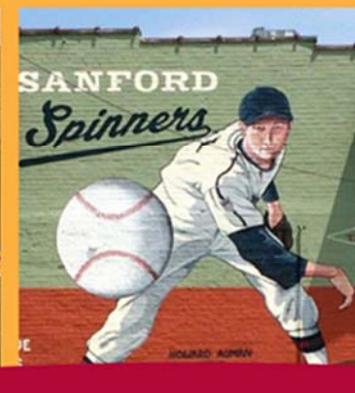
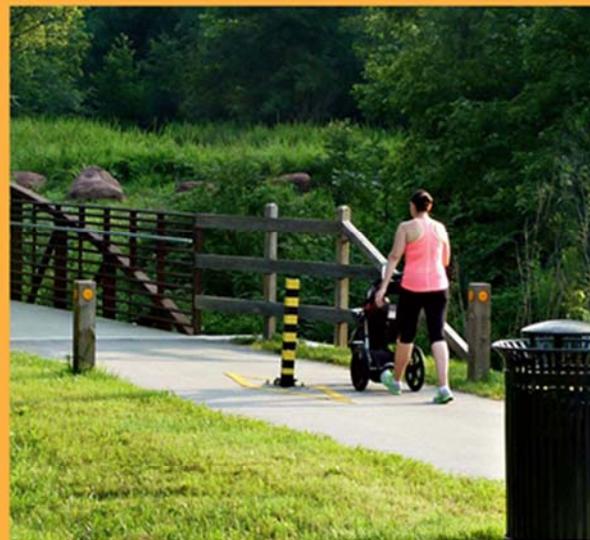


# SANFORD

NORTH CAROLINA



## Popular Annual Financial Report

Fiscal Year Ending June 30, 2015

## PURPOSE OF THIS REPORT

This Popular Annual Financial Report (PAFR) is a summary of the financial activities of the city's funds as reported in the 2015 Comprehensive Annual Financial Report (CAFR). The CAFR is an audited document and is prepared in conformance with generally accepted accounting principles (GAAP). To conform with GAAP, the CAFR must include the city's component units and the presentation of individual funds in much more detail, as well as full disclosure of all material events, financial and non-financial.

Unlike the CAFR, the PAFR is not an audited document and it does not include details by fund nor does it include the other disclosures required by GAAP. Therefore, the PAFR is not intended to present a complete financial picture of the city in accordance with GAAP. This report is a reflection of our effort to keep you informed about how your tax dollars are being spent in a simple, non-technical format.

For more in-depth information, the CAFR is available online at [www.sanfordnc.net/finance/cafr.htm](http://www.sanfordnc.net/finance/cafr.htm). The PAFR is also available online at [www.sanfordnc.net/finance/pafr.htm](http://www.sanfordnc.net/finance/pafr.htm).

### Recognitions

- ◆ Award for Certificate of Achievement for Excellence in Financial Reporting for the 2014 Comprehensive Annual Financial Report (CAFR) for the 34th consecutive year.
- ◆ Award for Distinguished Budget Presentation for the 2015 Annual Operating Budget for the 29th consecutive year.
- ◆ Named a Tree City USA for the 3rd consecutive year.
- ◆ 2014 Main Street Award for Chatham Street Parking Lot.
- ◆ Recognized as 1st place National Night Out program in North Carolina.
- ◆ Established a formal Sister City relationship with Yixing, China.



From top: Clock in downtown Sanford, Streetscape work in downtown Jonesboro.

### 2015 Quick Facts

- ◆ Population | 29,116
- ◆ Median Age | 38
- ◆ Median Household Income | \$44,819
- ◆ Average Temperatures  
January | 37° F  
June | 76° F
- ◆ Average Annual Rainfall | 51 inches
- ◆ Average Annual Snowfall | 6 inches
- ◆ Land Area | 254.96 sq. miles
- ◆ Unemployment Rate | 8.1%

### Sanford In Focus

Historic Coca-Cola building in downtown Sanford, which was revitalized and repurposed using Historic Preservation Tax Credits.



# HISTORY OF SANFORD

The Town of Sanford was incorporated in Moore County on February 11, 1874. The stimulus of growth provided by Sanford, along with the towns of Broadway and Jonesboro led to the birth of Lee County (from portions of Moore and Chatham counties) in 1907.

Sanford sprung up from the crossing of the Western and Chatham Railroads. These rails are now known as the Atlantic and Western and Seaboard Coastline. Sanford was named in honor of Colonel C.O. Sanford, chief civil engineer of the now Seaboard Coastline.

In 1947, Sanford merged with Jonesboro. A new municipal charter was adopted and the official name became the City of Sanford. The merged cities maintained their presence as retail hubs, giving the City of Sanford two downtowns.



Sanford has seen steady growth over the years. In the late 1950s, the city’s population was approximately 10,000. The city’s current population is more than 29,000 residents and growing.

## Sanford In Focus

Depot Park, located in the center of Sanford, is the result of a successful public-private partnership.

### Principal Employers

*(in order of ranking)*

- Lee County Schools
- Pilgrims Pride
- Static Control
- Belflex Staffing Network
- Coty, LLC
- Caterpillar, Inc.
- Amisub of NC, Inc.
- Pentair Water Pool & Spa, Inc.
- Central Carolina Community College
- Frontier Spinning Mills, Inc.

### Principal Property Taxpayers

*(in order of ranking)*

- Coty, Inc.
- Frontier Spinning Mills
- Simpson & Simpson
- Magneti Marelli USA, Inc.
- Moen, Inc.
- Static Control
- The Pantry
- AMI/Central Carolina Hospital
- Pentair
- Postoak Sanford

## ***SIGNIFICANT EVENTS IN 2015***

This year was one of transition and revitalization for Sanford. Several developments that had been in the works for years finally came to fruition. These are the city's highlights for 2015:

- Downtown Sanford and historic Jonesboro saw the first phase of streetscape construction following a \$14.5 million bond referendum passed in 2013. This phase will include sidewalk and streetscape improvements totaling \$11 million. Construction is anticipated to be complete in the spring of 2016. In the years to come, the city will issue another \$6 million in bond debt to complete greenway and park projects.
- A delegation of three members of the Sanford City Council and two representatives from the arts community traveled to Yixing, China, which is Sanford's Sister City. The delegation members were featured guests at an international ceramics festival that featured pottery from Sanford. While in China, the delegation also met with businesses that might be interested in locating in Sanford.
- The City of Sanford procured a grant from Golden Leaf Foundation for \$200,000 to assist with sewer construction at the Veteran's Administration Clinic Project.
- The finance department received general obligation bond rating of AA- from Fitch in December 2014 and Aa3 from Moody's in January 2015 for voter approved streetscape and sidewalk projects.
- The engineering department submitted an Engineers Certification for the final completion of a \$58 million upgrade to the Big Buffalo Wastewater Treatment Plant.



Streetscape rendering for downtown Sanford.



Streetscape rendering for historic Jonesboro.



Sanford delegation with Yixing Mayor Zhang Lijun in China.

## MUNICIPAL RECREATION

### Sanford Municipal Golf Course



The Sanford Municipal Golf Course is a great place for citizens to play a round of golf at a reasonable rate. Originally designed by the esteemed Donald Ross in 1934, this uniquely challenging course offers a large driving range, chipping green, practice bunker, putting green, pro shop and snack bar.

With fairway-lined pine trees, beautiful azaleas, and a stunning view of Buffalo Creek on the back nine, the



Sanford Municipal Golf Course is named “Best Local Golf Course” by Sanford’s residents each year.

Whether you are playing 18 holes or tuning up your game, the lush fairways, fast greens and friendly staff leave golfers wanting to return again and again.

### Municipal Parks

In the 1970s, Sanford handed control of parks located in the city limits to Lee County Government.

However, in recent years, the Sanford City Council has taken a renewed interest in creating parks in the city.

There are currently four municipal parks featuring playgrounds. They are the Carr Creek Community Park, the Maple Avenue Park, the Walter McNeil Jr Memorial Park, and the Third Street Park.



### Urban Parks



The City of Sanford owns and maintains two traditional urban parks. One is Depot Park, located in the heart of downtown Sanford. Long a center city, Depot Park hosts the seasonal Sanford Farmer’s Market, movies in the park, a summer concert series, and more.

Recently, the City created the Martin Luther King, Jr. Memorial to revitalize and beautify a section of Sanford along its main thoroughfare, Horner Boulevard. The memorial features flowers and benches centered around carved brick. Future improvements to the memorial include a walking trail and a water feature.

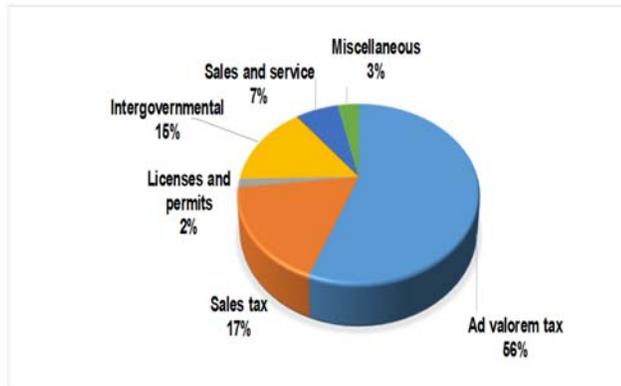
## GENERAL FUND

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, including general government, public safety, streets, and sanitation. These services and functions are financed primarily by property taxes, other taxes, and intergovernmental revenues.

REVENUES	2015	2014
Ad valorem tax	\$14,555,304	\$13,505,515
Sales Tax	4,561,945	3,968,458
Licenses and Permits	400,860	336,949
Intergovernmental	3,948,316	3,312,496
Sales and Service	1,802,784	1,493,779
Miscellaneous	882,486	1,037,222
<b>Total Revenues</b>	<b>\$26,151,695</b>	<b>\$23,654,419</b>

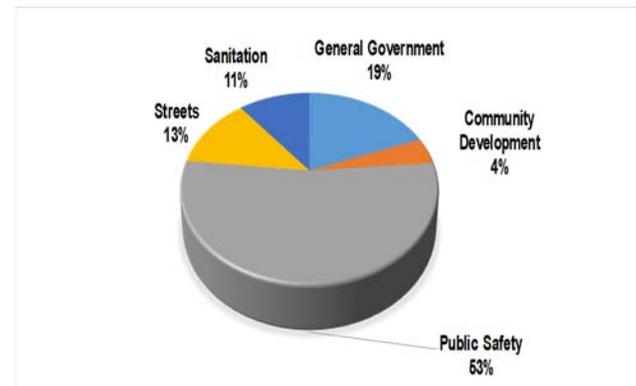
EXPENDITURES	2015	2014
General Government	\$4,747,007	\$4,405,325
Community Development	1,126,641	1,267,932
Public Safety	13,158,819	12,675,250
Streets	3,115,985	2,278,446
Sanitation	2,665,014	2,486,109
<b>Total Expenditures</b>	<b>\$24,813,466</b>	<b>\$23,113,062</b>

### Where The Money Comes From



Taxes comprise the vast majority of the general fund revenues at 73% of the total. Property taxes are the largest funding source at 56% of total City revenues. Sales and use taxes are second at 17% of total City revenues. Intergovernmental funding source consists of items such as utility franchise tax, Powell Bill, 911 surcharge reimbursement, and revenue received from other local governments and reflects 15% of total City revenues.

### Where The Money Goes



Public safety accounts for 53% of general fund expenditures and consists of police, fire, and building inspections. At 19%, general government function includes Governing Body, Administration, Human Resources, Finance, Information Technology, Legal, Public Buildings, Fleet Maintenance, and Horticulture. Streets include street maintenance as well as street capital improvements. Community Development includes Code Enforcement and Downtown/Historic Preservation.

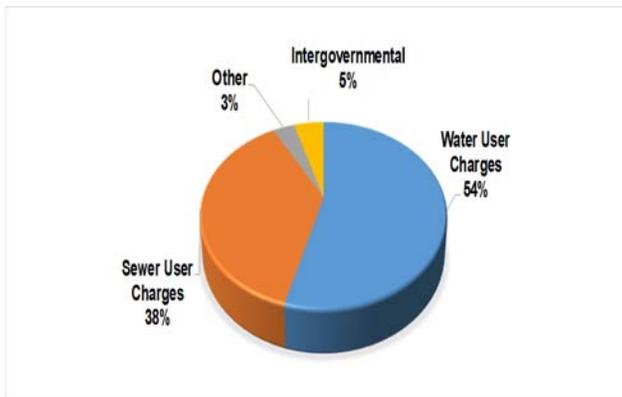
## UTILITY FUND

The City uses the Utility Fund to account for the City’s water and sewer system operations. This fund operates in a manner similar to private business enterprises. The costs (including depreciation) of providing water and sewer services to its customers on a continuing basis are financed primarily through user charges.

REVENUES	2015	2014
Water User Charges	\$10,342,799	\$10,421,755
Sewer User Charges	7,171,039	7,196,876
Other	645,449	772,147
Intergovernmental	891,902	892,864
<b>Total Revenues</b>	<b>\$19,051,189</b>	<b>\$19,283,642</b>

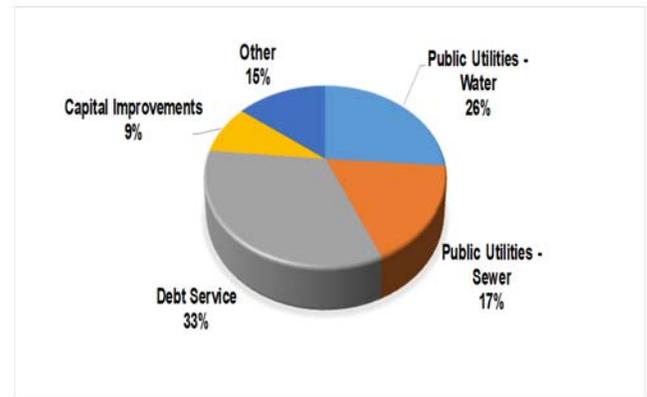
EXPENSES	2015	2014
Public Utilities—Water	\$5,276,346	\$4,928,855
Public Utilities—Sewer	3,500,324	3,503,870
Debt Service	6,634,488	5,697,854
Capital Improvements	1,811,248	1,123,327
Other	2,912,081	2,744,832
<b>Total Expenditures</b>	<b>\$20,134,487</b>	<b>\$17,998,738</b>

### Where The Money Comes From



User charges comprise the vast majority of utility fund revenues at 92%. Water user charges are the largest funding source at 54% of total City revenues and sewer user charges are the second largest funding source at 38%. The intergovernmental funding source is revenue received from other governments and reflects 5% of total City revenues. Other funding sources are items such as monitoring fees, connection and tap fees, investment income, and charges to other funds.

### Where The Money Goes



Water line maintenance and water plant operation expenses represent 26% of total city expenses. Public Utilities-Sewer represents 17% of total city expenses and includes sewer line maintenance and sewer plant operations. Debt service includes principal, interest, and fees paid or accrued on bonds and notes (33% of the total city expenses). At 9%, Capital Improvements include water and sewer capital expenses. Engineering, Utility Administration, Public Works Administration, and Warehouse departments are “other expenses.”

## ***FUND BALANCE***

Fund balance is similar to a savings plan in that it represents monies which remain unspent after all budgeted expenditures have been made. The City strives to only use fund balance to cover capital items and other one-time use items. The City works to keep at least 30% of the closing fiscal year's General Fund operating budget as reserves.

The General Fund is the chief operating fund of the City of Sanford. At the end of the current fiscal year, the City's fund balance available in the General Fund was \$7,159,809 while total fund balance reached \$10,931,196.

The City currently has an available fund balance of 27.4% of General Fund expenditures and transfers, while total fund balance represents 41.8% of the same amount.

<b>General Fund</b>	<b>2015</b>	<b>2014</b>
Beginning General Fund Balance	\$9,444,886	\$10,684,817
Adjustment to Beginning Fund Balance	405,021	0
Revenues	26,151,698	23,654,419
Expenditures	(24,813,466)	(23,113,062)
Issuance of debt	1,058,506	0
Transfers In	1,410,700	15,000
Transfers out	(2,726,149)	(1,796,288)
Net Change in Fund Balance	1,081,289	1,239,931
Ending General Fund Balance	\$10,931,196	\$9,444,886

## ***LONG-TERM DEBT***

As of June 30, 2015, the City of Sanford had total bonded debt outstanding of \$50,030,000. This debt is backed by revenues from water and sewer user charges. The remainder of the City's debt represents notes payable and installment purchase agreements.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the City of Sanford is \$176,292,399.

## ***BUDGET PROCESS***

The City operates under an annual budget ordinance adopted in accordance with the provisions of the Local Government Budget and Fiscal Control Act. The budget ordinance is the legal basis of the budgetary accounting system and the standard by which proposed expenditures are measured. The balanced budget ordinance must be adopted prior to the beginning of the fiscal year. The ordinance is subject to public inspection and a public hearing prior to adoption. The budget is considered balanced when estimated net revenue equals appropriations.

City Council has the authority to amend the annual operating budget through legislative action. All budget amendments must be reported in a public Council meeting and made a matter of record.

## ***SANFORD CITY COUNCIL***

The City's policy-making and legislative authority are vested in a governing council (City Council), which consists of a mayor and seven council members.

Five of the council members are elected from individual wards and two are elected at-large. The mayor is elected for a four-year term of office and the council members are elected for staggered terms of four years. There are no term limits for council members or the mayor.

The City Council's primary responsibilities are adopting ordinances, adopting the budget, and setting policy for the City.

Working hand in hand with the city manager, the council plays a key role in the budget process and the financial well being of the City of Sanford.



Seated left to right: Hal Hegwer, City Manager; Sam Gaskins, Mayor Pro Tem; T. Chet Mann, Mayor; Rebecca Wyhof, Council member. Standing left to right: James Williams, Council member; Jimmy Haire, Council member; Charles Taylor, Council member; and Byron Buckels; Council member. Not Pictured: Chas Post, Council member.

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*If you have any questions about this report, or need additional financial information, please contact the Finance Department of the City of Sanford by email at [cindy.oquinn@sanfordnc.net](mailto:cindy.oquinn@sanfordnc.net), by phone at (919)777-1141, or by mail at City of Sanford, Finance Department, PO Box 3729, Sanford, NC 27331-3729.*





Savoyed Area  
City of Commerce

PROGRESSIVE CONTRACTORS ASSOCIATION

