

# City of Asheboro North Carolina

## Comprehensive Annual Financial Report



Financial Year Ended June 30, 2004

**CITY OF ASHEBORO,  
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2004**

Prepared by:

Finance Department

Deborah P. Juberg  
Finance Officer

CITY OF ASHEBORO, NORTH CAROLINA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2004

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
<b>INTRODUCTORY SECTION</b>		
Letter of Transmittal		2-12
GFOA Certificate		13
Organizational Chart		14
List of Principal Officials		15
<b>FINANCIAL SECTION</b>		
Independent Auditor's Report		17-18
Management's Discussion and Analysis		19-28
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Assets	1	29
Statement of Activities	2	30
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	31
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	4	32
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	4	33
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	5	34
Statement of Net Assets – Proprietary Fund	6	35
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Fund	7	36

CITY OF ASHEBORO, NORTH CAROLINA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2004

TABLE OF CONTENTS (Continued)

	<u>Exhibit</u>	<u>Page</u>
<b>FINANCIAL SECTION (Continued)</b>		
Fund Financial Statements (Concluded):		
Statement of Cash Flows – Proprietary Fund	8	37
Notes to Basic Financial Statements		38-63
Required Supplemental Financial Data:		
Law Enforcement Officers’ Special Separation Allowance - Schedule of Funding Progress	A-1	66
Law Enforcement Officers’ Special Separation Allowance - Schedule of Employer Contributions	A-2	67
Combining and Individual Financial Statements and Schedules:		
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	B-1	70-77
Combining Balance Sheet - Nonmajor Governmental Funds	C-1	80-81
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	C-2	82-83
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – From Inception:		
Home Program Special Revenue Fund	C-3	84
Economic Development Special Revenue Fund	C-4	85
Police Computer Grant Fund	C-5	86
Cemetery Improvement Fund	C-6	87
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – From Inception:		
Airport Runway Extension Phase III Capital Project Fund	C-7	88
North Fayetteville Street Sidewalk Capital Project Fund	C-8	89

CITY OF ASHEBORO, NORTH CAROLINA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2004

TABLE OF CONTENTS (Continued)

	<u>Exhibit</u>	<u>Page</u>
<b>FINANCIAL SECTION (Concluded)</b>		
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP):		
Water and Sewer Fund	D-1	92-94
Water and Sewer Systems Improvement Capital Project Fund	D-2	95
Capital Assets Used in the Operation of Governmental Funds:		
Comparative Schedules by Source	E-1	98
Schedule by Function and Activity	E-2	99-100
Schedule of Changes by Function and Activity	E-3	101
Other Supplemental Information:		
Schedule of Ad Valorem Taxes Receivable	F-1	104
Analysis of Current Tax Levy	F-2	105
<b>STATISTICAL SECTION</b>		
	<u>Table</u>	<u>Page</u>
General Governmental Expenditures By Function - Last Ten Fiscal Years	1	107
General Governmental Revenues By Source - Last Ten Fiscal Years	2	108
Property Tax Levies and Collections - Last Ten Fiscal Years	3	109
Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	4	110

CITY OF ASHEBORO, NORTH CAROLINA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2004

TABLE OF CONTENTS (Concluded)

	<u>Table</u>	<u>Page</u>
<b>STATISTICAL SECTION (Concluded)</b>		
Property Tax Rates Per \$100 Assessed Valuation - Direct and Overlapping Entities - Last Ten Fiscal Years	5	111
Property Tax Levies – Direct and Overlapping Entities - Last Ten Fiscal Years	5A	112
Special Assessment Billings and Collections - Last Ten Fiscal Years	6	113
Computation of Legal Debt Margin	7	114
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita – Last Ten Fiscal Years	8	115
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures - Last Ten Fiscal Years	9	116
Computation of Direct and Overlapping Bonded Debt	10	117
Demographic Statistics – Last Ten Fiscal Years	11	118
Property Value, Construction, and Bank Deposits - Last Ten Fiscal Years	12	119
Principal Taxpayers	13	120
Miscellaneous Statistics	14	121-125

INTRODUCTORY  
SECTION

# City of Asheboro

146 North Church Street  
P O Box 1106  
Asheboro, N. C. 27204-1106



Tel: 336-626-1200  
Fax: 336-626-1218

The Mayor and the City Council  
City of Asheboro  
Asheboro, North Carolina

October 31, 2002

The Comprehensive Annual Financial Report of the City of Asheboro, North Carolina, for the fiscal year ending June 30, 2002, is submitted for your approval. This report summarizes the financial transactions of all of the City's funds and account groups into statements of financial position, results of operations and cash flows, providing relevant disclosures and supplementary schedules to enhance their usefulness to readers. These financial statements have been audited by Maxton C. McDowell, CPA and their report is included herein. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the information in this report is accurate in all material respects and presents fairly the financial position, results of operations and cash flows of the City's various funds and account groups. We have included all the disclosures needed to enable the users of these financial statements to gain maximum understanding of the City's financial activities.

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial and Statistical. The introductory portion consists of this transmittal letter and the City's organizational chart. The financial section is comprised of the independent auditor's report, the general purpose financial statements including the notes thereto, and supplementary information consisting of statements and schedules providing more detail on the data condensed in the general purpose financial statements. Finally, the statistical section includes selected financial, demographic and economic data to allow trend analysis of past performance of the City as an entity and as a community.

This report covers all funds and account groups that are controlled by or dependent upon the City. The City of Asheboro provides a full range of services for its citizens, including police and fire protection, refuse collection, an airport, recreational facilities and programs, and construction and maintenance of streets and infrastructure. In addition to these general government functions, the City provides and maintains a Water and Sewer system which is included in the reporting entity. However, the Asheboro Housing Authority does not meet the established criteria for inclusion in the reporting entity and, accordingly, is excluded from this report.

## **ECONOMIC CONDITION AND OUTLOOK**

The City of Asheboro has a population of 21,787 and covers 15.34 square miles. Located in the center of the state, its proximity to Charlotte, the Greensboro-High Point area and Raleigh provides great opportunity for growth as the regional economy expands and diversifies. Asheboro serves as the intersection for four major highways, U.S. 220, U.S. 311, U.S. 64 and NC 49, which connect these major cities. Asheboro is 75 miles west of Raleigh, 300 miles north of Atlanta and 480 miles south of New York. The City is served by Norfolk and Southern Railway.

## **ECONOMIC CONDITION AND OUTLOOK (Concluded)**

The North Carolina Zoological Park is located just to our southeast. Over 900,000 people who visit the zoo each year have enhanced tourism in the area, resulting in new motel construction and the addition of several new restaurants in recent years.

Asheboro enjoys a wide variety of manufacturing oriented employers. Textiles, furniture, consumer goods and paper products comprise the backbone of the area's manufacturing economy. In addition to the wide array of manufacturing employers, many of which appear on our principal taxpayers list, this area is also a large banking and professional services sector. The local economy has been under pressure recently due to factors facing our manufacturing employers. However, the City's diversity and quantity of large and small industry has combined to provide the area with a historically low unemployment rate of around 4.8%, which is below the state average of 5.8%.

Due to the county wide revaluation, the tax valuation increased by 22.4%. The local economy remains strong. Local retail sales have grown and home sales have been consistent. In the fiscal year ending June 30, 2002, 108 permits were issued for new property construction amounting to \$13,115,199. Residential housing permits issued were 89 for a total of 96 units valued at \$6,435,000 for the period ending June 30, 2002, down from 116 for a total of 373 units valued at \$9,927,405 for the previous year. Commercial units for the period ending June 30, 2002, were 19 at a value of \$6,680,199 compared to 29 units with a value of \$9,593,843 for the previous fiscal year.

The availability of an educated work force is always an important issue. In 1990, the residents of Randolph County voted for a \$32,000,000 school bond issue to help improve the education of our children and insure a brighter future. The final phase of construction for the Asheboro City Schools system is completed. The commitment of area residents to high ideals bodes well for attracting and retaining new business ventures.

## **MAJOR INITIATIVES**

The City Council has adopted specific goals for the community, which are as follows:

- Growth and Annexation
- Combating Drug Abuse
- Road System Improvements
- Enhancement of Organizational Performance
- Improvement of Community Appearance
- Meeting Environmental Requirements
- Airport Expansion

Since 1990 the City has annexed 2,368 acres with an approximate value of \$150,000,000. Areas that can be economically served with water and sewer services will continue to be studied and will be considered for annexation when funds are available.

In 1996, the City Council adopted a policy that requires any major residential development or any commercial or industrial development desiring water and sewer services from the City to request annexation.

## **MAJOR INITIATIVES (Continued)**

The combating of drug abuse in our community, state and nation is a tremendous challenge facing us all. The City Council continues to place a priority in this area by increased efforts and patrol in high problem areas and encourages public participation and assistance. The City's approach involves the DARE program, the Bike Patrol and the Vice and Narcotics Division of the Police Department. Education to our children through the DARE (Drug Awareness and Resistance Education) has worked well through the Police Department. The efforts of the City of Asheboro and the Asheboro Board of Education continue to be successful in reaching our school children. The units patrol in high traffic areas with the implementation of LEDD unit (Legal Elimination of Drug Dealers) and the Canine Division. The greatest success of this program has come from the involvement of the citizens and the officers. Through the combined effort of the citizens and the Police Department, the neighborhoods and streets are being returned to the community. Another positive addition was the city-wide drug summit that was held this year.

Road system improvements are a cooperative effort on the part of the State of North Carolina and the City of Asheboro. The Presnell Street extension, which will connect Highway 220 and Highway 64, was completed in 1995. The extension of Church Street was completed in 1996 and the extension of Carl Drive was completed in 1997. The City Council continues to work for and support the 1-73/74 project and the Highway 64/40 bypass loop.

Increasing fiscal demands on the City and the citizens is an ever-increasing problem. The City must make every effort to improve efficiency and to continue to plan for the future. In order to be successful, a cooperative effort must exist between the City and the citizens.

A \$1,500,000 expansion and renovation of the Library Building was completed in 1995. Expansion and renovation of the Wastewater Plant was completed in 1998. This expansion increases the treatment capacity from 6 MGD to 9 MGD and should meet the treatment needs of the City until 2005. The replacement of aging outfall lines are almost complete. The Wastewater Plant expansion and outfall line replacement is a \$15,000,000 project and was approved by voters in 1993. Design process is underway for the sewer station #2, sewer pump station #1 and force main improvements.

Community appearance has been enhanced with the completion of major landscaping projects by the State at the Highway 64 and 49 interchanges and the Sunset Street and Salisbury Street interchanges. The City added a Horticulturist to the staff to aid in the enhancement of community appearance. Playground equipment upgrades, as well as landscaping projects, continue to be a priority in our City parks. Efforts continue to force property owners to remove or restore unsightly and potentially dangerous buildings.

Mandates concerning environmental legislation have had a tremendous impact on the financial structure of the City. In order to make strides in our continuing efforts to meet the twenty-five percent reduction in solid waste by 1994, as required by Senate Bill III, a third recycling drop site has been added in the southern portion of the City. The testing of fuel tanks and the rehabilitation of existing facilities has placed an additional load on the City. While the City Council supports and pledges to meet the standards as set forth by State and Federal Agencies, resolutions have been passed against such mandates that are handed down without funds to meet the regulations.

## **MAJOR INITIATIVES (Concluded)**

Improvements to the airport continue to be made. Projects completed are construction of taxiway and site preparation for future hangar construction. The extension of the runway to 5,000 feet was completed in 1997. Federal funding has been received to begin an additional runway extension to 5,500 feet. This extension will be funded by 80% Federal, 10% State and a 10% local match and is nearing completion. Construction of perimeter fencing was completed in July 2001.

## **FINANCIAL INFORMATION**

The City's accounting records are organized and operated on the basis of funds and account groups. A fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other assets, related liabilities and equities and revenue and expenditures. The account groups are not funds, and they do not report financial position. Account groups are used to establish accountability for the City's general fixed assets and general long-term debt.

The City has four fund types: general governmental, special revenue, capital projects and enterprise. The general governmental fund accounts for all current financial resources not required to be accounted for in another fund. The City has one such fund, the General Fund, which accounts for the ongoing, routine municipal operations independent of the Water and Sewer Fund. Special revenue funds are used where specified revenues are required to be expended for a specific purpose. Capital project funds account for the revenues and expenditures involved in the construction or acquisition of a major capital asset. All of the foregoing fund types report on the modified accrual basis, where revenue is recognized when measurable and available and expenditures are recognized as incurred.

Unlike the other fund types, an enterprise fund uses accounting methods that closely resemble those of a for-profit business. The enterprise fund is financed by user fees and, ideally, generates sufficient revenue to cover its own operating expenditures, service its debt and provide for replacement or expansion of facilities. Unlike the other funds, an enterprise fund accounts for its assets and long-term debt within its own fund structure. The City of Asheboro has one enterprise fund, the Water and Sewer Fund.

The City's General Fund and Water and Sewer Fund operate under budgets adopted on an annual basis. The special revenue and capital project funds exist for specific purposes which may span more than a year, so their budgets are adopted on multi-year basis. In either situation, the City Council must adopt any budget before it becomes effective, and only the Council can approve amendments which affect the budgets on a departmental or project level. Encumbrance accounting whereby accounting entries are recorded against the budget for anticipated disbursements before the actual expenditure is incurred, is used to insure that the City does not exceed the spending limits established by these budgets.

In addition to the budgetary controls described above, the City's management is responsible for establishing and maintaining other internal controls to insure the proper use and adequate safeguarding of municipal assets and to provide reasonable assurance that all transactions are recorded promptly and accurately for subsequent reporting in accordance with generally accepted accounting principles. Management believes that the internal control structure now in place provides reasonable, but not absolute, assurance that these objectives are being met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits it is likely to produce, and that the valuation of these costs and benefits requires estimation based on the judgment of management.

## FINANCIAL INFORMATION (Continued)

### GENERAL GOVERNMENT FUNCTIONS

The following schedule presents a summary of General Fund revenues and other financing sources for the fiscal years ended June 30, 2002 and 2001, and the amounts and percentage of change in relation to prior year amounts.

#### SUMMARY OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES

	2002 Percent Of <u>Total</u>	Fiscal Year Ended June 30		Increase (Decrease)	Percent Change
		<u>2002</u>	<u>2001</u>		
Revenues:					
Ad Valorem Taxes	51.65%	\$ 7,778,688	\$ 7,325,269	\$ 453,419	6.19%
Other Taxes and Licenses	19.00%	2,860,647	2,710,880	149,767	5.52%
Intergovernmental Revenues:					
Unrestricted	9.50%	1,430,274	2,550,221	(1,119,947)	( 43.92%)
Restricted	4.86%	732,221	749,427	( 17,206)	( 2.30%)
Permits and Fees	1.60%	241,623	288,158	( 46,535)	( 16.15%)
Sales and Services	6.47%	975,082	961,224	13,858	1.44%
Investment Earnings	.65%	97,574	304,065	( 206,491)	( 67.91%)
Miscellaneous	6.26%	943,334	373,533	569,801	152.54%
Total Revenues	100.00%	15,059,443	15,262,777	( 203,334)	( 1.33%)
Other Financing Sources:					
Operating Transfers In		33,636		33,636	100.00%
Total Revenues and Other Financing Sources	100.00%	\$15,093,079	\$15,262,777	(\$ 169,698)	( 1.11%)

The City of Asheboro's General Fund experienced a \$203,334 decrease in revenues before other financing sources over 2001 levels, a decrease of 1.33%. Total revenues and other financing sources decreased by 1.11%, or \$169,698 over the 2001 level of \$15,262,777. Ad valorem taxes increased by 6.19%. Other taxes and licenses increased by \$149,767 or 5.52%. This increase is due to growth in local option sales tax revenue and privilege licenses. All sales tax revenue is accounted for in the general fund. Unrestricted intergovernmental revenues decreased by \$1,119,947, or 43.92%. This decrease is primarily due to a reduction in the state reimbursed utilities franchise tax revenue and the state reimbursed manufacturer's inventory tax. The utilities franchise revenue was \$783,844 in comparison to the 2001 revenue of \$1,536,868, a decrease of 46%. The manufacturer's inventory tax was \$276,987 in comparison to the 2001 revenue of \$623,057, a decrease of 55.54%. Restricted intergovernmental revenues decreased by 2.3% or \$17,206. Permits and fees decreased by 16.15% or \$46,535. Sales and services increased \$13,858 or 1.44%. Investment earnings decreased by 67.91%, or \$206,491. Miscellaneous revenues increased 152.54%, or \$569,801. This favorable increase is due to the sale of fixed assets amounting to \$830,588.

The 2002 assessed valuation of \$1,725,226,625 was \$315,766,534, higher than 2001 valuation of \$1,409,460,091. Our collection rate increased from 97.97% to 98.39%.

## FINANCIAL INFORMATION (Continued)

### GENERAL GOVERNMENT FUNCTIONS (Continued)

The reduction in revenues put a strain on City operations. However, we have used this challenge in a productive manner by focusing on our core objectives and strengthening our internal operations. With the anticipation of future annexations, which will result in increased ad valorem tax growth, and a focus on efficiency and effectiveness, the economic outlook for our future is favorable.

The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2002 and 2001, and the amounts and percentages of change in relation to prior year amounts.

#### SUMMARY OF GENERAL FUND EXPENDITURES AND OPERATING TRANSFERS

	2002 Percent Of <u>Total</u>	Fiscal Year Ended June 30		Increase (Decrease)	Percentage Change
		<u>2002</u>	<u>2001</u>		
Expenditures:					
General Government	15.27%	\$ 2,417,394	\$ 2,230,667	\$ 186,727	8.37%
Public Safety	42.05%	6,655,906	6,125,882	530,024	8.65%
Transportation	14.70%	2,326,504	2,624,475	( 297,971)	( 11.35%)
Environmental Protection	10.18%	1,611,963	1,845,731	( 233,768)	( 12.67%)
Cultural and Recreational	12.85%	2,034,425	1,928,373	106,052	5.50%
Economic and Physical Development	1.15%	181,282	200,729	( 19,447)	( 9.69%)
Debt Service	3.80%	601,800	591,013	10,787	1.83%
Total Expenditures	100.00%	15,829,274	15,546,870	282,404	1.82%
Operating Transfers:					
To Other Funds		79,150	1,115,410	( 1,036,260)	( 92.90%)
Total Expenditures and Operating Transfers	100.00%	\$15,908,424	\$ 16,662,280	( \$ 753,856)	( 4.52%)

Expenditures and operating transfers decreased by \$753,856, or 4.52%, over 2001 levels. Total General Fund expenditures and operating transfers amounted to \$15,908,424 for 2002.

In analyzing expenditures at the functional level, expenditures in general government increased 8.37% or \$186,727.

Public safety increased by 8.65% or \$530,024. Expenditures for the police department increased \$259,494, or 6.64%. Police operational expenses increased \$417,024, or 12%. Police department capital outlay expenses decreased \$157,530, or 44%. Expenditures for the Fire Department increased \$233,421, or 11.35%.

Transportation expenses decreased 11.35% or \$297,971.

Environmental protection expenses decreased by \$233,768, or 12.67%.

Cultural and recreation expenditures increased by 5.50%, or \$106,052.

## FINANCIAL INFORMATION (Continued)

### GENERAL GOVERNMENT FUNCTIONS (Continued)

Economic and physical development expenditures decreased by \$19,447, or 9.69%.

Debt service increased by 1.83%, or \$10,787.

Transfers to other funds decreased by \$1,036,260, or 92.90% as the City's major capital projects were funded in prior years.

Expenditures exceeded revenues by \$815,345. This is very favorable in light of the fact that our budget called for \$2,817,200 of expenditures in fund balance.

The fund balance in the General Fund amounted to \$4,137,544. Total fund balance amounts to 26.93% of budgeted expenditures for 2002-2003. Fund balance designated as follows:

	2002	2001
Reserved by State Statute	\$ 1,357,819	\$ 1,425,856
Reserved for Inventories	335,318	313,699
Reserved for Encumbrances		1,053
Reserved for Streets – Powell Bill	964,278	725,230
Reserved for Street Improvements	171,626	164,472
Subsequent Year's Expenditures	134,563	2,817,200
Undesignated	1,173,940	( 494,621)

### SPECIAL REVENUE FUNDS

The City has three special revenue funds which insure that the proceeds of long-lived grants are expended for their intended purposes. The HOME Program had revenues of \$18,615 and expenditures of \$30,683. The Police Equipment Grant Fund was closed out transferring \$1,962 to the General Fund. The Police Computer Grant Fund had revenues of \$23,982 and expenditures of \$24,245.

### CAPITAL PROJECT FUNDS.

The City has seven capital project funds that had activity during the year. They are as follows:

The Airport Runway Extension Phase II is to extend, widen and lengthen the runway to 5,500 feet. Revenues and other financing sources totaled \$24. There were no expenditures for the year.

The Airport Runway Extension Phase III is a continuation to extend, widen and lengthen the runway to 5,500 feet. Revenues and other financing sources totaled \$418,433. Expenditures for the year were \$462,989.

The Public Works Facility Fund is for the purchase and renovation of a facility to house the public works departments by the City. The project was funded in a prior year through an installment purchase agreement. Revenues and other financing sources totaled \$1,328 and expenditures were \$624.

The Downtown Redevelopment Fund is to acquire property and develop for a downtown parking lot. Revenues and other financing sources totaled \$5,923. There were no expenditures for the year.

## FINANCIAL INFORMATION (Continued)

### CAPITAL PROJECT FUNDS (Concluded)

The North Fayetteville Street Sidewalk Fund is to fund sidewalks along North Fayetteville Street in cooperation with NCDOT in the planned project for widening and installing sidewalks and curb and gutter for major street improvements. Revenues and other financing sources totaled \$84,343 and expenditures were \$98,582.

The Lake Lucas Project accounts for the renovation and construction of park facilities at Lake Lucas. The project is funded through State grants and City transfers. Current year revenues and other financing sources totaled \$9,714 and expenditures were \$367,459.

The Recycling Transfer Station Project is for the construction of a facility for the collection and transfer of the City's solid waste. The project was funded in a prior year through an installment purchase agreement. Current year revenues and other financing sources totaled \$7,985 and expenditures were \$759,610.

### ENTERPRISE FUNDS

The following schedule presents a summary of Enterprise Fund revenues, for the fiscal years ended June 30, 2002 and 2001, and the amounts and percentages of change in relation to prior year amounts.

#### SUMMARY OF ENTERPRISE FUND REVENUES

	2002 Percent Of Total	Fiscal Year Ended June 30		Increase (Decrease)	Percentage Change
		<u>2002</u>	<u>2001</u>		
Operating Revenues:					
Water Sales	53.92%	\$ 4,056,372	\$ 3,770,851	\$ 285,521	7.57%
Sewer Charges	38.50%	2,896,524	2,830,041	66,483	2.35%
Water and Sewer Taps	1.14%	86,050	89,625	( 3,575)	( 3.99%)
Sampling and Monitoring Fees	.41%	30,944	25,672	5,272	20.54%
Surcharges	2.10%	157,695	192,122	( 34,427)	(17.92%)
Septic Tank Discharge	.54%	40,750	48,400	( 7,650)	(15.81%)
Other Operating Revenue	.43%	32,688	18,716	13,972	74.65%
Total Operating Revenues	97.05%	7,301,023	6,975,427	325,596	4.67%
Nonoperating Revenues	2.95%	221,990	453,872	( 231,882)	(51.09%)
Nonoperating Transfer In			400,000	( 400,000)	(100.00%)
Total Revenues	100.00%	\$ 7,523,013	\$ 7,829,299	(\$ 306,286)	( 3.91%)

Revenues from water sales and sewer charges increased by 7.57% and 2.35%, respectively. Tap fees decreased by \$3,575 and sampling and monitoring fees increased by \$5,272. Revenues from surcharges decreased by \$34,427 and revenues from septic tank discharges decreased by \$7,650.

## FINANCIAL INFORMATION (Continued)

### ENTERPRISE FUNDS (Concluded)

Surcharge revenue is based on the volume of particular types of waste discharged by certain commercial customers and tends to fluctuate. The volume of discharge qualifying for surcharge decreased in 2002. Other operating revenues increased by \$13,972 from 2001 levels.

Non-operating revenues decreased by \$231,882, or 51.09%. This decrease in non-operating revenues is attributed to the lower rates of return available in the market. Revenue from interest on investments decreased by \$194,606, or 60.68%.

The following schedule presents a summary of Enterprise Fund expenses and operating transfers for the fiscal years ended June 30, 2002 and 2001, and the amounts and percentages of change in relation to prior year amounts.

#### SUMMARY OF ENTERPRISE FUND EXPENSES AND OPERATING EXPENSES

	2002	Fiscal Year Ended		Increase (Decrease)	Percentage Change
	Percent Of Total	June 30			
		<u>2002</u>	<u>2001</u>		
Operating Expenses:					
Billing and Collections	3.48%	\$ 271,240	\$ 270,284	\$ 956	.35%
Water Meter Operations	2.81%	218,900	212,140	6,760	3.19%
Water Supply and Treatment	17.31%	1,348,834	1,288,727	60,107	4.66%
Wastewater Maintenance	28.67%	2,234,624	2,112,920	121,704	5.76%
Water Maintenance	5.47%	426,645	490,784	( 64,139)	( 13.07%)
Wastewater Maintenance	5.51%	429,478	480,391	( 50,913)	( 10.60%)
Water/Wastewater Construction	7.34%	572,264	507,757	64,507	12.70%
Depreciation	18.25%	1,422,838	1,442,120	( 19,282)	( 1.34%)
Total Operating Expenses	88.84%	6,924,823	6,805,123	119,700	1.76%
Nonoperating Expenses	11.16%	869,645	945,669	( 76,024)	( 8.04%)
Total Expenses	100.00%	\$7,794,468	\$7,750,792	\$ 43,676	.56%

Total accrual basis expenses rose .56% over 2001 levels. Billings and collections increased by \$956 and water meter operations increased by \$6,760. Water supply and treatment cost increased by \$60,107 and wastewater treatment cost increased by \$121,704. Water maintenance decreased by \$64,139 and wastewater maintenance decreased by \$50,913. Water/wastewater construction had an increase of \$64,507. Non-operating expenses decreased by \$76,024.

Net income decreased by \$271,455 from 2001 levels of \$78,507.

Retained earnings increased by \$129,123. Fund equity now amounts to 68.66% of total assets. The ratio of current assets to current liabilities is 2.99 to 1 in 2002 indicating a healthy fund from a short term as well as long range perspective.

## **FINANCIAL INFORMATION (Concluded)**

### **CASH MANAGEMENT**

Our cash management policy of planning expenditures and scheduling investment maturities to match cash requirements were continued for 2002. Interest earned on General Fund investments decreased \$206,491, while investment earnings in the Water and Sewer Fund decreased \$194,606. We continue to try to maximize the return on the tax and utility dollars paid by the citizens of Asheboro.

### **DEBT ADMINISTRATION**

\$1,500,000 in general obligation bonds were issued in late 1995 for the expansion and renovation of the public library. The remaining balance on these obligations is \$1,175,000. The total outstanding general obligation debt in the general long-term debt group of accounts of \$1,175,000.

The City has executed various installment purchase contracts for the acquisition of vehicles, acquisition and renovation of the Public Works Facility, and acquisition and construction of the Recycling Transfer Station. The balance on all installment purchase contracts at June 30, 2002, was \$2,467,341.

In November 1995, the City issued \$4,515,000 of refunding bonds. The refunding bonds were issued for the purpose of refunding \$450,000 of outstanding 1984 Sanitary Sewer bonds and \$3,800,000 of 1986 water bonds. This refunding will produce a savings of approximately \$582,000 for taxpayers.

In April 1993, voters approved the issuance of \$10,750,000 of general obligation bonds for the purpose of upgrading the capacity of the wastewater plant and replacing some aging interceptor lines. \$1,500,000 of Sanitary Sewer bonds were issued for this purpose in November 1995. An additional \$8,700,000 of Sanitary Sewer bonds were issued in May 1996. At June 30, 2002, outstanding general obligation bonded indebtedness in the Water and Sewer Fund totaled \$11,309,422.

Due to cost overruns on the Wastewater Plant expansion and the outfall lines replacement, the City has obtained a loan of \$5,000,000 from the State of North Carolina. As of June 30, 2002, \$3,500,000 remains outstanding on this note.

The City's debt carries an "A2" rating from Moody's, "A+" from Standard and Poor's, and a rating of 83 by the North Carolina Municipal Council.

### **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 an insurance pool funded by a group of cities and sponsored by the North Carolina League of Municipalities for its general, automobile, public officials and law enforcement liability insurance's, and its workmen's compensation. Group health and life coverage is provided by Med cost, a self-insured plan. Airport liability coverage has been obtained from an independent carrier. Modifications are made to insurance coverage at the discretion of management and the governing board. Settled claims from these risks have not exceeded commercial insurance coverage in recent history.

## **OTHER INFORMATION**

### **INDEPENDENT AUDIT**

An annual audit is required by the North Carolina General Statutes for all units of local government and by the Office of Management and Budget for most recipients of Federal grant monies. The auditor must be approved by the North Carolina Local Government Commission and is selected by and reports to the City Council. While the financial statements are the responsibility of management, the auditor's report is independent of management's control and discloses their opinion as to whether the financial statements present fairly the actual financial condition and results of operation of the City. The independent auditor's report is included as a part of these financial statements.

### **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Asheboro for its comprehensive annual financial report for the fiscal year ended June 30, 2001. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

### **ACKNOWLEDGMENTS**

The compilation of certain information presented in the statistical section of this document would not have been possible without the assistance of the staff of the Randolph County Finance Office, and the Randolph County Tax Department. The certified public accounting firm of Maxton C. McDowell, CPA offered valuable advice on the form and content of much of the special information required to qualify this document for consideration by the Government Finance Officers Association for their Certificate of Achievement for Excellence in Financial Reporting Award. We greatly appreciate the assistance of these organizations.

We also appreciate the support of the City Council in granting us the time and funding to generate this document.

Respectfully submitted,



Deborah P. Juberg  
Finance Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Asheboro,  
North Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2003

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.



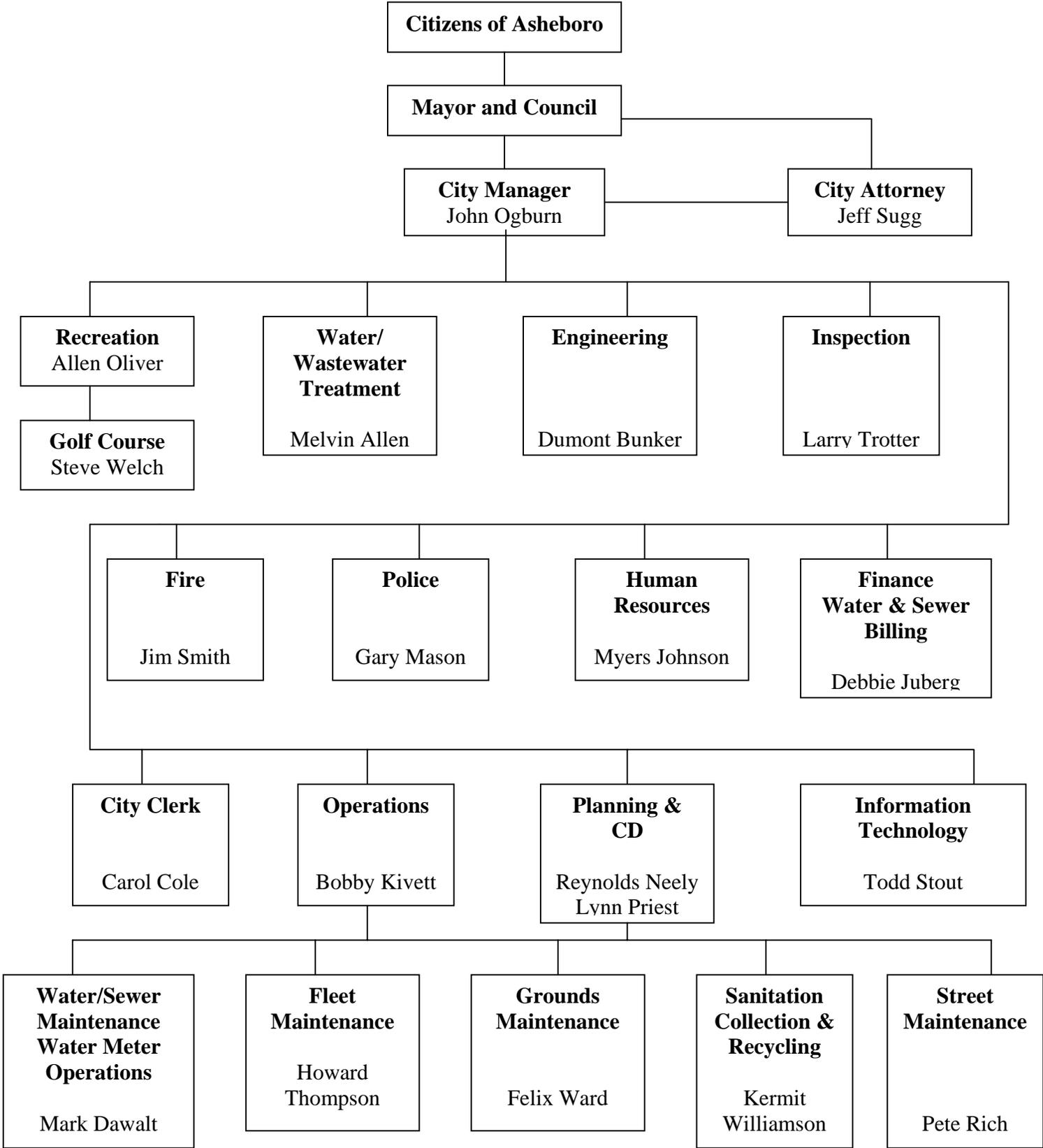
*Nancy L. Zielke*

President

*Jeffrey R. Egan*

Executive Director

**CITY OF ASHEBORO  
DEPARTMENTAL ORGANIZATION CHART**



CITY OF ASHEBORO, NORTH CAROLINA

LIST OF PRINCIPAL OFFICERS

June 30, 2004

Title	Name
Mayor	David H. Jarrell
Mayor Pro Tem, Council Member	Archie Priest
Council Member	Talmadge Baker
Council Member	Linda Carter
Council Member	Nancy Hunter
Council Member	John A. McGlohon
Council Member	David Smith
Council Member	Keith Crisco
City Manager	John Ogburn, III
City Attorney	Jeff Sugg
Airport Authority Chair	Allen Holt
Redevelopment Commission Chair	Linda Carter
Planning Board Chair	Van Rich
Board of Adjustment Chair	Phil Skeen
Community Appearance Chair	Nancy Hunter
Solid Waste Management Committee Chair	John A. McGlohon
City Clerk	Carol Cole
Finance Officer	Deborah Juberg
Planning and Zoning Director	Reynolds Neely
Community Development	Lynn Priest
Police Chief	Gary Mason
Fire Chief	Jim Smith
Inspections Director	Larry Trotter
City Shop Director	Howard Thompson
City Engineer	Dumont Bunker
Public Works Director	Robert H. Kivett
Street Department Head	Pete Rich
Sanitation Director	Kermit Williamson
Human Resources Director	Myers Johnson
Recreation and Golf Director	Allen Oliver
Grounds Maintenance Director	Felix Ward
Water and Wastewater Treatment Director	Melvin Allen
Water and Wastewater Distribution	
Maintenance and Construction Director	Mark Dawalt

## FINANCIAL SECTION



**MAXTON McDOWELL**

*Certified Public Accountant*  
379 S. Cox Street  
Asheboro, North Carolina 27203

Member  
American Institute of Certified  
Public Accountants  
North Carolina Association of  
Certified Public Accountants

Post Office Box 491  
Phone: (336) 626-9970  
Fax: (336) 626-5981

**INDEPENDENT AUDITOR'S REPORT**

The Mayor and the City Council  
City of Asheboro  
Asheboro, North Carolina

I 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 Asheboro, North Carolina, as of and for the year ended June 30, 2004, which collectively comprise the City of Asheboro's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Asheboro, North Carolina's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Asheboro, North Carolina, as of June 30, 2004, 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.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I 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, I did not audit this information and express no opinion thereon.

In accordance with Government Auditing Standards, I have also issued a report dated September 24, 2004, on my consideration of the City of Asheboro's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the City of Asheboro, North Carolina. The introductory information, combining and individual nonmajor fund financial statements and schedules and the statistical information 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

September 24, 2004

  
Certified Public Accountant

## Management's Discussion and Analysis

As management of the City of Asheboro, we offer readers of the City of Asheboro's financial statements this narrative overview and analysis of the financial activities of the City of Asheboro for the fiscal year ended June 30, 2004. 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

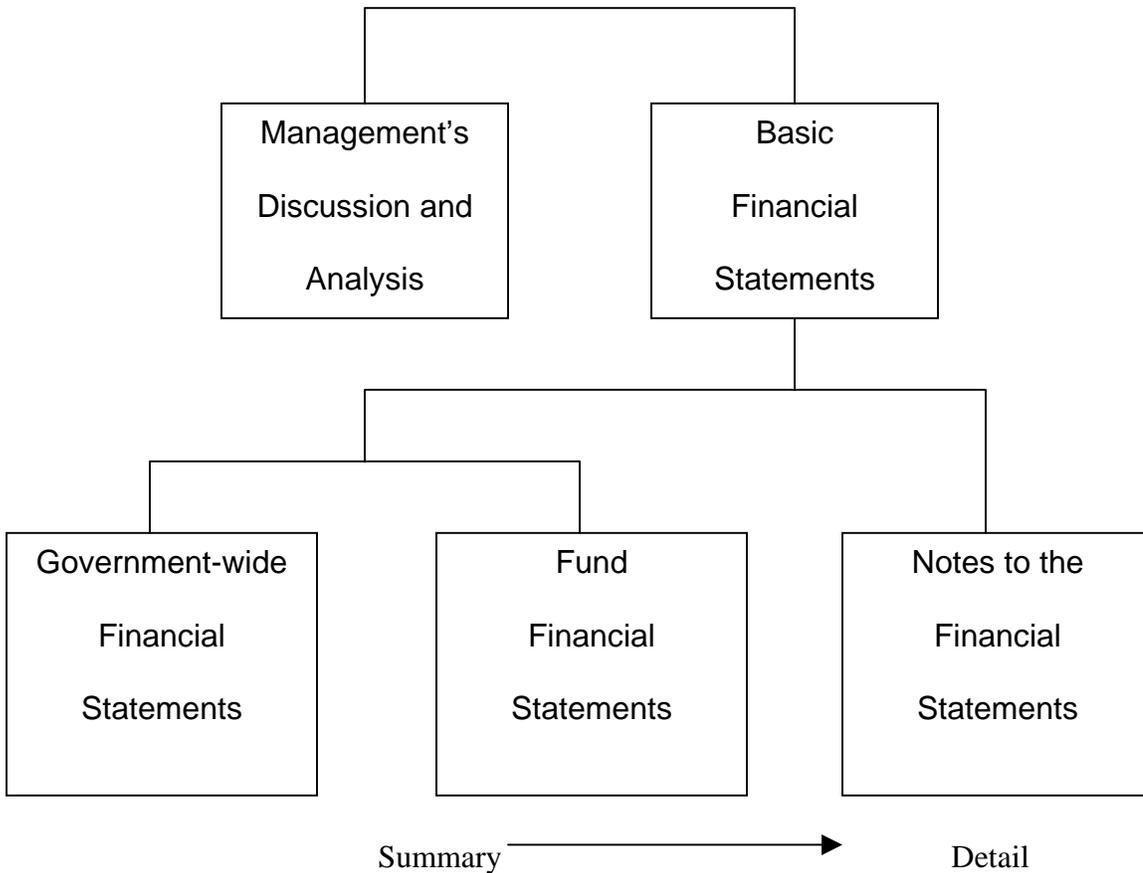
- The assets of the City of Asheboro exceeded its liabilities at the close of the fiscal year by \$63,514,516 (*net assets*).
- The government's total net assets increased by \$1,750,142, primarily due to increases in governmental activities net assets.
- As of the close of the current fiscal year, the City of Asheboro's governmental funds reported combined ending fund balances of \$7,416,828 an increase of \$1,584,807 in comparison with the prior year. Approximately 27 percent of this total amount, or \$2,050,113, 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 \$2,459,707, or 15.4 percent of total general fund expenditures of \$16,006,143 for the fiscal year.
- The City of Asheboro's total debt decreased by \$1,077,967 (7.61%) during the current fiscal year. The key factor in this decrease was the retirement in the amount of \$1,040,329 of general obligation bonds originally issued to construct facilities utilized in the operations of the water and sewer system.
- The City of Asheboro maintained its AA bond rating from Moody's, "A+" from Standard & Poor's and a rating of 83 by the North Carolina Municipal Council.

### Overview of the Financial Statements

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

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

### Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to 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 two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the water and sewer services offered by the City of Asheboro.

The government-wide financial statements are on Exhibits 1 and 2 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 Asheboro, 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 City of Asheboro can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between 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 Asheboro adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**Proprietary Funds** – City of Asheboro has one proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. City of Asheboro uses enterprise funds to account for its water and sewer activity. This fund is the same as those

functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Asheboro's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 53 of this report.

### **Government-Wide Financial Analysis**

The government-wide financial statements for the fiscal year ended June 30, 2003 and subsequent years are the beginning of a new era in financial reporting for the City of Asheboro, and many other units of government across the United States. Prior to year 2003, the City of Asheboro maintained their governmental and proprietary fund groups as two separate and very distinct types of accounting without any type of consolidated statement that accurately reflected the operations and net assets of the government as a whole. There was a total column that appeared on the financial statements, but it was a memorandum total only. No attempt was made to adjust the statements in such a way that the total column would represent the overall financial condition of the City of Asheboro. These statements were basically the equivalent of the fund financial statements that appear in this report with fiduciary funds and two account groups, the long-term debt and the general fixed assets, added in.

The changes in the financial statement reporting model are mandated by the Governmental Accounting Standards Board (GASB). GASB Statement 34 dictated the changes you see in the City of Asheboro's financial reports as well as those of many other units of government. While the City of Asheboro was required to implement these changes for the fiscal year ended June 30, 2003, other units were required to implement Statement 34 in 2002, and any remaining governments will be implementing in 2004.

Because of the new reporting model, comparative data for all facets of this report are not available. When comparative numbers are accessible, they have been included, such as with net assets. Future years' reports will have more comparative data that will allow more opportunities for comparative analysis.

## The City of Asheboro's Net Assets

**Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 9,572,342	\$ 6,774,226	\$ 8,163,293	\$ 7,914,435	\$ 17,735,635	\$ 14,688,661
Capital assets	24,113,061	24,189,564	41,873,409	43,004,370	65,986,470	67,193,934
Total assets	<u>33,685,403</u>	<u>30,963,790</u>	<u>50,036,702</u>	<u>50,918,805</u>	<u>83,722,105</u>	<u>81,882,595</u>
Long-term liabilities outstanding	4,796,451	4,720,208	13,079,541	14,157,508	17,875,992	18,877,716
Other liabilities	1,751,948	598,221	579,649	642,284	2,331,597	1,240,505
Total liabilities	<u>6,548,399</u>	<u>5,318,429</u>	<u>13,659,190</u>	<u>14,799,792</u>	<u>20,207,589</u>	<u>20,118,221</u>
Net assets:						
Invested in capital assets, net of related debt	20,931,387	20,973,959	29,075,233	30,865,010	50,006,620	51,838,969
Restricted	1,361,560				1,361,560	
Unrestricted	4,844,057	4,671,402	7,302,279	5,254,003	12,146,336	9,925,405
Total net assets	<u>\$ 27,137,004</u>	<u>\$ 25,645,361</u>	<u>\$ 36,377,512</u>	<u>\$ 36,119,013</u>	<u>\$ 63,514,516</u>	<u>\$ 61,764,374</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the City of Asheboro exceeded liabilities by \$63,514,516 as of June 30, 2004. The City's net assets increased by \$1,750,142 for the fiscal year ended June 30, 2004. A prior period adjustment in the amount of \$577,519 accounts for part of this increase. However, the largest portion (78.73%) 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 Asheboro uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Asheboro'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. After accounting for funds restricted for transportation in the 2004 financial statements, the City of Asheboro's unrestricted net asset balance is \$12,146,336.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 97.64%.
- Continued low cost of debt due to the City's high bond rating.
- Savings of more than \$525,937 over the life of the \$3,750,000 State Bond Loan due to an interest rate reduction from 5.5% to 3.43%.
- Tight management of total expenditures and operating transfers providing for only a 5.17% increase or \$786,804 over 2003 levels.

**City of Asheboro Changes in Net Assets**  
**Figure 3**

	Governmental Activities 2004	Business-Type Activities 2004	Total 2004
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 1,404,153	\$ 8,180,862	\$ 9,585,015
Operating grants and contributions	657,136	387,109	1,044,245
Capital grants and contributions	882,880	679	883,559
General revenues			
Property taxes	8,824,062		8,824,062
Other taxes	5,629,976		5,629,976
Grants and contributions not restricted to specific programs	65,066	59,784	124,850
Other	301,779		301,779
Total revenues	<u>17,765,052</u>	<u>8,628,434</u>	<u>26,393,486</u>
<b>Expenses</b>			
General government	2,352,525		2,352,525
Public safety	7,053,883		7,053,883
Highways/streets	2,948,970		2,948,970
Sanitation	1,890,887		1,890,887
Economic development	288,022		288,022
Cultural and recreational	2,169,500		2,169,500
Interest on long-term debt	177,141		177,141
Water and sewer		8,339,935	8,339,935
Total expenses	<u>16,880,928</u>	<u>8,339,935</u>	<u>25,220,863</u>
Increase in net assets before transfers	884,124	288,499	1,172,623
Transfers	30,000	(30,000)	-
Increase in net assets	914,124	258,499	1,172,623
Net assets, July 1	<u>26,222,880</u>	<u>36,119,013</u>	<u>62,341,893</u>
Net assets, June 30	<u>\$ 27,137,004</u>	<u>\$ 36,377,512</u>	<u>\$ 63,514,516</u>

**Governmental activities.** Governmental activities increased the City's net assets by \$914,124, thereby accounting for 77.96% of the total growth in the net assets of the City of Asheboro. Key elements of this increase are as follows:

- Increased sales tax revenues of approximately \$405,515 or 14.025%. This additional revenue comes from the new Article 44 sales tax as well as economic growth in the City.
- Hold Harmless funds received in the amount of \$317,129.
- Permits and fee revenue increased by 6.36% or \$18,323.
- Sales and services revenue increased \$232,426 or 23.50% of total expenditures and operating transfers decreased by \$108,921, or 100%, over 2003 levels.
- Total General Fund revenues and operating transfers amounted to \$17,345,590 or 4.12% increase over 2003 levels and total general fund expenditures and operating transfers amounted to \$16,146,958 for 2004, only 4.73% increase over 2003 levels.
- Grant revenues in the cultural and recreational area and in the economic development area were used to construct capital assets.
- Tax revenues remained steady. Ad valorem tax revenue increased by .94%.

**Business-type activities:** Business-type activities increased the City of Asheboro's net assets by \$258,499, accounting for 22.04% of the total growth in the government's net assets. Key elements of this increase are as follows:

- Tap fees increased by \$28,860 or 25.52% over last year's revenue.
- Revenues from surcharges increased by \$11,275 and revenues from septic tank discharges increased by \$7,880. Surcharge revenue is based on the volume of particular types of waste discharged by certain commercial customers and tends to fluctuate. The volume of discharge qualifying for surcharge increased in comparison to amounts from 2003.
- Other operating revenues increased by \$25,188 or 34.89% increase over 2003 levels.
- Non-operating revenues increased by \$189,807, or 118.35%. This increase in non-operating revenues is attributed to reimbursements from FEMA for expenditures incurred as a result of the December 2002 ice storm.

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

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

**Governmental Funds.** The focus of the City of Asheboro'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 Asheboro'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 Asheboro. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$2,459,707, while total fund balance reached \$7,044,157. 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 15.4 percent of total General Fund expenditures, while total fund balance represents 44.01 percent of that same amount. The City is diligently working toward replenishing its General Fund balance, which has been reduced in recent years due to expenditures in capital projects, and the unexpected reduction in state reimbursed revenues in 2002.

The non-major governmental fund balance decreased to a combined level of \$372,671 as a result of delays in reimbursement from other governmental units on our capital projects.

In spite of the decrease in the overall combined fund balance in the capital projects, at June 30, 2004, the governmental funds of City of Asheboro reported a combined fund balance of \$7,416,828, a 27.17 percent increase over last year. Included in this change in fund balance are increases in fund balance in the General, Special Revenue and Capital Projects Funds.

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

The General Fund budget for 2003-04 was adopted at \$16,501,238 and represents a 1.42 percent increase over the audited FY 2002-2003 expenditures of \$16,270,464. The 2003-2004 budget was amended to \$16,956,050, an increase of \$454,812. The 2003-04 budget was amended to account for unexpected operational expenditures as well as increases in actual revenues in relation to originally estimated revenues. In spite of the unexpected operational costs throughout the year, expenditures were held in check to minimize the overall affect on the budget and to protect the City of Asheboro's fund balance as much as possible. As a result of continued efforts to control expenditures in all areas, the General Fund final audited expenditures were \$949,907 under the amended budget, a savings of 0.59%.

**Proprietary Funds.** The City of Asheboro's proprietary / enterprise fund provides the same type of information found in the government-wide statements but in more detail. The Water and Sewer Fund budget for 2003-2004 was adopted at \$8,989,913 and was amended to a final budget of \$8,889,913.

Unrestricted net assets of the Water and Sewer District at the end of the fiscal year amounted to \$7,302,279. The total growth in net assets for the Water and Sewer fund was \$258,499. Other factors concerning the finances of the Water and Sewer funds have already been addressed in the discussion of the City of Asheboro's business-type activities.

### **Capital Asset and Debt Administration**

**Capital assets.** The City of Asheboro's investment in capital assets for its governmental and business-type activities as of June 30, 2004, totals \$83,667,663 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- Construction in progress for governmental activities increased \$1,111,783 as a result of the Airport Phase III project.
- No major capital transaction changes or construction in progress for the business-type activities in 2003-04.
- No major demolitions were recorded this year.

**City of Asheboro's Capital Assets  
(net of depreciation)**

**Figure 4**

	Governmental Activities 2004	Business-Type Activities 2004	Total 2004
Land	\$ 3,025,982	\$ 2,798,306	\$ 5,824,288
Buildings	9,804,939	31,009,014	40,813,953
Improvements other than buildings	7,954,003	78,560	8,032,563
Plant and distribution systems		29,037,101	
Street construction	11,682,803		11,682,803
Equipment	3,965,090	2,417,156	6,382,246
Vehicles	7,209,734	1,827,869	9,037,603
Construction in progress	1,226,395	667,812	1,894,207
<b>Total</b>	<b>\$ 44,868,946</b>	<b>\$ 67,835,818</b>	<b>\$ 83,667,663</b>

Additional information on the City's capital assets can be found in the notes section of this report.

**Long-term Debt.** As of June 30, 2004, the City of Asheboro had total bonded debt outstanding of \$10,215,326. All of this is debt backed by the full faith and credit of the City.

**City of Asheboro's Outstanding Debt  
General Obligation and Revenue Bonds**

**Figure 5**

	Governmental Activities 2004	Governmental Activities 2003	Business-Type Activities 2004	Business-Type Activities 2003	Total 2004	Total 2003
General obligation bonds	\$ 975,000	\$ 1,075,000	\$ 9,240,326	\$ 10,280,655	\$ 10,215,326	\$ 11,355,655
Revenue bonds		-		-	-	-
<b>Total</b>	<b>\$ 975,000</b>	<b>\$ 1,075,000</b>	<b>\$ 9,240,326</b>	<b>\$ 10,280,655</b>	<b>\$ 10,215,326</b>	<b>\$ 11,355,655</b>

The City of Asheboro's total debt decreased by \$1,140,329 (10%) during the past fiscal year, primarily due to the retirement of general obligation indebtedness of \$1,040,329. The government issued \$401,658 in installment purchase financing to purchase public safety vehicles, transportation equipment and sanitation equipment.

As mentioned in the financial highlights section of this document, the City of Asheboro maintained its AA bond rating from Moody's Investor Service and A+ rating from Standard and Poor's Corporation and a rating of 83 by the North Carolina Municipal Council. This bond rating is indicative of the sound financial condition of City of Asheboro.

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 Asheboro is \$138,656,264. The City has \$550,000 in bonds authorized but un-issued at June 30, 2004.

Additional information regarding the City of Asheboro's long-term debt can be found in notes section of this report.

## **Economic Factors**

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

- Low unemployment. The City of Asheboro unemployment rate of 3.7% is below the State average of 4.8%.
- Growth, as measured by tax valuation, increased .854%.
- Local retail sales have grown and home sales have been consistent. In the fiscal year ending June 30, 2004, 139 permits were issued for new property construction amounting to \$19,397,696.
- Commercial building permits issued increased 100% for property with increased values of 1.21%.

## **Budget Highlights for the Fiscal Year Ending June 30, 2005**

**Governmental Activities:** General Fund revenues are expected to remain consistent with property valuation (benefiting from the economic growth) increasing only 1.9%. A property tax increase of .50 to .55 per \$100.00 value is recommended to cover increasing operational costs. The City will use these increases in revenues to finance programs currently in place.

Budgeted expenditures in the General Fund are expected to rise to \$17,639,794. The largest increments are in employee compensation, including funding compensation and benefits adjustments.

**Business – type Activities:** Revenue from sale of water and sewer services is expected to increase 10% as a result of changes in rates adopted to account for a reduction in revenue associated with the changing business environment. Other revenues are expected to remain constant. General operating expenses will increase by 2.91% to cover increased personnel costs, material, supplies, and other operating expenses.

## **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 Director of Finance, City of Asheboro, 146 North Church Street, P.O. Box 1106, Asheboro, NC 27204-1106.

**STATEMENT OF NET ASSETS**

**JUNE 30, 2004**

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 6,316,874	\$ 5,387,300	\$ 11,704,174
Receivables:			
Taxes Receivable - Net	234,278	-	234,278
Accounts Receivable	137,794	1,530,968	1,668,762
Due From Other Governments	2,313,346	342,094	2,655,440
Note Receivable	60,500	-	60,500
Internal Balances	165,475	(165,475)	-
Inventories	344,075	415,907	759,982
Deferred Charges	-	55,377	55,377
Total Current Assets	<u>9,572,342</u>	<u>7,566,171</u>	<u>17,138,513</u>
Restricted Assets:			
Cash and Cash Equivalents	-	597,122	597,122
Capital Assets:			
Land, and Construction in Progress	4,252,377	3,466,118	7,718,495
Other Capital Assets, Net of Depreciation	<u>19,860,684</u>	<u>38,407,291</u>	<u>58,267,975</u>
Total Capital Assets	<u>24,113,061</u>	<u>41,873,409</u>	<u>65,986,470</u>
Total Assets	<u>33,685,403</u>	<u>50,036,702</u>	<u>83,722,105</u>
 <u>LIABILITIES</u>			
Liabilities:			
Accounts Payable and Accrued Liabilities	1,514,099	249,855	1,763,954
Deposits	47,533	184,256	231,789
Unearned Revenues	169,573	10,603	180,176
Accrued Interest Payable	20,743	92,955	113,698
Payable From Restricted Assets	-	41,980	41,980
Long-Term Liabilities:			
Due Within One Year	1,052,284	1,679,624	2,731,908
Due in More Than One Year	<u>3,744,167</u>	<u>11,399,917</u>	<u>15,144,084</u>
Total Liabilities	<u>6,548,399</u>	<u>13,659,190</u>	<u>20,207,589</u>
 <u>NET ASSETS</u>			
Net Assets:			
Invested in Capital Assets, Net of Related Debt	20,931,387	29,075,233	50,006,620
Restricted For:			
Transportation	1,361,560	-	1,361,560
Unrestricted	<u>4,844,057</u>	<u>7,302,279</u>	<u>12,146,336</u>
Total Net Assets	<u>\$ 27,137,004</u>	<u>\$ 36,377,512</u>	<u>\$ 63,514,516</u>

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2004**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
General Government	\$ 2,352,525	\$ 42,647	\$ -	\$ -	\$ (2,309,878)	\$ -	\$ (2,309,878)
Public Safety	7,053,883	156,321	5,680	47,582	(6,844,300)	-	(6,844,300)
Transportation	2,948,970	24,690	618,161	794,834	(1,511,285)	-	(1,511,285)
Environmental Protection	1,890,887	804,406	13,560	-	(1,072,921)	-	(1,072,921)
Cultural and Recreational	2,169,500	376,089	-	-	(1,793,411)	-	(1,793,411)
Economic and Physical Development	288,022	-	19,735	40,464	(227,823)	-	(227,823)
Interest on Long-term Debt	177,141	-	-	-	(177,141)	-	(177,141)
<b>Total Governmental Activities</b>	<b>16,880,928</b>	<b>1,404,153</b>	<b>657,136</b>	<b>882,880</b>	<b>(13,936,759)</b>	<b>-</b>	<b>(13,936,759)</b>
<b>Business-Type Activities:</b>							
Water and Sewer	8,339,935	8,180,862	387,109	679	-	228,715	228,715
<b>Total Business-Type Activities</b>	<b>8,339,935</b>	<b>8,180,862</b>	<b>387,109</b>	<b>679</b>	<b>-</b>	<b>228,715</b>	<b>228,715</b>
<b>Total</b>	<b>\$ 25,220,863</b>	<b>\$ 9,585,015</b>	<b>\$ 1,044,245</b>	<b>\$ 883,559</b>	<b>(13,936,759)</b>	<b>228,715</b>	<b>(13,708,044)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property taxes, levied for general purpose					8,824,062	-	8,824,062
Other taxes and licenses					5,629,976	-	5,629,976
Unrestricted investment earnings					65,066	59,784	124,850
Miscellaneous revenues					301,779	-	301,779
Transfers					30,000	(30,000)	-
<b>Total General Revenues, Special Items, and Transfers</b>					<b>14,850,883</b>	<b>29,784</b>	<b>14,880,667</b>
<b>Change in Net Assets</b>					<b>914,124</b>	<b>258,499</b>	<b>1,172,623</b>
Net Assets Beginning of Year as Previously Reported					25,645,361	36,119,013	61,764,374
Prior Period Adjustment					577,519	-	577,519
Net Assets Beginning of Year as Restated					26,222,880	36,119,013	62,341,893
<b>Net Assets End of Year</b>					<b>\$27,137,004</b>	<b>\$36,377,512</b>	<b>\$ 63,514,516</b>
The Notes to Financial Statements are an integral part of these Statements.							

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2004**

<u>ASSETS</u>	<u>General</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and Cash Equivalents	\$ 5,135,512	\$ 1,181,362	\$ 6,316,874
Receivables:			
Taxes Receivable - Net	234,278	-	234,278
Accounts Receivable	78,730	59,064	137,794
Due From Other Governments	1,531,081	782,265	2,313,346
Due From Other Funds	1,154,075	-	1,154,075
Note Receivable - Wainman Homes	60,500	-	60,500
Inventories	344,075	-	344,075
Total Assets	<u>\$ 8,538,251</u>	<u>\$ 2,022,691</u>	<u>\$ 10,560,942</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 911,743	\$ 602,356	\$ 1,514,099
Due to Other Funds	-	988,600	988,600
Deposits	47,533	-	47,533
Unearned Revenues	169,573	-	169,573
Deferred Revenues	365,245	59,064	424,309
Total Liabilities	<u>1,494,094</u>	<u>1,650,020</u>	<u>3,144,114</u>
Fund Balances:			
Reserved For:			
State Statute	2,693,419	782,265	3,475,684
Inventories	344,075	-	344,075
Encumbrances	9,522	-	9,522
Streets - Powell Bill	1,361,560	-	1,361,560
Street Improvements	175,874	-	175,874
Unreserved:			
Undesignated	2,459,707	-	2,459,707
Unreserved, Reported in Nonmajor:			
Designated for Capital Projects	-	(590,342)	(590,342)
Special Revenue Funds	-	180,748	180,748
Total Fund Balances	<u>7,044,157</u>	<u>372,671</u>	<u>7,416,828</u>
Total Liabilities and Fund Balances	<u>\$ 8,538,251</u>	<u>\$ 2,022,691</u>	
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			24,113,061
Liabilities for earned but deferred revenues in fund statements.			424,309
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			(4,817,194)
			<u>\$ 27,137,004</u>

**CITY OF ASHEBORO, NORTH CAROLINA**

Exhibit 4  
(Page 1 of 2)

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>General</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Ad Valorem Taxes	\$ 8,763,385	\$ -	\$ 8,763,385
Other Taxes and Licenses	265,461	-	265,461
<b>Intergovernmental Revenues:</b>			
Unrestricted	5,380,871	-	5,380,871
Restricted	673,910	849,631	1,523,541
Permits and Fees	306,411	-	306,411
Sales and Services	1,221,479	-	1,221,479
Investment Earnings	58,782	6,284	65,066
Miscellaneous Revenue	158,110	33,821	191,931
<b>Total Revenues</b>	<u>16,828,409</u>	<u>889,736</u>	<u>17,718,145</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General Government	2,366,224	-	2,366,224
Public Safety	6,804,203	10,510	6,814,713
Transportation	2,042,371	-	2,042,371
Environmental Protection	1,875,141	-	1,875,141
Cultural and Recreational	2,101,197	-	2,101,197
Economic and Physical Development	92,441	129,602	222,043
Debt Service	724,566	-	724,566
Capital Outlay	-	1,111,783	1,111,783
<b>Total Expenditures</b>	<u>16,006,143</u>	<u>1,251,895</u>	<u>17,258,038</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>822,266</u>	<u>(362,159)</u>	<u>460,107</u>
<b>Other Financing Sources (Uses):</b>			
Transfers From Other Funds	-	170,815	170,815
Transfers to Other Funds	(140,815)	-	(140,815)
Sale of Fixed Assets	43,523	-	43,523
Installment Purchase Obligations	401,658	-	401,658
Proceeds From Issuance of Note	72,000	-	72,000
<b>Total Other Financing Sources (Uses)</b>	<u>376,366</u>	<u>170,815</u>	<u>547,181</u>
Net Change in Fund Balances	<u>1,198,632</u>	<u>(191,344)</u>	<u>1,007,288</u>
<b>Fund Balances - Beginning of Year</b>			
as Previously Reported	5,268,006	564,015	5,832,021
Prior Period Adjustment	577,519	-	577,519
Fund Balances - Beginning of Year as Restated	<u>5,845,525</u>	<u>564,015</u>	<u>6,409,540</u>
Fund Balances - End of Year	<u>\$ 7,044,157</u>	<u>\$ 372,671</u>	<u>\$ 7,416,828</u>

The Notes to Financial Statements are an integral part of these Statements.

**CITY OF ASHEBORO, NORTH CAROLINA**

Exhibit 4  
(Page 2 of 2)

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2004**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net changes in fund balances - total governmental funds	\$	1,007,288
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.		(22,380)
Cost of capital assets disposed of during the year, not recognized on the modified accrual basis.		(54,123)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Change in deferred revenues		57,507
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.		71,692
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.		<u>(145,860)</u>
Total changes in net assets of governmental activities	\$	<u>914,124</u>

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	General Fund			Variance With Final Budget - Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Ad Valorem Taxes	\$ 8,557,000	\$ 8,557,000	\$ 8,763,385	\$ 206,385
Other Taxes and Licenses	250,500	250,500	265,461	14,961
Intergovernmental Revenues:				
Unrestricted	5,097,177	5,097,177	5,380,871	283,694
Restricted	720,557	720,557	673,910	(46,647)
Permits and Fees	247,050	247,050	306,411	59,361
Sales and Services	1,134,600	1,134,600	1,221,479	86,879
Investment Earnings	50,000	54,000	58,782	4,782
Miscellaneous Revenue	127,000	121,000	158,110	37,110
Total Revenues	<u>16,183,884</u>	<u>16,181,884</u>	<u>16,828,409</u>	<u>646,525</u>
Expenditures:				
Current:				
General Government	2,591,292	2,574,692	2,366,224	208,468
Public Safety	7,019,004	7,166,004	6,804,203	361,801
Transportation	2,010,224	2,191,446	2,042,371	149,075
Environmental Protection	1,692,297	1,913,297	1,875,141	38,156
Cultural and Recreational	2,156,545	2,220,145	2,101,197	118,948
Economic and Physical Development	95,000	95,000	92,441	2,559
Debt Service	795,466	795,466	724,566	70,900
Total Expenditures	<u>16,359,828</u>	<u>16,956,050</u>	<u>16,006,143</u>	<u>949,907</u>
Revenues Over (Under) Expenditures	<u>(175,944)</u>	<u>(774,166)</u>	<u>822,266</u>	<u>1,596,432</u>
Other Financing Sources (Uses):				
Transfers to Other Funds	(141,410)	(141,410)	(140,815)	595
Sale of Fixed Assets	-	6,000	43,523	37,523
Installment Purchase Obligations	-	407,000	401,658	(5,342)
Proceeds From Issuance of Note	-	72,000	72,000	-
Appropriated Fund Balance	317,354	430,576	-	(430,576)
Total Other Financing Sources (Uses)	<u>175,944</u>	<u>774,166</u>	<u>376,366</u>	<u>(397,800)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	<u>1,198,632</u>	<u>\$ 1,198,632</u>
Fund Balance Beginning of Year, July 1, as Previously Reported			5,268,006	
Prior Period Adjustment			577,519	
Fund Balance Beginning of Year, July 1, as Restated			<u>5,845,525</u>	
Fund Balance End of Year, June 30			<u>\$ 7,044,157</u>	

The Notes to Financial Statements are an integral part of these Statements.

**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUND**  
**JUNE 30, 2004**

<u>ASSETS</u>	<u>Water and Sewer Fund</u>
Current Assets:	
Cash and Cash Equivalents	\$ 5,387,300
Accounts Receivable - Net	1,530,968
Due from Other Governments	342,094
Due from Other Funds	11,674
Inventories	415,907
Deferred Charges	55,377
Total Current Assets	<u>7,743,320</u>
Noncurrent Assets:	
Restricted Assets:	
Cash and Cash Equivalents	<u>597,122</u>
Capital Assets:	
Land, Improvements and Construction in Progress	3,466,118
Other Capital Assets, Net of Depreciation	<u>38,407,291</u>
Total Capital Assets	<u>41,873,409</u>
Total Noncurrent Assets	<u>42,470,531</u>
Total Assets	<u><u>\$ 50,213,851</u></u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	\$ 249,855
Due to Other Funds	177,149
Customer Deposits	184,256
Accrued Interest Payable	92,955
Compensated Absences - Current	82,035
General Obligation Bonds Payable - Current	1,030,000
Installment Purchase Agreements Payable - Current	60,341
Notes Payable State of North Carolina - Current	507,248
Total Current Liabilities	<u>2,383,839</u>
Noncurrent Liabilities:	
Liabilities Payable From Restricted Assets:	
Accounts Payable	41,980
Other Noncurrent Liabilities:	
Compensated Absences	147,632
General Obligation Bonds Payable - Noncurrent (Net)	8,210,325
Installment Purchase Agreements Payable - Noncurrent	41,960
Notes Payable State of North Carolina - Noncurrent	3,000,000
Unearned Revenues	10,603
Total Noncurrent Liabilities	<u>11,452,500</u>
Total Liabilities	<u>13,836,339</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	29,075,233
Unrestricted	<u>7,302,279</u>
Total Net Assets	<u><u>\$ 36,377,512</u></u>

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND TYPE**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Water and Sewer Fund</u>
Operating Revenues:	
Water Sales	\$ 4,543,397
Sewer Charges	3,190,810
Water and Sewer Taps	141,935
Sampling and Monitoring Fees	27,778
Surcharges	218,912
Septic Tank Discharge	58,030
Other Operating Revenues	<u>97,388</u>
Total Operating Revenues	<u>8,278,250</u>
Operating Expenses:	
Billing and Collections	267,187
Water Meter Operations	276,575
Water Supply Treatment	1,546,472
Wastewater Treatment	2,578,051
Water Maintenance	731,165
Wastewater Maintenance	924,810
Depreciation	<u>1,355,206</u>
Total Operating Expenses	<u>7,679,466</u>
Operating Income	<u>598,784</u>
Nonoperating Revenues (Expenses):	
Investment Earnings	59,784
Interest and Other Charges	(651,024)
Other Nonoperating Revenues	144,837
Amortization of Bond Issue Costs	(9,445)
Gain on Disposal of Fixed Assets	1,618
FEMA Grant	<u>143,266</u>
Total Nonoperating Revenues (Expenses)	<u>(310,964)</u>
Income Before Contributions and Transfers	287,820
Capital Contributions	679
Transfers to Other Funds:	
To North Fayetteville Street Sidewalk Capital Project Fund	<u>(30,000)</u>
Change in Net Assets	258,499
Total Net Assets - Beginning of Year	<u>36,119,013</u>
Total Net Assets - End of Year	<u>\$ 36,377,512</u>

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Water and Sewer Fund</u>
Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 7,967,139
Cash Paid for Goods and Services	(3,291,152)
Cash Paid to Employees for Services	(3,025,024)
Customer Deposits Received	17,558
Other Operating Revenues	242,225
	<hr/>
Net Cash Provided by Operating Activities	1,910,746
Cash Flows From Noncapital Financing Activities:	
Due From Other Funds	(11,675)
Due to Other Funds	164,467
Transfers to Other Funds	(30,000)
FEMA Grant	143,266
	<hr/>
Total Cash Flows From Noncapital Financing Activities	266,058
Cash Flows From Capital and Related Financing Activities:	
Acquisition of Capital Assets	(223,905)
Principal Paid on Bonds and Installment Purchase Agreements	(1,354,270)
Interest Paid on Bonds and Installment Purchase Agreements	(651,024)
Proceeds From State Sewer Loan	257,248
Proceeds From Sale of Fixed Assets	1,956
	<hr/>
Net Cash (Used) by Capital and Related Financing Activities	(1,969,995)
Cash Flows from Investing Activities:	
Interest Earned on Investments	59,784
	<hr/>
Net Increase in Cash and Cash Equivalents	266,593
Cash and Cash Equivalents at Beginning of Year	5,717,829
	<hr/>
Cash and Cash Equivalents at End of Year	\$ 5,984,422
	<hr/> <hr/>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 598,784
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation	1,355,206
Amortization of Deferred Loss on Refunding	4,671
Other Nonoperating Revenue	144,837
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable	(209,968)
Decrease in Inventory	65,466
(Decrease) in Accounts Payable and Accrued Liabilities	(76,438)
Increase in Customer Deposits	17,558
Increase in Accrued Compensated Absences	14,385
(Decrease) in Deferred Revenues	(3,755)
	<hr/>
Total Adjustments	1,311,962
	<hr/>
Net Cash Provided by Operating Activities	\$ 1,910,746
	<hr/> <hr/>

The Notes to Financial Statements are an integral part of these Statements.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2004**

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of Asheboro conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies.

A. **REPORTING ENTITY.**

The City of Asheboro is a municipal corporation which is governed by an elected mayor and a seven-member council. As required by generally accepted accounting principles, these financial statements present all the City's funds.

B. **BASIS OF PRESENTATION.**

*Government-wide Statements:* The statement of net assets and the statement of activities display information about the City. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal 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.

*Fund Financial Statements:* The fund financial statements provide information about the City's funds. Separate statements for each fund category - *governmental and proprietary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as 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. Nonoperating 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 required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, sanitation services, parks and recreation, and general government services.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2004**

**(Continued)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION. (Concluded)

The City reports the following non-major governmental funds:

*The HOME Program Special Revenue Fund.* The North Carolina Housing Finance Agency regulates the Home Program; funding is restricted for rehabilitation of housing for individuals deemed to be in economic need of financing.

*The Economic Development Special Revenue Fund.* This fund accounts for resources to be used in the enhancement of the local business community and is funded from State grants and transfers from the General Fund.

*The Cemetery Improvement Special Revenue Fund.* This fund is used to account for donations and other revenues to maintain the City's cemetery.

*The Police Computer Grant Special Revenue Fund.* This fund is used to account for grant monies restricted for specific law enforcement program expenses.

*The Airport Runway Extension Phase III Capital Project Fund.* This fund accounts for Federal Aviation Administration and State Aid to Airport grant funding to further extend, widen and strengthen the airport runway.

*The North Fayetteville Street Sidewalk Capital Project Fund.* This fund accounts for City transfers to construct pedestrian sidewalks.

The City reports the following major enterprise fund:

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING.

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

*Government-wide and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are 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. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**CITY OF ASHEBORO, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**(Continued)**

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING. (Concluded)**

*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 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. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Randolph 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 Asheboro. 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 Randolph County from March 2003 through February 2004 apply to the fiscal year ended June 30, 2004. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues. For vehicles registered under the annual system, taxes are due on May 1 of each year. For those vehicles registered and billed under the annual system, uncollected taxes are reported as a receivable on the financial statements and are offset by deferred revenues because the due date and the date upon which interest begins to accrue passed prior to June 30. The taxes for vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 2004, because they are intended to finance the City's operations during the 2005 fiscal year.

Sales taxes collected and certain intergovernmental revenues, such as utilities franchise tax, 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 that are unearned at year-end are recorded as deferred 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.

As permitted by generally accepted accounting principles, the City has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989, that do not contradict GASB pronouncements, in its accounting and reporting practices for its proprietary operations.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2004**

**(Continued)**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. BUDGETARY DATA.**

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for Special Revenue Funds, Capital Project Funds, and the Enterprise Fund Capital Projects Fund, which are consolidated with the operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting.

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

**E. ASSETS, LIABILITIES AND FUND EQUITY.**

**1. Deposits and Investments**

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

State law [G.S.159-30(c)] authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

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

**CITY OF ASHEBORO, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**(Continued)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES AND FUND EQUITY. (Continued)

2. Cash and Cash Equivalents

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

The unexpended bond proceeds of Water and Sewer Fund bonds issued by the City are classified as restricted assets for the enterprise fund because their use is completely restricted to the purpose for which the bonds were originally issued. Federal grant monies are classified as restricted assets for the payment of a payable related to a Water and Sewer Project Fund.

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2003. As allowed by State law, the City has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Inventory

The inventories of the City are valued at cost (first-in, first-out), which approximates market. The City's General Fund inventory consists of expendable supplies that are recorded as inventory when purchased and expended when consumed.

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

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2004**

**(Continued)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES AND FUND EQUITY. (Continued)

7. Capital Assets

The City's purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the time of donation. Minimum capitalization costs are \$1,500 for the following types of assets: land, land improvements, buildings, infrastructure, equipment, and vehicles. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

General infrastructure capital assets, including roads, bridges, streets and sidewalks, curbs and gutters and storm drainage systems are capitalized along with other capital assets as "Street Construction" or "Land Improvements." General infrastructure capital assets acquired prior to June 30, 1991 are recorded at historical cost. General infrastructure capital assets acquired prior to July 1, 2002 and subsequent to July 1, 1991 are reported at estimated historical cost using deflated replacement cost. General infrastructure capital assets acquired subsequent to July 1, 2002 are recorded at cost.

Plant assets used in the business-type activities of the City are depreciated on a composite straight-line basis for the entire plant, regardless of the year of acquisition, at a 2% annual rate. In the composite rate, gain or loss on dispositions is not calculated except in extraordinary circumstances. Other assets used in the business-type activities of the City are depreciated on a class life basis at the following rates:

Furniture and office equipment	10-20 years
Maintenance and construction equipment	10-20 years
Medium and heavy motor vehicles	10-20 years
Automobiles and light trucks	3 years

Capital assets used in the governmental activities of the City are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Land Improvements	20 years
Street Construction	20 years
Equipment	5-10 years
Vehicles	5-15 years

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2004**

**(Continued)**

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. **ASSETS, LIABILITIES AND FUND EQUITY. (Continued)**

8. **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 life of the bonds using the effective interest method.

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

9. **Compensated Absences**

The vacation policies of the City provide for the accumulation of up to thirty (30) 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 has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide statements.

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.

10. **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.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**(Continued)**

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. **ASSETS, LIABILITIES AND FUND EQUITY. (Continued)**

10. **Net Assets/Fund Balances (Continued)**

In the governmental fund financial statements, reservations of fund balance represent amounts that cannot be appropriated or are legally segregated for a 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.

The governmental fund types classify fund balances as follows:

Reserved.

Reserved by State Statute - portion of fund balance, in addition to reserves for encumbrances and reserves for inventories, 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 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 for encumbrances - portion of fund balance available to pay for commitments related to purchase orders or contracts which remain unperformed at year-end.

Reserved for streets - Powell Bill - portion of fund balance that is available for appropriation but legally segregated for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Reserved for street improvements - portion of fund balance that is available for appropriation but reserved from special assessments for street improvements.

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**(Continued)**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. ASSETS, LIABILITIES AND FUND EQUITY. (Concluded)**

**10. Net Assets/Fund Balances (Concluded)**

Unreserved.

Designated for Capital Projects - portion of total fund balance available for appropriation which has been designated to fund future capital projects and improvements.

Designated for subsequent year's expenditures - portion of the total fund balance available for appropriation that has been designated for the adopted 2004-2005 budget ordinance.

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

**F. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

1. 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. The net adjustment of \$19,720,176 consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 44,868,946
Less Accumulated Depreciation	<u>( 20,755,885)</u>
Net Capital Assets	24,113,061
Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide statements	424,309
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Bonds and Installment Financing Agreements	( 3,269,498)
Accrued Interest Payable	( 20,699)
Compensated Absences	( 1,312,820)
Net Pension Obligation	<u>( 214,177)</u>
Total Adjustment	<u>\$ 19,720,176</u>

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**(Continued)**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)**

**F. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Concluded)**

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$(93,164) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 1,851,587
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	( 1,873,967)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it effects only the government-wide statement of net assets	( 473,658)
Principal payments on debt owed are recorded as use of funds on the fund statements but, again, effect only the statement of net assets in the government-wide statements	545,350
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	2,075
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	( 142,922)
Increase in net pension obligation	( 5,013)
Cost of capital assets disposed of during the year	( 54,123)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Reversal of deferred tax revenue recorded at July 1, 2003	( 173,593)
Recording of tax receipts deferred in the fund statements at June 30, 2004	234,270
Reversal of deferred service revenues recorded at July 1, 2003	( 59,559)
Recording of service revenues deferred in the fund statements at June 30, 2004	70,475
Change in deferral of notes receivable in Special Revenue Fund	( 14,086)
Total Adjustment	\$( 93,164)

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**(Continued)**

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. DEFICIT FUND BALANCE OR NET ASSETS OF INDIVIDUAL FUNDS.**

The Water and Sewer Systems Improvement Capital Project Fund had a deficit fund balance of \$136,998. In the Water and Sewer Capital Project, the expenditures are to be funded primarily with proceeds from State Water and Sewer loans. Proceeds from these loans are expected to be received beginning in the next fiscal period.

**III. DETAIL NOTES ON ALL FUNDS**

**A. ASSETS.**

**1. Deposits**

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

At June 30, 2004, the City's deposits had a carrying amount of \$8,002,336 and a bank balance of \$8,785,767. Of the bank balance, \$400,000 was covered by federal depository insurance, \$63,387 was covered by collateral held under the Dedicated Method, and \$8,322,380 in interest bearing deposits were covered by collateral held under the Pooling Method. At June 30, 2004, the City's petty cash fund totaled \$3,528.

**FOR THE YEAR ENDED JUNE 30, 2004**  
**(Continued)**

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. ASSETS. (Continued)

2. Investments

The investments of the City are categorized to give an indication of the level of custodial risk assumed at year-end. The investments in the North Carolina Capital Management Trust are exempt from risk categorization because the City does not own any identifiable securities, but are shareholders of a percentage of the fund.

	Reported Value	Fair Value
North Carolina Capital Management Trust	\$ 4,295,432	\$ 4,295,432

3. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Assets are net of the following allowances for doubtful accounts:

Fund	6/30/2004
General Fund:	
Taxes Receivable	\$ 154,000
Enterprise Fund:	
Customer Accounts Receivable	75,000
Total	\$ 229,000

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2004**  
**(Continued)**

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES.

1. Payables

Payables at the government-wide level at June 30, 2004, were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental Activities:				
General	\$ 902,559	\$ --	\$ 9,184	\$ 911,743
Other Governmental	602,356	--	--	602,356
<b>Total Governmental Activities</b>	<b>\$ 1,504,915</b>	<b>\$ --</b>	<b>\$ 9,184</b>	<b>\$ 1,514,099</b>
Business-type Activities:				
Water and Sewer	\$ 242,113	\$ --	\$ 7,742	\$ 249,855

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System.

*Plan Description.* The City of Asheboro contributes 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 is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.8% and 4.64%, respectively, of annual covered payroll. The contribution requirements of members and of the City of Asheboro are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2004, 2003, and 2002 were \$463,084, \$454,860, and \$464,300, respectively. The contributions made by the City equaled the required contributions for each year.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2004**  
**(Continued)**

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance.

*(1) Plan Description*

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

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2003, the Separation Allowance's membership consisted of:

Retirees receiving benefits	8
Terminate plan members entitled to but not yet receiving benefits	0
Active plan members	<u>66</u>
Total	<u><u>74</u></u>

*(2) Summary of Significant Accounting Policies*

*Basis of Accounting.* The City has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

*Method Used to Value Investments.* No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

*(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 benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2004**  
**(Continued)**

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance. (Concluded)

The annual required contribution for the current year was determined as part of the December 31, 2003 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 ranging from 5.9% to 9.8% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include post-employment benefit increases.

*Annual Pension Costs 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	\$ 91,005
Interest on Net Pension Obligations	15,164
Adjustment to Annual Required Contribution	<u>( 11,475)</u>
Annual Pension Cost	94,694
Contributions Made	<u>89,681</u>
Increase (Decrease) in Net Pension Obligation	5,013
Net Pension Obligation, Beginning of Year	<u>209,164</u>
Net Pension Obligation, End of Year	<u><u>\$ 214,177</u></u>

	General Fund		
Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/02	\$ 78,816	71.67%	\$ 184,818
6/30/03	\$ 87,684	72.23%	\$ 209,164
6/30/04	\$ 94,694	94.71%	\$ 214,177

c. 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 G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2004**  
**(Continued)**

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan Obligations (Continued)

c. Supplemental Retirement Income Plan for Law Enforcement Officers. (Concluded)

*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, 2004, were \$155,451, which consisted of \$116,361 from the City and \$39,090 from the law enforcement officers.

d. Post-Employment Benefits.

Under the provisions of the City's personnel policy, retiring full time employees are provided with coverage at the City's expense until age 65 under the group health and hospitalization insurance plan under the following conditions:

- (1) An employee who is age 55 years or over and has a minimum of 25 years of service with the City and has retired under the North Carolina Local Governmental Retirement System and receiving benefits.
- (2) An employee with 30 years of service, regardless of age, and who has retired under the North Carolina Local Governmental Retirement System and receiving benefits.
- (3) An employee who is 62 years or over and has a minimum of 15 years of service with the City and who has retired under the North Carolina Local Governmental Retirement System and receiving benefits.
- (4) An employee who has retired due to disability under the North Carolina Local Governmental Retirement System and receiving benefits.

Dependent coverage is available to retiring employees at their expense.

The City finances the post employment health and hospitalization insurance benefits on a pay-as-you-go basis. As of June 30, 2004, fifty retirees were eligible for post-retirement health benefits. For the fiscal year ended June 30, 2004, the City made payments for post-retirement health benefit premiums of \$210,304. The City participates in a self-funded risk-financing pool administered by the North Carolina League of Municipalities.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2004**  
**(Continued)**

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan Obligations (Continued)

d. Post-Employment Benefits (Concluded)

The City has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer State-administered cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$20,000. Effective July 1, 2004, the death benefit payments to beneficiaries must be between \$25,000 and \$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. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. For the fiscal year ended June 30, 2004, the City made contributions to the State for death benefits of \$13,613. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .13% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

e. Firemen's and Rescue Squad Worker's Pension Fund.

*Plan Description.* The State of North Carolina contributes, on behalf of the City of Asheboro, to the Firemen's and Rescue Squad Worker's Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Worker's 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 nonemployer contributor, funds the plan through appropriations. The City does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2004**  
**(Continued)**

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

3. Deferred / Unearned Revenues

The balance in deferred / unearned revenues at year-end is composed of the following elements:

	Deferred Revenue	Unearned Revenue
Prepaid Taxes (General)	\$ --	\$ 24,384
Prepaid Privilege Licenses (General)	--	56,835
Prepaid Vice Narcotics (General)	--	43,164
Prepaid Federal Forfeitures (General)	--	18,623
Prepaid Golf Memberships (General)	--	24,413
Other Collections (General)	--	2,154
Taxes Receivable, Net (General)	234,270	--
Garbage Collections Receivable (General)	70,475	--
Note Receivable (General)	60,500	--
Notes Receivable (Special Revenue)	59,064	--
	\$ 424,309	\$ 169,573

4. Commitments

The City had contractual commitments at June 30, 2004, for the following capital projects:

Airport Runway Extension Phase III Project	\$ 1,285,434
--	--------------

5. 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 the statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability, and property liability in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

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

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2004**  
**(Continued)**

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

6. Claims, Judgments, and Contingent Liabilities

At June 30, 2004, the City was a defendant to various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

7. Long-Term Obligations

a. Installment Purchases.

Various installment purchase financing agreements were executed between July 11, 1996, and August 24, 1999, for the acquisition of various vehicles and equipment. Terms of payment, payment amounts and interest rates are as follows:

Excavator tractor, 66 payments of \$4,353 per month, 5.03%  
Fire truck, garbage trucks and sewer truck, 84 payments of \$12,166 per month, 4.39%  
Leaf loader, garbage truck and equipment, 84 payments of \$5,990 per month, 4.92%

In November 1995, the City entered into an installment purchase contract to finance the acquisition and renovation of property to serve as a public works facility. The contract is for \$1.5 million, to be repaid monthly at \$12,079, including interest at 5.2 percent over fifteen years.

In March 2001, the City entered into an installment purchase contract to finance the acquisition and construction of property to serve as a recycling transfer station. The contract is for \$850,000, to be repaid quarterly at \$21,099, including interest at 5.57 percent over fifteen years. The City is authorized by State law to enter into installment purchase contracts to finance energy conservation measures that will reduce its operating costs. In October 1998, the City entered into such a contract to reduce the energy costs associated with various municipal facilities. The financing contract requires principal payments of \$5,347 for seven and one-half years beginning in the fiscal year 1998-1999 with an interest rate of 4.61 percent.

In March, 2003, the City entered into an installment purchase contract to finance the acquisition of six police vehicles. The contract is for \$131,000, to be repaid monthly at \$3,831, including interest at 3.34% over three years.

In February, 2004, the City entered into an installment purchase contract to finance various equipment and vehicles. The contract is for \$401,529, to be repaid monthly at \$7,255, including interest at 2.58% over five years.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2004**  
**(Continued)**

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

7. Long-Term Obligations (Continued)

a. Installment Purchases. (Concluded)

The future minimum payments of the installment purchase contracts as of June 30, 2004, are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2005	\$ 473,777	\$ 101,263	\$ 60,341	\$ 3,706
2006	348,423	81,656	33,926	1,325
2007	262,870	67,014	8,032	86
2008	260,734	55,667	--	--
2009	236,492	43,764	--	--
2010 – 2014	539,802	99,600	--	--
2015 – 2019	137,728	8,006	--	--
Totals	\$ 2,259,826	\$ 456,970	\$ 102,299	\$ 5,117

b. Notes Payable.

The note payable in the governmental-type activities is the balance due on a \$72,000 note issued to the seller of a parking lot adjacent to City owned property. The note requires payments of \$37,238, including interest at 7%, due December 10, 2004.

The notes payable shown in the Water and Sewer Fund consist of the balances due on two loans: the first is a \$5,000,000 loan from the State of North Carolina for the construction of improvements to the City's Wastewater Treatment Plant. The promissory note requires annual payments of \$250,000, plus interest semi-annually at 3.43% per annum. The second is a \$2,542,173 revolving loan from the State Clean Water Revolving Loan Program for improvements to the City's wastewater collection system. This agreement requires payments over twenty years at a rate of 2.66%. At June 30, 2004, proceeds received from this loan amounted to \$257,248.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2004**  
**(Continued)**

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

7. Long-Term Obligations (Continued)

b. Notes Payable. (Concluded)

Annual debt service requirements to maturity for the notes payable are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2005	\$ 34,628	\$ 2,610	\$ 507,248	\$ 111,475
2006	--	--	250,000	102,900
2007	--	--	250,000	94,325
2008	--	--	250,000	85,750
2009	--	--	250,000	77,175
2010 – 2014	--	--	1,250,000	257,250
2015 – 2019	--	--	750,000	51,450
Totals	\$ 34,628	\$ 2,610	\$ 3,507,248	\$ 780,325

c. General Obligation Indebtedness.

The City's general obligation bonds serviced by the governmental funds were issued to finance the construction of improvements to the City's library. Those general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All general obligation bonds are collateralized by the full faith, credit and taxing power of the City. Principal and interest requirements are appropriated when due.

Bonds payable at June 30, 2004, are comprised of the following individual issues:

<u>General Obligation Bonds</u>	<u>Amount</u>
Serviced by the General Fund:	
\$1,500,000 Library serial bonds due in annual installments ranging from \$50,000 to \$100,000 through 2014; interest ranging from 5.01% to 5.25% per annum	<u>\$ 975,000</u>
Serviced by the Water and Sewer Fund:	
\$4,515,000 Refunding serial bonds due in annual installments ranging \$235,000 to \$680,000 through 2006; interest ranging from 4.2% to 4.75% per annum. The amount shown is net of the unamortized deferred loss on the defeasance of \$4,674.	1,140,326

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2004**  
**(Continued)**

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

7. Long-Term Obligations (Continued)

c. General Obligation Indebtedness. (Concluded)

\$1,500,000 Sanitary Sewer serial bonds due in annual installments ranging from \$25,000 to \$100,000 through 2015; interest ranging from 5.1% to 5.3% per annum	1,075,000
\$8,700,000 Sanitary Sewer serial bonds due in annual installments ranging from \$200,000 to \$800,000 through 2014; interest ranging from 5.4% to 5.6 % per annum	<u>7,025,000</u>
Water and Sewer Total	<u>9,240,326</u>
	<u>\$ 10,215,326</u>

Annual debt service requirements to maturity for long-term obligations are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2005	\$ 100,000	\$ 50,338	\$ 1,030,000	\$ 496,243
2006	100,000	45,238	1,015,000	445,213
2007	100,000	40,138	900,000	394,025
2008	100,000	35,038	900,000	344,925
2009	100,000	29,938	900,000	295,825
2010 - 2014	475,000	71,688	4,425,000	741,125
2015 - 2019	--	--	75,000	3,975
Total	\$ 975,000	\$ 272,378	\$ 9,245,000	\$ 2,721,331

At June 30, 2004 the City had bonds authorized but unissued of \$ 550,000 for Wastewater Plant expansion. The City's legal debt margin is \$138,656,264.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2004**  
**(Continued)**

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Concluded)

7. Long-Term Obligations (Concluded)

d. Changes in Long-Term Liabilities.

	Balance			Balance	Current
	July 1, 2003	Increases	Decreases	June 30, 2004	Portion of
					Balance
Governmental Activities:					
Installment Purchases	\$ 2,266,146	\$ 401,658	\$ 407,978	\$ 2,259,826	\$ 473,777
Notes Payable	--	72,000	37,372	34,628	34,628
General Obligation					
Bonds	1,075,000	--	100,000	975,000	100,000
Compensated Absences	1,169,898	586,801	443,879	1,312,820	443,879
Net Pension Obligation	209,164	5,013	---	214,177	---
Governmental Activity					
Long-term Liabilities	<u>\$ 4,720,208</u>	<u>\$ 1,065,472</u>	<u>\$ 989,229</u>	<u>\$ 4,796,451</u>	<u>\$1,052,284</u>
Business-type Activities:					
General Obligation					
Bonds	\$ 10,290,000	\$ --	\$1,045,000	\$ 9,245,000	\$1,030,000
Less Deferred Loss on					
Defeasance	9,345	--	4,671	4,674	--
Total General Obligation					
Bonds	10,280,655	--	1,040,329	9,240,326	1,030,000
Installment Purchases	161,570	--	59,271	102,299	60,341
Notes Payable	3,500,000	257,248	250,000	3,507,248	507,248
Compensated Absences	215,283	96,420	82,035	229,668	82,035
Business-type Activity					
Long-term Liabilities	<u>\$ 14,157,508</u>	<u>\$ 353,668</u>	<u>\$1,431,635</u>	<u>\$ 13,079,541</u>	<u>\$1,679,624</u>

Compensated absences typically have been liquidated in the general fund.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2004**  
**(Continued)**

III. DETAIL NOTES ON ALL FUNDS (Continued)

C. INTERFUND BALANCES AND ACTIVITY

1. Transfers To / From Other Funds

Transfers to / from other funds at June 30, 2004, consists of the following:

From the General Fund to the Airport Runway Extension Phase III Capital Project Fund for runway extension expenditures.	\$ 72,222
From the General Fund to the North Fayetteville Street Sidewalk Capital Project Fund for expenditures related to sidewalk expansion.	67,000
From the General Fund to the Police Computer Grant Fund for the purchase of information technology equipment for the City's police force.	1,593
From the Water and Sewer Fund to the North Fayetteville Street Sidewalk Capital Project Fund for expenditures related to sidewalk expansion.	( 30,000)
Total	\$ 110,815

2. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2004, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Capital Projects:	
	Airport Runway Extension Phase III	\$ 735,920
	North Fayetteville Street Sidewalk Project Fund	105,873
	Economic Development Fund	125,000
	Police Computer Grant Fund	10,133
	Enterprise Fund:	
	Water and Sewer Fund	177,149
		\$ 1,154,075
Water and Sewer Fund	North Fayetteville Street Sidewalk Project Fund	\$ 11,674

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2004**  
**(Continued)**

III. DETAIL NOTES ON ALL FUNDS (Concluded)

D. PRIOR PERIOD ADJUSTMENT.

During the fiscal year ended June 30, 2004 the State of North Carolina changed the distribution method for local option sales taxes that it collects on behalf of local governments. These taxes are now distributed on a monthly rather than quarterly basis. Taxes on sales for the month of June 2004 will be distributed by the State on or around September 15, 2004. In addition, the State collects utility franchise taxes, piped natural gas taxes and telecommunications taxes for municipalities and distributes them on a quarterly basis. The taxes for the quarter ended June 30, 2004 will be distributed on or around September 15, 2004.

In accordance with GASB Statement No. 33, all of these items are considered to be revenues as of June 30, 2004. The City has decided to consider revenues available for payment of current year-end liabilities if collected within 90 days after year-end, other than property taxes. The City had previously considered only revenues collected within 60 days of year-end as available. See Note I.C.

The September 15, 2004 distributions of these taxes are recognized as revenues for the 2004 fiscal year. If this policy had been in effect for the 2003 fiscal year, ending fund balance of the General Fund would have been \$5,845,525, which is \$577,519 higher than was previously reported. The beginning fund balance of the General Fund for the 2004 fiscal year has been restated to that amount.

E. REVENUES, EXPENDITURES AND EXPENSES.

On-Behalf of Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2004, the City of Asheboro has recognized on-behalf of payments for pension contributions made by the State as a revenue and an expenditure of \$4,825 for twenty-five employed firemen who perform firefighting duties for the City's fire department. The employees elected to be members of the Firemen and Rescue Squad 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.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2004**  
**(Concluded)**

**IV. JOINT VENTURE**

The City and the members of the City's fire department each appoint two members to the five-member local board of trustees for the 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 monies to the local board of the Firemen's Relief Fund. The funds are used to assist fire fighters in various ways. The City obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the City's fire department by the board of trustees. During the fiscal year ended June 30, 2004, the City reported no payments through the Firemen's Relief Fund. The participating governments do not have any equity interest in the joint venture, so no entity has been reflected in the financial statements at June 30, 2004. 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.

**V. JOINTLY GOVERNED ORGANIZATION**

The City, in conjunction with seven counties and thirty-three other municipalities, established the Piedmont Triad 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 \$11,104 to the Council during the fiscal year ended June 30, 2004.

**VI. RELATED ORGANIZATION**

The five-member board of the City of Asheboro Housing Authority is appointed by the Asheboro City Council. The City is accountable for the Housing Authority because it appoints the governing board; however, the City is not financially accountable for the Housing Authority. The City of Asheboro is also disclosed as a related organization in the notes to the financial statements for the City of Asheboro Housing Authority.

**VII. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**  
**FEDERAL AND STATE ASSISTED PROGRAMS**

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

Required Supplemental  
Financial Data

**CITY OF ASHEBORO  
NORTH CAROLINA**

**Required Supplemental 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.**

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/94	-	\$ 219,554	\$ 219,554	-	\$ 1,076,282	20.40%
12/31/95	-	\$ 260,111	\$ 260,111	-	\$ 1,111,503	23.40%
12/31/96	-	\$ 289,267	\$ 289,267	-	\$ 1,224,129	23.63%
12/31/97	-	\$ 311,887	\$ 311,887	-	\$ 1,248,237	24.99%
12/31/98	-	\$ 371,243	\$ 371,243	-	\$ 1,436,006	25.85%
12/31/99	-	\$ 417,140	\$ 417,140	-	\$ 1,818,294	22.94%
12/31/00	-	\$ 722,340	\$ 722,340	-	\$ 1,994,659	36.21%
12/31/01	-	\$ 806,743	\$ 806,743	-	\$ 2,158,301	37.38%
12/31/02	-	\$ 854,881	\$ 854,881	-	\$ 2,205,679	38.76%
12/31/03	-	\$ 937,315	\$ 937,315	-	\$ 2,181,296	42.97%

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
1998	\$ 41,454	32.60%
1999	\$ 43,999	49.90%
2000	\$ 52,227	61.70%
2001	\$ 60,573	82.30%
2002	\$ 75,592	74.70%
2003	\$ 84,213	75.20%
2004	\$ 91,005	98.50%

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	12/31/2002
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Closed
Remaining Amortization Period	28 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	7.25%
Projected Salary Increases*	From 5.9% to 9.8%
*Includes Inflation at	3.75%
Cost-of-Living Adjustments	None

## General Fund

**CITY OF ASHEBORO  
NORTH CAROLINA**

**General Fund**

**The General Fund accounts for all non-enterprise governmental services for which an annual budget is adopted. By definition, the General Fund accounts for all resources and activities except those that are more appropriately recorded in another fund. Functions provided by the City which are accounted for by the General Fund include general government activities, public safety, transportation, environmental protection, grounds maintenance, cultural and recreational activities, and economic and physical development.**

**CITY OF ASHEBORO, NORTH CAROLINA**  
**GENERAL FUND**

Exhibit B-1  
 (Page 1 of 8)

**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	2004		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Ad Valorem Taxes:			
Current Year	\$ 8,450,000	\$ 8,580,409	\$ 130,409
Prior Years	81,000	146,614	65,614
Penalties and Interest	26,000	36,362	10,362
Total	8,557,000	8,763,385	206,385
Other Taxes and Licenses:			
Gross Receipts Tax on Short-Term Rental Property	18,000	20,149	2,149
Animal Tax	500	750	250
Privilege Licenses	232,000	244,562	12,562
Total	250,500	265,461	14,961
Intergovernmental Revenues:			
Unrestricted:			
Local Option Sales Tax	3,519,177	3,421,603	(97,574)
Utilities Franchise Tax	1,500,000	1,615,343	115,343
Hold Harmless	-	317,129	317,129
Tax Refunds - Net	45,000	-	(45,000)
Court Fees	13,500	16,356	2,856
Payment in Lieu of Taxes	15,000	10,440	(4,560)
Food Stamp Distribution	4,500	-	(4,500)
Total	5,097,177	5,380,871	283,694
Restricted:			
State Street Aid Allocation	666,000	618,161	(47,839)
Local Fire Protection and Training	800	855	55
FEMA Grant	-	13,560	13,560
On-Behalf of Payments - Fire and Rescue	15,300	4,825	(10,475)
Other	-	3,260	3,260
Vice and Narcotics Allocation	25,700	21,803	(3,897)
Federal Forfeiture Allocation	12,757	11,446	(1,311)
Total	\$ 720,557	\$ 673,910	\$ (46,647)

**CITY OF ASHEBORO, NORTH CAROLINA**  
**GENERAL FUND**

Exhibit B-1  
(Page 2 of 8)

**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	2004		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues (Concluded):			
Permits and Fees:			
Building Permits and Inspection Fees	\$ 105,000	\$ 139,965	\$ 34,965
Franchise Fees	117,000	123,799	6,799
Rezoning and Cemetery Fees	25,000	42,590	17,590
Other	50	57	7
Total	247,050	306,411	59,361
Sales and Services:			
Rents and Concessions	53,600	68,112	14,512
Cemeteries	20,000	27,210	7,210
Recreation Service Revenues	282,000	307,977	25,977
Refuse Collection	750,000	786,862	36,862
Recycling Revenues	6,000	6,628	628
Contracted Maintenance - NCDOT	18,500	20,170	1,670
Airport Revenue	4,500	4,520	20
Total	1,134,600	1,221,479	86,879
Investment Earnings	54,000	58,782	4,782
Miscellaneous:			
Sales of Material and Services	4,000	640	(3,360)
Reimbursements	105,000	125,505	20,505
Other	12,000	31,965	19,965
Total	121,000	158,110	37,110
Total Revenues	16,181,884	16,828,409	646,525
Expenditures:			
General Government:			
Governing Body:			
Salaries and Employee Benefits		71,355	
Other Operating Expenditures		52,806	
Total	\$ 124,178	\$ 124,161	\$ 17

**CITY OF ASHEBORO, NORTH CAROLINA**  
**GENERAL FUND**

Exhibit B-1  
 (Page 3 of 8)

**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	2004		Variance Favorable (Unfavorable)
	Budget	Actual	
Expenditures (Continued):			
General Government (Continued):			
Administration:			
Salaries and Employee Benefits		\$ 96,195	
Operating Expenditures		37,847	
Total	\$ 144,105	134,042	\$ 10,063
City Clerk:			
Salaries and Employee Benefits		61,137	
Operating Expenditures		4,757	
Total	69,879	65,894	3,985
Information Technology:			
Salaries and Employee Benefits		69,044	
Operating Expenditures		51,288	
Capital Outlay		15,258	
Total	142,978	135,590	7,388
Finance:			
Salaries and Employee Benefits		243,768	
Operating Expenditures		57,590	
Total	322,303	301,358	20,945
Public Buildings:			
Operating Expenditures		49,520	
Capital Outlay		101,795	
Total	151,426	151,315	111
Tax Collections:			
Tax Collection Fee - Randolph County		108,644	
Tax Refunds		40,802	
Total	\$ 195,400	\$ 149,446	\$ 45,954

**CITY OF ASHEBORO, NORTH CAROLINA**  
**GENERAL FUND**

Exhibit B-1  
(Page 4 of 8)

**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	2004		Variance Favorable (Unfavorable)
	Budget	Actual	
Expenditures (Continued):			
General Government (Concluded):			
Legal Services:			
Salaries and Employee Benefits		\$ 63,322	
Operating Expenditures		15,255	
Total	\$ 91,970	78,577	\$ 13,393
Planning and Zoning:			
Salaries and Employee Benefits		273,408	
Other Operating Expenditures		35,581	
Total	322,516	308,989	13,527
City Shop:			
Salaries and Employee Benefits		486,299	
Operating Expenditures		106,202	
Capital Outlay		6,923	
Total	682,635	599,424	83,211
Human Resources:			
Salaries and Employee Benefits		233,610	
Other Operating Expenditures		83,818	
Total	327,302	317,428	9,874
Total General Government	2,574,692	2,366,224	208,468
Public Safety:			
Police:			
Salaries and Employee Benefits		3,383,568	
Operating Expenditures		687,845	
Capital Outlay		142,238	
Total	\$ 4,396,757	\$ 4,213,651	\$ 183,106

**CITY OF ASHEBORO, NORTH CAROLINA**  
**GENERAL FUND**

Exhibit B-1  
 (Page 5 of 8)

**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	2004		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
Expenditures (Continued):			
Public Safety (Concluded):			
Fire:			
Salaries and Employee Benefits		\$ 2,068,407	
Operating Expenditures		296,510	
Capital Outlay		36,971	
Total	<u>\$ 2,576,029</u>	<u>2,401,888</u>	<u>\$ 174,141</u>
Inspections:			
Salaries and Employee Benefits		162,846	
Operating Expenditures		11,295	
Capital Outlay		14,523	
Total	<u>193,218</u>	<u>188,664</u>	<u>4,554</u>
Total Public Safety	<u>7,166,004</u>	<u>6,804,203</u>	<u>361,801</u>
Transportation:			
Operations:			
Salaries and Employee Benefits		297,621	
Operating Expenditures		181,043	
Capital Outlay		8,752	
Total	<u>496,501</u>	<u>487,416</u>	<u>9,085</u>
Street and Highways:			
Salaries and Employee Benefits		640,218	
Operating Expenditures		586,785	
Capital Outlay		127,876	
Total	<u>1,456,406</u>	<u>1,354,879</u>	<u>101,527</u>
City Engineer Office:			
Salaries and Employee Benefits		134,283	
Operating Expenditures		27,055	
Capital Outlay		5,490	
Total	<u>\$ 184,643</u>	<u>\$ 166,828</u>	<u>\$ 17,815</u>

**CITY OF ASHEBORO, NORTH CAROLINA**  
**GENERAL FUND**

Exhibit B-1  
(Page 6 of 8)

**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	2004		Variance
	Budget	Actual	Favorable (Unfavorable)
Expenditures (Continued):			
Transportation (Concluded):			
Airport Authority:			
Operating Expenditures	53,896	\$ 33,248	20,648
Total Transportation	2,191,446	2,042,371	149,075
Environmental Protection:			
Sanitation:			
Salaries and Employee Benefits		644,206	
Operating Expenditures		532,715	
Capital Outlay		159,000	
Total	1,359,692	1,335,921	23,771
Recycling Transfer Station:			
Salaries and Employee Benefits		37,538	
Operating Expenditures		500,137	
Capital Outlay		1,545	
Total	553,605	539,220	14,385
Total Environmental Protection	1,913,297	1,875,141	38,156
Cultural and Recreational:			
Recreation:			
Salaries and Employee Benefits		355,385	
Operating Expenditures		401,983	
Capital Outlay		40,668	
Total	856,982	798,036	58,946
Grounds Maintenance:			
Salaries and Employee Benefits		847,754	
Operating Expenditures		167,222	
Capital Outlay		32,405	
Total	\$ 1,106,905	\$ 1,047,381	\$ 59,524

**CITY OF ASHEBORO, NORTH CAROLINA**  
**GENERAL FUND**

Exhibit B-1  
 (Page 7 of 8)

**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	2004		Variance
	Budget	Actual	Favorable (Unfavorable)
Expenditures (Concluded):			
Cultural and Recreational (Concluded):			
Golf Course:			
Salaries and Employee Benefits		\$ 79,804	
Operating Expenditures		57,544	
Capital Outlay		44,847	
Total	\$ 183,658	182,195	\$ 1,463
Library:			
Operating Expenditures		72,685	
Capital Outlay		900	
Total	72,600	73,585	(985)
Total Cultural and Recreational	2,220,145	2,101,197	118,948
Economic and Physical Development:			
Community Promotion:			
Operating Expenditures		92,441	
Total Economic and Physical Development	95,000	92,441	2,559
Debt Service:			
Principal Retirement		545,350	
Interest and Fees		179,216	
Total Debt Service	795,466	724,566	70,900
Total Expenditures	\$ 16,956,050	\$ 16,006,143	\$ 949,907

**CITY OF ASHEBORO, NORTH CAROLINA**  
**GENERAL FUND**

Exhibit B-1  
 (Page 8 of 8)

**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	2004		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues Over (Under) Expenditures	\$ (774,166)	\$ 822,266	\$ 1,596,432
Other Financing Sources (Uses):			
Transfers to Other Funds:			
To Airport Runway Extension Phase III Capital Project Fund	(72,222)	(72,222)	-
To North Fayetteville Street Sidewalk Capital Project Fund	(67,000)	(67,000)	-
To Police Computer Grant Fund	(2,188)	(1,593)	595
Sale of Fixed Assets	6,000	43,523	37,523
Proceeds From Issuance of Note	72,000	72,000	-
Proceeds From Installment Purchase Agreement	407,000	401,658	(5,342)
Fund Balance Appropriated	430,576	-	(430,576)
Total Other Financing Sources (Uses)	774,166	376,366	(397,800)
Revenues and Other Sources (Under)			
Expenditures and Other Uses	\$ -	1,198,632	\$ 1,198,632
Fund Balance:			
Beginning of Year, July 1, as Previously Reported		5,268,006	
Prior Period Adjustment		577,519	
Beginning of Year, July 1, as Restated		5,845,525	
End of Year, June 30		\$ 7,044,157	

COMBINING STATEMENTS  
FOR NONMAJOR FUNDS

**CITY OF ASHEBORO  
NORTH CAROLINA**

**Combining Statements for Nonmajor Funds**

**Special Revenue Funds:**

**The HOME Program Special Revenue Fund.** The North Carolina Housing Finance Agency regulates the Home Program; funding is restricted for rehabilitation of housing for individuals deemed to be in economic need of financing.

**The Economic Development Special Revenue Fund.** This fund accounts for resources to be used in the enhancement of the local business community and is funded from State grants and transfers from the General Fund.

**The Police Computer Grant Special Revenue Fund.** This fund is used to account for grant monies restricted for specific law enforcement program expenses.

**The Cemetery Improvement Fund.** This fund is used to account for donations and other revenues to maintain the City's cemetery.

**Capital Project Funds:**

**The Airport Runway Extension Phase III Capital Project Fund.** This fund accounts for Federal Aviation Administration and State Aid to Airport grant funding to further extend, widen and strengthen the airport runway.

**The North Fayetteville Street Sidewalk Capital Project Fund.** This fund accounts for City transfers to construct pedestrian sidewalks.

**CITY OF ASHEBORO, NORTH CAROLINA**  
**COMBINING BALANCE SHEET**

Exhibit C-1  
(Page 1)

**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2004**

	Special Revenue Funds				Total Nonmajor Special Revenue Funds
	HOME Program	Economic Development Fund	Police Computer Grant Fund	Cemetery Improvement Fund	
<b><u>ASSETS</u></b>					
Current Assets:					
Cash and Investments	\$ 163,362	\$ 125,000	\$ 18,657	\$ 8,895	\$ 315,914
Accounts Receivable	59,064	-	-	-	59,064
Due From Other Governments	-	-	666	-	666
Total Assets	<u>\$ 222,426</u>	<u>\$ 125,000</u>	<u>\$ 19,323</u>	<u>\$ 8,895</u>	<u>\$ 375,644</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ 33	\$ -	\$ 33
Due to Other Funds	-	125,000	10,133	-	135,133
Deferred Revenues	59,064	-	-	-	59,064
Total Liabilities	<u>59,064</u>	<u>125,000</u>	<u>10,166</u>	<u>-</u>	<u>194,230</u>
Fund Balances:					
Reserved by State Statute	-	-	666	-	666
Unreserved:					
Designated for Capital Projects					
Undesignated	163,362	-	8,491	8,895	180,748
Total Fund Balances	<u>163,362</u>	<u>-</u>	<u>9,157</u>	<u>8,895</u>	<u>181,414</u>
Total Liabilities and Fund Balances	<u>\$ 222,426</u>	<u>\$ 125,000</u>	<u>\$ 19,323</u>	<u>\$ 8,895</u>	<u>\$ 375,644</u>

**CITY OF ASHEBORO, NORTH CAROLINA**  
**COMBINING BALANCE SHEET**

Exhibit C-1  
 (Page 2)

**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2004**

	<u>Capital Project Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Airport Runway Extension Phase III Project Fund</u>	<u>North Fayetteville Street Sidewalk Project Fund</u>	<u>Total Nonmajor Capital Project Funds</u>	
<b><u>ASSETS</u></b>				
Current Assets:				
Cash and Investments	\$ 618,107	\$ 247,341	\$ 865,448	\$ 1,181,362
Accounts Receivable	-	-	-	59,064
Due From Other Governments	738,996	42,603	781,599	782,265
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 1,357,103</u>	<u>\$ 289,944</u>	<u>\$ 1,647,047</u>	<u>\$ 2,022,691</u>
<b><u>LIABILITIES AND FUND BA</u></b>				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 567,748	\$ 34,575	\$ 602,323	\$ 602,356
Due to Other Funds	735,920	117,547	853,467	988,600
Deferred Revenues	-	-	-	59,064
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>1,303,668</u>	<u>152,122</u>	<u>1,455,790</u>	<u>1,650,020</u>
Fund Balances:				
Reserved by State Statute	738,996	42,603	781,599	782,265
Unreserved:				
Designated for Capital Projects	(685,561)	95,219	(590,342)	(590,342)
Undesignated	-	-	-	180,748
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Fund Balances	<u>53,435</u>	<u>137,822</u>	<u>191,257</u>	<u>372,671</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities and Fund Balances	<u>\$ 1,357,103</u>	<u>\$ 289,944</u>	<u>\$ 1,647,047</u>	<u>\$ 2,022,691</u>

**CITY OF ASHEBORO, NORTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**

**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	Special Revenue Funds				Total Nonmajor Special Revenue Funds
	HOME Program	Economic Development Fund	Police Computer Grant Fund	Cemetery Improvement Fund	
Revenues:					
Restricted Intergovernmental	\$ -	\$ -	\$ 14,333	\$ -	\$ 14,333
Investment Earnings	-	-	108	20	128
Miscellaneous	24,946	-	-	8,875	33,821
Total Revenues	24,946	-	14,441	8,895	48,282
Expenditures:					
Public Safety	-	-	10,510	-	10,510
Economic and Physical Development	4,602	125,000	-	-	129,602
Capital Outlay	-	-	-	-	-
Total Expenditures	4,602	125,000	10,510	-	140,112
Revenues Over (Under) Expenditures	20,344	(125,000)	3,931	8,895	(91,830)
Other Financing Sources:					
Transfers From Other Funds:					
From General Fund	-	-	1,593	-	1,593
From Water and Sewer Fund	-	-	-	-	-
Total Other Financing Sources	-	-	1,593	-	1,593
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	20,344	(125,000)	5,524	8,895	(90,237)
Fund Balances:					
Beginning of Year, July 1	143,018	125,000	3,633	-	271,651
End of Year, June 30	\$ 163,362	\$ -	\$ 9,157	\$ 8,895	\$ 181,414

**CITY OF ASHEBORO, NORTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**

Exhibit C-2  
(Page 2)

**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	Capital Project Funds			Total Nonmajor Governmental Funds
	Airport Runway Extension Phase III Project Fund	North Fayetteville Street Sidewalk Project Fund	Total Nonmajor Capital Project Funds	
Revenues:				
Restricted Intergovernmental	\$ 794,834	\$ 40,464	\$ 835,298	\$ 849,631
Investment Earnings	4,546	1,610	6,156	6,284
Miscellaneous	-	-	-	33,821
Total Revenues	<u>799,380</u>	<u>42,074</u>	<u>841,454</u>	<u>889,736</u>
Expenditures:				
Public Safety	-	-	-	10,510
Economic and Physical Development	-	-	-	129,602
Capital Outlay	970,403	141,380	1,111,783	1,111,783
Total Expenditures	<u>970,403</u>	<u>141,380</u>	<u>1,111,783</u>	<u>1,251,895</u>
Revenues Over (Under) Expenditures	<u>(171,023)</u>	<u>(99,306)</u>	<u>(270,329)</u>	<u>(362,159)</u>
Other Financing Sources:				
Transfers From Other Funds:				
	72,222	67,000	139,222	140,815
	-	30,000	30,000	30,000
Total Other Financing Sources	<u>72,222</u>	<u>97,000</u>	<u>169,222</u>	<u>170,815</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(98,801)	(2,306)	(101,107)	(191,344)
Fund Balances:				
Beginning of Year, July 1	<u>152,236</u>	<u>140,128</u>	<u>292,364</u>	<u>564,015</u>
End of Year, June 30	<u>\$ 53,435</u>	<u>\$ 137,822</u>	<u>\$ 191,257</u>	<u>\$ 372,671</u>

**CITY OF ASHEBORO, NORTH CAROLINA**  
**SPECIAL REVENUE FUND - HOME PROGRAM**

Exhibit C-3

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>
Revenues:				
Restricted Intergovernmental Revenues:				
HOME Program Grant	\$ 375,000	\$ 375,000	\$ -	\$ 375,000
Miscellaneous:				
Program Income - Repayments	<u>191,000</u>	<u>264,673</u>	<u>24,946</u>	<u>289,619</u>
Total Revenues	<u>566,000</u>	<u>639,673</u>	<u>24,946</u>	<u>664,619</u>
Expenditures:				
Economic and Physical Development:				
Original Programs:				
Down Payment Assistance	69,750	69,750	-	69,750
Owner Occupied Rehabilitation	186,000	186,000	-	186,000
Investor Owned Rehabilitation	93,000	93,000	-	93,000
Administration	26,250	26,250	-	26,250
Revolving Loans:				
Down Payment Assistance	12,000	11,152	-	11,152
Owner Occupied Rehabilitation	48,300	70,811	4,021	74,832
Investor Owned Rehabilitation	49,700	26,034	-	26,034
Down Payment/Closing Cost	60,000	5,436	-	5,436
Administration - Down Payment	6,000	-	-	-
Fiscal Agent Fees	<u>15,000</u>	<u>8,222</u>	<u>581</u>	<u>8,803</u>
Total Expenditures	<u>566,000</u>	<u>496,655</u>	<u>4,602</u>	<u>501,257</u>
Revenues Over Expenditures	<u>\$ -</u>	<u>\$ 143,018</u>	20,344	<u>\$ 163,362</u>
Fund Balance:				
Beginning of Year, July 1			<u>143,018</u>	
End of Year, June 30			<u>\$ 163,362</u>	

**CITY OF ASHEBORO, NORTH CAROLINA**  
**SPECIAL REVENUE FUND - ECONOMIC DEVELOPMENT FUND**

Exhibit C-4

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2004**

	Project Authorization	Prior Years	Actual Current Year	Total To Date
Expenditures:				
Economic and Physical Development:				
Unilever/Bestfoods	\$ 125,000	\$ -	\$ 125,000	\$ 125,000
Total Expenditures	125,000	-	125,000	125,000
Other Financing Sources:				
Transfers From Other Funds:				
From General Fund	125,000	125,000	-	125,000
Other Financing Sources Over (Under) Expenditures	\$ -	\$ 125,000	(125,000)	\$ -
Fund Balance:				
Beginning of Year, July 1			125,000	
End of Year, June 30			\$ -	

**CITY OF ASHEBORO, NORTH CAROLINA**  
**SPECIAL REVENUE FUND - POLICE COMPUTER GRANT FUND**

Exhibit C-5

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>
Revenues:				
Restricted Intergovernmental Revenues:				
Federal Grants	\$ 84,841	\$ 70,508	\$ 14,333	\$ 84,841
Investment Earnings	-	42	108	150
Total Revenues	<u>84,841</u>	<u>70,550</u>	<u>14,441</u>	<u>84,991</u>
Expenditures:				
Public Safety:				
Police Grant Match	9,427	6,953	881	7,834
Capital Outlay	78,884	65,549	9,521	75,070
Supplies and Materials	5,957	3,849	108	3,957
Total Expenditures	<u>94,268</u>	<u>76,351</u>	<u>10,510</u>	<u>86,861</u>
Revenues Over (Under) Expenditures	<u>(9,427)</u>	<u>(5,801)</u>	<u>3,931</u>	<u>(1,870)</u>
Other Financing Sources:				
Transfers From Other Funds:				
General Fund	9,427	9,434	1,593	11,027
Revenues and Other Sources Over Expenditures	<u>\$ -</u>	<u>\$ 3,633</u>	<u>5,524</u>	<u>\$ 9,157</u>
Fund Balance:				
Beginning of Year, July 1			<u>3,633</u>	
End of Year, June 30			<u>\$ 9,157</u>	

**CITY OF ASHEBORO, NORTH CAROLINA**  
**SPECIAL REVENUE FUND - CEMETERY IMPROVEMENT FUND**

Exhibit C-6

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>
Revenues:				
Donations	\$ 8,876	\$ -	\$ 8,875	\$ 8,875
Investment Earnings	-	-	20	20
Total Revenues	<u>8,876</u>	<u>-</u>	<u>8,895</u>	<u>8,895</u>
Expenditures:				
Physical Development: Improvements	<u>8,876</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	8,895	<u>\$ 8,895</u>
Fund Balance:				
Beginning of Year, July 1			<u>-</u>	
End of Year, June 30			<u>\$ 8,895</u>	

**CITY OF ASHEBORO, NORTH CAROLINA**  
**CAPITAL PROJECT FUND - AIRPORT RUNWAY EXTENSION PHASE III**

Exhibit C-7

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>
Revenues:				
Restricted Intergovernmental:				
Federal Grant	\$ 2,600,000	\$ 2,150,000	\$ 151,575	\$ 2,301,575
State Grant	2,517,500	817,500	643,259	1,460,759
Investment Earnings	15,000	25,650	4,546	30,196
Total Revenues	<u>5,132,500</u>	<u>2,993,150</u>	<u>799,380</u>	<u>3,792,530</u>
Expenditures:				
Capital Outlay:				
Professional Services	687,508	370,667	168,201	538,868
Administration	4,412	3,804	850	4,654
Contractors	4,681,215	2,713,443	801,352	3,514,795
Land	212,500	212,500	-	212,500
Miscellaneous	15,000	-	-	-
Contingency	119,006	-	-	-
Total Expenditures	<u>5,719,641</u>	<u>3,300,414</u>	<u>970,403</u>	<u>4,270,817</u>
Revenues (Under) Expenditures	<u>(587,141)</u>	<u>(307,264)</u>	<u>(171,023)</u>	<u>(478,287)</u>
Other Financing Sources:				
Transfers From Other Funds:				
From General Fund	587,141	459,500	72,222	531,722
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 152,236</u>	<u>(98,801)</u>	<u>\$ 53,435</u>
Fund Balance:				
Beginning of Year, July 1			<u>152,236</u>	
End of Year, June 30			<u>\$ 53,435</u>	

**CITY OF ASHEBORO, NORTH CAROLINA**  
**CAPITAL PROJECT FUND - NORTH FAYETTEVILLE STREET SIDEWALK**

Exhibit C-8

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>
Revenues:				
Restricted Intergovernmental:				
Federal Grants	\$ 172,032	\$ 86,974	\$ 40,464	\$ 127,438
Investment Earnings	-	17,767	1,610	19,377
Total Revenues	<u>172,032</u>	<u>104,741</u>	<u>42,074</u>	<u>146,815</u>
Expenditures:				
Capital Outlay:				
Sidewalk Construction - N. Fayetteville St.	168,000	14,470	1,512	15,982
Sidewalk Construction - South Church St.	122,832	100,143	-	100,143
Sidewalk Construction - Sunset Ave.	188,200	-	139,868	139,868
Total Expenditures	<u>479,032</u>	<u>114,613</u>	<u>141,380</u>	<u>255,993</u>
Revenues (Under) Expenditures	<u>(307,000)</u>	<u>(9,872)</u>	<u>(99,306)</u>	<u>(109,178)</u>
Other Financing Sources:				
Transfers From Other Funds:				
From General Fund	217,000	150,000	67,000	217,000
From Water and Sewer Fund	90,000	-	30,000	30,000
Total Other Financing Sources	<u>307,000</u>	<u>150,000</u>	<u>97,000</u>	<u>247,000</u>
Revenues and Other Financing Sources	<u>\$ -</u>	<u>\$ 140,128</u>	<u>(2,306)</u>	<u>\$ 137,822</u>
Over (Under) Expenditures				
Fund Balance:				
Beginning of Year, July 1			<u>140,128</u>	
End of Year, June 30			<u>\$ 137,822</u>	

Enterprise Fund

**CITY OF ASHEBORO  
NORTH CAROLINA**

**Enterprise Fund**

**Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises -where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes. An enterprise fund charges fees sufficient to fund on-going operations, service its debt and provide for replacement and expansion of its capital facilities.**

**The City of Asheboro has a single enterprise fund, the Water and Sewer Fund, and one Water and Sewer Capital Projects Fund, the Water and Sewer System Improvements Project; which accounts for multi-year capital expansion. The detail of activity in this fund appears on Exhibit D-2. It is consolidated with the Water and Sewer Fund on Exhibit 6.**

**CITY OF ASHEBORO, NORTH CAROLINA**  
**ENTERPRISE FUND - WATER AND SEWER FUND**

Exhibit D-1  
 (Page 1 of 3)

**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	2004		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Operating Revenues:			
Water Sales	\$ 4,670,000	\$ 4,543,397	\$ (126,603)
Sewer Charges	3,370,000	3,190,810	(179,190)
Water and Sewer Taps	115,380	141,935	26,555
Sampling and Monitoring Fees	20,000	27,778	7,778
Surcharges	160,000	218,912	58,912
Septic Tank Discharge	45,000	58,030	13,030
Other Operating Revenues	58,320	97,388	39,068
Total Operating Revenues	8,438,700	8,278,250	(160,450)
Nonoperating Revenues:			
Interest Earned on Investments	55,000	59,784	4,784
Sales of Materials and Services	-	257	257
Sale of Fixed Assets	150	1,956	1,806
FEMA Grant	140,000	143,266	3,266
Other Nonoperating Revenues	58,371	144,580	86,209
Total Nonoperating Revenues	253,521	349,843	96,322
Total Revenues	8,692,221	8,628,093	(64,128)
Expenditures:			
Billing and Collections:			
Salaries and Employee Benefits		221,124	
Supplies		26,247	
Other Operating Expenditures		20,599	
Total	320,139	267,970	52,169
Water Meter Operations:			
Salaries and Employee Benefits		219,000	
Supplies		11,749	
Other Operating Expenditures		44,276	
Total	297,664	275,025	22,639
Water Supply and Treatment:			
Salaries and Employee Benefits		616,194	
Supplies		267,714	
Other Operating Expenditures		646,438	
Total	\$ 1,692,006	\$ 1,530,346	\$ 161,660

**CITY OF ASHEBORO, NORTH CAROLINA**  
**ENTERPRISE FUND - WATER AND SEWER FUND**

Exhibit D-1  
 (Page 2 of 3)

**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	2004		Variance Favorable (Unfavorable)
	Budget	Actual	
Expenditures (Concluded):			
Wastewater Treatment:			
Salaries and Employee Benefits		\$ 1,079,782	
Supplies		460,421	
Other Operating Expenditures		1,045,862	
Total	\$ 2,686,021	2,586,065	\$ 99,956
Water Maintenance:			
Salaries and Employee Benefits		376,566	
Supplies		130,315	
Other Operating Expenditures		219,783	
Total	787,737	726,664	61,073
Wastewater Maintenance:			
Salaries and Employee Benefits		512,358	
Supplies		79,540	
Other Operating Expenditures		331,907	
Total	934,737	923,805	10,932
Debt Service:			
Principal on Bonds and Note		1,295,000	
Principal on Capital Lease		59,270	
Interest and Fees		673,883	
Total	2,096,609	2,028,153	68,456
Capital Outlay:			
Billing and Collection		33,376	
Water Supply and Treatment		25,220	
Wastewater Treatment		55,761	
Total	75,000	114,357	(39,357)
Total Expenditures	8,889,913	8,452,385	437,528
Revenues Over (Under) Expenditures (Forward)	\$ (197,692)	\$ 175,708	\$ 373,400

**CITY OF ASHEBORO, NORTH CAROLINA**  
**ENTERPRISE FUND - WATER AND SEWER FUND**

Exhibit D-1  
 (Page 3 of 3)

**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	2004		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues Over (Under) Expenditures: (Brought Forward)	\$ (197,692)	\$ 175,708	\$ 373,400
Other Financing Sources (Uses):			
Fund Balance Appropriated	297,692	-	(297,692)
Transfers to Other Funds:			
To North Fayetteville Street Sidewalk Capital Project Fund	(30,000)	(30,000)	-
To Water and Sewer System Improvement Project	(70,000)	(70,000)	-
Total Other Financing Sources (Uses)	197,692	(100,000)	(297,692)
Revenues and Other Financing Sources Over (Under)			
Expenditures and Other Uses	\$ -	\$ 75,708	\$ 75,708
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis			
Revenues and Other Financing Sources Over (Under)		\$ 75,708	
Expenditures and Other Uses			
Payment of Bond and Note Principal		1,295,000	
Payment on Capital Leases		59,270	
Amortization of Deferred Loss on Refunding		(4,671)	
Amortization of Bond Issue Costs		(9,445)	
Capital Outlay		114,357	
Depreciation		(1,355,206)	
Increase In Accrued Compensated Absences		(14,385)	
Decrease In Accrued Interest Expense		27,530	
Disposal of Fixed Assets		(338)	
Capital Contributions		679	
Transfer to Water and Sewer System Improvement Project		70,000	
Total Reconciling Items		182,791	
Change in Net Assets		\$ 258,499	

**CITY OF ASHEBORO, NORTH CAROLINA**  
**WATER AND SEWER SYSTEMS IMPROVEMENT FUND**

Exhibit D-2

**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2004**

	Project Authorization	Prior Years	Actual Current Year	Total To Date
Revenues:				
Investment Earnings	\$ -	\$ 3,566	\$ -	\$ 3,566
Expenditures:				
Water System Improvements:				
Professional Services	397,850	205,451	26,955	232,406
Administrative	84,500	1,035	166	1,201
Payment to Contractors	3,568,931	-	-	-
Right- of- Way and Easements	150,000	4,566	6,000	10,566
Contingency	30,600	-	-	-
Sewer Pump Station #2:				
Professional Services - Water & Sewer	257,987	205,174	19,925	225,099
Administrative	2,000	1,058	45,778	46,836
Payment to Contractors	1,892,120	-	-	-
Right -of- Way and Easements	20,764	20,696	68	20,764
Contingency	94,600	-	-	-
Sewer Pump Station # 1:				
Professional Services	69,405	45,660	4,980	50,640
Administrative	2,830	542	1,976	2,518
Payment to Contractors	434,200	-	-	-
Right -of- Way and Easements	4,566	4,566	-	4,566
Contingency	21,700	-	3,700	3,700
Water System Power Generators:				
Professional Services	116,700	69,500	-	69,500
Administrative	28,000	16	-	16
Payment to Contractors	973,000	-	-	-
Contingency	82,300	-	-	-
Total Expenditures	<u>8,232,053</u>	<u>558,264</u>	<u>109,548</u>	<u>667,812</u>
Revenues (Under) Expenditures	<u>(8,232,053)</u>	<u>(554,698)</u>	<u>(109,548)</u>	<u>(664,246)</u>
Other Financing Sources:				
Transfers From Other Funds:				
Water and Sewer Fund	358,000	200,000	70,000	270,000
Proceeds of State Water Loan	5,331,881	-	-	-
Proceeds of State Sewer Loan	<u>2,542,172</u>	<u>-</u>	<u>257,248</u>	<u>257,248</u>
Total Other Financing Sources	<u>8,232,053</u>	<u>200,000</u>	<u>327,248</u>	<u>527,248</u>
Revenues and Other Financing Sources	<u>\$ -</u>	<u>\$ (354,698)</u>	<u>\$ 217,700</u>	<u>\$ (136,998)</u>
Over (Under) Expenditures				

Capital Assets Used in the Operation  
of Governmental Funds

**CITY OF ASHEBORO  
NORTH CAROLINA**

**Capital Assets Used in the Operation of  
Governmental Funds**

**CITY OF ASHEBORO, NORTH CAROLINA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**

Exhibit E-1

**COMPARATIVE SCHEDULES BY SOURCE**  
**JUNE 30, 2004**

	<u>2004</u>	<u>2003</u>
Governmental Funds Capital Assets:		
Land	\$ 3,025,982	\$ 2,950,115
Land Improvements	7,954,003	7,914,898
Buildings	9,804,939	9,844,044
Street Construction	11,682,803	11,649,578
Equipment	3,965,090	3,993,279
Vehicles	7,209,734	6,910,974
Construction in Progress	<u>1,226,395</u>	<u>114,612</u>
 Total Capital Assets	 <u>\$ 44,868,946</u>	 <u>\$ 43,377,500</u>
 Investment in Governmental Funds Capital Assets - by Source:		
General Fund	\$ 18,324,291	\$ 17,944,628
Special Revenue Funds	64,211	64,211
Capital Projects Funds	17,603,474	16,491,691
Donations	<u>8,876,970</u>	<u>8,876,970</u>
	 <u>\$ 44,868,946</u>	 <u>\$ 43,377,500</u>

**CITY OF ASHEBORO, NORTH CAROLINA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**

Exhibit E-2  
 (Page 1)

**SCHEDULE BY FUNCTION AND ACTIVITY**  
**JUNE 30, 2004**

Function and Activity	Land	Land Improvements	Buildings	Street Construction
<b>General Government:</b>				
Governing Body	\$ -	\$ -	\$ -	\$ -
Administration	-	-	-	-
Personnel and City Clerk	-	-	-	-
Finance	-	-	-	-
Human Resources	13,908	-	41,725	-
Legal Services	-	-	-	-
Planning and Zoning	-	-	-	-
Public Buildings	188,965	45,405	685,142	-
Information Technology	-	-	-	-
City Shop	67,274	-	-	-
<b>Total General Government</b>	<b>270,147</b>	<b>45,405</b>	<b>726,867</b>	<b>-</b>
<b>Public Safety:</b>				
Police	116,129	11,676	633,098	-
Fire	68,250	10,933	452,951	-
Inspections	-	-	-	-
<b>Total Public Safety</b>	<b>184,379</b>	<b>22,609</b>	<b>1,086,049</b>	<b>-</b>
<b>Transportation:</b>				
Public Works	273,697	-	2,644,245	-
Streets	222,001	39,105	-	11,682,803
City Engineer	-	-	-	-
Airport	777,577	6,472,892	494,772	-
<b>Total Transportation</b>	<b>1,273,275</b>	<b>6,511,997</b>	<b>3,139,017</b>	<b>11,682,803</b>
<b>Environmental Protection:</b>				
Sanitation	21,152	-	699,940	-
<b>Cultural and Recreational:</b>				
Parks, Lakes and Playgrounds	877,579	994,801	1,716,220	-
Municipal Golf Course	28,015	111,898	67,418	-
Grounds Maintenance	84,724	62,918	136,934	-
<b>Total Cultural and Recreational</b>	<b>990,318</b>	<b>1,169,617</b>	<b>1,920,572</b>	<b>-</b>
<b>Economic and Physical Development:</b>				
Community Promotion	286,711	204,375	2,232,494	-
<b>Construction in Progress</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Governmental Funds Capital Assets</b>	<b>\$ 3,025,982</b>	<b>\$ 7,954,003</b>	<b>\$ 9,804,939</b>	<b>\$ 11,682,803</b>

**CITY OF ASHEBORO, NORTH CAROLINA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**

Exhibit E-2  
 (Page 2)

**SCHEDULE BY FUNCTION AND ACTIVITY**  
**JUNE 30, 2004**

Function and Activity	Equipment	Vehicles	Construction In Progress	Total
General Government:				
Governing Body	\$ -	\$ -	\$ -	\$ -
Administration	3,756	-	-	3,756
Personnel and City Clerk	7,048	-	-	7,048
Finance	55,336	-	-	55,336
Human Resources	49,732	8,975	-	114,340
Legal Services	2,849	-	-	2,849
Planning and Zoning	69,176	9,737	-	78,913
Public Buildings	33,655	-	-	953,167
Information Technology	66,872	-	-	66,872
City Shop	317,079	215,793	-	600,146
Total General Government	<u>605,503</u>	<u>234,505</u>	<u>-</u>	<u>1,882,427</u>
Public Safety:				
Police	468,667	1,589,732	-	2,819,302
Fire	215,709	1,180,404	-	1,928,247
Inspections	5,844	33,015	-	38,859
Total Public Safety	<u>690,220</u>	<u>2,803,151</u>	<u>-</u>	<u>4,786,408</u>
Transportation:				
Public Works	225,476	104,084	-	3,247,502
Streets	763,495	1,199,554	-	13,906,958
City Engineer	78,036	42,141	-	120,177
Airport	127,048	27,000	-	7,899,289
Total Transportation	<u>1,194,055</u>	<u>1,372,779</u>	<u>-</u>	<u>25,173,926</u>
Environmental Protection:				
Sanitation	711,772	2,325,132	-	3,757,996
Cultural and Recreational:				
Parks, Lakes and Playgrounds	112,839	58,505	-	3,759,944
Municipal Golf Course	59,644	-	-	266,975
Grounds Maintenance	572,413	415,662	-	1,272,651
Total Cultural and Recreational	<u>744,896</u>	<u>474,167</u>	<u>-</u>	<u>5,299,570</u>
Economic and Physical Development:				
Community Promotion	18,644	-	-	2,742,224
Construction in Progress	<u>-</u>	<u>-</u>	<u>1,226,395</u>	<u>1,226,395</u>
Total Governmental Funds Capital Assets	<u>\$ 3,965,090</u>	<u>\$ 7,209,734</u>	<u>\$ 1,226,395</u>	<u>\$ 44,868,946</u>

**CITY OF ASHEBORO, NORTH CAROLINA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**

Exhibit E-3

**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**  
**FOR THE YEAR ENDED JUNE 30, 2004**

<u>Function and Activity</u>	Governmental Fund Capital Assets June 30, 2003	Additions	Retirements	Governmental Fund Capital Assets June 30, 2004
<b>General Government:</b>				
Governing Body	\$ -	\$ -	\$ -	\$ -
Administration	3,756	-	-	3,756
Personnel and City Clerk	7,048	-	-	7,048
Finance	62,877	-	7,541	55,336
Human Resources	105,472	8,868	-	114,340
Legal Services	2,849	-	-	2,849
Planning and Zoning	92,419	9,737	23,243	78,913
Public Buildings	902,318	73,985	23,136	953,167
Information Technology	55,362	13,010	1,500	66,872
City Shop	584,616	15,530	-	600,146
Total General Government	<u>1,816,717</u>	<u>121,130</u>	<u>55,420</u>	<u>1,882,427</u>
<b>Public Safety:</b>				
Police	2,753,755	160,759	95,212	2,819,302
Fire	1,935,209	36,971	43,933	1,928,247
Inspections	34,073	14,523	9,737	38,859
Total Public Safety	<u>4,723,037</u>	<u>212,253</u>	<u>148,882</u>	<u>4,786,408</u>
<b>Transportation:</b>				
Public Works	3,231,803	15,699	-	3,247,502
Streets	13,810,709	159,872	63,623	13,906,958
City Engineer	143,239	5,490	28,552	120,177
Airport	7,899,289	-	-	7,899,289
Total Transportation	<u>25,085,040</u>	<u>181,061</u>	<u>92,175</u>	<u>25,173,926</u>
<b>Environmental Protection:</b>				
Sanitation	3,588,180	169,816	-	3,757,996
<b>Cultural and Recreational:</b>				
Parks, Lakes and Playgrounds	3,724,815	42,694	7,565	3,759,944
Municipal Golf Course	293,352	42,600	68,977	266,975
Grounds Maintenance	1,243,854	50,643	21,846	1,272,651
Total Cultural and Recreational	<u>5,262,021</u>	<u>135,937</u>	<u>98,388</u>	<u>5,299,570</u>
<b>Economic and Physical Development:</b>				
Community Promotion	2,787,893	-	45,669	2,742,224
Construction in Progress	114,612	1,111,783	-	1,226,395
Total Governmental Fund Capital Assets	<u>\$ 43,377,500</u>	<u>\$ 1,931,980</u>	<u>\$ 440,534</u>	<u>\$ 44,868,946</u>

Other Supplemental  
Information

**CITY OF ASHEBORO  
NORTH CAROLINA**

**Other Supplemental Information**

**The following supplemental schedules are provided to enhance the financial statement user's understanding of municipal finance by providing additional detail of ad valorem taxes levied, collected and receivable at year end.**

**CITY OF ASHEBORO, NORTH CAROLINA**

Exhibit F-1

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**FOR THE YEAR ENDED JUNE 30, 2004**

<u>Fiscal Year</u>	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Balance June 30, 2004</u>
2003-2004	\$ -	\$ 8,872,487	\$ 8,663,230	\$ 209,257
2002-2003	186,892		40,353	146,539
2001-2002	115,666		108,830	6,836
2000-2001	6,237		1,656	4,581
1999-2000	4,016		1,007	3,009
1998-1999	8,005		1,038	6,967
1997-1998	3,700		602	3,098
1996-1997	4,044		574	3,470
1995-1996	2,283		520	1,763
1994-1995	3,272		514	2,758
1993-1994	4,487		4,487	-
	<u>\$ 338,602</u>	<u>\$ 8,872,487</u>	<u>\$ 8,822,811</u>	388,278
Less Allowance for Uncollectible Ad Valorem Taxes Receivable				<u>(154,000)</u>
Ad Valorem Taxes Receivable - Net				<u>\$ 234,278</u>
Reconciliation with Revenues:				
Ad Valorem Taxes Collected - General Fund			\$ 8,763,385	
Discounts Allowed			82,821	
Releases and Adjustments			8,489	
Taxes Written Off			4,478	
Interest Collected			<u>(36,362)</u>	
Total Collections and Credits			<u>\$ 8,822,811</u>	

**ANALYSIS OF CURRENT TAX LEVY**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	City-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property Taxed at Current Year's Rate	\$ 1,689,087,622	.50	\$ 8,445,438	\$ 7,895,902	\$ 549,536
Motor Vehicles Taxed at Prior Year's Rate	51,020,024	.50	255,100		255,100
Penalties			13,252	13,252	
<b>Total</b>	<b>1,740,107,646</b>		<b>8,713,790</b>	<b>7,909,154</b>	<b>804,636</b>
Discoveries:					
Current Year Taxes	44,335,050	.50	221,675	221,675	
Penalties			3,557	3,557	
	<b>44,335,050</b>		<b>225,232</b>	<b>225,232</b>	
Abatements	<b>(2,650,330)</b>		<b>(66,535)</b>	<b>(35,330)</b>	<b>(31,205)</b>
<b>Total Valuation</b>	<b>\$ 1,781,792,366</b>				
Net Levy			8,872,487	8,099,056	773,431
Uncollected Taxes at June 30, 2004			(209,257)	(110,774)	(98,483)
Current Year's Taxes Collected			<b>\$ 8,663,230</b>	<b>\$ 7,988,282</b>	<b>\$ 674,948</b>
Current Levy Collection Percentage			<b>97.64%</b>	<b>98.63%</b>	<b>87.27%</b>

## STATISTICAL SECTION

## CITY OF ASHEBORO, NORTH CAROLINA

Table 1

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	General Governmental	Public Safety	Transportation	Environmental Protection	Cultural and Recreational	Economic and Physical Development	Capital Outlay	Debt Service	Total
1995	\$ 1,137,714	\$ 4,021,816	\$ 1,749,765	\$ 1,281,503	\$ 1,465,664	\$ 169,979	\$ 1,148,801	\$ 435,125	\$ 11,410,367
1996	1,289,696	4,077,383	1,770,184	1,138,859	1,481,237	230,853	852,678	495,797	11,336,687
1997	1,268,377	4,189,887	1,967,423	994,268	1,494,665	387,271	1,426,075	584,070	12,312,036
1998	1,351,633	4,304,061	2,085,506	1,117,175	1,600,147	311,665	1,025,122	582,189	12,377,498
1999	1,867,726	5,712,940	2,118,030	1,621,689	1,639,441	209,475	1,003,543	664,362	14,837,206
2000	1,867,031	5,606,369	2,430,510	1,746,532	1,935,535	285,218	2,210,706	633,904	16,715,805
2001	2,137,131	5,755,573	2,403,789	1,621,421	1,762,759	213,682	2,765,735	591,013	17,251,103
2002	2,330,737	6,356,382	2,299,081	1,609,963	1,846,474	211,965	2,317,177	601,800	17,573,579
2003	2,073,076	6,281,573	1,902,843	2,061,310	1,833,031	104,075	406,987	617,687	15,280,582
2004	2,242,248	6,621,061	1,900,253	1,714,596	1,982,377	222,043	1,850,974	724,566	17,258,118

(1) Includes General, Special Revenue and Capital Project Funds.

## CITY OF ASHEBORO, NORTH CAROLINA

Table 2

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Ad Valorem Taxes	Other Taxes and Licenses	Unrestricted	Restricted	Permits and Fees	Sales and Services	Investment Earnings	Miscellaneous	Total
1995	\$ 5,267,932	\$ 1,649,655	\$ 1,848,205	\$ 630,214	\$ 194,806	\$ 585,730	\$ 136,461	\$ 153,543	\$ 10,466,546
1996	5,555,885	1,802,667	2,032,622	652,413	227,020	656,223	245,329	263,182	11,435,341
1997	5,961,995	1,881,426	2,101,355	1,697,232	249,342	643,026	307,152	132,622	12,974,150
1998	6,412,520	1,939,090	2,247,662	1,138,403	231,111	768,695	361,364	330,261	13,429,106
1999	6,604,305	2,509,540	2,445,554	972,389	281,085	856,462	375,180	146,369	14,190,884
2000	6,817,355	2,659,998	4,198,485	754,242	295,357	938,743	363,308	295,048	16,322,536
2001	7,325,269	2,710,880	2,550,221	1,519,808	288,158	961,224	348,902	410,071	16,114,533
2002	7,778,688	2,860,647	1,430,274	1,249,428	241,623	975,082	119,527	973,842	15,629,111
2003	8,681,837	254,361	4,564,881	1,341,939	288,088	989,053	60,688	182,714	16,363,561
2004	8,763,385	265,461	5,380,871	1,523,541	306,411	1,221,479	65,066	191,931	17,718,145

(1) Includes General, Special Revenue and Capital Project Funds.

## CITY OF ASHEBORO, NORTH CAROLINA

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Total Tax Levy	Current Tax Collections	Percentage of Current Tax Collected	Collections Prior Year Taxes	Total Tax Collections	Ratio of Total Collections to Total Tax Levy	Outstanding Delinquent Taxes (Net)	Ratio of Total Delinquent Taxes to Total Tax Levy
1995	\$ 5,300,683	\$ 5,176,822	97.66%	\$ 135,457	\$ 5,312,279	100.22%	\$ 301,361	5.69%
1996	5,556,010	5,448,548	98.07%	157,960	5,606,508	100.91%	250,863	4.52%
1997	5,994,587	5,884,153	98.16%	127,633	6,011,786	100.29%	233,664	3.90%
1998	6,478,482	6,348,526	97.99%	124,648	6,473,174	99.92%	238,972	3.69%
1999	6,648,400	6,520,459	98.08%	129,927	6,650,386	100.03%	236,986	3.56%
2000	6,879,493	6,746,983	98.07%	110,833	6,857,816	99.68%	258,663	3.76%
2001	7,379,242	7,229,680	97.97%	128,273	7,357,953	99.71%	279,952	3.79%
2002	7,812,058	7,686,547	98.39%	142,863	7,829,410	100.22%	262,599	3.36%
2003	8,823,016	8,636,124	97.88%	110,889	8,747,013	99.14%	338,602	3.84%
2004	8,872,487	8,663,230	97.64%	159,581	8,822,811	99.44%	388,278	4.38%

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Ratio of Assessed Value to Estimated Actual Value (1)		Real Property	Personal Property	Public Service Companies	Total Assessed Value
	Real Property	Personal Property and Public Service Companies				
1995	92.67%	100%	647,941,053	347,392,600	24,208,334	1,019,541,987
1996	90.00%	100%	662,677,108	379,273,980	26,512,308	1,068,463,396
1997	85.43%	100%	676,537,296	446,619,933	29,647,948	1,152,805,177
1998	80.60%	100%	686,981,279	522,940,227	25,657,458	1,235,578,964
1999	75.38%	100%	726,581,712	521,655,796	27,194,800	1,275,432,308
2000	71.51%	100%	751,862,860	532,264,052	35,585,090	1,319,712,002
2001	63.91%	100%	788,956,944	594,480,558	26,023,399	1,409,460,901
2002 (2)	98.00%	100%	1,126,304,848	563,247,314	35,674,463	1,725,226,625
2003	92.00%	100%	1,144,589,219	582,672,043	39,467,656	1,766,728,918
2004	94.00%	100%	1,211,422,247	531,607,638	38,762,481	1,781,792,366

(1) The annual decline the ratio of assessed value to estimated value of real estate results from the failure to recognize appreciating real estate values in years between octennial revaluations. Personal property is revalued annually by the Randolph County Tax Supervisor's office. Annual assessed values of Personal Service Corporation assets approximate actual value.

(2) Increase due to octennial property revaluation.

## CITY OF ASHEBORO, NORTH CAROLINA

PROPERTY TAX RATES PER \$100 ASSESSED VALUATION -  
DIRECT AND OVERLAPPING ENTITIES  
LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30</u>	<u>City of Asheboro</u>	<u>Randolph County</u>	<u>Asheboro School District</u>
1995	0.52	0.465	0.145
1996	0.52	0.465	0.145
1997	0.52	0.465	0.145
1998	0.52	0.465	0.145
1999	0.52	0.465	0.145
2000	0.52	0.5125	0.145
2001	0.52	0.5125	0.145
2002 (1)	0.45	0.48	0.1385
2003	0.50	0.48	0.1385
2004	0.50	0.48	0.1385

(1) Tax rates were decreased to offset the effect of property values increased by the octennial revaluation.

CITY OF ASHEBORO, NORTH CAROLINA  
 PROPERTY TAX LEVIES - DIRECT AND OVERLAPPING ENTITIES  
 LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	City of Asheboro	Randolph County	Asheboro School District
1995	\$ 5,300,683	\$ 21,471,733	\$ 1,656,586
1996	5,556,010	22,665,732	1,707,272
1997	5,994,587	24,362,674	1,824,050
1998	6,478,482	25,664,442	1,882,350
1999	6,648,400	26,382,094	1,958,154
2000	6,879,493	30,226,296	2,024,649
2001	7,379,242	31,570,635	2,088,948
2002	7,812,058	39,302,404	2,598,549
2003	8,823,016	40,079,649	2,614,133
2004	8,872,487	42,114,342	2,609,296

CITY OF ASHEBORO, NORTH CAROLINA  
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS  
LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30</u>	<u>Special Assessments Collected</u>
1995	-
1996	-
1997	-
1998	-
1999	-
2000	-
2001	-
2002	-
2003	-
2004	-

The City's last special assessment was in 1982.

## CITY OF ASHEBORO, NORTH CAROLINA

## COMPUTATION OF LEGAL DEBT MARGIN

JUNE 30, 2004

Assessed Value of Taxable Property	\$ 1,781,792,366
Debt Limit - 8 Percent of Assessed Value	X <u>0.08</u>
	<u>\$ 142,543,389</u>
Gross Debt:	
Total Bonded Debt	\$ 10,215,326
Authorized and Unissued Bonds	550,000
Installment Purchase Agreements	<u>2,362,125</u>
Gross Debt	<u>13,127,451</u>
Less Water and Sewer Bonds	<u>9,240,326</u>
Total Amount of Debt Applicable to Debt Limit (Net Debt)	<u>3,887,125</u>
Legal Debt Margin	<u>\$ 138,656,264</u>

## CITY OF ASHEBORO, NORTH CAROLINA

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND PER CAPITA  
LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30</u>	<u>Population (1)</u>	<u>Assessed Value (2)</u>	<u>Bonded Debt</u>	<u>Ratio of Bonded Debt to Assessed Value</u>	<u>Bonded Debt Per Capita</u>
1995	18,226	\$ 1,019,541,987	\$ 315,000	0.03%	17
1996	17,971	\$ 1,068,463,396	\$ 1,765,000	0.17%	98
1997	18,832	\$ 1,152,805,177	\$ 1,665,000	0.14%	88
1998	18,935	\$ 1,235,578,964	\$ 1,565,000	0.13%	83
1999	19,145	\$ 1,275,432,308	\$ 1,465,000	0.11%	77
2000	19,554	\$ 1,319,712,002	\$ 1,365,000	0.10%	70
2001	21,672	\$ 1,409,460,901	\$ 1,265,000	0.09%	58
2002	21,787	\$ 1,725,226,625	\$ 1,175,000	0.07%	54
2003	21,969	\$ 1,766,728,918	\$ 1,075,000	0.06%	49
2004	22,709	\$ 1,781,792,366	\$ 975,000	0.05%	43

## Sources:

(1) U.S. Bureau of the Census, N.C. Office of Management and Budget, Piedmont Triad Council of Governments, State Demographer.

(2) From Table 4

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT  
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Principal	Interest and Fees (1)	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures (2)
1995	\$ 50,000	\$ 25,524	\$ 75,524	\$ 11,410,367	0.66%
1996	50,000	19,795	69,795	11,336,687	0.62%
1997	100,000	93,808	193,808	12,312,036	1.57%
1998	100,000	88,107	188,107	12,377,498	1.52%
1999	100,000	82,407	182,407	14,837,206	1.23%
2000	100,000	76,707	176,707	16,715,805	1.06%
2001	100,000	71,008	171,008	17,251,103	0.99%
2002	90,000	65,308	155,308	17,573,579	0.88%
2003	100,000	60,538	160,538	15,280,602	1.05%
2004	100,000	55,438	155,438	17,258,038	0.90%

(1) Includes fees paid to bond paying agents; does not include bond issuance costs.

(2) Includes General, Special Revenue, and Capital Project Funds.

## CITY OF ASHEBORO, NORTH CAROLINA

COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
JUNE 30, 2004

	<u>City of Asheboro</u>	<u>Randolph County</u>	<u>Total</u>
Gross Long-Term Bonded Debt	\$ 10,215,326	\$ 12,805,000	\$ 23,020,326
Deductions from Gross Long-Term Bonded Debt: Enterprise Long-Term Bonded Debt Directly Supported by Operating Revenues	<u>9,240,326</u>	<u>-</u>	<u>9,240,326</u>
Net Long-Term Bonded Debt Supported by Taxes or Other General Government Revenues	<u>\$ 975,000</u>	<u>\$ 12,805,000</u>	<u>\$ 13,780,000</u>
Percent of Net Overlapping Debt Applicable to City Based on Assessed Valuation	100.00%	21.15% (1)	
City Overlapping Net Long-Term Bonded Debt Supported by Taxes or Other General Government Revenues	<u>\$ 975,000</u>	<u>\$ 2,708,072</u>	<u>\$ 3,683,072</u>
Long-Term Bonded Debt Per Capita (2):			
Gross	<u>\$ 450</u>	<u>\$ 564</u>	<u>\$ 1,014</u>
Net Overlapping Debt	<u>\$ 43</u>	<u>\$ 119</u>	<u>\$ 162</u>

(1) Ratio of City valuation to County valuation

(2) All based on City population of 22,709

## CITY OF ASHEBORO, NORTH CAROLINA

DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Population (1)	Per Capita Income (2)	Median Age (3)	Public School Enrollment (4)	Average Unemployment Rate (5)
1995	18,226	\$ 19,685	36.6	3,797	3.00%
1996	17,971	20,417	36.6	3,970	3.50%
1997	18,532	21,075	36.6	4,018	2.70%
1998	18,935	21,821	36.6	4,148	2.80%
1999	19,145	22,606	36.6	4,209	2.90%
2000	19,554	23,548	36.6	4,174	3.10%
2001	21,672	25,490	34.0	4,234	4.75%
2002	21,787	27,852	34.0	4,388	4.80%
2003	21,969	32,960	34.0	4,548	5.20%
2004	22,709	33,490	34.0	4,568	3.78%

(1) Source: North Carolina Department of Revenue

(2) Source: U.S. Department of Commerce, Bureau of Economic Analysis

(3) Source: U.S. Bureau of Census

(4) Source: Asheboro City School Board

(5) Source: North Carolina Employment Security Commission, Randolph County Labor Force Statistics

## CITY OF ASHEBORO, NORTH CAROLINA

PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Real Property Value (1)			Construction (2)		Deposits (3)	
	Commercial	Residential	Total	Number Of Units	Value	Commercial Banks	Savings & Loan
1995	\$ 240,570,480	\$ 407,370,573	\$ 647,941,053	70	\$ 14,616,823	\$ 598,638,000	-
1996	247,258,216	415,418,892	662,677,108	90	10,105,780	626,382,000	-
1997	261,376,657	415,160,639	676,537,296	102	23,110,861	655,856,000	-
1998	272,567,269	414,414,010	686,981,279	85	9,588,568	683,867,000	-
1999	295,813,194	430,768,518	726,581,712	144	20,536,117	713,579,000	-
2000	312,960,354	438,902,506	751,862,860	122	23,722,599	744,453,000	-
2001	528,744,753	260,212,191	788,956,944	145	19,521,248	768,040,000	-
2002	456,364,524	669,940,324	1,126,304,848	108	13,115,199	790,713,000	-
2003	452,338,013	692,251,206	1,144,589,219	139	17,626,705	752,655,000	-
2004	493,373,236	718,049,011	1,211,422,247	139	19,397,696	319,255,347	-

(1) Source: Randolph County Tax Department. Property values are estimated based on beginning tax levy.

(2) Source: Inspections Department.

(3) Source: North Carolina Office of the Commissioner of Banks, Market Share Report as of 6/30/04.

## CITY OF ASHEBORO, NORTH CAROLINA

PRINCIPAL TAXPAYERS  
JUNE 30, 2004

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Eveready Battery Co.	Manufacturing - Batteries	\$ 119,275,490	6.69%
Goodyear Tire & Rubber Co.	Manufacturing - Steel Cord for Tires	31,093,774	1.75%
Klaussner Furniture Industries	Manufacturing - Furniture	29,273,063	1.64%
Unilever - Best Foods	Food Packaging	24,495,880	1.37%
Technimark, Inc.	Manufacturing Plastic Injection Molding	24,386,530	1.37%
Oliver Rubber Co.	Manufacturing - Tires	18,834,324	1.06%
Centerpoint Plaza	Commercial Real Estate	18,831,120	1.06%
Central Telephone	Telecommunications	18,144,487	1.02%
Tiepet, Inc.	Manufacturing - Polyester Yarn	16,384,655	0.92%
JG Randolph LLC	Commercial Real Estate	14,915,120	0.84%
		<u>\$ 315,634,443</u>	<u>17.71%</u>

Source: Tax scroll provided by Randolph County Tax Department

CITY OF ASHEBORO, NORTH CAROLINA

Table 14  
(Page 1 of 5)

MISCELLANEOUS STATISTICS  
JUNE 30, 2004

Date of Incorporation	December 25, 1796
Form of Government	Mayor/Council/Manager
Population:	
2001 Census	22,709
By Gender:	
Male	48.90%
Female	51.10%
By Race:	
White	76.50%
Black	12.10%
Other	11.40%
By Age:	
0-19	5,783
20-64	12,733
65+	3,271
Average Household Size	2.4 Persons
Number of Households	8,756
Housing:	
2001 Census:	
Owner-Occupied Units	4,738
Renter-Occupied Units	4,020
Land Area	15.34 Square Miles
Debt Information:	
Bonded Debt Outstanding	\$ 10,215,326
Bonded Debt Per Capita	\$ 450
Bond Rating:	
Moody's	A2
Standard and Poor's	A+
NC Municipal Council	83
Tax Rate	\$.50 Per \$100 Valuation
Property Valuation, January 1, 2003:	
Real Estate	\$ 1,211,422,247
Personal Property	531,607,638
Public Service Companies	38,762,481
Total Valuation	<u>\$ 1,781,792,366</u>

CITY OF ASHEBORO, NORTH CAROLINA

Table 14  
(Page 2 of 5)

MISCELLANEOUS STATISTICS  
JUNE 30, 2004

Investment Earnings, General Fund:		
Amount	\$	59,784
Equivalent in Tax Rate, Cents		
Per \$100 Valuation	\$	0.003
Police Protection:		
Sworn Officers		67
Civilian Employees		5
Responses to Calls, 2004		20,028
Fire Protection:		
Fire Stations		2
Employees		46
Volunteer Firemen		2
Number of Responses to Emergency Calls, 2004		1,148
Streets:		
City Maintained: Miles Paved		90.14
City Maintained: Miles Unpaved		0.61
State Maintained: Miles		41.20
Water System Information:		
Number of Customers		12,123
Average Daily Consumption		4.87 MGD
Treatment Facility Capacity		12 MGD
Distribution (Pumping) Capacity		12 MGD
Storage Capacity Gallons		6,660,000,000
Storage Capacity (in Days, at Average Consumption)		667 Days
Miles of Distribution Lines		201
Revenue Generated, for Year Ended June 30, 2004	\$	4,543,397
Rate for Use per 100 Cubic Feet	\$	1.79
Wastewater Treatment:		
Number of Customers		10,205
Average Daily Discharge Processed		5.50 MGD
Facility Capacity		9 MGD
Miles of Sewer Lines		193
Revenue Generated, for Year Ended June 30, 2004	\$	3,190,810
Rate for Use per 100 Cubic Feet	\$	1.79

CITY OF ASHEBORO, NORTH CAROLINA

Table 14  
(Page 3 of 5)

MISCELLANEOUS STATISTICS  
JUNE 30, 2004

Sanitation:

Household (2001) Census	9,515
Commercial Customers (Approximate)	353
Total Pickups per Year, Commercial and Residential (Approximate)	466,467
Tons of Refuse Collected per Year	19,101
Tons of Recyclables Collected per Year	1,057

Airport:

Number of Operations per Year (Approximate)	16,000
Aircraft Storage Capacity:	
Hangars	36
Tie-Down Spaces	15
Length of Runway	5,500 Feet
Total Area of Facility	453.71 Acres

Recreation:

Area of Parks, Lakes and Golf Courses	103,220 Acres
Area of Two City Owned Ballfields	28.6 Acres
Area of Two Additional Ballfields Maintained by City	16.6 Acres
Separate Programs Offered	65
Number of Participants in All Programs	51,851

Planning Department:

Zoning and Sign Permits Issued	414
Number of Responses to Code and Ordinance Violations	310
Rezoning Cases Considered	34
Special Use Permits Issued	8
Board of Adjustments	9

Community Development:

Rental Units Rehabilitated under Rental Rehabilitation Program	0
HOME Program Units	3
First Time Home Buyer	1

Inspection Department:

Permits Issued:	
Number	1,363
Amount	\$ 143,978
Privilege Licenses Issued:	
Number	1,417
Amount	\$ 244,561

CITY OF ASHEBORO, NORTH CAROLINA

Table 14  
(Page 4 of 5)

MISCELLANEOUS STATISTICS  
JUNE 30, 2004

City Employees:	
Full-time	292
Part-time	57
Annual Payroll (Wages Only)	\$ 10,318,156
Licenses Motor Vehicles Owned by the City	332
Transportation:	
Major Highways:	
U.S. Routes 220, 64, 311	
N.C. Routes 42, 49	
Rail Service	Norfolk and Southern Railway
Utilities:	
Electricity	Progress Energy Randolph Electric Membership Corp. Duke Power
Gas	Piedmont Natural Gas
Telephone	Sprint Randolph Telephone Membership Corp. Northstate Communications
Water and Sewer	City of Asheboro
Newspapers:	
Local	The Courier Tribune The Randolph Guide
Regional	Greensboro News and Record
Financial Institutions:	
Commercial Banks	8
Savings Banks	0
Credit Unions	2
Education:	
Asheboro City School System:	
Elementary Schools	5
Middle Schools	2
High Schools	1
Private Schools	2
Community Colleges	1

CITY OF ASHEBORO, NORTH CAROLINA

Table 14  
(Page 5 of 5)

MISCELLANEOUS STATISTICS  
JUNE 30, 2004

	<u>Units</u>
Motels:	
Comfort Inn	90
Days Inn	138
Econo-Lodge	48
Hampton Inn	110
Jamison Inn	40