

City of Sanford, North Carolina
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2009

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PO Box 3729
Sanford, NC 27331-3729

City of Sanford

(919) 775-8202

October 30, 2009

To the Honorable Mayor, City Council and Citizens of Sanford:

The Comprehensive Annual Financial Report of the City of Sanford, North Carolina, for the year ended June 30, 2009 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 this letter of transmittal. The financial section includes the auditors' opinion, management's discussion and analysis, financial statements, footnotes, combining and individual fund 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 States, Local Governments and Non Profit Organizations* and the State Single Audit Implementation Act. Information related to this single audit, including the schedule of expenditures of federal and state awards, 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 an understanding of the City's financial activity have been included.

In accordance with the criteria in Governmental Accounting Standards Board (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, because the City is not financially accountable for the Housing Authority. The Sanford Housing Authority's financial statements are not included within this report.

Management's discussion and analysis of the basic financial statements (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A is designed to complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government

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 25.29 square miles and a population of 27,806. 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 of Sanford 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 council members 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.

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.

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.

Local Economy

Major industries located within the City of Sanford's corporate limits or in close proximity include several manufacturing facilities. Among the largest of the manufacturing facilities are Wyeth Pharmaceuticals (pediatric vaccines), Static Control Components (static elimination equipment), Coty, USA (cosmetics) and Moen, Inc. (plumbing fixtures). In addition, the Lee County School system provides employment to over 1,200 employees and is the largest employer in the county.

The diverse economic base of manufacturing, wholesale and retail trade, services and construction as well as the City's close proximity to the Research Triangle area and the Fayetteville/Ft. Bragg area normally allows the City's local economy to withstand fluctuations. However, due to the decline in the national economy and housing market, the increase in fuel and consumer product costs as well as the 14.7% unemployment rate, the local economy in Sanford has slowed this past fiscal year. As a direct result, residential and commercial growth has slowed.

The City approved numerous residential subdivision plans in the past couple of years however developers have put most of those plans on hold due to the decline in the housing market. The future development of these residential subdivision plans should have a positive impact on our residential growth. The City will also benefit from the relocation of two major commands to Fort Bragg resulting from the Base Realignment and closure (BRAC). July 2011 is the target date for the BRAC implementation.

Long-Term Financial Planning

Council approved an increase in utility rates in fiscal year 2009-10 based on the information provided by the water rate study performed in 2007-08. The City continues to work on a design of the expansion of the Wastewater Treatment Plant that is projected to be complete by 2013. The City plans to pay for this project totaling over \$60 million with bond proceeds and grant funds.

Relevant Financial Policies

The City loaned \$337,077 to the Sanford-Lee County Regional Airport in fiscal year 2008-09. This loan will be repaid to the City over a ten year period at the interest rate of 5.25%. The City also funded other post-employment benefits (OPEB) by investing \$1,175,500 in an irrevocable trust fund with the North Carolina State Treasurer's Office.

Major Initiatives

The City of Sanford completed the construction of the Little Buffalo Northview Project in fiscal year 2008-09 increasing our collection capacity at the industrial park which will aid in future expansions in that area. The City also continued sewer line rehabilitation efforts by re-lining sewer lines which completes the \$3,000,000 sewer line rehabilitation project that was started in fiscal year 2006-07.

Investing in the quality of life in the community becomes more evident as the City of Sanford focuses on more neighborhood parks. In 2009, the City of Sanford was named one of ninety-three "Playful City USA" communities across the nation. This is a national program that honors communities across the nation committed to taking action for play to better the health and well-being of their children. The City of Sanford also completed construction of its third pocket park in 2009.

For the next fiscal year the City will continue to concentrate on improved facilities. Debt financing will be used to renovate and secure City Hall. The City was awarded up to \$2,500,000 in State Revolving Funds through the American Recovery and Reinvestment Act of 2009 (ARRA). Half of the cost to rehabilitate the clearwell and baffling at the water treatment plant will be paid through a principal forgiveness loan and the other half will be paid back to the State of North Carolina over twenty years at a 2.5% interest rate. Design of the Wastewater Treatment Plant expansion will continue and the City will begin the necessary steps to issue revenue bonds for this project as well as applying for grant funds.

Award and Acknowledgements

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, 2007. The City has received the award every year since 1981.

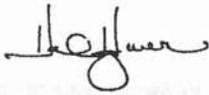
In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal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

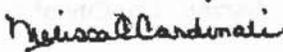
In addition, the City of Sanford also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2008. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the staff of the financial services 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 for maintaining the highest standards of professionalism in the management of the City of Sanford's finances.

Respectfully submitted,



Hal Hegwer
City Manager



Melissa C. Cardinali
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, 2008

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.



A handwritten signature in black ink, appearing to read "M. L. R.", is written above the title.

President

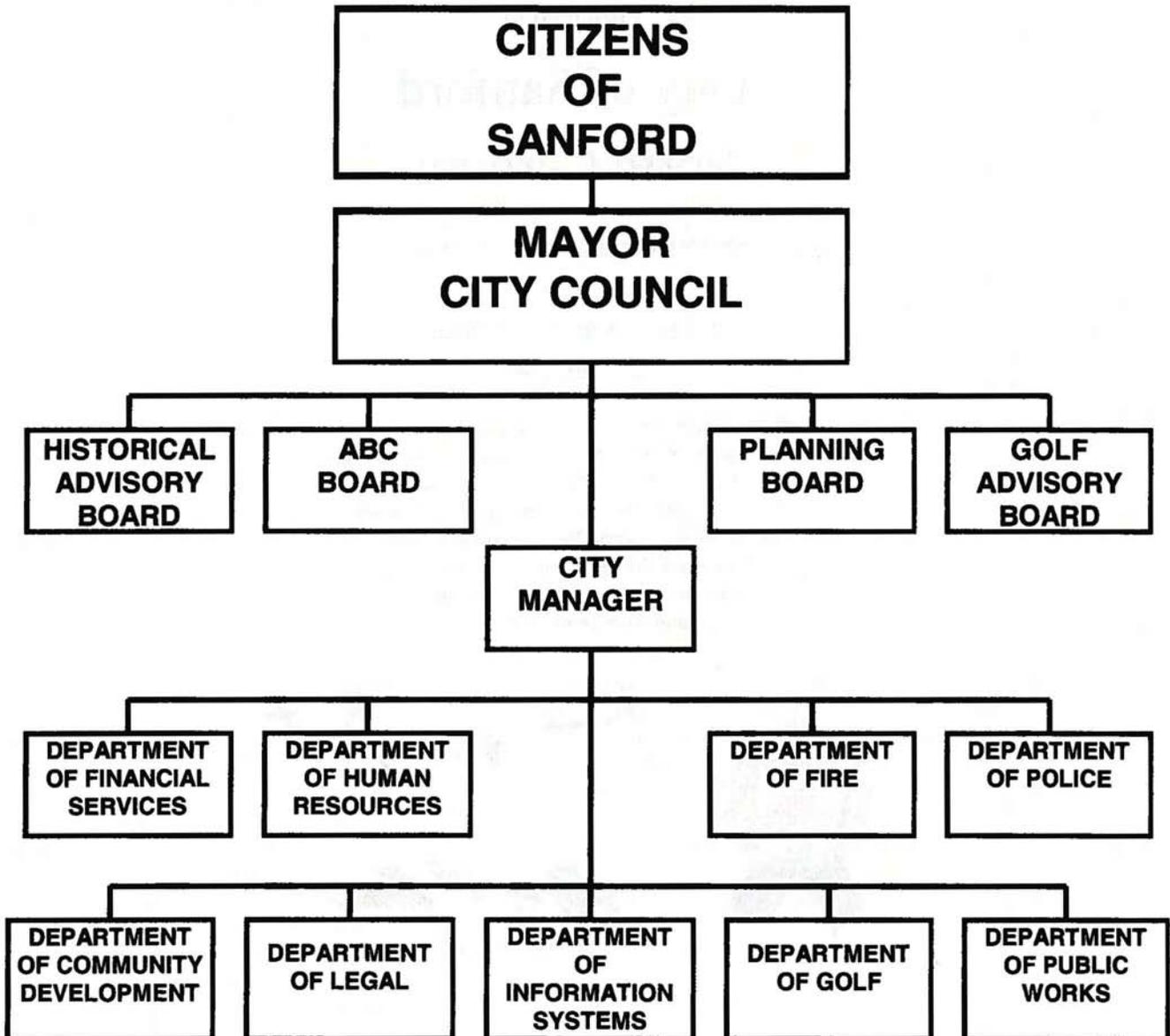
A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", is written above the title.

Executive Director

CITY OF SANFORD



ORGANIZATIONAL CHART





GOVERNING BODY

THE HONORABLE CORNELIA P. OLIVE, MAYOR

MAYOR PRO TEM JOSEPH E. MARTIN

COUNCIL MEMBERS

STEPHEN M. BREWER

CHARLES TAYLOR

WALTER H. MCNEIL, JR.

LINWOOD S. MANN, SR.

MICHAEL C. STONE

JAMES G. WILLIAMS



GOVERNING BODY

THE HONORABLE COMMISSIONER OF ROYAM

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MAYOR AND CITY COUNCIL

COUNCIL MEMBER

STEPHEN W. BROWN

CHARLES TAYLOR

WALTER H. MOORE, JR.

LEWIS D. MANN, SR.

MICHAEL C. STONE

LARRY D. WILLIAMS

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sanford, North Carolina, as of and for the year ended June 30, 2009, which collectively comprise the City of Sanford's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Sanford's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Sanford ABC Board, the component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Sanford ABC Board, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sanford, North Carolina, as of June 30, 2009, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2009 on our consideration of the City of Sanford's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

The Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance and the other postemployment benefits Schedules of Funding Progress and Schedules of Employer Contributions on pages 10 through 19 and 62 through 65, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sanford, North Carolina's basic financial statements. The combining and individual nonmajor fund financial statements, the introductory section, and the statistical section, as well as the accompanying schedule of expenditures of federal and State awards as required by the 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 basic financial statements. The combining and individual nonmajor fund financial statements and the accompanying schedule of expenditures of federal and State awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Greensboro, North Carolina
October 30, 2009

As management of the City of Sanford, we offer readers of the City of Sanford's financial statements this narrative overview and analysis of the financial activities of the City of Sanford for the fiscal year ended June 30, 2009. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

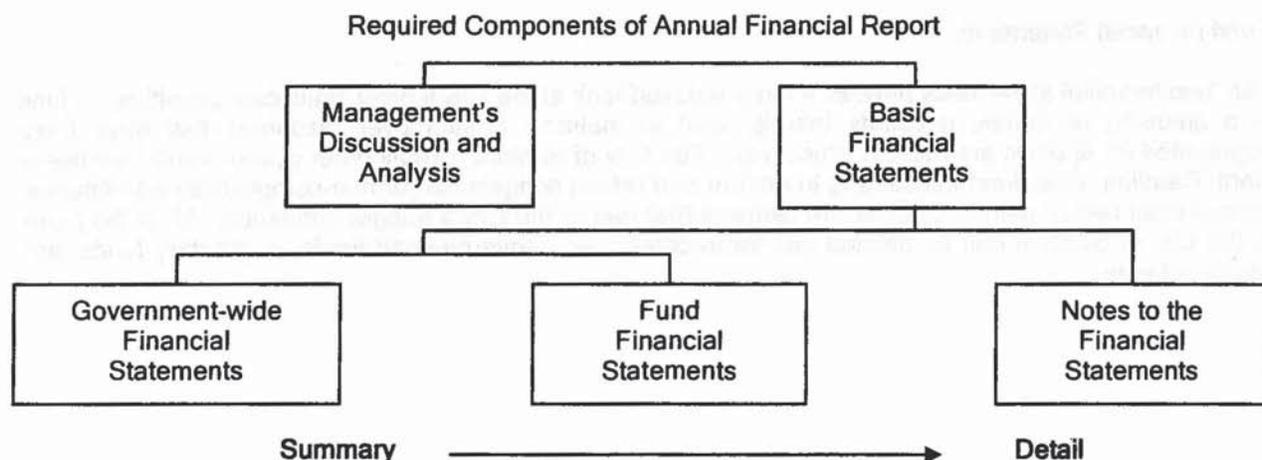
Financial Highlights

- The assets of the City of Sanford exceeded its liabilities at the close of the fiscal year by \$119,744,215 (net assets).
- The government's total net assets increased by \$5,532,193, due to increases in the business-type activities' net assets.
- As of the close of the current fiscal year, the City of Sanford's governmental funds reported combined ending fund balances of \$14,487,453 a decrease of \$552,812 in comparison with the prior year. Of this total amount, 79.5% or \$11,518,651 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$10,956,925, or 47.3% of total general fund expenditures for the fiscal year.
- The City of Sanford's total net debt decreased by \$3,421,276 (14.6%) during the current fiscal year. The City did not incur any additional debt during the fiscal year. The decrease in total net debt is a direct result of annual debt retirements.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Sanford's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Sanford.

Figure 1



Basic Financial Statements

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

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net assets and how they have changed. Net assets are the difference between the City's total assets and total liabilities. Measuring net assets is one way to gauge the City's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the City's basic services such as public safety, sanitation and general administration. Property taxes, sales taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the water and sewer services offered by the City of Sanford. The final category is the component unit. Although legally separate from the City, the ABC Board is important to the City because the City exercises control over the Board by appointing its members and because the Board is required to distribute its profits to the City.

The government-wide financial statements are on pages 20 and 21 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Sanford, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City of Sanford can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Sanford adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds - The City of Sanford has one type of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Sanford uses an enterprise fund to account for its water and sewer activity. This fund is the same as the function shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not available* to support the City of Sanford's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 31-60 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Sanford's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 61 of this report.

Government-Wide Financial Analysis

The City of Sanford's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 16,132,153	\$ 16,937,290	\$ 17,772,261	\$ 19,524,352	\$ 33,904,414	\$ 36,461,642
Capital assets	24,959,198	24,913,390	86,806,755	81,152,929	111,765,953	106,066,319
Total assets	<u>41,091,351</u>	<u>41,850,680</u>	<u>104,579,016</u>	<u>100,677,281</u>	<u>145,670,367</u>	<u>142,527,961</u>
Long term liabilities outstanding	2,940,981	3,118,037	19,772,904	22,586,126	22,713,885	25,704,163
Other liabilities	1,627,527	1,182,652	1,584,740	1,429,124	3,212,267	2,611,776
Total liabilities	<u>4,568,508</u>	<u>4,300,689</u>	<u>21,357,644</u>	<u>24,015,250</u>	<u>25,926,152</u>	<u>28,315,939</u>
Net assets:						
Invested in capital, net of related debt	23,035,724	22,868,410	67,518,283	58,788,484	90,554,007	81,656,894
Restricted	558,481	572,436	-	-	558,481	572,436
Unrestricted	12,928,638	14,109,145	15,703,089	17,873,547	28,631,727	31,982,692
Total net assets	<u>\$ 36,522,843</u>	<u>\$ 37,549,991</u>	<u>\$ 83,221,372</u>	<u>\$ 76,662,031</u>	<u>\$ 119,744,215</u>	<u>\$ 114,212,022</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. In the case of the City of Sanford, assets exceeded liabilities by \$ 119,744,215 as of June 30, 2009. The City's net assets increased by \$ 5,532,193 for the fiscal year ended June 30, 2009. However, the largest portion of net assets (75.6%) reflects the City's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City of Sanford uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Sanford's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City of Sanford's net assets (0.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$28,631,727 is unrestricted.

Several particular aspects of the City's financial operations influenced the total unrestricted net assets:

- Consistent collection of property taxes resulting in an increased tax collection percentage of 97.9%.
- The impact of a slower economy directly impacted sales tax revenue which decreased 8.9%.
- Consistent water and sewer revenue directly related to consumption, system growth, and a structured rate increase.

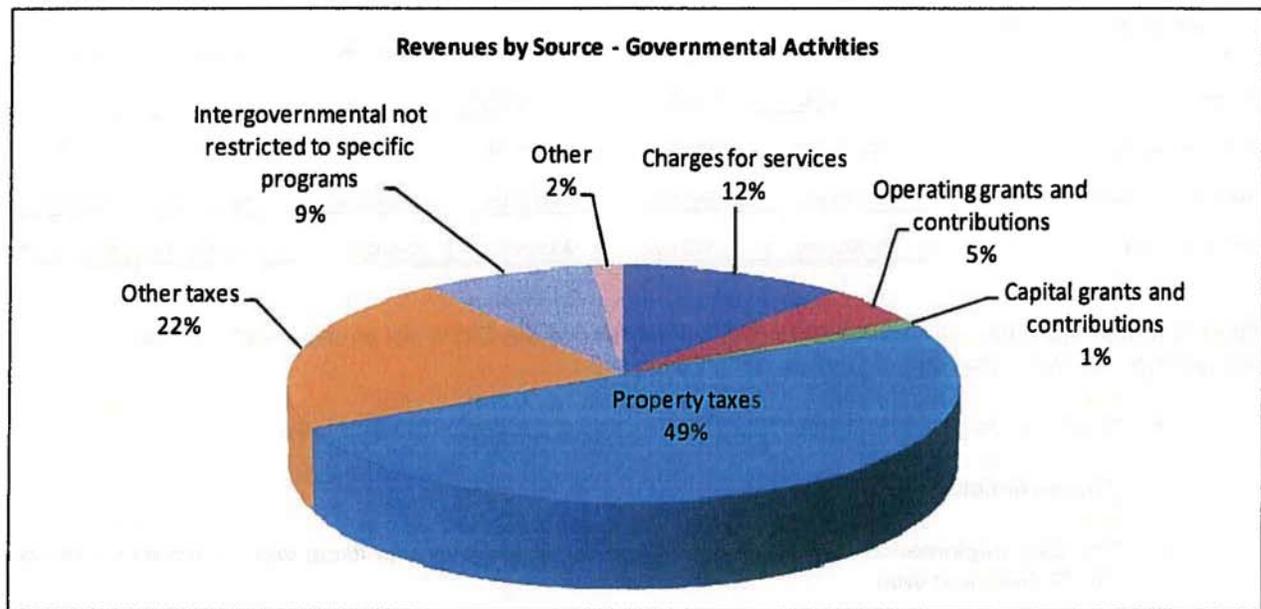
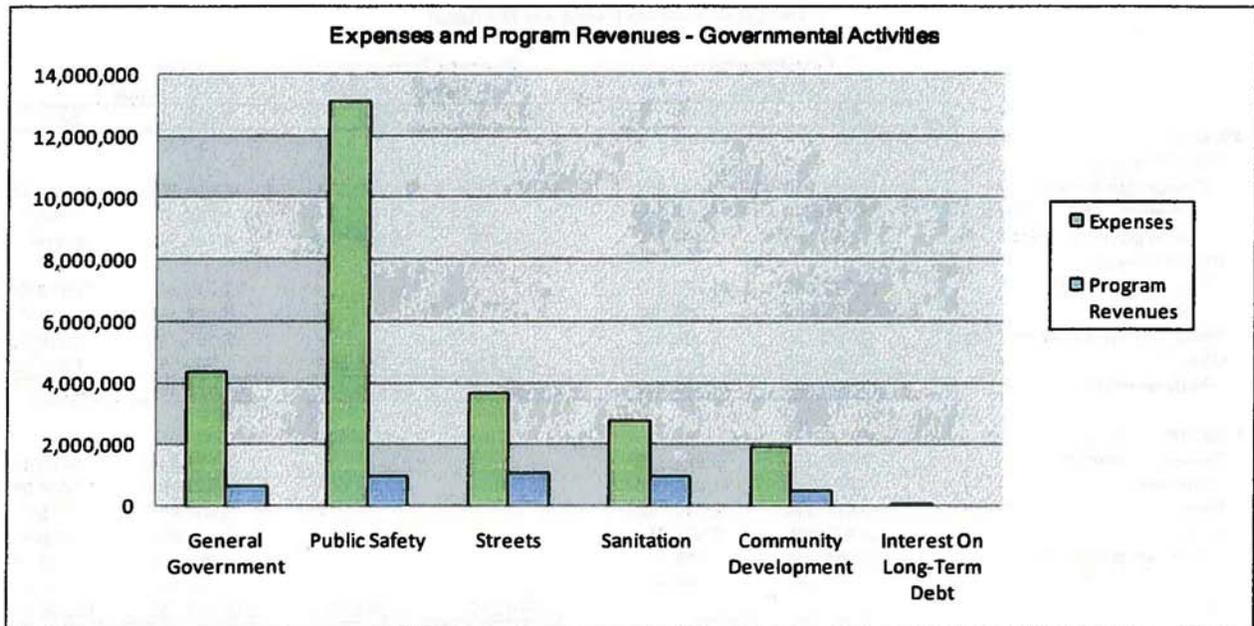
CITY OF SANFORD, NORTH CAROLINA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2009

The City of Sanford's Changes in Net Assets

	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 2,810,153	\$ 3,197,914	\$ 16,399,116	\$ 14,792,571	\$ 19,209,269	\$ 17,990,485
Operating grants & contrib	1,280,473	1,368,268	-	-	1,280,473	1,368,268
Capital grants & contrib	260,651	441,732	3,495,851	6,518,010	3,756,502	6,959,742
General revenues:						
Property taxes	11,772,449	11,279,667	-	-	11,772,449	11,279,667
Other taxes	5,198,389	5,399,097	-	-	5,198,389	5,399,097
Intergovernmental not restricted	2,155,780	2,380,951	-	-	2,155,780	2,380,951
Other	408,689	931,659	297,818	585,869	706,507	1,517,528
Total revenues	<u>23,886,584</u>	<u>24,999,288</u>	<u>20,192,785</u>	<u>21,896,450</u>	<u>44,079,369</u>	<u>46,895,738</u>
Expenses:						
General government	4,156,319	3,989,123	-	-	4,156,319	3,989,123
Public safety	12,527,984	11,064,066	-	-	12,527,984	11,064,066
Streets	3,602,804	4,115,798	-	-	3,602,804	4,115,798
Sanitation	2,675,655	2,520,857	-	-	2,675,655	2,520,857
Community development	1,885,348	1,638,944	-	-	1,885,348	1,638,944
Interest on long-term debt	74,864	94,563	-	-	74,864	94,563
Utility	-	-	13,624,202	13,053,401	13,624,202	13,053,401
Total expenses	<u>24,922,974</u>	<u>23,423,351</u>	<u>13,624,202</u>	<u>13,053,401</u>	<u>38,547,176</u>	<u>36,476,752</u>
Increase (decrease) in net assets before transfers	(1,036,390)	1,575,937	6,568,583	8,843,049	5,532,193	10,418,986
Transfer	9,242	25,000	(9,242)	(25,000)	-	-
Increase (decrease) in net assets	(1,027,148)	1,600,937	6,559,341	8,818,049	5,532,193	10,418,986
Net assets, beginning	<u>37,549,991</u>	<u>35,949,054</u>	<u>76,662,031</u>	<u>67,843,982</u>	<u>114,212,022</u>	<u>103,793,036</u>
Net assets, ending	<u>\$ 36,522,843</u>	<u>\$ 37,549,991</u>	<u>\$ 83,221,372</u>	<u>\$ 76,662,031</u>	<u>\$ 119,744,215</u>	<u>\$ 114,212,022</u>

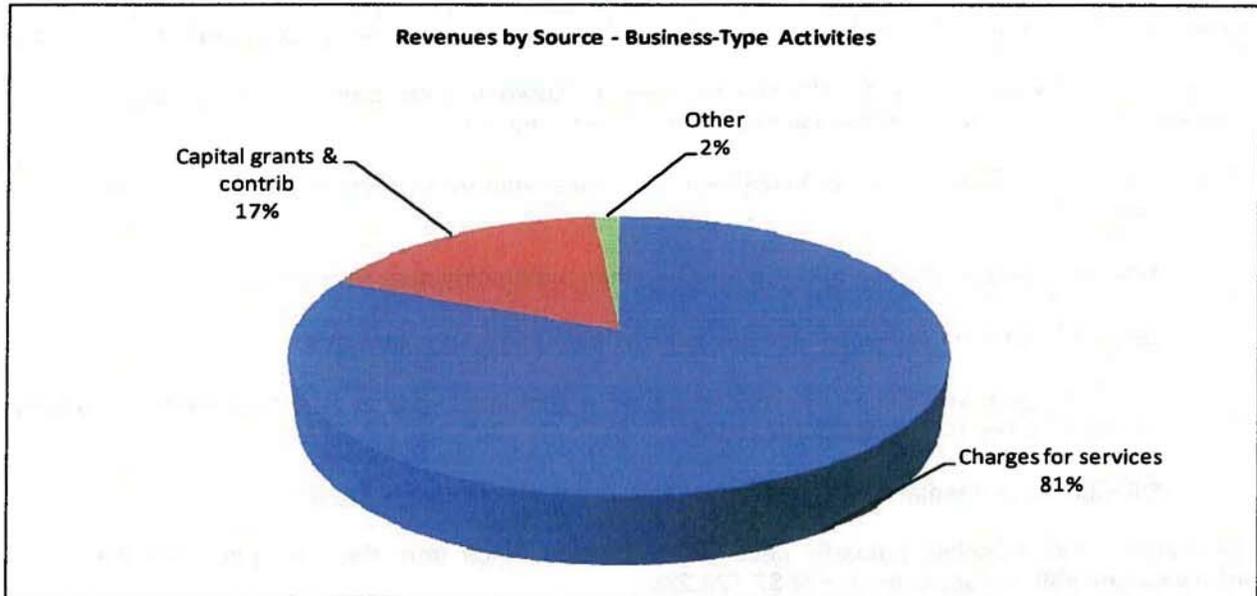
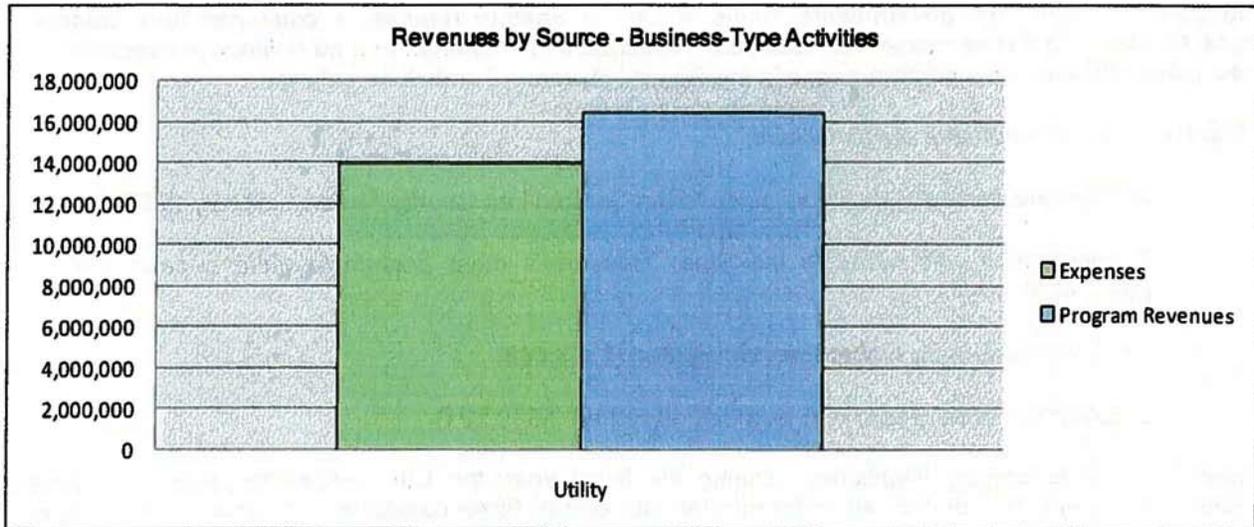
Governmental activities. Governmental activities decreased the City's net assets by \$1,027,148. Key elements of this decrease are as follows:

- Sales tax revenue decreased due to the overall decline in the economy.
- Tax revenues increased as a result of a consistent collection rate.
- The City implemented a business privilege tax in the previous fiscal year which increased by 16.3% from last year.
- Capital contributions by developers totaled \$260,251, a decrease of 41% from last year.



Business-type activities: Business-type activities increased the City of Sanford's net assets by \$6,559,341, accounting for all of the growth in the government's net assets. Key elements of this increase are as follows:

- Installment purchase debt, general obligation bonds and notes were reduced by approximately \$2,884,000.
- Capital contributions by developers were just under \$3,500,000, approximately \$3,000,000 less than last year.



Financial Analysis of the City's Funds

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

Governmental Funds. The focus of the City of Sanford's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Sanford's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Sanford. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$10,956,925, while total fund balance decreased slightly to \$13,880,861. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 47.3 percent of total General Fund expenditures, while total fund balance represents 59.9 percent of that same amount.

At June 30, 2009, the governmental funds of City of Sanford reported a combined fund balance of \$14,487,453, a 3.7% decrease from last year. Included in this change in fund balance are a decrease in the General Fund and a slight increase in the Special Revenue Funds fund balances.

Key factors in the decrease are as follows:

- An intergovernmental loan was made to the Sanford Lee County Airport Authority (\$337,077)
- A contribution was made to the State Treasurer's other postemployment benefits trust fund (\$893,400)
- Tax collections were higher than anticipated (\$353,688)
- Local option sales taxes were less than expected (\$310,221)

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

During the year there was a \$2,224,609 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$606,884 re-appropriation of funds from prior fiscal year for projects or purchases incomplete at year end.
- \$893,400 re-appropriation to begin funding other postemployment benefits.
- \$200,000 reduction in Shop sales due to lower than anticipated fuel costs.
- \$337,077 re-appropriation of funds designated in prior fiscal year as an intergovernmental loan to the Sanford Lee County Regional Airport.
- \$90,000 supplemental appropriation for Code Enforcement cleanup project.

The increase was possible primarily because of unspent funds from the prior year, resulting in an additional fund balance appropriation of \$2,129,289.

Revenues were slightly more than budgeted amounts primarily due to strong tax collections. On the expenditure side, approximately \$414,000 in capital items were not received by June 30. Other expenditures were held in check to comply with budgetary requirements.

Proprietary Funds. The City of Sanford's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the proprietary fund at the end of the fiscal year amounted to \$15,703,089. The total growth in net assets for the proprietary fund was \$6,559,341 or 8.6%. Other factors concerning the finances of this fund have already been addressed in the discussion of the City of Sanford's business-type activities.

Capital Asset and Debt Administration

Capital assets. The City of Sanford's investment in capital assets for its governmental and business-type activities as of June 30, 2009, totals \$111,350,095, (net of accumulated depreciation). These assets include buildings, roads and bridges, land, treatment plants, utility lines, machinery and equipment, golf facilities, and vehicles.

Major capital asset transactions during the year include the following items:

- Completed construction in progress for water and sewer capital assets of \$8,328,451.
- No major demolitions were recorded this year.
- New water and sewer capital asset construction in progress of \$6,034,877.

City of Sanford's Capital Assets
Net of Depreciation

	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 3,299,021	\$ 3,201,072	\$ 230,976	\$ 230,976	\$ 3,529,997	\$ 3,432,048
Buildings	4,494,748	4,794,854	100,712	108,582	4,595,460	4,903,436
Plants	-	-	29,477,238	25,698,218	29,477,238	25,698,218
Tanks and Lines	-	-	52,058,921	47,850,316	52,058,921	47,850,316
Course & improvements	1,043,139	1,111,857	-	-	1,043,139	1,111,857
Streets	12,368,445	13,276,940	-	-	12,368,445	13,276,940
Equipment	2,938,100	2,528,667	1,035,286	1,067,641	3,973,386	3,596,308
Construction in progress	399,887	-	3,903,622	6,197,196	4,303,509	6,197,196
Total	\$ 24,543,340	\$ 24,913,390	\$ 86,806,755	\$ 81,152,929	\$ 111,350,095	\$ 106,066,319

Additional information on the City's capital assets can be found in note 8, beginning on page 42 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2009, the City of Sanford had total bonded debt outstanding of \$2,176,110. This debt is backed by the full faith and credit of the City. The remainder of the City's debt represents notes payable and installment purchase agreements.

City of Sanford's Outstanding Debt
General Obligation Bonds, Notes, and Installment Purchases

	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ -	\$ -	\$ 2,176,110	\$ 3,254,776	\$ 2,176,110	\$ 3,254,776
Notes payable	-	-	1,267,500	1,365,000	1,267,500	1,365,000
Installment purchase contracts	1,496,494	2,030,561	15,136,923	16,844,669	16,633,417	18,875,230
Annexation liability	11,122	14,419	-	-	11,122	14,419
Total	\$ 1,507,616	\$ 2,044,980	\$ 18,580,533	\$ 21,464,445	\$ 20,088,149	\$ 23,509,425

The City of Sanford's total debt decreased by \$3,421,276 (14.6%) during the past fiscal year. The City issued no new debt in the current fiscal year.

The City of Sanford maintained its A1 bond rating from Moody's Investor Service and A1 rating from Standard and Poor's Corporation and 84 from North Carolina Municipal Council. These bond ratings are a clear indication of the sound financial condition of City of Sanford. These favorable ratings are keeping interest costs low on the City's outstanding debt.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for City of Sanford is \$154,018,946.

Additional information regarding the City of Sanford's long-term debt can be found in note 10, beginning on page 44, of the Basic Financial Statements.

Economic Factors and Next Year's Budget and Rates

The following key economic indicators reflect the growth and prosperity of the City.

- As has been the case nationwide, the unemployment rate increased this past year. There has been a slight decrease in the rate in the past few months.
- Despite the slow economy, the City continues to see some business growth. The major shopping center which opened last year has seen many new businesses open, including a new Cracker Barrel restaurant.

Budget Highlights for the Fiscal Year Ending June 30, 2010

Governmental Activities: Governmental revenues will be subject to additional strain this year as a result of the local and national economy. However, the City will not increase fees or taxes for the 2009-10 fiscal years. Further, the City will continue its high level of service to its citizens and will not reduce services in the upcoming year. Expenditures for these services will be reduced by 10.8% from the 2009 fiscal year.

Business-type Activities: As the City looks to upgrade and expand the wastewater treatment plant beginning in fiscal year 2009-10, rate adjustments will be necessary. A water rate increase of 4% and a wastewater rate increase of 8% will be implemented. Future rate increases may be minimized due to the City receiving American Recovery and Reinvestment Act funding of up to \$2,500,000 for a clearwell rehabilitation project at the water treatment plant.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Financial Services Director, City of Sanford, at P.O. Box 3729, Sanford, NC 27331-3729.

CITY OF SANFORD, NORTH CAROLINA
STATEMENT OF NET ASSETS
June 30, 2009

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit ABC Board
ASSETS				
Current assets -				
Cash, cash equivalents and investments	\$ 13,342,652	\$ 15,203,278	\$ 28,545,930	\$1,314,465
Property taxes receivable, net of allowance for uncollectible accounts	542,933	-	542,933	-
Accounts receivable, net of allowance for uncollectible accounts	253,489	1,970,961	2,224,450	-
Due from other governmental agencies	1,797,804	389,675	2,187,479	-
Prepaid items	44,029	11,867	55,896	10,772
Deposits	36,900	-	36,900	-
Inventories	114,346	79,419	193,765	336,964
Restricted cash	-	117,061	117,061	-
Total current assets	<u>16,132,153</u>	<u>17,772,261</u>	<u>33,904,414</u>	<u>1,662,201</u>
Non-current assets -				
Due from other governmental agencies	415,858	-	415,858	-
Capital assets, non-depreciable	3,698,908	4,134,598	7,833,506	233,069
Capital assets, net of depreciation	20,844,432	82,672,157	103,516,589	681,688
Total non-current assets	<u>24,959,198</u>	<u>86,806,755</u>	<u>111,765,953</u>	<u>914,757</u>
TOTAL ASSETS	<u>41,091,351</u>	<u>104,579,016</u>	<u>145,670,367</u>	<u>2,576,958</u>
LIABILITIES				
Current liabilities -				
Current portion long-term debt	467,772	2,704,656	3,172,428	-
Accounts payable	924,298	1,198,544	2,122,842	264,492
Accrued interest payable	4,698	-	4,698	-
Due to other governmental agencies	-	75,000	75,000	-
Deposits	-	174,142	174,142	-
Unearned revenue	75,978	-	75,978	-
Accrued liabilities	622,553	212,054	834,607	89,338
Compensated absences	595,880	144,970	740,850	-
Total current liabilities	<u>2,691,179</u>	<u>4,509,366</u>	<u>7,200,545</u>	<u>353,830</u>
Non-current liabilities -				
Long-term debt	1,039,844	15,875,877	16,915,721	-
Net pension obligation	80,831	-	80,831	-
Compensated absences	472,012	96,647	568,659	-
Due to other governmental agencies	-	750,000	750,000	-
Other post-employment benefits	284,642	125,754	410,396	281,423
Total non-current liabilities	<u>1,877,329</u>	<u>16,848,278</u>	<u>18,725,607</u>	<u>281,423</u>
TOTAL LIABILITIES	<u>4,568,508</u>	<u>21,357,644</u>	<u>25,926,152</u>	<u>635,253</u>
NET ASSETS				
Investment in capital assets, net	23,035,724	67,518,283	90,554,007	914,757
Restricted for:				
Community development	558,481	-	558,481	-
Working capital	-	-	-	127,964
Unrestricted	12,928,638	15,703,089	28,631,727	898,984
TOTAL NET ASSETS	<u>\$ 36,522,843</u>	<u>\$ 83,221,372</u>	<u>\$ 119,744,215</u>	<u>\$1,941,705</u>

See notes to financial statements.

CITY OF SANFORD, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

Functions / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Total
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
Public government	\$ 4,156,319	\$ 630,779	\$ 21,619	\$ -	\$ (3,503,921)	\$ -	-	
Public safety	12,527,984	556,152	414,622	-	(11,557,210)	-	-	
Streets	3,602,804	226,685	831,724	260,651	(2,283,744)	-	-	
Sanitation	2,675,655	927,286	12,508	-	(1,735,861)	-	-	
Community development	1,885,348	469,251	-	-	(1,416,097)	-	-	
Interest on long-term debt	74,864	-	-	-	(74,864)	-	-	
Total governmental activities	24,922,974	2,810,153	1,280,473	260,651	(20,571,697)	(20,571,697)	-	
Business-type activities:								
Utility	13,624,202	16,399,116	-	3,495,851	-	6,270,765	-	
Total business-type activities	13,624,202	16,399,116	-	3,495,851	-	6,270,765	-	
Total primary government	\$ 38,547,176	\$ 19,209,269	\$ 1,280,473	\$ 3,756,502	\$ (20,571,697)	\$ (14,300,932)	\$ -	
Component unit:								
ABC Board	4,162,504	4,196,507	-	-	-	-	34,003	
Total component unit	\$ 4,162,504	\$ 4,196,507	\$ -	\$ -	\$ -	\$ -	\$ 34,003	
General revenues:								
Taxes:								
Property taxes, levied for general purpose					11,772,449	11,772,449	-	
Other taxes					5,198,389	5,198,389	-	
Intergovernmental revenues, unrestricted					2,155,780	2,155,780	-	
Investment earnings, unrestricted					303,867	297,818	28,480	
Miscellaneous					104,822	104,822	904	
Total general revenues					19,535,307	297,818	29,384	
Transfer					9,242	(9,242)	-	
Change in net assets					(1,027,148)	6,559,341	63,387	
Net assets - beginning					37,549,991	76,662,031	1,878,318	
Net assets - ending					\$ 36,522,843	\$ 83,221,372	\$ 1,941,705	

See notes to financial statements.

CITY OF SANFORD, NORTH CAROLINA
 BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2009

	Major Fund - General	Non-major Governmental Funds	Total Governmental Funds
ASSETS			
Assets -			
Cash, cash equivalents and investments	\$ 12,724,382	\$ 588,232	\$ 13,312,614
Property taxes receivable, net	541,352	1,581	542,933
Accounts receivable, net	243,542	-	243,542
Due from other governmental agencies	2,168,796	44,866	2,213,662
Due from other funds	17,002	-	17,002
Prepaid items	44,029	-	44,029
Inventories	114,346	-	114,346
TOTAL ASSETS	<u>\$ 15,853,449</u>	<u>\$ 634,679</u>	<u>\$ 16,488,128</u>
LIABILITIES AND FUND BALANCES			
Liabilities -			
Accounts payable	\$ 879,739	\$ 9,415	\$ 889,154
Due to other funds	-	17,002	17,002
Accrued liabilities	397,353	-	397,353
Deferred and unearned revenues	695,496	1,670	697,166
Total liabilities	<u>1,972,588</u>	<u>28,087</u>	<u>2,000,675</u>
Fund balance -			
Reserved - restricted by state statute	2,351,085	44,866	2,395,951
- inventories	114,346	-	114,346
- prepaids	44,029	-	44,029
- encumbrances	414,476	-	414,476
Unreserved -			
Designated- subsequent year's budget	924,777	-	924,777
Undesignated, General Fund	10,032,148	-	10,032,148
Unreserved, reported in:			
Special Revenue funds	-	561,726	561,726
Total fund balances	<u>13,880,861</u>	<u>606,592</u>	<u>14,487,453</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 15,853,449</u>	<u>\$ 634,679</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	24,543,340
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	621,188
Internal service funds are used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net assets.	(183,459)
Some liabilities, including bonds payable and accrued interest, pension and other postemployment benefits, are not due and payable in the current period and therefore are not reported in the funds.	(2,945,679)
Net assets of governmental activities	<u>\$ 36,522,843</u>

See notes to financial statements.

CITY OF SANFORD, NORTH CAROLINA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	Major Fund - General Fund	Non-major Governmental Funds	Total Governmental Funds
REVENUES -			
Ad valorem taxes	\$ 11,735,407	\$ 57,564	\$ 11,792,971
Other taxes	5,197,958	-	5,197,958
Penalties and interest	84,033	733	84,766
Licenses and permits	288,166	-	288,166
Intergovernmental revenues	3,656,494	400,595	4,057,089
Investment income	302,271	1,596	303,867
Sales and service	1,522,755	-	1,522,755
Miscellaneous revenues	686,021	15,111	701,132
Total revenues	23,473,105	475,599	23,948,704
EXPENDITURES -			
Current operating			
General government	3,961,036	-	3,961,036
Public safety	11,009,490	-	11,009,490
Streets	2,196,449	-	2,196,449
Sanitation	2,332,293	-	2,332,293
Community development	1,251,781	541,674	1,793,455
Capital outlay	1,674,275	-	1,674,275
Debt service			
Principal	534,067	-	534,067
Interest	76,111	-	76,111
Total expenditures	23,035,502	541,674	23,577,176
REVENUES IN EXCESS OF EXPENDITURES	437,603	(66,075)	371,528
OTHER FINANCING SOURCES (USES) -			
Transfers in (out)	(116,540)	85,600	(30,940)
Contribution to Other Postemployment Benefits Trust Fund	(893,400)	-	(893,400)
Total other financing sources (uses)	(1,009,940)	85,600	(924,340)
NET CHANGE IN FUND BALANCE	(572,337)	19,525	(552,812)
FUND BALANCE, BEGINNING OF YEAR	14,453,198	587,067	15,040,265
FUND BALANCE, END OF YEAR	\$ 13,880,861	\$ 606,592	\$ 14,487,453

See notes to financial statements.

CITY OF SANFORD, NORTH CAROLINA
 RECONCILIATION of the STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2009

Amounts reported for governmental activities in the statement of activities (page 21) are different because:

Increase in fund balance - total governmental funds (page 23) \$ (552,812)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Addition to capital assets	2,209,918
Current year depreciation expense including dispositions and transfers	(2,159,803)
Disposed capital assets	(680,816)

Revenues in the statement of activities that do not provide current financial resources are not available as revenues in the funds.

Amount of donated assets	260,651
Change in deferred revenue for tax revenues	(41,754)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Long-term debt retired	537,364
Accrued interest expense	1,247

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(74,758)
Net pension obligation	(908)
Other postemployment benefits	(284,642)

Internal service funds are used by management to charge the costs of health insurance to individual funds. The net loss of certain activities of internal service funds is reported with governmental activities.

(240,835)

Change in net assets of governmental activities (page 21)	<u>\$ (1,027,148)</u>
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See notes to financial statements.

CITY OF SANFORD, NORTH CAROLINA
GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2009

	Budget			Variance with Final Budget - Positive/(Negative)
	Original	Final	Actual	
REVENUES -				
Ad valorem taxes	\$ 11,323,670	\$ 11,323,670	\$ 11,735,407	\$ 411,737
Other taxes	5,450,563	5,450,563	5,197,958	(252,605)
Penalties and interest	60,000	60,000	84,033	24,033
Licenses and permits	442,723	442,723	288,166	(154,557)
Intergovernmental revenues	3,732,141	3,784,575	3,656,494	(128,081)
Investment income	250,000	250,000	302,271	52,271
Sales and services	1,516,900	1,516,900	1,522,755	5,855
Miscellaneous revenues	540,010	582,896	686,021	103,125
Total revenues	23,316,007	23,411,327	23,473,105	61,778
EXPENDITURES -				
Current operating -				
General government	4,973,255	6,356,724	5,524,204	832,520
Public safety	12,581,995	13,172,053	12,328,726	843,327
Streets	3,026,889	3,119,504	2,582,826	536,678
Sanitation	2,705,731	2,705,731	2,578,442	127,289
Community development	1,348,911	1,440,838	1,251,781	189,057
Total expenditures	24,636,781	26,794,850	24,265,979	2,528,871
REVENUES IN EXCESS OF (LESS THAN) EXPENDITURES	(1,320,774)	(3,383,523)	(792,874)	2,590,649
OTHER FINANCING USES -				
Transfers to other funds	(50,000)	(116,540)	(116,540)	-
Total other financing uses	(50,000)	(116,540)	(116,540)	-
REVENUES AND OTHER FINANCING SOURCES IN EXCESS OF (LESS THAN) EXPENDITURES AND OTHER FINANCING USES	(1,370,774)	(3,500,063)	(909,414)	2,590,649
APPROPRIATED FUND BALANCE	1,370,774	3,500,063	-	(3,500,063)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	(909,414)	\$ (909,414)
FUND BALANCE, BEGINNING OF YEAR			14,453,198	
FUND BALANCE, END OF YEAR			\$ 13,543,784	
The General Fund reports loans to other entities as expenditures since the loan uses current financial resources. The transaction, however, has no effect on fund balance:				
General fund statement of revenues, expenditures, and changes in fund balance, fund balance, end of year			\$ 13,543,784	
Loan to other governmental agency			337,077	
Balance sheet - general fund, total fund balance			\$ 13,880,861	

See notes to financial statements.

CITY OF SANFORD, NORTH CAROLINA
 STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
 June 30, 2009

	Business-type Activities - Major Enterprise Fund Utility	Governmental-type Activities - Internal Service Fund Health Insurance
ASSETS		
Current assets:		
Cash, cash equivalents and investments	\$ 15,203,278	\$ 30,038
Accounts receivable, net of allowance for uncollectible accounts	1,970,961	9,947
Due from other governmental agencies	389,675	-
Inventories	79,419	-
Prepaid items	11,867	-
Deposits	-	36,900
Restricted cash	117,061	-
Total current assets	<u>17,772,261</u>	<u>76,885</u>
Non-current assets:		
Capital assets, non-depreciable	4,134,598	-
Capital assets, net of depreciation	82,672,157	-
Total non-current assets	<u>86,806,755</u>	<u>-</u>
Total assets	<u>104,579,016</u>	<u>76,885</u>
LIABILITIES		
Current liabilities:		
Current portion of long-term debt	2,704,656	-
Accounts payable	1,198,544	35,144
Due to other governmental agencies	75,000	-
Customer deposits	174,142	-
Accrued expenses	212,054	-
Compensated absences	144,970	-
Claims incurred but not reported	-	225,200
Total current liabilities	<u>4,509,366</u>	<u>260,344</u>
Non-current liabilities:		
Long-term debt	15,875,877	-
Compensated absences	96,647	-
Due to other governmental agencies	750,000	-
Other postemployment benefits	125,754	-
Total non-current liabilities	<u>16,848,278</u>	<u>-</u>
Total liabilities	<u>21,357,644</u>	<u>260,344</u>
NET ASSETS		
Invested in capital assets, net of related debt	67,518,283	-
Unrestricted	15,703,089	(183,459)
Total net assets	<u>\$ 83,221,372</u>	<u>\$ (183,459)</u>

See notes to financial statements.

CITY OF SANFORD, NORTH CAROLINA
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS
 For the Year Ended June 30, 2009

	Business-type Activities - Major Enterprise Fund <u>Utility</u>	Governmental-type Activities - Internal Service Fund <u>Health Insurance</u>
OPERATING REVENUES		
User charges	\$ 15,744,760	\$ -
Monitoring fees	88,512	-
Connection and tap fees	113,646	-
Health insurance premiums	-	2,191,783
Other	452,198	-
Total operating revenues	<u>16,399,116</u>	<u>2,191,783</u>
OPERATING EXPENSES		
Administration & engineering	1,920,254	-
Water line maintenance	2,146,072	-
Sewer line maintenance	1,142,903	-
Water plant operations	1,878,549	-
Sewer plant operations	1,592,725	-
Store expenses	59,854	-
Insurance claims and administrative fees	-	2,472,800
Other postemployment benefits - current retirees	43,930	-
Depreciation	3,312,574	-
Uncollectible accounts	26,426	-
Total operating expenses	<u>12,123,287</u>	<u>2,472,800</u>
Operating income (loss)	<u>4,275,829</u>	<u>(281,017)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	297,818	-
Interest and other charges	(1,094,199)	-
Contribution to other postemployment benefits	(282,100)	-
Other postemployment benefits	(125,754)	-
Gain on disposal of assets	1,138	-
Total nonoperating expenses	<u>(1,203,097)</u>	<u>-</u>
Income (loss) before contributions and transfers	3,072,732	(281,017)
TRANSFERS IN (OUT)	<u>(9,242)</u>	<u>40,182</u>
CAPITAL CONTRIBUTIONS	<u>3,495,851</u>	<u>-</u>
Change in net assets	6,559,341	(240,835)
Total net assets - beginning	<u>76,662,031</u>	<u>57,376</u>
Total net assets - ending	<u>\$ 83,221,372</u>	<u>\$ (183,459)</u>

See notes to financial statements.

CITY OF SANFORD, NORTH CAROLINA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2009

	Business-type Activities - Major Enterprise Fund <u>Utility</u>	Governmental-type Activities - Internal Service Fund <u>Health Insurance</u>
CASH FLOWS FROM (TO) OPERATING ACTIVITIES		
Cash received from customers	\$ 16,288,425	\$ 2,181,835
Cash paid for goods and services	(4,146,708)	-
Customer deposits received	217,285	-
Customer deposits returned	(303,745)	-
Cash paid for security deposit	-	-
Cash payments to employees	(4,385,401)	-
Cash paid for health insurance claims	-	(2,407,719)
Other operating revenues	202,158	-
Net cash provided (used) by operating activities	<u>7,872,014</u>	<u>(225,884)</u>
CASH FLOWS FROM (TO) NONCAPITAL FINANCING ACTIVITIES		
Transfer to other funds	(9,242)	-
Transfer from other funds	-	40,182
Net cash provided (used) by noncapital financing activities	<u>(9,242)</u>	<u>40,182</u>
CASH FLOWS FROM (TO) CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(5,464,719)	-
Principal paid on bond maturities and installment purchase debt	(2,955,246)	-
Interest paid on bond maturities and installment purchase debt	(1,059,883)	-
Principal paid on note due to other governmental agencies	(75,000)	-
Proceeds from the disposition of capital assets	5,900	-
Net cash used by capital and related financing activities	<u>(9,548,948)</u>	<u>-</u>
CASH FLOWS FROM (TO) INVESTING ACTIVITIES		
Contribution to other postemployment benefits trust fund	(282,100)	-
Investment earnings	297,818	-
Net cash from investing activities	<u>15,718</u>	<u>-</u>
Net change in cash and cash equivalents	(1,670,458)	(185,702)
Balances - beginning of the year	16,990,797	215,740
Balances - end of the year	<u>\$ 15,320,339</u>	<u>\$ 30,038</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 4,275,829	\$ (281,017)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	3,312,574	-
Write-off of uncollectible accounts	26,426	-
Changes in asset and liabilities:		
Increase in accounts receivable	(749,438)	(9,947)
Decrease in due from other governmental agencies	840,905	-
Increase in inventories	(3,873)	-
Increase in prepaid items	(5,961)	-
Increase in accounts payable	248,142	35,144
Increase in compensated absences	19,936	-
Increase in claims incurred but not reported	-	29,936
Decrease in accrued expenses	(6,066)	-
Decrease in customer deposits	(86,460)	-
Total adjustments	<u>3,596,185</u>	<u>55,133</u>
Net cash provided (used) by operating activities	<u>\$ 7,872,014</u>	<u>\$ (225,884)</u>
Noncash capital activities and noncapital financing activities:		
Contributed capital assets	\$ 3,495,851	\$ -

See notes to financial statements.

CITY OF SANFORD, NORTH CAROLINA
 STATEMENT OF FIDUCIARY NET ASSETS
 June 30, 2009

	Pension Trust Funds	Agency Funds
ASSETS		
Cash, cash equivalents, and investments	\$ 1,783,917	\$ 474,382
Accounts receivable	-	30,941
Total assets	1,783,917	505,323
LIABILITIES		
Due to plan participants	-	505,323
Total liabilities	-	505,323
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 1,783,917	\$ -

See notes to financial statements.

CITY OF SANFORD, NORTH CAROLINA
 STATEMENT OF CHANGES IN PLAN NET ASSETS
 PENSION TRUST FUNDS
 For the Year Ended June 30, 2009

	Pension Trust Funds
ADDITIONS:	
Employer contributions	\$ 1,587,852
Net investment income	<u>62,079</u>
Total additions	<u>1,649,931</u>
DEDUCTIONS:	
Benefits	408,620
Administrative expense	<u>9,163</u>
Total deductions	<u>417,783</u>
Net increase	1,232,148
Net assets - held in trust for pension benefits, beginning of year	<u>551,769</u>
Net assets - held in trust for pension benefits, end of year	<u><u>\$ 1,783,917</u></u>

See notes to financial statements.

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 27,806. 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. Additionally, the City of Sanford operates a golf course 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 (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at 2116 S. Horner Blvd., Sanford, NC 27330.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. Within the statement of activities, expenses reported for functional activities include allocated indirect expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements. The fund financial statements provide information about the City's funds including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented, even though the latter are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental fund:

General Fund. The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and intergovernmental revenues. The primary expenditures are for public safety, general government administration, street maintenance and construction, and sanitation services.

The City reports the following non-major governmental funds:

Community Development Fund. This fund is used to account for the activities of the Community Development Program financed by federal and state grants.

Central Business Tax District Fund. This 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.

Health Insurance Internal Service Fund. This fund is used to account for employee health claim expenses incurred by the City related to the decision to self-insure for these employee benefits. This fund also collects premiums from City departments to cover claim expenses for employee elected spouse and family coverage.

The City reports the following major enterprise fund:

Utility Fund. This fund is used to account for the City's water and sewer operations.

The City reports the following fiduciary funds:

Pension Trust Fund. The City maintains two Pension Trust Funds - the Law Enforcement Officers' Special Separation Allowance Fund and the Other Postemployment Benefit Fund. Pension trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefit plans. The Law Enforcement Officers' Special Separation Allowance

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund accounts for funds held to benefit qualified law enforcement officers. The Other Postemployment Benefit Fund accounts for the City's contributions for healthcare coverage provided to qualified retirees.

Agency Fund. This fund is custodial in nature and does not involve the measurement of operating results. An agency fund is used to account for assets the City holds on behalf of others. The City maintains this fund to account for employee contributions made on behalf of the Firemen's and Rescue Squad Workers' Pension Fund that are required to be remitted to the State of North Carolina.

Measurement Focus and Basis of Accounting

In accordance with the North Carolina General Statutes, all funds of the City are maintained during the year using the modified accrual basis of accounting.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus except for the agency fund. The government-wide, proprietary and fiduciary fund financial statements are also reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year.

Sales taxes collected and held by the State at year-end on behalf of the City are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exception to this general rule is the Utility fund charges to the governmental funds where the amounts are equivalent in value to the utilities used by the governmental funds during the year. Elimination of these charges would distort the direct costs and charges for services reported for the various functions concerned.

In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements.

For enterprise funds, GASB Statement Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in other subsections of this Note.

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 City Council 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 City Council 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 must be 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 basis of accounting is required for all funds.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The City adopted a long-term project ordinance budget for its Community Development fund. All other funds adopt annual budgets.

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.

Encumbrances - The City is required by State Statute to record encumbrances in its budgetary 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 vacation policy of the City provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City reports compensated absences in governmental funds only if they have matured. The City has assumed a first-in, first-out method of using accumulated compensated time.

The City's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the City has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Allowances for uncollectible receivables

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 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 2008 through February 2009 apply to the fiscal year ended June 30, 2009. Uncollected taxes which were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

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. The cost of inventory is charged to operations when consumed (consumption method). For the ABC Board, merchandise inventory is valued at the lower of cost, first-in, first-out method, or market.

Capital Assets and Depreciation - Capital assets of the City and the ABC Board which include property, plant, equipment and infrastructure are reported in the government-wide and proprietary fund financial statements. Capital assets of the City generally have an initial cost of more than \$2,500 and an estimated useful life of more than one year. All capital assets of the City and the ABC Board are recorded at cost or estimated historical cost. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount. Donated capital assets are recorded at the fair value on the date of the gift. Cost of repairs and minor renewals that do not add to the value of the asset or materially extend the asset's life are excluded from capital assets. When an asset is disposed of, the related cost and accumulated depreciation are removed from the accounts.

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:

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

<u>City of Sanford</u>		<u>ABC Board</u>	
Buildings, utility plants, tanks and system lines	40-50 years	Buildings	7-39 years
Equipment	3-15 years	Store fixtures	5-10 years
Building, land improvements and streets	20 years	Office furniture & fixtures	5-10 years
		Vehicles	3 years

The City evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. Impaired capital assets that will no longer be used by the government are reported at the lower of carrying value or fair value. Impairment losses on capital assets that will continue to be used by the government are measured using the method that best reflects the diminished service utility of the capital asset. Any insurance recoveries received as a result of impairment events or changes in circumstances resulting in the impairment of a capital asset are netted against the obligations loss.

Long-term Obligations - In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

In the governmental fund financial statements, reservations of fund balance represent amounts that cannot be appropriated or are legally segregated for specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The governmental fund types classify fund balances as follows:

Reserved:

Reserved for inventories - portion of fund balance that is not available for appropriation because it represents the year-end fund balance of ending inventories, which are not expendable, available resources.

Reserved by State statute - portion of fund balance, in addition to other fund balance reserves, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables, which have not been offset by deferred revenues.

Reserved for prepaids - portion of fund balance representing amounts paid in the current fiscal year for the proceeding fiscal year.

Reserved for encumbrances - portion of fund balance available to pay for commitments related to purchase orders or contracts which remain unperformed at year-end.

Unreserved:

Designated for subsequent year's expenditures - portion of the total fund balance available for appropriation that has been designated for the adopted 2009 - 2010 budget ordinance.

Undesignated: portion of total fund balance available for appropriation that is uncommitted at year-end.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits - 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 that exceed 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 under collateralization and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no formal policy regarding custodial credit risk for

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of the G.S.159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance.

At June 30, 2009, the City's deposits had a carrying amount of \$11,577,575 and a bank balance of \$11,752,264. Of the bank balance, \$1,324,337 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The carrying amount of deposits for the ABC Board was \$1,311,565 and the bank balance was \$1,354,586. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2009, the City's cash on hand totaled \$1,850 while cash on hand for the ABC Board totaled \$2,900.

At June 30, 2009, \$117,061 of the \$30,921,290 in cash, cash equivalents and investments is unspent debt proceeds and therefore restricted according to loan covenants.

OPEB Accounting Policy - General Statute 147-69.4 allows the City to establish an OPEB Trust Fund under the management of the State Treasurer and G.S. 159-30(g) allows the City to make contributions to the Fund. The State Treasurer in her discretion may invest the proceeds in equities of certain publicly held companies and long or short term fixed income investments as detailed in G.S. 147-69.2(1-6) and (8). Funds submitted are managed in three different sub-funds, the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies, and corporate issues authorized by G.S. 147-69.1, the Long-Term Investment Fund (LTIF) consisting of investment grade corporate securities, treasuries, and agencies, and Barclay's Global International Equity Fund authorized under G.S. 147-69.2.

The STIF securities are reported at cost and maintain a constant \$1 per share value. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund. The LTIF and Barclay's Global International Equity Fund are valued at fair value.

At June 30, 2009, the City of Sanford Healthcare Benefits (HCB) Plan Fund had \$1,223,850 invested in the State Treasurer's Local Government Other Post-Employment Benefits (OPEB) Fund pursuant to G.S. 147-69.4. The State Treasurer's OPEB Fund may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the State Treasurer's OPEB Fund was invested as follows: State Treasurer's Short Term Investment Fund (STIF) 29.35%; State Treasurer's Long Term Investment Fund (LTIF) 12.45%; and Barclay's Global International Equity Fund 58.20% (the equities were split with 75% in domestic securities and 25% in international securities).

Investments -

Investment balances as of June 30, 2009 were as follows:

Investment Type	Fair Value	Less Than 6 Months	6-12 Months	1-2 Years
NC OPEB Long Term	\$ 152,492	\$ -	\$ -	\$ 152,492
NC OPEB Short Term	359,200	-	-	359,200
NC OPEB Equity	712,158	N/A	N/A	N/A
US Government Agencies	948,224	-	-	948,224
NC Capital Management Trust	17,169,791	N/A	N/A	N/A
Total	\$ 19,341,865	\$ -	\$ -	\$ 1,459,916

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits at least 80% of the City's investment portfolio to maturities of less than 12 months, and limits all securities to a final maturity of no more than two years. The City does not have a formal investment policy but adheres to all North Carolina requirements of General Statute 159-30. The State Treasurer's Short Term Investment Fund (STIF) is unrated and had a weighted average maturity of 1.8 years at June 30, 2009. The State Treasurer's Long Term Investment Fund (LTIF) is unrated and had a weighted average maturity of 15.6 years at June 30, 2009.

Credit Risk - State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2009, the City held no investments in commercial paper. The City's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2009. The City's investments in US Agencies (Federal Home Loan Bank) are rated AAA by Standard & Poor's. The STIF is unrated and authorized under NC General Statute 147-69.1. The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate treasuries, agencies, and money market instruments. The LTIF is unrated and authorized under NC General Statute 147-69.1 and 147-69.2. The State Treasurer's LTIF is invested in treasuries, agencies, and corporate bonds with longer maturities.

Custodial Credit Risk - For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no formal policy on custodial credit risk.

Concentration of Credit Risk - The City places a limit on the amount of commercial paper that the City may invest in any one issuer to 30%. No more than 40% of the City's total investments may be in commercial paper. At June 30, 2009, none of the City's investments were in commercial paper.

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

North Carolina General Statute 159-30 authorizes the City and the ABC Board to invest in obligations of the U.S. Treasury; obligations of agencies of the United States of America, provided the payment of interest and principal of such obligations is fully guaranteed by the United States; bonds and notes of any North Carolina local government or public authority; certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Cash Management Trust, an SEC registered mutual fund.

As of June 30, 2009, the ABC Board held no investments of this nature.

CITY OF SANFORD, NORTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2009

4. PROPERTY TAXES RECEIVABLE

Property taxes receivable as of June 30, 2009 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	\$ 681,249	\$ 3,014	\$ 684,263
Less allowance for uncollectibles	139,897	1,433	141,330
Net property taxes receivable	<u>\$ 541,352</u>	<u>\$ 1,581</u>	<u>\$ 542,933</u>

5. ACCOUNTS RECEIVABLE

Accounts receivables as of June 30, 2009, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Enterprise Funds
Accounts receivable		
Special assessments	\$ 43,620	\$ 108,579
Waste management fees	34,188	-
Privilege licenses	7,693	-
Employee computer purchase	36,849	9,218
Other	128,438	24,750
Utility user charges	-	2,667,056
Total receivables	<u>250,788</u>	<u>2,809,603</u>
Less: allowance for uncollectibles	7,246	838,642
Net total receivables	<u>\$ 243,542</u>	<u>\$ 1,970,961</u>

6. DUE FROM OTHER GOVERNMENTAL AGENCIES

The amounts due from governmental agencies for the City's individual major funds and non-major funds as of June 30, 2009 consist of amounts due classified as follows:

	General	Special Revenue	Utility	Total
Notes	\$ 489,741	\$ -	\$ -	\$ 489,741
Tax refunds	245,441	-	3,400	248,841
Grants	-	44,866	386,275	431,141
Reimbursements	1,433,614	-	-	1,433,614
Total	<u>\$ 2,168,796</u>	<u>\$ 44,866</u>	<u>\$ 389,675</u>	<u>\$ 2,603,337</u>

7. DUE FROM OTHER FUNDS

At June 30, 2009, \$17,002 was due to the general fund from the community development fund for cash advances until receivables are realized.

CITY OF SANFORD, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

8. CAPITAL ASSETS

For the year ended June 30, 2009, capital asset activity was as follows:

Primary Government

	Beginning Balance	Additions/ Reclasses	Deletions/ Reclasses	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,201,072	\$ 97,949	\$ -	\$ 3,299,021
Construction In progress	-	399,887	-	399,887
Total capital assets, not being depreciated	3,201,072	497,836	-	3,698,908
Capital assets, being depreciated:				
Municipal center and other bldgs.	9,876,653	-	(35,739)	9,840,914
Golf course and improvements	1,469,913	-	-	1,469,913
Streets	28,834,706	490,724	-	29,325,430
Equipment	9,149,747	1,487,017	(650,085)	9,986,679
Total capital assets, being depreciated	49,331,019	1,977,741	(685,824)	50,622,936
Less accumulated depreciation for:				
Municipal center and other bldgs.	(5,081,799)	(263,124)	(1,243)	(5,346,166)
Golf course and improvements	(358,056)	(68,718)	-	(426,774)
Streets	(15,557,766)	(1,399,219)	-	(16,956,985)
Equipment	(6,621,080)	(1,066,465)	638,966	(7,048,579)
Total accumulated depreciation	(27,618,701)	(2,797,526)	637,723	(29,778,504)
Total capital assets, being depreciated, net	21,712,318	(819,785)	(48,101)	20,844,432
Governmental activities capital assets, net	\$ 24,913,390			\$ 24,543,340
Business type activities:				
Utility fund-				
Capital assets, not being depreciated:				
Land	\$ 230,976	\$ -	\$ -	\$ 230,976
Construction in progress	6,197,196	6,034,877	(8,328,451)	3,903,622
Total capital assets, not being depreciated	6,428,172	6,034,877	(8,328,451)	4,134,598
Capital assets, being depreciated:				
Treatment plants	41,754,610	4,981,128	-	46,735,738
Water tanks and lines	39,374,123	856,138	-	40,230,261
Sewer lines	28,723,357	5,075,545	-	33,798,902
Equipment	2,949,210	411,327	(155,594)	3,204,943
Buildings and improvements	372,861	-	-	372,861
Total capital assets, being depreciated	113,174,161	11,324,138	(155,594)	124,342,705

CITY OF SANFORD, NORTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2009

8. CAPITAL ASSETS (Continued)

	Beginning Balance	Additions/ Reclasses	Deletions/ Reclasses	Ending Balance
Less accumulated depreciation for:				
Treatment plants	\$ (16,056,392)	\$ (1,202,108)	\$ -	\$ (17,258,500)
Water tanks and lines	(11,430,992)	(997,053)	-	(12,428,045)
Sewer lines	(8,816,172)	(726,025)	-	(9,542,197)
Equipment	(1,881,569)	(438,920)	150,832	(2,169,657)
Buildings and improvements	(264,279)	(7,870)	-	(272,149)
Total accumulated depreciation	<u>(38,449,404)</u>	<u>(3,371,976)</u>	<u>150,832</u>	<u>(41,670,548)</u>
Total utility fund capital assets, being depreciated, net	<u>74,724,757</u>	<u>7,952,162</u>	<u>(4,762)</u>	<u>82,672,157</u>
Business type activities, capital assets, net	<u>\$ 81,152,929</u>			<u>\$ 86,806,755</u>

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

Governmental Activities	
General Government	\$ 520,014
Public Safety	415,718
Streets	1,532,202
Sanitation	229,584
Community Development	8,982
Total depreciation expense - governmental activities	<u>\$ 2,706,500</u>
Business-type activities	
Water and sewer	<u>\$ 3,312,574</u>
Total depreciation expense - business type activities	<u>\$ 3,312,574</u>

The following is a summary of changes in capital assets for the ABC Board for the year ended June 30, 2009:

	Beginning Balance	Additions/ Retirements	Ending Balance
Non depreciable assets:			
Land	<u>\$ 233,069</u>	<u>\$ -</u>	<u>\$ 233,069</u>
Depreciable assets:			
Buildings	891,076	61,233	952,309
Store fixtures	161,186	10,089	171,275
Office furniture	40,162	342	40,504
Vehicles	8,500	-	8,500
Total depreciable assets	<u>1,100,924</u>	<u>71,664</u>	<u>1,172,588</u>

8. CAPITAL ASSETS (Continued)

	Beginning Balance	Additions/ Retirements	Ending Balance
Accumulated depreciation			
Buildings	\$ 298,075	\$ 16,950	\$ 315,025
Store fixtures	130,029	7,163	137,192
Office furniture	29,852	331	30,183
Vehicles	8,500	-	8,500
Total accumulated depreciation	<u>466,456</u>	<u>24,444</u>	<u>490,900</u>
Total depreciable assets, net	<u>634,468</u>		<u>681,688</u>
Net capital assets	<u>\$ 867,537</u>		<u>\$ 914,757</u>

9. OPERATING LEASES

The City leases copier equipment under a noncancelable operating lease. Total cost for this lease was \$46,261 for the year ended June 30, 2009. The future minimum lease payments for this lease are as follows:

Year ended June 30,	Amount
2010	\$ 34,626
2011	34,626
2012	34,626
2013	5,771
Total	<u>\$ 109,649</u>

10. LONG-TERM OBLIGATIONS

At June 30, 2009 long-term obligations consist of the following -

Governmental Activities

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

Installment purchase contracts:

Installment purchase with RBC Bank; issued September 22, 2006 in the amount of \$450,000; quarterly principal and interest installment of \$13,799; interest of 3.83% for seven years; secured by equipment	\$ 287,377
Installment purchase with RBC Bank; issued October 30, 2006 in the amount of \$115,000; quarterly principal and interest installments of \$5,083; interest at 3.68% for three years; secured by equipment	20,055
Installment purchase with RBC Bank; issued September 22, 2006 in the amount of \$573,000; quarterly principal and interest installment of \$19,718; interest at 3.69% for three and one-half years; secured by equipment	77,437
Installment purchase with BB&T Bank; issued February 12, 2002 in the amount of \$600,000; quarterly principal and interest installment of \$18,838; interest at 4.76% for ten years; secured by golf course	165,000

10. LONG-TERM OBLIGATIONS (Continued)

Installment purchase with RBC Bank; issued September 22, 2006 in the amount of \$573,000; quarterly principal and interest installments of \$13,145; interest at 3.69% for three and one-half years; secured by equipment	\$ 51,625
Installment purchase with RBC Bank; issued April 3, 2003 in the amount of \$1,000,000; annual principal and interest installment of \$130,222; interest at 3.14% for fifteen years; secured by deed of trust on streets	400,000
Installment purchase with BB&T Bank; issued December 7, 1999 in the amount of \$1,350,000; quarterly principal and interest installment of \$39,661; interest at 5.26% for fifteen years; secured by deed of trust on service center	<u>495,000</u>
Total installment purchase contracts	1,496,494
Compensated absences	1,067,892
Net pension obligation	80,831
Other postemployment benefits	284,642
Annexation liability for fire protection	<u>11,122</u>
Total governmental activities obligations	2,940,981
Less current portion	<u>(1,063,652)</u>
Total long-term obligations	<u>\$ 1,877,329</u>

Business-Type Activities

General obligation bonds:

Water and sewer improvement refunding bonds; 4.4% to 4.9% interest issued March 1, 1996; due serially to 2011; net of \$118,890 unamortized difference	<u>\$ 2,176,110</u>
Total general obligation bonds	<u>2,176,110</u>

Notes payable:

State of North Carolina; issued April 12, 1999 in the amount of \$1,950,000; due in annual principal installments of \$97,500 with semi-annual interest installments beginning November 1, 2001; interest at 2.6% for twenty years; for the Jonesboro Pressure Zone Project	<u>1,267,500</u>
Total notes payable	<u>1,267,500</u>

10. LONG-TERM OBLIGATIONS (Continued)

Installment purchase contracts:

Installment purchase with RBC Bank; agreement dated November 15, 2006 in the amount of \$3,000,000; installments of \$90,545; interest at 3.81% for ten years; for installation of sewer lines and secured by sewer lines \$ 2,353,053

Installment purchase with RBC Bank; agreement dated March 10, 2005 in the amount of \$7,630,000; quarterly installments of \$163,658; interest at 3.47% for fifteen years; for installation of water and sewer lines and secured by water and sewer lines 5,256,861

Installment purchase BB&T Bank; agreement dated February 13, 2002 in the amount of \$3,595,000; quarterly installments of \$100,484; interest at 4.71% for fifteen years; for water plant improvements and secured by water plant improvements; modified May 13, 2004; quarterly installments of \$86,017; interest rate 3.52% 1,857,417

Installment purchase Wachovia; agreement dated October 13, 1998 in the amount of \$1,580,000; quarterly installments of \$36,713; interest at 4.61% for fifteen years; for installation of water and sewer lines and secured by water and sewer lines 593,714

Installment purchase BB&T Bank; agreement dated May 13, 2004 in the amount of \$7,000,000; semi-annual installments of \$152,752; interest at 3.67% for fifteen years; for water plant improvements and secured by water plant improvements 5,075,878

Total installment purchase contracts 15,136,923

Compensated absences 241,617

Due to other governmental agencies 825,000

Other postemployment benefits 125,754

Total business-type activities obligations 19,772,904

Less current portion (2,924,626)

Total long-term obligations \$ 16,848,278

CITY OF SANFORD, NORTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2009

10. LONG-TERM OBLIGATIONS (Continued)

A summary of changes in long-term obligations follows:

Governmental Activities	Beginning of Year	Additions/ Reclasses	Retirements	End of year	Due Within One Year
Installment purchase contracts	\$ 2,030,561	\$ -	\$ 534,067	\$ 1,496,494	\$ 465,190
Compensated absences	993,134	1,486,313	1,411,555	1,067,892	595,880
Net pension obligation	79,923	908	-	80,831	-
Other postemployment benefits	-	1,430,648	1,146,006	284,642	-
Annexation liability	14,419	-	3,297	11,122	2,582
Total	\$ 3,118,037	\$ 2,917,869	\$ 3,094,925	\$ 2,940,981	\$ 1,063,652
Business-type Activities					
General obligation bonds, net	\$ 3,254,776	\$ -	\$ 1,078,666	\$ 2,176,110	\$ 1,130,000
Notes payable	1,365,000	-	97,500	1,267,500	97,500
Installment purchase contracts	16,844,669	-	1,707,746	15,136,923	1,477,156
Compensated absences	221,681	175,113	155,177	241,617	144,970
Due to other governmental agencies	900,000	-	75,000	825,000	75,000
Other postemployment benefits	-	451,784	326,030	125,754	-
Total	\$ 22,586,126	\$ 626,897	\$ 3,440,119	\$ 19,772,904	\$ 2,924,626

Compensated absences for governmental activities have typically been liquidated in the General Fund.

The annual requirements to retire all long-term debt (except installment purchases) outstanding as of June 30, 2009 are as follows:

Year ended June 30,	Annexation Liability for Fire Protection	Proprietary Fund Bonds and Notes	Interest Payments	Total
2010	\$ 2,582	\$ 1,156,166	\$ 145,410	\$ 1,304,158
2011	2,582	1,214,944	87,505	1,305,031
2012	2,582	97,500	27,885	127,967
2013	2,582	97,500	25,350	125,432
2014	794	97,500	22,815	121,109
2015-2019	-	487,500	76,050	563,550
2020-2024	-	292,500	15,210	307,710
Total	\$ 11,122	\$ 3,443,610	\$ 400,225	\$ 3,854,957

At June 30, 2009 the legal debt margin for the City was \$154,018,946.

10. LONG-TERM OBLIGATIONS (Continued)

Installment Purchase Contracts

At June 30, 2009 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,	General Fund Long-Term Debt	Proprietary Funds	Interest Payments	Total
2010	\$ 462,608	\$ 1,477,156	\$ 588,927	\$ 2,528,691
2011	315,958	1,523,860	516,924	2,356,742
2012	303,521	1,572,340	446,716	2,322,577
2013	261,183	1,622,664	376,349	2,260,196
2014	107,827	1,601,055	307,163	2,016,045
2015-2019	45,397	6,906,413	688,678	7,640,488
2020-2024	-	433,435	7,542	440,977
Total	\$ 1,496,494	\$ 15,136,923	\$ 2,932,299	\$ 19,565,716

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 amount of this debt outstanding at June 30, 2009 was \$2,295,000. 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 advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This unamortized difference of \$118,890 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.

On February 1, 2005, the City entered into an inter-local agreement to make the semi-annual debt service payments for Lee County and the Lee County district #1 water bond series 1998A in the amount of \$1,200,000 plus interest. These bonds were originally issued to the County on July 1, 1998 with interest of 5.0% to 5.1%. The principal owed on these bonds as of June 30, 2009 is \$825,000, which is presented as due to other governmental agencies on the Statement of Net Assets.

11. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$2,945,679 are as follows:

11. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
 (Continued)

Installment of purchases payable	\$ 1,496,494
Accrued interest payable	4,698
Net pension obligation	80,831
Other postemployment benefits	284,642
Compensated absences	1,067,892
Annexation liability	<u>11,122</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ 2,945,679</u>

12. LEASE INCOME

During the year ended June 30, 2009, the City leased office space under short term cancelable leases. Rental income for such leases was \$30,510.

13. DEFERRED AND UNEARNED 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 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.

	Deferred Revenue	Unearned Revenue
Net property taxes receivable (General Fund)	\$ 541,352	\$ -
Net property taxes receivable (Special Revenue Funds)	1,581	-
Special assessments receivable (General Fund)	43,619	-
Prepaid taxes (General Fund)	-	32,249
Prepaid taxes (Special Revenue Funds)	-	89
Prepaid annuals (General Fund)	-	12,963
Drug forfeiture revenues (General Fund)	-	30,677
Privilege license receivable (General Fund)	7,693	-
Net waste management fees receivable (General Fund)	26,943	-
Total	<u>\$ 621,188</u>	<u>\$ 75,978</u>

14. INTERFUND TRANSFERS

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

14. INTERFUND TRANSFERS (Continued)

A summary of these transactions for the year ended June 30, 2009 follows:

From the General Fund to the Central Business Tax District Fund - program support	\$ 50,000
From the General Fund to the Community Development Fund - local match for grants	35,600
From the General Fund to the Self Insurance Fund - program support	30,940
From the Utility Fund to the Self Insurance Fund - program support	9,242

15. PROJECT GRANT BUDGETS

Development Fund (Special Revenue Fund) and Utility Capital Projects Fund are adopted on a project/grant basis. Following is a summary of activity from inception through June 30, 2009 for the programs.

	Project and program budgets	Current Year	Prior Years	Total to June 30, 2009
<u>Special Revenue Fund</u>				
Community Development: Revenues	\$ 3,997,360	\$ 450,904	\$ 1,925,917	\$ 2,376,821
Expenditures	<u>\$ 3,997,360</u>	<u>\$ 431,964</u>	<u>\$ 1,386,376</u>	1,818,340
Project fund balance				<u>\$ 558,481</u>
<u>Utility Capital Projects Fund</u>				
Revenues	\$ 4,254,112	\$ 698,509	\$ 2,886,415	\$ 3,584,924
Other Financing Sources	\$ 17,404,142	\$ 500,000	\$ 16,904,142	17,404,142
Expenditures	<u>\$ 21,658,254</u>	<u>\$ 5,165,332</u>	<u>\$ 13,336,281</u>	18,501,613
Project Fund Balance				<u>\$ 2,487,453</u>

16. 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 a five year contract expiring June 30, 2013 with an annual fee of \$1,216,343 for the collection and disposal of garbage.

The City has entered into contracts relating to the design and construction of various water and sewer projects totaling approximately \$4,942,000. As of June 30, 2009, approximately \$3,627,000 of design and construction expenditures had been incurred and, accordingly, are reported in the operations of the Utility Capital Projects Fund.

16. CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

Claims and Judgments - At June 30, 2009, 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.

Federal and State Assisted Programs - The City has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under these grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refund will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

17. PENSION PLAN OBLIGATIONS

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, 1410 Mail Service Center, Raleigh, North Carolina, 27699-1410, 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 4.86 % 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, 2009, 2008, and 2007 were \$683,345, \$658,340 and \$629,381 respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2009, 2008, and 2007, were \$14,741, \$13,923, and \$13,141 respectively. The contributions made by the City 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. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919)981-5454.

17. PENSION PLAN OBLIGATIONS (Continued)

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, 2009 were \$254,750, which consisted of \$188,360 from the City and \$66,390 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. A separate GAAP-based audit is not performed.

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, 2008, the Separation Allowance's membership consisted of:

Retirees receiving benefits	8
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>78</u>
Total	<u>86</u>

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 \$115,816 or 3.21% 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.

17. PENSION PLAN OBLIGATIONS (Continued)

The annual required contribution for the current year was determined as part of the December 31, 2007 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 4.5% to 12.3% 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, 2007 was 23 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	\$ 115,816
Interest on net pension obligation	5,794
Adjustment to annual required contribution	(4,886)
Annual pension cost	<u>116,724</u>
Contributions made	(115,816)
Increase in net pension obligation	908
Net pension obligation beginning of year	<u>79,923</u>
Net pension obligation end of year	<u>\$ 80,831</u>

Three Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Obligation</u>
6/30/07	\$ 98,096	98.92%	\$ 79,049
6/30/08	106,896	99.18%	79,923
6/30/09	116,724	99.22%	80,831

4. Funded Status and Funding Progress

As of December 31, 2007, the most recent actuarial valuation date, the plan was 35.90% funded. The actuarial accrued liability for benefits was \$1,537,003 and the actuarial value of assets was \$551,769, resulting in an unfunded actuarial accrued liability (UAAL) of \$985,234. The covered payroll (annual payroll of active employees covered by the plan) was \$3,606,971, and the ratio of the UAAL to the covered payroll was 27.31 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

17. PENSION PLAN OBLIGATIONS (Continued)

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, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy - Plan members are required to contribute \$10 per month to the Fund. The State, a non-employer contributor, funds the plan through appropriations. The City does not contribute to the Fund and is not legally responsible for 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.

18. 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 to provide eligible retired firefighters either a one time payment or annuity. 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.

19. OTHER EMPLOYMENT BENEFITS

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 from the last day of actual 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 not less than \$25,000 and no more than \$50,000. 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, 2009, the City made contributions to the State for death benefits of \$4,930. 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 post-employment benefit amount and the other benefit amount.

The City has elected to provide death benefits to all employees, including elected officials, through a group-term life insurance policy held with Reliance Standard Insurance. An employee, other than an elected official, is eligible to receive benefits upon completion of one month of employment. Benefits for these employees are calculated at two times an employee's base annual salary (rounded to the next highest thousand) with a maximum benefit of \$200,000.

19. OTHER EMPLOYMENT BENEFITS (Continued)

Elected officials are eligible to receive benefits, based on his or her age, of up to \$50,000. All death benefits are paid from Reliance Standard Insurance; therefore, the City has no liability beyond the cost of premiums. Benefits in excess of \$50,000 are considered taxable to the employee as a fringe benefit.

20. OTHER POSTEMPLOYMENT BENEFITS

Healthcare Benefits (HCB) Plan Description - The City Council has authorized the City to provide postemployment health care benefits for each unreduced and disability qualified retiree who has 15 continuous years of service with the City immediately preceding retirement or each reduced qualified retiree who has 15 continuous years of service with the City immediately preceding retirement and has 25 years of creditable service with the NC Local Government Retirement System. The City has elected to partially pay the future overall cost of coverage of these benefits.

Membership of the health care plan consisted of the following at December 31, 2006, the date of the latest actuarial valuation:

	General Employees	Law Enforcement/ Firefighters	Total
Active Plan Members	207	130	337
Retirees receiving benefits	60	7	67
Total	267	137	404

Funding Policy. The City Council established the contribution requirements of plan members and may be amended by the Council. Per a City policy, the City is required to contribute the projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Council, effective October 21, 2008.

The current annual required contribution (ARC) rate is 14.59% of annual covered payroll. For the current year, the City contributed \$1,472,036 or 11.4% of current covered payroll. There were no contributions made by employees. The City's obligation to contribute to HCB Plan is established and may be amended by the City Council.

Summary of Significant Accounting Policies. The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Under a City resolution, the contributions are recognized when due and the City will provide the contributions to the HCB Plan. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations. Short-term money market debt instruments, deposits, and repurchase agreements, 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. Administration costs of the HCB Plan are financed through investment earnings.

20. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost of the current year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the postemployment healthcare benefits:

Annual required contribution	\$ 1,882,432
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>1,882,432</u>
Contributions made	<u>(1,472,036)</u>
Increase in net OPEB obligation	410,396
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	<u>\$ 410,396</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB Plan, and the net OPEB obligation for 2009 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 1,882,432	78.2%	\$ 410,396

Funded Status and Funding Progress. As of December 31, 2006, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability of benefits was \$20,485,590 and the actuarial value of assets was \$1,223,850 resulting in an unfunded actuarial accrued liability (UAAL) of \$19,261,740. The covered payroll (annual payroll of active employees covered by the plan) was \$12,899,012 and the ratio of unfunded actuarial accrued liability (UAAL) to the covered payroll was 149.3%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about the actuarial value of plan assets and the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term perspective of the calculations.

20. OTHER POSTEMPLOYMENT BENEFITS (Continued)

In the December 31, 2006 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is the rate of the expected long-term investment returns on plan assets is based on the funded level of the plan at the valuation date. The medical cost trend rate varied between 12.0 and 5.0 percent. Both rates included a 3.75 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected unit credit on a level percent of pay, open basis. The remaining amortization period at December 31, 2006, was 30 years.

21. COMPONENT UNIT - OTHER POSTEMPLOYMENT BENEFITS

Healthcare Benefits (HCB) Plan Description - Under the terms of a Board resolution, the ABC Board provides postretirement health care benefits to retirees of the Board, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System), were hired on or before June 30, 1987, and retire at 55 years of age with 20 years or more of creditable service or with 30 years of creditable service. The Board pays the full cost of coverage for these benefits through private insurers. The Board's retirees cannot purchase spouse or dependent coverage.

Membership of the HCB Plan consisted of the following at June 30, 2009, the date of the last valuation:

Schedule Of Plan Participation

<i>Active Employees</i>		
General Employees		1
<i>Retired Individuals</i>		
Age 65+		5
Total		<u>6</u>

Funding Policy - The Board pays the full cost of coverage of the healthcare benefits paid to qualified retirees under a Board resolution that can be amended by the Board. The Board has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The current ARC rate is 77.0% of annual covered payroll. For the current year, the Board contributed \$22,034 or 53.6% of annual covered payroll. The Board obtains healthcare coverage through private insurers. The Board's required contributions under a Board resolution, for employees not engaged in law enforcement and for law enforcement officers represented 42.9% and 10.7% of covered payroll, respectively. There were no contributions made by employees. The Boards' obligation to contribute to HCB plan is established and may be amended by the Board.

Summary of Significant Accounting Policies - Postemployment expenditures are charged against operations in accordance with the accrual basis of accounting. No funds are set aside to pay benefits and administration costs. The expenditures are paid as they come due.

21. COMPONENT UNIT OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

Annual required contribution	\$ 31,630
Interest on net OPEB obligation	1,932
Adjustment to annual required obligation	<u>(3,596)</u>
Annual OPEB cost (expense)	29,966
Contributions made	<u>(22,034)</u>
Increase in net OPEB	7,932
Net OPEB obligation, beginning of year	<u>273,491</u>
Net OPEB obligation, end of year	<u>\$ 281,423</u>

The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the OPEB obligation for 2009 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 29,966	73.5%	\$ 281,423

Funded Status and Funding Progress - As of June 30, 2009, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$281,423. The covered payroll (annual payroll of active employees covered by the plan) was \$41,085, and the ratio of UAAL to the covered payroll was 685%. Valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

21. COMPONENT UNIT OTHER POSTEMPLOYMENT BENEFITS (Continued)

In the June 30, 2009 valuation the projected unit credit actuarial cost method was used. The assumptions include an annual medical cost trend increase of 3.25% to 4.0% annually, a 3.0% compensation cost increase, and a 6% discount rate assumption. The UAAL is being amortized as a level of projected payroll on an open basis. The remaining amortization period at June 30, 2009 was 17 years.

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 \$2 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 \$1 million and \$1 million 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 City carries flood insurance through the National League of Municipalities Interlocal Risk Financing Fund of North Carolina. This policy covers property that has been designated within the "B," "C," and "X" areas declared by the Federal Emergency Management Agency. There is a \$50,000 deductible required with this policy and a limit of \$5 million in coverage per occurrence.

In accordance with GS.159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are each individually bonded for \$250,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$100,000.

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, workers' 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 for the City provides for an accumulation of vacation leave of up to 240 hours per calendar year, with the excess time rolled into the sick leave balance. Accumulated earned vacation leave at June 30, 2009 amounted to \$1,309,509 in total, of which \$1,067,892 relates to governmental funds and \$241,617 relates to proprietary funds. Compensated absences typically have been liquidated in the general fund.

23. VACATION AND SICK PAY (Continued)

The City's sick leave policy provides for an unlimited accumulation of earned sick leave. Accumulated sick leave at June 30, 2009 amounted to \$4,100,643 in total, of which \$3,509,614 relates to the governmental funds. 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 120 hours earned vacation and such leave is fully vested when earned. Accumulated earned vacation at June 30, 2009 was \$12,219. Upon termination, the Board is obligated to pay a maximum of 120 hours 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. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES

For fiscal year ended June 30, 2009, the City of Sanford has recognized on-behalf payments for pension contributions made by the state in the amount of \$1,905 for seven employed firefighters who perform firefighting duties for the city's fire department. The employees elected to be members of the Firemen and Rescue Worker's Pension Fund, a cost sharing, multiple employer public employee retirement system established and administered by the State of North Carolina. The Plan is funded by a \$10 monthly contribution paid by each member, investment income, and a state appropriation.

25. 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 and County provide no funding for the airport. 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, 2009.

Complete financial statements for the Airport can be obtained from the Airport's administrative offices at 106 Hillcrest Drive, Sanford, NC.

26. JOINTLY GOVERNED ORGANIZATION

The City, in conjunction with seven counties and twenty-four 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 \$10,383 to the Council during the fiscal year ended June 30, 2009. The City does not provide any other funding to the Council. The participating governments do not have any equity interest in the Council, so no equity interest has been reflected in the financial statements at June 30, 2009.

26. JOINTLY GOVERNED ORGANIZATION (Continued)

City of Sanford Housing Authority

The five-member board of the City of Sanford Housing Authority (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.

27. RELATED ORGANIZATION

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. Complete financial statements for the Housing Authority can be obtained from the authority's office at 1000 Carthage Street, Sanford, NC 27330.

28. NEW PRONOUNCEMENTS

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. GASB 51 requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. Additionally, GASB 51 establishes a specified-conditions approach to recognizing intangible assets that are internally generated and establishes criteria for when such expenditures should be capitalized. GASB 51 is effective for periods beginning after June 15, 2009 (the City's fiscal year ended June 30, 2010) and generally requires its provision to be applied retroactively. The City has not yet determined the effect that implementation of GASB 51 will have on its financial statements.

Statement No. 53 - Accounting and Financial Reporting for Derivative Instruments, addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. Earlier application is encouraged. For potential hedging derivative instruments existing prior to the fiscal period during which this Statement is implemented, the evaluation of effectiveness should be performed as of the end of the current period. If determined to be effective, hedging derivative instruments are reported as if they were effective from their inception. If determined to be ineffective, the potential hedging derivative instrument is then evaluated as of the end of the prior reporting period.

Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions, establishes a fund balance classification hierarchy based on constraints imposed upon the use of resources reported in the governmental funds. Statement No. 54 is effective for periods beginning after June 15, 2010.



CITY OF SANFORD, NORTH CAROLINA
REQUIRED SUPPLEMENTARY FINANCIAL DATA

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

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



CITY OF SANFORD, NORTH CAROLINA
COMMISSIONERS OF PUBLIC UTILITIES

The following information is provided for your information and is not intended to constitute an offer of insurance or any other financial product. It is not intended to be used as a basis for any investment decision. It is not intended to be used as a basis for any investment decision. It is not intended to be used as a basis for any investment decision.

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CITY OF SANFORD, NORTH CAROLINA
 REQUIRED SUPPLEMENTARY INFORMATION - LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
 SCHEDULE OF FUNDING PROGRESS
 June 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
12/31/2003	374,314	1,120,498	746,184	33.41%	2,870,576	25.99%
12/31/2004	519,546	1,365,986	846,440	38.03%	3,063,657	27.63%
12/31/2005	559,315	1,261,997	702,682	44.32%	3,232,637	21.74%
12/31/2006	485,858	1,302,744	816,886	37.29%	3,339,823	24.46%
12/31/2007	493,309	1,440,522	947,213	34.25%	3,426,475	27.64%
12/31/2008	551,769	1,537,003	985,234	35.90%	3,606,971	27.31%

CITY OF SANFORD, NORTH CAROLINA
 REQUIRED SUPPLEMENTARY INFORMATION - LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 June 30, 2009

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2004	90,004	100%
2005	98,260	100%
2006	110,799	100%
2007	97,034	100%
2008	106,022	100%
2009	115,816	100%

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	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	22 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	4.5 - 12.3%
*Includes inflation at	3.75%
Cost-of-living adjustments	None

CITY OF SANFORD, NORTH CAROLINA
 REQUIRED SUPPLEMENTARY INFORMATION - OTHER POSTEMPLOYMENT BENEFITS
 SCHEDULE OF FUNDING PROGRESS
 June 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
12/31/2006	\$ 1,223,850	\$ 20,485,590	\$ 19,261,740	5.97%	\$12,899,012	149.33%

CITY OF SANFORD, NORTH CAROLINA
 REQUIRED SUPPLEMENTARY INFORMATION - OTHER POSTEMPLOYMENT BENEFITS
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 June 30, 2009

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	\$ 1,882,432	78.2%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at December 31, 2006. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2006
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	30
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical costs trend	12.00% - 5.00%
Year of ultimate trend rate	2014
*Includes inflation at	3.75%



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 SAN FRANCISCO

OFFICE OF THE CITY CLERK

NOTICE OF THE CITY CLERK OF SAN FRANCISCO, CALIFORNIA, THAT THE CITY CLERK HAS RECEIVED FROM THE CITY CLERK OF THE COUNTY OF SAN FRANCISCO, CALIFORNIA, A COPY OF THE RECORDS OF THE CITY CLERK OF THE COUNTY OF SAN FRANCISCO, CALIFORNIA, FOR THE YEAR 1999. THE RECORDS ARE AVAILABLE FOR INSPECTION AND PHOTOCOPYING AT THE OFFICE OF THE CITY CLERK, 100 MARKET STREET, SAN FRANCISCO, CALIFORNIA 94102. THE RECORDS ARE AVAILABLE FOR INSPECTION AND PHOTOCOPYING FROM 9:00 AM TO 5:00 PM, MONDAY THROUGH FRIDAY. THE RECORDS ARE AVAILABLE FOR PHOTOCOPYING AT A COST OF \$0.10 PER PAGE. THE RECORDS ARE AVAILABLE FOR PHOTOCOPYING AT A COST OF \$0.10 PER PAGE. THE RECORDS ARE AVAILABLE FOR PHOTOCOPYING AT A COST OF \$0.10 PER PAGE.

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CITY OF SANFORD, NORTH CAROLINA
GENERAL FUND - STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2009

	Budget	Actual	Variance favorable (unfavorable)	Actual prior year
REVENUES -				
Ad valorem taxes -				
Current year levy	\$ 11,058,670	\$ 11,412,358	\$ 353,688	\$ 10,925,653
Prior years' levy	250,000	300,157	50,157	338,726
Payments in lieu of taxes	15,000	22,892	7,892	21,608
Total - ad valorem taxes	<u>11,323,670</u>	<u>11,735,407</u>	<u>411,737</u>	<u>11,285,987</u>
Other taxes -				
Privilege licenses	228,500	286,116	57,616	245,940
Local option sales tax	5,222,063	4,911,842	(310,221)	5,392,560
Total - other taxes	<u>5,450,563</u>	<u>5,197,958</u>	<u>(252,605)</u>	<u>5,638,500</u>
Penalties and interest	<u>60,000</u>	<u>84,033</u>	<u>24,033</u>	<u>76,183</u>
Licenses and permits -				
Building permits	442,723	288,166	(154,557)	426,514
Total - licenses and permits	<u>442,723</u>	<u>288,166</u>	<u>(154,557)</u>	<u>426,514</u>
Intergovernmental revenues -				
United States of America -				
Department of Justice - Police grants			-	54,934
Department of Justice - Drug forfeiture program	77,250	11,649	(65,601)	5,696
State of North Carolina -				
Utilities franchise tax	1,653,000	1,465,659	(187,341)	1,519,403
Beer and wine tax	60,235	61,236	1,001	61,341
State shared cable fees	174,500	218,870	44,370	187,818
Powell Bill allocation	848,899	831,724	(17,175)	914,972
Civil preparedness	5,952	-	(5,952)	5,952
Court costs and fees	3,000	10,710	7,710	9,359
Law Enforcement - Drug forfeiture program	-	54,039	54,039	52,880
Governor's Crime Commission Grant	52,434	44,150	(8,284)	-
Mowing reimbursement program	21,620	21,619	(1)	20,590
Disposal tax	-	12,508	12,508	-
911 Surcharge reimbursement	337,025	304,784	(32,241)	-
Sales tax refund	-	6,803	6,803	-
Other local governments	550,660	612,743	62,083	845,373
Total - intergovernmental revenues	<u>3,784,575</u>	<u>3,656,494</u>	<u>(128,081)</u>	<u>3,678,318</u>
Investment income	<u>250,000</u>	<u>302,271</u>	<u>52,271</u>	<u>583,732</u>
Sales and service -				
Sale of property	73,500	90,474	16,974	162,429
Golf fees	496,600	459,425	(37,175)	515,160
Golf pro shop sales and concessions	94,500	88,270	(6,230)	103,329
Waste management fees	852,300	884,586	32,286	846,786
Total - sales and service	<u>1,516,900</u>	<u>1,522,755</u>	<u>5,855</u>	<u>1,627,704</u>
Miscellaneous revenues -				
Alcoholic beverage control	140,000	165,000	25,000	160,000
Assessments	-	3,174	3,174	25,831
Street charges	230,000	223,511	(6,489)	218,900
Civil violation fines	5,000	15,375	10,375	7,176
Parking fines	20,000	28,404	8,404	29,199
Rental income	30,510	30,510	-	30,510
Youth Council grant	-	-	-	5,000
Sundry	157,386	220,047	62,661	195,557
Total - miscellaneous revenues	<u>582,896</u>	<u>686,021</u>	<u>103,125</u>	<u>672,173</u>
Total revenues	<u>23,411,327</u>	<u>23,473,105</u>	<u>61,778</u>	<u>23,989,111</u>

(Continued)

CITY OF SANFORD, NORTH CAROLINA
GENERAL FUND - STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
For the Year Ended June 30, 2009

	Budget	Actual	Variance favorable (unfavorable)	Actual prior year
EXPENDITURES-				
General Government:				
Governing body -				
Salaries and benefits	\$ 202,890	\$ 191,001	\$ 11,889	\$ 192,981
Current operating expenditures	84,233	67,389	16,844	57,890
Capital outlay	-	-	-	5,937
Total - governing body	287,123	258,390	28,733	256,808
Less: Interfund reimbursements	(55,507)	(55,507)	-	(55,628)
Net - governing body	231,616	202,883	28,733	201,180
Administration -				
Salaries and benefits	175,876	171,105	4,771	172,834
Current operating expenditures	27,876	17,526	10,350	22,918
Total - administration	203,752	188,631	15,121	195,752
Less: Interfund reimbursements	(40,921)	(40,921)	-	(41,356)
Net - administration	162,831	147,710	15,121	154,396
Human Resources -				
Salaries and benefits	233,176	215,055	18,121	198,296
Current operating expenditures	77,345	46,085	31,260	41,185
Total - human resources	310,521	261,140	49,381	239,481
Less: Interfund reimbursements	(51,649)	(51,649)	-	(48,745)
Net - human resources	258,872	209,491	49,381	190,736
Risk management -				
Salaries and benefits	63,805	59,303	4,502	59,952
Current operating expenditures	19,695	9,028	10,667	14,087
Total - risk management	83,500	68,331	15,169	74,039
Less: Interfund reimbursements	(28,885)	(28,885)	-	(14,625)
Net - risk management	54,615	39,446	15,169	59,414
Elections	-	-	-	22,781
Finance -				
Salaries and benefits	559,077	553,692	5,385	524,104
Current operating expenditures	318,997	288,209	30,788	243,301
Total - finance	878,074	841,901	36,173	767,405
Less: Interfund reimbursements	(158,162)	(158,162)	-	(146,421)
Net - finance	719,912	683,739	36,173	620,984
Information systems -				
Salaries and benefits	174,847	171,432	3,415	220,563
Current operating expenditures	72,804	42,624	30,180	10,933
Capital outlay	13,200	12,681	519	-
Total - information systems	260,851	226,737	34,114	231,496
Less: Interfund reimbursements	(39,094)	(39,094)	-	(39,646)
Net - information systems	221,757	187,643	34,114	191,850

(Continued)

CITY OF SANFORD, NORTH CAROLINA
GENERAL FUND - STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
For the Year Ended June 30, 2009

	Budget	Actual	Variance favorable (unfavorable)	Actual prior year
EXPENDITURES - (Continued)				
Legal -				
Salaries and benefits	\$ 159,593	\$ 147,286	\$ 12,307	\$ 143,714
Current operating expenditures	69,293	63,968	5,325	33,401
Capital outlay	-	-	-	27,795
Total - legal	228,886	211,254	17,632	204,910
Less: Interfund reimbursements	(77,140)	(77,140)	-	(73,490)
Net - legal	151,746	134,114	17,632	131,420
Public buildings -				
Salaries and benefits	166,380	166,203	177	157,225
Current operating expenditures	511,021	513,635	(2,614)	491,194
Installment purchase	119,000	118,996	4	123,730
Capital outlay	254,223	98,432	155,791	55,629
Total - public buildings	1,050,624	897,266	153,358	827,778
Less: Interfund reimbursements	(131,679)	(131,679)	-	(155,976)
Net - public buildings	918,945	765,587	153,358	671,802
General services administration -				
Salaries and benefits	162,102	127,151	34,951	387,373
Current operating expenditures	20,284	13,990	6,294	50,108
Total - public works administration	182,386	141,141	41,245	437,481
Less: Interfund reimbursements	(13,158)	(13,158)	-	(257,158)
Net - public works administration	169,228	127,983	41,245	180,323
Central mimeograph -				
Current operating expenditures	71,010	65,338	5,672	61,208
Total - central mimeograph	71,010	65,338	5,672	61,208
Less: Interfund reimbursements	(4,716)	(4,716)	-	(4,783)
Net - central mimeograph	66,294	60,622	5,672	56,425
Shop -				
Salaries and benefits	279,056	274,807	4,249	271,371
Current operating expenditures	988,802	672,140	316,662	823,164
Capital outlay	10,000	8,910	1,090	-
Total Shop	1,277,858	955,857	322,001	1,094,535
Less: charges to other departments	(996,460)	(899,858)	(96,602)	(1,001,175)
Net - shop	281,398	55,999	225,399	93,360
Beautification -				
Salaries and benefits	256,217	257,941	(1,724)	232,559
Current operating expenditures	171,629	134,118	37,511	92,666
Capital outlay	12,000	11,966	34	5,300
Total - beautification	439,846	404,025	35,821	330,525
Golf -				
Salaries and benefits	391,649	372,382	19,267	340,451
Current operating expenditures	232,961	205,076	27,885	222,489
Installment purchase	76,070	76,092	(22)	98,216
Capital outlay	46,000	5,614	40,386	132,455
Total - golf	746,680	659,164	87,516	793,611

(Continued)

CITY OF SANFORD, NORTH CAROLINA
GENERAL FUND - STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
For the Year Ended June 30, 2009

	Budget	Actual	Variance favorable (unfavorable)	Actual prior year
EXPENDITURES - (Continued)				
Other appropriations & contingency -				
Associations and memberships	\$ 33,185	\$ 33,351	\$ (166)	\$ 31,957
Regional and community support	46,000	46,000	-	26,000
Economic development	169,511	135,690	33,821	84,126
Intergovernmental transfers	147,674	147,674	-	142,700
Other post employment benefits	297,428	252,606	44,822	-
Loan to airport authority	337,078	337,077	1	-
Contingency	8,708	-	8,708	-
Total - other appropriations	<u>1,039,584</u>	<u>952,398</u>	<u>87,186</u>	<u>284,783</u>
Total general government	<u>5,463,324</u>	<u>4,630,804</u>	<u>832,520</u>	<u>3,983,590</u>
Community development:				
Community development -				
Salaries and benefits	726,322	713,778	12,544	637,420
Current operating expenditures	163,392	61,734	101,658	71,058
Total - community development	<u>889,714</u>	<u>775,512</u>	<u>114,202</u>	<u>708,478</u>
Code Enforcement -				
Salaries and benefits	218,390	217,137	1,253	206,345
Current operating expenditures	149,503	118,279	31,224	38,176
Capital outlay	-	-	-	13,314
Total - code enforcement	<u>367,893</u>	<u>335,416</u>	<u>32,477</u>	<u>257,835</u>
Downtown / Historic Preservation -				
Salaries and benefits	85,466	83,007	2,459	77,393
Current operating expenditures	77,765	57,846	19,919	9,127
Capital outlay	20,000	-	20,000	-
Total - downtown / historic preservation	<u>183,231</u>	<u>140,853</u>	<u>42,378</u>	<u>86,520</u>
Total community development	<u>1,440,838</u>	<u>1,251,781</u>	<u>189,057</u>	<u>1,052,833</u>
Public safety:				
Police -				
Salaries and benefits	6,093,078	5,894,724	198,354	5,597,542
Current operating expenditures	1,518,688	1,378,684	140,004	1,171,203
Capital outlay	625,972	611,169	14,803	106,273
Total - police	<u>8,237,738</u>	<u>7,884,577</u>	<u>353,161</u>	<u>6,875,018</u>
Fire -				
Salaries and benefits	3,042,086	2,938,851	103,235	2,895,351
Current operating expenditures	393,104	362,995	30,109	382,755
Installment purchase	73,595	73,593	2	73,593
Capital outlay	881,537	634,474	247,063	56,435
Total - fire	<u>4,390,322</u>	<u>4,009,913</u>	<u>380,409</u>	<u>3,408,134</u>
Inspection -				
Salaries and benefits	403,535	375,254	28,281	407,892
Current operating expenditures	124,458	58,982	65,476	65,356
Capital outlay	16,000	-	16,000	132,133
Total - inspection	<u>543,993</u>	<u>434,236</u>	<u>109,757</u>	<u>605,381</u>
Total public safety	<u>13,172,053</u>	<u>12,328,726</u>	<u>843,327</u>	<u>10,888,533</u>

(Continued)

CITY OF SANFORD, NORTH CAROLINA
GENERAL FUND - STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
For the Year Ended June 30, 2009

	Budget	Actual	Variance favorable (unfavorable)	Actual prior year
EXPENDITURES - (Continued)				
Streets:				
Streets				
Salaries and benefits	\$ 804,918	\$ 758,771	\$ 46,147	\$ 764,169
Current operating expenditures	1,922,240	1,437,678	484,562	1,345,089
Installment purchase	195,680	195,673	7	209,857
Capital outlay	196,666	190,704	5,962	282,720
Total - streets and sidewalks	<u>3,119,504</u>	<u>2,582,826</u>	<u>536,678</u>	<u>2,601,835</u>
Sanitation:				
Refuse -				
Salaries and benefits	815,805	783,488	32,317	764,064
Current operating expenditures	387,577	327,069	60,508	312,051
Installment purchase	145,825	145,824	1	196,045
Capital outlay	112,100	100,325	11,775	227,788
Total - Refuse	<u>1,461,307</u>	<u>1,356,706</u>	<u>104,601</u>	<u>1,499,948</u>
Sanitation - Contracted services	<u>1,244,424</u>	<u>1,221,736</u>	<u>22,688</u>	<u>1,232,614</u>
Total sanitation	<u>2,705,731</u>	<u>2,578,442</u>	<u>127,289</u>	<u>2,732,562</u>
Total expenditures	<u>25,901,450</u>	<u>23,372,579</u>	<u>2,528,871</u>	<u>21,259,353</u>
REVENUES IN EXCESS OF (LESS THAN) EXPENDITURES	<u>(2,490,123)</u>	<u>100,526</u>	<u>2,590,649</u>	<u>2,729,758</u>
OTHER FINANCING USES -				
Transfers out -				
Special Revenue Fund	(50,000)	(50,000)	-	(50,000)
Self Insurance Fund	(30,940)	(30,940)	-	(75,000)
Capital Project Fund	(35,600)	(35,600)	-	(178,800)
Contribution to Other Postemployment Benefits Trust	(893,400)	(893,400)	-	-
Total - other financing uses	<u>(1,009,940)</u>	<u>(1,009,940)</u>	<u>-</u>	<u>(303,800)</u>
REVENUES AND OTHER FINANCING SOURCES IN EXCESS OF (LESS THAN) EXPENDITURES AND OTHER FINANCING USES	<u>(3,500,063)</u>	<u>(909,414)</u>	<u>2,590,649</u>	<u>2,425,958</u>
APPROPRIATED FUND BALANCE	<u>3,500,063</u>	<u>-</u>	<u>(3,500,063)</u>	<u>-</u>
REVENUES, OTHER FINANCING SOURCES AND APPROPRIATED FUND BALANCE LESS THAN EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>(909,414)</u>	<u>\$ (909,414)</u>	<u>\$ 2,425,958</u>
FUND BALANCE, BEGINNING OF YEAR		<u>14,453,198</u>		
FUND BALANCE, END OF YEAR		<u>\$ 13,543,784</u>		

Year	Income	Exemptions	Other	Total
2011	100,000	100,000	0	0
2012	100,000	100,000	0	0
2013	100,000	100,000	0	0
2014	100,000	100,000	0	0
2015	100,000	100,000	0	0
2016	100,000	100,000	0	0
2017	100,000	100,000	0	0
2018	100,000	100,000	0	0
2019	100,000	100,000	0	0
2020	100,000	100,000	0	0
2021	100,000	100,000	0	0

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Year	Income	Exemptions	Other	Total
2022	100,000	100,000	0	0
2023	100,000	100,000	0	0
2024	100,000	100,000	0	0
2025	100,000	100,000	0	0
2026	100,000	100,000	0	0
2027	100,000	100,000	0	0
2028	100,000	100,000	0	0
2029	100,000	100,000	0	0
2030	100,000	100,000	0	0
2031	100,000	100,000	0	0
2032	100,000	100,000	0	0
2033	100,000	100,000	0	0
2034	100,000	100,000	0	0
2035	100,000	100,000	0	0
2036	100,000	100,000	0	0
2037	100,000	100,000	0	0
2038	100,000	100,000	0	0
2039	100,000	100,000	0	0
2040	100,000	100,000	0	0



CITY OF SANFORD, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS

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.



CITY OF SANFORD, NORTH CAROLINA
TEAM FOR GOVERNMENTAL PURSES

ANNUAL PAY SCALE STUDY

The City of Sanford, North Carolina, is currently reviewing its pay scale for the City of Sanford, North Carolina. The City of Sanford, North Carolina, is currently reviewing its pay scale for the City of Sanford, North Carolina.

The City of Sanford, North Carolina, is currently reviewing its pay scale for the City of Sanford, North Carolina. The City of Sanford, North Carolina, is currently reviewing its pay scale for the City of Sanford, North Carolina.

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CITY OF SANFORD, NORTH CAROLINA
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2009

	Special Revenue Funds		Total
	Community Development	Central Business Tax District	
ASSETS			
Cash, cash equivalents and investments	\$ 537,034	\$ 51,198	\$ 588,232
Property taxes receivable, net	-	1,581	1,581
Due from governmental agencies	44,341	525	44,866
TOTAL	\$ 581,375	\$ 53,304	\$ 634,679
LIABILITIES AND FUND BALANCE			
Liabilities -			
Accounts payable	\$ 5,892	\$ 3,523	\$ 9,415
Due to other funds	17,002	-	17,002
Deferred revenues	-	1,670	1,670
Total liabilities	22,894	5,193	28,087
Fund balance -			
Reserved -			
Restricted by state statute	44,341	525	44,866
Unreserved -			
Undesignated	514,140	47,586	561,726
Total fund balance	558,481	48,111	606,592
TOTAL	\$ 581,375	\$ 53,304	\$ 634,679

CITY OF SANFORD, NORTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	Special Revenue Funds		Total
	Community Development	Central Business Tax District	
REVENUES -			
Ad valorem taxes -			
Current year	\$ -	\$ 54,871	\$ 54,871
Prior years	-	2,693	2,693
Intergovernmental revenues -			
State of North Carolina	400,595	-	400,595
Investment income	9,399	648	10,047
Miscellaneous income	5,310	2,083	7,393
Total revenues	415,304	60,295	475,599
EXPENDITURES -			
Current:			
Downtown Revitalization	-	109,710	109,710
Community Development -			
2009 Community Development Block Grant	17,086	-	17,086
2003 Community Development Block Grant	85,251	-	85,251
Other prior program expenditures	329,627	-	329,627
Total expenditures	431,964	109,710	541,674
REVENUES LESS THAN EXPENDITURES	(16,660)	(49,415)	(66,075)
OTHER FINANCING SOURCES -			
Transfers in - General Fund	35,600	50,000	85,600
TOTAL OTHER FINANCING SOURCES -	35,600	50,000	85,600
REVENUES AND OTHER FINANCING SOURCES IN EXCESS OF EXPENDITURES	18,940	585	19,525
FUND BALANCE, BEGINNING OF YEAR	539,541	47,526	587,067
FUND BALANCE, END OF YEAR	\$ 558,481	\$ 48,111	\$ 606,592

CITY OF SANFORD, NORTH CAROLINA
COMMUNITY DEVELOPMENT FUND - SCHEDULE OF PROJECT REVENUES AND EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

	Program budget	Current year	Prior years	Total to June 30, 2009
REVENUES -				
Intergovernmental revenues -				
Transportation Enhancement -				
2005 Grant - NC Dept of Transportation, Federal Highway Administration	\$ 150,102	\$ -	\$ 146,626	\$ 146,626
Local funds	37,525	(425)	37,525	37,100
Total - Transportation Enhancement Grant	187,627	(425)	184,151	183,726
Single Family Housing Rehabilitation Program -				
1999 Grant - North Carolina Housing Finance Agency	300,000	-	287,359	287,359
Local funds	25,000	-	25,000	25,000
Total - Single Family Housing Rehabilitation Program	325,000	-	312,359	312,359
2003 Community Development Block Grant (C0302) -				
Grant - Division of Community Assistance, Dept. of Commerce	900,000	85,251	806,749	892,000
Total - 2003 Community Development Block Grant	900,000	85,251	806,749	892,000
2008 Endor Iron Furnace Greenway Grant-				
Grant - Federal Highway Administration, NC Department of Transportation	687,200	-	-	-
Grant - Federal Highway Administration, NC Department of Transportation (ARRA)	500,000	-	-	-
Local funds	171,800	-	171,800	171,800
Total - 2008 Endor Iron Furnace Greenway Grant C0803	1,359,000	-	171,800	1,718,800
US Environmental Protection Agency Grant (C0802) -				
Brownsfield Assessment and Cleanup Grant	400,000	178,319	-	178,319
NC Urgent Repair Program (URP08) -				
Grant - NC Housing Finance Agency	75,000	75,000	-	75,000
Interest Income	-	915	-	915
Local funds	2,000	-	2,000	2,000
Total - NC Urgent Repair Program URP08 (C0804)	77,000	75,915	2,000	77,915
NC Urgent Repair Program (URP0925) -				
Grant - NC Housing Finance Agency	75,000	37,500	-	37,500
Interest Income	-	33	-	33
Local funds	2,000	2,000	-	2,000
Total - NC Urgent Repair Program URP0925 (C0905)	77,000	39,533	-	39,533
Urban and Community Forestry Project (C0801) -				
Grant - NC Department Environmental & Natural Resources Division of Forestry Services	8,700	7,439	-	7,439
Local funds	5,000	-	5,000	5,000
Total - Urban and Community Forestry Grant	13,700	7,439	5,000	12,439
Endor Iron Furnace Stability Plan (C0903)				
Grant - U.S. Department of Interior, National Park Servi	5,904	-	-	-
Local funds - Railroad House Association	3,936	-	-	-
Total - U.S. Department of Interior Grant	9,840	-	-	-
East Sanford Historical District National Register				
Grant - U.S. Department of Interior, National Park Servi	9,900	-	-	-
Local funds	6,600	6,600	-	6,600
Total - U.S. Department of Interior Grant	16,500	6,600	-	6,600
Comprehensive Pedestrian Planning (C0902)				
Grant - NC Department of Transportation	28,000	-	-	-
Local funds	12,000	12,000	-	12,000
Total - NC Department of Transportation Grant	40,000	12,000	-	12,000

CITY OF SANFORD, NORTH CAROLINA
COMMUNITY DEVELOPMENT FUND - SCHEDULE OF PROJECT REVENUES AND EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

	Program budget	Current year	Prior years	Total to June 30, 2009
2009 Community Development Block Grant (C0901) - Grant - Division of Community Assistance, Dept. of Commerce	\$ 75,000	\$ 17,086	\$ -	\$ 17,086
Total - 2009 Community Development Block Grant	75,000	17,086	-	17,086
2009 Single Family Rehabilitation Grant (SRF0916) (C0902) Grant - NC Housing Finance Agency	400,000	-	-	-
Total - Single Family Rehabilitation Grant	400,000	-	-	-
Jonesboro Streetscape Project Local funds	15,000	15,000	-	15,000
Total - Jonesboro Streetscape Project	15,000	15,000	-	15,000
Miscellaneous Program Income - Land Disposition	101,693	14,186	443,858	458,044
TOTAL REVENUES	\$ 3,997,360	450,904	\$ 1,925,917	\$ 2,376,821
EXPENDITURES -				
Intergovernmental revenues - Transportation Enhancement - 2005 Grant - NC Dept of Transportation, Federal Highway Administration	\$ 187,627	\$ 444	\$ 183,282	\$ 183,726
Total - Transportation Enhancement Grant	187,627	444	183,282	183,726
Single Family Housing Rehabilitation Program - 1999 Grant Administration Rehabilitation Transfer to General Fund	33,900 291,100 -	- - -	32,848 276,110 2,681	32,848 276,110 2,681
Total - Single Family Housing Rehabilitation Program	325,000	-	311,639	311,639
2003 Community Development Block Grant- Clearance Code enforcement Historic preservation Administration Acquisition Pedestrian improvements	33,000 212,966 242,558 1,204 98,585 311,687	25,000 38,888 21,363 - 98,585 (98,585)	- 174,078 221,195 1,204 - 410,272	25,000 212,966 242,558 1,204 98,585 311,687
Total - 2003 Community Development Block Grant (C0302)	900,000	85,251	806,749	892,000
2008 Endor Iron Furnace Greenway Grant- Grant - Federal Highway Administration, NC Department of Transportation Grant - Federal Highway Administration, NC Department of Transportation (ARRA)	859,000 500,000	55,019 -	- -	55,019 -
Total - 2008 Endor Iron Furnace Greenway Grant C0803	1,359,000	55,019	-	55,019
US Environmental Protection Agency Grant (C0802) - Brownsfield Assessment and Cleanup Grant	400,000	160,499	17,820	178,319
NC Housing Finance Agency - Urgent Repair URP08- Administration Rehabilitation Local match	10,800 64,200 2,000	8,900 66,492 2,000	- - -	8,900 66,492 2,000
Total - NC Urgent Repair Program URP08 (C0804)	77,000	77,392	-	77,392
NC Housing Finance Agency - Urgent Repair URP0925- Administration Rehabilitation Local match	10,800 64,200 2,000	- - -	- - -	- - -
Total - NC Urgent Repair Program URP0925 (C0905)	77,000	-	-	-

CITY OF SANFORD, NORTH CAROLINA
COMMUNITY DEVELOPMENT FUND - SCHEDULE OF PROJECT REVENUES AND EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

	Program budget	Current year	Prior years	Total to June 30, 2009
Urban and Community Forestry Project (C0801) - Grant - NC Department Environmental & Natural Resources Division of Forestry Services	\$ 13,700	\$ 9,839	\$ 2,600	\$ 12,439
2009 Single Family Rehabilitation Grant (SRF0916) (C0902)				
Rehabilitation	368,000	-	-	-
Administrative	32,000	-	-	-
Total - Single Family Rehabilitation Grant	400,000	-	-	-
U.S. Department of Interior, National Park Service Grant Endor Iron Furnace	9,840	-	-	-
Total - U.S. Department of Interior Grant	9,840	-	-	-
U.S. Department of Interior, National Park Service Grant East Sanford Historic District National Register	16,500	-	-	-
Total - U.S. Department of Interior Grant	16,500	-	-	-
NC Department of Transportation Comprehensive Pedestrian Contractual Services	40,000	10,411	-	10,411
Total - NC Department of Transportation Grant	40,000	10,411	-	10,411
2009 Community Development Block Grant (C0901) -				
Salary and wages	70,000	13,557	-	13,557
Employee training	5,000	3,529	-	3,529
Total - 2009 Community Development Block Grant	75,000	17,086	-	17,086
Jonesboro Streetscape Project Contractual Services	15,000	15,000	-	15,000
Total - Jonesboro Streetscape Project	15,000	15,000	-	15,000
Other prior program expenditures				
Rehabilitation	12,500	-	2,650	2,650
Land Disposition	59,193	1,023	31,636	32,659
Transfer to Community Development	30,000	-	30,000	30,000
Total - Other prior program expenditures	101,693	1,023	64,286	65,309
TOTAL EXPENDITURES	\$ 3,997,360	431,964	\$ 1,386,376	\$ 1,818,340
INCREASE IN FUND BALANCE		18,940		
FUND BALANCE, BEGINNING OF YEAR		539,541		
FUND BALANCE, END OF YEAR		\$ 558,481		

CITY OF SANFORD, NORTH CAROLINA
CENTRAL BUSINESS TAX DISTRICT FUND - SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL -
For the Year Ended June 30, 2009

	Budget	Actual	Variance favorable (unfavorable)	Actual prior year
REVENUES -				
Ad valorem taxes -				
Current year	\$ 53,258	\$ 54,871	\$ 1,613	\$ 54,081
Prior year	500	2,693	2,193	817
Investment income	600	648	48	1,718
Other	1,425	1,350	(75)	1,540
Penalties and interest	150	733	583	229
Total revenues	<u>55,933</u>	<u>60,295</u>	<u>4,362</u>	<u>58,385</u>
EXPENDITURES -				
Operating expenditures	93,171	82,540	10,631	80,731
Downtown facade reimbursement program	27,393	27,170	223	9,107
Total expenditures	<u>120,564</u>	<u>109,710</u>	<u>10,854</u>	<u>89,838</u>
REVENUES LESS THAN EXPENDITURES	<u>(64,631)</u>	<u>(49,415)</u>	<u>15,216</u>	<u>(31,453)</u>
OTHER FINANCING SOURCES -				
Transfers in - General Fund	50,000	50,000	-	50,000
Total other financing sources	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
REVENUES, OTHER FINANCING SOURCES AND APPROPRIATED FUND BALANCE IN EXCESS OF (LESS THAN) EXPENDITURES AND OTHER FINANCING USES	(14,631)	585	15,216	18,547
APPROPRIATED FUND BALANCE	<u>14,631</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES, OTHER FINANCING SOURCES AND APPROPRIATED FUND BALANCE IN EXCESS OF EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	585	<u>\$ 15,216</u>	<u>-</u>
FUND BALANCE, BEGINNING OF YEAR		<u>47,526</u>		<u>28,979</u>
FUND BALANCE, END OF YEAR		<u>\$ 48,111</u>		<u>\$ 47,526</u>



CITY OF SANFORD, NORTH CAROLINA

PROPRIETARY FUNDS

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.

Health Insurance Internal Service Fund - This fund is used to account for employee health claim expenses incurred by the City related to the decision to self-insure for these employee benefits. This fund also collects premiums from City departments to cover claim expenses for employee elected spouse and family coverage.



CITY OF SAN DIEGO
PROPRIETARY

The City of San Diego is a public entity and the City of San Diego is not a private business enterprise. The City of San Diego is a public entity and the City of San Diego is not a private business enterprise. The City of San Diego is a public entity and the City of San Diego is not a private business enterprise.

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CITY OF SANFORD, NORTH CAROLINA
 UTILITY FUND - SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2009

	Budget	Actual	Variance favorable (unfavorable)	Actual prior year
REVENUES -				
User charges -				
Water	\$ 8,833,890	\$ 9,378,332	\$ 544,442	\$ 8,548,323
Sewer	5,825,000	6,366,428	541,428	5,514,990
Total user charges	14,658,890	15,744,760	1,085,870	14,063,313
Monitoring fees	77,600	88,512	10,912	77,329
Connection and tap fees	200,000	113,646	(86,354)	207,907
Investment income	350,000	297,818	(52,182)	585,869
Special assessments	-	72,359	72,359	-
Other	397,400	347,193	(50,207)	428,007
Charges to other funds	30,000	38,546	8,546	32,315
TOTAL REVENUES	15,713,890	16,702,834	988,944	15,394,740
EXPENDITURES -				
Engineering -				
Salaries and benefits	575,879	367,512	208,367	459,950
Other operating expenditures	51,938	43,344	8,594	57,876
Capital outlay	21,500	12,784	8,716	16,315
Total - engineering	649,317	423,640	225,677	534,141
Utility administration -				
Salaries and benefits	378,921	357,461	21,460	423,988
Operating expenditures	62,320	57,845	4,475	188,287
Capital outlay	47,500	-	47,500	92,977
Interfund reimbursement	600,911	600,911	-	837,829
Total - utility administration	1,089,652	1,016,217	73,435	1,543,081
Utility billing -				
Salaries and benefits	103,213	99,165	4,048	-
Operating expenditures	147,295	132,629	14,666	-
Total - utility billing	250,508	231,794	18,714	-
Public works administration -				
Salaries and benefits	255,490	246,560	8,930	-
Operating expenditures	15,010	14,827	183	-
Total - public works administration	270,500	261,387	9,113	-
Water lines - maintenance				
Salaries and benefits	1,475,456	1,362,047	113,409	1,368,342
Operating expenditures	1,168,706	876,600	292,106	1,107,793
Installment purchase payments	11,045	11,043	2	22,085
Capital outlay	59,400	55,591	3,809	143,864
Total - water	2,714,607	2,305,281	409,326	2,642,084
Sewer lines - maintenance				
Salaries and benefits	600,502	573,825	26,677	540,392
Operating expenditures	663,735	571,828	91,907	491,916
Capital outlay	25,639	25,562	77	47,491
Total - sewer	1,289,876	1,171,215	118,661	1,079,799
Water plant operations -				
Salaries and benefits	608,939	575,956	32,983	571,713
Operating expenditures	1,377,421	1,302,593	74,828	1,216,211
Capital outlay	43,500	-	43,500	70,677
Total - water plant operations	2,029,860	1,878,549	151,311	1,858,601
Sewer plant operations -				
Salaries and benefits	747,922	741,820	6,102	710,915
Operating expenditures	955,321	847,962	107,359	736,822
Capital outlay	42,613	37,356	5,257	186,900
Total - sewer plant operations	1,745,856	1,627,138	118,718	1,634,637

(Continued)

CITY OF SANFORD, NORTH CAROLINA
 UTILITY FUND - SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 (CONTINUED)
 For the Year Ended June 30, 2009

	Budget	Actual	Variance favorable (unfavorable)	Actual prior year
EXPENDITURES - (continued)				
Store -				
Salaries and benefits	\$ 43,200	\$ 30,995	12,205	\$ 41,901
Purchases and supplies	322,216	198,749	123,467	284,936
Other operating expenditures	18,352	14,686	3,666	2,714
Total - store	<u>383,768</u>	<u>244,430</u>	<u>139,338</u>	<u>329,551</u>
Less charges to other departments	<u>(286,244)</u>	<u>(184,576)</u>	<u>(101,668)</u>	<u>(293,710)</u>
Net store	<u>97,524</u>	<u>59,854</u>	<u>37,670</u>	<u>35,841</u>
Capital improvements -				
Capital outlay	<u>1,624,827</u>	<u>497,061</u>	<u>1,127,766</u>	<u>178,927</u>
Total capital improvements	<u>1,624,827</u>	<u>497,061</u>	<u>1,127,766</u>	<u>178,927</u>
Debt service -				
Interest	818,554	818,247	307	965,970
Installment purchase principal	1,772,389	1,640,754	131,635	1,741,879
Bonds principal	1,150,000	1,150,000	-	1,170,000
State loan principal	97,500	97,500	-	97,500
Total debt service	<u>3,838,443</u>	<u>3,706,501</u>	<u>131,942</u>	<u>3,975,349</u>
TOTAL EXPENDITURES	<u>15,600,970</u>	<u>13,178,637</u>	<u>2,422,333</u>	<u>13,482,460</u>
REVENUES IN EXCESS OF EXPENDITURES	112,920	3,524,197	3,411,277	1,912,280
OTHER FINANCING USES -				
Transfers out -				
Capital Reserve Fund	(50,000)	(50,000)	-	(50,000)
Internal Service Fund	-	(9,242)	(9,242)	(25,000)
Capital Projects Fund	(500,000)	(500,000)	-	(6,089,632)
Contribution to other post employment benefits	(282,100)	(282,100)	-	-
Other postemployment benefits	(83,120)	(43,930)	39,190	-
Contingency	(6,476)	-	6,476	-
TOTAL OTHER FINANCING USES	<u>(921,696)</u>	<u>(885,272)</u>	<u>36,424</u>	<u>(6,164,632)</u>
REVENUES AND OTHER FINANCING SOURCES IN EXCESS OF (LESS THAN) EXPENDITURES AND OTHER FINANCING USES	(808,776)	2,638,925	3,447,701	(4,252,352)
APPROPRIATED RETAINED EARNINGS	<u>808,776</u>	<u>-</u>	<u>(808,776)</u>	<u>-</u>
REVENUES, OTHER FINANCING SOURCES AND APPROPRIATED RETAINED EARNINGS IN EXCESS OF (LESS THAN) EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ 2,638,925</u>	<u>\$ 2,638,925</u>	<u>\$ (4,252,352)</u>

Note: Prepared for comparison with the legally adopted budget.

(Continued)

CITY OF SANFORD, NORTH CAROLINA
 UTILITY FUND - SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 (CONTINUED)
 For the Year Ended June 30, 2009

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

Revenues, other financing sources and appropriated retained earnings less than expenditures and other uses	\$ 2,638,925
Reconciling items -	
Capital outlay	516,272
Bond principal	1,150,000
State loan principal	97,500
Installment purchase principal	1,640,754
Lease principal	10,889
Bond refunding issuance costs (net)	(71,334)
Depreciation	(3,312,574)
Bad debt allowance	(26,426)
Proceeds from sale of fixed assets	(5,900)
Gain on disposal of fixed assets	1,138
Capital contributions	3,495,851
Increase in other postemployment benefits	(125,754)
Transfer to capital projects fund	500,000
Transfer to capital reserve fund	50,000
Change in net assets	<u>\$ 6,559,341</u>

CITY OF SANFORD, NORTH CAROLINA
 UTILITY CAPITAL PROJECTS FUND - SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project budget	Current year	Prior years	Total
REVENUES -				
Grants	\$ 2,893,658	\$ 694,401	\$ 1,529,864	\$ 2,224,265
Interest income	305,114	4,108	311,242	315,350
Other revenues	1,055,340	-	1,045,309	1,045,309
Total revenues	<u>4,254,112</u>	<u>698,509</u>	<u>2,886,415</u>	<u>3,584,924</u>
EXPENDITURES -				
Water capital project - capital outlay	7,370,000	182,462	7,021,053	7,203,515
Sewer capital project - capital outlay	14,288,254	4,982,870	6,315,228	11,298,098
Total expenditures	<u>21,658,254</u>	<u>5,165,332</u>	<u>13,336,281</u>	<u>18,501,613</u>
REVENUES LESS THAN EXPENDITURES	(17,404,142)	(4,466,823)	(10,449,866)	(14,916,689)
OTHER FINANCING SOURCES -				
Transfer from utility fund	7,404,142	500,000	6,904,142	7,404,142
Installment purchase proceeds	10,000,000	-	10,000,000	10,000,000
Total other financing sources	<u>17,404,142</u>	<u>500,000</u>	<u>16,904,142</u>	<u>17,404,142</u>
REVENUES AND OTHER FINANCING SOURCES IN EXCESS OF (LESS THAN) EXPENDITURES	<u>\$ -</u>	<u>\$ (3,966,823)</u>	<u>\$ 6,454,276</u>	<u>\$ 2,487,453</u>

Note: Included in the basic financial statements with the operations of the Utility Fund.

CITY OF SANFORD, NORTH CAROLINA
 HEALTH INSURANCE INTERNAL SERVICE FUND - SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL
 PLAN AND ACTUAL
 For the Year Ended June 30, 2009

	Financial plan	Actual	Variance favorable (unfavorable)
REVENUES -			
Health insurance premiums	\$ 1,763,792	\$ 2,191,783	\$ 427,991
TOTAL REVENUES	<u>1,763,792</u>	<u>2,191,783</u>	<u>427,991</u>
EXPENDITURES -			
Health insurance claims	1,763,792	1,927,245	(163,453)
Administration	-	515,619	(515,619)
TOTAL EXPENDITURES	<u>1,763,792</u>	<u>2,442,864</u>	<u>(679,072)</u>
REVENUES LESS THAN EXPENDITURES	-	(251,081)	(251,081)
OTHER FINANCING SOURCES -			
Transfers in -			
Utility fund	-	9,242	9,242
General fund	-	30,940	30,940
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>40,182</u>	<u>40,182</u>
REVENUES AND OTHER FINANCING SOURCES LESS THAN EXPENDITURES	<u>\$ -</u>	<u>\$ (210,899)</u>	<u>\$ (210,899)</u>

Reconciliation from financial plan (modified accrual) to full accrual:

Revenues, other financing sources and appropriated retained earnings in excess of expenditures	\$ (210,899)
Reconciling items -	
Increase in claims incurred but not reported	<u>(29,936)</u>
Change in net assets	<u>\$ (240,835)</u>

THE STATE OF TEXAS, COUNTY OF DALLAS, SS: I, the undersigned, being duly qualified and sworn, do hereby certify that the within and foregoing is a true and correct copy of the original as the same appears in the records of the County Clerk of said County.

Year	Amount	Balance	Description
1900	100.00	100.00	...
1901	200.00	300.00	...
1902	300.00	600.00	...
1903	400.00	1000.00	...
1904	500.00	1500.00	...
1905	600.00	2100.00	...
1906	700.00	2800.00	...
1907	800.00	3600.00	...
1908	900.00	4500.00	...
1909	1000.00	5500.00	...
1910	1100.00	6600.00	...
1911	1200.00	7800.00	...
1912	1300.00	9100.00	...
1913	1400.00	10500.00	...
1914	1500.00	12000.00	...
1915	1600.00	13600.00	...
1916	1700.00	15300.00	...
1917	1800.00	17100.00	...
1918	1900.00	19000.00	...
1919	2000.00	21000.00	...
1920	2100.00	23100.00	...
1921	2200.00	25300.00	...
1922	2300.00	27600.00	...
1923	2400.00	30000.00	...
1924	2500.00	32500.00	...
1925	2600.00	35100.00	...
1926	2700.00	37800.00	...
1927	2800.00	40600.00	...
1928	2900.00	43500.00	...
1929	3000.00	46500.00	...
1930	3100.00	49600.00	...
1931	3200.00	52800.00	...
1932	3300.00	56100.00	...
1933	3400.00	59500.00	...
1934	3500.00	63000.00	...
1935	3600.00	66600.00	...
1936	3700.00	70300.00	...
1937	3800.00	74100.00	...
1938	3900.00	78000.00	...
1939	4000.00	82000.00	...
1940	4100.00	86100.00	...
1941	4200.00	90300.00	...
1942	4300.00	94600.00	...
1943	4400.00	99000.00	...
1944	4500.00	103500.00	...
1945	4600.00	108100.00	...
1946	4700.00	112800.00	...
1947	4800.00	117600.00	...
1948	4900.00	122500.00	...
1949	5000.00	127500.00	...
1950	5100.00	132600.00	...
1951	5200.00	137800.00	...
1952	5300.00	143100.00	...
1953	5400.00	148500.00	...
1954	5500.00	154000.00	...
1955	5600.00	159600.00	...
1956	5700.00	165300.00	...
1957	5800.00	171100.00	...
1958	5900.00	177000.00	...
1959	6000.00	183000.00	...
1960	6100.00	189100.00	...
1961	6200.00	195300.00	...
1962	6300.00	201600.00	...
1963	6400.00	208000.00	...
1964	6500.00	214500.00	...
1965	6600.00	221100.00	...
1966	6700.00	227800.00	...
1967	6800.00	234600.00	...
1968	6900.00	241500.00	...
1969	7000.00	248500.00	...
1970	7100.00	255600.00	...
1971	7200.00	262800.00	...
1972	7300.00	270100.00	...
1973	7400.00	277500.00	...
1974	7500.00	285000.00	...
1975	7600.00	292600.00	...
1976	7700.00	300300.00	...
1977	7800.00	308100.00	...
1978	7900.00	316000.00	...
1979	8000.00	324000.00	...
1980	8100.00	332100.00	...
1981	8200.00	340300.00	...
1982	8300.00	348600.00	...
1983	8400.00	357000.00	...
1984	8500.00	365500.00	...
1985	8600.00	374100.00	...
1986	8700.00	382800.00	...
1987	8800.00	391600.00	...
1988	8900.00	400500.00	...
1989	9000.00	409500.00	...
1990	9100.00	418600.00	...
1991	9200.00	427800.00	...
1992	9300.00	437100.00	...
1993	9400.00	446500.00	...
1994	9500.00	456000.00	...
1995	9600.00	465600.00	...
1996	9700.00	475300.00	...
1997	9800.00	485100.00	...
1998	9900.00	495000.00	...
1999	10000.00	505000.00	...
2000	10100.00	515100.00	...
2001	10200.00	525300.00	...
2002	10300.00	535600.00	...
2003	10400.00	546000.00	...
2004	10500.00	556500.00	...
2005	10600.00	567100.00	...
2006	10700.00	577800.00	...
2007	10800.00	588600.00	...
2008	10900.00	599500.00	...
2009	11000.00	610500.00	...
2010	11100.00	621600.00	...
2011	11200.00	632800.00	...
2012	11300.00	644100.00	...
2013	11400.00	655500.00	...
2014	11500.00	667000.00	...
2015	11600.00	678600.00	...
2016	11700.00	690300.00	...
2017	11800.00	702100.00	...
2018	11900.00	714000.00	...
2019	12000.00	726000.00	...
2020	12100.00	738100.00	...
2021	12200.00	750300.00	...
2022	12300.00	762600.00	...
2023	12400.00	775000.00	...
2024	12500.00	787500.00	...
2025	12600.00	800100.00	...
2026	12700.00	812800.00	...
2027	12800.00	825600.00	...
2028	12900.00	838500.00	...
2029	13000.00	851500.00	...
2030	13100.00	864600.00	...
2031	13200.00	877800.00	...
2032	13300.00	891100.00	...
2033	13400.00	904500.00	...
2034	13500.00	918000.00	...
2035	13600.00	931600.00	...
2036	13700.00	945300.00	...
2037	13800.00	959100.00	...
2038	13900.00	973000.00	...
2039	14000.00	987000.00	...
2040	14100.00	1001100.00	...
2041	14200.00	1015300.00	...
2042	14300.00	1029600.00	...
2043	14400.00	1044000.00	...
2044	14500.00	1058500.00	...
2045	14600.00	1073100.00	...
2046	14700.00	1087800.00	...
2047	14800.00	1102600.00	...
2048	14900.00	1117500.00	...
2049	15000.00	1132500.00	...
2050	15100.00	1147600.00	...
2051	15200.00	1162800.00	...
2052	15300.00	1178100.00	...
2053	15400.00	1193500.00	...
2054	15500.00	1209000.00	...
2055	15600.00	1224600.00	...
2056	15700.00	1240300.00	...
2057	15800.00	1256100.00	...
2058	15900.00	1272000.00	...
2059	16000.00	1288000.00	...
2060	16100.00	1304100.00	...
2061	16200.00	1320300.00	...
2062	16300.00	1336600.00	...
2063	16400.00	1353000.00	...
2064	16500.00	1369500.00	...
2065	16600.00	1386100.00	...
2066	16700.00	1402800.00	...
2067	16800.00	1419600.00	...
2068	16900.00	1436500.00	...
2069	17000.00	1453500.00	...
2070	17100.00	1470600.00	...
2071	17200.00	1487800.00	...
2072	17300.00	1505100.00	...
2073	17400.00	1522500.00	...
2074	17500.00	1540000.00	...
2075	17600.00	1557600.00	...
2076	17700.00	1575300.00	...
2077	17800.00	1593100.00	...
2078	17900.00	1611000.00	...
2079	18000.00	1629000.00	...
2080	18100.00	1647100.00	...
2081	18200.00	1665300.00	...
2082	18300.00	1683600.00	...
2083	18400.00	1702000.00	...
2084	18500.00	1720500.00	...
2085	18600.00	1739100.00	...
2086	18700.00	1757800.00	...
2087	18800.00	1776600.00	...
2088	18900.00	1795500.00	...
2089	19000.00	1814500.00	...
2090	19100.00	1833600.00	...
2091	19200.00	1852800.00	...
2092	19300.00	1872100.00	...
2093	19400.00	1891500.00	...
2094	19500.00	1911000.00	...
2095	19600.00	1930600.00	...
2096	19700.00	1950300.00	...
2097	19800.00	1970100.00	...
2098	19900.00	1990000.00	...
2099	20000.00	2010000.00	...
2100	20100.00	2030100.00	...

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CITY OF SANFORD, NORTH CAROLINA

FIDUCIARY FUND

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 and the Other Postemployment Benefits Trust Fund.



OFFICE OF THE INSPECTOR GENERAL
DEPARTMENT OF JUSTICE

UNITED STATES DEPARTMENT OF JUSTICE
OFFICE OF THE INSPECTOR GENERAL
WASHINGTON, D.C. 20530

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CITY OF SANFORD, NORTH CAROLINA
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 June 30, 2009

	LEO Special Separation Allowance	Other Post- employment Benefits	Total
Assets	\$ 560,067	\$ 1,223,850	\$ 1,783,917
Net assets held in trust for pension benefits	\$ 560,067	\$ 1,223,850	\$ 1,783,917

See notes to financial statements.

CITY OF SANFORD, NORTH CAROLINA
 COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
 PENSION TRUST FUNDS
 For the Year Ended June 30, 2009

	LEO Special Separation Allowance	Other Post- employment Benefits	Total
ADDITIONS:			
Employer contributions	\$ 115,816	\$ 1,472,036	\$ 1,587,852
Net investment income	13,140	48,939	62,079
Total additions	<u>128,956</u>	<u>1,520,975</u>	<u>1,649,931</u>
DEDUCTIONS:			
Benefits	112,084	296,536	408,620
Administrative expense	8,574	589	9,163
Total deductions	<u>120,658</u>	<u>297,125</u>	<u>417,783</u>
Net increase	8,298	1,223,850	1,232,148
Net assets - held in trust for pension benefits, beginning of year	<u>551,769</u>	-	<u>551,769</u>
Net assets - held in trust for pension benefits, end of year	<u>\$ 560,067</u>	<u>\$ 1,223,850</u>	<u>\$ 1,783,917</u>

See notes to financial statements.

CITY OF SANFORD, NORTH CAROLINA AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 For the Year Ended June 30, 2009

	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>
FIREMEN'S SUPPLEMENTAL PENSION FUND -				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 458,504	\$ 36,717	\$ 20,839	\$ 474,382
Accounts receivable	47,846	59,242	76,147	30,941
TOTAL	<u>\$ 506,350</u>	<u>\$ 95,959</u>	<u>\$ 96,986</u>	<u>\$ 505,323</u>
<u>LIABILITIES</u>				
Amounts available for benefits	<u>\$ 506,350</u>	<u>\$ 95,959</u>	<u>\$ 96,986</u>	<u>\$ 505,323</u>

Account	Agency	Program	Activity	Amount
100-000000-0000	000000	000000	000000	000000
100-000000-0000	000000	000000	000000	000000
100-000000-0000	000000	000000	000000	000000
100-000000-0000	000000	000000	000000	000000

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CITY OF SANFORD, NORTH CAROLINA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULES BY SOURCE
 June 30, 2009 and 2008

	2009	2008
Governmental funds capital assets:		
Land	\$ 3,299,021	\$ 3,201,072
Construction in progress	399,887	-
Municipal center and other buildings	9,840,914	9,876,653
Golf course and improvements	1,469,913	1,469,913
Streets	29,325,430	28,834,706
Equipment	9,986,679	9,149,747
Total governmental funds capital assets	\$ 54,321,844	\$ 52,532,091
Investments in governmental funds capital assets by source:		
General fund	\$ 45,094,444	\$ 43,408,102
Special revenue funds	885,205	885,205
Capital project funds	8,142,205	8,142,205
Utility fund	199,990	96,579
Total governmental funds capital assets	\$ 54,321,844	\$ 52,532,091

Note: Amounts presented above exclude accumulated depreciation.

CITY OF SANFORD, NORTH CAROLINA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 June 30, 2009

Function and Activity	Land	Construction in Progress	Municipal Center and Other Buildings	Streets	Equipment	Total
General government:						
Administration	\$ -	\$ -	\$ -	-	-	\$ -
Finance	-	-	-	-	2,926	2,926
Information systems	-	-	-	-	197,475	197,475
Legal	-	-	-	-	-	-
Public buildings	3,299,021	36,508	9,632,437	-	404,436	13,372,402
General services administration	-	-	-	-	20,696	20,696
Central mimeo	-	-	-	-	35,714	35,714
Beautification	-	-	-	-	143,328	143,328
Golf	-	-	1,678,390	-	539,159	2,217,549
Shop	-	-	-	-	821,907	821,907
Total general government	<u>3,299,021</u>	<u>36,508</u>	<u>11,310,827</u>	<u>-</u>	<u>2,165,641</u>	<u>16,811,997</u>
Public safety:						
Police	-	-	-	-	2,876,548	2,876,548
Fire	-	-	-	-	2,161,109	2,161,109
Inspections	-	-	-	-	79,468	79,468
	-	-	-	-	5,117,125	5,117,125
Streets	-	333,379	-	29,325,430	1,054,299	30,713,108
Sanitation	-	-	-	-	1,552,401	1,552,401
Community development	-	30,000	-	-	97,213	127,213
Total governmental funds capital assets	<u>\$ 3,299,021</u>	<u>\$ 399,887</u>	<u>\$ 11,310,827</u>	<u>\$ 29,325,430</u>	<u>\$ 9,986,679</u>	<u>\$ 54,321,844</u>

Note: Amounts presented above exclude accumulated depreciation.

CITY OF SANFORD, NORTH CAROLINA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
 June 30, 2009

Function and Activity	Beginning of Year	Additions / Transfers In	Deductions / Transfers Out	End of Year
General government:				
Administration	\$ 2,540	-	2,540	\$ -
Finance	2,926	-	-	2,926
Information systems	184,794	12,681	-	197,475
Legal	4,024	-	4,024	-
Public buildings	13,291,074	114,451	33,123	13,372,402
General services administration	54,418	-	33,722	20,696
Central mimeo	35,714	-	-	35,714
Beautification	131,362	11,966	-	143,328
Golf	2,232,338	27,854	42,643	2,217,549
Shop	764,918	92,826	35,837	821,907
Total general government	16,704,108	259,778	151,889	16,811,997
Public safety:				
Police	2,496,045	623,199	242,696	2,876,548
Fire	1,748,641	447,468	35,000	2,161,109
Inspections	85,197	-	5,729	79,468
	4,329,883	1,070,667	283,425	5,117,125
Streets	29,808,562	1,014,807	110,261	30,713,108
Sanitation	1,564,604	100,325	112,528	1,552,401
Community development	124,934	30,000	27,721	127,213
Total governmental funds capital assets	\$ 52,532,091	\$ 2,475,577	\$ 685,824	\$ 54,321,844

Note: Amounts presented above exclude accumulated depreciation.

CITY OF SANFORD, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2009

Fiscal Year	Uncollected Balance June 30, 2008	Additions	Collections And Credits	Uncollected Balance June 30, 2009
2008-2009	\$ -	\$ 11,657,150	\$ 11,412,602	\$ 244,548
2007-2008	327,170	817	228,788	99,199
2006-2007	115,425	-	46,527	68,898
2005-2006	79,666	-	24,320	55,346
2004-2005	45,330	-	9,702	35,628
2003-2004	43,221	-	5,122	38,099
2002-2003	43,834	-	2,568	41,266
2001-2002	42,257	-	1,553	40,704
2000-2001	43,592	-	1,047	42,545
1999-2000	15,504	-	1,243	14,261
1998-1999	21,066	-	20,311	755
	<u>\$ 777,065</u>	<u>\$ 11,657,967</u>	<u>\$ 11,753,783</u>	681,249
Less: allowance for uncollectible accounts: General Fund				<u>139,897</u>
Ad valorem taxes receivable - net				<u>\$ 541,352</u>
<u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund				\$ 11,735,407
Reconciling items:				
Payments in lieu of taxes				(22,892)
Taxes released and written off				41,268
Total collections and credits				<u>\$ 11,753,783</u>

CITY OF SANFORD, NORTH CAROLINA
 SUPPLEMENTAL SCHEDULE OF 2008 TAX LEVY
 June 30, 2009

	City wide		Total levy	
	Property valuations	Total levy	Property excluding motor vehicles	Registered motor vehicles
Tax rate per \$100 value		<u>\$ 0.54</u>		
Regularly listed - Real and personal	\$ 2,092,608,736	\$ 11,306,667	\$ 10,375,115	\$ 931,552
Utilities	56,571,637	305,487	305,487	-
Penalties	-	12,225	12,225	-
Subtotal	<u>2,149,180,373</u>	<u>11,624,379</u>	<u>10,692,827</u>	<u>931,552</u>
Add: discoveries and late lists	10,347,781	89,971	89,971	
Less: abatements	<u>(10,390,836)</u>	<u>(57,200)</u>	<u>(37,684)</u>	<u>(19,516)</u>
TOTAL PROPERTY VALUATION	<u>\$ 2,149,137,318</u>			
Net tax levy		11,657,150	10,745,114	912,036
Uncollected taxes @ 6/30/09		<u>(244,548)</u>	<u>(107,566)</u>	<u>(136,982)</u>
Current year's taxes collected		<u>\$ 11,412,602</u>	<u>\$ 10,637,548</u>	<u>\$ 775,054</u>
COLLECTION PERCENTAGE		<u>97.90%</u>	<u>99.00%</u>	<u>84.98%</u>

CITY OF SANFORD, NORTH CAROLINA
CENTRAL BUSINESS TAX DISTRICT
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2009

Fiscal Year	Uncollected Balance June 30, 2008	Additions	Collections And Credits	Uncollected Balance June 30, 2009
2008-2009	\$ -	\$ 56,242	\$ 54,871	\$ 1,371
2007-2008	1,775	-	1,221	554
2006-2007	1,420	-	1,161	259
2005-2006	350	-	134	216
2004-2005	72	-	22	50
2003-2004	325	-	83	242
2002-2003	232	-	-	232
2001-2002	75	-	21	54
2000-2001	121	-	21	100
1999-2000	(33)	-	31	(64)
1998-1999	61	-	61	-
	<u>\$ 4,398</u>	<u>\$ 56,242</u>	<u>\$ 57,626</u>	3,014
Less: allowance for uncollectible accounts: Central Business Tax District				<u>1,433</u>
Ad valorem taxes receivable - net				<u>\$ 1,581</u>
<u>Reconciliation with revenues:</u>				
Ad valorem taxes - Central Business Tax District				\$ 57,564
Reconciling items:				
Taxes released and written off				<u>62</u>
Total collections and credits				<u>\$ 57,626</u>

CITY OF SANFORD, NORTH CAROLINA
 SUPPLEMENTAL SCHEDULE OF 2008 TAX LEVY
 June 30, 2009

	Central business district		Total levy	
	Property valuations	Total levy	Property excluding motor vehicles	Registered motor vehicles
Tax rate per \$100 value		<u>\$ 0.13</u>		
Regularly listed -				
Real and personal	\$ 42,785,549	\$ 55,621	\$ 53,620	\$ 2,001
Utilities	227,276	296	296	-
Penalties	-	276	276	-
Subtotal	<u>43,012,825</u>	<u>56,193</u>	<u>54,192</u>	<u>2,001</u>
Add: discoveries and late lists		128	128	-
Less: abatements		(79)	(8)	(71)
TOTAL PROPERTY VALUATION	<u>\$ 43,012,825</u>			
Net tax levy		56,242	54,312	1,930
Uncollected taxes @ 6/30/09		(1,371)	(1,111)	(260)
Current year's taxes collected		<u>\$ 54,871</u>	<u>\$ 53,201</u>	<u>\$ 1,670</u>
COLLECTION PERCENTAGE		<u>97.56%</u>	<u>97.95%</u>	<u>86.53%</u>

STATISTICAL SECTION

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

Contents	Page
Financial Trends	92
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	97
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	102
These schedules present information to help the reader assess the affordability of the governments' current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	106
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	108
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

CITY OF SANFORD, NORTH CAROLINA
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS

	Fiscal Year Ended June 30,						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities							
Invested in capital assets, net of related debt	\$ 7,389,070	\$ 8,375,002	\$ 9,938,162	\$ 23,153,417	\$ 24,003,704	\$ 22,868,410	\$ 23,035,724
Restricted	239,704	591,238	428,645	526,872	225,548	572,436	558,481
Unrestricted	7,980,276	8,477,234	9,655,990	9,154,808	11,719,802	14,109,145	12,928,638
Total governmental activities net assets	\$ 15,609,050	\$ 17,443,474	\$ 20,022,797	\$ 32,835,097	\$ 35,949,054	\$ 37,549,991	\$ 36,522,843
Business-type activities							
Invested in capital assets, net of related debt	\$ 37,051,638	\$ 32,823,282	\$ 39,031,667	\$ 47,921,942	\$ 49,336,767	\$ 58,788,484	\$ 67,518,283
Restricted	639,177	6,940,623	2,509,316	4,065,136.00	-	-	-
Unrestricted	9,233,126	10,204,326	14,675,604	11,921,230	18,507,215	17,873,547	15,703,089
Total business-type activities net assets	\$ 46,923,941	\$ 49,968,231	\$ 56,216,587	\$ 63,908,308	\$ 67,843,982	\$ 76,662,031	\$ 83,221,372
Primary government							
Invested in capital assets, net of related debt	\$ 44,440,708	\$ 41,198,284	\$ 48,969,829	\$ 71,075,359	\$ 73,340,471	\$ 81,656,894	\$ 90,554,007
Restricted	878,881	7,531,861	2,937,961	4,592,008	225,548	572,436	558,481
Unrestricted	17,213,402	18,681,560	24,331,594	21,076,038	30,227,017	31,982,692	28,631,727
Total primary government net assets	\$ 62,532,991	\$ 67,411,705	\$ 76,239,384	\$ 96,743,405	\$ 103,793,036	\$ 114,212,022	\$ 119,744,215

Note: Information is only available for current year and the six previous fiscal years. Table will be expanded to include 10 years of data as information becomes available.

CITY OF SANFORD, NORTH CAROLINA
CHANGES IN NET ASSETS, LAST SIX FISCAL YEARS

	Fiscal Year Ended June 30,					
	2004	2005	2006	2007	2008	2009
Expenses						
Governmental activities:						
General government	\$ 3,490,001	\$ 3,119,589	\$ 3,168,790	\$ 3,750,982	\$ 3,989,123	\$ 4,156,319
Public safety	9,213,129	9,459,227	10,184,773	10,345,755	11,064,066	12,527,984
Streets	1,454,461	1,571,521	1,728,330	3,907,885	4,115,798	3,602,804
Sanitation	2,016,535	2,090,286	2,286,229	2,415,572	2,520,857	2,675,655
Community development	1,307,926	2,277,388	1,779,276	2,019,757	1,638,944	1,885,348
Interest on long-term debt	112,497	95,916	80,310	112,443	94,563	74,864
Total governmental activities expenses	17,594,549	18,613,927	19,227,708	22,552,394	23,423,351	24,922,974
Business-type activities:						
Utility	10,592,499	10,723,386	11,162,038	12,659,546	13,053,401	13,624,202
Golf	554,438	637,900	672,734	-	-	-
Total business-type activities expenses	11,146,937	11,361,286	11,834,772	12,659,546	13,053,401	13,624,202
Total primary government expenses	28,741,486	29,975,213	31,062,480	35,211,940	36,476,752	38,547,176
Program Revenues						
Governmental activities:						
Charges for services	2,059,926	1,571,750	2,053,466	2,659,018	3,197,914	2,810,153
Operating grants & contributions	1,040,643	2,696,774	2,907,472	1,708,576	1,368,268	1,280,473
Capital grants & contributions	-	-	-	1,700,000	441,732	260,651
Total governmental activities program revenue	3,100,569	4,268,524	4,960,938	6,067,594	5,007,914	4,351,277
Business-type activities:						
Charges for services	12,921,578	15,033,395	15,465,429	15,039,997	14,792,571	16,399,116
Operating grants & contributions	1,185,411	2,338,700	2,141,852	1,795,016	6,518,010	3,495,851
Capital grants & contributions	14,106,989	17,372,095	17,607,281	16,835,013	21,310,581	19,894,967
Total business-type activities program revenues	17,207,558	21,640,619	22,568,219	22,902,607	26,318,495	24,246,244
Net (Expense)/Revenue	(14,493,980)	(14,345,403)	(14,266,770)	(16,484,800)	(18,415,437)	(20,571,697)
Governmental activities	2,960,052	6,010,809	5,772,509	4,175,467	8,257,180	6,270,765
Business-type activities	(11,533,928)	(8,334,594)	(8,494,261)	(12,309,333)	(10,158,257)	(14,300,932)

CITY OF SANFORD, NORTH CAROLINA
 CHANGES IN NET ASSETS, LAST SIX FISCAL YEARS - (Continued)

	Fiscal Year Ended June 30,					
	2004	2005	2006	2007	2008	2009
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes:						
Property taxes	\$ 9,738,025	\$ 9,991,908	\$ 10,260,692	\$ 10,917,017	\$ 11,279,667	\$ 11,772,449
Other taxes	4,183,806	4,418,700	4,742,098	5,160,988	5,399,097	5,198,389
Intergovernmental not restricted	1,414,000	1,986,022	1,234,297	1,243,126	2,380,951	2,155,780
Other	746,845	528,094	714,619	1,224,268	931,659	408,689
Total governmental activities	<u>16,082,676</u>	<u>16,924,724</u>	<u>16,951,706</u>	<u>18,545,399</u>	<u>19,991,374</u>	<u>19,535,307</u>
Business-type activities:						
Other	84,238	237,547	534,450	813,565	585,869	297,818
Total business-type activities	<u>84,238</u>	<u>237,547</u>	<u>534,450</u>	<u>813,565</u>	<u>585,869</u>	<u>297,818</u>
Total primary government	<u>16,166,914</u>	<u>17,162,271</u>	<u>17,486,156</u>	<u>19,358,964</u>	<u>20,577,243</u>	<u>19,833,125</u>
Transfer:						
Governmental activities	-	-	-	1,053,358	25,000	9,242
Business activities	-	-	-	(1,053,358)	(25,000)	(9,242)
Special Items:						
Governmental activities - release of interfund debt	-	-	(1,384,762)	-	-	-
Business-type activities - release of interfund debt	-	-	1,384,762	-	-	-
Change in Net Assets						
Governmental activities	1,588,696	2,579,321	1,300,174	3,113,957	1,600,937	(1,027,148)
Business-type activities	3,044,290	6,248,356	7,691,721	3,935,674	8,818,049	6,559,341
Total primary government	<u>\$ 4,632,986</u>	<u>\$ 8,827,677</u>	<u>\$ 8,991,895</u>	<u>\$ 7,049,631</u>	<u>\$ 10,418,986</u>	<u>\$ 5,532,193</u>

Note: Information is only available for current year and the five previous fiscal years. Table will be expanded to include 10 years of data as information becomes available.

CITY OF SANFORD, NORTH CAROLINA
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	\$ 1,446,584	\$ 1,575,973	\$ 2,133,125	\$ 2,713,211	\$ 2,782,725	\$ 2,819,687	\$ 2,182,683	\$ 2,328,734	\$ 4,386,218	\$ 2,923,936
Unreserved	5,928,145	6,560,622	5,680,509	5,081,984	6,230,634	7,311,936	7,408,341	9,698,506	10,056,980	10,956,925
Total general fund	\$ 7,374,729	\$ 8,136,595	\$ 7,813,634	\$ 7,805,195	\$ 9,013,359	\$ 10,131,623	\$ 9,591,024	\$ 12,027,240	\$ 14,453,198	\$ 13,880,861
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ 302,595	\$ 134,515	\$ 47,574	\$ -	\$ -	\$ 14,631	\$ 44,866
Unreserved, reported in:										
Designated	-	-	-	6,800	59,035	33,372	143,500	-	-	-
Undesignated	-	-	-	-	-	-	-	-	-	-
Special revenue funds	387,356	309,833	289,814	100,866	397,688	347,699	383,372	225,548	572,436	561,726
Capital project funds	814,329	171,472	(464)	489,964	-	-	-	-	-	-
Total all other governmental funds	\$ 1,201,685	\$ 481,305	\$ 289,350	\$ 900,225	\$ 591,238	\$ 428,645	\$ 526,872	\$ 225,548	\$ 587,067	\$ 606,592

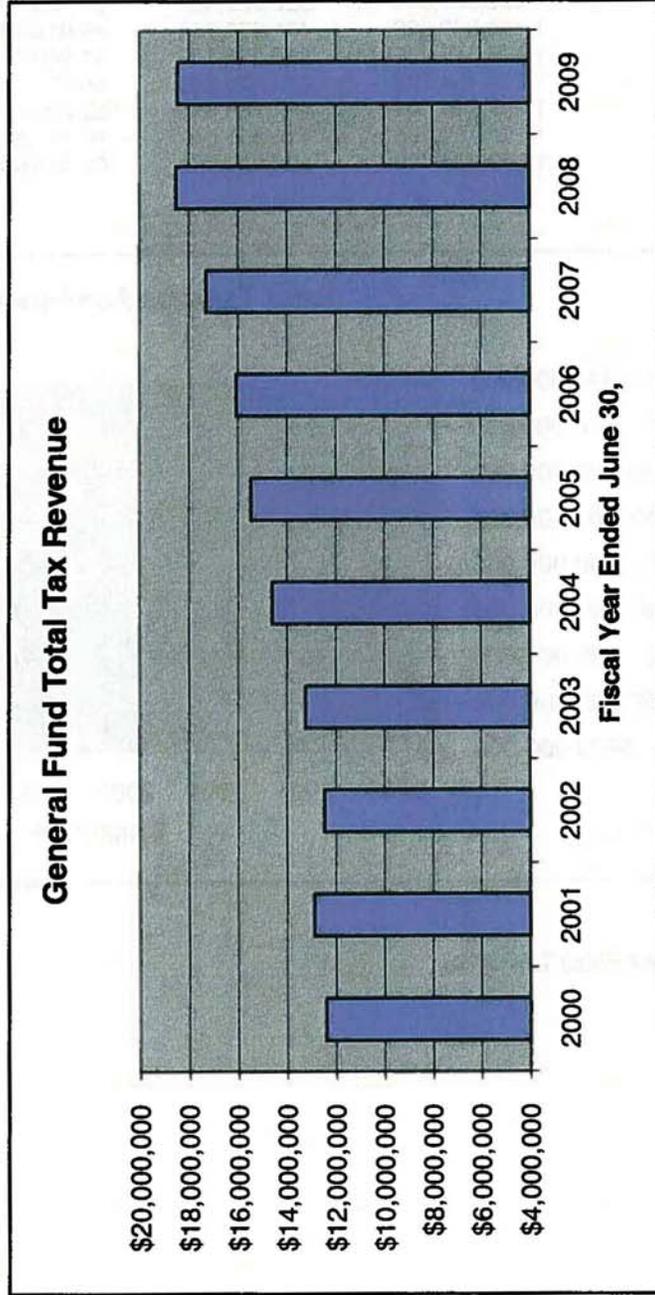
CITY OF SANFORD, NORTH CAROLINA
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST SIX FISCAL YEARS

	Fiscal Year Ended June 30,					
	2004	2005	2006	2007	2008	2009
Revenues						
Ad valorem taxes	\$ 9,367,740	\$ 9,930,497	\$ 10,117,122	\$ 10,720,424	\$ 11,340,885	\$ 11,792,971
Other taxes	4,183,806	4,418,700	4,741,988	5,160,653	5,638,500	5,197,958
Penalties and interest	65,376	61,666	57,315	66,971	76,183	84,766
Licenses and permits	377,070	369,131	375,724	520,259	426,514	288,166
Intergovernmental revenues	3,085,050	3,646,812	3,667,767	3,629,931	4,302,904	4,057,089
Investment income	80,613	204,527	363,636	591,373	587,122	303,867
Sales and service	1,133,629	979,711	985,189	1,392,843	1,627,704	1,522,755
Miscellaneous revenues	725,511	590,866	538,700	679,584	705,058	701,132
Total revenues	19,018,795	20,201,910	20,847,441	22,762,038	24,704,870	23,948,704
Expenditures						
General government	3,206,427	2,936,399	2,803,071	3,258,622	3,534,529	3,961,036
Public safety	8,972,478	9,250,411	9,672,365	9,997,190	10,520,099	11,009,490
Street	1,667,041	1,734,376	2,302,944	2,070,296	2,109,259	2,196,449
Sanitation	1,924,787	1,993,291	2,076,981	2,241,612	2,308,729	2,332,293
Community Development	1,324,715	1,846,606	1,770,345	2,001,339	1,622,559	1,793,455
Capital outlay	822,987	1,059,150	849,977	1,442,276	1,045,779	1,674,275
Debt service						
Interest	112,497	95,916	80,310	112,443	94,563	76,111
Principal	538,203	426,340	411,432	617,269	606,876	534,067
Total expenditures	18,569,135	19,342,489	19,967,425	21,741,047	21,842,393	23,577,176
Excess of revenues over (under) expenditures	449,660	859,421	880,016	1,020,991	2,862,477	371,528
Other Financing Sources (Uses)						
Transfers in (out)	-	-	-	(24,099)	(75,000)	(30,940)
Contributions to OPEB	-	-	-	-	-	(893,400)
Installment purchase contract	92,157	96,250	62,374	1,138,000	-	-
Total other financing sources (uses)	92,157	96,250	62,374	1,113,901	(75,000)	(924,340)
Special Item						
Release of interfund debt	-	-	(1,384,762)	-	-	-
Net change in fund balances	\$ 541,817	\$ 955,671	\$ (442,372)	\$ 2,134,892	\$ 2,787,477	\$ (552,812)
Debt service as a percentage of noncapital expenditures	3.63%	2.77%	2.52%	3.47%	3.32%	2.87%

Note: Information is only available for current year and the five previous fiscal years. Table will be expanded to include 10 years of data as it becomes available.

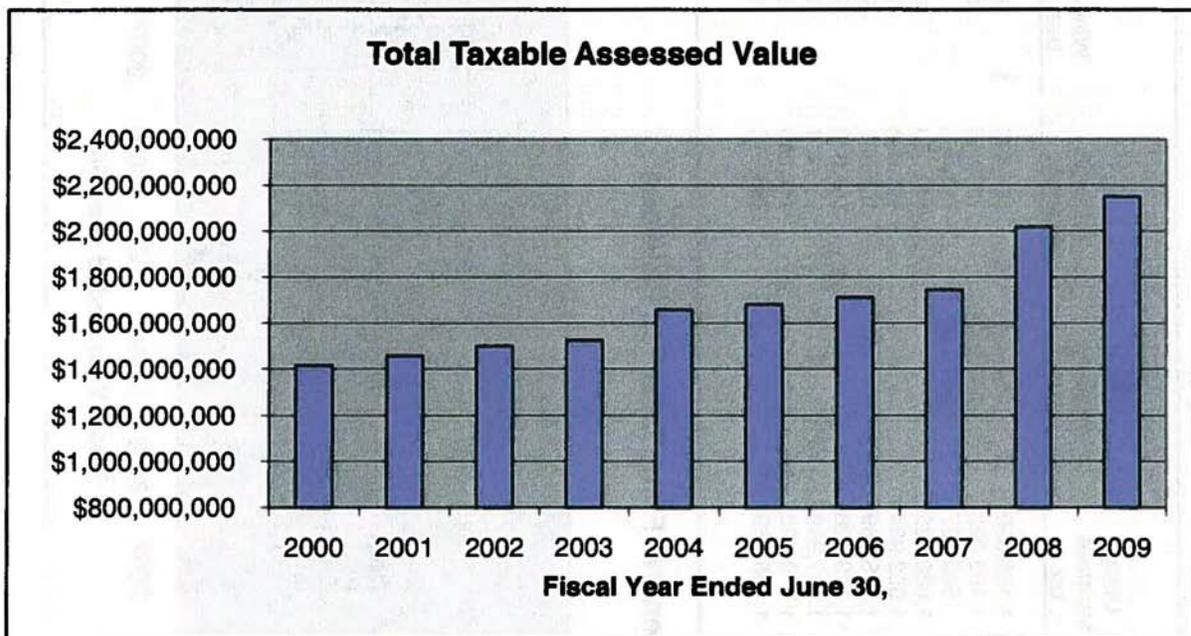
CITY OF SANFORD, NORTH CAROLINA
 GENERAL FUND TAX REVENUE BY SOURCE
 LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Ad valorem taxes	Sales tax	Utility franchise tax	Intangibles personal property tax	Privilege licenses	Wine and beer tax	Assessments	Total
2000	\$ 7,869,076	\$ 2,959,931	\$ 1,168,650	\$ 254,421	\$ 109,475	\$ 47,547	\$ -	\$ 12,409,100
2001	8,201,958	3,090,501	1,169,022	246,222	128,055	48,595	-	12,884,353
2002	8,501,515	3,025,002	540,987	247,757	157,405	-	-	12,472,666
2003	8,532,606	3,438,628	1,060,825	-	147,063	49,549	-	13,228,671
2004	9,316,385	4,032,708	1,052,984	-	151,098	50,528	-	14,603,703
2005	9,882,373	4,262,333	1,118,869	-	156,367	52,285	-	15,472,227
2006	10,060,049	4,574,090	1,179,328	-	167,898	52,632	26,641	16,060,638
2007	10,662,665	4,998,479	1,387,909	-	162,174	58,482	25,414	17,295,123
2008	11,285,987	5,392,560	1,519,403	-	245,940	61,341	25,831	18,531,062
2009	11,735,407	4,911,842	1,465,659	-	286,116	61,236	3,174	18,463,434



CITY OF SANFORD, NORTH CAROLINA
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Real Property	Personal Property	Utilities	Total Taxable Assessed Value	Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value
2000	\$ 894,016,733	\$ 484,591,937	\$ 34,834,946	\$ 1,413,443,616	0.55	N/A
2001	905,557,937	513,946,981	35,743,656	1,455,248,574	0.57	N/A
2002	939,174,794	518,906,756	39,988,251	1,498,069,801	0.57	N/A
2003	959,056,544	526,922,020	37,788,739	1,523,767,303	0.57	75.25%
2004	1,148,068,689	461,678,958	45,914,539	1,655,662,186	0.56	100.00%
2005	1,175,515,025	456,056,792	47,308,731	1,678,880,548	0.59	95.58%
2006	1,219,464,773	444,276,889	46,020,518	1,709,762,180	0.59	88.75%
2007	1,257,811,445	432,756,813	52,686,614	1,743,254,872	0.61	91.13%
2008	1,520,181,596	441,051,810	56,121,257	2,017,354,663	0.54	100.00%
2009	1,590,534,730	502,030,951	56,571,637	2,149,137,318	0.54	95.50%



Source: Lee County Tax Office

CITY OF SANFORD, NORTH CAROLINA
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	City Direct Rates	Overlapping Rates		Total Direct & Overlappings Rates
	Basic Rate	Central Business Tax District	Lee County	
2000	0.55	0.10	0.75	1.40
2001	0.57	0.10	0.75	1.42
2002	0.57	0.13	0.78	1.48
2003	0.57	0.13	0.78	1.48
2004	0.56	0.13	0.67	1.36
2005	0.59	0.13	0.67	1.39
2006	0.59	0.15	0.79	1.53
2007	0.61	0.15	0.79	1.55
2008	0.54	0.13	0.75	1.42
2009	0.54	0.13	0.75	1.42

Source: Lee County Tax Office

Notes: Overlapping rates are those of local and county governments that apply to property owners within the City of Sanford. Not all overlapping rates apply to all City of Sanford property owners (e.g., the rates for Central Business Tax District apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the Central Business Tax District).

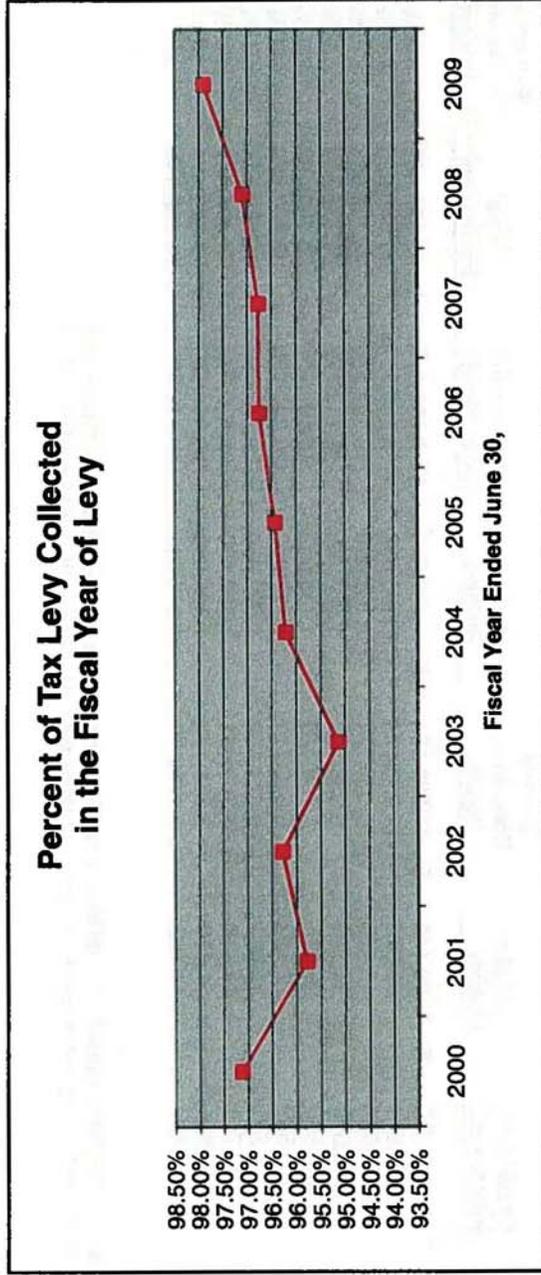
CITY OF SANFORD, NORTH CAROLINA
 PRINCIPAL PROPERTY TAX PAYERS
 JUNE 30, 2009 COMPARED TO JUNE 30, 2000

Taxpayer	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Coty, Inc.	\$ 70,204,443	1	3.27%	\$ 32,100,381	4	2.28%
Simpson & Simpson	64,563,683	2	3.00%			
Frontier Spinning Mills	38,670,484	3	1.80%	81,779,605	1	5.80%
Moen, Inc.	30,920,119	4	1.44%	36,116,538	3	2.56%
Magneti Marelli USA, INC.	30,755,939	5	1.43%	24,061,280	7	1.71%
AMI/Central Carolina Hospital	28,627,248	6	1.33%			
The Pantry	25,733,846	7	1.20%			
Windstream (formally Alltel Carolina)	25,622,830	8	1.19%	28,508,807	6	2.02%
Static Control	25,249,586	9	1.17%			
Pentair	21,248,786	10	0.99%			
Parkdale America LLC				31,004,710	5	2.20%
Wachovia Capital Markets				18,185,800	10	1.29%
Avondale Mills, Inc.				18,261,280	9	1.30%
Carolina Power & Light				21,760,238	8	1.54%
American Cyanamid				49,755,674	2	3.53%
Total	\$ 361,596,964		16.82%	\$ 341,534,313		24.24%

Source: Lee County Tax Office

CITY OF SANFORD, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years		Total Collections to Date	
	\$	Fiscal Year	Amount	Percentage of Levy	\$	Years	Amount	Percentage of Levy
2000	7,995,463		7,766,070	97.13%	115,523		7,881,593	98.58%
2001	8,372,611		8,019,722	95.79%	189,009		8,208,731	98.05%
2002	8,621,779		8,300,886	96.28%	229,987		8,530,873	98.95%
2003	8,699,359		8,275,700	95.13%	299,400		8,575,100	98.57%
2004	9,326,172		8,973,131	96.21%	357,245		9,330,376	100.05%
2005	9,988,773		9,632,089	96.43%	281,872		9,913,961	99.25%
2006	10,126,869		9,797,708	96.75%	274,788		10,072,496	99.46%
2007	10,730,404		10,383,580	96.77%	279,575		10,663,155	99.37%
2008	11,252,823		10,925,653	97.09%	450,371		11,376,024	101.09%
2009	11,657,150		11,412,602	97.90%	341,181		11,753,783	100.83%



CITY OF SANFORD, NORTH CAROLINA
 RATIOS OF OUTSTANDING DEBT BY TYPE
 LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Governmental Activities			Business-type Activities			Total Government	Percentage of Personal Income	Per Capita Personal Income
	Installment Purchases	Annexation Liability	General Obligation Bonds	Notes Payable	Installment Purchases				
2000	\$ 3,268,216	\$ 89,446	\$ 12,539,104	\$ 1,797,850	\$ 5,628,873	\$ 23,323,489	4.06%	\$ 1,045	
2001	2,763,916	65,975	11,330,437	2,175,868	5,210,727	21,546,923	3.46%	924	
2002	2,236,086	48,930	10,126,771	2,100,580	9,193,635	23,706,002	3.75%	1,013	
2003	2,722,079	34,741	8,938,106	1,927,790	8,112,722	21,735,438	3.34%	924	
2004	2,388,530	26,115	7,764,440	1,755,000	14,167,107	26,101,192	4.19%	1,109	
2005	2,059,389	22,522	6,610,774	1,657,500	20,247,239	30,597,424	4.60%	1,284	
2006	1,711,301	21,011	5,472,108	1,560,000	17,775,094	26,539,514	4.07%	956	
2007	2,633,711	17,715	4,353,441	1,462,500	18,629,084	27,096,451	3.95%	933	
2008	2,030,561	14,419	3,254,776	1,365,000	16,844,669	23,509,425	N/A	N/A	
2009	1,496,494	11,122	2,176,110	1,267,500	15,136,923	20,088,149	N/A	N/A	

Note: Details regarding the City's outstanding debt can be found in footnote 10 in the financial statements.
 See the schedule of Demographic and Economic Statistics for personal income and population data.

CITY OF SANFORD, NORTH CAROLINA
 RATIOS OF GENERAL BONDED DEBT OUTSTANDING
 LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
2000	\$ 12,539,104	0.89%	562
2001	11,330,437	0.78%	486
2002	10,126,771	0.68%	433
2003	8,938,106	0.59%	380
2004	7,764,440	0.47%	330
2005	6,610,774	0.39%	277
2006	5,472,108	0.32%	197
2007	4,353,441	0.25%	150
2008	3,254,776	0.16%	117
2009	2,176,110	0.10%	N/A

Note: Details regarding the City's outstanding debt can be found in footnote 10 in the financial statements.
 See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.
 Population data can be found in the Schedule of Demographic and Economic Statistics.

CITY OF SANFORD, NORTH CAROLINA
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF JUNE 30, 2009

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>*Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Sanford - debt applicable to debt limit	\$ 17,912,039	100%	\$ 17,912,039
Lee County	<u>7,885,000</u>	31%	<u>2,410,092</u>
Total direct and overlapping debt	<u>\$ 25,797,039</u>		<u>\$ 20,322,131</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
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit	\$ 113,075,489	\$ 116,419,886	\$ 119,845,584	\$ 121,661,384	\$ 131,980,908	\$ 134,310,444	\$ 136,780,974	\$ 139,460,390	\$ 161,388,373	\$ 171,930,985
Total net debt applicable to limit	10,784,385	10,216,486	13,579,231	12,797,332	18,336,752	23,986,650	21,067,406	22,743,009	20,254,649	17,912,039
Legal debt margin	\$ 102,291,104	\$ 106,203,400	\$ 106,266,353	\$ 108,864,052	\$ 113,644,156	\$ 110,323,794	\$ 115,713,568	\$ 116,717,381	\$ 141,133,724	\$ 154,018,946
Total net debt applicable to limit as a percentage of debt limit	9.54%	8.78%	11.33%	10.52%	13.89%	17.86%	15.40%	16.31%	12.55%	10.42%

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed value	\$ 2,149,137,318
Debt limit 8% of assessed value	\$ 171,930,985
Amount of debt applicable to debt limit:	2,176,110
Outstanding debt not evidenced by bonds:	
Notes	1,267,500
Installment purchase contracts	16,633,417
Capital leases	-
Annexation liability fire protection	11,122
Less deduction allowed by G.S. 159.55 (a)(2) and G.S. 159.55(b) utility debt	20,088,149
Legal Debt Margin	2,176,110
	17,912,039
	\$ 154,018,946

Note: Under state finance law, the City of Sanford's outstanding general obligation debt should not exceed 8 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

CITY OF SANFORD, NORTH CAROLINA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

Calendar Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2000	22,310	\$ 574,259,400	\$ 25,740	35.94	8,504	3.7%
2001	23,330	622,444,400	26,680	36.01	8,604	6.0%
2002	23,409	631,645,047	26,983	36.07	8,438	7.7%
2003	23,522	650,830,218	27,669	36.13	8,472	6.7%
2004	23,530	622,486,150	26,455	36.18	8,924	5.8%
2005	23,832	664,531,488	27,884	36.22	8,958	5.2%
2006	27,771	651,813,141	23,471	36.40	9,021	5.4%
2007	29,053	685,156,899	23,583	38.00	9,125	5.1%
2008	27,806	N/A	N/A	38.00	9,304	7.0%
2009	N/A	N/A	N/A	N/A	9,579	14.8%

Sources of Information:

Population information provided by Office of State Budget and Management
 Personal income, median age and school enrollment all provided by North Carolina Department of Commerce
 Unemployment rate provided by Employment Security Commission of North Carolina

CITY OF SANFORD, NORTH CAROLINA
 PRINCIPAL EMPLOYERS
 LAST FOUR FISCAL YEARS

Employer	2009			2008			2007			2006		
	Employees	Rank	Percentage of Total Lee County Employment	Employees	Rank	Percentage of Total Lee County Employment	Employees	Rank	Percentage of Total Lee County Employment	Employees	Rank	Percentage of Total Lee County Employment
Coty	900	1	3.86%	900	2	3.76%	750	2	2.97%	750	2	2.95%
Static Control	850	2	3.64%	1,400	1	5.86%	1,400	1	5.55%	1,400	1	5.51%
Pentair	683	3	2.93%	215	8	0.90%	420	6	1.66%	420	6	1.65%
Tyson	508	4	2.18%	560	4	2.34%	460	5	1.82%	460	5	1.81%
Moen	490	5	2.10%	490	5	2.05%	725	3	2.87%	725	3	2.85%
Frontier Spinning	425	6	1.82%	425	6	1.78%	345	9	1.37%	345	8	1.36%
Arden	360	7	1.54%	347	7	1.45%	384	7	1.52%	384	7	1.51%
J.T. Davenport	339	8	1.45%	347	7	1.45%	357	8	1.41%	585	4	0.00%
Magneti Marelli	220	9	0.94%	585	3	2.45%	585	4	2.32%	585	4	2.30%
Hanes Brands	150	10	0.64%	150	9	0.63%	165	10	0.65%	220	9	0.87%
Parkdale Mills				115	10	0.48%				165	10	0.65%
National Textiles												
Total	4,925		21.11%	5,187		21.70%	5,591		22.16%	5,454		21.47%

Source: Lee County Economic Development

Note: Information is only available for the past four years. Table will be comparative to 10 years of data as information becomes available.

CITY OF SANFORD, NORTH CAROLINA
 FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
 LAST THREE FISCAL YEARS

Function/Program	Full-time-Equivalent Employees as of June 30,		
	2007	2008	2009
General Government	37	38	34
Public Safety			
Police Officers	76	78	81
Police Civilians	18	17	17
Firefighters and Officers	49	50	51
Fire Civilians	1	1	1
Inspections	8	7	5
Streets	18	18	18
Sanitation	18	18	17
Community Development	14	15	15
Golf	6	6	6
Utility	80	79	82
Total	325	327	327

Source: The City of Sanford Human Resources department

Note: Information is only available for past three years. Table will be expanded to include 10 years of data as information becomes available.

CITY OF SANFORD, NORTH CAROLINA
 OPERATING INDICATORS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police										
Physical arrests	N/A	N/A	1,411	1,552	1,672	1,771	1,619	1,123	1,628	1,869
Parking violations	N/A	N/A	664	442	400	819	1,176	1,725	659	848
Traffic violations	N/A	N/A	8,942	6,807	7,316	10,638	8,627	6,710	7,049	4,903
Fire										
Emergency responses	629	902	1,014	813	845	809	846	932	1,031	930
Fires extinguished	123	163	165	117	124	122	112	128	147	148
Inspections	126	196	474	411	671	505	1,152	964	825	904
Inspections										
Building permits issued	442	370	369	372	376	767	771	767	241	466
Building inspections conducted	N/A	N/A	N/A	7,750	9,446	9,293	10,561	10,519	8,044	6,302
Street										
Street resurfacing (miles)	4.80	2.37	3.93	21.45	5.86	7.51	7.55	5.20	4.32	8.72
Refuse collection										
Refuse collected (tons per day)	25.75	26.80	26.72	23.70	37.31	35.17	32.17	29.90	31.37	28.89
Utility										
New Water connections	N/A	N/A	546	58	309	4,258	401	578	130	20
Water main breaks	112	87	83	93	107	142	96	158	176	45
Average daily consumption (mgd)	N/A	N/A	5,384	5,768	5,852	5,811	5,551	5,512	5,570	5,433
Golf										
Rounds	28,250	27,603	17,148	14,581	20,658	21,807	25,023	25,855	33,230	29,255

Sources: Various City of Sanford departments

CITY OF SANFORD, NORTH CAROLINA
 OPERATING INDICATORS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	3	3	3	3	3	3	3	3	3	3
Refuse collection Collection trucks	8	9	9	9	9	10	10	10	9	9
Streets Streets (miles)	115.36	115.67	118.13	119.88	124.87	126.02	128.46	130.39	131.71	132.99
Water Water mains (miles)	246.00	251.00	254.00	271.00	276.00	547.00	553.00	558.80	540.00	580.00
Firehydrants	N/A	N/A	N/A	N/A	N/A	N/A	1441	1501	2761	2786
Storage capacity (thousands of gallons)	5000	5000	5000	5000	5000	5500	5500	5500	5500	5500
Sewer Sanitary sewers (miles)	172.00	173.00	175.40	175.40	179.00	184.00	187.00	188.50	210.00	212.00
Golf Courses	1	1	1	1	1	1	1	1	1	1

Sources: Various City of Sanford departments

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of the City of Sanford, North Carolina, as of and for the year ended June 30, 2009, which collectively comprises the City of Sanford's basic financial statements, and have issued our report thereon dated October 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the City of Sanford ABC Board. The financial statements of the City of Sanford ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the organization, members of the 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.

McGladrey & Pullen, LLP

Greensboro, North Carolina
October 30, 2009

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on Compliance With Requirements Applicable to its Major Federal Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and the State Single Audit Implementation Act

To the Honorable Mayor and
the Members of the 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 federal program for the year ended June 30, 2009. The City of Sanford's major federal program is identified in the summary of auditor's 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 federal 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 of 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 federal program for the year ended June 30, 2009.

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 a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the organization, members of the 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.

McGladrey & Pullen, LLP

Greensboro, North Carolina
October 30, 2009

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on Compliance With Requirements Applicable to its Major State Program and on Internal Control Over Compliance in Accordance With Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act

To the Honorable Mayor and
the Members of the 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 *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, 2009. The City of Sanford's major State program is identified in the summary of auditor's 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, applicable sections of 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 of 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, 2009.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the City's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the City's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the organization, members of the 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.

McGladrey & Pullen, LLP

Greensboro, North Carolina

October 30, 2009

Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- ◆ Material weakness(es) identified? Yes No
- ◆ Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Award

Internal control over major federal program:

- ◆ Material weakness(es) identified? Yes No
- ◆ Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None reported

Type of auditor's report issued on compliance for major federal program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes No

Identification of major federal program:

CFDA Numbers	Name of Federal Program
11.300	Wyeth-Lederle

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

Auditee qualified as low-risk auditee? Yes No

(Continued)

City of Sanford, North Carolina

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2009**

Section II. Financial Statement Findings

None reported

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2009

Section III. Federal Award Findings and Questioned Costs

None reported

(Continued)

City of Sanford, North Carolina

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2009

Section IV. State Award Findings and Questioned Costs

None reported

City of Sanford, North Carolina

**Corrective Action Plan
Year Ended June 30, 2009**

Corrective Action Plan

No current year findings reported

City of Sanford, North Carolina

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2009

Material Weakness in Internal Control

Finding 2009-1
U. S. Department of Commerce
Program Name: Wyeth-Lederle
CFDA Number 11.300
Category: Cash Management

Condition: The City did not properly calculate the amount of grant expenditures reported on the Schedule of Expenditures of Federal Awards. Similarly, the City inaccurately reported grant receivables and related revenues in the Utility Fund fund-level financial statements and business-type activities in the government-wide financial statements.

Corrective Action Taken: The City of Sanford believes staff is adequately trained in performing duties as they relate to the basic requirements of the grant; however, the City acknowledges further financial oversight improves our ability to meet internal control compliance involving grants. We secured funding to hire additional financial staff who were then assigned to address this need.

CITY OF SANFORD, NORTH CAROLINA
PRELIMINARY SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2009

<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>
Federal Grants:				
<u>U.S. Department of Justice Direct Programs</u>				
2005 JAG Grant (P0501)	16.738	DJ-BX-0425	1,074	-
Asset Forfeiture and Money Laundering Section Federal Equitable Sharing Program	16.000	NC0530100	11,649	54,039
<u>U.S. Department of Housing and Urban Development</u>				
Passed-through N.C. Department of Commerce- Community Development Block Grant (C0302)	14.228	03-U-1163	85,251	-
Community Development Block Grant (C0901)	14.228	07-C-1743	17,086	-
<u>U.S. Department of Commerce</u>				
Wyeth-Lederle (S0702)	11.300	04-01-05675	363,794	-
<u>Federal Highway Administration</u>				
Passed-through N.C. Department of Transportation (G0502)	20.205	E-4946	444	-
<u>U.S. Environmental Protection Agency</u>				
Brownsfield Assessment and Cleanup (C0802)	66.818	BF-96489407-0	160,498	-
<u>U.S. Department of Agriculture</u>				
Passed-through N.C. Department of Environment and Natural Resources				
Urban and Community Forestry Project (C0801)	10.664	07-DG-11083137-002	7,439	-
Total Federal Assistance			<u>\$ 647,235</u>	
State Grants:				
<u>N.C. Housing Finance Agency</u>				
Urgent Repair Program	N/A	URP08		75,000
<u>N.C. Rural Economic Development Center</u>				
Harkey Road Water Tank (S0704)	N/A	2007-314-40401-107		330,607
<u>N.C. Department of Crime Control and Public Safety</u>				
Governor's Crime Commission Grant (P0901)	N/A	053-1-07-001-BH-412		52,434
<u>N.C. Department of Transportation</u>				
Powell Bill Funds	N/A	N/A		<u>831,724</u>
Total State Assistance				<u>\$ 1,343,804</u>

Note 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 the 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-Profits Organizations and the State Single Audit Implementation Act*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

City of Sanford, North Carolina

**Note to Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2009**

(1) General

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

