense	(976,601)	-	(976,601)	-
Net cash used in capital and related financing activities	(5,155,803)	(21,294)	(5,177,097)	(260,774)
<b>CASH FLOWS FROM INVESTING ACTIVITIES -</b>				
Investment income	297,424	7,530	304,954	26,275
Proceeds from short-term investments	-	-	-	132,681
Purchase of short-term investments	-	-	-	(139,083)
Net cash provided by investing activities	297,424	7,530	304,954	19,873
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND INVESTMENTS</b>	66,877	90,531	157,408	(29,738)
<b>CASH, CASH EQUIVALENTS AND INVESTMENTS, BEGINNING OF YEAR</b>	5,572,234	185,930	5,758,164	493,525
<b>CASH, CASH EQUIVALENTS AND INVESTMENTS, END OF YEAR</b>	\$ 5,639,111	\$ 276,461	\$ 5,915,572	\$ 463,787
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH ACTIVITIES-</b>				
Contributed fixed assets	\$ 550,609	\$ -	\$ 550,609	\$ -

See notes to financial statements.

CITY OF SANFORD, NORTH CAROLINA

PENSION TRUST FUND - STATEMENT OF CHANGES IN PLAN NET ASSETS

YEAR ENDED JUNE 30, 2000 AND JUNE 30, 1999

	<u>2000</u>	<u>1999</u>
ADDITIONS:		
Employee contributions	\$ 60,267	\$ 59,008
Interest income	<u>12,766</u>	<u>7,803</u>
Total additions	<u>73,033</u>	<u>66,811</u>
DEDUCTIONS:		
Benefits	19,763	14,810
Administrative expense	<u>1,288</u>	<u>1,132</u>
Total deductions	<u>21,051</u>	<u>15,942</u>
Net increase	51,982	50,869
Fund balance - reserved for benefits, beginning of year	<u>219,558</u>	<u>168,689</u>
Fund balance - reserved for benefits, end of year	<u>\$ 271,540</u>	<u>\$ 219,558</u>

CITY OF SANFORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2000

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1. REPORTING ENTITY

The City, a political subdivision of Lee County, is located in the central portion of the state and has a population of approximately 22,310. The City operates under a Council-Manager form of government.

The City provides services, which include general government, public safety, streets, sanitation, public improvements, planning, and zoning. The City also operates a water and sewer system, which supplies service to the City and surrounding area on a user charge basis. In addition to the taxes levied by the City, the county also levies a tax of \$0.75 per \$100 property valuation with which it finances county-wide services including assistance to the county's public school unit, community college, health and social services.

These financial statements present the City and its component unit, a legally separate entity for which the City is financially accountable. The discretely presented component unit presented below is reported in a separate column in the City's financial statements in order to emphasize that it is legally separate from the City.

City of Sanford ABC Board

The ABC Board was organized by the state legislature and implemented by voter election. The members of the governing board are appointed by the City, however, the ABC Board selects the management. The ABC Board is required by State Statute to distribute a portion of its surpluses to the General Fund of the City and County. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund. Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at 1140 N. Horner Blvd., Sanford, NC 27330.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Reporting - The accounting policies of the City conform to generally accepted accounting principles applicable to local governments prescribed by the Governmental Accounting Standards Board.

Fund Accounting - The City uses funds and account groups to report on its financial position and results of its operations. Fund accounting is designed to demonstrate legal compliance and aid financial management by segregating transactions related to certain general government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." At June 30, 2000, the City maintained thirteen funds which have been grouped in the combined financial statements into three broad fund categories and six generic funds as follows:

Governmental Fund Types

Governmental funds are used to account for the City's general activities, including the collection and disbursement of earmarked monies (special revenue funds).

General Fund - The General Fund is the largest of the funds utilized by the City and accounts for all revenues and expenditures not required to be accounted for in another fund. Activities are financed primarily by property tax and intergovernmental revenues. Most of the City's general government activities are accounted for in this fund.

Special Revenue Fund - The Special Revenue Fund accounts for the activities of the City's community development program financed primarily by federal and state grants, a central business tax district and a capital reserve fund.

Capital Projects Fund - The Capital Projects Fund accounts for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds). The City has one Capital Projects Fund within the Governmental Fund types.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Types

Proprietary funds are used to account for activities similar to those found in the private sector where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the City (internal service funds).

Enterprise Fund - The Enterprise Fund reflects the financial activities and operations of a utility system, including construction expenditures of major utility capital additions, and a golf course.

Internal Service Funds - The Internal Service Fund accumulates costs mutually beneficial to the various City operations and charges each fund on a user basis. The City accounts for its shop (garage) activities and its liability insurance programs in this fund.

Fiduciary Fund Type

Trust funds are used to account for assets held by the government in a trustee capacity. Agency funds are used to account for assets held on behalf of outside parties, including other governments.

Trust Fund - The Trust Fund is used to account for the accumulation of resources for pension benefit payments to qualified public safety employees.

Agency Fund - The Agency Fund is used to account for funds that support a local fireman's relief fund that the City holds on behalf of retired and active firemen as their agent. Also included are funds that the City holds on behalf of the Sanford-Lee County Regional Airport Authority for airport operations and capital construction, and funds collected for Lee County's water system through a contract for billing and collections.

Account Groups

General Fixed Assets and General Long-Term Debt - These two account groups are record keeping accounts for fixed assets and long-term liabilities of the governmental funds. They are concerned only with the measurement of financial position, not with measurement of results of operations.

Basis of Accounting - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All of the City's governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The proprietary funds, pension trust fund and the ABC Board are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types and the agency fund. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers receivables credited to revenue as available if they are collected within 60 days after year-end, except property taxes. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

CITY OF SANFORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (Continued)

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Those revenues susceptible to accrual are refundable sales and gas taxes, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the City are also recognized as revenues. Fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

The accrual basis of accounting is utilized by the proprietary fund types, the pension trust fund and the ABC Board. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. As permitted by generally accepted accounting principles, the City has elected to apply only FASB statements and interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations.

The City reports deferred revenues on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Budgetary Accounting and Reporting - The following procedures are followed by the City in establishing the annual budgetary data reflected in the financial statements:

Prior to April 30, budget requests are submitted to the budget officer for summary and are then submitted to the Board of Aldermen prior to June 1.

The budget message is not required to be submitted at a formal meeting; however, it must be filed with the clerk and remain available for inspection until the budget ordinance is adopted. Prior to adoption, a public hearing must be held.

The Board of Aldermen must adopt a budget not later than July 1.

The City operates under an annual budget ordinance adopted in accordance with the provisions of the Local Government Budget and Fiscal Control Act (North Carolina General Statutes Section 159) which requires:

A balanced budget adopted prior to the beginning of the fiscal year. The budget is considered balanced when estimated net revenues and appropriated fund balance equal appropriations. Appropriated fund balance shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as determined at the close of the fiscal year preceding the budget year.

All monies received and expended must be included in the budget ordinance. The Local Government Budget and Fiscal Control Act prohibits expenditures in excess of appropriations. All appropriations lapse at year-end.

A budget prepared using the modified accrual method of accounting is required for all funds.

The annual budget is adopted on a departmental basis and is amended as changing conditions warrant. Amendments can be made only by the governing board. The budget included in the financial statements is the budget as last amended by the Board. An additional appropriation of fund balance of \$26,463 was necessary during the year.

The City adopted a long-term project ordinance budget for its Community Development and Capital Project funds. All other funds adopt annual budgets. Funds received and expended under long-term project ordinances are not included in the statement of revenues and expenditures - budget and actual and changes in fund balance since their budgets extend over the life of the project.

Capital outlay (budgeted within departments) which benefits current and future periods and capitalized lease payments which benefit prior, current and future periods have been reclassified on the combined statements of revenues, expenditures and changes in fund balance to present expenditures by department or function. The amounts presented on the budget comparison statement are classified within the department where budgeted.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances - The City is required by state statute to record encumbrances in its accounting system. Encumbrances include purchase orders, contracts, and other commitments related to unperformed contracts for goods and services and are recorded in the expenditure accounts in order to reserve a portion of the related appropriation. At June 30, when appropriations lapse, encumbrances outstanding, if any, are considered in the subsequent budget when determining fund balance appropriated and charged to appropriations in the ensuing year.

Cash Equivalents - The City defines cash equivalents as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition. The ABC Board considers demand deposits and certificates of deposits with maturities of three months or less to be cash and cash equivalents. Certificates with maturities beyond three months are classified as short-term investments.

Compensated Absences - The City records as expenditures in governmental funds the amount of compensated absences accrued during the year that will be liquidated with expendable available financial resources. The remainder of compensated absences relative to governmental funds is reported in the general long-term debt account group. The entire amount of accrued compensated absences relative to proprietary fund types and the ABC Board is recorded within the respective funds and component unit.

Uncollectible accounts

Taxes - The City provides an allowance for uncollectible accounts for a portion of its tax levy which it does not expect to collect. The allowance is based on historical collection rates of prior tax levies.

Waste Management Fees - The City provides an allowance for uncollectible accounts for a portion of its waste management fees it does not expect to collect.

Water and Sewer Charges and Assessments - The City provides an allowance for uncollectible accounts for a portion of its water and sewer charges and assessments it does not expect to collect.

Property Taxes - Property is assessed for tax purposes as of January 1 (the lien date). The value at that date determines the basis for the tax levy for the fiscal year beginning July 1. Property taxes are not formally levied until the budget adoption (July 1) and are not due until September 1. Taxes are past due on January 6. By the following June 30, taxes receivable are delinquent and are not considered as a resource to finance current year operations.

Property taxes are recognized as receivables at the levy date, reduced by a provision for uncollectibles. The City records as revenue that portion of the levy collected during the year and as deferred revenue that portion expected to be collected in ensuing years.

Lee County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City of Sanford. For motor vehicles registered under the staggered system and for vehicles newly registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the City's vehicle taxes for vehicles registered in Lee County from March 1999 through February 2000 apply to the fiscal year ended June 30, 2000. Uncollected taxes which were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues. Those taxes for vehicles registered from March 1 through the fiscal year-end apply to the 2000-01 fiscal year and are not shown as receivables at June 30, 2000. For vehicles registered under the annual system, taxes are due on May 1 of each year. For those vehicles registered and billed under the annual system, uncollected taxes are reported as a receivable on the financial statements and are offset by deferred revenues because the due date and the date upon which interest begins to accrue passed prior to June 30. The taxes for renewal vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 2000 because they are intended to finance the City's operations during the 2001 fiscal year.

CITY OF SANFORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments - The City's short-term investments are recorded at cost or amortized cost and are reduced for losses in value determined to be other than temporary. Long-term investments are reflected at fair market value in accordance with GASB 31.

Inventories - Inventories for the City consist of material and supply items and are recorded at the lower of average cost or market in the proprietary fund types. In the governmental fund types, the cost of inventory is charged to expenditures when purchased (purchase method). In the proprietary fund types, inventory is charged when used. For the ABC Board, merchandise inventory is valued at the lower of cost, first-in, first-out method, or market.

Fixed Assets and Depreciation - All fixed assets of the City and the ABC Board are recorded at cost or estimated historical cost. Donated fixed assets are recorded at the fair value on the date of the gift. Cost of repairs and minor renewals are excluded from fixed assets. When an asset is disposed of, the related cost is removed from the account.

Fixed assets acquired by expenditures or lease purchase within governmental fund types are recorded in the General Fixed Assets Account Group. Streets, sidewalks, curbs, and gutters are not included as fixed assets. Depreciation is not recorded on general fixed assets in the governmental fund types.

Fixed assets acquired in the proprietary fund types and by the ABC Board, are capitalized and depreciated within the fund. Depreciation is determined by the straight-line method over the assets' estimated useful lives. Assets of the City and ABC Board are depreciated on a class life basis at the following rates:

<u>City of Sanford</u>		<u>ABC Board</u>	
Utility plant and system lines	40 years	Buildings	33-39 years
Buildings	30 years	Store fixtures	5-10 years
Equipment, fencing, and paving	4-20 years	Warehouse fixtures	5-10 years
Vehicles	3-5 years	Office furniture & fixtures	5-10 years
Golf course and garage improvements	30 years	Warehouse truck	3 years

Depreciation recognized on assets acquired or constructed through resources externally restricted for capital acquisitions is accounted for as an adjustment (add-back) to net income and closed to contributed capital. The City believes this accounting method will more properly reflect the accumulation of retained earnings to eventually replace contributed assets. The effect of this method for the current year was to increase retained earnings by \$448,414 and \$2,013 in the Enterprise Fund and Internal Service Fund, respectively.

Long-term Debt - Long-term debt expected to be repaid with General Fund revenues is shown in the Long-Term Debt Account Group. For government fund types, bond issuance costs are recognized during the current period. Bond proceeds are reported as other financing sources. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures. Long-term debt incurred for utility purposes is carried in the Utility Fund rather than the Long-Term Debt Account Group since debt service requirements are being met by utility revenues; however, the taxing power is pledged to make these payments if such revenues should become insufficient. For the proprietary fund types, material bond issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Material issuance costs are reported as deferred charges.

Fund Balance - Reservations or restrictions of equity represent amounts that are not available for appropriation or are legally segregated for a specific purpose. Designations of equity represent tentative management plans that are subject to change.

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

CITY OF SANFORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The fund balances of the governmental fund types are classified as follows:

Reserved

Restricted by state statute represents the amount of revenues recognized but not yet received in cash.

For benefits - represents the amount of fund balance designated to pay pension benefits when due.

Unreserved

Designated - subsequent year's budget represents that portion of fund balance legally designated to be used to finance expenditures in the following fiscal period.

Designated - capital projects represents amount set aside for capital construction.

Undesignated represents the amount of fund balance at year-end which is available for appropriation.

Totals columns and comparative data - The totals columns on the combined financial statements are captioned "(Memorandum only) Primary Government" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present consolidated financial position, results of operations, or cash flows. Interfund eliminations have not been made in the aggregation of this data.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments for the City in the "Total (Memorandum only)" column as of June 30, 2000 include the following:

	<u>Bank balance</u>	<u>Book balance</u>
Cash on hand		\$ 1,025
Deposits:		
Non-interest bearing (compensating balance and prepaid taxes)	\$ 413,050	413,050
Time deposits	4,444,000	4,444,000
NOW, SuperNOW and MMDA	<u>2,318,539</u>	<u>2,218,750</u>
	<u>\$ 7,175,589</u>	<u>7,075,800</u>
North Carolina Capital Management Trust		<u>1,401,283</u>
Investments		<u>6,262,076</u>
Total		<u>\$14,740,184</u>

Total cash and cash equivalents include cash restricted for utility capital projects of \$3,750,622. The City takes competitive bids for banking services every three years. The current agreement requires a compensating balance of \$413,050 in lieu of monthly fees.

All deposits of the City and the ABC Board are made in board-designated official depositories and are collateralized as required by North Carolina General Statutes 159-31. The City and the ABC Board may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, they may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts and certificates of deposit.

All of the City's and the ABC Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits over the federal depository insurance coverage are collateralized with securities held by the City's or ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City and the ABC Board, these deposits are considered to be held by the City's and ABC Board's agent 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 or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City and the ABC Board under the Pooling Method, the potential exists for undercollateralization

CITY OF SANFORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (Continued)

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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.

As of June 30, 2000, \$400,000 of the City's bank balances was insured by federal depository insurance and \$6,775,589 was collateralized with securities held in the State Treasurer's name under the Pooling Method of collateralization. Of the ABC Board's bank balances, \$200,000 was covered by federal depository insurance, and \$407,614 was covered by collateral held by the state treasurer under the Pooling Method.

North Carolina General Statutes [G.S.159-30(c)] also authorize the City and the ABC Board to invest in obligations of the U.S. Treasury; obligations of any agency of the United States, provided the payment of interest and principal of such obligations is fully guaranteed by the United States; certain non guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust, an SEC registered money market mutual fund.

As required for periods beginning after June 15, 1997 by Statement 31 of the Government Accounting Standards Board, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City and the ABC Board'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 NCCMT Cash Portfolio's securities are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued based on a computerized matrix system and/or appraisals by a pricing service. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost.

The City's investments, when applicable, are categorized to give an indication of the level of custodial risk assumed by the entity at year-end: Column A - investments that are insured or registered or for which the securities are held by the City or its agent in the City's name; Column B - uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent in the City's name; Column C uninsured and unregistered investments for which the securities are held by the broker or dealer or by the financial institution's trust department or agent but not in the City's name. As of June 30, 2000, the ABC Board held no investments of this nature. The North Carolina Capital Management Trust is exempt from risk categorization because the City does not own any identifiable securities but is a shareholder of a percentage of the fund. The City's investments are categorized as follows:

	<u>Risk Category</u>			Reported value	Fair value
	A	B	C		
<u>Short-term:</u>					
Commercial Paper		\$ 3,762,076		\$ 3,762,076	\$ 3,773,907
<u>Long-term:</u>					
Federal National Mortgage Asso.		750,000		750,000	744,308
Federal Home Loan Bank		<u>1,750,000</u>		<u>1,750,000</u>	<u>1,741,329</u>
		2,500,000		2,500,000	2,485,637
North Carolina Capital Management Trust				<u>1,401,283</u>	<u>1,401,283</u>
Total		<u>\$ 6,262,076</u>		<u>\$ 7,663,359</u>	<u>\$ 7,660,827</u>

The City pools monies from several funds to facilitate disbursement and maximize investment income. Therefore, for the statement of cash flows, all Enterprise Fund cash and investments are essentially demand deposits and are considered cash and cash equivalents.

CITY OF SANFORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (Continued)

4. PROPERTY TAXES RECEIVABLE

Property taxes receivable as of June 30, 2000 reflect the uncollected portion of property tax levies reduced for a portion not expected to be collected and are summarized as follows:

	General Fund	Special Revenue Fund	Total
Property taxes receivable	\$ 686,177	\$ 8,338	\$ 694,515
Less allowance for uncollectibles	<u>230,265</u>	<u>1,261</u>	<u>231,526</u>
Net property taxes receivable	<u>\$ 455,912</u>	<u>\$ 7,077</u>	<u>\$ 462,989</u>

5. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2000, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Enterprise Funds	Agency Funds
Accounts receivable			
Special assessments	\$ 1,040	\$ 286,888	\$ -
Waste management fees	55,218	-	-
Privilege licenses	795	-	-
Employee computer purchase	47,519	16,406	-
Other agencies	185,140	-	262,399
Utility user charges	-	<u>2,512,397</u>	<u>205,871</u>
Total receivables	289,712	2,815,691	468,270
Less: allowance for uncollectibles	<u>15,163</u>	<u>524,721</u>	-
Net total receivables	<u>\$ 274,549</u>	<u>\$ 2,290,970</u>	<u>\$ 468,270</u>

6. DUE FROM OTHER GOVERNMENTAL AGENCIES

The amounts due from other governmental agencies as of June 30, 2000 consist of amounts due classified as follows:

	Local	State	Total
General Fund	\$ 101,440	\$ 985,999	\$ 1,087,439
Special Revenue Funds	-	61,229	61,229
Internal Service Fund -Shop	-	<u>25,565</u>	<u>25,565</u>
Total	<u>\$ 101,440</u>	<u>\$ 1,072,793</u>	<u>\$ 1,174,233</u>

7. DUE FROM OTHER FUNDS

At June 30, 2000, amounts due to the General Fund were as follows:

Enterprise Fund (Golf Fund)	<u>\$ 126,486</u>
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CITY OF SANFORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (Continued)

8. FIXED ASSETS

At June 30, 2000, major classifications of and changes within the fixed assets consist of the following:

General Fixed Assets

By type:

	Beginning of year	Additions, reclassifications and transfers in	Retirements, reclassifications and transfers out	Adjustments*	End of year
Municipal center	\$ 4,053,747	\$ 81,275	\$ -	\$ -	\$ 4,135,022
Other municipal land and buildings	4,585,373	55,976	-	-	4,641,349
Equipment	6,131,349	1,265,445	427,704	344,759	6,624,331
<b>Total</b>	<b>\$ 14,770,469</b>	<b>\$ 1,402,696</b>	<b>\$ 427,704</b>	<b>\$ 344,759</b>	<b>\$ 15,400,702</b>

By function:

	Beginning of year	Additions	Departmental transfers in and discoveries	Departmental transfers out and retirements	Adjustments*	End of year
Equipment -						
Governing body	\$ 14,897	\$ 2,398	\$ -	\$ 1,191	\$ 10,616	\$ 5,488
Administration	25,012	-	-	518	9,372	15,122
Budget	18,929	1,941	-	3,631	4,888	12,351
Personnel	43,060	600	-	-	6,361	37,299
Risk management	30,212	-	-	-	2,726	27,486
Tax collector	32,711	-	-	-	17,820	14,891
Finance	63,539	-	-	5,454	13,884	44,201
Data Processing	26,826	5,993	3,630	3,346	2,386	30,717
Legal	10,913	-	1,708	-	1,120	11,501
Planning	131,448	1,543	-	3,446	35,939	93,606
Downtown revitalization	54,844	-	-	-	-	54,844
Public buildings	303,984	11,283	-	3,517	13,156	298,594
Police	2,400,666	239,321	-	197,992	123,417	2,318,578
Fire	1,190,843	587,732	3,559	7,738	69,645	1,704,751
Inspections	86,334	21,720	6,792	3,380	14,268	97,198
Public works administration	79,023	2,037	5,289	3,294	9,281	73,774
Streets and sidewalks	604,916	204,518	-	108,003	2,647	698,784
Street - refuse	807,422	130,717	1,602	79,303	3,085	857,353
Civil preparedness	100,211	-	-	-	-	100,211
Central mimeograph	15,353	10,295	-	5,289	759	19,600
Beautification	81,113	19,100	-	1,602	1,881	96,730
Community development	9,093	3,667	-	-	1,508	11,252
<b>Total equipment</b>	<b>6,131,349</b>	<b>1,242,865</b>	<b>22,580</b>	<b>427,704</b>	<b>344,759</b>	<b>6,624,331</b>
Municipal Center	4,053,747	81,275	-	-	-	4,135,022
Other municipal land and buildings	4,585,373	55,976	-	-	-	4,641,349
<b>TOTAL</b>	<b>\$ 14,770,469</b>	<b>\$ 1,380,116</b>	<b>\$ 22,580</b>	<b>\$ 427,704</b>	<b>\$ 344,759</b>	<b>\$15,400,702</b>

\*During the year ended June 30, 2000, the City changed its policy regarding capitalizing immaterial items less than \$500.

CITY OF SANFORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (Continued)

8. **FIXED ASSETS (Continued)**

**Proprietary Fund Types Fixed Assets**

	Beginning of year	Additions, reclassifications and transfers in	Retirements, reclassifications and transfers out	End of year
<b>Enterprise Funds -</b>				
Water plant	\$ 11,713,031	\$ -	\$ -	\$ 11,713,031
Water lines	14,890,417	398,198	540,000	14,748,615
Water tanks	594,705	-	-	594,705
Sewer plant	18,968,715	-	-	18,968,715
Sewer lines	13,819,143	1,640,365	385,000	15,074,508
Equipment	1,413,902	89,879	101,687	1,402,094
Vehicles	739,069	401,809	24,746	1,116,132
Store facilities	291,597	-	310	291,287
Construction in progress	1,487,667	1,798,425	104,371	3,181,721
Golf course improvements and equipment	462,111	31,811	3,583	490,339
Golf buildings	42,207	-	-	42,207
<b>Total</b>	<b>\$ 64,422,564</b>	<b>\$ 4,360,487</b>	<b>\$ 1,159,697</b>	<b>\$ 67,623,354</b>
<b>Internal Service Fund -</b>				
Land and land improvements	\$ 42,429	\$ -	\$ -	\$ 42,429
Buildings	172,359	-	6,074	166,285
Garage	279,775	6,075	-	285,850
Fencing	12,178	-	-	12,178
Paving	33,390	-	-	33,390
Water and sewer connections	36,382	-	-	36,382
Equipment	150,619	21,294	9,989	161,924
<b>Total</b>	<b>\$ 727,132</b>	<b>\$ 27,369</b>	<b>\$ 16,063</b>	<b>\$ 738,438</b>

The following is a summary of proprietary fund type fixed assets for the ABC Board at June 30, 2000.

Land	\$ 196,349
Buildings	683,879
Store fixtures	100,103
Warehouse fixtures	8,953
Office furniture and fixtures	36,337
Warehouse truck	8,500
<b>Total</b>	<b>\$ 1,034,121</b>

CITY OF SANFORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (Continued)

9. LONG-TERM DEBT

At June 30, 2000, long-term debt consists of the following -

General Long-Term Debt

All general long-term debt is being repaid through general fund revenue sources.

Lease purchase agreements:

Lease purchase; 4.89% interest; dated February 25, 1998; due quarterly in installments of \$2,918; secured by equipment	\$ 27,307
Lease purchase; 4.51% interest; dated April 22, 1998; due quarterly in installments of \$7,721; secured by equipment	30,031
Lease purchase; 4.06% interest; dated May 14, 1999; due quarterly in installments of \$7,095 secured by equipment	54,251
Lease purchase; 4.45% interest; dated November 15, 1995; due quarterly in installments of \$10,847; secured by equipment	102,118
Lease purchase; 4.41% interest; dated November 10, 1995; due quarterly in installments of \$4,134; secured by equipment	8,132
Lease purchase; 4.79% interest; dated November 15, 1999; due quarterly in installments of \$6,625; secured by equipment	106,700
Lease purchase; 5.23% interest; dated February 28, 2000; due quarterly in installments of \$26,226; secured by equipment	508,872
Lease purchase; 5.00% interest; dated April 6, 2000; due quarterly in installments of \$8,611; secured by equipment	87,982
Lease purchase; 5.00% interest; dated April 6, 2000; due quarterly in installments of \$4,305; secured by equipment	43,991
Lease purchase; 5.59% interest; dated June 29, 2000; due quarterly in installments of \$7,550; secured by equipment	83,210
Lease purchase; 5.59% interest; dated June 29, 2000; due quarterly in installments of \$4,989; secured by equipment	<u>54,990</u>
Total lease purchase agreements	<u>1,107,584</u>

Installment purchase contracts:

Installment purchase contract; agreement dated February 14, 1992; monthly installments of \$6,525; interest at 5.79%; secured by a deed of trust on a fire station	113,456
Installment purchase contract; dated November 20, 1992; monthly installments of \$4,550; interest at 4.59%; secured by a deed of trust on a compost facility	320,107
Installment purchase contract; dated November 20, 1992; annual installments of \$160,655; interest of 4.79%; secured by a deed of trust on streets	422,069

CITY OF SANFORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (Continued)

9. LONG-TERM DEBT (Continued)

Installment purchase contract; dated December 7, 1999; quarterly installments of \$39,661; interest of 5.26%; secured by a deed of trust on service center	<u>\$ 1,305,000</u>
Total installment purchase contracts	<u>2,160,632</u>
Annexation liability for fire protection	89,446
Net pension obligation	72,992
Compensated absences	<u>1,194,616</u>
Total general long-term debt	<u>\$ 4,625,270</u>
<u>Enterprise Funds</u>	
General obligation bonds:	
Water and sewer improvements; 6.2% to 6.5% interest Issued March 1, 1991; due serially to 2011	\$ 650,000
Water and sewer improvement refunding bonds; 4.4% to 4.9% interest issued March 1, 1996; due serially to 2011; net of \$760,896 unamortized difference	<u>11,889,104</u>
Total general obligation bonds	<u>12,539,104</u>
Notes payable:	
State of North Carolina; 3.82% interest; issued March 13, 1991; due in annual installments of \$57,483 to 2001	57,348
State of North Carolina; 3.035% interest; issued September 28, 1996; due with level principal payments of \$75,290 to 2003	301,160
State of North Carolina; 2.6% interest; issued April 12, 1999; due in annual principal installments of \$97,500 with semi- annual interest installments beginning 11/1/00. Drawdowns as of June 30, 2000 total \$1,439,342 with full approved loan amount \$1,950,000.	<u>1,439,342</u>
Total notes payable	<u>1,797,850</u>
Lease purchase agreements:	
Lease purchase; 5.24% interest; dated 4-28-00; due in quarterly principal and interest installments of \$11,156; secured by equipment	195,162
Lease purchase; 4.41% interest; dated 12-13-95; due in quarterly principal and interest installments of \$2,756; secured by equipment	5,422
Lease purchase; 4.57% interest; dated 3-31-97; due in quarterly principal and interest installments of \$15,122; secured by equipment	101,174
Lease purchase; 4.79% interest; dated 12-21-99; due in quarterly principal and interest installments of \$2,862; secured by equipment	<u>26,819</u>
Total lease purchases agreements	<u>328,577</u>

CITY OF SANFORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (Continued)

9. LONG-TERM DEBT (Continued)

Enterprise Funds (Continued)

Installment purchase contracts:

Installment purchase contract; agreement dated 6-28-94; semi-annual installments of \$112,209; interest at 4.05% for ten years, then 70% of prime for five years; secured by water lines	\$ 1,675,555
Installment purchase contract; agreement dated 3-31-97; quarterly installments of \$93,883; interest at 4.79% for ten years, secured by sludge handling facility and water improvements	2,154,947
Installment purchase contract; agreement dated 10-13-98; quarterly installments of \$36,713; interest at 4.61% for fifteen years, secured by water and sewer lines	<u>1,469,794</u>
Total installment purchase contracts	<u>5,300,296</u>
Total Enterprise Fund debt	19,965,827
Less current portion	<u>(2,064,430)</u>
Total long-term debt	<u>\$ 17,901,397</u>

A summary of changes in long-term debt follows :

	<u>Beginning of year</u>	<u>Additions and reclassifications</u>	<u>Retirements</u>	<u>End of year</u>
<u>General Long-Term Debt</u>				
Lease purchase agreements	\$ 353,035	\$ 946,521	\$ 191,972	\$ 1,107,584
Installment purchase contracts	1,085,576	1,350,000	274,944	2,160,632
Annexation liability for fire protection	187,784	-	98,338	89,446
Net pension obligation	74,366	-	1,374	72,992
Compensated absences	1,083,775	110,841	-	1,194,616
Total	<u>\$ 2,784,536</u>	<u>\$ 2,407,362</u>	<u>\$ 566,628</u>	<u>\$ 4,625,270</u>
<u>Enterprise Fund</u>				
Water and sewer improvements	\$ 13,744,415	\$ -	\$ 1,205,311	\$ 12,539,104
Water improvements	1,354,336	461,455	75,289	1,740,502
Sewer improvements	114,697	-	57,349	57,348
Lease purchase agreements	179,538	226,972	77,933	328,577
Installment purchase contracts	5,793,049	-	492,753	5,300,296
Total	<u>\$ 21,186,035</u>	<u>\$ 688,427</u>	<u>\$ 1,908,635</u>	<u>\$ 19,965,827</u>

CITY OF SANFORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (Continued)

9. LONG-TERM DEBT (Continued)

The annual requirements to retire all long-term debt (except lease purchases) outstanding as of June 30, 2000 including interest payments are as follows:

Year ended June 30,	<u>Annexation liability for fire protection</u>	<u>General long-term debt compensated absences</u>	<u>Enterprise fund bonds and notes</u>	<u>Interest payments</u>	<u>Total</u>
2001	\$ 23,464	\$ 1,194,616	\$ 1,257,660	\$ 642,456	\$ 3,118,196
2002	17,046	-	1,270,602	569,330	1,856,978
2003	16,705	-	1,255,602	509,670	1,781,977
2004	6,111	-	1,240,602	450,685	1,697,398
2005	5,778	-	1,145,312	391,130	1,542,220
Thereafter	<u>20,342</u>	<u>-</u>	<u>8,167,176</u>	<u>1,176,625</u>	<u>9,364,143</u>
Total	<u>\$ 89,446</u>	<u>\$ 1,194,616</u>	<u>\$ 14,336,954</u>	<u>\$ 3,739,896</u>	<u>\$ 19,360,912</u>

At June 30, 2000 the legal debt margin for the City was \$102,291,104.

Leases, Installment Purchase Agreements and Loan from General Fund

At June 30, 2000 minimum future lease payments in total and for each of the next five years (including installment purchase contracts) are as follows:

Year ended June 30,	<u>General Long-Term Debt</u>	<u>Enterprise Funds</u>	<u>Interest payments</u>	<u>Total</u>
2001	\$ 636,348	\$ 623,121	\$ 400,685	\$ 1,660,154
2002	587,649	631,346	341,229	1,560,224
2003	493,523	608,593	288,513	1,390,629
2004	235,957	631,050	235,266	1,102,273
2005	225,847	660,447	193,901	1,080,195
Thereafter	<u>1,088,892</u>	<u>2,474,316</u>	<u>551,115</u>	<u>4,114,323</u>
Total	<u>\$ 3,268,216</u>	<u>\$ 5,628,873</u>	<u>\$ 2,010,709</u>	<u>\$ 10,907,798</u>

On February 20, 1996, the City issued \$14,310,000 in general obligation water and sewer bonds with interest rates of 4.4% to 4.9% to advance refund \$13,185,000 of outstanding 1989 and 1991 water and sewer bonds with interest rates from 6.2% to 6.7%. The net proceeds of \$14,310,000 were used to purchase U.S. Treasury Notes. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1989 and 1991 water and sewer bonds. As a result, the 1989 and 1991 water and sewer bonds are considered to be defeased and the liability for them has been removed from the Utility Fund. The amount of this debt outstanding at June 30, 2000 was \$12,650,000.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This unamortized difference of \$760,896 is reported in the accompanying financial statements as a deduction from bonds payable and is being charged to operations through the year 2011, the life of the new debt which is shorter than the life of the refunded debt, using the effective-interest method.

CITY OF SANFORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (Continued)

10. OPERATING LEASES

During the year ended June 30, 2000, the City leased office space under short term cancellable leases. Rental income for such leases was \$19,670.

11. DEFERRED REVENUES

As discussed in Note 2 (Significant Accounting Policies), property taxes receivable are not recognized as current revenues because they are not considered to be both measurable and available. The Governmental Accounting Standards Board publications state that property taxes that are measurable but not available should be initially recorded as deferred revenues. Property taxes collected in advance of the fiscal year to which they apply are recorded as deferred revenues. Other prepaid revenues and unspent grant proceeds are recorded as deferred revenues as well. Outstanding street assessments, privilege licenses, and waste management fees are also recorded as deferred revenues. Drug forfeiture revenues are not considered available until allowable expenditures for the funds are incurred.

	General Fund	Special Revenue Fund	Enterprise Funds	Total
Net property taxes receivable	\$ 455,912	\$ 7,077	\$ -	\$ 462,989
Prepaid taxes	31,403	-	-	31,403
Assessments receivable	1,040	-	-	1,040
Prepaid assessments	-	-	3,131	3,131
Drug forfeiture revenues	117,829	-	-	117,829
Privilege license revenue	795	-	-	795
Net waste management fees receivable	40,055	-	-	40,055
Prepaid annuals	-	-	16,475	16,475
Total	<u>\$ 647,034</u>	<u>\$ 7,077</u>	<u>\$ 19,606</u>	<u>\$ 673,717</u>

12. CONTINGENT LIABILITIES AND COMMITMENTS

Employment Security Benefits - The City and the ABC Board have elected to pay the direct cost of employment security benefits in lieu of unemployment payroll taxes. A liability for such payments could accrue in the period following the discharge of an employee.

Commitments - The City has entered a five year contract expiring June 30, 2003 with an annual fee of approximately \$885,887 for the collection and disposal of garbage.

The City has entered into contracts relating to the construction of various water and sewer projects totaling approximately \$2,100,000. As of June 30, 2000, approximately \$1,800,000 of construction expenditures had been incurred and, accordingly, are reported in the operations of the Utility Capital Projects Fund.

The City has entered an agreement with Branch Banking & Trust Company to establish a reserve fund in the amount of \$75,000. The reserve fund will be established to support the financing for the Sanford-Lee County Regional Airport Authority's acquisition, construction, and installation of approximately 50 airplane hangars and an airplane maintenance facility at the Sanford-Lee County Regional Airport. The reserve fund will be held by the trustee until such time as the Authority provides funds for the reserve fund and the City recovers its funds from the reserve.

Claims and Judgements - At June 30, 2000 the City was a defendant to various lawsuits. In the opinion of the City's management and the City's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

CITY OF SANFORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (Continued)

13. CONTRIBUTED EQUITY

Grants, entitlements, and shared revenues restricted for the acquisition or construction of capital assets are recorded as contributed capital. The City has implemented an option allowed under NCGA Statement 2 for the Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balances whereby it closes depreciation recognized on assets acquired or constructed through grants, entitlements, or shared revenues to the contributed capital account rather than to retained earnings. The following is a summary of changes in contributed capital for the year ended June 30, 2000.

	Beginning of year	Additions	Reductions	End of year
<u>Utility Fund</u>				
Municipality	\$ 3,129,843	\$ -	\$ 608,559	\$ 2,521,284
Lee County	4,043,978	-	-	4,043,978
State of North Carolina	2,307,817	12,030	-	2,319,847
United States	4,971,499	246,069	-	5,217,568
Others	5,118,748	705,907	-	5,824,655
	<u>19,571,885</u>	<u>\$ 964,006</u>	<u>\$ 608,559</u>	<u>19,927,332</u>
Less: Accumulated depreciation	<u>6,837,942</u>			<u>7,286,356</u>
Total	<u>12,733,943</u>			<u>12,640,976</u>
<u>Golf Fund - municipality</u>				
	<u>100,894</u>	<u>\$ -</u>	<u>\$ -</u>	<u>100,894</u>
Enterprise Fund Total	<u>\$ 12,834,837</u>			<u>\$ 12,741,870</u>
<u>Shop Fund</u>				
Municipality	\$ 14,173	\$ -	\$ 330	\$ 13,843
Lee County	9,830	-	-	9,830
United States	604,084	-	27,820	576,264
	<u>628,087</u>	<u>\$ -</u>	<u>\$ 28,150</u>	<u>599,937</u>
Less: Accumulated depreciation	<u>437,652</u>			<u>439,665</u>
Total	<u>\$ 190,435</u>			<u>\$ 160,272</u>

CITY OF SANFORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (Continued)

14. PENSION COST

Local Governmental Employees' Retirement System

Plan Description - City of Sanford and the ABC Board contribute to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement system is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 3512 Bush Street, Raleigh, North Carolina 27609, or by calling (919) 981-5454.

Funding Policy - Plan members are required to contribute six percent of their annual covered salary. The City of Sanford and the ABC Board are required to contribute at an actuarially determined rate. For the City, the current rate of employees not engaged in law enforcement and for law enforcement officers is 4.80 % and 4.63 %, respectively, of annual covered payroll. For the ABC Board, the current rate for employees is 6 % of annual covered payroll. The contribution requirements of members and of the City of Sanford and the ABC Board are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2000, 1999 and 1998 were \$459,937, \$424,900, and \$394,018 respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2000, 1999, and 1998 were \$7,368, \$7,045, and \$7,930, respectively. The contributions made by the County and the ABC Board equaled the required contributions for each year.

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description - The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of the G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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, 2000 were \$160,082 which consisted of \$119,981 from the City and \$40,101 from the law enforcement officers.

Law Enforcement Officers Special Separation Allowance

1. Plan Description

The City of Sanford administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent 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. The Separation Allowance is reported in the City's report as a pension trust fund.

All full-time City law enforcement officers are covered by the Separation Allowance. At December 31, 1999, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>67</u>
Total	<u>69</u>

CITY OF SANFORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (Continued)

14. PENSION COST (Continued)

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

Method Used to Value Investments - Investments are reported at fair value. Short-term debt, deposits, repurchase agreements, and the North Carolina Capital Management Trust investments are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

3. Contributions

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the City contributed \$60,267, or 2.7% of annual covered payroll. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration 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, 1999 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.4% to 8.5% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 1999 was 20 years.

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

Annual required contribution	\$ 60,267
Interest on net pension obligation	5,392
Adjustment to annual required contribution	<u>(6,766)</u>
Annual pension cost	58,893
Contributions made	<u>(60,267)</u>
Decrease in net pension obligation	(1,374)
Net pension obligation beginning of year	<u>74,366</u>
Net pension obligation end of year	<u>\$ 72,992</u>

Three Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/98	54,079	102.28%	75,630
6/30/99	57,744	102.19%	74,366
6/30/00	58,893	102.33%	72,992

CITY OF SANFORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (Continued)

14. PENSION COST (Continued)

Firemen's and Rescue Squad Workers' Pension Fund

Plan Description - The State of North Carolina contributes, on behalf of the City of Sanford, to the Firemen'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 Firemen'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. That report may be obtained by writing to the Office of the State Controller, 3512 Bush Street, Raleigh, North Carolina 27609, or by calling (919) 981-5454.

Funding Policy - Plan members are required to contribute \$10 per month to the Fund. The State, a nonemployer contributor, funds the plan through appropriation. The City does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

15. FIREMEN'S RELIEF FUND

The City and the members of the City's fire department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums which insurers remit to the State. The State passes these moneys to the local board of the Firemen's Relief Fund. The funds are used to assist fire fighters in various ways. The City obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the City's fire department by the board of trustees. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at Post Office Box 188, Farmville, NC 27828.

16. OPERATING TRANSFERS

Transfers from a fund receiving revenues to the fund through which the resources are to be expended are recorded as "operating transfers out" in the transferring fund and "operating transfers in" to the receiving fund.

A summary of these transactions for the year ended June 30, 2000 follows:

<u>Transfers out</u>	<u>Transfers to</u>	
	<u>General Fund</u>	<u>Central Business Tax</u>
General Fund	\$ -	\$ 50,000
Special Revenue Fund (Central Business Tax District)	22,000	-
Component Unit - ABC Board	<u>30,000</u>	<u>-</u>
Total	<u>\$ 52,000</u>	<u>\$ 50,000</u>

CITY OF SANFORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (Continued)

17. PROJECT GRANT BUDGETS (Continued)

The budgets for the Community Development Fund (Special Revenue Fund), General Capital Projects Fund and Utility Capital Projects Fund are adopted on a project/grant basis. Following is a summary of activity from inception through June 30, 2000 for the programs.

	Project and program budgets	Current year	Prior years	Total to June 30, 2000
<b>Special Revenue Fund</b>				
Community Development:				
Revenues	\$ 1,639,193	\$ 109,930	\$ 1,337,317	\$ 1,447,247
Expenditures	\$ 1,639,193	\$ 121,090	\$ 1,063,310	1,184,400
Project fund balance				\$ 262,847
<b>Utility Capital Projects Fund</b>				
Revenues	\$ 8,266,934	\$ 782,389	\$ 3,479,717	\$ 4,262,106
Other financing sources	\$ 7,700,000	\$ -	\$ 7,402,294	7,402,294
Expenditures	\$ 15,966,934	\$ 1,841,577	\$ 9,401,072	11,242,649
Project fund balance				\$ 421,751

18. AGENCY FUNDS

The City maintains agency funds to account for funds supporting a local firemen's supplementary pension fund, providing accounting services for the Airport Authority and billing and collections for Lee County's water system. A summary of changes in assets and liabilities for the year ended June 30, 2000 is as follows:

	Balance June 30, 1999	Additions	Reductions	Balance June 30, 2000
<b>Assets -</b>				
Cash, cash equivalents and investments	\$ 475,503	\$ 7,128,500	\$ 6,787,850	\$ 816,153
Accounts receivable	1,849,466	1,745,032	3,126,228	468,270
<b>Total Assets</b>	<b>\$ 2,324,969</b>	<b>\$ 8,873,532</b>	<b>\$ 9,914,078</b>	<b>\$ 1,284,423</b>
<b>Liabilities -</b>				
Due to plan participants	\$ 252,970	\$ 47,202	\$ 22,263	\$ 277,909
Due to Airport Authority	1,794,351	5,969,061	7,057,372	706,040
Due to Lee County	277,648	2,857,269	2,834,443	300,474
<b>Total Liabilities</b>	<b>\$ 2,324,969</b>	<b>\$ 8,873,532</b>	<b>\$ 9,914,078</b>	<b>\$ 1,284,423</b>

CITY OF SANFORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (Continued)

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19. SEGMENT INFORMATION CONCERNING ENTERPRISE FUNDS

The City operates a water and sewer plant and golf course from user charges. The operations are accounted for in the Enterprise Funds. Applicable segment information for the year ended June 30, 2000 is summarized below.

	<u>Utility</u>	<u>Golf</u>	<u>Total</u>
Operating revenues	\$ 10,273,337	\$ 475,136	\$ 10,748,473
Depreciation	1,809,123	22,830	1,831,953
Operating income	3,146,442	79,233	3,225,675
Operating transfers out	50,000	-	50,000
Net income	2,397,598	86,019	2,483,617
Current capital – contributions	550,609	-	550,609
Fixed assets – additions	4,328,676	31,811	4,360,487
Fixed assets - retirements	(1,156,114)	( 3,583)	(1,159,697)
Net working capital	4,830,115	238,301	5,068,416
Total assets	55,077,786	627,742	55,705,528
Bonds and other long-term liabilities - payable from operating revenues	17,884,924	142,959	18,027,883
Total equity	34,184,804	409,435	34,594,239

CITY OF SANFORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (Continued)

20. RECONCILIATION OF STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL WITH STATEMENT OF REVENUES AND EXPENDITURES

The accompanying Combined Statement of Revenues and Expenditures - Budget and Actual and Changes in Fund Balance present comparisons of the legally adopted budget with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis sometimes differ from those used to present financial statements in conformity with GAAP, a reconciliation of resultant basis, timing, perspective, and entity differences in the excess of revenues and other financing sources over expenditures and other financing uses for the year ended June 30, 2000 is explained as follows:

	Special Revenue <u>Fund</u>
Excess of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	\$ 4,578
Adjustments:	
Community Development Fund decrease in fund balance (project length budget)	(11,159)
Capital Reserve Fund increase in fund balance (project length budget)	<u>50,000</u>
Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	<u>\$ 43,419</u>

21. OTHER POSTRETIREMENT BENEFITS

In addition to the pension benefits described in Note 14, the Board of Aldermen has authorized the City to provide postretirement health care benefits to all employees who retire from the City on or after attaining age 55 with 20 years or more of creditable service or with 30 years of creditable service. Expenditures for the 46 participants currently eligible to receive benefits are financed on a pay as you go basis. The amount of postretirement health care benefits charged to expenditures during the year ended June 30, 2000 was \$108,445.

The City has elected to provide death benefits to law enforcement employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer State-administered cost-sharing plan funded on a one-year term cost basis. Law enforcement 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 his/her death, but the benefit may not exceed \$20,000. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the state. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. For the fiscal year ended June 30, 2000, the City made contributions to the State for death benefits of \$3,428. The City's required contributions for employees engaged in law enforcement represented 0.14% of covered payroll. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount.

The ABC Board's employees hired on or before June 30, 1987 are eligible to receive post-retirement health care benefits if they retire at 55 years of age with 20 years or more of creditable service or with 30 years of creditable service. As of June 30, 2000 and 1999, the accrued post-retirement benefit obligation for eligible employees was \$209,802 and \$197,068, respectively. The Board has not funded the plan. During the years ended June 30, 2000 and 1999, benefits paid for retired employees totaled \$7,645 and \$7,240, respectively. The amount charged to operations for each of the years ended June 30, 2000 and 1999 was \$12,743 and \$31,923, respectively.

CITY OF SANFORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (Continued)

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22. SELF-INSURANCE AND RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of; damage to; and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in two self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the City obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy and workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability, and property liability in excess of \$500,000 and \$300,000 up to statutory limits for workers compensation. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

The City 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 ABC Board 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 Board has property, general liability, auto liability, worker's compensation and employee health coverage. The Board also has liquor legal liability. There have been no significant reductions in insurance coverage from coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

23. VACATION AND SICK PAY

The vacation policy of the City provides for an unlimited accumulation of vacation leave, however, only thirty (30) days of leave may be paid within any one year period. Accumulated earned vacation leave at June 30, 2000 amounted to \$1,405,331 in total, of which \$1,194,616 relates to governmental funds and \$210,715 relates to proprietary funds.

The City's sick leave policy provides for an unlimited accumulation of earned sick leave. Accumulated sick leave at June 30, 2000 amounted to approximately \$2,348,008 in total, of which \$2,019,691 relates to the governmental funds and any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the City has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

ABC Board employees may accumulate up to twenty-one days earned vacation and such leave is fully vested when earned. Accumulated earned vacation at June 30, 2000 was \$5,530. Upon termination, the Board is obligated to pay a maximum of fourteen days of earned vacation.

ABC Board employees can accumulate thirty days of sick leave. Sick leave may be used in the determination of length of service for retirement benefit purposes. Since the Board has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

24. JOINT VENTURES

The City, in conjunction with Lee County, participates in a regional airport. Each participating government appoints three members to the six-member board. The Airport Authority is a joint venture established to facilitate economic expansion within the County and improve the quality of life for its citizens. The City contributed \$13,222 to the Airport during the fiscal year ended June 30, 2000. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2000. Complete financial statements for the Airport can be obtained from the Airport's administrative offices at 225 E. Weatherspoon Street, City of Sanford, NC.

CITY OF SANFORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (Continued)

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25. JOINTLY GOVERNED ORGANIZATION

The City, in conjunction with six counties and twenty-three other municipalities, established the Triangle J Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of \$9,392 to the Council during the fiscal year ended June 30, 2000.

26. RELATED ORGANIZATIONS

City of Sanford Housing Authority

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

CITY OF SANFORD, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
 SCHEDULE OF FUNDING PROGRESS  
 JUNE 30, 2000

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
12/31/1991	\$ -	\$ 233,433	\$ 233,433	0.00%	\$ 1,297,641	17.99%
12/31/1992	-	256,033	256,033	0.00%	1,470,437	17.41%
12/31/1993	17,002	274,673	237,912	13.00%	1,683,604	14.13%
12/31/1994	29,494	287,324	257,830	10.27%	1,802,734	14.30%
12/31/1995	59,448	362,669	303,221	16.39%	1,886,277	16.08%
12/31/1996	90,120	441,921	351,801	20.39%	2,023,460	17.39%
12/31/1997	121,705	495,429	373,724	24.57%	2,025,228	18.45%
12/31/1998	160,254	516,326	356,072	31.04%	2,191,037	16.25%
12/31/1999	213,690	598,540	384,850	35.70%	2,273,458	16.93%

CITY OF SANFORD, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
JUNE 30, 2000

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<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
1992	\$ 23,465	0%
1993	33,089	0%
1994	36,761	100%
1995	40,407	100%
1996	40,742	100%
1997	49,232	100%
1998	55,314	100%
1999	59,008	100%
2000	60,267	100%

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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	12/31/1999
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	20
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	4.4 - 8.5%
Includes inflation at	3.75%
Cost-of-living adjustments	N/A



**GENERAL  
FUND**

INDIVIDUAL  
FUND  
STATEMENTS

CITY OF SANFORD

NORTH CAROLINA

GENERAL FUND

The General Fund is the largest fund of the City. All revenues, expenditures and capital additions, except those required to be accounted for in other funds, are accounted for in the General Fund. Most of the governmental services and functions are provided through the General Fund. This includes general government, public safety, streets and sanitation. These services and functions are financed primarily by property taxes, other taxes and intergovernmental revenues.

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL BALANCE SHEETS - GENERAL FUND

JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
<b>ASSETS</b>		
Cash, cash equivalents and investments	\$ 6,577,175	\$ 5,260,794
Property taxes receivable, net of allowance for uncollected taxes of \$230,265 for 2000 and \$223,815 for 1999	455,912	300,134
Accounts receivable:		
Special assessments	1,040	1,039
Waste management fees, net of allowance for doubtful accounts of \$15,163 for 2000 and 1999	40,055	19,991
Privilege licenses	795	600
Employee computer purchase program	47,519	71,405
Other agencies	185,140	14,702
Due from other governmental agencies:		
State of North Carolina	985,999	837,518
County of Lee	96,584	23,224
Sanford - Lee County Regional Airport Authority	4,856	84,407
Due from other funds	<u>126,486</u>	<u>168,808</u>
<b>Total</b>	<u>\$ 8,521,561</u>	<u>\$ 6,782,622</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities -		
Accounts payable	\$ 153,010	\$ 188,960
Contractor's deposits	1,800	4,800
Accrued liabilities	344,988	259,671
Deferred revenues	647,034	333,209
Total liabilities	<u>1,146,832</u>	<u>786,640</u>
Fund balance -		
Reserved -		
Restricted by state statute	1,446,584	1,200,064
Unreserved -		
Designated - subsequent year's budget	500,000	479,780
Undesignated	<u>5,428,145</u>	<u>4,316,138</u>
Total fund balance	<u>7,374,729</u>	<u>5,995,982</u>
<b>Total</b>	<u>\$ 8,521,561</u>	<u>\$ 6,782,622</u>

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES IN DETAIL AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL - GENERAL FUND  
 YEAR ENDED JUNE 30, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>	<u>Actual prior year</u>
<b>REVENUES -</b>				
<b>Ad valorem taxes -</b>				
Current year levy	\$ 7,236,400	\$ 7,732,973	\$ 496,573	\$ 7,353,628
Prior years' levy	125,000	115,103	(9,897)	218,941
Payments in lieu of taxes	21,000	21,000	-	49,192
<b>Total - ad valorem taxes</b>	<u>7,382,400</u>	<u>7,869,076</u>	<u>486,676</u>	<u>7,621,761</u>
<b>Other taxes -</b>				
Privilege licenses	100,000	109,475	9,475	82,015
Intangibles personal property tax	250,000	254,421	4,421	252,177
Local option sales tax	3,043,250	2,959,931	(83,319)	2,444,907
<b>Total - other taxes</b>	<u>3,393,250</u>	<u>3,323,827</u>	<u>(69,423)</u>	<u>2,779,099</u>
<b>Penalties and interest</b>	<u>20,000</u>	<u>26,421</u>	<u>6,421</u>	<u>37,852</u>
<b>Licenses and permits -</b>				
Building permits	100,000	157,732	57,732	89,566
Inspection fees	90,000	54,549	(35,451)	103,609
<b>Total - licenses and permits</b>	<u>190,000</u>	<u>212,281</u>	<u>22,281</u>	<u>193,175</u>
<b>Intergovernmental revenues -</b>				
<b>United States of America -</b>				
Federal Emergency Management Agency	102,343	250,605	148,262	-
Department of Justice - Police grant	50,234	53,296	3,062	114,696
<b>State of North Carolina -</b>				
Utilities franchise tax	1,055,000	1,168,650	113,650	1,012,524
Wine and beer tax	43,650	47,547	3,897	45,451
Powell Bill allocation	748,300	741,857	(6,443)	726,322
Civil preparedness	2,400	2,400	-	2,400
Retail inventory tax	479,000	479,475	475	479,497
Court costs and fees	20,000	14,239	(5,761)	22,883
Law Enforcement - Drug Program	88,140	67,432	(20,708)	42,377
Mowing reimbursement program	8,500	9,456	956	-
Hazard mitigation grants	55,000	34,301	(20,699)	14,720
Emergency management program	34,114	50,588	16,474	-
Other local governments	693,688	635,757	(57,931)	541,035
City of Sanford Housing Authority	-	23,275	23,275	36,191
<b>Total - intergovernmental revenues</b>	<u>3,380,369</u>	<u>3,578,878</u>	<u>198,509</u>	<u>3,038,096</u>
<b>Investment income</b>	<u>165,000</u>	<u>390,090</u>	<u>225,090</u>	<u>286,331</u>
<b>Sales and service -</b>				
Sale of property	63,000	135,254	72,254	78,683
Waste management fees	535,000	551,983	16,983	555,633
<b>Total - sales and service</b>	<u>598,000</u>	<u>687,237</u>	<u>89,237</u>	<u>634,316</u>

(Continued)

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES IN DETAIL AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL - GENERAL FUND (Continued)  
 YEAR ENDED JUNE 30, 2000

	Budget	Actual	Variance favorable (unfavorable)	Actual prior year
REVENUES - (Continued)				
Miscellaneous revenues -				
Alcoholic beverage control	\$ 60,000	\$ 60,000	\$ -	\$ 60,000
Charges to other funds	141,610	93,206	(48,404)	-
Civil violation fines	8,000	10,695	2,695	9,989
Rental income	19,670	19,669	(1)	20,939
Sundry	107,000	117,514	10,514	157,286
Total - miscellaneous revenues	<u>336,280</u>	<u>301,084</u>	<u>(35,196)</u>	<u>248,214</u>
 Total revenues	 <u>15,465,299</u>	 <u>16,388,894</u>	 <u>923,595</u>	 <u>14,838,844</u>
EXPENDITURES -				
Governing body -				
Salaries and benefits	141,952	141,223	729	124,030
Current operating expenditures	42,560	38,960	3,600	34,984
Capital outlay	2,500	2,398	102	-
Total - governing body	<u>187,012</u>	<u>182,581</u>	<u>4,431</u>	<u>159,014</u>
Administration -				
Salaries and benefits	153,713	160,173	(6,460)	144,178
Current operating expenditures	25,080	13,215	11,865	17,805
Capital outlay	-	-	-	2,269
Total - administration	<u>178,793</u>	<u>173,388</u>	<u>5,405</u>	<u>164,252</u>
Budget -				
Salaries and benefits	113,267	115,585	(2,318)	103,506
Current operating expenditures	10,460	6,096	4,364	9,244
Capital outlay	3,330	1,940	1,390	2,615
Total - budget	<u>127,057</u>	<u>123,621</u>	<u>3,436</u>	<u>115,365</u>
Human Resources -				
Salaries and benefits	133,325	132,169	1,156	118,092
Current operating expenditures	148,340	64,060	84,280	37,199
Capital outlay	850	600	250	2,338
Total - human resources	<u>282,515</u>	<u>196,829</u>	<u>85,686</u>	<u>157,629</u>
Risk management -				
Salaries and benefits	73,198	72,592	606	69,576
Current operating expenditures	28,390	17,676	10,714	18,394
Capital outlay	-	-	-	2,260
Total - risk management	<u>101,588</u>	<u>90,268</u>	<u>11,320</u>	<u>90,230</u>
Elections -				
Current operating expenditures	<u>14,850</u>	<u>13,432</u>	<u>1,418</u>	<u>-</u>

(Continued)

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES IN DETAIL AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL - GENERAL FUND (Continued)  
 YEAR ENDED JUNE 30, 2000

	Budget	Actual	Variance favorable (unfavorable)	Actual prior year
EXPENDITURES - (Continued)				
Finance -				
Salaries and benefits	\$ 229,879	\$ 230,067	\$ (188)	\$ 210,143
Current operating expenditures	121,690	112,333	9,357	158,001
Capital outlay	-	-	-	3,429
Total - finance	<u>351,569</u>	<u>342,400</u>	<u>9,169</u>	<u>371,573</u>
Information systems -				
Salaries and benefits	109,013	91,427	17,586	60,601
Current operating expenditures	30,100	22,002	8,098	13,855
Capital outlay	24,200	5,993	18,207	13,833
Total - information systems	<u>163,313</u>	<u>119,422</u>	<u>43,891</u>	<u>88,289</u>
Legal -				
Salaries and benefits	104,178	104,553	(375)	95,183
Current operating expenditures	61,620	25,190	36,430	17,932
Capital outlay	-	-	-	3,004
Total - legal	<u>165,798</u>	<u>129,743</u>	<u>36,055</u>	<u>116,119</u>
Community development -				
Salaries and benefits	533,571	488,368	45,203	493,111
Current operating expenditures	165,349	83,614	81,735	58,863
Capital outlay	3,100	1,543	1,557	8,000
Total - community development	<u>702,020</u>	<u>573,525</u>	<u>128,495</u>	<u>559,974</u>
Geographic information systems -				
Salaries and benefits	42,211	40,649	1,562	37,847
Current operating expenditures	15,600	5,721	9,879	16,786
Capital outlay	12,300	3,667	8,633	2,857
Total - geographic information systems	<u>70,111</u>	<u>50,037</u>	<u>20,074</u>	<u>57,490</u>
Public buildings -				
Salaries and benefits	58,542	55,687	2,855	58,055
Current operating expenditures	433,704	417,042	16,662	506,858
Lease purchase	80,505	80,209	296	-
Capital outlay	126,690	119,903	6,787	461,197
Total - public buildings	<u>699,441</u>	<u>672,841</u>	<u>26,600</u>	<u>1,026,110</u>
Police -				
Salaries and benefits	4,005,176	3,779,875	225,301	3,576,995
Current operating expenditures	735,728	810,265	(74,537)	711,134
Lease purchase	8,610	12,916	(4,306)	-
Capital outlay	373,826	344,370	29,456	560,911
Total - police	<u>5,123,340</u>	<u>4,947,426</u>	<u>175,914</u>	<u>4,849,040</u>

(Continued)

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES IN DETAIL AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL - GENERAL FUND (Continued)  
 YEAR ENDED JUNE 30, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>	<u>Actual prior year</u>
EXPENDITURES - (Continued)				
Fire -				
Salaries and benefits	\$ 2,175,048	\$ 2,168,628	\$ 6,420	\$ 1,995,356
Current operating expenditures	240,659	228,615	12,044	219,237
Lease purchase	178,505	178,505	-	137,046
Capital outlay	644,887	608,510	36,377	28,221
Total - fire	<u>3,239,099</u>	<u>3,184,258</u>	<u>54,841</u>	<u>2,379,860</u>
Inspection -				
Salaries and benefits	260,813	265,474	(4,661)	207,301
Current operating expenditures	85,842	71,174	14,668	49,618
Capital outlay	29,610	21,720	7,890	1,532
Total - inspection	<u>376,265</u>	<u>358,368</u>	<u>17,897</u>	<u>258,451</u>
Public works administration -				
Salaries and benefits	268,417	247,630	20,787	231,420
Current operating expenditures	19,958	17,944	2,014	15,261
Capital outlay	2,037	2,037	-	2,333
Total - public works administration	<u>290,412</u>	<u>267,611</u>	<u>22,801</u>	<u>249,014</u>
Streets and sidewalks -				
Salaries and benefits	553,023	534,834	18,189	489,228
Current operating expenditures	1,161,824	1,077,427	84,397	1,232,957
Lease purchase	211,395	200,077	11,318	35,791
Capital outlay	209,515	210,403	(888)	12,097
Total - streets and sidewalks	<u>2,135,757</u>	<u>2,022,741</u>	<u>113,016</u>	<u>1,770,073</u>
Refuse -				
Salaries and benefits	598,405	536,799	61,606	488,659
Current operating expenditures	297,144	213,376	83,768	318,385
Lease purchase	123,170	108,284	14,886	86,209
Capital outlay	132,578	130,717	1,861	101,356
Total - Refuse	<u>1,151,297</u>	<u>989,176</u>	<u>162,121</u>	<u>994,609</u>
Sanitation -				
Contracted services	<u>889,450</u>	<u>885,888</u>	<u>3,562</u>	<u>962,709</u>
Central mimeograph -				
Current operating expenditures	49,205	46,203	3,002	40,722
Capital outlay	10,295	10,295	-	-
Total - Central mimeograph	<u>59,500</u>	<u>56,498</u>	<u>3,002</u>	<u>40,722</u>

(Continued)

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES IN DETAIL AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL - GENERAL FUND (Continued)  
 YEAR ENDED JUNE 30, 2000

	Budget	Actual	Variance favorable (unfavorable)	Actual prior year
EXPENDITURES - (Continued)				
Beautification -				
Salaries and benefits	\$ 195,302	\$ 173,533	\$ 21,769	\$ 169,631
Current operating expenditures	66,746	61,273	5,473	55,463
Capital outlay	21,300	19,100	2,200	8,231
Total - beautification	<u>283,348</u>	<u>253,906</u>	<u>29,442</u>	<u>233,325</u>
Other appropriations & contingency -				
Associations and memberships	28,230	27,521	709	27,634
Regional and community support	38,230	38,222	8	136,253
Economic development	195,218	192,816	2,402	342,484
Intergovernmental transfers	64,745	64,745	-	64,745
Contingency	1,105	-	1,105	-
Total - other appropriations	<u>327,528</u>	<u>323,304</u>	<u>4,224</u>	<u>571,116</u>
Total expenditures	<u>16,920,063</u>	<u>15,957,263</u>	<u>962,800</u>	<u>15,214,964</u>
REVENUES IN EXCESS OF (LESS THAN) EXPENDITURES	<u>(1,454,764)</u>	<u>431,631</u>	<u>1,886,395</u>	<u>(376,120)</u>
OTHER FINANCING SOURCES (USES) -				
Operating transfers in -				
Enterprise Fund	-	-	-	597,615
Special Revenue Fund	22,000	22,000	-	15,000
Component Unit	30,000	30,000	-	30,000
Operating transfers out -				
Special Revenue Fund	(50,000)	(50,000)	-	-
Lease-purchase proceeds	946,521	945,116	(1,405)	79,777
Total - other financing sources (uses)	<u>948,521</u>	<u>947,116</u>	<u>(1,405)</u>	<u>722,392</u>
REVENUES AND OTHER FINANCING SOURCES IN EXCESS OF (LESS THAN) EXPENDITURES AND OTHER FINANCING USES	<u>(506,243)</u>	<u>1,378,747</u>	<u>1,884,990</u>	<u>346,272</u>
APPROPRIATED FUND BALANCE	<u>506,243</u>	<u>-</u>	<u>(506,243)</u>	<u>-</u>
REVENUES, OTHER FINANCING SOURCES AND APPROPRIATED FUND BALANCE IN EXCESS OF EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>1,378,747</u>	<u>\$ 1,378,747</u>	<u>346,272</u>
FUND BALANCE, BEGINNING OF YEAR		<u>5,995,982</u>		<u>5,649,710</u>
FUND BALANCE, END OF YEAR		<u>\$ 7,374,729</u>		<u>\$ 5,995,982</u>



**SPECIAL  
REVENUE  
FUNDS**

COMBINING  
STATEMENTS

CITY OF SANFORD

NORTH CAROLINA

SPECIAL REVENUE FUNDS

The Special Revenue Funds account for the activities of the City's Community Development Program, financed primarily by federal and state grants, a Central Business Tax District, and a Capital Reserve Fund.

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS

JUNE 30, 2000

	Community Development	Central Business Tax District	Capital Reserve Fund	Totals	
				2000	1999
<b>ASSETS</b>					
Cash, cash equivalents and investments	\$ 211,521	\$ 74,800	\$ 50,000	\$ 336,321	\$ 375,978
Property taxes receivable, net of allowance for uncollectible taxes of \$1,261 for 2000 and \$1,261 for 1999	-	7,077	-	7,077	5,840
Due from governmental agencies	61,229	-	-	61,229	30,930
<b>TOTAL</b>	<b>\$ 272,750</b>	<b>\$ 81,877</b>	<b>\$ 50,000</b>	<b>\$ 404,627</b>	<b>\$ 412,748</b>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities -					
Accounts payable	\$ 387	\$ 292	\$ -	\$ 679	\$ 48,456
Security deposits	9,515	-	-	9,515	14,515
Deferred revenues	-	7,077	-	7,077	5,840
Total liabilities	9,902	7,369	-	17,271	68,811
Fund balance -					
Reserved-					
Restricted by state statute	61,229	-	-	61,229	30,930
Unreserved -					
Designated - subsequent year's budget	-	11,390	-	11,390	22,000
Undesignated	201,619	63,118	50,000	314,737	291,007
Total fund balance	262,848	74,508	50,000	387,356	343,937
<b>TOTAL</b>	<b>\$ 272,750</b>	<b>\$ 81,877</b>	<b>\$ 50,000</b>	<b>\$ 404,627</b>	<b>\$ 412,748</b>

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2000

	Community Development	Central Business Tax District	Capital Reserve Fund	Totals	
				2000	1999
<b>REVENUES -</b>					
Ad valorem taxes -					
Current year	\$ -	\$ 33,097	\$ -	\$ 33,097	\$ 38,405
Prior years	-	420	-	420	663
Intergovernmental revenues -					
State of North Carolina	64,356	11,950	-	76,306	781,536
Investment income	-	2,871	-	2,871	3,282
Miscellaneous income	45,575	1,042	-	46,617	38,366
Total revenues	<u>109,931</u>	<u>49,380</u>	<u>-</u>	<u>159,311</u>	<u>862,252</u>
<b>EXPENDITURES -</b>					
Current:					
Downtown Revitalization	-	72,802	-	72,802	27,843
Community Development -					
1996 Community Development Block Grant	111,936	-	-	111,936	470,821
Single Family Housing Rehabilitation Program	6,763	-	-	6,763	148,790
Other prior program expenditures	2,391	-	-	2,391	475
Total expenditures	<u>121,090</u>	<u>72,802</u>	<u>-</u>	<u>193,892</u>	<u>647,929</u>
REVENUES IN EXCESS OF (LESS THAN)					
EXPENDITURES	<u>(11,159)</u>	<u>(23,422)</u>	<u>-</u>	<u>(34,581)</u>	<u>214,323</u>
<b>OTHER FINANCING SOURCES (USES) -</b>					
Operating transfers in - General Fund	-	50,000	-	50,000	-
Operating transfers in - Utility Fund	-	-	50,000	50,000	-
Operating transfers out - General Fund	-	(22,000)	-	(22,000)	(15,000)
TOTAL OTHER FINANCING SOURCES (USES) -	<u>-</u>	<u>28,000</u>	<u>50,000</u>	<u>78,000</u>	<u>(15,000)</u>
REVENUES AND OTHER FINANCING SOURCES					
(USES) IN EXCESS OF EXPENDITURES	(11,159)	4,578	50,000	43,419	199,323
FUND BALANCE, BEGINNING OF YEAR					
	<u>274,007</u>	<u>69,930</u>	<u>-</u>	<u>343,937</u>	<u>144,614</u>
FUND BALANCE, END OF YEAR					
	<u>\$ 262,848</u>	<u>\$ 74,508</u>	<u>\$ 50,000</u>	<u>\$ 387,356</u>	<u>\$ 343,937</u>



**SPECIAL  
REVENUE  
FUNDS**

INDIVIDUAL  
FUND  
STATEMENTS

CITY OF SANFORD

NORTH CAROLINA

SPECIAL REVENUE FUNDS

Community Development Fund - The City uses a Community Development Fund to account for the activities of the Community Development Program financed by federal and state grants.

Central Business Tax District Fund - The Central Business Tax District Fund is used to account for a special tax levied on property located in the central business district of the City. The levy is restricted to improvements of the central business district.

Capital Reserve Fund - The Capital Reserve Fund is used to account for funds accumulated for future utility capital improvements.

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL BALANCE SHEETS - COMMUNITY DEVELOPMENT FUND

JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
<b>ASSETS</b>		
Cash, cash equivalents and investments	\$ 211,521	\$ 305,946
Due from governmental agencies	<u>61,229</u>	<u>30,615</u>
TOTAL	<u>\$ 272,750</u>	<u>\$ 336,561</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities -		
Accounts payable	\$ 387	\$ 48,039
Security deposits	<u>9,515</u>	<u>14,515</u>
Total liabilities	<u>9,902</u>	<u>62,554</u>
Fund balance -		
Reserved - restricted by state statute	61,229	30,615
Unreserved - undesignated	<u>201,619</u>	<u>243,392</u>
Total fund balance	<u>262,848</u>	<u>274,007</u>
TOTAL	<u>\$ 272,750</u>	<u>\$ 336,561</u>

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL SCHEDULE OF PROJECT REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL - COMMUNITY DEVELOPMENT FUND  
 INCEPTION TO JUNE 30, 2000

	Program budget	Current year*	Prior years	Total to June 30, 2000
<b>REVENUES -</b>				
Intergovernmental revenues -				
1996 Community Development Block Grant-				
Grant - Division of Community Assistance, Dept. of Commerce	\$ 850,000	\$ (51,412)	\$ 849,268	\$ 797,856
General Fund	150,000	-	150,000	150,000
Private contributions	80,000	-	6,500	6,500
Interest Income	-	(6)	6	-
<b>Total - 1996 Community Development Block Grant</b>	<b>1,080,000</b>	<b>(51,418)</b>	<b>1,005,774</b>	<b>954,356</b>
Single Family Housing Rehabilitation Program -				
Grant - North Carolina Housing Finance Agency	200,000	54,774	206,647	261,421
Program Income	10,000	-	10,000	10,000
1999 Grant - North Carolina Housing Finance Agency	300,000	36,000	-	36,000
Local	25,000	25,000	-	25,000
<b>Total - Single Family Housing Rehabilitation Program</b>	<b>535,000</b>	<b>115,774</b>	<b>216,647</b>	<b>332,421</b>
Miscellaneous				
Program Income - Land Disposition	24,193	45,575	114,896	160,471
<b>TOTAL REVENUES</b>	<b>\$ 1,639,193</b>	<b>109,931</b>	<b>\$ 1,337,317</b>	<b>\$ 1,447,248</b>
<b>EXPENDITURES -</b>				
1996 Community Development Block Grant-				
Administration	\$ 147,500	61,626	\$ 85,874	\$ 147,500
Planning	2,500	-	2,500	2,500
Rehabilitation	614,000	41,484	499,016	540,500
Acquisition	97,250	28	48,065	48,093
Demolition	28,000	8,798	16,215	25,013
Relocation	107,500	-	107,500	107,500
Water improvements	83,250	-	83,250	83,250
<b>Total - 1996 Community Development Block Grant</b>	<b>1,080,000</b>	<b>111,936</b>	<b>842,420</b>	<b>954,356</b>
Single Family Housing Rehabilitation Program -				
Administration	34,200	5,273	34,325	39,598
Rehabilitation	175,800	1,262	169,140	170,402
1999 Grant Administration	33,900	228	-	228
1999 Grant Rehabilitation	291,100	-	-	-
<b>Total - Single Family Housing Rehabilitation Program</b>	<b>535,000</b>	<b>6,763</b>	<b>203,465</b>	<b>210,228</b>
Other prior program expenditures				
Land Disposition	14,193	2,391	7,425	9,816
Transfer to Community Development	10,000	-	10,000	10,000
<b>Total - Other prior program expenditures</b>	<b>24,193</b>	<b>2,391</b>	<b>17,425</b>	<b>19,816</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,639,193</b>	<b>121,090</b>	<b>\$ 1,063,310</b>	<b>\$ 1,184,400</b>
<b>DECREASE IN FUND BALANCE</b>		<b>(11,159)</b>		
<b>FUND BALANCE, BEGINNING OF YEAR</b>		<b>274,007</b>		
<b>FUND BALANCE, END OF YEAR</b>		<b>\$ 262,848</b>		

\*Bracket amounts represent grants repaid.

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL BALANCE SHEETS - CENTRAL BUSINESS TAX DISTRICT FUND

JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
<b>ASSETS</b>		
Cash, cash equivalents and investments	\$ 74,800	\$ 70,032
Property taxes receivable, net of allowance for uncollectible taxes of \$1,261 for 2000 and \$1,261 for 1999	7,077	5,840
Due from governmental agencies	-	315
<b>TOTAL</b>	<b><u>\$ 81,877</u></b>	<b><u>\$ 76,187</u></b>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities -		
Accounts payable	\$ 292	\$ 417
Deferred revenues	7,077	5,840
Total liabilities	<u>7,369</u>	<u>6,257</u>
Fund balance -		
Reserved-		
Restricted by state statute	-	315
Unreserved -		
Designated - subsequent year's budget	11,390	22,000
Undesignated	63,118	47,615
Total fund balance	<u>74,508</u>	<u>69,930</u>
<b>TOTAL</b>	<b><u>\$ 81,877</u></b>	<b><u>\$ 76,187</u></b>

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL - CENTRAL BUSINESS TAX DISTRICT FUND  
 YEAR ENDED JUNE 30, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>	<u>Actual prior year</u>
<b>REVENUES -</b>				
<b>Ad valorem taxes -</b>				
Current year	\$ 33,000	\$ 33,097	\$ 97	\$ 38,405
Prior year	-	420	420	663
<b>Intergovernmental revenues -</b>				
State of North Carolina				
retail inventory tax	11,535	11,950	415	10,718
Investment income	2,000	2,871	871	3,282
Other	1,800	945	(855)	2,015
Penalties and interest	100	97	(3)	190
<b>Total revenues</b>	<u>48,435</u>	<u>49,380</u>	<u>945</u>	<u>55,273</u>
<b>EXPENDITURES -</b>				
Operating expenditures	83,435	58,129	25,306	12,387
Downtown facade reimbursement program	15,000	14,673	327	15,456
<b>Total expenditures</b>	<u>98,435</u>	<u>72,802</u>	<u>25,633</u>	<u>27,843</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(50,000)</u>	<u>(23,422)</u>	<u>26,578</u>	<u>27,430</u>
<b>OTHER FINANCING SOURCES (USES) -</b>				
Operating transfers in - General Fund	50,000	50,000	-	-
Operating transfers out - General Fund	(22,000)	(22,000)	-	(15,000)
<b>Total other financing sources (uses)</b>	<u>28,000</u>	<u>28,000</u>	<u>-</u>	<u>(15,000)</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>(22,000)</u>	<u>4,578</u>	<u>26,578</u>	<u>12,430</u>
<b>APPROPRIATED FUND BALANCE</b>	<u>22,000</u>	<u>-</u>	<u>(22,000)</u>	<u>-</u>
<b>REVENUES, OTHER FINANCING SOURCES AND APPROPRIATED FUND BALANCE OVER EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ -</u>	<u>4,578</u>	<u>\$ 4,578</u>	<u>12,430</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>		<u>69,930</u>		<u>57,500</u>
<b>FUND BALANCE, END OF YEAR</b>		<u>\$ 74,508</u>		<u>\$ 69,930</u>

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL BALANCE SHEETS - CAPITAL RESERVE FUND

JUNE 30, 2000

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	<u>2000</u>
<b>ASSETS</b>	
Cash, cash equivalents and investments	<u>\$ 50,000</u>
<b>TOTAL</b>	<u><u>\$ 50,000</u></u>
<b>FUND BALANCE</b>	
Fund balance - Unreserved - Undesignated	<u>\$ 50,000</u>
<b>TOTAL</b>	<u><u>\$ 50,000</u></u>

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL - CAPITAL RESERVE FUND  
 YEAR ENDED JUNE 30, 2000

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
OTHER FINANCING SOURCES -			
Operating transfers in -			
Utility Fund	\$ 50,000	\$ 50,000	\$ -
Total other financing sources	<u>50,000</u>	<u>50,000</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>50,000</u>	<u>50,000</u>	<u>-</u>
FUND BALANCE SURPLUS	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>
REVENUES, OTHER FINANCING SOURCES AND APPROPRIATED FUND BALANCE OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	50,000	<u>\$ 50,000</u>
FUND BALANCE, BEGINNING OF YEAR		<u>-</u>	
FUND BALANCE, END OF YEAR		<u>\$ 50,000</u>	



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**CAPITAL  
PROJECTS  
FUND**

INDIVIDUAL  
FUND  
STATEMENTS

CITY OF SANFORD

NORTH CAROLINA

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for financial resources used in the acquisition or construction of major capital facilities and improvements to the City's infrastructure.

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL BALANCE SHEETS - CAPITAL PROJECT FUND

JUNE 30, 2000

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	<u>2000</u>
<b><u>ASSETS</u></b>	
Cash, cash equivalents and investments	\$ 645,098
Accounts receivable	<u>284,689</u>
TOTAL	<u>\$ 929,787</u>
 <b><u>LIABILITIES AND FUND BALANCE</u></b>	
Liabilities - Accounts payable	\$ 115,458
Fund balance - Unreserved - Designated	<u>814,329</u>
TOTAL	<u>\$ 929,787</u>

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL - CAPITAL PROJECT FUND  
 YEAR ENDED JUNE 30, 2000

	Budget	Current year	Prior years	Total to June 30, 2000
<b>REVENUES -</b>				
Intergovernmental revenues -				
Federal hazard mitigation grants	\$ 1,087,783	\$ 845,444	\$ -	\$ 845,444
State hazard mitigation grants	258,743	227,507	-	227,507
Clean water grant	765,000	-	-	-
Total - intergovernmental revenues	<u>2,111,526</u>	<u>1,072,951</u>	<u>-</u>	<u>1,072,951</u>
Miscellaneous revenues -				
Interest income	-	256	-	256
Sundry	-	9,585	-	9,585
Total - miscellaneous revenues	<u>-</u>	<u>9,841</u>	<u>-</u>	<u>9,841</u>
Total revenues	<u>2,111,526</u>	<u>1,082,792</u>	<u>-</u>	<u>1,082,792</u>
<b>EXPENDITURES -</b>				
Current:				
Mitigation program	1,346,526	1,121,426	-	1,121,426
Clean water program	765,000	-	-	-
Parking lot / service center expansion	1,350,000	497,037	-	497,037
Total expenditures	<u>3,461,526</u>	<u>1,618,463</u>	<u>-</u>	<u>1,618,463</u>
REVENUES LESS THAN EXPENDITURES	<u>(1,350,000)</u>	<u>(535,671)</u>	<u>-</u>	<u>(535,671)</u>
<b>OTHER FINANCING SOURCES -</b>				
Loan proceeds	1,350,000	1,350,000	-	1,350,000
Total - other financing sources	<u>1,350,000</u>	<u>1,350,000</u>	<u>-</u>	<u>1,350,000</u>
REVENUES AND OTHER FINANCING SOURCES IN EXCESS OF EXPENDITURES	<u>\$ -</u>	<u>814,329</u>	<u>\$ -</u>	<u>\$ 814,329</u>
FUND BALANCE, BEGINNING OF YEAR		<u>-</u>		
FUND BALANCE, END OF YEAR		<u>\$ 814,329</u>		



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**ENTERPRISE  
FUNDS**

COMBINING  
STATEMENTS

CITY OF SANFORD

NORTH CAROLINA

ENTERPRISE FUNDS

The Enterprise Funds are used to account for City operations that are financed and operated in a manner similar to private business enterprises. The costs (including depreciation) of providing services to the general public on a continuing basis are financed primarily through user charges. The City enterprise operations consist of a water and sewer system and golf course.

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL COMBINING BALANCE SHEET - ENTERPRISE FUNDS

JUNE 30, 2000

	Utility	Golf	Totals	
			2000	1999
<b>ASSETS</b>				
Current assets -				
Cash, cash equivalents and investments	\$ 5,504,463	\$ 312,973	\$ 5,817,436	\$ 5,572,234
Accounts receivable - net	2,290,294	676	2,290,970	2,080,351
Due from other governmental agencies	-	-	-	115,217
Inventories	43,416	-	43,416	38,945
Total current assets	<u>7,838,173</u>	<u>313,649</u>	<u>8,151,822</u>	<u>7,806,747</u>
Fixed assets				
Fixed assets	67,059,913	563,441	67,623,354	64,422,564
Less accumulated depreciation	(19,820,300)	(249,348)	(20,069,648)	(18,342,313)
Fixed assets - net	<u>47,239,613</u>	<u>314,093</u>	<u>47,553,706</u>	<u>46,080,251</u>
<b>TOTAL</b>	<u>\$ 55,077,786</u>	<u>\$ 627,742</u>	<u>\$ 55,705,528</u>	<u>\$ 53,886,998</u>
<b>LIABILITIES AND FUND EQUITY</b>				
Current liabilities -				
Current portion of long-term debt	\$ 2,054,084	\$ 10,346	\$ 2,064,430	\$ 1,983,331
Accounts payable	212,336	8,160	220,496	404,980
Deferred revenues	3,131	16,475	19,606	-
Customer deposits	255,430	-	255,430	256,395
Accrued expenses	483,077	40,367	523,444	489,092
Total current liabilities	<u>3,008,058</u>	<u>75,348</u>	<u>3,083,406</u>	<u>3,133,798</u>
Long-term debt				
Long-term debt	17,884,924	16,473	17,901,397	19,202,704
Due to other funds	-	126,486	126,486	168,808
Total long-term liabilities	<u>17,884,924</u>	<u>142,959</u>	<u>18,027,883</u>	<u>19,371,512</u>
Total liabilities	<u>20,892,982</u>	<u>218,307</u>	<u>21,111,289</u>	<u>22,505,310</u>
Fund equity -				
Contributed equity (net)	13,014,463	100,894	13,115,357	12,834,837
Retained earnings - unreserved	21,170,341	308,541	21,478,882	18,546,851
Total fund equity	<u>34,184,804</u>	<u>409,435</u>	<u>34,594,239</u>	<u>31,381,688</u>
<b>TOTAL</b>	<u>\$ 55,077,786</u>	<u>\$ 627,742</u>	<u>\$ 55,705,528</u>	<u>\$ 53,886,998</u>

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS -  
 ENTERPRISE FUNDS  
 YEAR ENDED JUNE 30, 2000

	Utility	Golf	Totals	
			2000	1999
<b>OPERATING REVENUES -</b>				
User charges	\$ 9,476,897	\$ 472,106	\$ 9,949,003	\$ 9,387,069
Monitoring fees	54,173	-	54,173	65,542
Connection and tap fees	168,854	-	168,854	176,136
Sale of materials	5,041	-	5,041	9,578
Special assessments	219,679	-	219,679	118,788
Other	348,693	3,030	351,723	266,576
Total operating revenues	<u>10,273,337</u>	<u>475,136</u>	<u>10,748,473</u>	<u>10,023,689</u>
<b>OPERATING EXPENSES -</b>				
Administration & engineering	872,824	-	872,824	728,491
Water line maintenance	1,488,869	-	1,488,869	1,344,380
Sewer line maintenance	525,399	-	525,399	351,978
Water plant operations	1,148,263	-	1,148,263	1,045,182
Sewer plant operations	1,096,892	-	1,096,892	1,120,385
Store expenses	36,533	-	36,533	32,216
Golf course operations	-	373,073	373,073	356,599
Depreciation	1,809,123	22,830	1,831,953	1,594,073
Uncollectible accounts	148,992	-	148,992	70,372
Total operating expenses	<u>7,126,895</u>	<u>395,903</u>	<u>7,522,798</u>	<u>6,643,676</u>
OPERATING INCOME	3,146,442	79,233	3,225,675	3,380,013
<b>NONOPERATING INCOME -</b>				
Investment income	281,206	16,218	297,424	225,036
One-half cent sales tax	-	-	-	433,004
INCOME BEFORE NONOPERATING EXPENSES	<u>3,427,648</u>	<u>95,451</u>	<u>3,523,099</u>	<u>4,038,053</u>
<b>NONOPERATING EXPENSES -</b>				
Interest	(967,382)	(9,219)	(976,601)	(1,084,644)
Loss on disposal of assets	(12,668)	(213)	(12,881)	-
Total nonoperating expenses	<u>(980,050)</u>	<u>(9,432)</u>	<u>(989,482)</u>	<u>(1,084,644)</u>
INCOME BEFORE OPERATING TRANSFERS OUT	2,447,598	86,019	2,533,617	2,953,409
<b>OPERATING TRANSFERS OUT -</b>				
Capital Projects Fund	(50,000)	-	(50,000)	-
General Fund	-	-	-	(597,615)
NET INCOME	<u>2,397,598</u>	<u>86,019</u>	<u>2,483,617</u>	<u>2,355,794</u>
ADD DEPRECIATION ON CONTRIBUTED CAPITAL	448,414	-	448,414	404,063
RETAINED EARNINGS, BEGINNING OF YEAR	<u>18,324,329</u>	<u>222,522</u>	<u>18,546,851</u>	<u>15,786,994</u>
RETAINED EARNINGS, END OF YEAR	<u>\$ 21,170,341</u>	<u>\$ 308,541</u>	<u>\$ 21,478,882</u>	<u>\$ 18,546,851</u>

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL COMBINING STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS

YEAR ENDED JUNE 30, 2000

	Utility	Golf	Totals	
			2000	1999
<b>CASH FLOWS FROM OPERATING ACTIVITIES -</b>				
Operating income	\$ 3,146,442	\$ 79,233	\$ 3,225,675	\$ 3,380,013
Adjustments to reconcile operating income to cash provided by operating activities				
Depreciation	1,809,123	22,830	1,831,953	1,594,073
Write-off of uncollectible accounts	148,992	-	148,992	70,372
Changes in current assets and liabilities				
(Increase) decrease in accounts receivable	(211,658)	1,039	(210,619)	(438,021)
(Increase) decrease in due from other governmental agencies	115,217	-	115,217	(8,790)
(Increase) decrease in inventories	(4,471)	-	(4,471)	1,894
Increase (decrease) in accounts payable	(161,887)	(22,597)	(184,484)	47,605
Increase in accrued expenses	24,813	9,539	34,352	11,884
Increase (decrease) in customer deposits	(965)	-	(965)	14,213
Increase in deferred revenue	3,131	16,475	19,606	-
Net cash provided by operating activities	<u>4,868,737</u>	<u>106,519</u>	<u>4,975,256</u>	<u>4,673,243</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES -</b>				
Transfer to Capital Reserve Fund	(50,000)	-	(50,000)	-
Transfer to General Fund	-	-	-	(597,615)
Net cash used in noncapital financing activities	<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>	<u>(597,615)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES -</b>				
Proceeds from issuance of debt	656,616	31,811	688,427	2,557,887
Increase in contributed equity	280,520	-	280,520	1,962,610
Capital expenditures	(2,956,161)	(62,706)	(3,018,867)	(4,812,079)
Principal payments on debt	(1,900,413)	(50,544)	(1,950,957)	(1,968,029)
One-half cent sales tax	-	-	-	433,004
Interest expense	(967,382)	(9,219)	(976,601)	(1,084,644)
Net cash used in capital and related financing activities	<u>(4,886,820)</u>	<u>(90,658)</u>	<u>(4,977,478)</u>	<u>(2,911,251)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES -</b>				
Investment income	281,206	16,218	297,424	225,036
Net cash provided by investing activities	<u>281,206</u>	<u>16,218</u>	<u>297,424</u>	<u>225,036</u>
<b>NET INCREASE IN CASH, CASH EQUIVALENTS AND INVESTMENTS</b>	213,123	32,079	245,202	1,389,413
<b>CASH, CASH EQUIVALENTS AND INVESTMENTS, BEGINNING OF YEAR</b>	<u>5,291,340</u>	<u>280,894</u>	<u>5,572,234</u>	<u>4,182,821</u>
<b>CASH, CASH EQUIVALENTS AND INVESTMENTS, END OF YEAR</b>	<u>\$ 5,504,463</u>	<u>\$ 312,973</u>	<u>\$ 5,817,436</u>	<u>\$ 5,572,234</u>
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH ACTIVITIES -</b>				
Contributed fixed assets	<u>\$ 550,609</u>	<u>\$ -</u>	<u>\$ 550,609</u>	<u>\$ 2,005,733</u>

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**ENTERPRISE  
FUNDS**

INDIVIDUAL  
FUND  
STATEMENTS

CITY OF SANFORD

NORTH CAROLINA

ENTERPRISE FUNDS

Utility Fund - This fund accounts for the operation of the water treatment and distribution system and the waste water collection and treatment system.

Golf Fund - This fund accounts for the operation of the municipal golf course.

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL BALANCE SHEETS - UTILITY FUND

JUNE 30, 2000 AND 1999

	2000	1999
<b>ASSETS</b>		
Current assets -		
Cash, cash equivalents and investments	\$ 5,504,463	\$ 5,291,340
Accounts receivable, net of allowance for uncollectible accounts of \$524,721 in 2000 and \$375,730 in 1999	2,290,294	2,078,636
Due from other governmental agencies	-	115,217
Inventories	43,416	38,945
Total current assets	<u>7,838,173</u>	<u>7,524,138</u>
Fixed assets -		
Water plant	11,713,031	11,713,031
Water lines	14,748,615	14,890,417
Water tanks	594,705	594,705
Sewer plant	18,968,715	18,968,715
Sewer lines	15,074,508	13,819,143
Equipment	1,402,094	1,413,902
Vehicles	1,116,132	739,069
Store facilities	291,287	291,597
Construction in progress	3,150,826	1,487,667
	<u>67,059,913</u>	<u>63,918,246</u>
Less accumulated depreciation	(19,820,300)	(18,112,425)
Fixed assets - net	<u>47,239,613</u>	<u>45,805,821</u>
<b>TOTAL</b>	<u>\$ 55,077,786</u>	<u>\$ 53,329,959</u>
<b>LIABILITIES AND FUND EQUITY</b>		
Current liabilities -		
Current portion of long-term debt	\$ 2,054,084	\$ 1,980,101
Accounts payable	212,336	374,223
Accrued expenses	483,077	458,264
Deferred revenues	3,131	-
Customer deposits	255,430	256,395
Total current liabilities	<u>3,008,058</u>	<u>3,068,983</u>
Long-term debt	<u>17,884,924</u>	<u>19,202,704</u>
Total liabilities	<u>20,892,982</u>	<u>22,271,687</u>
Fund equity -		
Contributed equity, net of add-back of \$7,286,356 for 2000 and \$6,837,942 for 1999	13,014,463	12,733,943
Retained earnings - unreserved	21,170,341	18,324,329
Total fund equity	<u>34,184,804</u>	<u>31,058,272</u>
<b>TOTAL</b>	<u>\$ 55,077,786</u>	<u>\$ 53,329,959</u>

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS - UTILITY FUND

YEARS ENDED JUNE 30, 2000 AND 1999

	2000	1999
OPERATING REVENUES -		
User charges	\$ 9,476,897	\$ 8,937,562
Monitoring fees	54,173	65,542
Connection and tap fees	168,854	176,136
Sale of materials	5,041	9,578
Special assessments	219,679	118,788
Other	348,693	682,864
Total operating revenues	<u>10,273,337</u>	<u>9,990,470</u>
OPERATING EXPENSES -		
Administration & engineering	872,824	728,491
Water lines - maintenance	1,488,869	1,344,380
Sewer lines - maintenance	525,399	351,978
Water plant operations	1,148,263	1,045,182
Sewer plant operations	1,096,892	1,120,385
Store expenses	36,533	32,216
Depreciation	1,809,123	1,583,535
Uncollectible accounts	148,992	70,372
Total operating expenses	<u>7,126,895</u>	<u>6,276,539</u>
OPERATING INCOME	3,146,442	3,713,931
NONOPERATING INCOME -		
Investment income	<u>281,206</u>	<u>209,205</u>
INCOME BEFORE NONOPERATING EXPENSES	<u>3,427,648</u>	<u>3,923,136</u>
NONOPERATING EXPENSES -		
Interest	(967,382)	(1,073,919)
Loss on disposal of fixed assets	(12,668)	-
Total nonoperating expenses	<u>(980,050)</u>	<u>(1,073,919)</u>
INCOME BEFORE OPERATING TRANSFERS OUT	2,447,598	2,849,217
OPERATING TRANSFERS OUT -		
Capital Projects Fund	(50,000)	-
General Fund	-	(597,615)
NET INCOME	2,397,598	2,251,602
ADD DEPRECIATION ON CONTRIBUTED CAPITAL	448,414	404,063
RETAINED EARNINGS, BEGINNING OF YEAR	<u>18,324,329</u>	<u>15,668,664</u>
RETAINED EARNINGS, END OF YEAR	<u>\$ 21,170,341</u>	<u>\$ 18,324,329</u>

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL STATEMENTS OF CASH FLOWS - UTILITY FUND

YEARS ENDED JUNE 30, 2000 AND 1999

	2000	1999
<b>CASH FLOWS FROM OPERATING ACTIVITIES -</b>		
Operating income	\$ 3,146,442	\$ 3,280,927
Adjustments to reconcile operating income to cash provided by operating activities -		
Depreciation	1,809,123	1,583,535
Write-off of uncollectible accounts	148,992	70,372
Changes in current assets and liabilities		
Increase in accounts receivable	(211,658)	(436,306)
(Increase) decrease in due from other governmental agencies	115,217	(8,790)
(Increase) decrease in inventories	(4,471)	1,894
Increase (decrease) in accounts payable	(161,887)	41,076
Increase in accrued expenses	24,813	8,802
Increase (decrease) in customer deposits	(965)	14,213
Increase in deferred revenue	3,131	-
Net cash provided by operating activities	<u>4,868,737</u>	<u>4,555,723</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES -</b>		
Transfer to Capital Projects Fund	(50,000)	-
Transfer to General Fund	-	(597,615)
Net cash used in noncapital financing activities	<u>(50,000)</u>	<u>(597,615)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES -</b>		
Proceeds from issuance of debt	656,616	2,557,887
Increase in contributed equity	280,520	1,962,610
Capital expenditures	(2,956,161)	(4,773,876)
Principal payments on debt	(1,900,413)	(1,921,335)
One-half cent sales tax	-	433,004
Interest expense	(967,382)	(1,073,919)
Net cash used by capital and related financing activities	<u>(4,886,820)</u>	<u>(2,815,629)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES -</b>		
Investment income	281,206	209,205
Net cash provided by investing activities	<u>281,206</u>	<u>209,205</u>
<b>NET INCREASE IN CASH, CASH EQUIVALENTS AND INVESTMENTS</b>	213,123	1,351,684
<b>CASH, CASH EQUIVALENTS AND INVESTMENTS, BEGINNING OF YEAR</b>	<u>5,291,340</u>	<u>3,939,656</u>
<b>CASH, CASH EQUIVALENTS AND INVESTMENTS, END OF YEAR</b>	<u>\$ 5,504,463</u>	<u>\$ 5,291,340</u>
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH ACTIVITY -</b>		
Contributed fixed assets	<u>\$ 550,609</u>	<u>\$ 2,004,756</u>

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES IN DETAIL - BUDGET AND ACTUAL - UTILITY FUND

YEAR ENDED JUNE 30, 2000

	Budget	Actual	Variance favorable (unfavorable)	Actual prior year
<b>REVENUES -</b>				
<b>User charges -</b>				
Water	\$ 4,680,000	\$ 4,853,858	\$ 173,858	\$ 4,566,621
Sewer	4,483,000	4,623,039	140,039	4,370,941
Total user charges	9,163,000	9,476,897	313,897	8,937,562
Monitoring fees	55,000	54,173	(827)	65,542
Connection and tap fees	125,000	168,854	43,854	176,136
Sale of materials	15,000	5,041	(9,959)	9,578
Sales tax refunds	-	32,436	32,436	6,116
Investment income	175,000	281,206	106,206	209,205
Special assessments	118,760	219,679	100,919	118,788
Other	358,000	230,108	(127,892)	635,419
Charges to other funds	25,000	34,110	9,110	30,004
Contributions from other agencies	108,707	52,039	(56,668)	11,325
<b>TOTAL REVENUES</b>	<b>10,143,467</b>	<b>10,554,543</b>	<b>411,076</b>	<b>10,199,675</b>
<b>EXPENDITURES -</b>				
<b>Engineering -</b>				
Salaries and benefits	407,116	359,150	47,966	305,509
Other operating expenditures	34,450	35,721	(1,271)	26,669
Capital outlay	23,900	24,555	(655)	24,076
Total - engineering	465,466	419,426	46,040	356,254
<b>Administration -</b>				
Salaries and benefits	269,808	269,139	669	254,883
Operating expenditures	229,226	208,814	20,412	96,806
Lease purchase	60,490	60,486	4	66,035
Capital outlay	20,100	4,392	15,708	17,688
Total - administration	579,624	542,831	36,793	435,412
<b>Water and sewer lines - maintenance</b>				
<b>Water -</b>				
Salaries and benefits	875,667	821,361	54,306	849,203
Operating expenditures	710,692	667,508	43,184	495,177
Lease purchase	4,750	4,746	4	9,492
Capital outlay	70,307	61,697	8,610	110,712
Total - water	1,661,416	1,555,312	106,104	1,464,584
<b>Sewer -</b>				
Salaries and benefits	345,308	290,262	55,046	215,411
Operating expenditures	278,488	235,137	43,351	136,567
Lease purchase	47,890	11,023	36,867	11,023
Capital outlay	331,132	323,177	7,955	99,826
Total - sewer	1,002,818	859,599	143,219	462,827

(Continued)

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES IN DETAIL - BUDGET AND ACTUAL - UTILITY FUND

(Continued)

YEAR ENDED JUNE 30, 2000

	Budget	Actual	Variance favorable (unfavorable)	Actual
EXPENDITURES - (continued)				
Water plant operations -				
Salaries and benefits	\$ 439,954	\$ 427,059	\$ 12,895	\$ 397,355
Operating expenditures	762,895	721,204	41,691	647,827
Capital outlay	76,900	63,113	13,787	22,278
Total - water plant operations	<u>1,279,749</u>	<u>1,211,376</u>	<u>68,373</u>	<u>1,067,460</u>
Sewer plant operations -				
Salaries and benefits	563,304	527,807	35,497	507,577
Operating expenditures	626,875	569,085	57,790	612,808
Capital outlay	55,540	52,419	3,121	8,370
Total - sewer plant operations	<u>1,245,719</u>	<u>1,149,311</u>	<u>96,408</u>	<u>1,128,755</u>
Store -				
Salaries and benefits	29,872	32,889	(3,017)	27,415
Purchases and supplies	275,000	249,723	25,277	185,258
Other operating expenditures	7,540	4,865	2,675	2,681
Total - store	<u>312,412</u>	<u>287,477</u>	<u>24,935</u>	<u>215,354</u>
Less charges to other departments	<u>(262,080)</u>	<u>(250,944)</u>	<u>(11,136)</u>	<u>(183,138)</u>
Net store	<u>50,332</u>	<u>36,533</u>	<u>13,799</u>	<u>32,216</u>
Capital improvements -				
Capital outlay	<u>1,360,000</u>	<u>584,993</u>	<u>775,007</u>	<u>586,668</u>
Debt service -				
Interest	969,447	951,135	18,312	1,020,484
Installment purchase principal	492,760	492,752	8	430,978
Bonds principal	1,285,000	1,285,000	-	1,285,000
Bond service charge	-	-	-	44,625
State loan principal	132,639	132,638	1	132,638
Total debt service	<u>2,879,846</u>	<u>2,861,525</u>	<u>18,321</u>	<u>2,913,725</u>
Operating transfers out and contingency				
Capital Reserve Fund	53,836	50,000	3,836	-
General Fund	-	-	-	597,615
Total operating transfers and contingency	<u>53,836</u>	<u>50,000</u>	<u>3,836</u>	<u>597,615</u>
TOTAL EXPENDITURES	<u>10,578,806</u>	<u>9,270,906</u>	<u>1,307,900</u>	<u>9,045,516</u>

(Continued)

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES IN DETAIL - BUDGET AND ACTUAL - UTILITY FUND  
 (Continued)  
 YEAR ENDED JUNE 30, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>	<u>Actual</u>
OTHER FINANCING SOURCES-				
Lease purchase proceeds	\$ 195,162	\$ 195,162	\$ -	\$ -
REVENUES AND OTHER FINANCING SOURCES IN EXCESS OF (LESS THAN) EXPENDITURES	(240,177)	1,478,799	1,718,976	1,154,159
APPROPRIATED FUND BALANCE	<u>240,177</u>	<u>-</u>	<u>(240,177)</u>	<u>-</u>
REVENUES AND APPROPRIATED FUND BALANCE OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 1,478,799</u>	<u>\$ 1,478,799</u>	<u>\$ 1,154,159</u>

Note: Prepared for comparison with the legally adopted budget.

Reconciliation to net income

Revenues in excess of expenditures	\$ 1,478,799
Reconciling items -	
Capital outlay	1,114,346
Bond principal	1,285,000
State loan principal	132,638
Installment purchase principal	492,752
Lease principal	69,711
Bond refunding issuance costs (net)	(79,688)
Depreciation	(1,809,123)
Bad debt allowance	(148,992)
Lease purchase proceeds	(195,162)
Loss on disposal of fixed assets	(12,668)
Capitalized interest	69,985
NET INCOME	<u>\$ 2,397,598</u>

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -  
 UTILITY CAPITAL PROJECTS FUND  
 YEAR ENDED JUNE 30, 2000

	Project budget	Current year	Prior years	Total
<b>REVENUES -</b>				
Grants - State Clean Water Fund	\$ 5,517,405	\$ 246,069	\$ 1,571,336	\$ 1,817,405
State revolving loan	2,477,029	461,455	1,504,916	1,966,371
Interest income	25,000	74,865	191,997	266,862
Sales tax refund	230,000	-	193,968	193,968
Other revenues	17,500	-	17,500	17,500
<b>Total revenues</b>	<b>8,266,934</b>	<b>782,389</b>	<b>3,479,717</b>	<b>4,262,106</b>
<b>EXPENDITURES -</b>				
Water capital project - capital outlay	11,511,934	608,291	6,171,742	6,780,033
Sewer capital project - capital outlay	4,455,000	1,055,124	3,229,330	4,284,454
<b>Total expenditures</b>	<b>15,966,934</b>	<b>1,663,415</b>	<b>9,401,072</b>	<b>11,064,487</b>
<b>REVENUES LESS THAN EXPENDITURES</b>	<b>(7,700,000)</b>	<b>(881,026)</b>	<b>(5,921,355)</b>	<b>(6,802,381)</b>
<b>OTHER FINANCING SOURCES -</b>				
Contribution from other local government	50,000	-	52,294	52,294
Transfer from utility fund	600,000	-	300,000	300,000
Installment purchase proceeds	7,050,000	-	7,050,000	7,050,000
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>	<b>\$ -</b>	<b>\$ (881,026)</b>	<b>\$ 1,480,939</b>	<b>\$ 599,913</b>

Note: Included in the combined general purpose financial statements with the operations of the Utility Fund.

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL BALANCE SHEETS - GOLF FUND

JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
<b>ASSETS</b>		
Current assets -		
Cash, cash equivalents and investments	\$ 312,973	\$ 280,894
Accounts receivable	676	1,715
Total current assets	<u>313,649</u>	<u>282,609</u>
Fixed assets -		
Course and improvements	245,421	245,421
Building	42,207	42,207
Equipment	244,918	216,690
Construction in progress	30,895	-
	<u>563,441</u>	<u>504,318</u>
Less accumulated depreciation	(249,348)	(229,888)
Fixed assets - net	<u>314,093</u>	<u>274,430</u>
<b>TOTAL</b>	<u>\$ 627,742</u>	<u>\$ 557,039</u>
<b>LIABILITIES AND FUND EQUITY</b>		
Current liabilities -		
Current portion of long-term debt	\$ 10,346	\$ 3,230
Accounts payable	8,160	30,757
Deferred revenues	16,475	-
Accrued expenses	40,367	30,828
Total current liabilities	<u>75,348</u>	<u>64,815</u>
Long-Term liabilities -		
Due to other funds	126,486	168,808
Long-term debt	16,473	-
Total long-term liabilities	<u>142,959</u>	<u>168,808</u>
Total liabilities	<u>218,307</u>	<u>233,623</u>
Fund equity -		
Contributed equity	100,894	100,894
Retained earnings	308,541	222,522
Total fund equity	<u>409,435</u>	<u>323,416</u>
<b>TOTAL</b>	<u>\$ 627,742</u>	<u>\$ 557,039</u>

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS - GOLF FUND

YEARS ENDED JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
OPERATING REVENUES -		
Green fees -		
Annual	\$ 96,125	\$ 101,317
Daily	150,016	142,039
Cart fees	214,090	206,151
Tournament fees	11,875	12,200
Other	3,030	4,516
Total operating revenues	<u>475,136</u>	<u>466,223</u>
OPERATING EXPENSES -		
Golf Course operations -		
Salaries and benefits	261,087	238,738
Operating expenses	111,986	117,861
Depreciation	22,830	10,538
Total operating expenses	<u>395,903</u>	<u>367,137</u>
OPERATING INCOME	79,233	99,086
NONOPERATING INCOME -		
Interest	<u>16,218</u>	<u>15,831</u>
INCOME BEFORE NONOPERATING EXPENSES	<u>95,451</u>	<u>114,917</u>
NONOPERATING EXPENSES -		
Interest	(9,219)	(10,725)
Loss on disposal of fixed assets	(213)	-
Total nonoperating expenses	<u>(9,432)</u>	<u>(10,725)</u>
NET INCOME	86,019	104,192
RETAINED EARNINGS, BEGINNING OF YEAR	<u>222,522</u>	<u>118,330</u>
RETAINED EARNINGS, END OF YEAR	<u>\$ 308,541</u>	<u>\$ 222,522</u>

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL STATEMENTS OF CASH FLOWS - GOLF FUND

YEARS ENDED JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
CASH FLOWS FROM OPERATING ACTIVITIES -		
Operating income	\$ 79,233	\$ 99,086
Adjustments to reconcile operating income to cash provided by operating activities -		
Depreciation	22,830	10,538
Changes in current assets and liabilities		
(Increase) decrease in accounts receivable	1,039	(1,715)
Increase (decrease) in accounts payable	(22,597)	6,529
Increase in deferred revenue	16,475	-
Increase in accrued expenses	9,539	3,082
Net cash provided by operating activities	<u>106,519</u>	<u>117,520</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES -		
Loan proceeds	31,811	-
Principal payments on debt	(50,544)	(46,694)
Interest expense	(9,219)	(10,725)
Capital expenditures	(62,706)	(38,203)
Net cash used in capital and related financing activities	<u>(90,658)</u>	<u>(95,622)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES -		
Interest income	16,218	15,831
Net cash provided by investing activities	<u>16,218</u>	<u>15,831</u>
 NET INCREASE IN CASH, CASH EQUIVALENTS AND INVESTMENTS	32,079	37,729
 CASH, CASH EQUIVALENTS AND INVESTMENTS, BEGINNING OF YEAR	<u>280,894</u>	<u>243,165</u>
 CASH, CASH EQUIVALENTS AND INVESTMENTS, END OF YEAR	<u>\$ 312,973</u>	<u>\$ 280,894</u>
 SUPPLEMENTAL DISCLOSURES OF NONCASH ACTIVITIES -		
Contributed fixed assets	<u>\$ -</u>	<u>\$ 977</u>

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES IN DETAIL - BUDGET AND ACTUAL - GOLF FUND

YEAR ENDED JUNE 30, 2000

	Budget	Actual	Variance favorable (unfavorable)	Actual prior year
<b>OPERATING REVENUES -</b>				
Green fees -				
Annual	\$ 100,000	\$ 96,125	\$ (3,875)	\$ 101,317
Daily	130,000	150,016	20,016	142,039
Other -				
Cart fees	200,000	214,090	14,090	206,151
Tournament fees	12,000	11,875	(125)	12,200
Interest income	2,500	16,218	13,718	15,831
Other	3,531	3,030	(501)	4,516
<b>TOTAL REVENUES</b>	<b>448,031</b>	<b>491,354</b>	<b>43,323</b>	<b>482,054</b>
<b>OPERATING EXPENDITURES -</b>				
Salaries and benefits	255,945	261,087	(5,142)	238,738
Current operating expenditures	192,086	171,749	20,337	175,280
Capital outlay	224,111	62,706	161,405	38,203
<b>TOTAL EXPENDITURES</b>	<b>672,142</b>	<b>495,542</b>	<b>176,600</b>	<b>452,221</b>
<b>OTHER FINANCING SOURCES-</b>				
Lease purchase proceeds	31,811	31,811	-	-
<b>REVENUES AND OTHER FINANCING SOURCES IN EXCESS OF (LESS THAN) EXPENDITURES</b>	<b>(192,300)</b>	<b>27,623</b>	<b>219,923</b>	<b>29,833</b>
<b>APPROPRIATED FUND BALANCE</b>	<b>192,300</b>	<b>-</b>	<b>(192,300)</b>	<b>-</b>
<b>REVENUES, OTHER FINANCING SOURCES AND APPROPRIATED FUND BALANCE OVER(UNDER) EXPENDITURES</b>	<b>\$ -</b>	<b>\$ 27,623</b>	<b>\$ 27,623</b>	<b>\$ 29,833</b>

Note: Prepared for comparison with the legally adopted budget.

Reconciliation to net income

Revenues and other financing sources in excess of expenditures	\$ 27,623
Reconciling items -	
Principal payments on debt	50,544
Capital expense	62,706
Loss on disposal of fixed assets	(213)
Lease purchase proceeds	(31,811)
Depreciation	(22,830)
<b>NET INCOME</b>	<b>\$ 86,019</b>

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**INTERNAL  
SERVICE  
FUNDS**

COMBINING  
STATEMENTS

CITY OF SANFORD

NORTH CAROLINA

INTERNAL SERVICE FUNDS

The Internal Service Funds account for those costs mutually beneficial to the various funds or departments of the City and charges each fund or department on a user basis.

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL COMBINING BALANCE SHEET - INTERNAL SERVICE FUNDS

JUNE 30, 2000

	Shop	Liability Insurance	Totals	
			2000	1999
<b>ASSETS</b>				
Current assets -				
Cash, cash equivalents and investments	\$ 88,394	\$ 188,067	\$ 276,461	\$ 185,930
Due from other governmental agencies	25,565	-	25,565	35,151
Inventories	38,707	-	38,707	37,900
Total current assets	<u>152,666</u>	<u>188,067</u>	<u>340,733</u>	<u>258,981</u>
Fixed assets	738,438	-	738,438	727,132
Less accumulated depreciation	(495,810)	-	(495,810)	(476,603)
Fixed assets - net	<u>242,628</u>	<u>-</u>	<u>242,628</u>	<u>250,529</u>
<b>TOTAL</b>	<u>\$ 395,294</u>	<u>\$ 188,067</u>	<u>\$ 583,361</u>	<u>\$ 509,510</u>
<b>LIABILITIES AND FUND EQUITY</b>				
Current liabilities -				
Accounts payable	\$ 12,161	\$ 16,044	\$ 28,205	\$ 21,947
Accrued expenses	24,536	-	24,536	21,323
Total current liabilities	<u>36,697</u>	<u>16,044</u>	<u>52,741</u>	<u>43,270</u>
Fund equity -				
Contributed equity (net)	160,272	-	160,272	190,435
Retained earnings	198,325	172,023	370,348	275,805
Total fund equity	<u>358,597</u>	<u>172,023</u>	<u>530,620</u>	<u>466,240</u>
<b>TOTAL</b>	<u>\$ 395,294</u>	<u>\$ 188,067</u>	<u>\$ 583,361</u>	<u>\$ 509,510</u>

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS -  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2000

	Shop	Liability Insurance	Totals	
			2000	1999
<b>OPERATING REVENUES -</b>				
Charges to other funds	\$ 551,208	\$ 394,380	\$ 945,588	\$ 876,974
Sales to Lee County	139,026	-	139,026	153,560
Other	5,700	-	5,700	4,004
Total operating revenues	<u>695,934</u>	<u>394,380</u>	<u>1,090,314</u>	<u>1,034,538</u>
<b>OPERATING EXPENSES -</b>				
Salaries and benefits	264,878	-	264,878	252,577
Cost of parts and materials used	362,702	-	362,702	322,693
Other operating expenses	37,809	-	37,809	40,196
Claims and insurance	-	338,880	338,880	388,022
Depreciation	28,152	-	28,152	23,635
Total operating expenses	<u>693,541</u>	<u>338,880</u>	<u>1,032,421</u>	<u>1,027,123</u>
OPERATING INCOME	<u>2,393</u>	<u>55,500</u>	<u>57,893</u>	<u>7,415</u>
<b>NONOPERATING INCOME -</b>				
Interest	3,002	4,528	7,530	7,343
Gain on disposal of fixed assets	12,338	-	12,338	-
Total nonoperating income	<u>15,340</u>	<u>4,528</u>	<u>19,868</u>	<u>7,343</u>
NET INCOME	17,733	60,028	77,761	14,758
ADD DEPRECIATION ON CONTRIBUTED CAPITAL	16,782	-	16,782	16,817
RETAINED EARNINGS, BEGINNING OF YEAR	<u>163,810</u>	<u>111,995</u>	<u>275,805</u>	<u>244,230</u>
RETAINED EARNINGS , END OF YEAR	<u>\$ 198,325</u>	<u>\$ 172,023</u>	<u>\$ 370,348</u>	<u>\$ 275,805</u>

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS

YEAR ENDED JUNE 30, 2000

	Shop	Liability Insurance	Totals	
			2000	1999
<b>CASH FLOWS FROM OPERATING ACTIVITIES -</b>				
Operating income	\$ 2,393	\$ 55,500	\$ 57,893	\$ 7,415
Adjustments to reconcile operating income to cash provided by operating activities -				
Depreciation	28,152	-	28,152	23,635
Changes in current assets and liabilities -				
Decrease in due from other governmental agencies	9,586	-	9,586	7,081
(Increase) decrease in inventories	(807)	-	(807)	3,117
Increase (decrease) in accounts payable	(5,705)	11,963	6,258	(2,506)
Increase in accrued expenses	3,213	-	3,213	7,960
Net cash provided by operating activities	<u>36,832</u>	<u>67,463</u>	<u>104,295</u>	<u>46,702</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES -</b>				
Capital outlay	(21,294)	-	(21,294)	(48,031)
Net cash used in capital and related financing activities	<u>(21,294)</u>	<u>-</u>	<u>(21,294)</u>	<u>(48,031)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES -</b>				
Interest income	3,002	4,528	7,530	7,343
Net cash provided by investing activities	<u>3,002</u>	<u>4,528</u>	<u>7,530</u>	<u>7,343</u>
<b>NET INCREASE IN CASH, CASH EQUIVALENTS AND INVESTMENTS</b>	18,540	71,991	90,531	6,014
<b>CASH, CASH EQUIVALENTS AND INVESTMENTS, BEGINNING OF YEAR</b>	<u>69,854</u>	<u>116,076</u>	<u>185,930</u>	<u>179,916</u>
<b>CASH, CASH EQUIVALENTS AND INVESTMENTS, END OF YEAR</b>	<u>\$ 88,394</u>	<u>\$ 188,067</u>	<u>\$ 276,461</u>	<u>\$ 185,930</u>
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH ACTIVITY-</b>				
Contributed fixed assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 330</u>

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**INTERNAL  
SERVICE  
FUNDS**

INDIVIDUAL  
FUND  
STATEMENTS

CITY OF SANFORD

NORTH CAROLINA

INTERNAL SERVICE FUNDS

Shop Fund - The City maintains a Shop fund which services the motor vehicles owned by the City and the County.

Liability Insurance - The City maintains this fund to account for the activity in Worker's Compensation, property and liability insurance programs.

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL BALANCE SHEETS - SHOP FUND

JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
<b>ASSETS</b>		
Current assets -		
Cash, cash equivalents and investments	\$ 88,394	\$ 69,854
Due from other governmental agencies	25,565	35,151
Inventories	<u>38,707</u>	<u>37,900</u>
Total current assets	<u>152,666</u>	<u>142,905</u>
Fixed assets -		
Land and land improvements	42,429	42,429
Buildings	172,359	172,359
Garage	279,775	279,775
Fencing	12,178	12,178
Paving	33,390	33,390
Water and sewer connections	36,382	36,382
Equipment	<u>161,925</u>	<u>150,619</u>
	738,438	727,132
Less accumulated depreciation	<u>(495,810)</u>	<u>(476,603)</u>
Fixed assets - net	<u>242,628</u>	<u>250,529</u>
TOTAL	<u>\$ 395,294</u>	<u>\$ 393,434</u>
<b>LIABILITIES AND FUND EQUITY</b>		
Current liabilities -		
Accounts payable	\$ 12,161	\$ 17,866
Accrued expenses	<u>24,536</u>	<u>21,323</u>
Total current liabilities	<u>36,697</u>	<u>39,189</u>
Fund equity -		
Contributed equity, net of add-back of \$439,665 for 2000 and \$437,652 for 1999	160,272	190,435
Retained earnings	<u>198,325</u>	<u>163,810</u>
Total fund equity	<u>358,597</u>	<u>354,245</u>
TOTAL	<u>\$ 395,294</u>	<u>\$ 393,434</u>

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS - SHOP FUND

YEARS ENDED JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
OPERATING REVENUES -		
Charges to other funds	\$ 551,208	\$ 488,244
Sales to Lee County	139,026	153,560
Miscellaneous	5,700	2,606
Total operating revenues	<u>695,934</u>	<u>644,410</u>
OPERATING EXPENSES -		
Salaries and benefits	264,878	252,577
Cost of parts and materials used	362,702	322,693
Other operating expenses	37,809	40,196
Depreciation	28,152	23,635
Total operating expenses	<u>693,541</u>	<u>639,101</u>
OPERATING INCOME	<u>2,393</u>	<u>5,309</u>
NONOPERATING INCOME -		
Interest	3,002	3,789
Gain on disposal of fixed assets	12,338	-
Total nonoperating income	<u>15,340</u>	<u>3,789</u>
NET INCOME	17,733	9,098
ADD DEPRECIATION ON CONTRIBUTED CAPITAL	16,782	16,817
RETAINED EARNINGS, BEGINNING OF YEAR	<u>163,810</u>	<u>137,895</u>
RETAINED EARNINGS, END OF YEAR	<u>\$ 198,325</u>	<u>\$ 163,810</u>

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL STATEMENTS OF CASH FLOWS - SHOP FUND

YEARS ENDED JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
CASH FLOWS FROM OPERATING ACTIVITIES -		
Operating income	\$ 2,393	\$ 5,309
Adjustments to reconcile operating income to cash provided by operating activities -		
Depreciation	28,152	23,635
Changes in current assets and liabilities -		
Decrease in due from other governmental agencies	9,586	7,081
(Increase) decrease in inventories	(807)	3,117
Decrease in accounts payable	(5,705)	(6,237)
Increase in accrued expenses	3,213	7,960
Net cash provided by operating activities	<u>36,832</u>	<u>40,865</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES -		
Capital expenditures	<u>(21,294)</u>	<u>(48,031)</u>
Net cash used in capital and related financing activities	<u>(21,294)</u>	<u>(48,031)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES -		
Interest income	<u>3,002</u>	<u>3,789</u>
Net cash provided by investing activities	<u>3,002</u>	<u>3,789</u>
 NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND INVESTMENTS	18,540	(3,377)
 CASH, CASH EQUIVALENTS AND INVESTMENTS, BEGINNING OF YEAR	<u>69,854</u>	<u>73,231</u>
 CASH, CASH EQUIVALENTS AND INVESTMENTS, END OF YEAR	<u>\$ 88,394</u>	<u>\$ 69,854</u>
 SUPPLEMENTAL DISCLOSURES OF NONCASH ACTIVITY -		
Contributed fixed assets	<u>\$ -</u>	<u>\$ 330</u>

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES IN DETAIL - BUDGET AND ACTUAL- SHOP FUND

YEAR ENDED JUNE 30, 2000

	Budget	Actual	Variance favorable (unfavorable)	Actual prior year
REVENUES -				
Charges to other funds	\$ 544,241	\$ 551,208	\$ 6,967	\$ 488,244
Sales to Lee County	160,000	139,026	(20,974)	153,560
Interest income	-	3,002	3,002	3,789
Miscellaneous	4,660	5,700	1,040	2,606
<b>TOTAL REVENUES</b>	<b>708,901</b>	<b>698,936</b>	<b>(9,965)</b>	<b>648,199</b>
EXPENDITURES -				
Salaries and benefits	280,913	264,878	16,035	252,577
Cost of parts and materials used	335,000	362,702	(27,702)	322,693
Other operating expenses	71,540	37,809	33,731	40,196
Capital outlay	21,448	21,294	154	48,031
<b>TOTAL EXPENDITURES</b>	<b>708,901</b>	<b>686,683</b>	<b>22,218</b>	<b>663,497</b>
REVENUES IN EXCESS OF (LESS THAN) EXPENDITURES	<u>\$ -</u>	<u>\$ 12,253</u>	<u>\$ 12,253</u>	<u>\$ (15,298)</u>

Note: Prepared for comparison with the legally adopted budget.

Reconciliation to net income

Revenues less than expenditures	\$ 12,253
Reconciling items -	
Gain on disposal of contributed assets	12,338
Capital expense	21,294
Depreciation	(28,152)
<b>NET INCOME</b>	<u><u>\$ 17,733</u></u>

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL BALANCE SHEETS - LIABILITY INSURANCE FUND

JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
<b>ASSETS</b>		
Current assets - Cash, cash equivalents and investments	\$ 188,067	\$ 116,076
TOTAL	<u>\$ 188,067</u>	<u>\$ 116,076</u>
<b>LIABILITIES AND FUND EQUITY</b>		
Current liabilities - Accounts payable	\$ 16,044	\$ 4,081
Fund equity - Retained earnings	<u>172,023</u>	<u>111,995</u>
TOTAL	<u>\$ 188,067</u>	<u>\$ 116,076</u>

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS -  
LIABILITY INSURANCE FUND  
YEARS ENDED JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
OPERATING REVENUES -		
Charges to other funds	\$ 394,380	\$ 388,730
Other	-	1,398
Total operating revenues	<u>394,380</u>	<u>390,128</u>
OPERATING EXPENSES -		
Insurance premiums	257,541	333,863
Deductibles	81,339	54,159
Total operating expenses	<u>338,880</u>	<u>388,022</u>
OPERATING INCOME	55,500	2,106
NONOPERATING INCOME -		
Interest	<u>4,528</u>	<u>3,554</u>
NET INCOME	60,028	5,660
RETAINED EARNINGS, BEGINNING OF YEAR	<u>111,995</u>	<u>106,335</u>
RETAINED EARNINGS, END OF YEAR	<u>\$ 172,023</u>	<u>\$ 111,995</u>

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL STATEMENTS OF CASH FLOWS - LIABILITY INSURANCE FUND

YEARS ENDED JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
CASH FLOWS FROM OPERATING ACTIVITIES -		
Operating income	\$ 55,500	\$ 2,106
Adjustments to reconcile operating income to cash provided by operating activities -		
Changes in current assets and liabilities -		
Increase in accounts payable	<u>11,963</u>	<u>3,731</u>
Net cash provided by operating activities	<u>67,463</u>	<u>5,837</u>
CASH FLOWS FROM INVESTING ACTIVITIES -		
Interest income	<u>4,528</u>	<u>3,554</u>
Net cash provided by investing activities	<u>4,528</u>	<u>3,554</u>
NET INCREASE IN CASH, CASH EQUIVALENTS AND INVESTMENTS	71,991	9,391
CASH, CASH EQUIVALENTS AND INVESTMENTS, BEGINNING OF YEAR	<u>116,076</u>	<u>106,685</u>
CASH, CASH EQUIVALENTS AND INVESTMENTS, END OF YEAR	<u>\$ 188,067</u>	<u>\$ 116,076</u>

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES IN DETAIL - BUDGET AND ACTUAL - LIABILITY  
 INSURANCE FUND  
 YEAR ENDED JUNE 30, 2000

	Budget	Actual	Variance favorable (unfavorable)	Actual prior year
REVENUES -				
Charges to other funds	\$ 392,880	\$ 394,380	\$ 1,500	\$ 388,730
Interest income	-	4,528	4,528	3,554
Miscellaneous	-	-	-	1,398
<b>TOTAL REVENUES</b>	<b>392,880</b>	<b>398,908</b>	<b>6,028</b>	<b>393,682</b>
EXPENDITURES -				
Insurance premiums	275,000	257,541	17,459	333,863
Deductibles	117,880	81,339	36,541	54,159
<b>TOTAL EXPENDITURES</b>	<b>392,880</b>	<b>338,880</b>	<b>54,000</b>	<b>388,022</b>
<b>REVENUES IN EXCESS OF EXPENDITURES</b>	<b>\$ -</b>	<b>\$ 60,028</b>	<b>\$ 60,028</b>	<b>\$ 5,660</b>

Note: Prepared for comparison with the legally adopted budget.

Reconciliation to net income

Revenues in excess of expenditures	\$ 60,028
Reconciling items	-
<b>NET INCOME</b>	<b>\$ 60,028</b>



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**TRUST  
AND  
AGENCY  
FUNDS**

COMBINING  
STATEMENTS

CITY OF SANFORD

NORTH CAROLINA

TRUST AND AGENCY FUNDS

Trust funds are used to account for assets held by the City in a trustee capacity. The City's pension trust fund accounts for the accumulation of resources for benefits payable from the Law Enforcement Officers Special Separation Allowance.

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds. The city uses agency funds to account for funds held for the Firemen's Supplemental Pension Plan, the Lee County water system, and the Sanford-Lee County Regional Airport Authority.

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL COMBINING BALANCE SHEET - TRUST AND AGENCY FUNDS

JUNE 30, 2000

	Pension Trust	Agency	Agency	Agency	Total
	Law Enforcement Employees	Firemen's Supplemental Pension	Airport	Lee County Water	2000
<b>ASSETS</b>					
Cash, cash equivalents and investments	\$ 271,540	\$ 255,766	\$ 465,784	\$ 94,603	\$ 1,087,693
Accounts receivable	-	22,143	240,256	205,871	468,270
<b>TOTAL</b>	<b>\$ 271,540</b>	<b>\$ 277,909</b>	<b>\$ 706,040</b>	<b>\$ 300,474</b>	<b>\$ 1,555,963</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Due to plan participants	\$ -	\$ 277,909	\$ -	\$ -	\$ 277,909
Due to Airport Authority	-	-	706,040	-	706,040
Due to Lee County	-	-	-	300,474	300,474
Total liabilities	-	277,909	706,040	300,474	1,284,423
Fund balance reserved for benefits	271,540	-	-	-	271,540
<b>TOTAL</b>	<b>\$ 271,540</b>	<b>\$ 277,909</b>	<b>\$ 706,040</b>	<b>\$ 300,474</b>	<b>\$ 1,555,963</b>

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

YEAR ENDED JUNE 30, 2000

	Balance June 30, 1999	Additions	Deletions	Balance June 30, 2000
<b>FIREMEN'S SUPPLEMENTAL PENSION FUND -</b>				
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 239,970	\$ 25,059	\$ 9,263	\$ 255,766
Accounts receivable	13,000	22,143	13,000	22,143
<b>TOTAL</b>	<b>\$ 252,970</b>	<b>\$ 47,202</b>	<b>\$ 22,263</b>	<b>\$ 277,909</b>
<b>LIABILITIES</b>				
Amounts available for benefits	\$ 252,970	\$ 47,202	\$ 22,263	\$ 277,909
<b>AIRPORT FUND -</b>				
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 134,347	\$ 5,715,427	\$ 5,383,990	\$ 465,784
Accounts receivable	1,660,004	253,634	1,673,382	240,256
<b>TOTAL</b>	<b>\$ 1,794,351</b>	<b>\$ 5,969,061</b>	<b>\$ 7,057,372</b>	<b>\$ 706,040</b>
<b>LIABILITIES</b>				
Due to Airport Authority	\$ 1,794,351	\$ 5,969,061	\$ 7,057,372	\$ 706,040
<b>LEE COUNTY WATER FUND -</b>				
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 101,186	\$ 1,388,014	\$ 1,394,597	\$ 94,603
Accounts receivable	176,462	1,469,255	1,439,846	205,871
<b>TOTAL</b>	<b>\$ 277,648</b>	<b>\$ 2,857,269</b>	<b>\$ 2,834,443</b>	<b>\$ 300,474</b>
<b>LIABILITIES</b>				
Due to Lee County	\$ 277,648	\$ 2,857,269	\$ 2,834,443	\$ 300,474
<b>TOTALS - ALL AGENCY FUNDS -</b>				
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 475,503	\$ 7,128,500	\$ 6,787,850	\$ 816,153
Accounts receivable	1,849,466	1,745,032	3,126,228	468,270
<b>TOTAL</b>	<b>\$ 2,324,969</b>	<b>\$ 8,873,532</b>	<b>\$ 9,914,078</b>	<b>\$ 1,284,423</b>
<b>LIABILITIES</b>				
Due to plan participants	\$ 252,970	\$ 47,202	\$ 22,263	\$ 277,909
Due to Airport Authority	1,794,351	5,969,061	7,057,372	706,040
Due to Lee County	277,648	2,857,269	2,834,443	300,474
<b>TOTAL</b>	<b>\$ 2,324,969</b>	<b>\$ 8,873,532</b>	<b>\$ 9,914,078</b>	<b>\$ 1,284,423</b>

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL SCHEDULE OF UNCOLLECTED TAXES

JUNE 30, 2000

	Total	General Fund	Special Revenue Fund
Prior year's levies -			
1990	\$ 31,811	\$ 31,158	\$ 653
1991	39,447	39,208	239
1992	51,739	51,462	277
1993	45,922	45,559	363
1994	33,446	33,220	226
1995	17,267	17,166	101
1996	28,964	28,931	33
1997	34,990	34,777	213
1998	181,536	177,044	4,492
Total prior year's levies	465,122	458,525	6,597
Current year's levy - 1999	229,393	227,652	1,741
TOTAL	694,515	686,177	8,338
LESS ALLOWANCE FOR UNCOLLECTED TAXES	231,526	230,265	1,261
NET UNCOLLECTED TAXES	<u>\$ 462,989</u>	<u>\$ 455,912</u>	<u>\$ 7,077</u>

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL SCHEDULE OF 1999 TAX LEVY

JUNE 30, 2000

	City wide		Total levy	
	Property valuations	Total levy	Property excluding motor vehicles	Registered motor vehicles
Tax rate per \$100 value	<u>\$ 0.55</u>			
Regularly listed -				
Real and personal	\$ 1,374,322,986	\$ 7,558,985	\$ 6,802,159	\$ 756,826
Utilities	34,834,946	191,592	191,592	-
Penalties	-	4,278	4,278	-
Subtotal	<u>1,409,157,932</u>	<u>7,754,855</u>	<u>6,998,029</u>	<u>756,826</u>
Add: discoveries and late lists	10,694,877	240,944	240,944	-
Less: abatements	<u>(6,409,193)</u>	<u>(35,174)</u>	<u>(18,246)</u>	<u>(16,928)</u>
TOTAL PROPERTY VALUATION	<u>\$ 1,413,443,616</u>			
Net tax levy		7,960,625	7,220,727	739,898
Uncollected taxes @ 6/30/00		<u>(227,652)</u>	<u>(109,068)</u>	<u>(118,584)</u>
Current year's taxes collected		<u>\$ 7,732,973</u>	<u>\$ 7,111,659</u>	<u>\$ 621,314</u>
COLLECTION PERCENTAGE		<u>97.14%</u>	<u>98.49%</u>	<u>83.97%</u>

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL SCHEDULE OF 1999 TAX LEVY

JUNE 30, 2000

	Central business district		Total levy	
	Property valuations	Total levy	Property excluding motor vehicles	Registered motor vehicles
Tax rate per \$100 value	<u>\$ 0.10</u>			
Regularly listed -				
Real and personal	\$ 34,529,930	\$ 34,530	\$ 33,169	\$ 1,361
Utilities	268,486	268	268	-
Penalties	-	83	83	-
Subtotal	<u>34,798,416</u>	<u>34,881</u>	<u>33,520</u>	<u>1,361</u>
Add: discoveries and late lists	71,803	79	79	-
Less: abatements	<u>(116,266)</u>	<u>(122)</u>	<u>(67)</u>	<u>(55)</u>
TOTAL PROPERTY VALUATION	<u>\$ 34,753,953</u>			
Net tax levy		34,838	33,532	1,306
Uncollected taxes @ 6/30/00		<u>(1,741)</u>	<u>(1,658)</u>	<u>(83)</u>
Current year's taxes collected		<u>\$ 33,097</u>	<u>\$ 31,874</u>	<u>\$ 1,223</u>
COLLECTION PERCENTAGE		<u>95.00%</u>	<u>95.06%</u>	<u>93.64%</u>

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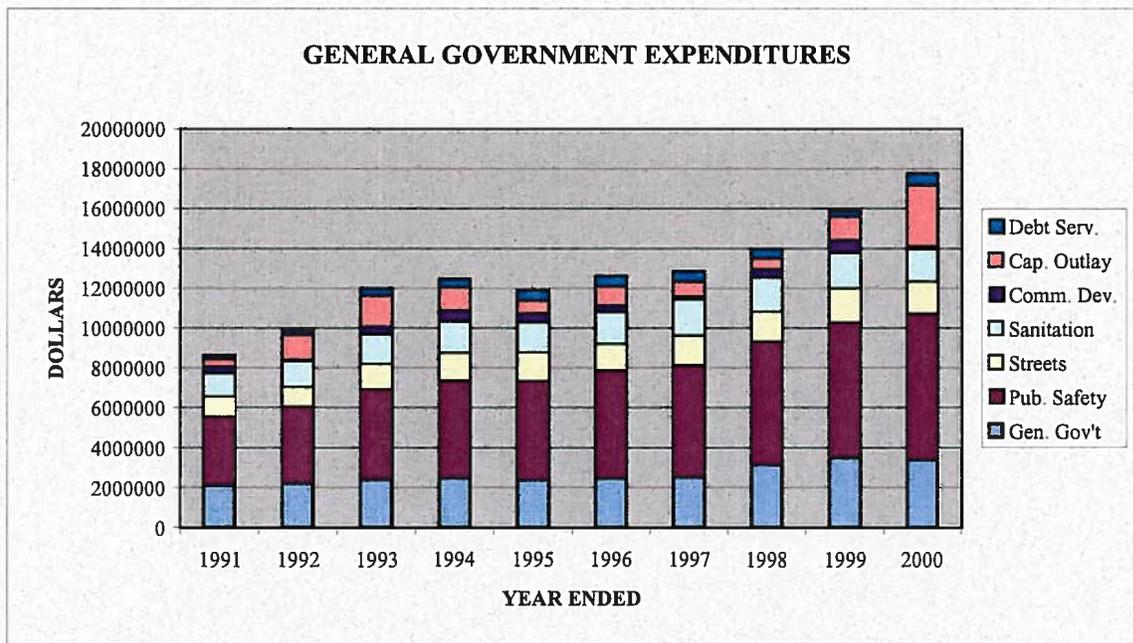
CITY OF SANFORD, NORTH CAROLINA

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (UNAUDITED)

YEAR ENDED JUNE 30, 2000

Fiscal Year June 30	Current Operating Expenditures							Total
	General Gov't.	Public Safety	Streets	Sanitation and Waste Removal	Community Devp't.	Capital Outlay	Debt Service	
1991	\$ 2,127,130	\$ 3,433,286	\$ 968,693	\$ 1,215,031	\$ 297,179	\$ 399,262	\$ 154,450	\$ 8,595,031
1992	2,202,629	3,849,235	985,499	1,309,700	36,914	1,285,531	182,640	9,852,148
1993	2,414,842	4,517,766	1,257,417	1,488,863	367,453	1,595,723	322,101	11,964,165
1994	2,478,116	4,865,732	1,400,982	1,584,534	530,822	1,176,206	408,442	12,444,834
1995	2,370,777	4,949,273	1,457,291	1,522,292	430,258	653,216	503,906	11,887,013
1996	2,466,610	5,385,606	1,366,397	1,609,267	273,548	993,333	489,959	12,584,720
1997	2,519,506	5,600,840	1,489,645	1,838,004	105,809	776,345	494,449	12,824,598
1998	3,161,026	6,138,056	1,506,234	1,743,492	383,544	573,532	460,255	13,966,139
1999	3,515,699	6,759,641	1,722,185	1,769,753	620,086	1,216,483	259,046	15,862,893
2000	3,394,523	7,324,031	1,612,261	1,636,063	121,090	3,101,659	579,991	17,769,618

\* Includes General Fund, Special Revenue Fund and Capital Projects Fund.



CITY OF SANFORD, NORTH CAROLINA

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL  
 GENERAL GOVERNMENT EXPENDITURES (UNAUDITED)  
 YEAR ENDED JUNE 30, 2000

Fiscal year June 30,	Principal	Interest	Total Debt Service	General Government Expenditures	Ratio of Debt Service to General Government Expenditures
1991	-	-	-	\$ 8,595,031	-
1992	-	-	-	9,852,148	-
1993	-	-	-	11,964,165	-
1994	-	-	-	12,444,834	-
1995	-	-	-	11,887,013	-
1996	-	-	-	12,584,720	-
1997	-	-	-	12,824,598	-
1998	-	-	-	13,966,139	-
1999	-	-	-	15,862,893	-
2000	-	-	-	16,151,155	-

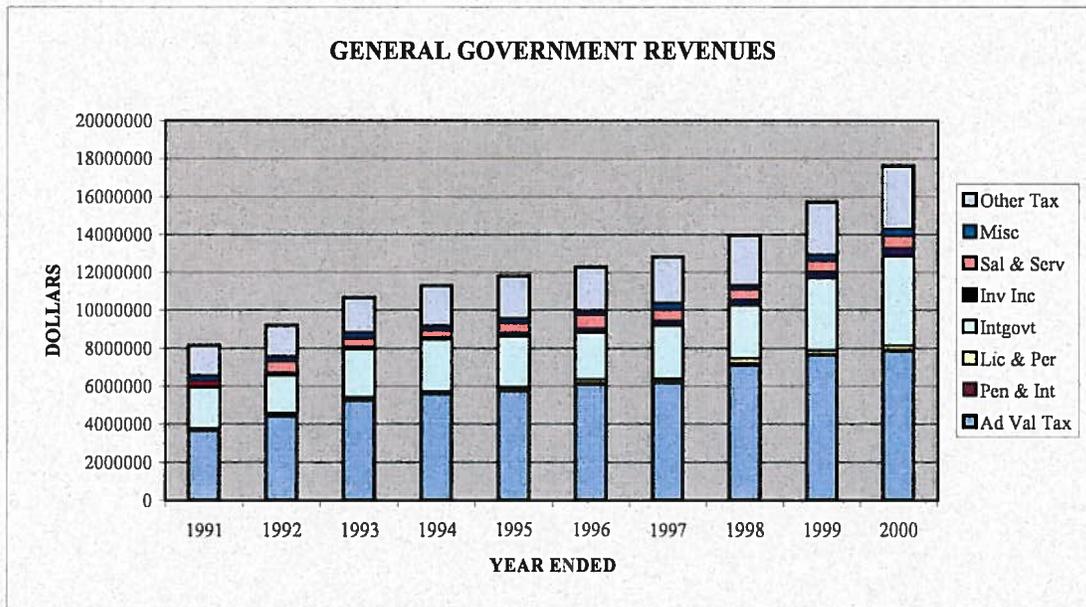
**CITY OF SANFORD, NORTH CAROLINA**

**GENERAL GOVERNMENT REVENUES (UNAUDITED)**

**YEAR ENDED JUNE 30, 2000**

Fiscal Year June 30	Ad valorem taxes	Penalties and taxes	Licenses and interest	Inter- governmental permits	Investment revenues	Sales and Service	Misc. revenues	Other taxes	Total
1991	\$ 3,685,781	\$ 31,700	\$ 77,898	\$ 2,145,798	\$ 91,586	\$ 256,810	\$ 279,552	\$ 1,569,051	\$ 8,138,176
1992	4,431,042	34,512	88,839	2,036,874	91,498	658,548	224,493	1,649,772	9,215,578
1993	5,283,068	37,647	103,463	2,536,305	124,334	466,000	272,149	1,833,834	10,656,800
1994	5,596,799	32,265	91,519	2,761,783	94,395	384,680	221,872	2,103,510	11,286,823
1995	5,766,378	50,793	126,901	2,686,673	171,314	526,593	237,460	2,246,429	11,812,541
1996	6,131,077	52,730	167,829	2,480,072	186,509	776,147	188,395	2,308,265	12,291,024
1997	6,191,910	41,980	154,156	2,816,764	224,496	619,193	308,800	2,446,278	12,803,577
1998	7,147,619	45,588	264,243	2,814,166	247,650	612,421	166,730	2,646,855	13,945,272
1999	7,660,829	37,852	193,175	3,819,632	289,613	634,316	286,580	2,779,099	15,701,096
2000	7,902,593	26,421	212,281	4,728,135	392,961	687,237	357,542	3,323,827	17,630,997

\* Includes General Fund, Special Revenue Fund and Capital Projects Fund.



CITY OF SANFORD, NORTH CAROLINA

RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUE AND AMOUNT OF GENERAL BONDED DEBT PER CAPITA  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2000

Fiscal year June 30,	Population(A)	Assessed value (B) (C)	Bonded debt (D)	Ratio bonded debt to assessed value	Bonded debt per capita
1991	17,832	\$ 609,855,178	-	-	-
1992	19,161	714,805,993	-	-	-
1993	19,616	860,373,455	-	-	-
1994	19,943	898,459,437	-	-	-
1995	20,385	907,422,341	-	-	-
1996	20,750	1,081,259,522	-	-	-
1997	21,100	1,118,919,038	-	-	-
1998	21,500	1,218,432,254	-	-	-
1999	21,518	1,325,661,114	-	-	-
2000	22,310	1,413,443,616	-	-	-

Source of information:

(A) Office of State Budget and Management

(B) Octennial revaluation in 1995-96

(C) Assessment ratio to estimated sound value - 100%

(D) Refers only to tax supported general obligation debt

**CITY OF SANFORD, NORTH CAROLINA**

**ASSESSED VALUE OF ALL TAXABLE PROPERTY (UNAUDITED)**

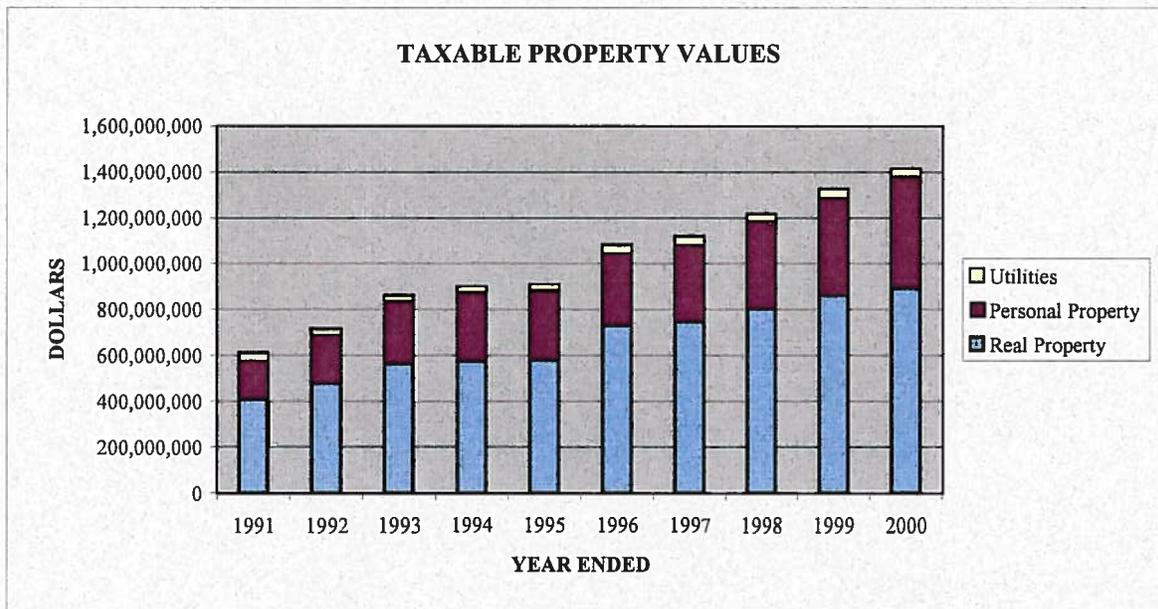
**YEAR ENDED JUNE 30, 2000**

Fiscal year June 30	Real Property	Personal Property	Utilities	Total
1991	\$ 410,115,280	\$ 166,277,629	\$ 33,462,269	\$ 609,855,178
1992**	479,215,179	208,894,960	26,695,854	714,805,993
1993**	564,276,106	271,335,934	24,761,415	860,373,455
1994	576,703,993	296,124,702	25,630,742	898,459,437
1995	580,858,211	301,396,820	25,167,310	907,422,341
1996*	731,326,671	315,809,943	34,122,908	1,081,259,522
1997	748,032,081	334,910,602	35,976,355	1,118,919,038
1998	805,168,617	379,727,329	33,536,308	1,218,432,254
1999	863,240,884	421,391,979	41,028,251	1,325,661,114
2000	894,016,733	484,591,937	34,834,946	1,413,443,616

Appraised by Lee County Board of Equalization at 100% of estimated sound value

\* Year of most recent octennial revaluation

\*\* Major annexations of the Lower Gaster's Creek / Upper Kerr Creek areas in 1992 and the west Sanford area in 1993.



CITY OF SANFORD, NORTH CAROLINA

COMPUTATION OF LEGAL DEBT MARGIN (UNAUDITED)

YEAR ENDED JUNE 30, 2000

Assessed value		<u>\$ 1,413,443,616</u>
Debt limit 8% of assessed value		\$ 113,075,489
Amount of debt applicable to debt limit:		
Outstanding debt evidenced by bonds	\$ 12,539,104	
Unissued bonds authorized by existing orders	-	
Outstanding debt not evidenced by bonds:		
Notes	1,797,850	
Installment purchase contracts	7,460,928	
Capital leases	1,436,161	
Annexation liability for fire protection	<u>89,446</u>	
	23,323,489	
Less deduction allowed by G.S. 159.55(a)(2) and G.S.159.55(b) - Utility debt	<u>12,539,104</u>	<u>10,784,385</u>
LEGAL DEBT MARGIN		<u>\$ 102,291,104</u>

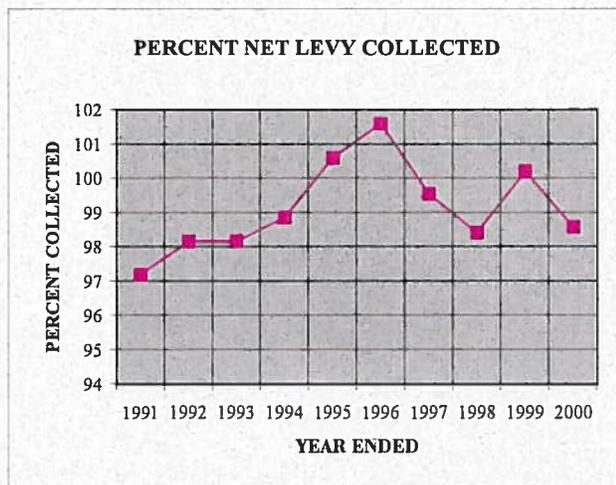
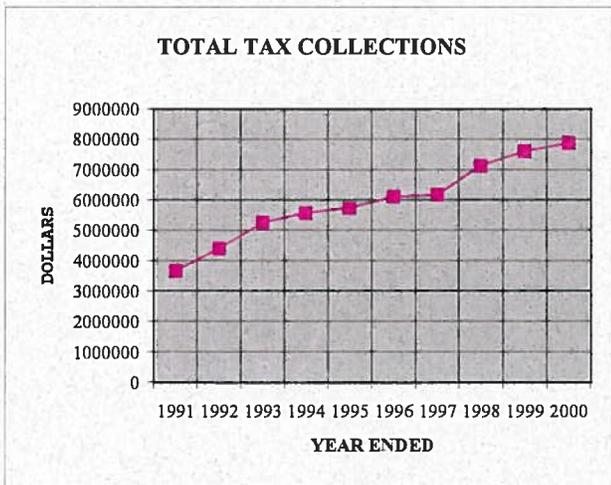
**CITY OF SANFORD, NORTH CAROLINA**

**TAX LEVIES AND TAX COLLECTIONS\* (UNAUDITED)**

**YEAR ENDED JUNE 30, 2000**

Fiscal year Ended	Total levy (net)	Collected current levy	Percent collected	Collected-prior levies	Total collected	Ratio collected to current levy	Balance delinquent	Ratio delinquent balance to current levy
1991	\$ 3,771,757	\$ 3,571,294	94.69	\$ 94,397	\$ 3,665,691	97.19	\$ 465,532	12.34
1992	4,495,309	4,290,811	95.45	121,433	4,412,244	98.15	496,797	11.05
1993	5,363,711	5,147,757	95.97	117,330	5,265,087	98.16	580,223	10.82
1994	5,641,343	5,438,887	96.41	137,608	5,576,495	98.85	610,871	10.83
1995	5,713,665	5,522,440	96.65	222,957	5,745,397	100.60	383,243	6.71
1996	6,015,722	5,890,289	97.92	219,402	6,109,691	101.60	308,690	5.13
1997	6,199,655	6,024,370	97.17	146,540	6,170,910	99.54	294,681	4.75
1998	7,249,743	6,982,165	96.31	151,420	7,133,585	98.40	345,879	4.77
1999	7,597,874	7,392,033	97.29	219,604	7,611,637	100.19	305,974	4.03
2000	7,995,463	7,766,070	97.13	115,523	7,881,593	98.58	462,989	5.79

\* Includes special tax district.



CITY OF SANFORD, NORTH CAROLINA

COMPUTATION OF DIRECT AND OVERLAPPING DEBT (UNAUDITED),

YEAR ENDED JUNE 30, 2000

<u>Name of government unit</u>	<u>Net debt outstanding</u>	<u>*Percentage applicable to the City of Sanford</u>	<u>City of Sanford's share of debt</u>
City of Sanford - debt applicable to debt limit	\$ 10,784,385	100%	\$ 10,784,385
Lee County	<u>31,410,000</u>	50%	<u>15,705,000</u>
TOTAL	<u>\$ 42,194,385</u>		<u>\$ 26,489,385</u>

\* Determined by ratio of assessed valuation of taxable property within the City to the assessed valuation of taxable property within the county.

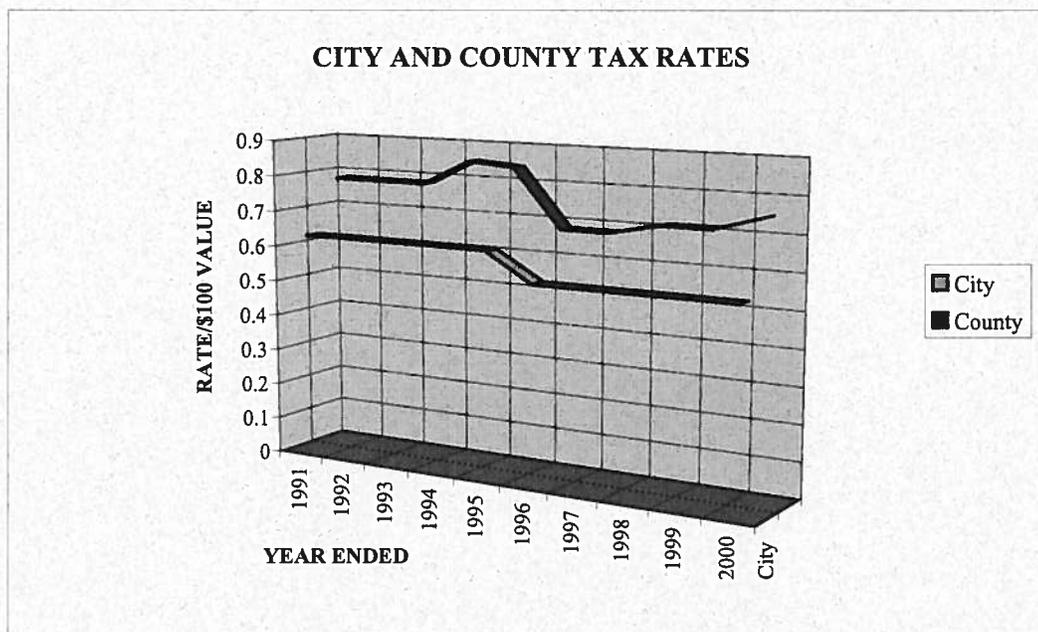
**CITY OF SANFORD, NORTH CAROLINA**

**PROPERTY TAX RATES AND TAX LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS (UNAUDITED)**

**YEAR ENDED JUNE 30, 2000**

Tax rates per \$100 of property valuation				Tax Levies			
Fiscal year June 30	City	Lee County	Total	Fiscal year June 30	City	Lee County	Total
1991	0.63	0.78	1.41	1991	\$ 3,750,056	\$ 12,772,468	\$ 16,522,524
1992	0.63	0.78	1.41	1992	4,466,300	12,966,940	17,433,240
1993	0.63	0.78	1.41	1993	5,335,822	13,249,448	18,585,270
1994	0.63	0.85	1.48	1994	5,609,914	16,135,863	21,745,777
1995	0.63	0.84	1.47	1995	5,682,259	15,503,102	21,185,361
1996*	0.55	0.68	1.23	1996	5,981,619	15,388,753	21,370,372
1997	0.55	0.68	1.23	1997	6,164,782	15,869,400	22,034,182
1998	0.55	0.71	1.26	1998	7,249,743	15,135,390	22,385,133
1999	0.55	0.71	1.26	1999	7,554,842	19,183,266	26,738,108
2000	0.55	0.75	1.30	2000	7,960,625	20,852,055	28,812,680

\* Most recent revaluation



CITY OF SANFORD, NORTH CAROLINA

DEMOGRAPHIC STATISTICS (UNAUDITED)

YEAR ENDED JUNE 30, 2000

<u>Fiscal year June 30,</u>	<u>Population(A)</u>	<u>Per capita income (B)</u>	<u>Average daily school membership (C)</u>	<u>Lee County Unemployment rate (D)</u>
1991	17,832	\$ 17,049	7,758	7.1%
1992	19,161	18,386	7,848	7.4%
1993	19,616	19,699	7,732	6.2%
1994	19,943	20,704	7,825	5.6%
1995	20,385	21,657	7,936	4.8%
1996	20,750	22,652	8,162	4.7%
1997	21,100	24,039	8,579	4.0%
1998	21,500	23,891	8,721	3.7%
1999	21,518	25,708	8,502	3.5%
2000	22,310	N/A	8,504	3.7%

Source of information:

(A) Office of State Budget and Management

(B) Bureau of Economic Analysis (State Library)

(C) Lee County Board of Education

(D) Employment Security Commission of North Carolina

N/A Not available

**CITY OF SANFORD, NORTH CAROLINA**

**PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS (UNAUDITED)**

**YEAR ENDED JUNE 30, 2000**

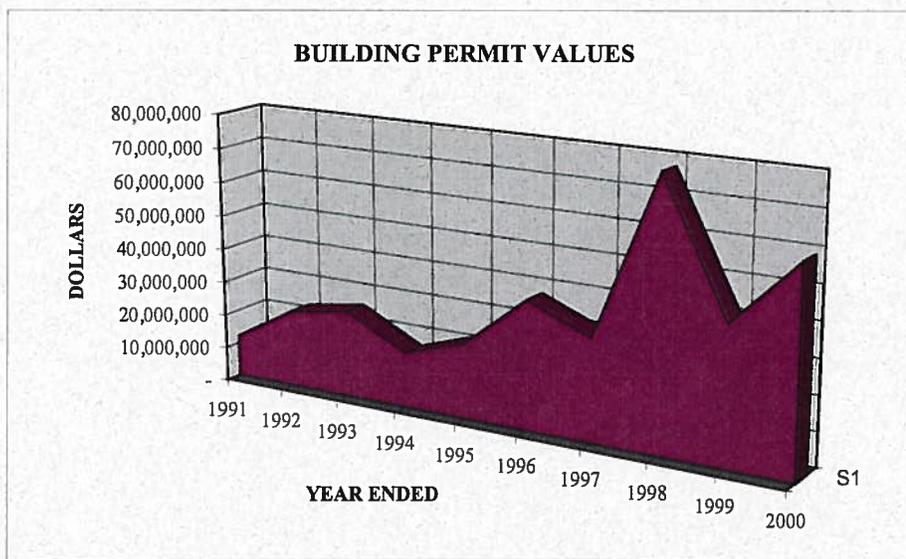
Fiscal year June 30	Building permits		Bank deposits (B)	Assessed property values			
	Number of units (A)	Value (A)		Real property	Personal property	Utilities	Total
1991	294	\$ 12,135,643	\$ 493,889,000	\$ 410,115,280	\$ 166,277,629	\$ 33,462,269	\$ 609,855,178
1992	369	22,598,094	506,583,000	479,215,179	208,894,960	26,695,854	714,805,993
1993	360	25,459,200	497,759,000	564,276,106	271,335,934	24,761,415	860,373,455
1994	353	16,196,254	496,867,000	576,703,993	296,124,702	25,630,742	898,459,437
1995	443	22,225,198	500,778,000	580,858,211	301,396,820	25,167,310	907,422,341
1996	469	37,428,292	525,244,000	731,326,671	315,809,943	34,122,908	1,081,259,522
1997	391	29,788,335	528,921,000	748,032,081	334,910,602	35,976,355	1,118,919,038
1998	565	77,371,411	541,977,000	805,168,617	379,727,329	33,536,308	1,218,432,254
1999	372	39,846,695	551,954,000	863,240,884	421,391,979	41,028,251	1,325,661,114
2000	442	58,940,414	N/A	894,016,733	484,591,937	34,834,946	1,413,443,616

Source -

(A) City of Sanford Inspections Department

(B) F.D.I.C.

N/A Not available



CITY OF SANFORD, NORTH CAROLINA

MISCELLANEOUS STATISTICAL DATA (UNAUDITED)

YEAR ENDED JUNE 30, 2000

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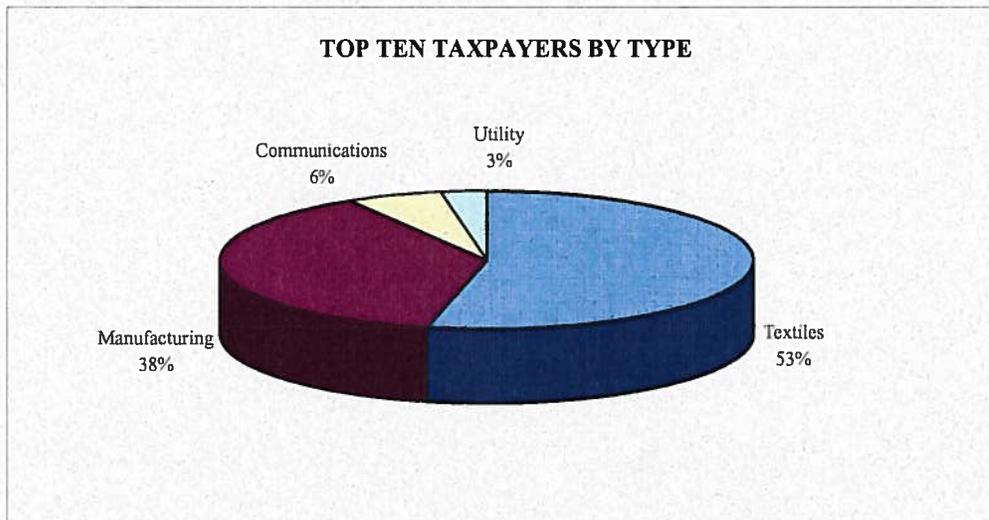
Date of incorporation	February 11, 1874
Form of government	Council - manager
Area - square miles - land	24
Fire protection	
Number of fire stations	3
Number of fire personnel	50
Fire calls (annual)	830
Police protection	
Number of police employees	
Officers	75
Civilians	18
Number of calls for service (annual)	29,848
Public works	
Miles of streets	
Paved	112.81
Unpaved	2.55
Water treatment facilities	
Services (customers)	10,552
Consumption (pumped)	5.71 MGD
Facilities	
Plants (12 mgpd)	1
Treatment	Chlorination, chemical coagulation, filtration
Storage:	
finished	5,000,000 gallons
raw	60,000,000 gallons
Miles of distribution lines	246
Wastewater treatment	
Services (customers)	6,911
Average flow	4.0 MGD
Facilities	
Plant (6.8 mgpd)	1
Treatment	Tertiary
Miles of collection lines	172
Building permits issued (fiscal year)	442
Value of building permits issued	\$58,940,414
Total city employees	
Permanent	
Full-time	303
Part-time	26

CITY OF SANFORD, NORTH CAROLINA

PRINCIPAL TAXPAYERS (UNAUDITED)

YEAR ENDED JUNE 30, 2000

<u>Taxpayer</u>	<u>Business</u>	<u>Assessed valuation</u>	<u>City wide taxes paid</u>	<u>Percentage of current levy collected</u>
Frontier Spinning Milles LLC	Textiles	\$ 81,779,605	\$ 449,788	5.82%
Moen, Inc.	Faucet manufacturing	36,116,538	198,641	2.57%
Coty, Inc.	Cosmetics manufacturing	32,100,381	176,552	2.28%
Parkdale America LLC	Textiles	31,004,710	170,526	2.21%
Magneti Marelli USA	Automotive component manufacturing	24,061,280	131,613	1.70%
Avondale Mills, Inc.	Textiles	18,261,280	100,437	1.30%
Wachovia Capital Markets	Textiles (Frontier Spinning)	18,185,800	100,022	1.29%
Alltel Carolina	Communications	28,508,807	89,611	1.16%
American Cyanamid	Pharmaceutical manufacturing	49,755,674	71,324	0.92%
Carolina Power & Light	Electric Utility	21,760,238	42,281	0.55%
				<u>19.80%</u>



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# DIXON ODOM PLLC

Certified Public Accountants and Consultants

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and City Council  
City of Sanford  
Sanford, North Carolina

We have audited the general purpose financial statements of the City of Sanford, North Carolina, as of and for the year ended June 30, 2000, and have issued our report thereon dated September 1, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the City of Sanford ABC Board were not audited in accordance with *Government Auditing Standards*.

### *Compliance*

As part of obtaining reasonable assurance about whether the City of Sanford's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

### *Internal Control Over Financial Reporting*

In planning and performing our audit, we considered the City of Sanford's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Dixon Odom PLLC*

September 1, 2000

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# DIXON ODOM PLLC

Certified Public Accountants and Consultants

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

---

Honorable Mayor and City Council  
City of Sanford  
Sanford, North Carolina

### *Compliance*

We have audited the compliance of the City of Sanford, North Carolina, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2000. The City of Sanford's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Sanford's management. Our responsibility is to express an opinion on the City of Sanford's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Sanford'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. Our audit does not provide a legal determination on the City of Sanford's compliance with those requirements.

In our opinion, the City of Sanford complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

### *Internal Control Over Compliance*

The management of the City of Sanford is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Sanford's internal control over compliance with requirements that could have a direct and material effect on each of its major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we considered to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Dixon Odom PLLC*

September 1, 2000

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# DIXON ODOM PLLC

Certified Public Accountants and Consultants

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

---

Honorable Mayor and City Council  
City of Sanford  
Sanford, North Carolina

### *Compliance*

We have audited the compliance of the City of Sanford, North Carolina, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to its major State program for the year ended June 30, 2000. The City of Sanford's major State program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major State program is the responsibility of the City of Sanford's management. Our responsibility is to express an opinion on the City of Sanford's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 State program occurred. An audit includes examining, on a test basis, evidence about the City of Sanford'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. Our audit does not provide a legal determination on the City of Sanford's compliance with those requirements.

In our opinion, the City of Sanford complied, in all material respects, with the requirements referred to above that are applicable to its major State program for the year ended June 30, 2000.

### *Internal Control Over Compliance*

The management of the City of Sanford is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the City of Sanford's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major State program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we considered to be material weaknesses.

This report is intended solely for the information of the audit committee, management, other within the organization, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Dixon Odom PLLC*

September 1, 2000

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CITY OF SANFORD, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2000

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**Section I - Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? *No*
- Reportable condition(s) identified that are not considered to be material weaknesses *None reported*

Noncompliance material to financial statements noted *No*

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? *No*
- Reportable condition(s) identified that are not considered to be material weaknesses *None reported*

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 *No*

Identification of major federal programs:

CFDA Numbers	Name of Federal Programs or Cluster
66.468	N.C. Drinking Water State Revolving Fund Loan
83.516	Hazard Mitigation Grant

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

Auditee qualified as low-risk auditee? *Yes*

CITY OF SANFORD, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2000

---

**Section I - Summary of Auditors' Results (Continued)**

State Awards

Internal control over major State program:

- Material weakness(es) identified? *No*
- Reportable condition(s) identified that are not considered to be material weaknesses *None reported*

Type of auditors' report issued on compliance for a major State program *Unqualified*

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

Identification of major State program:

Program Name

Powell Bill Funds

**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 SANFORD, NORTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2000

---

As of June 30, 2000, there are no uncorrected material findings and recommendations from prior audits that affect the financial audit.

CITY OF SANFORD, NORTH CAROLINA

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2000

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State Project No.</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
<b>Federal Grants:</b>				
<u>U.S. Department of Justice</u>				
Direct programs -				
1999 Local Law Enforcement Block Grant	16.592	99-LB-VX-7451	\$ 48,795	\$ -
1997 Local Law Enforcement Block Grant	16.592	97-LB-VX-3800	3,062	-
1998 Local Law Enforcement Block Grant	16.592	98-LB-VX-3800	834	-
Asset Forfeiture and Money Laundering Section				
Federal Equitable Sharing Program	16.	NC0530100	61,487	5,945
<u>U.S. Department of Housing and Urban Development</u>				
Passed-through N.C. Department of Commerce -				
Community Development Block Grant	14.228	96-C-0218	284,188	-
Passed-through N.C. Housing Finance Association-				
HOME Grant	4-14.239	M97-SG-37-0122	6,535	-
<u>U.S. Department of Commerce</u>				
Direct program -				
Economic Development Administration Grant	11.307	97-C-0476	76,371	-
<u>Environmental Protection Agency</u>				
Passed-through N.C. Department of Environment and Natural				
Resources - Division of Environmental Health - Public Water				
Supply Section-				
Drinking Water State Revolving Fund Loan	66.468	H-SRF-D-97-0433	1,008,663	252,165
1999 Water Systems Implementation Phase II Grant	66.468	DEH-0742	29,823	-
<u>Federal Emergency Management Agency</u>				
Passed-through N.C. Department of Crime Control				
and Public Safety-				
Hazard Mitigation Grant	83.548	1134-0055	406,297	135,432
Hazard Mitigation Grant	83.548	1134-0068	303,766	101,255
Total Federal Assistance			<u>\$ 2,229,821</u>	
<b>State Grants:</b>				
<u>N.C. Department of Commerce</u>				
State Acquisition Relocation Funds				
		98-R-0016		174,765
Rural Center Grant - Arden Water Line				
		CU-226		16,041
<u>N.C. Department of Crime Control and Public Safety</u>				
1999 Crime Commission Grant				
		053-199-018-D456		32,034
<u>N.C. Department of Transportation</u>				
Powell Bill Funds				
		N/A		<u>741,857</u>
Total State Assistance			<u>\$ 1,459,494</u>	

CITY OF SANFORD, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

YEAR ENDED JUNE 30, 2000

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

1. The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of City of Sanford 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the general purpose financial statements.