

# **City of Asheboro North Carolina**

## **Comprehensive Annual Financial Report**



**Fiscal Year Ended June 30, 2006**

**CITY OF ASHEBORO,  
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2006**

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, 2006

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## INTRODUCTORY SECTION

# City of Asheboro

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

November 28, 2006

The Comprehensive Annual Financial Report of the City of Asheboro, North Carolina, for the fiscal year ending June 30, 2006, is submitted for your approval. This report summarizes the financial transactions of all of the City's funds into statements of financial position, results of operations and cash flows, providing relevant disclosures and supplementary schedules to enhance their usefulness to readers. Maxton C. McDowell, CPA, has audited these financial statements 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 City management. 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. 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: (1) Introductory, (2) Financial and (3) Statistical.

The ***Introductory Section*** portion consists of this transmittal letter, The Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2005, the City's organizational chart and a listing of the City's principal officials.

The ***Financial Section*** includes the independent auditors' report, the management's discussion and analysis (MD&A), the Basic Financial Statements composed of government-wide and fund financial statements, with supporting statements included and notes to the financial statements deemed necessary to present fairly the financial position of the City. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the Basic Financial Statements in the form of the MD&A. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Asheboro's MD&A can be found immediately following the report of the independent auditors.

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 that are controlled by or dependent upon the City.

## **CITY PROFILE:**

The City of Asheboro has a population of 22,957 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 Railways.

The City is empowered to levy a property tax on the appraised value of all real and certain categories of tangible personal property located in the City. The County is the only other unit levying such taxes within the City's corporate limits. The City is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City operates as a Council-Manager form of government. The Council is the policy-making and legislative body of City government and includes a Mayor and 7 Council members who are elected at large to represent the entire city and who serve staggered terms. The Mayor is the presiding officer of the Council and will vote only in the event of a tie. A Mayor Pro Tempore is selected by the Council from its members.

The City Manager is appointed by the Council as Chief Executive Officer and is responsible for carrying out the policies and ordinances of the Council and administering the daily operations and programs of the City through appointed department directors and staff members.

The City of Asheboro provides a full range of services for its citizens: police and fire protection, refuse collection, an airport, recreational facilities and programs, street construction and maintenance and general administration 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. Although a related activity, the Asheboro Housing Authority does not meet the established criteria for inclusion in the reporting entity and, accordingly, is excluded from this report.

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

## **CITY PROFILE (concluded):**

own fund structure. The City of Asheboro has one enterprise fund, the Water and Sewer Fund.

The annual budget serves as the foundation for the City's financial planning and control. The North Carolina General Statutes require all governmental units to adopt a balanced budget by July 1 of each year for all funds for which an annual budget is required. 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 that 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. The City Manager may make transfers of appropriations between line items within a department. Only the Council can approve amendments affecting the total appropriation per department or on the project level. The North Carolina General Statutes require an encumbrance system and a finance officer certification that funds are available prior to the placement of all purchase orders and contracts. Encumbrance accounting 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.

## **ECONOMIC CONDITION AND OUTLOOK**

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 3.3%, which is below the state average of 4.7%.

Growth, as measured by tax valuation, increased 1.66%. The last countywide revaluation was in 2002. The local economy remains steady. Local retail sales have grown and home sales have been consistent. In the fiscal year ending June 30, 2006, 112 commercial permits were issued for new property construction amounting to \$13,302,550. New residential housing permits issued were 166 for a total value of \$14,704,800 for the period ending June 30, 2006. For the calendar year ending December 31, 2005, total valuation for building permits was \$30,355,109 in comparison to \$23,683,470 issued in 2004. Additionally, in the same period, commercial activity increased a small sum from \$14,662,248 in 2004 to \$15,477,166 in 2005.

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

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

retaining new business ventures.

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.

## **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 2,791.3 acres with an approximate value of \$209,104,151. 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.

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 connects 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 I-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,

## **MAJOR INITIATIVES (concluded)**

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. The replacements 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 complete for the sewer station #2; sewer pump station #1 and force main improvements with construction began in the 2004-2005 fiscal year.

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 Avenue and Salisbury Street interchanges. The refurbishment project of Sunset Avenue business district was completed early 2005. 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.

Improvements to the airport continue to be made. Projects completed include the extension of the runway to 5,500 feet in December 2000, the construction of the perimeter fencing completed in July 2001, and the paving and lighting of the parallel taxiway completed in October 2002. State and Federal funding has been allocated to pay 90% of the cost to widen the runway from 75' to 100' and to strengthen the runway, taxiways and a portion of the apron. These improvements were completed in 2005-2006 fiscal year.

## **CASH MANAGEMENT**

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held either by the City or its agent. All investments held by the City during the year and at June 30, 2006 are classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board.

Our cash management policy of planning expenditures and scheduling investment maturities to match cash requirements were continued for 2006. Interest earned on General Fund investments as well as Water and Sewer Fund investments increased in the 2005-2006 fiscal period due to a rising interest rate environment and other favorable market conditions. 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 of \$875,000 was retired in 2005-2006 by the City issuing refunding general obligation bonds.

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 for governmental activities at June 30, 2005, was \$2,101,212 and for business type activities was \$8,033.

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 produced a savings of approximately \$582,000 for taxpayers. During the 2005-2006 fiscal year, the remaining balance of \$565,000 was retired.

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. The outstanding general obligation bonded indebtedness in the Water and Sewer Fund totaling \$8,213,439 at June 30, 2005 was retired in 2005-2006 by the City issuing refunding general obligation bonds and City debt service payments.

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. The City obtained a second loan of \$2,542,173 from the State Clean Water Revolving Loan Program for improvements to the City's wastewater collection system. The City has obtained a third loan in the amount of \$5,331,881 from the State Clean Water Revolving Loan Program for improvements to the City's water distribution system. As of June 30, 2006, \$7,482,160 remains outstanding on these notes.

In September 2005, the City issued refunding general obligation bonds in the amount of \$8,530,000 to retire \$875,000 of general obligation bonds serviced by the governmental funds issued to finance the construction of improvements to the City's library and \$7,300,000 of general obligation bonds issued to finance the construction of facilities utilized in the operation of the water and sewer system which were being retired by resources in the Water and Sewer Fund. The refunding will save the City of Asheboro in excess of \$366,000 over the life of the bonds.

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.

## **RISK MANAGEMENT (concluded)**

Settled claims from these risks have not exceeded commercial insurance coverage in recent history. In addition, various internal control techniques, including employee accident prevention sessions, have been implemented to minimize accident related losses and to safeguard assets.

## **PENSION AND OTHER POST EMPLOYMENT BENEFITS**

The City provides pension benefits for all permanent, full-time employees through the statewide Local Government Employees' Retirement System, a multiple-employer, cost-sharing, defined benefit pension plan, administered by the State of North Carolina. Covered employees are required by State statute to contribute 6% of their salary to the System. The City is required by State Statute to contribute the remaining amounts necessary to pay benefits when due, based on an actuarially determined contribution requirement. The City of Asheboro has no obligation in connection with employee benefits offered through this plan beyond its annual contractual payment to the State.

The General Statutes of North Carolina require the City to provide a special separation allowance for law enforcement officers. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis.

All law enforcement officers employed by the City participate in the State of North Carolina Supplemental Retirement Income Plan, a 401(k) defined contribution pension plan, administered by the State of North Carolina. The City is required to contribute approximately 5% of each officer's salary to the plan. In addition, law enforcement officers may make voluntary contributions to the plan. The 401(k) plan is also open for voluntary contributions from other city employees.

The City of Asheboro also provides postretirement health benefits for qualifying retirees until age 65. As of the end of the current fiscal year, there were 43 retirees receiving these benefits, which are financed on a pay-as-you-go basis. GAAP does not require governments to report a liability in the financial statements in connection with an employers' obligation to provide these benefits.

Additional information on the City of Asheboro's pension arrangements can be found in the Notes to the financial statements.

## **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, 2005. 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,

A handwritten signature in black ink that reads "Deborah P. Juberg". The signature is written in a cursive style with a large, stylized initial "D".

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, 2005

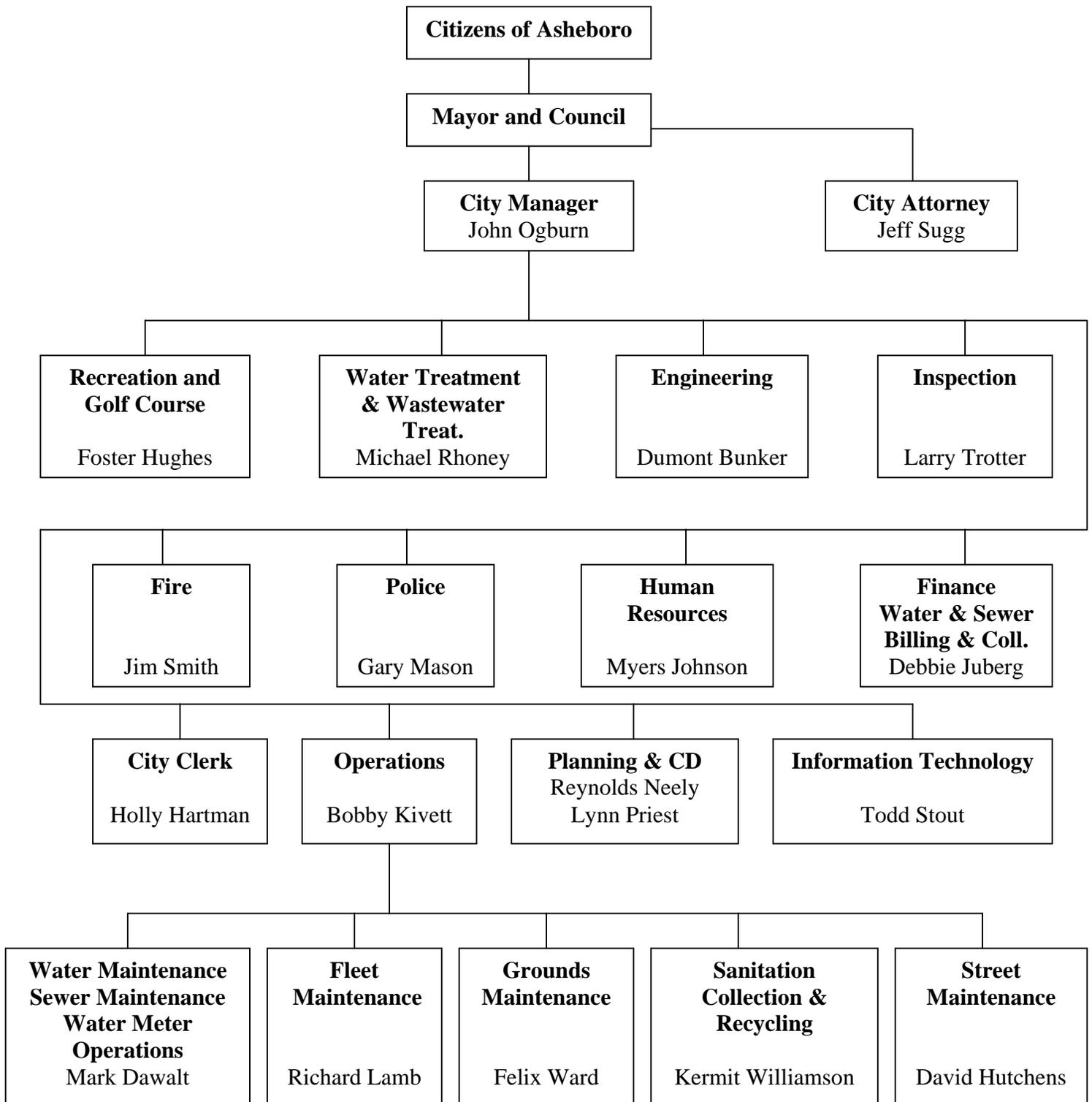
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

**CITY OF ASHEBORO  
DEPARTMENTAL ORGANIZATION CHART**



CITY OF ASHEBORO, NORTH CAROLINA

LIST OF PRINCIPAL OFFICERS

June 30, 2006

Title	Name
Mayor	David H. Jarrell
Mayor Pro Tem, Council Member	David Smith
Council Member	Talmadge Baker
Council Member	Linda Carter
Council Member	Nancy Hunter
Council Member	Keith Crisco
Council Member	Archie "Mack" Priest
Council Member	Walker Moffitt
City Manager	John Ogburn, III
City Attorney	Jeff Sugg
Airport Authority Chair	Steve Knight
Redevelopment Commission Chair	Linda Carter
Planning Board Chair	Van Rich
Board of Adjustment Chair	Frank Havens
Community Appearance Chair	Linda Carter
Solid Waste Management Committee Chair	Talmadge Baker
City Clerk	Holly Hartman
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	Richard Lamb
City Engineer	Dumont Bunker
Public Works Director	Robert H. Kivett
Street Department Head	David Hutchens
Sanitation Director	Kermit Williamson
Human Resources Director	Myers Johnson
Recreation Director	Foster Hughes
Golf Professional	Andy Nelson
Grounds Maintenance Director	Felix Ward
Water and Wastewater Treatment Director	Michael Rhoney
Water and Wastewater Distribution Maintenance and Construction Director	Mark Dawalt

## **FINANCIAL SECTION**



**MAXTON McDOWELL**

*Certified Public Accountant*

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

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Albemarle, North Carolina 28001  
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Fax: (704) 983-5109

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, 2006, 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 respective 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, 2006, and the respective changes in financial position and cash flows, where applicable, 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 October 17, 2006, 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 and schedules 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.



Maxtone McDowell  
Certified Public Accountant

October 17, 2006

## 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, 2006. 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

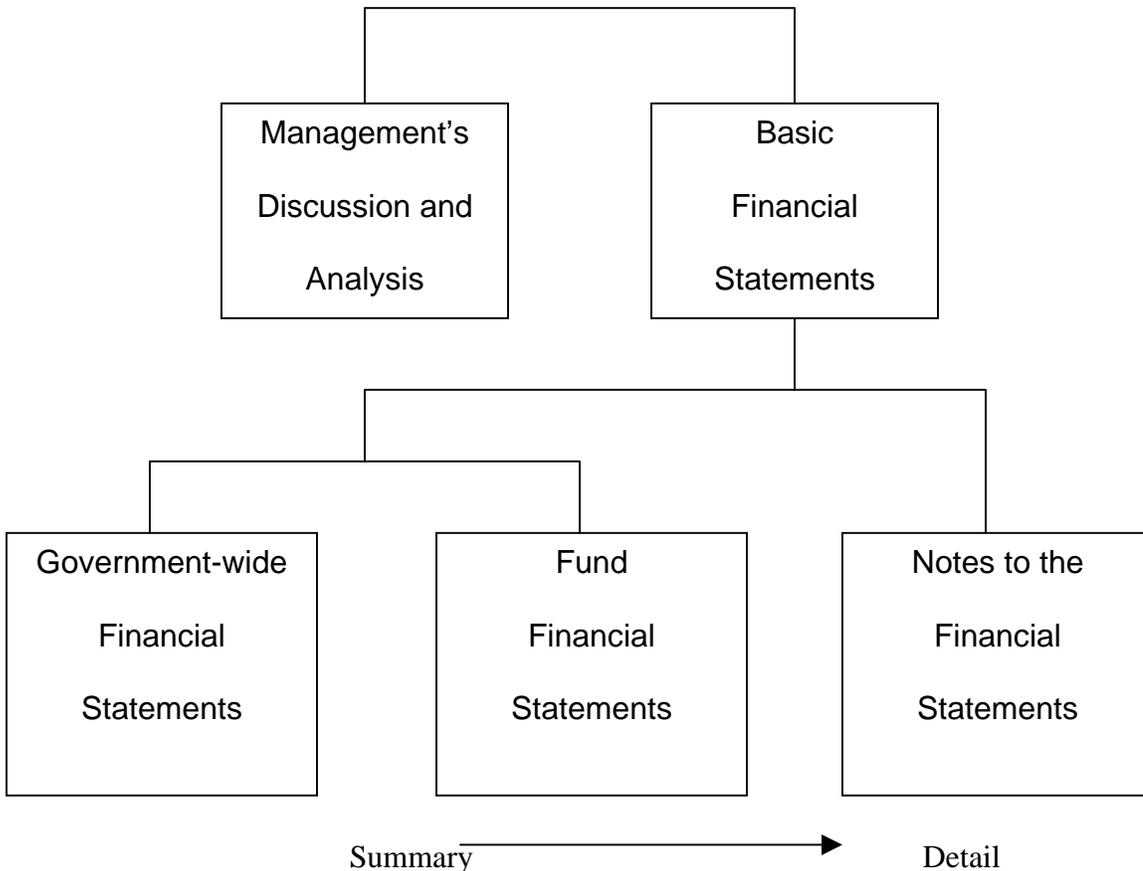
- The assets of the City of Asheboro exceeded its liabilities at the close of the fiscal year by \$70,375,512 (*net assets*).
- The government's total net assets increased by \$3,041,760, primarily due to increases in business-type activities net assets.
- As of the close of the current fiscal year, the City of Asheboro's governmental funds reported combined ending fund balances of \$9,553,559 an increase of \$465,566 in comparison with the prior year.
- The City of Asheboro's total debt increased by \$493,532 during the current fiscal year. The key factor in this increase was new debt in the amount of \$1,353,932 associated with improvements in the operations of the water and sewer system. The impact of this new debt obligation was dramatically softened by the retirement and refunding of general obligation debt originally incurred for primarily similar purpose.
- The City of Asheboro bond rating was reevaluated at the time of General Obligation refunding in September 2005. The City of Asheboro has 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 47 of this report.

## Government-Wide Financial Analysis

### The City of Asheboro’s Net Assets

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 12,439,397	\$ 11,206,611	\$ 11,237,741	\$ 9,876,590	\$ 23,677,138	\$ 21,083,201
Capital assets	24,565,088	24,423,989	45,165,504	43,303,754	69,730,587	67,727,743
Total assets	37,004,485	35,630,600	56,403,245	53,180,344	93,407,730	88,810,944
Long-term liabilities outstanding	4,700,125	4,309,944	14,872,155	14,613,932	19,572,280	18,923,876
Other liabilities	2,470,306	1,755,580	989,632	797,736	3,459,938	2,553,316
Total liabilities	7,170,431	6,065,524	15,861,787	15,411,668	23,032,218	21,477,192
Net assets:						
Invested in capital assets, net of related debt	21,596,547	21,766,060	30,544,401	28,950,351	52,140,948	50,716,411
Restricted	1,685,767	1,507,360			1,685,767	1,507,360
Unrestricted	6,551,740	6,291,656	9,997,057	8,818,325	16,548,797	15,109,981
Total net assets	\$ 29,834,054	\$ 29,565,076	\$ 40,541,458	\$ 37,768,676	\$ 70,375,512	\$ 67,333,752

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 \$70,375,512 as of June 30, 2006. The City’s net assets increased by \$3,041,760 for the fiscal year ended June 30, 2006. The largest portion of net assets, 74.09%, 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 2006 financial statements, the City of Asheboro's unrestricted net asset balance is \$16,548,797.

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

- Increase in investment revenue relating to a steady fund balance and market increases in rates of return paid.
- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.43%.
- Continued low cost of debt due to the City's high bond rating.
- Continued focus on saving as exemplified by pursuing a refunding of 1995 General Obligation debt that will save the City of Asheboro more than \$366,000 over the life of the loan.
- Tight management of total expenditures and operating transfers.

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

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 1,409,876	\$ 1,442,478	\$ 9,004,812	\$ 8,976,484	\$ 10,414,688	\$ 10,418,962
Operating grants & contributions	736,842	791,245	265,387	238,685	1,002,229	1,029,930
Capital grants & contributions	137,243	1,175,921	1,175,251	-	1,312,494	1,175,921
General revenues						-
Property taxes	10,014,896	9,783,783			10,014,896	9,783,783
Other taxes	5,964,699	5,822,733			5,964,699	5,822,733
Grants & contributions not restricted to specific programs	-	134,749		165,484	-	300,233
Other	547,215	396,617	510,215		1,057,430	396,617
<b>Total revenues</b>	<b>18,810,771</b>	<b>19,547,526</b>	<b>10,955,665</b>	<b>9,380,653</b>	<b>29,766,436</b>	<b>28,928,179</b>
<b>Expenses</b>						
General government	2,678,773	2,437,525			2,678,773	2,437,525
Public safety	8,197,256	7,690,500			8,197,256	7,690,500
Highways/streets	2,894,678	2,845,905			2,894,678	2,845,905
Sanitation	2,009,628	1,854,315			2,009,628	1,854,315
Economic development	2,050,456	2,220,540			2,050,456	2,220,540
Cultural and recreational	622,159	293,623			622,159	293,623
Interest on long-term debt	118,843	149,186			118,843	149,186
Water and sewer			8,152,883	7,617,349	8,152,883	7,617,349
<b>Total expenses</b>	<b>18,571,793</b>	<b>17,491,594</b>	<b>8,152,883</b>	<b>7,617,349</b>	<b>26,724,676</b>	<b>25,108,943</b>
Increase in net assets before transfers	238,978	2,055,932	2,802,782	1,763,304	3,041,760	3,819,236
Transfers	30,000	372,140	(30,000)	(372,140)	-	-
Increase in net assets	268,978	2,428,072	2,772,782	1,391,164	3,041,760	3,819,236
Net assets, July 1	29,565,076	27,137,004	37,768,676	36,377,512	67,333,752	63,514,516
Net assets, June 30	\$ 29,834,054	\$ 29,565,076	\$ 40,541,458	\$ 37,768,676	\$ 70,375,512	\$ 67,333,752

**Governmental activities.** Governmental activities increased the City's net assets by \$268,978, thereby accounting for 8.84% of the total growth in the net assets of the City of Asheboro. Key elements contributing to this increase are as follows:

- Consistent collection of ad valorem property tax revenue
- Increased sales tax revenue due to economic growth in the City.
- Hold Harmless funds received in the amount of \$188,389.
- Increase in investment earnings of \$80,482 or 59.73% due to rising interest rate environment.
- Sale of capital assets amounting to \$35,570.
- Total General Fund revenues and operating transfers amounted to \$20,507,035, an 11.59% increase over 2005 levels. Total general fund expenditures and operating transfers amounted to \$19,765,388, a 14.86% increase over 2005 levels. While expenditures increased at a larger pace than revenues, General Fund revenues and operating transfers exceeded General Fund expenditures and operating transfers by \$741,647.
- All other revenues remained steady.

**Business-type activities:** Business-type activities increased the City of Asheboro's net assets by \$2,772,782, accounting for 91.16% of the total growth in the government's net assets. Key elements of this increase are as follows:

- Capital Contributions of \$1,175,251 resulting primarily from ongoing improvements in the distribution system.
- Non-operating revenue increased 125.61% from a 2005 level of \$275,470 to a 2006 level of \$621,500. A majority of this increase is attributed to a 205.07% increase in interest earned on investments. The 2006 interest amounted to \$504,843 in comparison to the 2005 level of \$165,483. This increase can be attributed to the rising interest rate environment.
- Overall water and sewer revenues remained steady

## **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, the City of Asheboro's unreserved fund balance was \$3,697,156 and its total fund balance reached \$8,954,907. Of this total fund balance, \$3,340,262 was undesignated and thus available for spending.

As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance is equivalent to 47.99 percent of total General Fund expenditures. Additionally, the undesignated portion of the total fund balance is equivalent to 19.8 percent of total General Fund expenditures.

The non-major governmental fund balance increased to a combined level of \$598,652 as a result of reimbursement from other governmental units on our capital projects.

The governmental funds of City of Asheboro reported a combined total fund balance of \$9,553,559, a 5 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 2005-2006 was adopted at \$19,043,336 and represented an 11 percent increase over the audited FY 2004-2005 expenditures of \$17,107,761. The 2005-2006 budget was amended to \$19,396,091, an increase of \$325,755. The 2005-06 budget was amended to account for unexpected operational expenditures, the most significant of which was relating to the acquisition of real property, as well as increases in actual revenues in relation to originally estimated revenues. In spite of the unexpected operational costs experienced 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 \$735,841 under the amended budget, a savings of 3.79%.

## **Capital Asset and Debt Administration**

**Capital Assets.** The City of Asheboro's investment in capital assets, before depreciation, for its governmental and business-type activities as of June 30, 2006, totals \$121,529,857. 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:

- An increase in buildings of \$639,688, an increase in street construction of \$547,125, and a decrease in construction in progress for governmental activities of \$187,966 as a result of the completion of various stages of capital projects and the purchase of real property.
- An increase in the area of plant and distribution systems of \$4,459,807 and a decrease of \$1,406,904 in construction in progress for business-type activities resulting from completion of certain phases of the Water and Sewer System Improvement project.
- No major demolitions or disposals were recorded this year.

**City of Asheboro's Capital Assets**  
**Figure 4**

	Governmental Activities	Business-Type Activities	Total
	2006	2006	2006
Land	\$ 3,167,702	\$ 2,798,306	\$ 5,966,008
Buildings	10,672,216	31,009,014	41,681,230
Improvements other than buildings	8,071,560	78,560	8,150,120
Plant and distribution systems		33,496,908	33,496,908
Street construction	12,229,928		12,229,928
Equipment	4,091,975	2,421,716	6,513,691
Vehicles	7,430,140	1,796,421	9,226,561
Construction in progress	2,245,392	2,020,019	4,265,411
<b>Total</b>	<b>\$ 47,908,913</b>	<b>\$ 73,620,944</b>	<b>\$ 121,529,857</b>

Additional information on the City's capital assets can be found in Note A.4 in the notes to the financial statements.

**Long-term Debt.** As of June 30, 2006, the City of Asheboro had total bonded debt outstanding of \$7,994,243. 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	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	2006	2005	2006	2005	2006	2005
General obligation bonds	\$ 855,652	\$ 875,000	\$ 7,138,591	\$ 8,213,439	\$ 7,994,243	\$ 9,088,439
Revenue bonds					-	-
<b>Total</b>	<b>\$ 855,652</b>	<b>\$ 875,000</b>	<b>\$ 7,138,591</b>	<b>\$ 8,213,439</b>	<b>\$ 7,994,243</b>	<b>\$ 9,088,439</b>

The City of Asheboro's total outstanding long term debt increased by \$493,532 during the past fiscal year. This change is due to the combined effects of an increase in notes payable debt of \$1,353,932 associated with the current portion of a \$5,331,881 revolving loan commitment from the State Clean Water Revolving Loan Program, a net increase in installment purchase debt of \$233,796 relating to equipment needs and a decrease of \$1,094,196 in debt associated with the retirement of general obligation indebtedness.

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 \$135,850,656.

Additional information regarding the City of Asheboro's long-term debt can be found in Note B.6 in the notes to the financial statements.

## **Economic Factors**

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

- Low unemployment. The City of Asheboro unemployment rate of 3.3% is below the State average of 4.7%.
- Growth, as measured by tax valuation, increased 1.66%.
- Local retail sales have grown and home sales have been consistent.
- In the period of January 1, 2005 to December 31, 2005, total valuation for building permits issued was \$30,355,109 in comparison to \$23,683,470 issued for 2004.
- In the period of January 1, 2005 to December 31, 2005, Commercial activity rose a small sum from \$14,662,248 in 2004 to \$15,477,166 for 2005.

## **Budget Highlights for the Fiscal Year Ending June 30, 2007**

**Governmental Activities:** No tax increase was recommended for the General Fund for fiscal year ending June 30, 2007. Revenue is expected to increase due to property tax values and retail sales activity increases benefiting from the economic growth. A fund balance appropriation of \$356,894 has been included.

Budgeted expenditures in the General Fund are expected to rise to \$19,746,481. The largest increments are in employee compensation, including funding compensation and benefits adjustments. Other expenditures included are government matches to grant requests currently under review, capital outlay for equipment for public safety and transportation functions, and monies set aside for economic development.

**Business – type Activities:** Revenue from sale of water and sewer services is expected to increase slightly due to regular economic growth. It was recommended that there be an 8% increase to the consumption and base rate to all customers. Other water and sewer fund revenues combined are expected to remain constant with no allocation from Retained earnings. General operating expenses will increase to \$10,140,142 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, 2006

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 8,837,590	\$ 8,226,015	\$ 17,063,605
Receivables:			
Taxes Receivable - Net	242,656	-	242,656
Accounts Receivable	904,892	1,808,199	2,713,091
Due From Other Governments	1,779,646	784,903	2,564,549
Note Receivable	60,500	-	60,500
Internal Balances	213,664	(213,664)	-
Inventories	390,018	503,287	893,305
Deferred Charges	10,431	87,021	97,452
<b>Total Current Assets</b>	<b>12,439,397</b>	<b>11,195,761</b>	<b>23,635,158</b>
Restricted Assets:			
Cash and Cash Equivalents	-	41,980	41,980
Capital Assets:			
Land, and Construction in Progress	5,413,094	4,818,325	10,231,419
Other Capital Assets, Net of Depreciation	19,151,994	40,347,179	59,499,173
<b>Total Capital Assets</b>	<b>24,565,088</b>	<b>45,165,504</b>	<b>69,730,592</b>
<b>Total Assets</b>	<b>37,004,485</b>	<b>56,403,245</b>	<b>93,407,730</b>
<b>Liabilities:</b>			
Accounts Payable and Accrued Liabilities	2,184,482	558,456	2,742,938
Retainage Payable	-	114,683	114,683
Deposits	41,183	219,475	260,658
Unearned Revenues	242,258	11,135	253,393
Accrued Interest Payable	2,383	43,903	46,286
Payable From Restricted Assets	-	41,980	41,980
Long-Term Liabilities:			
Due Within One Year	990,156	1,665,943	2,656,099
Due in More Than One Year	3,709,969	13,206,212	16,916,181
<b>Total Liabilities</b>	<b>7,170,431</b>	<b>15,861,787</b>	<b>23,032,218</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	21,596,547	30,544,401	52,140,948
Restricted For:			
Transportation	1,685,767	-	1,685,767
Unrestricted	6,551,740	9,997,057	16,548,797
<b>Total Net Assets</b>	<b>\$ 29,834,054</b>	<b>\$ 40,541,458</b>	<b>\$ 70,375,512</b>

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

**CITY OF ASHEBORO, NORTH CAROLINA**

Exhibit 2

**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2006

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	\$ 2,678,773	\$ 48,857	\$ -	\$ -	\$ (2,629,916)	\$ -	\$ (2,629,916)
Public Safety	8,197,256	149,994	48,648	55,918	(7,942,696)	-	(7,942,696)
Transportation	2,894,678	25,897	687,555	16,325	(2,164,901)	-	(2,164,901)
Environmental Protection	2,009,628	775,153	-	-	(1,234,475)	-	(1,234,475)
Cultural and Recreational	2,050,456	409,975	-	-	(1,640,481)	-	(1,640,481)
Economic and Physical Development	622,159	-	639	65,000	(556,520)	-	(556,520)
Interest on Long-term Debt	118,843	-	-	-	(118,843)	-	(118,843)
<b>Total Governmental Activities</b>	<b>18,571,793</b>	<b>1,409,876</b>	<b>736,842</b>	<b>137,243</b>	<b>(16,287,832)</b>	<b>-</b>	<b>(16,287,832)</b>
<b>Business-Type Activities:</b>							
Water and Sewer	8,152,883	9,004,812	265,387	1,175,251	-	2,292,567	2,292,567
<b>Total Business-Type Activities</b>	<b>8,152,883</b>	<b>9,004,812</b>	<b>265,387</b>	<b>1,175,251</b>	<b>-</b>	<b>2,292,567</b>	<b>2,292,567</b>
<b>Total</b>	<b>\$ 26,724,676</b>	<b>\$ 10,414,688</b>	<b>\$ 1,002,229</b>	<b>\$ 1,312,494</b>	<b>(16,287,832)</b>	<b>2,292,567</b>	<b>(13,995,265)</b>
<b>General Revenues:</b>							
Taxes:							
Property taxes, levied for general purpose					10,014,896	-	10,014,896
Sales taxes					3,812,464	-	3,812,464
Franchise taxes					1,659,199	-	1,659,199
Other taxes and licenses					493,036	-	493,036
Unrestricted investment earnings					215,231	504,843	720,074
Miscellaneous revenues					331,984	5,372	337,356
Transfers					30,000	(30,000)	-
<b>Total General Revenues, Special Items, and Transfers</b>					<b>16,556,810</b>	<b>480,215</b>	<b>17,037,025</b>
<b>Change in Net Assets</b>					<b>268,978</b>	<b>2,772,782</b>	<b>3,041,760</b>
<b>Net Assets Beginning of Year</b>					<b>29,565,076</b>	<b>37,768,676</b>	<b>67,333,752</b>
<b>Net Assets End of Year</b>					<b>\$ 29,834,054</b>	<b>\$ 40,541,458</b>	<b>\$ 70,375,512</b>

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2006

	<u>Major Fund</u>	<u>Total Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>Funds</u>	<u>Governmental</u>
			<u>Funds</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 7,721,104	\$ 1,116,486	\$ 8,837,590
Receivables:			
Taxes Receivable - Net	242,656	-	242,656
Accounts Receivable	853,828	51,064	904,892
Due From Other Governments	1,654,296	125,350	1,779,646
Due From Other Funds	740,107	-	740,107
Note Receivable - Wainman Homes	60,500	-	60,500
Inventories	390,018	-	390,018
<b>Total Assets</b>	<b>\$ 11,662,509</b>	<b>\$ 1,292,900</b>	<b>\$ 12,955,409</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts Payable and Accrued Liabilities	\$ 2,054,741	\$ 129,741	\$ 2,184,482
Due to Other Funds	-	526,443	526,443
Deposits	41,183	-	41,183
Unearned Revenues	242,258	-	242,258
Deferred Revenues	369,420	38,064	407,484
<b>Total Liabilities</b>	<b>2,707,602</b>	<b>694,248</b>	<b>3,401,850</b>
<b>Fund Balances:</b>			
Reserved For:			
State Statute	3,181,966	138,350	3,320,316
Inventories	390,018	-	390,018
Streets - Powell Bill	1,685,767	-	1,685,767
Unreserved:			
Designated for Subsequent Year's Expenditures	356,894	-	356,894
Undesignated	3,340,262	-	3,340,262
Unreserved, Reported in Nonmajor:			
Designated for Capital Projects	-	178,839	178,839
Special Revenue Funds	-	281,463	281,463
<b>Total Fund Balances</b>	<b>8,954,907</b>	<b>598,652</b>	<b>9,553,559</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 11,662,509</b>	<b>\$ 1,292,900</b>	

**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, 2006

	<u>Major Fund</u>	<u>Total Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>Funds</u>	<u>Governmental</u>
			<u>Funds</u>
<b>Revenues:</b>			
Ad Valorem Taxes	\$ 9,976,478	\$ -	\$ 9,976,478
Other Taxes and Licenses	296,688	-	296,688
Intergovernmental Revenues:			
Unrestricted	5,678,638	-	5,678,638
Restricted	757,294	54,152	811,446
Permits and Fees	343,937	-	343,937
Sales and Services	1,255,606	-	1,255,606
Investment Earnings	215,231	-	215,231
Miscellaneous Revenue	341,244	73,150	414,394
<b>Total Revenues</b>	<u>18,865,116</u>	<u>127,302</u>	<u>18,992,418</u>
<b>Expenditures:</b>			
Current:			
General Government	2,621,114	-	2,621,114
Public Safety	7,963,598	47,424	8,011,022
Transportation	2,432,969	-	2,432,969
Environmental Protection	2,099,822	-	2,099,822
Cultural and Recreational	2,402,367	-	2,402,367
Economic and Physical Development	550,226	2,369	552,595
Debt Service	590,154	-	590,154
Capital Outlay	-	575,396	575,396
<b>Total Expenditures</b>	<u>18,660,250</u>	<u>625,189</u>	<u>19,285,439</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>204,866</u>	<u>(497,887)</u>	<u>(293,021)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers From Other Funds	-	221,806	221,806
Transfers to Other Funds	(191,806)	-	(191,806)
Payments to Refunding Escrow Agent	(913,332)	-	(913,332)
Refunding General Obligation Bonds Issued	912,997	-	912,997
Premium on Refunding Bonds	11,172	-	11,172
Sale of Assets	35,570	-	35,570
Lease Purchase Agreement Issued	682,180	-	682,180
<b>Total Other Financing Sources (Uses)</b>	<u>536,781</u>	<u>221,806</u>	<u>758,587</u>
<b>Net Change in Fund Balances</b>	<u>741,647</u>	<u>(276,081)</u>	<u>465,566</u>
<b>Fund Balance Beginning of Year, July 1</b>	<u>8,213,260</u>	<u>761,627</u>	<u>8,974,887</u>
<b>Fund Balance End of Year, June 30</b>	<u>\$ 8,954,907</u>	<u>\$ 598,652</u>	<u>\$ 9,553,559</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, 2006

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

Net changes in fund balances - total governmental funds \$ 465,566

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.

Capital outlay expenditures which were capitalized	\$ 2,090,504	
Depreciation expense for governmental assets	<u>(1,706,362)</u>	384,142

Cost of capital assets disposed of during the year, not recognized on the modified accrual basis. (243,043)

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	25,826
-----------------------------	--------

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. (237,943)

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

Compensated absences	(93,547)
Net pension obligation	(48,260)
Accrued interest payable	<u>16,237</u>

Total changes in net assets of governmental activities \$ 268,978

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**

For the Year Ended June 30, 2006

	General Fund			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 10,014,920	\$ 9,996,320	\$ 9,976,478	\$ (19,842)
Other Taxes and Licenses	250,000	268,600	296,688	28,088
Intergovernmental Revenues:				
Unrestricted	5,503,660	5,503,660	5,678,638	174,978
Restricted	963,751	964,606	757,294	(207,312)
Permits and Fees	266,700	266,700	343,937	77,237
Sales and Services	1,189,000	1,197,100	1,255,606	58,506
Investment Earnings	70,000	70,000	215,231	145,231
Miscellaneous Revenue	177,305	291,728	341,244	49,516
<b>Total Revenues</b>	<b>18,435,336</b>	<b>18,558,714</b>	<b>18,865,116</b>	<b>306,402</b>
<b>Expenditures:</b>				
Current:				
General Government	2,837,603	2,956,594	2,621,114	335,480
Public Safety	8,138,189	8,138,189	7,963,598	174,591
Transportation	2,438,971	2,489,971	2,432,969	57,002
Environmental Protection	2,127,603	2,126,103	2,099,822	26,281
Cultural and Recreational	2,485,363	2,516,207	2,402,367	113,840
Economic and Physical Development	174,547	569,967	550,226	19,741
Debt Service	648,560	599,060	590,154	8,906
<b>Total Expenditures</b>	<b>18,850,836</b>	<b>19,396,091</b>	<b>18,660,250</b>	<b>735,841</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(415,500)</b>	<b>(837,377)</b>	<b>204,866</b>	<b>1,042,243</b>
<b>Other Financing Sources (Uses):</b>				
Transfers to Other Funds	(192,500)	(192,500)	(191,806)	694
Payments to Refunding Escrow Agent	-	-	(913,332)	(913,332)
Refunding General Obligation Bonds Issued	-	-	912,997	912,997
Premium on Refunding Bonds	-	-	11,172	11,172
Sale of Assets	-	-	35,570	35,570
Lease Purchase Agreement Issued	483,000	483,000	682,180	199,180
<b>Total Other Financing Sources (Uses)</b>	<b>290,500</b>	<b>290,500</b>	<b>536,781</b>	<b>246,281</b>
<b>Appropriated Fund Balance</b>	<b>125,000</b>	<b>546,877</b>	<b>-</b>	<b>(546,877)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>741,647</b>	<b>\$ 741,647</b>
<b>Fund Balance Beginning of Year, July 1</b>			<b>8,213,260</b>	
<b>Fund Balance End of Year, June 30</b>			<b>\$ 8,954,907</b>	

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

## STATEMENT OF NET ASSETS

## PROPRIETARY FUND

June 30, 2006

	Water and Sewer Fund
<b>Assets:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 8,226,015
Accounts Receivable - Net	1,808,199
Due from Other Governments	784,903
Inventories	503,287
Deferred Charges	87,021
Total Current Assets	<u>11,409,425</u>
Noncurrent Assets:	
Restricted Assets:	
Cash and Cash Equivalents	<u>41,980</u>
Capital Assets:	
Land, Improvements and Construction in Progress	4,818,325
Other Capital Assets, Net of Depreciation	<u>40,347,179</u>
Total Capital Assets (Net)	<u>45,165,504</u>
Total Noncurrent Assets	<u>45,207,484</u>
<b>Total Assets</b>	<u><u>\$ 56,616,909</u></u>
<b>Liabilities:</b>	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	\$ 558,456
Retainage Payable	114,683
Due to Other Funds	213,664
Customer Deposits	219,475
Accrued Interest Payable	43,903
Compensated Absences - Current	79,911
General Obligation Bonds Payable - Current	934,296
Installment Purchase Agreements Payable - Current	8,033
Notes Payable State of North Carolina - Current	<u>643,703</u>
Total Current Liabilities	<u>2,816,124</u>
Noncurrent Liabilities:	
Liabilities Payable From Restricted Assets:	
Accounts Payable	41,980
Other Noncurrent Liabilities:	
Compensated Absences	163,459
General Obligation Bonds Payable - Noncurrent (Net)	6,204,295
Notes Payable State of North Carolina - Noncurrent	6,838,458
Unearned Revenues	<u>11,135</u>
Total Noncurrent Liabilities	<u>13,259,327</u>
<b>Total Liabilities</b>	<u>16,075,451</u>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	30,544,401
Unrestricted	<u>9,997,057</u>
<b>Total Net Assets</b>	<u><u>\$ 40,541,458</u></u>

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

**CITY OF ASHEBORO, NORTH CAROLINA**

Exhibit 7

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**

**PROPRIETARY FUND TYPE**

For the Year Ended June 30, 2006

	<u>Water and Sewer Fund</u>
<b>Operating Revenues:</b>	
Water Sales	\$ 5,077,519
Sewer Charges	3,653,251
Water and Sewer Taps	115,800
Sampling and Monitoring Fees	24,702
Surcharges	72,960
Septic Tank Discharge	60,580
Other Operating Revenues	<u>154,102</u>
<b>Total Operating Revenues</b>	<u>9,158,914</u>
<b>Operating Expenses:</b>	
Billing and Collections	238,767
Water Meter Operations	337,240
Water Supply Treatment	1,488,215
Wastewater Treatment	2,785,686
Water Maintenance	696,056
Wastewater Maintenance	830,593
Depreciation	<u>1,286,376</u>
<b>Total Operating Expenses</b>	<u>7,662,933</u>
<b>Operating Income</b>	<u>1,495,981</u>
<b>Nonoperating Revenues (Expenses):</b>	
Investment Earnings	504,843
Interest and Other Charges	(440,449)
Other Nonoperating Revenues	111,285
Gain on Disposal of Assets	5,372
Amortization of Bond Issue Costs	<u>(49,501)</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>131,550</u>
<b>Income Before Contributions and Transfers</b>	1,627,531
<b>Capital Contributions</b>	1,175,251
<b>Transfers to Other Funds:</b>	
To North Fayetteville Street Sidewalk Capital Project Fund	<u>(30,000)</u>
<b>Change in Net Assets</b>	2,772,782
<b>Total Net Assets - Beginning of Year</b>	<u>37,768,676</u>
<b>Total Net Assets - End of Year</b>	<u>\$ 40,541,458</u>

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

## STATEMENT OF CASH FLOWS

## PROPRIETARY FUND

For the Year Ended June 30, 2006

	<u>Water and Sewer Fund</u>
<b>Cash Flows From Operating Activities:</b>	
Cash Received From Customers	\$ 8,528,056
Cash Paid for Goods and Services	(3,126,401)
Cash Paid to Employees for Services	(3,138,753)
Customer Deposits Received	12,722
Other Operating Revenues	<u>265,387</u>
<b>Net Cash Provided by Operating Activities</b>	<u>2,541,011</u>
<b>Cash Flows From Noncapital Financing Activities:</b>	
Due From Other Funds	400,000
Due to Other Funds	202,190
Transfers to Other Funds	<u>(30,000)</u>
<b>Total Cash Flows From Noncapital Financing Activities</b>	<u>572,190</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Acquisition of Capital Assets	(1,973,228)
Principal Paid on Bonds and Installment Purchase Agreements	(1,607,825)
Payments to Refunding Escrow Agent	(7,619,799)
Interest Paid on Bonds and Installment Purchase Agreements	(440,449)
Debt Issuance Costs	(90,412)
Premium on Refunding Bonds	93,209
Proceeds From Sale of Assets	5,729
Refunding General Obligation Bonds Issued	7,617,003
Proceeds From State Sewer/Water Loans	<u>1,727,082</u>
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<u>(2,288,690)</u>
<b>Cash Flows from Investing Activities:</b>	
Interest Earned on Investments	<u>504,843</u>
<b>Net Increase in Cash and Cash Equivalents</b>	1,329,354
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>6,938,641</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 8,267,995</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating Income	<u>\$ 1,495,981</u>
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>	
Depreciation	1,286,376
Amortization of Deferred Loss on Refunding	35,488
Other Nonoperating Revenue	111,285
<b>Changes in Assets and Liabilities:</b>	
(Increase) in Accounts Receivable	(476,803)
(Increase) in Inventory	(116,272)
Increase in Accounts Payable and Accrued Liabilities	179,123
Increase in Customer Deposits	12,722
Increase in Accrued Compensated Absences	13,065
Increase in Deferred Revenues	<u>51</u>
<b>Total Adjustments</b>	<u>1,045,035</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 2,541,016</u>

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

## CITY OF ASHEBORO, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2006

#### 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 that 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, result from non-exchange transactions. Other nonoperating revenues are ancillary activities such as investment earnings.

The City reports the following major governmental funds:

*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 (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 Traffic 2005 Grant Special Revenue Fund.* This fund is used to account for grant monies received from the Governor's Highway Safety Program restricted for specific law enforcement program expenses.

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

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

*The Downtown Farmer's Market Capital Project Fund.* This fund accounts for City transfers and grant monies to construct a facility for local farmers to display and sell produce and other items.

*The Asheboro Skate Park Capital Project Fund.* This fund accounts for City transfers and other revenues to construct a recreational skate park.

*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 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

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

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

*Government-wide and Proprietary Fund Financial Statement (Concluded).*

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.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for the City's enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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 2005 through February 2006 apply to the fiscal year ended June 30, 2006. Uncollected taxes, which were billed during this period, are shown as a receivable in these financial statements and are offset by deferred revenues. In addition, as of January 1, 2006, State law implemented a staggered expiration date system for annually registered vehicles as part of the conversion into the staggered registration. Originally, annual registration expired December 31 each year with taxes due by May 1 of the following year. To transition from the staggered into the annual registration, the initial 2006 registration renewals will vary from 7 to 18 months after December 31, 2005. Once these initial renewals have expired, all vehicles that were previously annually registered will be in the staggered system.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

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

*Governmental Fund Financial Statements (Concluded).*

Sales taxes 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 unearned revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

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.

**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.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

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

1. **Deposits and Investments (Concluded)**

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 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.

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**

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, 2005. As allowed by State law, the City has established a schedule of discounts that apply to taxes that 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.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

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

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.

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 (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 term of the related debt 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 financial 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.

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.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

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

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

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 that 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 that 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.

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 2006-2007 budget ordinance.

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

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**II. 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 under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce the standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2006, the City's deposits had a carrying amount of \$17,056,219 and a bank balance of \$15,838,722. Of the bank balance, \$500,000 was covered by federal depository insurance and \$15,338,722 was covered by collateral held under the Pooling Method. At June 30, 2006, the City's petty cash fund totaled \$3,578.

**2. Investments**

At June 30, 2006, the City of Asheboro had \$45,788 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The City has no policy regarding credit risk.

**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:

<u>Fund</u>	<u>6/30/2006</u>
General Fund:	
Taxes Receivable	\$ 96,000
Enterprise Fund:	
Customer Accounts Receivable	<u>75,000</u>
Total	<u><u>\$ 171,000</u></u>

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

II. **DETAIL NOTES ON ALL FUNDS (Continued)**

A. **ASSETS. (Continued)**

4. **Capital Assets**

Capital asset activity for the year ended June 30, 2006, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 3,067,973	\$ 99,729	\$ -	\$ 3,167,702
Construction in Progress	2,433,358	616,876	804,842	2,245,392
Total Capital Assets Not Being Depreciated	<u>5,501,331</u>	<u>716,605</u>	<u>804,842</u>	<u>5,413,094</u>
Capital Assets Being Depreciated:				
Land Improvements	8,059,477	12,083	-	8,071,560
Buildings	10,032,528	639,688	-	10,672,216
Street Construction	11,682,803	547,125	-	12,229,928
Equipment	4,094,390	221,766	224,181	4,091,975
Vehicles	7,612,351	519,332	701,543	7,430,140
Total Capital Assets Being Depreciated	<u>41,481,549</u>	<u>1,939,994</u>	<u>925,724</u>	<u>42,495,819</u>
Less Accumulated Depreciation For:				
Land Improvements	2,446,824	364,936	-	2,811,760
Buildings	4,575,638	257,842	-	4,833,480
Street Construction	6,055,896	452,606	-	6,508,502
Equipment	3,066,552	262,803	221,200	3,108,155
Vehicles	6,413,981	368,175	700,228	6,081,928
Total Accumulated Depreciation	<u>22,558,891</u>	<u>\$ 1,706,362</u>	<u>\$ 921,428</u>	<u>23,343,825</u>
Total Capital Assets Being Depreciated, Net	<u>18,922,658</u>			<u>19,151,994</u>
Governmental Activity Capital Assets, Net	<u>\$ 24,423,989</u>			<u>\$ 24,565,088</u>

Depreciation expense was charged to functions/programs as follows:

General Government	\$ 67,369
Public Safety	316,299
Transportation	970,492
Environmental	117,377
Cultural and Recreational	165,261
Economic Development	69,564
	<u>\$ 1,706,362</u>

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. ASSETS. (Concluded)

4. Capital Assets (Concluded)

Capital asset activity for the year ended June 30, 2006, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 2,798,306	\$ -	\$ -	\$ 2,798,306
Construction in Progress	<u>3,426,923</u>	<u>1,756,811</u>	<u>3,163,715</u>	<u>2,020,019</u>
Total Capital Assets Not Being Depreciated	<u>6,225,229</u>	<u>1,756,811</u>	<u>3,163,715</u>	<u>4,818,325</u>
Capital Assets Being Depreciated:				
Land Improvements	78,560	-	-	78,560
Buildings	31,009,014	-	-	31,009,014
Plant and Distribution Systems	29,037,101	4,459,807	-	33,496,908
Equipment	2,419,115	114,452	111,851	2,421,716
Vehicles	<u>1,827,869</u>	<u>-</u>	<u>31,448</u>	<u>1,796,421</u>
Total Capital Assets Being Depreciated	<u>64,371,659</u>	<u>4,574,259</u>	<u>143,299</u>	<u>68,802,619</u>
Less Accumulated Depreciation For:				
Land Improvements	6,187	3,928	-	10,115
Buildings	10,220,181	609,107	-	10,829,288
Plant and Distribution Systems	13,207,483	516,926	-	13,724,409
Equipment	2,185,732	143,626	99,665	2,229,693
Vehicles	<u>1,673,551</u>	<u>31,664</u>	<u>43,277</u>	<u>1,661,938</u>
Total Accumulated Depreciation	<u>27,293,134</u>	<u>\$ 1,305,251</u>	<u>\$ 142,942</u>	<u>28,455,443</u>
Total Capital Assets Being Depreciated, Net	<u>37,078,525</u>			<u>40,347,176</u>
Business-type Activities Capital Assets, Net	<u>\$ 43,303,754</u>			<u>\$ 45,165,501</u>

Construction Commitments

The City has active construction projects as of June 30, 2006. At year-end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent -to Date</u>	<u>Remaining Commitment</u>
Airport Runway Extension Phase III Project	\$ 5,220,017	\$ 208,740
Water & Sewer System Improvement Project	1,658,630	121,735
	<u>\$ 6,878,647</u>	<u>\$ 330,475</u>

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES.

1. Payables

Payables at the government-wide level at June 30, 2006, were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental Activities:				
General	\$ 2,053,242	\$ --	\$ 1,499	\$ 2,054,741
Other Governmental	129,741	--	--	129,741
Total Governmental Activities	<u>\$ 2,182,983</u>	<u>\$ --</u>	<u>\$ 1,499</u>	<u>\$ 2,184,482</u>
Business-type Activities:				
Water and Sewer	\$ 554,226	\$ --	\$ 4,230	\$ 558,456

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, 2006, 2005, and 2004 were \$517,377, \$500,374, and \$463,084, respectively. The contributions made by the City equaled the required contributions for each year.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

II. 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, 2005, the Separation Allowance's membership consisted of:

Retirees receiving benefits	6
Terminate plan members entitled to but not yet receiving benefits	0
Active plan members	68
Total	<u>74</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 (CONTINUED)**

**II. 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, 2005 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	\$ 106,740
Interest on Net Pension Obligations	16,420
Adjustment to Annual Required Contribution	<u>( 13,008)</u>
Annual Pension Cost	110,152
Contributions Made	<u>61,892</u>
Increase (Decrease) in Net Pension Obligation	48,260
Net Pension Obligation, Beginning of Year	<u>226,481</u>
Net Pension Obligation, End of Year	<u>\$ 274,741</u>

Fiscal Year Ended	General Fund		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/04	\$ 94,694	94.71%	\$ 214,177
6/30/05	\$101,512	87.88%	\$ 226,481
6/30/06	\$110,152	56.19%	\$ 274,741

**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 (CONTINUED)**

**II. 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, 2006, were \$179,797, which consisted of \$137,627 from the City and \$42,170 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, 2006, fifty retirees were eligible for post-retirement health benefits. For the fiscal year ended June 30, 2006, the City made payments for post-retirement health benefit premiums of \$208,761. 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 (CONTINUED)**

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan Obligations (Concluded)

e. Other Employment Benefits

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 \$50,000 or be less than \$25,000. 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, 2006, the City made contributions to the State for death benefits of \$14,400. 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.

f. 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 (CONTINUED)**

**II. 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)	\$ --	\$ 30,120
Prepaid Privilege Licenses (General)	--	29,013
Prepaid Vice Narcotics (General)	--	67,607
Prepaid US Treasury/Justice (General)	--	86,199
Prepaid Golf Memberships (General)	--	27,452
Other Collections (General)	--	1,867
Taxes Receivable, Net (General)	242,647	--
Garbage Collections Receivable (General)	66,273	--
Note Receivable (General)	60,500	--
Notes Receivable (Special Revenue)	38,064	--
	<hr/>	<hr/>
Total	\$ 407,484	\$ 242,258

**4. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in two self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the City obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up to 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.

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$100,000. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**II. DETAIL NOTES ON ALL FUNDS (Continued)**

**B. LIABILITIES. (Continued)**

**5. Claims, Judgments, and Contingent Liabilities**

At June 30, 2006, 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.

**6. Long-Term Obligations**

**a. Installment Purchases.**

In August, 1999, the City entered into an installment purchase contract for the acquisition of various vehicles and equipment. The contract is for \$425,000, to be repaid monthly at \$5,990, including interest at 4.92% for seven years.

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 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.

In March 2006, the City entered into an installment purchase contract to finance police vehicles/equipment and sanitation equipment. The contract is for \$682,180, to be repaid quarterly at \$37,475, including interest at 3.66% over five years.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**II. DETAIL NOTES ON ALL FUNDS (Continued)**

**B. LIABILITIES. (Continued)**

**6. Long-Term Obligations (Continued)**

**a. Installment Purchases. (Concluded)**

The future minimum payments of the installment purchase contracts as of June 30, 2006, are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2007	\$ 404,380	\$ 89,159	\$ 8,033	\$ 86
2008	393,294	73,008	--	--
2009	373,971	56,186	--	--
2010	338,846	40,399	--	--
2011	243,338	24,975	--	--
2012 – 2016	347,383	51,469	--	--
<b>Totals</b>	<b>\$ 2,101,212</b>	<b>\$ 355,196</b>	<b>\$ 8,033</b>	<b>\$ 86</b>

**b. Notes Payable.**

The notes payable shown in the Water and Sewer Fund consist of the balances due on three 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, 2006, proceeds received from this loan amounted to \$2,462,986. The promissory note requires annual payments of \$127,109, plus interest. The third is a \$5,331,881 revolving loan from the State Clean Water Revolving Loan Program for improvements to the City's water distribution system. This agreement requires payments over twenty years at a rate of 2.66%. At June 30, 2006, proceeds received from this loan amounted to \$2,392,324. The promissory note requires annual payments of \$266,594, plus interest.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**II. DETAIL NOTES ON ALL FUNDS (Continued)**

**B. LIABILITIES. (Continued)**

**6. Long-Term Obligations (Continued)**

**b. Notes Payable. (Concluded)**

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

<u>Year Ending June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 643,703	\$ 347,994
2008	643,703	281,346
2009	643,703	262,299
2010	643,703	243,251
2011	643,703	224,204
2012 – 2016	2,944,897	757,301
2017 – 2021	885,543	126,913
2022 – 2026	433,205	33,810
<b>Totals</b>	<b>\$ 7,482,160</b>	<b>\$ 2,277,118</b>

**c. General Obligation Indebtedness.**

During the year, the City issued refunding general obligation bonds in the amount of \$8,530,000 to retire \$875,000 of general obligation bonds serviced by the governmental funds issued to finance the construction of improvements to the City’s library and \$7,300,000 of general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system which were being retired by resources in the Water and Sewer Fund. The reacquisition exceeded the net carrying amount of the old bonds by \$358,131. This amount is being netted against the new bonds and amortized over the life of the new bonds. 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, 2006, are comprised of the following individual issues:

<u>General Obligation Bonds</u>	<u>Amount</u>
---------------------------------	---------------

Serviced by the General Fund and the Water and Sewer Fund: \$8,530,000 Refunding serial bonds due in annual installments ranging from \$70,000 to \$1,095,000 through 2015; interest ranging from 2.90% to 3.50% per annum. The amount shown is net of the	<hr/>
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unamortized deferred loss of \$304,509 and the bond premium of \$88,752.

\$ 7,994,243

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**II. DETAIL NOTES ON ALL FUNDS (Continued)**

**B. LIABILITIES. (Continued)**

**6. Long-Term Obligations (Continued)**

**c. General Obligation Indebtedness. (Concluded)**

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
2007	\$ 117,202	\$ 30,072	\$ 977,798	\$ 250,888
2008	115,061	25,970	959,939	216,665
2009	113,991	21,943	951,009	183,067
2010	111,315	16,637	928,685	155,488
2011	109,174	14,741	910,826	122,964
2012 - 2016	312,003	21,821	2,602,997	182,054
Total	\$ 878,746	\$ 131,184	\$ 7,331,254	\$ 1,111,126

At June 30, 2006 the City's legal debt margin is \$135,850,656.

**d. Changes in Long-Term Liabilities.**

	Balance			Balance	Current
Governmental Activities:	July 1, 2005	Increases	Decreases	June 30, 2006	Portion of
					Balance
General Obligation					
Bonds	\$ 875,000	\$ 912,997	\$ 909,251	\$ 878,746	\$ 117,202
Deferred Loss on					
Refunding	--	( 38,332)	( 5,739)	( 32,593)	( 7,359)
Unamortized Debt					
Premium	--	11,172	1,673	9,499	2,145
Total General Obligation					
Bonds	875,000	885,837	905,185	855,652	111,988
Installment Purchases	1,833,490	682,180	414,458	2,101,212	404,380
Compensated Absences	1,374,973	567,335	473,788	1,468,520	473,788
Net Pension Obligation	226,481	48,260	--	274,741	--
Governmental Activity					
Long-term Liabilities	\$ 4,309,944	\$ 2,183,612	\$ 1,793,431	\$ 4,700,125	\$ 990,156

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**II. DETAIL NOTES ON ALL FUNDS (Continued)**

**B. LIABILITIES. (Concluded)**

**6. Long-Term Obligations (Concluded)**

**d. Changes in Long-Term Liabilities (Concluded).**

	Balance July 1, 2005	Increases	Decreases	Balance June 30, 2006	Current Portion of Balance
Business-type Activities:					
General Obligation					
Bonds	\$ 8,215,000	\$7,617,003	\$8,500,749	\$ 7,331,254	\$ 977,798
Deferred Loss on Refunding	( 1,561)	( 319,799)	( 49,444)	( 271,916)	( 61,397)
Unamortized Debt Premium	- -	93,209	13,956	79,253	17,895
Total General Obligation					
Bonds	8,213,439	7,390,413	8,465,261	7,138,591	934,296
Installment Purchases	41,959	- -	33,926	8,033	8,033
Notes Payable	6,128,228	1,727,082	373,150	7,482,160	643,703
Compensated Absences	230,306	92,976	79,911	243,371	79,911
Business-type Activity					
Long-term Liabilities	\$ 14,613,932	\$9,210,471	\$8,952,248	\$ 14,872,155	\$1,665,943

Compensated absences typically have been liquidated in the general fund.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**II. 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, 2006, consists of the following:

From the General Fund to the Airport Runway Extension Phase III Capital Project Fund per the terms of a matching grant.	\$ 16,667
From the General Fund to the Asheboro Skate Park Capital Project Fund for expenditures related to construction of a skate park.	40,000
From the General Fund to the Economic Development Fund for economic incentive for local business.	125,000
From the General Fund to the Traffic 2005 Grant Fund per the terms of a matching State grant.	10,139
From the Water and Sewer Fund to the North Fayetteville Street Sidewalk Capital Project Fund for expenditures related to sidewalk expansion.	30,000
From the Water and Sewer Fund to the NCDOT Water and Sewer Systems Improvement Project Fund for expenditures related to water and sewer expansion.	70,000
Total	<u>\$ 291,806</u>

**2. Interfund Receivables and Payables**

The composition of interfund balances as of June 30, 2006, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects:	
	Airport Runway Extension Phase III - to fund grant project.	\$ 350,000
	Downtown Farmer's Market – for final project expenditures.	17,271
	North Fayetteville Street Sidewalk – to fund project expenditures.	159,172
	Enterprise Fund:	
	Water and Sewer Fund - to fund operations.	<u>213,664</u>
		<u>\$ 740,107</u>

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**II. DETAIL NOTES ON ALL FUNDS (Concluded)**

**D. REVENUES, EXPENDITURES AND EXPENSES.**

On-Behalf of Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2006, the City of Asheboro has recognized on-behalf of payments for pension contributions made by the State as a revenue and an expenditure of \$10,013 for forty-six 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.

**III. 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, 2006, 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, 2006. 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.

**IV. JOINTLY GOVERNED ORGANIZATION**

The City, in conjunction with seven counties and forty-four 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 \$11,578 to the Council during the fiscal year ended June 30, 2006.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONCLUDED)**

**V. 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.

**VI. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

**FEDERAL AND STATE ASSISTED PROGRAMS**

The City has received proceeds from several Federal and State grants. Periodic audits of 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 FINANCIAL  
SUPPLEMENTAL 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.

**CITY OF ASHEBORO, NORTH CAROLINA**

**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)
12/31/96	-	\$ 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%
12/31/04	-	\$ 985,500	\$ 985,500	-	\$ 2,343,974	42.04%
12/31/05	-	\$ 954,667	\$ 954,667	-	\$ 2,639,975	36.16%

CITY OF ASHEBORO, NORTH CAROLINA

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

<u>Year Ended</u> <u>June 30,</u>	<u>Annual Required</u> <u>Contribution</u>	<u>Percentage</u> <u>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%
2005	\$ 97,999	91.00%
2005	\$ 106,740	57.90%

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	12/31/2005
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Closed
Remaining Amortization Period	25 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	7.25%
Projected Salary Increases*	From 4.5% to 12.3%
*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 which 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**

Schedule 1  
(Page 1 of 7)

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2006

		2006		
		Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>				
	Ad Valorem Taxes:			
	Current Year	\$ 9,815,420	\$ 9,792,285	\$ (23,135)
	Prior Years	154,000	144,048	(9,952)
	Penalties and Interest	26,900	40,145	13,245
	Total	9,996,320	9,976,478	(19,842)
	Other Taxes and Licenses:			
	Gross Receipts Tax on Short-Term Rental Property	18,000	20,896	2,896
	Animal Tax	600	1,000	400
	Privilege Licenses	250,000	274,792	24,792
	Total	268,600	296,688	28,088
	Intergovernmental Revenues:			
	Unrestricted:			
	Local Option Sales Tax	3,759,160	3,812,464	53,304
	Utilities Franchise Tax	1,545,000	1,659,199	114,199
	Hold Harmless	186,000	188,390	2,390
	Tax Refunds - Net	-	599	599
	Court Fees	13,500	10,627	(2,873)
	Payment in Lieu of Taxes	-	7,359	7,359
	Total	5,503,660	5,678,638	174,978
	Restricted:			
	State Street Aid Allocation	685,865	687,555	1,690
	Local Fire Protection and Training	855	808	(47)
	On-Behalf of Payments - Fire and Rescue	-	10,013	10,013
	Other	251,886	3,000	(248,886)
	Vice and Narcotics Allocation	15,000	48,721	33,721
	U.S. Treasury/Justice Allocation	11,000	7,197	(3,803)
	Total	\$ 964,606	\$ 757,294	\$ (207,312)

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

Schedule 1  
 (Page 2 of 7)

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
 For the Year Ended June 30, 2006

	2006		Variance Positive (Negative)
	Budget	Actual	
<b>Revenues (Concluded):</b>			
Permits and Fees:			
Building Permits and Inspection Fees	\$ 116,700	\$ 139,367	\$ 22,667
Franchise Fees	120,000	155,713	35,713
Rezoning and Cemetery Fees	30,000	48,665	18,665
Other	-	192	192
Total	<u>266,700</u>	<u>343,937</u>	<u>77,237</u>
Sales and Services:			
Rents and Concessions	71,600	66,294	(5,306)
Cemeteries	22,000	39,500	17,500
Recreation Service Revenues	274,000	343,681	69,681
Refuse Collection	792,000	767,657	(24,343)
Recycling Revenues	8,000	12,577	4,577
Contracted Maintenance - NCDOT	25,000	22,237	(2,763)
Airport Revenue	4,500	3,660	(840)
Total	<u>1,197,100</u>	<u>1,255,606</u>	<u>58,506</u>
Investment Earnings	<u>70,000</u>	<u>215,231</u>	<u>145,231</u>
Miscellaneous:			
Sales of Material and Services	1,000	469	(531)
Reimbursements	125,000	189,713	64,713
Other	165,728	151,062	(14,666)
Total	<u>291,728</u>	<u>341,244</u>	<u>49,516</u>
<b>Total Revenues</b>	<u>18,558,714</u>	<u>18,865,116</u>	<u>306,402</u>
<b>Expenditures:</b>			
General Government:			
Governing Body:			
Salaries and Employee Benefits		72,918	
Other Operating Expenditures		54,512	
Total		<u>127,430</u>	
Total	<u>\$ 178,573</u>	<u>\$ 127,430</u>	<u>\$ 51,143</u>

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

Schedule 1  
 (Page 3 of 7)

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2006

	2006		Variance Positive (Negative)
	Budget	Actual	
<b>Expenditures (Continued):</b>			
General Government (Continued):			
Administration:			
Salaries and Employee Benefits	\$	\$ 105,425	\$
Operating Expenditures		45,225	
Total	151,882	150,650	1,232
City Clerk:			
Salaries and Employee Benefits		57,513	
Operating Expenditures		3,462	
Total	72,792	60,975	11,817
Information Technology:			
Salaries and Employee Benefits		55,045	
Operating Expenditures		48,022	
Capital Outlay		7,635	
Total	130,765	110,702	20,063
Finance:			
Salaries and Employee Benefits		259,812	
Operating Expenditures		126,247	
Total	436,936	386,059	50,877
Public Buildings:			
Operating Expenditures		63,601	
Capital Outlay		25,612	
Total	101,841	89,213	12,628
Tax Collections:			
Tax Collection Fee - Randolph County		124,713	
Tax Refunds		6,078	
Total	\$ 231,000	\$ 130,791	\$ 100,209

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

Schedule 1  
 (Page 4 of 7)

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2006

	2006		Variance Positive (Negative)
	Budget	Actual	
<b>Expenditures (Continued):</b>			
General Government (Concluded):			
Legal Services:			
Salaries and Employee Benefits	\$	\$ 116,546	\$
Operating Expenditures		14,811	
Total	131,357	131,357	-
Planning and Zoning:			
Salaries and Employee Benefits		345,883	
Other Operating Expenditures		26,503	
Total	402,146	372,386	29,760
City Shop:			
Salaries and Employee Benefits		533,900	
Operating Expenditures		145,180	
Capital Outlay		5,044	
Total	729,722	684,124	45,598
Human Resources:			
Salaries and Employee Benefits		261,524	
Other Operating Expenditures		115,903	
Total	389,580	377,427	12,153
Total General Government	2,956,594	2,621,114	335,480
Public Safety:			
Police:			
Salaries and Employee Benefits		3,898,410	
Operating Expenditures		905,387	
Capital Outlay		190,834	
Total	5,002,706	4,994,631	8,075
Fire:			
Salaries and Employee Benefits		2,385,911	
Operating Expenditures		366,717	
Capital Outlay		34,628	
Total	\$ 2,952,445	\$ 2,787,256	\$ 165,189

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

Schedule 1  
 (Page 5 of 7)

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2006

	2006		Variance Positive (Negative)
	Budget	Actual	
<b>Expenditures (Continued):</b>			
Public Safety (Concluded):			
Inspections:			
Salaries and Employee Benefits	\$	\$ 168,074	\$
Operating Expenditures		13,637	
Total	183,038	181,711	1,327
Total Public Safety	8,138,189	7,963,598	174,591
Transportation:			
Operations:			
Salaries and Employee Benefits		334,695	
Operating Expenditures		209,125	
Total	543,924	543,820	104
Street and Highways:			
Salaries and Employee Benefits		654,804	
Operating Expenditures		751,912	
Capital Outlay		249,435	
Total	1,673,744	1,656,151	17,593
City Engineer Office:			
Salaries and Employee Benefits		131,093	
Operating Expenditures		34,273	
Total	191,403	165,366	26,037
Airport Authority:			
Operating Expenditures	80,900	67,632	13,268
Total Transportation	\$ 2,489,971	\$ 2,432,969	\$ 57,002

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

Schedule 1  
 (Page 6 of 7)

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
 For the Year Ended June 30, 2006

	2006		Variance Positive (Negative)
	Budget	Actual	
<b>Expenditures (Continued):</b>			
Environmental Protection:			
Sanitation:			
Salaries and Employee Benefits	\$	\$ 671,513	\$
Operating Expenditures		1,098,346	
Capital Outlay		215,070	
Total	<u>1,979,420</u>	<u>1,984,929</u>	<u>(5,509)</u>
Recycling Transfer Station:			
Salaries and Employee Benefits		40,884	
Operating Expenditures		74,009	
Total	<u>146,683</u>	<u>114,893</u>	<u>31,790</u>
Total Environmental Protection	<u>2,126,103</u>	<u>2,099,822</u>	<u>26,281</u>
Cultural and Recreational:			
Recreation:			
Salaries and Employee Benefits		385,612	
Operating Expenditures		487,897	
Capital Outlay		52,084	
Total	<u>991,618</u>	<u>925,593</u>	<u>66,025</u>
Grounds Maintenance:			
Salaries and Employee Benefits		861,534	
Operating Expenditures		254,442	
Capital Outlay		51,419	
Total	<u>1,209,126</u>	<u>1,167,395</u>	<u>41,731</u>
Golf Course:			
Salaries and Employee Benefits		98,239	
Operating Expenditures		60,921	
Total	<u>\$ 162,519</u>	<u>\$ 159,160</u>	<u>\$ 3,359</u>

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

Schedule 1  
(Page 7 of 7)

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2006

	2006		Variance Positive (Negative)
	Budget	Actual	
<b>Expenditures (Concluded):</b>			
Cultural and Recreational (Concluded):			
Library:			
Operating Expenditures	\$	\$ 119,376	\$
Capital Outlay		30,843	
Total	152,944	150,219	2,725
Total Cultural and Recreational	2,516,207	2,402,367	113,840
Economic and Physical Development:			
Community Promotion:			
Operating Expenditures		153,404	
Capital Outlay		396,822	
Total Economic and Physical Development	569,967	550,226	19,741
Debt Service:			
Principal Retirement		445,308	
Interest and Fees		134,009	
Debt Issuance Costs		10,837	
Total Debt Service	599,060	590,154	8,906
<b>Total Expenditures</b>	<b>19,396,091</b>	<b>18,660,250</b>	<b>735,841</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(837,377)</b>	<b>204,866</b>	<b>1,042,243</b>
<b>Other Financing Sources (Uses):</b>			
Transfers to Other Funds:			
To Airport Runway Extension Phase III Capital Project Fund	(16,700)	(16,667)	(33)
To Asheboro Skate Park Project Fund	(40,000)	(40,000)	-
To Economic Development Fund	(125,000)	(125,000)	-
To Traffic 2005 Grant Fund	(10,800)	(10,139)	661
Payments to Refunding Escrow Agent	-	(913,332)	(913,332)
Refunding General Obligation Bonds Issued	-	912,997	912,997
Premium on Refunding Bonds	-	11,172	11,172
Sale of Assets	-	35,570	35,570
Proceeds From Lease Purchase Agreement	483,000	682,180	199,180
<b>Total Other Financing Sources (Uses)</b>	<b>290,500</b>	<b>536,781</b>	<b>246,281</b>
<b>Appropriated Fund Balance</b>	<b>546,877</b>	<b>-</b>	<b>(546,877)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>741,647</b>	<b>\$ 741,647</b>
<b>Fund Balance:</b>			
Beginning of Year, July 1		8,213,260	
End of Year, June 30		\$ 8,954,907	

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 Traffic 2005 Grant Special Revenue Fund. This fund is used to account for grant monies received from the Governor's Highway Safety Program restricted for specific law enforcement program expenses.

Capital Project Funds:

The Downtown Farmer's Market Capital Project Fund. This fund accounts for City transfers and grant monies to construct a facility for local farmers to display and sell produce and other items.

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

The Asheboro Skate Park Capital Project Fund. This fund accounts for City transfers and other revenues to construct a recreational skate park.

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.

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

**NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2006

	Special Revenue Funds				Total Nonmajor Special Revenue Funds
	HOME Program	Economic Development Fund	Police Computer Grant Fund	Traffic 2005 Grant Fund	
<b>Assets:</b>					
Current Assets:					
Cash and Investments	\$ 153,804	\$ 250,000	\$ 432	\$ 2,227	\$ 406,463
Accounts Receivable	38,064	-	-	-	38,064
Due From Other Governments	-	-	1,168	-	1,168
<b>Total Assets</b>	<b>\$ 191,868</b>	<b>\$ 250,000</b>	<b>\$ 1,600</b>	<b>\$ 2,227</b>	<b>\$ 445,695</b>
<b>Liabilities and Fund Balances:</b>					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ -	\$ 125,000	\$ -	\$ -	\$ 125,000
Due to Other Funds	-	-	-	-	-
Deferred Revenues	38,064	-	-	-	38,064
<b>Total Liabilities</b>	<b>38,064</b>	<b>125,000</b>	<b>-</b>	<b>-</b>	<b>163,064</b>
Fund Balances:					
Reserved by State Statute	-	-	1,168	-	1,168
Unreserved:					
Designated for Capital Projects	-	-	-	-	-
Undesignated	153,804	125,000	432	2,227	281,463
<b>Total Fund Balances</b>	<b>153,804</b>	<b>125,000</b>	<b>1,600</b>	<b>2,227</b>	<b>282,631</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 191,868</b>	<b>\$ 250,000</b>	<b>\$ 1,600</b>	<b>\$ 2,227</b>	<b>\$ 445,695</b>

## Capital Project Funds

	Downtown Farmer's Market Project Fund	North Fayetteville Street Sidewalk Project Fund	Asheboro Skate Park Project Fund	Airport Runway Extension Phase III Project Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>						
Current Assets:						
Cash and Investments	\$ -	\$ 371,265	\$ 94,213	\$ 244,545	\$ 710,023	\$ 1,116,486
Accounts Receivable	13,000	-	-	-	13,000	51,064
Due From Other Governments	4,563	9,385	604	109,630	124,182	125,350
<b>Total Assets</b>	<b>\$ 17,563</b>	<b>\$ 380,650</b>	<b>\$ 94,817</b>	<b>354,175</b>	<b>\$ 847,205</b>	<b>\$ 1,292,900</b>
<b>Liabilities and Fund Balances:</b>						
Liabilities:						
Accounts Payable and Accrued Liabilities	\$ 292	\$ -	\$ 4,049	\$ 400	\$ 4,741	\$ 129,741
Due to Other Funds	17,271	159,172	-	350,000	526,443	526,443
Deferred Revenues	-	-	-	-	-	38,064
<b>Total Liabilities</b>	<b>17,563</b>	<b>159,172</b>	<b>4,049</b>	<b>350,400</b>	<b>531,184</b>	<b>694,248</b>
Fund Balances:						
Reserved by State Statute	17,563	9,385	604	109,630	137,182	138,350
Unreserved:						
Designated for Capital Projects	(17,563)	212,093	90,164	(105,855)	178,839	178,839
Undesignated	-	-	-	-	-	281,463
<b>Total Fund Balances</b>	<b>-</b>	<b>221,478</b>	<b>90,768</b>	<b>3,775</b>	<b>316,021</b>	<b>598,652</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 17,563</b>	<b>\$ 380,650</b>	<b>\$ 94,817</b>	<b>\$ 354,175</b>	<b>\$ 847,205</b>	<b>\$ 1,292,900</b>

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

**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2006

	Special Revenue Funds				Total Nonmajor Special Revenue Funds
	HOME Program	Economic Development Fund	Police Computer Grant Fund	Traffic 2005 Grant Fund	
<b>Revenues:</b>					
Restricted Intergovernmental	\$ -	\$ -	\$ -	\$ 37,827	\$ 37,827
Investment Earnings	-	-	-	-	-
Miscellaneous	8,150	-	-	-	8,150
<b>Total Revenues</b>	<b>8,150</b>	<b>-</b>	<b>-</b>	<b>37,827</b>	<b>45,977</b>
<b>Expenditures:</b>					
Public Safety	-	-	1,685	45,739	47,424
Economic and Physical Development	2,369	-	-	-	2,369
Capital Outlay	-	-	-	-	-
<b>Total Expenditures</b>	<b>2,369</b>	<b>-</b>	<b>1,685</b>	<b>45,739</b>	<b>49,793</b>
<b>Revenues Over (Under) Expenditures</b>	<b>5,781</b>	<b>-</b>	<b>(1,685)</b>	<b>(7,912)</b>	<b>(3,816)</b>
<b>Other Financing Sources:</b>					
Transfers From Other Funds:					
From General Fund	-	125,000	-	10,139	135,139
From Water and Sewer Fund	-	-	-	-	-
<b>Total Other Financing Sources</b>	<b>-</b>	<b>125,000</b>	<b>-</b>	<b>10,139</b>	<b>135,139</b>
<b>Net Change in Fund Balances</b>	<b>5,781</b>	<b>125,000</b>	<b>(1,685)</b>	<b>2,227</b>	<b>131,323</b>
<b>Fund Balances:</b>					
Beginning of Year, July 1	148,023	-	3,285	-	151,308
End of Year, June 30	<u>\$ 153,804</u>	<u>\$ 125,000</u>	<u>\$ 1,600</u>	<u>\$ 2,227</u>	<u>\$ 282,631</u>

	Capital Project Funds			Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
	North Fayetteville Street Sidewalk Project Fund	Asheboro Skate Park Project Fund	Airport Runway Extension Phase III Project Fund		
<b>Revenues:</b>					
Restricted Intergovernmental	\$ -	\$ -	\$ 16,325	\$ 16,325	\$ 54,152
Investment Earnings	-	-	-	-	-
Miscellaneous	-	-	-	-	8,150
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>16,325</b>	<b>16,325</b>	<b>62,302</b>
<b>Expenditures:</b>					
Public Safety	-	-	-	-	47,424
Economic and Physical Development	-	-	-	-	2,369
Capital Outlay	303,823	9,232	84,235	397,290	397,290
<b>Total Expenditures</b>	<b>303,823</b>	<b>9,232</b>	<b>84,235</b>	<b>397,290</b>	<b>447,083</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(303,823)</b>	<b>(9,232)</b>	<b>(67,910)</b>	<b>(380,965)</b>	<b>(384,781)</b>
<b>Other Financing Sources:</b>					
Transfers From Other Funds:					
From General Fund	-	40,000	16,667	56,667	191,806
From Water and Sewer Fund	30,000	-	-	30,000	30,000
<b>Total Other Financing Sources</b>	<b>30,000</b>	<b>40,000</b>	<b>16,667</b>	<b>86,667</b>	<b>221,806</b>
<b>Net Change in Fund Balances</b>	<b>(273,823)</b>	<b>30,768</b>	<b>(51,243)</b>	<b>(294,298)</b>	<b>(162,975)</b>
<b>Fund Balances:</b>					
Beginning of Year, July 1	495,301	60,000	55,018	610,319	761,627
End of Year, June 30	\$ 221,478	\$ 90,768	\$ 3,775	\$ 316,021	\$ 598,652

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

Schedule 4

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
From Inception and For the Year Ended June 30, 2006

	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Actual</u> <u>Current</u> <u>Year</u>	<u>Total</u> <u>To Date</u>
<b>Revenues:</b>				
Restricted Intergovernmental Revenues:				
HOME Program Grant	\$ 375,000	\$ 375,000	\$ -	\$ 375,000
Miscellaneous:				
Program Income - Repayments	<u>191,000</u>	<u>304,283</u>	<u>8,150</u>	<u>312,433</u>
<b>Total Revenues</b>	<u>566,000</u>	<u>679,283</u>	<u>8,150</u>	<u>687,433</u>
<b>Expenditures:</b>				
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	74,832	1,295	76,127
Investor Owned Rehabilitation	49,700	26,336	-	26,336
Down Payment/Closing Cost	32,000	6,764	844	7,608
Administration - Down Payment	6,000	-	-	-
Fiscal Agent Fees	<u>15,000</u>	<u>9,176</u>	<u>230</u>	<u>9,406</u>
<b>Total Expenditures</b>	<u>538,000</u>	<u>503,260</u>	<u>2,369</u>	<u>505,629</u>
<b>Revenues Over Expenditures</b>	<u>28,000</u>	<u>176,023</u>	<u>5,781</u>	<u>181,804</u>
<b>Other Financing (Uses):</b>				
Transfers to Other Funds:				
Downtown Farmer's Market Project Fund	<u>(28,000)</u>	<u>(28,000)</u>	<u>-</u>	<u>(28,000)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ 148,023</u>	<u>5,781</u>	<u>\$ 153,804</u>
<b>Fund Balance:</b>				
Beginning of Year, July 1			<u>148,023</u>	
End of Year, June 30			<u>\$ 153,804</u>	

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

Schedule 5

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
 From Inception and For the Year Ended June 30, 2006

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>
<b>Expenditures:</b>				
Economic and Physical Development:				
Energizer/Everready	\$ 375,000	\$ -	\$ -	\$ -
Unilever/Bestfoods	<u>125,000</u>	<u>125,000</u>	<u>-</u>	<u>125,000</u>
<b>Total Expenditures</b>	<u>500,000</u>	<u>125,000</u>	<u>-</u>	<u>125,000</u>
<b>Other Financing Sources:</b>				
Transfers From Other Funds:				
From General Fund	<u>500,000</u>	<u>125,000</u>	<u>125,000</u>	<u>250,000</u>
<b>Net Change in Fund Balance</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>125,000</u>	<u><u>\$ 125,000</u></u>
<b>Fund Balance:</b>				
Beginning of Year, July 1			<u>-</u>	
End of Year, June 30			<u><u>\$ 125,000</u></u>	

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

Schedule 6

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
From Inception and For the Year Ended June 30, 2006

	Project Authorization	Prior Years	Actual Current Year	Total To Date
<b>Revenues:</b>				
Restricted Intergovernmental Revenues:				
Federal Grants	\$ 95,341	\$ 95,341	\$ -	\$ 95,341
Investment Earnings	-	150	-	150
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Revenues</b>	95,341	95,491	-	95,491
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Expenditures:</b>				
Public Safety:				
Police Grant Match	10,594	10,594	-	10,594
Capital Outlay	89,384	88,156	1,228	89,384
Supplies and Materials	5,957	5,650	457	6,107
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Expenditures</b>	105,935	104,400	1,685	106,085
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Revenues (Under) Expenditures</b>	<hr/> (10,594) <hr/>	<hr/> (8,909) <hr/>	<hr/> (1,685) <hr/>	<hr/> (10,594) <hr/>
<b>Other Financing Sources:</b>				
Transfers From Other Funds:				
General Fund	10,594	12,194	-	12,194
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Change in Fund Balance</b>	<hr/> \$ - <hr/>	<hr/> \$ 3,285 <hr/>	<hr/> (1,685) <hr/>	<hr/> \$ 1,600 <hr/>
<b>Fund Balance:</b>				
Beginning of Year, July 1			<hr/> 3,285 <hr/>	
End of Year, June 30			<hr/> \$ 1,600 <hr/>	

**CITY OF ASHEBORO, NORTH CAROLINA**  
**SPECIAL REVENUE FUND - TRAFFIC 2005 GRANT FUND**

Schedule 7

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

From Inception and For the Year Ended June 30, 2006

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>
<b>Revenues:</b>				
Restricted Intergovernmental:				
Federal Grant	\$ 57,995	\$ -	\$ 37,827	\$ 37,827
<b>Total Revenues</b>	<u>57,995</u>	<u>-</u>	<u>37,827</u>	<u>37,827</u>
<b>Expenditures:</b>				
Public Safety:				
Operating Expenditures	27,579	-	14,765	14,765
Capital Outlay	<u>40,555</u>	<u>-</u>	<u>30,974</u>	<u>30,974</u>
<b>Total Expenditures</b>	<u>68,134</u>	<u>-</u>	<u>45,739</u>	<u>45,739</u>
<b>Revenues (Under) Expenditures</b>	<u>(10,139)</u>	<u>-</u>	<u>(7,912)</u>	<u>(7,912)</u>
<b>Other Financing Sources:</b>				
Transfers From Other Funds:				
From General Fund	<u>10,139</u>	<u>-</u>	<u>10,139</u>	<u>10,139</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>2,227</u>	<u>\$ 2,227</u>
<b>Fund Balance:</b>				
Beginning of Year, July 1			<u>-</u>	
End of Year, June 30			<u>\$ 2,227</u>	

**CITY OF ASHEBORO, NORTH CAROLINA**  
**CAPITAL PROJECT FUND - DOWNTOWN FARMER'S MARKET**

Schedule 8

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

From Inception and For the Year Ended June 30, 2006

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>
<b>Revenues:</b>				
Restricted Intergovernmental:				
Appropriation - State of North Carolina	\$ 100,000	\$ 100,000	\$ -	\$ 100,000
Gold Leaf Foundation	65,000	-	65,000	65,000
<b>Total Revenues</b>	<u>165,000</u>	<u>100,000</u>	<u>65,000</u>	<u>165,000</u>
<b>Expenditures:</b>				
Capital Outlay:				
Professional Services	193,000	14,894	178,106	193,000
<b>Total Expenditures</b>	<u>193,000</u>	<u>14,894</u>	<u>178,106</u>	<u>193,000</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(28,000)</u>	<u>85,106</u>	<u>(113,106)</u>	<u>(28,000)</u>
<b>Other Financing Sources:</b>				
Transfers From Other Funds:				
From Home Program Fund	28,000	28,000	-	28,000
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ 113,106</u>	<u>(113,106)</u>	<u>\$ -</u>
<b>Fund Balance:</b>				
Beginning of Year, July 1			<u>113,106</u>	
End of Year, June 30			<u>\$ -</u>	

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

Schedule 9

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
From Inception and For the Year Ended June 30, 2006

	Project Authorization	Actual		Total To Date
		Prior Years	Current Year	
<b>Revenues:</b>				
Restricted Intergovernmental:				
Federal Grants	\$ 172,032	\$ 166,174	\$ -	\$ 166,174
Investment Earnings	-	19,377	-	19,377
<b>Total Revenues</b>	<u>172,032</u>	<u>185,551</u>	<u>-</u>	<u>185,551</u>
<b>Expenditures:</b>				
Capital Outlay:				
Sidewalk Construction - North Fayetteville Street	168,000	21,048	48,764	69,812
Sidewalk Construction - South Church Street	101,417	100,143	-	100,143
Sidewalk Construction - Sunset Avenue	188,200	188,199	-	188,199
Water Lines - Steele Street	38,852	-	38,851	38,851
Water Lines - Woodcrest Drive	175,000	-	160,297	160,297
Water Lines - Keystone Drive	93,791	-	-	-
Water Lines - Sherwood Avenue	6,243	-	6,243	6,243
Water Lines - Fisher Circle	19,200	-	19,200	19,200
Sewer Lines - Sherwood Avenue	6,431	-	6,431	6,431
Sewer Lines - Harvell Street	24,038	-	24,037	24,037
<b>Total Expenditures</b>	<u>821,172</u>	<u>309,390</u>	<u>303,823</u>	<u>613,213</u>
<b>Revenues (Under) Expenditures</b>	<u>(649,140)</u>	<u>(123,839)</u>	<u>(303,823)</u>	<u>(427,662)</u>
<b>Other Financing Sources:</b>				
Transfers From Other Funds:				
From General Fund	217,000	217,000	-	217,000
From Water and Sewer Fund	432,140	402,140	30,000	432,140
<b>Total Other Financing Sources</b>	<u>649,140</u>	<u>619,140</u>	<u>30,000</u>	<u>649,140</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ 495,301</u>	<u>(273,823)</u>	<u>\$ 221,478</u>
<b>Fund Balance:</b>				
Beginning of Year, July 1			495,301	
End of Year, June 30			<u>\$ 221,478</u>	

**CITY OF ASHEBORO, NORTH CAROLINA**  
**CAPITAL PROJECT FUND - ASHEBORO SKATE PARK**

Schedule 10

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

From Inception and For the Year Ended June 30, 2006

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>
<b>Revenues:</b>				
Restricted Intergovernmental:				
Grant - Parks and Recreation Trust Fund	\$ 100,000	\$ -	\$ -	\$ -
<b>Total Revenues</b>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
Capital Outlay:				
Skate Park Construction	200,000	-	9,232	9,232
<b>Total Expenditures</b>	<u>200,000</u>	<u>-</u>	<u>9,232</u>	<u>9,232</u>
<b>Revenues (Under) Expenditures</b>	<u>(100,000)</u>	<u>-</u>	<u>(9,232)</u>	<u>(9,232)</u>
<b>Other Financing Sources:</b>				
Transfers From Other Funds:				
From General Fund	100,000	60,000	40,000	100,000
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ 60,000</u>	<u>30,768</u>	<u>\$ 90,768</u>
<b>Fund Balance:</b>				
Beginning of Year, July 1			<u>60,000</u>	
End of Year, June 30			<u>\$ 90,768</u>	

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

Schedule 11

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

From Inception and For the Year Ended June 30, 2006

	Project Authorization	Prior Years	Actual Current Year	Total To Date
<b>Revenues:</b>				
Restricted Intergovernmental:				
Federal Grant	\$ 2,750,000	\$ 2,499,596	\$ 16,325	\$ 2,515,921
State Grant	2,517,500	2,364,613	-	2,364,613
Investment Earnings	15,000	30,196	-	30,196
	<u>5,282,500</u>	<u>4,894,405</u>	<u>16,325</u>	<u>4,910,730</u>
<b>Expenditures:</b>				
Capital Outlay:				
Professional Services	690,863	626,718	23,437	650,155
Administration	4,655	4,654	501	5,155
Contractors	4,765,525	4,565,617	14,773	4,580,390
Land	260,500	212,500	45,524	258,024
Miscellaneous	15,000	-	-	-
Contingency	151,478	-	-	-
	<u>5,888,021</u>	<u>5,409,489</u>	<u>84,235</u>	<u>5,493,724</u>
<b>Revenues (Under) Expenditures</b>	<u>(605,521)</u>	<u>(515,084)</u>	<u>(67,910)</u>	<u>(582,994)</u>
<b>Other Financing Sources:</b>				
Transfers From Other Funds:				
From General Fund	605,521	570,102	16,667	586,769
	<u>605,521</u>	<u>570,102</u>	<u>16,667</u>	<u>586,769</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ 55,018</u>	<u>(51,243)</u>	<u>\$ 3,775</u>
<b>Fund Balance:</b>				
Beginning of Year, July 1			<u>55,018</u>	
End of Year, June 30			<u>\$ 3,775</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 two Water and Sewer Capital Projects Funds; the Water and Sewer System Improvements Project, which accounts for multi-year capital expansion, and the NCDOT Water and Sewer System Improvements Project, which accounts for capital replacement for specific areas of the City. The detail activity in these funds appears on Schedules 13 and 14, respectively. They are consolidated with the Water and Sewer Fund on Exhibit 6.

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

Schedule 12  
 (Page 1 of 3)

**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
 For the Year Ended June 30, 2006

	2006		Variance Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Operating Revenues:			
Water Sales	\$ 5,100,000	\$ 5,077,519	\$ (22,481)
Sewer Charges	3,500,000	3,653,251	153,251
Water and Sewer Taps	79,700	115,800	36,100
Sampling and Monitoring Fees	26,739	24,702	(2,037)
Surcharges	102,886	72,960	(29,926)
Septic Tank Discharge	40,000	60,580	20,580
Other Operating Revenues	85,315	154,102	68,787
Total Operating Revenues	8,934,640	9,158,914	224,274
Nonoperating Revenues:			
Interest Earned on Investments	85,000	504,843	419,843
Sales of Materials and Services	300	228	(72)
Sale of Assets	1,000	5,729	4,729
Other Nonoperating Revenues	105,001	111,057	6,056
Total Nonoperating Revenues	191,301	621,857	430,556
<b>Total Revenues</b>	<b>9,125,941</b>	<b>9,780,771</b>	<b>654,830</b>
<b>Expenditures:</b>			
Billing and Collections:			
Salaries and Employee Benefits		187,993	
Supplies		34,371	
Other Operating Expenditures		15,118	
Total	266,154	237,482	28,672
Water Meter Operations:			
Salaries and Employee Benefits		258,884	
Supplies		29,828	
Other Operating Expenditures		46,097	
Total	343,693	334,809	8,884
Water Supply and Treatment:			
Salaries and Employee Benefits		646,552	
Supplies		300,662	
Other Operating Expenditures		547,851	
Total	\$ 1,497,076	\$ 1,495,065	\$ 2,011

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

Schedule 12  
(Page 2 of 3)

**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
For the Year Ended June 30, 2006

	2006		Variance Positive (Negative)
	Budget	Actual	
<b>Expenditures (Concluded):</b>			
Wastewater Treatment:			
Salaries and Employee Benefits	\$	\$ 1,102,342	\$
Supplies		459,518	
Other Operating Expenditures		1,211,812	
Total	3,071,963	2,773,672	298,291
Water Maintenance:			
Salaries and Employee Benefits		403,539	
Supplies		213,729	
Other Operating Expenditures		77,558	
Total	741,112	694,826	46,286
Wastewater Maintenance:			
Salaries and Employee Benefits		539,443	
Supplies		105,955	
Other Operating Expenditures		316,867	
Total	1,120,941	962,265	158,676
Debt Service:			
Principal on Bonds and Note		1,573,899	
Principal on Capital Lease		33,926	
Interest and Fees		438,824	
Debt Issuance Costs		90,412	
Total	1,988,238	2,137,061	(148,823)
Capital Outlay:			
Water Maintenance		14,758	
Wastewater Maintenance		67,033	
Total	68,000	81,791	(13,791)
<b>Total Expenditures</b>	9,097,177	8,716,971	380,206
<b>Revenues Over Expenditures (Forward)</b>	\$ 28,764	\$ 1,063,800	\$ 1,035,036

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

Schedule 12  
 (Page 3 of 3)

**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
 For the Year Ended June 30, 2006

	2006		
	Budget	Actual	Variance Positive (Negative)
<b>Revenues Over Expenditures: (Brought Forward)</b>	\$ 28,764	\$ 1,063,800	\$ 1,035,036
<b>Other Financing (Uses):</b>			
Transfers to Other Funds:			
To North Fayetteville Street Sidewalk Capital Project Fund	(79,000)	(30,000)	49,000
To NCDOT Water and Sewer System Improvement Project	(69,000)	(70,000)	(1,000)
Payments to Refunding Escrow Agent	-	(7,619,799)	(7,619,799)
Refunding General Obligation Bonds Issued	-	7,617,003	7,617,003
Premium on Refunding Bonds	-	93,209	93,209
<b>Total Other Financing (Uses)</b>	(148,000)	(9,587)	138,413
<b>Appropriated Fund Balance</b>	119,236	-	(119,236)
<b>Revenues Over Expenditures and Other Uses</b>	\$ -	\$ 1,054,213	\$ 1,054,213
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>			
<b>Revenues Over Expenditures and Other Uses</b>		\$ 1,054,213	
Payments to Refunding Escrow Agent		7,619,799	
Refunding General Obligation Bonds Issued		(7,617,003)	
Premium on Refunding Bonds		(93,209)	
Debt Issuance Costs		90,412	
Payment of Bond and Note Principal		1,573,899	
Payment on Capital Leases		33,926	
Amortization of Deferred Loss on Refunding		(35,488)	
Amortization of Bond Issue Costs		(49,501)	
Capital Outlay		81,791	
Depreciation		(1,286,376)	
Increase In Accrued Compensated Absences		(13,065)	
Decrease In Accrued Interest Expense		33,863	
Capital Contributions		1,175,251	
Disposal of Assets		(357)	
Capitalized Labor, Materials, and Other Costs		134,626	
Transfer to NCDOT Water and Sewer System Improvement Project		70,000	
<b>Total Reconciling Items</b>		1,718,569	
<b>Change in Net Assets</b>		\$ 2,772,782	

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

Schedule 13

**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**

From Inception and For the Year Ended June 30, 2006

	Project Authorization	Prior Years	Actual Current Year	Total To Date
<b>Revenues:</b>				
Investment Earnings	\$ -	\$ 3,566	\$ -	\$ 3,566
<b>Expenditures:</b>				
Water System Improvements:				
Professional Services	397,850	241,359	2,001	243,360
Administrative	84,500	80,685	167	80,852
Payment to Contractors	3,391,007	498,287	404,615	902,902
Right-of- Way and Easements	150,000	14,966	64,147	79,113
Contingency	-	739	-	739
Sewer Pump Station # 2:				
Professional Services — Water and Sewer	257,987	256,062	5,000	261,062
Administrative	2,000	51,395	-	51,395
Payment to Contractors	1,892,120	1,696,285	39,424	1,735,709
Right -of- Way and Easements	20,764	20,764	-	20,764
Contingency	94,600	-	-	-
Sewer Pump Station # 1:				
Professional Services	69,405	59,608	1,750	61,358
Administrative	2,830	2,518	-	2,518
Payment to Contractors	434,200	382,540	33,050	415,590
Right -of- Way and Easements	4,566	4,566	-	4,566
Contingency	21,700	20,450	22,503	42,953
Water System Power Generators:				
Professional Services	120,683	69,500	36,985	106,485
Administrative	28,000	27,199	349	27,548
Payment to Contractors	1,200,989	-	1,146,820	1,146,820
Contingency	58,852	-	-	-
<b>Total Expenditures</b>	<b>8,232,053</b>	<b>3,426,923</b>	<b>1,756,811</b>	<b>5,183,734</b>
<b>Revenues (Under) Expenditures</b>	<b>(8,232,053)</b>	<b>(3,423,357)</b>	<b>(1,756,811)</b>	<b>(5,180,168)</b>
<b>Other Financing Sources:</b>				
Transfers From Other Funds:				
Water and Sewer Fund	358,000	358,000	-	358,000
Proceeds of State Water Loan	5,331,881	727,281	1,665,043	2,392,324
Proceeds of State Sewer Loan	2,542,172	2,400,947	62,039	2,462,986
<b>Total Other Financing Sources</b>	<b>8,232,053</b>	<b>3,486,228</b>	<b>1,727,082</b>	<b>5,213,310</b>
<b>Revenues and Other Financing Sources</b>	<b>\$ -</b>	<b>\$ 62,871</b>	<b>\$ (29,729)</b>	<b>\$ 33,142</b>
<b>Over (Under) Expenditures</b>				

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

Schedule 14

**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
 From Inception and For the Year Ended June 30, 2006

	Project Authorization	Actual		Total To Date
		Prior Years	Current Year	
<b>Expenditures:</b>				
Sunset Avenue Water Construction	184,000	-	-	-
Sunset Avenue Sewer Construction	192,000	-	-	-
Salisbury Street Water Construction	208,792	-	-	-
Salisbury Street Sewer Construction	152,482	-	-	-
<b>Total Expenditures</b>	<b>737,274</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Financing Sources:</b>				
Transfers From Other Funds:				
Water and Sewer Fund	737,274	-	70,000	70,000
<b>Revenues and Other Financing Sources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 70,000</b>	<b>\$ 70,000</b>
<b>Over (Under) Expenditures</b>				

CAPITAL ASSETS USED  
IN THE OPERATION  
OF GOVERNMENTAL FUNDS

**CITY OF ASHEBORO, NORTH CAROLINA**

Schedule 15

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**

**COMPARATIVE SCHEDULES BY SOURCE**

June 30, 2006

	<u>2006</u>	<u>2005</u>
<b>Governmental Funds Capital Assets:</b>		
Land	\$ 3,167,702	\$ 3,067,973
Land Improvements	8,071,560	8,059,477
Buildings	10,672,216	10,032,528
Street Construction	12,229,928	11,682,803
Equipment	4,091,975	4,094,390
Vehicles	7,430,140	7,612,351
Construction in Progress	<u>2,245,392</u>	<u>2,433,358</u>
<b>Total Capital Assets</b>	<u>\$ 47,908,913</u>	<u>\$ 46,982,880</u>
<b>Investment in Governmental Funds Capital Assets - by Source:</b>		
General Fund	\$ 19,621,633	\$ 19,032,249
Special Revenue Funds	77,165	77,165
Capital Projects Funds	19,147,086	18,810,437
Donations	<u>9,063,029</u>	<u>9,063,029</u>
	<u>\$ 47,908,913</u>	<u>\$ 46,982,880</u>

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

Schedule 16  
 (Page 1 of 2)

**SCHEDULE BY FUNCTION AND ACTIVITY**  
 June 30, 2006

<b>Function and Activity</b>	<b>Land</b>	<b>Land Improvements</b>	<b>Buildings</b>	<b>Street Construction</b>
<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	214,578	73,215	685,142	-
Information Technology	-	-	-	-
City Shop	67,274	-	-	-
<b>Total General Government</b>	<b>295,760</b>	<b>73,215</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	-	2,658,264	-
Streets	222,638	45,070	-	12,229,928
City Engineer	-	-	-	-
Airport	820,850	6,472,892	671,466	-
<b>Total Transportation</b>	<b>1,317,185</b>	<b>6,517,962</b>	<b>3,329,730</b>	<b>12,229,928</b>
<b>Environmental Protection:</b>				
Sanitation	21,152	-	699,940	-
<b>Cultural and Recreational:</b>				
Parks, Lakes and Playgrounds	877,579	1,078,583	1,995,961	-
Municipal Golf Course	28,015	111,898	67,418	-
Grounds Maintenance	85,675	62,918	136,934	-
Library	30,843	-	-	-
<b>Total Cultural and Recreational</b>	<b>1,022,112</b>	<b>1,253,399</b>	<b>2,200,313</b>	<b>-</b>
<b>Economic and Physical Development:</b>				
Community Promotion	327,114	204,375	2,629,317	-
<b>Construction in Progress</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Gov. Funds Capital Assets</b>	<b>\$ 3,167,702</b>	<b>\$ 8,071,560</b>	<b>\$ 10,672,216</b>	<b>\$ 12,229,928</b>

	Equipment	Vehicles	Construction In Progress	Total
<b>General Government:</b>				
Governing Body	\$ -	\$ -	\$ -	\$ -
Administration	1,876	-	-	1,876
Personnel and City Clerk	3,725	-	-	3,725
Finance	62,271	-	-	62,271
Human Resources	46,237	11,273	-	113,143
Legal Services	2,849	-	-	2,849
Planning and Zoning	40,774	39,457	-	80,231
Public Buildings	20,079	-	-	993,014
Information Technology	74,104	-	-	74,104
City Shop	271,943	209,836	-	549,053
<b>Total General Government</b>	<b>523,858</b>	<b>260,566</b>	<b>-</b>	<b>1,880,266</b>
<b>Public Safety:</b>				
Police	474,655	1,755,135	-	2,990,693
Fire	249,421	1,172,753	-	1,954,308
Inspections	5,844	33,015	-	38,859
<b>Total Public Safety</b>	<b>729,920</b>	<b>2,960,903</b>	<b>-</b>	<b>4,983,860</b>
<b>Transportation:</b>				
Public Works	231,293	138,807	-	3,302,061
Streets	869,442	1,241,245	-	14,608,323
City Engineer	62,678	28,971	-	91,649
Airport	127,048	27,000	-	8,119,256
<b>Total Transportation</b>	<b>1,290,461</b>	<b>1,436,023</b>	<b>-</b>	<b>26,121,289</b>
<b>Environmental Protection:</b>				
Sanitation	750,585	2,200,924	-	3,672,601
<b>Cultural and Recreational:</b>				
Parks, Lakes and Playgrounds	155,614	74,983	-	4,182,720
Municipal Golf Course	59,644	-	-	266,975
Grounds Maintenance	568,360	496,741	-	1,350,628
Library	-	-	-	30,843
<b>Total Cultural and Recreational</b>	<b>783,618</b>	<b>571,724</b>	<b>-</b>	<b>5,831,166</b>
<b>Economic and Physical Development:</b>				
Community Promotion	13,533	-	-	3,174,339
<b>Construction in Progress</b>	<b>-</b>	<b>-</b>	<b>2,245,392</b>	<b>2,245,392</b>
<b>Total Gov. Funds Capital Assets</b>	<b>\$ 4,091,975</b>	<b>\$ 7,430,140</b>	<b>\$ 2,245,392</b>	<b>\$ 47,908,913</b>

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

Schedule 17

**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**

For the Year Ended June 30, 2006

<b><u>Function and Activity</u></b>	<b>Governmental Fund</b>			<b>Governmental Fund</b>
	<b>Capital Assets</b>			<b>Capital Assets</b>
	<b>June 30, 2005</b>	<b>Additions</b>	<b>Retirements</b>	<b>June 30, 2006</b>
<b>General Government:</b>				
Governing Body	\$ -	\$ -	\$ -	\$ -
Administration	3,756	-	1,880	1,876
Personnel and City Clerk	7,048	-	3,323	3,725
Finance	57,178	5,093	-	62,271
Human Resources	114,340	11,273	12,470	113,143
Legal Services	2,849	-	-	2,849
Planning and Zoning	78,913	12,914	11,596	80,231
Public Buildings	1,022,969	25,613	55,568	993,014
Information Technology	66,872	7,232	-	74,104
City Shop	600,146	1,500	52,593	549,053
<b>Total General Government</b>	<b>1,954,071</b>	<b>63,625</b>	<b>137,430</b>	<b>1,880,266</b>
<b>Public Safety:</b>				
Police	2,958,488	133,746	101,541	2,990,693
Fire	1,990,771	10,928	47,391	1,954,308
Inspections	38,859	-	-	38,859
<b>Total Public Safety</b>	<b>4,988,118</b>	<b>144,674</b>	<b>148,932</b>	<b>4,983,860</b>
<b>Transportation:</b>				
Public Works	3,253,835	48,226	-	3,302,061
Streets	14,055,924	769,173	216,774	14,608,323
City Engineer	130,055	-	38,406	91,649
Airport	8,075,983	43,273	-	8,119,256
<b>Total Transportation</b>	<b>25,515,797</b>	<b>860,672</b>	<b>255,180</b>	<b>26,121,289</b>
<b>Environmental Protection:</b>				
Sanitation	3,823,923	215,070	366,392	3,672,601
<b>Cultural and Recreational:</b>				
Parks, Lakes and Playgrounds	3,941,415	241,305	-	4,182,720
Municipal Golf Course	266,975	-	-	266,975
Grounds Maintenance	1,316,999	51,419	17,790	1,350,628
Library	-	30,843	-	30,843
<b>Total Cultural and Recreational</b>	<b>5,525,389</b>	<b>323,567</b>	<b>17,790</b>	<b>5,831,166</b>
<b>Economic and Physical Development:</b>				
Community Promotion	2,742,224	432,115	-	3,174,339
<b>Construction in Progress</b>				
	2,433,358	616,876	804,842	2,245,392
<b>Total Governmental Fund Capital Assets</b>	<b>\$ 46,982,880</b>	<b>\$ 2,656,599</b>	<b>\$ 1,730,566</b>	<b>\$ 47,908,913</b>

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**

Schedule 18

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**

For the Year Ended June 30, 2006

<u>Fiscal Year</u>	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Balance June 30, 2006</u>
2005-2006	\$ -	\$ 10,046,106	\$ 9,888,274	\$ 157,832
2004-2005	150,837		22,931	127,906
2003-2004	130,816		126,330	4,486
2002-2003	25,905		920	24,985
2001-2002	4,523		521	4,002
2000-2001	4,336		352	3,984
1999-2000	2,904		268	2,636
1998-1999	6,883		82	6,801
1997-1998	2,942		197	2,745
1996-1997	3,448		169	3,279
1995-1996	1,645		1,645	-
	<u>\$ 388,278</u>	<u>\$ 10,046,106</u>	<u>\$ 10,041,689</u>	338,656
Less Allowance for Uncollectible Ad Valorem Taxes Receivable				<u>(96,000)</u>
Ad Valorem Taxes Receivable - Net				<u>\$ 242,656</u>
Reconciliation with Revenues:				
Ad Valorem Taxes Collected - General Fund			\$ 9,976,478	
Discounts Allowed			95,989	
Releases and Adjustments			7,722	
Taxes Written Off			1,645	
Interest Collected			<u>(40,145)</u>	
Total Collections and Credits			<u>\$ 10,041,689</u>	

**ANALYSIS OF CURRENT TAX LEVY**

For the Year Ended June 30, 2006

	City-Wide		Total Levy		
			Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate			
<b>Original Levy:</b>					
Property Taxed at Current Year's Rate	\$ 1,759,484,002	.55	\$ 9,677,162	\$ 9,085,373	\$ 591,789
Motor Vehicles Taxed at Prior Year's Rate	51,582,047	.55	283,701		283,701
Penalties			13,470	13,470	
<b>Total</b>	<u>1,811,066,049</u>		<u>9,974,333</u>	<u>9,098,843</u>	<u>875,490</u>
<b>Discoveries:</b>					
Current Year Taxes	36,787,324	.55	202,330	202,330	
Penalties			938	938	
	<u>36,787,324</u>		<u>203,268</u>	<u>203,268</u>	
<b>Abatements</b>	<u>(23,908,402)</u>		<u>(131,496)</u>	<u>(104,359)</u>	<u>(27,137)</u>
<b>Total Valuation</b>	<u>\$ 1,823,944,971</u>				
Net Levy			10,046,106	9,197,752	848,353
Uncollected Taxes at June 30, 2006			<u>(157,832)</u>	<u>(31,936)</u>	<u>(125,896)</u>
Current Year's Taxes Collected			<u>\$ 9,888,274</u>	<u>\$ 9,165,816</u>	<u>\$ 722,457</u>
Current Levy Collection Percentage			<u>98.43%</u>	<u>99.65%</u>	<u>85.16%</u>

STATISTICAL  
SECTION

**CITY OF ASHEBORO,  
NORTH CAROLINA**

**STATISTICAL SECTION**

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

<b>Contents</b>	<b>Page</b>
Financial Trends	105
These tables contain trend information to help the reader understand how the City’s Financial performance and well-being have changed over time.	
Revenue Capacity	114-115
These tables contain information to help the reader assess the City’s most significant local revenue source, the property tax.	
Debt Capacity	119
These tables present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Demographic and Economic Information	124
These tables offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	
Operating Information	126
These tables contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	

**City of Asheboro**  
**Net Assets by Component**  
**Last Four Fiscal Years**  
**(accrual basis of accounting)**

Table 1

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities				
Invested in capital assets, net of related debt	20,973,959	20,931,387	21,766,060	21,596,547
Restricted	-	1,361,560	1,507,360	1,685,767
Unrestricted	<u>4,671,402</u>	<u>4,844,057</u>	<u>6,291,656</u>	<u>6,551,740</u>
Total Governmental activities net assets	<u>\$ 25,645,361</u>	<u>\$ 27,137,004</u>	<u>\$ 29,565,076</u>	<u>\$ 29,834,054</u>
Business-type activities				
Invested in capital assets, net of related debt	30,865,010	29,075,233	28,950,351	30,544,401
Restricted	-	-	-	-
Unrestricted	<u>5,254,003</u>	<u>7,302,279</u>	<u>8,818,325</u>	<u>9,997,052</u>
Total business-type activities net assets	<u>\$ 36,119,013</u>	<u>\$ 36,377,512</u>	<u>\$ 37,768,676</u>	<u>\$ 40,541,453</u>
Primary government				
Invested in capital assets, net of related debt	51,838,969	50,006,620	50,716,411	52,140,948
Restricted	-	1,361,560	1,507,360	1,685,767
Unrestricted	<u>9,925,405</u>	<u>12,146,336</u>	<u>15,109,981</u>	<u>16,548,792</u>
Total primary government net assets	<u>\$ 61,764,374</u>	<u>\$ 63,514,516</u>	<u>\$ 67,333,752</u>	<u>\$ 70,375,507</u>

NOTE: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

**City of Asheboro**  
**Changes in Net Assets**  
**Last Four Fiscal Years**  
**(accrual basis of accounting)**

Table 2  
(Page 1 of 2)

<b>Expenses</b>	<u><b>2003</b></u>	<u><b>2004</b></u>	<u><b>2005</b></u>	<u><b>2006</b></u>
Governmental activities:				
General government	\$ 2,177,218	\$ 2,352,525	\$ 2,437,525	\$ 2,678,773
Public safety	\$ 6,675,836	\$ 7,053,883	\$ 7,690,500	\$ 8,197,256
Transportation	\$ 2,780,688	\$ 2,948,970	\$ 2,845,905	\$ 2,894,678
Environmental Protection	\$ 2,272,404	\$ 1,890,887	\$ 1,854,315	\$ 2,009,628
Cultural and Recreational	\$ 2,010,511	\$ 2,169,500	\$ 2,220,540	\$ 2,050,456
Economic and Physical Development	\$ 170,415	\$ 288,022	\$ 293,623	\$ 622,159
Interest on long-term debt	\$ 183,392	\$ 177,141	\$ 149,186	\$ 118,843
Total governmental activities expenses	<u>\$ 16,270,464</u>	<u>\$ 16,880,928</u>	<u>\$ 17,491,594</u>	<u>\$ 18,571,793</u>
Business-type activities:				
Water and Sewer	\$ 7,589,539	\$ 8,339,935	\$ 7,617,349	\$ 8,152,888
Total business-type activities	<u>\$ 7,589,539</u>	<u>\$ 8,339,935</u>	<u>\$ 7,617,349</u>	<u>\$ 8,152,888</u>
Total primary governmental expenses	<u>\$ 23,860,003</u>	<u>\$ 25,220,863</u>	<u>\$ 25,108,943</u>	<u>\$ 26,724,681</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 30,425	\$ 42,647	\$ 45,678	\$ 48,857
Public safety	\$ 154,016	\$ 156,321	\$ 155,690	\$ 149,994
Transportation	\$ 22,519	\$ 24,690	\$ 24,848	\$ 25,897
Environmental Protection	\$ 629,788	\$ 804,406	\$ 799,652	\$ 775,153
Cultural and Recreational	\$ 325,556	\$ 376,089	\$ 416,610	\$ 409,975
Operating grants and contributions	\$ 1,330,575	\$ 657,136	\$ 791,245	\$ 736,842
Capital grants and contributions	\$ 998,036	\$ 882,880	\$ 1,175,921	\$ 137,243
Total governmental activities program revenues	<u>\$ 3,490,915</u>	<u>\$ 2,944,169</u>	<u>\$ 3,409,644</u>	<u>\$ 2,283,961</u>
Business-type activities:				
Charges for services:				
Water and Sewer	\$ 8,384,302	\$ 8,180,862	\$ 8,976,484	\$ 9,004,812
Operating grants and contributions	\$ 159,031	\$ 387,109	\$ 238,685	\$ 265,387
Capital grants and contributions	\$ -	\$ 679	\$ -	\$ 1,175,251
Total business-type activities program revenues	<u>\$ 8,543,333</u>	<u>\$ 8,568,650</u>	<u>\$ 9,215,169</u>	<u>\$ 10,445,450</u>
Total primary governmental program revenues	<u>\$ 12,034,248</u>	<u>\$ 11,512,819</u>	<u>\$ 12,624,813</u>	<u>\$ 12,729,411</u>
 Net (expense)/revenue				
Governmental activities	\$ (12,779,549)	\$ (13,936,759)	\$ (14,081,950)	\$ (16,287,832)
Business-type activities	\$ 953,794	\$ 228,715	\$ 1,597,820	\$ 2,292,562
Total primary governmental net expense	<u>\$ (11,825,755)</u>	<u>\$ (13,708,044)</u>	<u>\$ (12,484,130)</u>	<u>\$ (13,995,270)</u>

**General Revenues and Other Changes in**

<b>Net Assets</b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>
<b>Governmental activities:</b>				
Taxes				
Property taxes	\$ 8,760,840	\$ 8,824,062	\$ 9,783,783	\$ 10,014,896
Sales taxes	\$ -	\$ -	\$ -	\$ 3,812,464
Franchise taxes	\$ -	\$ -	\$ -	\$ 1,659,199
Other taxes and licenses	\$ 4,801,726	\$ 5,629,976	\$ 5,822,733	\$ 493,036
Unrestricted grants and contributions	\$ -	\$ -	\$ -	\$ -
Investment earnings	\$ 60,688	\$ 65,066	\$ 134,749	\$ 215,231
Miscellaneous	\$ 292,775	\$ 301,779	\$ 396,617	\$ 331,984
Transfers	\$ -	\$ 30,000	\$ 372,140	\$ 30,000
<b>Total governmental activities</b>	<b><u>\$ 13,916,029</u></b>	<b><u>\$ 14,850,883</u></b>	<b><u>\$ 16,510,022</u></b>	<b><u>\$ 16,556,810</u></b>
<b>Business-type activities:</b>				
Investment earnings	\$ 73,546	\$ 59,784	\$ 165,484	\$ 504,843
Miscellaneous	\$ -	\$ -	\$ -	\$ 5,372
Transfers	\$ -	\$ (30,000)	\$ (372,140)	\$ (30,000)
<b>Total business-type activities</b>	<b><u>\$ 73,546</u></b>	<b><u>\$ 29,784</u></b>	<b><u>\$ (206,656)</u></b>	<b><u>\$ 480,215</u></b>
<b>Total primary government</b>	<b><u>\$ 13,989,575</u></b>	<b><u>\$ 14,880,667</u></b>	<b><u>\$ 16,303,366</u></b>	<b><u>\$ 17,037,025</u></b>
<b>Change in Net Assets</b>				
Governmental activities	\$ 1,136,480	\$ 914,124	\$ 2,428,072	\$ 268,978
Business-type activities	\$ 1,027,340	\$ 258,499	\$ 1,391,164	\$ 2,772,777
<b>Total primary government</b>	<b><u>\$ 2,163,820</u></b>	<b><u>\$ 1,172,623</u></b>	<b><u>\$ 3,819,236</u></b>	<b><u>\$ 3,041,755</u></b>

NOTE: Detail prior to 2003 not available at this time  
Taxes etc. Breakout detail prior to 2006 not available at this time

**City of Asheboro**  
**Governmental Activities Tax Revenues By Source**  
**Last Four Fiscal Years**  
**(accrual basis of accounting)**

Table 3

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Other</b>	<b>Total</b>
2003	8,760,840	2,891,373	1,623,234	287,119	13,562,566
2004	8,824,062	3,421,603	1,615,343	593,030	14,454,038
2005	9,783,783	3,616,500	1,651,726	554,507	15,606,516
2006	10,014,896	3,812,464	1,659,199	493,036	15,979,595

**City of Asheboro**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

Table 4  
(Page 1 of 2)

	<b>Fiscal Year</b>				
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
General Fund					
Reserved	\$ 1,625,756	\$ 2,638,010	\$ 2,551,030	\$ 2,912,085	\$ 2,630,310
Unreserved	<u>4,361,515</u>	<u>4,883,047</u>	<u>4,807,858</u>	<u>3,440,307</u>	<u>2,322,579</u>
Total General Fund	<u>\$ 5,987,271</u>	<u>\$ 7,521,057</u>	<u>\$ 7,358,888</u>	<u>\$ 6,352,392</u>	<u>\$ 4,952,889</u>
All other governmental funds					
Reserved	\$ 491,829	\$ 85,860	\$ 112,490	\$ 745,283	\$ 361,488
Unreserved, reported in:	-	-	-	-	-
Special revenue funds	70,578	102,526	101,752	168,485	144,557
Capital projects funds	202,377	94,220	152,129	(17,060)	1,103,596
Permanent funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 764,784</u>	<u>\$ 282,606</u>	<u>\$ 366,371</u>	<u>\$ 896,708</u>	<u>\$ 1,609,641</u>

**City of Asheboro**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

Table 4  
(Page 2 of 2)

	<b>Fiscal Year</b>				
	<u><b>2002</b></u>	<u><b>2003</b></u>	<u><b>2004</b></u>	<u><b>2005</b></u>	<u><b>2006</b></u>
General Fund					
Reserved	\$ 2,829,041	\$ 3,780,973	\$ 4,584,450	\$ 4,207,513	\$ 5,257,751
Unreserved	<u>1,308,503</u>	<u>1,487,033</u>	<u>2,459,707</u>	<u>4,005,747</u>	<u>3,697,156</u>
Total General Fund	<u><u>\$ 4,137,544</u></u>	<u><u>\$ 5,268,006</u></u>	<u><u>\$ 7,044,157</u></u>	<u><u>\$ 8,213,260</u></u>	<u><u>\$ 8,954,907</u></u>
All other governmental funds					
Reserved	\$ 74,831	\$ 1,612	\$ 782,265	\$ 282,209	\$ 138,350
Unreserved, reported in:	-	-	-	-	-
Special revenue funds	137,839	270,426	180,748	149,503	281,463
Capital projects funds	267,848	291,977	(590,342)	443,021	178,839
Permanent funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u><u>\$ 480,518</u></u>	<u><u>\$ 564,015</u></u>	<u><u>\$ 372,671</u></u>	<u><u>\$ 874,733</u></u>	<u><u>\$ 598,652</u></u>

**City of Asheboro**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

Table 5  
(Page 1 of 2)

	<b>Fiscal Year</b>				
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
<b>Revenues</b>					
Taxes	\$ 5,961,995	\$ 6,412,520	\$ 6,604,305	\$ 6,817,355	\$ 7,325,269
Other taxes and licences	1,881,426	1,939,090	2,509,540	2,659,998	2,710,880
Intergovernmental	3,798,587	3,386,065	3,417,943	4,952,727	4,070,029
Permits and fees	249,342	231,111	281,085	295,357	288,158
Sales and Services	643,026	768,695	856,462	938,743	961,224
Investment earnings	307,152	361,364	375,180	363,308	348,902
Miscellaneous	132,622	330,261	146,369	295,048	410,071
Total revenues	<u>12,974,150</u>	<u>13,429,106</u>	<u>14,190,884</u>	<u>16,322,536</u>	<u>16,114,533</u>
<b>Expenditures</b>					
General government	1,268,377	1,351,633	1,867,726	1,867,031	2,137,131
Public safety	4,189,887	4,304,061	5,712,940	5,612,638	5,755,573
Transportation	1,967,423	2,085,506	2,118,030	2,424,241	2,403,789
Environmental Protection	994,268	1,117,175	1,621,689	1,746,532	1,621,421
Culture and recreation	1,494,665	1,600,147	1,639,441	1,935,535	1,762,759
Economic and physical development	387,271	311,665	209,475	285,218	213,682
Capital outlay	1,426,075	1,025,122	1,003,543	2,210,706	2,765,735
Debt service					
Principal	377,153	392,072	464,378	435,881	412,579
Interest & Fees	206,917	190,117	199,984	198,023	178,434
Other charges	-	-	-	-	-
Total expenditures	<u>12,312,036</u>	<u>12,377,498</u>	<u>14,837,206</u>	<u>16,715,805</u>	<u>17,251,103</u>
Excess of revenues over (under) expenditures	662,114	1,051,608	(646,322)	(393,269)	(1,136,570)
<b>Other financing sources (uses)</b>					
Transfers in	194,480	60,765	813,000	923,935	718,898
Transfers out	(194,480)	(60,765)	(1,208,000)	(1,323,935)	(1,118,898)
Refunding bonds issued	-	-	-	-	-
Bonds issued	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-
Installment Purchase Obligations / Notes	64,167	-	962,918	317,110	850,000
Sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	<u>64,167</u>	<u>-</u>	<u>567,918</u>	<u>(82,890)</u>	<u>450,000</u>
Net change in fund balances	<u>\$ 726,281</u>	<u>\$ 1,051,608</u>	<u>\$ (78,404)</u>	<u>\$ (476,159)</u>	<u>\$ (686,570)</u>
Debt services as a percentage of noncapital expenditures	5.4%	5.1%	4.8%	4.4%	4.1%

**City of Asheboro**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

Table 5  
(Page 2 of 2)

	<b>Fiscal Year</b>				
	<u><b>2002</b></u>	<u><b>2003</b></u>	<u><b>2004</b></u>	<u><b>2005</b></u>	<u><b>2006</b></u>
<b>Revenues</b>					
Taxes	\$ 7,778,688	\$ 8,681,837	\$ 8,763,385	\$ 9,813,823	\$ 9,976,478
Other taxes and licences	2,860,647	254,361	265,461	281,113	296,688
Intergovernmental	2,679,702	5,906,820	6,904,412	7,526,549	6,490,084
Permits and fees	241,623	288,088	306,411	314,331	343,937
Sales and Services	975,082	989,053	1,221,479	1,277,732	1,255,606
Investment earnings	119,527	60,688	65,066	134,749	215,231
Miscellaneous	973,842	182,714	191,931	242,480	414,394
<b>Total revenues</b>	<u>15,629,111</u>	<u>16,363,561</u>	<u>17,718,145</u>	<u>19,590,777</u>	<u>18,992,418</u>
<b>Expenditures</b>					
General government	2,330,737	2,159,875	2,366,224	2,412,785	2,621,114
Public safety	6,356,382	6,424,374	6,814,713	7,517,736	8,011,022
Transportation	2,299,081	1,999,297	2,042,371	2,160,172	2,432,969
Environmental Protection	1,609,963	2,115,124	1,875,141	1,775,841	2,099,822
Culture and recreation	1,846,474	1,835,946	2,101,197	2,278,068	2,402,367
Economic and physical development	211,965	104,075	222,043	227,914	552,595
Capital outlay	2,317,177	24,224	1,111,783	1,206,963	575,396
Debt service					
Principal	396,579	432,196	545,350	610,978	445,308
Interest & Fees	205,221	185,491	179,216	154,060	134,009
Other charges	-	-	-	-	10,837
<b>Total expenditures</b>	<u>17,573,579</u>	<u>15,280,602</u>	<u>17,258,038</u>	<u>18,344,517</u>	<u>19,285,439</u>
Excess of revenues over (under) expenditures	(1,944,468)	1,082,959	460,107	1,246,260	(293,021)
<b>Other financing sources (uses)</b>					
Transfers in	112,786	306,921	170,815	501,042	221,806
Transfers out	(112,786)	(306,921)	(140,815)	(128,902)	(191,806)
Refunding bonds issued	-	-	-	-	(913,332)
Bonds issued	-	-	-	-	912,997
Premium on bonds issued	-	-	-	-	11,172
Discount on bonds issued	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-
Installment Purchase Obligations / Notes	-	131,000	473,658	52,765	682,180
Sale of capital assets	-	-	43,523	-	35,570
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>131,000</u>	<u>547,181</u>	<u>424,905</u>	<u>758,587</u>
<b>Net change in fund balances</b>	<u>\$ (1,944,468)</u>	<u>\$ 1,213,959</u>	<u>\$ 1,007,288</u>	<u>\$ 1,671,165</u>	<u>\$ 465,566</u>
Debt services as a percentage of noncapital	3.9%	4.0%	4.5%	4.5%	3.2%

**City of Asheboro**  
**General Governmental Tax Revenues By Source**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

Table 6

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Other</b>	<b>Total</b>
1997	\$ 5,961,995	\$ 1,684,654	\$ 1,096,520	\$ -	\$ 8,743,169
1998	6,412,520	1,725,776	1,229,055	-	9,367,351
1999	6,604,305	2,284,232	1,421,699	1,210,221	11,520,457
2000	6,817,355	2,423,363	1,450,061	1,230,086	11,920,865
2001	7,325,269	2,467,656	1,536,868	1,218,880	12,548,673
2002	7,778,688	2,599,850	783,844	884,014	12,046,396
2003	8,681,837	2,891,373	1,623,234	287,119	13,483,563
2004	8,763,385	3,421,603	1,615,343	593,030	14,393,361
2005	9,813,823	3,616,500	1,651,726	554,507	15,636,556
2006	9,976,478	3,812,464	1,659,199	493,036	15,941,177

NOTE: The State of North Carolina repealed the inventory tax reimbursement in 2002.

**Name of Government**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Table 7  
 (Page 1 of 2)

<b>Fiscal Year Ended June 30</b>	<b>Real Property</b>		<b>Personal Property</b>	<b>Personal Property</b>	
	<b>Residential Property</b>	<b>Commercial Property</b>		<b>Motor Vehicles</b>	<b>Other</b>
1997	\$ 423,049,342	\$ 253,487,954	\$ 446,619,933	\$ 111,654,983	\$ 334,964,950
1998	422,370,926	264,610,353	522,940,227	131,716,980	391,223,247
1999	436,222,045	290,359,667	521,655,796	135,630,507	386,025,289
2000	438,815,146	313,047,714	532,264,052	145,177,038	387,087,014
2001	438,766,530	350,190,414	594,480,558	177,486,738	416,993,820
2002 (2)	659,689,152	466,615,696	563,247,314	161,484,505	401,762,809
2003	701,324,111	446,188,982	582,672,043	169,876,965	412,795,078
2004	735,663,368	475,758,879	531,607,638	161,941,783	369,665,855
2005	721,406,579	474,044,692	557,683,804	167,775,485	389,908,319
2006	781,977,566	483,399,434	525,268,289	158,629,694	366,638,595

**Name of Government**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Table 7  
 (Page 2 of 2)

Fiscal Year Ended June 30	Public Service Companies	Total Taxable Assessed Value	Total Direct Tax Rate	Real Property	
				Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value (1)
1997	\$ 29,647,948	\$ 1,152,805,177	\$ 0.52	\$ 1,314,710,557	85.43%
1998	25,657,458	\$ 1,235,578,964	0.52	1,501,143,308	80.60%
1999	27,194,800	\$ 1,275,432,308	0.52	1,655,926,649	75.38%
2000	35,585,090	\$ 1,319,712,002	0.52	1,795,730,544	71.51%
2001	26,023,399	\$ 1,409,460,901	0.52	2,164,665,157	63.91%
2002 (2)	35,674,463	\$ 1,725,226,625	0.45	1,724,032,818	98.00%
2003	36,543,782	\$ 1,766,728,918	0.50	1,880,636,017	92.00%
2004	38,762,481	\$ 1,781,792,366	0.50	1,936,699,872	90.00%
2005	38,756,333	\$ 1,791,891,408	0.55	2,038,529,157	86.00%
2006	33,781,507	\$ 1,824,426,796	0.55	2,082,145,685	86.00%

Source: Randolph County Government

Note: Public Service Companies assessed value as a percentage of actual value is 100%

(1) The annual decline in 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 Department.

(2) Increase in Real Property Value due to octennial property revaluation.

**City of Asheboro**  
**Property Tax Rates per \$100 Assessed Valuation**  
**Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

Table 8

<b>Fiscal Year</b>	<b>Total City Rate</b>	<b>Total County Rate</b>	<b>Total School District</b>	<b>Total Direct &amp; Overlapping Rates</b>
1997	0.520	0.465	0.145	1.130
1998	0.520	0.465	0.145	1.130
1999	0.520	0.465	0.145	1.130
2000	0.520	0.513	0.145	1.178
2001	0.520	0.513	0.145	1.178
2002	0.450	0.480	0.139	1.069
2003	0.500	0.480	0.139	1.119
2004	0.500	0.500	0.139	1.139
2005	0.550	0.525	0.139	1.214
2006	0.550	0.525	0.139	1.214

Source: Randolph County Government

**City of Asheboro  
Principal Property Taxpayers  
June 30, 2006**

Table 9

<b>Taxpayer</b>	<u>2006</u>			<u>1997</u>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>
Energizer (Eveready) Battery Co,	\$ 148,792,334.00	1	8.16%	\$ 88,535,893.00	1	7.17%
Goodyear Tire & Rubber Co.	36,969,496.00	2	2.03%	27,676,912.00	4	2.24%
Technimark, Inc.	32,207,750.00	3	1.77%	17,984,056.00	6	1.46%
Klaussner Furniture Industries	28,957,201.00	4	1.59%	-	-	-
Unilever- Best Foods	23,264,844.00	5	1.28%	-	-	-
Starpet, Inc.	19,166,911.00	6	1.05%	-	-	-
Centerpoint Plaza	18,831,120.00	7	1.03%	-	-	-
Georgia Pacific	16,927,687.00	8	0.93%	-	-	-
Oliver Rubber Co.	16,770,513.00	9	0.92%	-	-	-
JG Randolph II LLC	16,274,970.00	10	0.89%	-	-	-
Tolaram Fibers Inc				35,656,161.00	2	2.89%
Black & Decker (US), Inc.				32,497,821.00	3	2.63%
CPC Specialty Markets Group				18,788,811.00	5	1.52%
Reandolph Development				14,759,963.00	7	1.19%
Central Telephone				14,728,197.00	8	1.19%
Galey & Lord Industries, Inc.				14,710,071.00	9	1.19%
Arrow International				14,627,862.00	10	1.18%
<b>Totals</b>	<b>\$ 358,162,826.00</b>		<b>19.63%</b>	<b>\$ 279,965,747.00</b>		<b>22.66%</b>

Total Assessed Value of Taxable Prc \$ 1,824,426,796.00

Source: Randolph County Tax Department

Note: Taxpayers ranked 4-10th current were not ranked in top ten in 1997

**City of Asheboro  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

Table 10

Fiscal Year	Total Levy for	Collected within the Fiscal Year of the Levy		Collections of Prior Years	Total Collections to Date	
	Fiscal Year	Amount	Percentage of Levy		Amount	Percentage of Levy
1997	5,994,587	5,884,153	98.16%	127,633	6,011,786	100.29%
1998	6,478,482	6,348,526	97.99	124,648	6,473,174	99.92
1999	6,648,400	6,520,459	98.08	129,927	6,650,386	100.03
2000	6,879,493	6,746,983	98.07	110,833	6,857,816	99.68
2001	7,379,242	7,229,680	97.97	128,273	7,357,953	99.71
2002	7,812,058	7,686,547	98.39	142,863	7,829,410	100.22
2003	8,823,016	8,636,124	97.88	110,889	8,747,013	99.14
2004	8,872,487	8,663,230	97.64	159,581	8,822,811	99.44
2005	9,848,017	9,697,180	98.47	204,876	9,902,056	100.55
2006	10,046,106	9,888,274	98.43	184,193	10,072,467	100.26

**City of Asheboro**  
**Ratio of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Table 11

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Debt as Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds	Installment Purchases	Notes Payable	General Obligation Bonds	Installment Purchases	Notes Payable			
1997	\$ 1,665,000	\$ 1,958,180	\$ 10,714	\$ 16,418,834	\$ 230,631	\$ 5,000,000	\$ 25,283,359	6.69%	\$ 1,343
1998	1,565,000	1,666,108	5,590	15,389,152	174,590	4,750,000	23,550,440	5.70%	1,244
1999	1,465,000	2,264,649	362	14,368,858	433,819	4,500,000	23,032,688	5.32%	1,203
2000	1,365,000	2,245,849	-	13,342,966	407,377	4,250,000	21,611,192	4.69%	1,105
2001	1,265,000	2,774,023	-	12,331,488	306,497	4,000,000	20,677,008	3.74%	954
2002	1,175,000	2,467,341	-	11,309,422	218,203	3,750,000	18,919,966	3.12%	868
2003	1,075,000	2,266,146	-	10,280,655	161,570	3,500,000	17,283,371	2.39%	787
2004	975,000	2,259,826	34,628	9,240,326	102,299	3,507,248	16,119,327	2.14%	716
2005	875,000	1,833,490	-	8,213,439	41,959	6,128,228	17,092,116	2.38%	753
2006	855,652	2,101,212	-	7,138,591	8,033	7,482,160	17,585,648	2.42%	766

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

**City of Asheboro**  
**Ratios of Net General Fund Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Table 12

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Assessed Property Value</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita</b>
1997	\$ 18,083,834	\$ -	\$ 18,083,834	\$ 1,152,805,177	1.57%	\$960.27
1998	16,954,152	-	16,954,152	1,235,578,964	1.37%	895.39
1999	15,833,858	-	15,833,858	1,275,432,308	1.24%	827.05
2000	14,707,966	-	14,707,966	1,319,712,002	1.11%	752.17
2001	13,596,488	-	13,596,488	1,409,460,901	0.96%	627.38
2002	12,484,422	-	12,484,422	1,725,226,625	0.72%	573.02
2003	11,355,655	-	11,355,655	1,766,728,918	0.64%	516.89
2004	10,215,326	-	10,215,326	1,781,792,366	0.57%	453.93
2005	9,088,439	-	9,088,439	1,981,891,408	0.46%	400.21
2006	7,994,243	-	7,994,243	1,824,426,796	0.44%	348.23

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

**City of Asheboro**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2006**

Table 13

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: County	\$ 85,572,292	20.94%	\$ <u>17,918,838</u>
Subtotal, overlapping debt			17,918,838
Name of Government direct debt			<u>2,956,864</u>
Total direct and overlapping debt			<u>\$ 20,875,702</u>

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Equalization and Assessment. Debt outstanding data provided by the county.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Name of Government. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**City of Asheboro  
Net Assets by Component  
Last Ten Fiscal Years**

Table 14  
(Page 1 of 2)

	<b>Fiscal Year</b>				
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Debt limit	\$ 92,224,414	\$ 98,846,317	\$ 102,034,584	\$ 105,576,960	\$ 112,756,872
Total net debt applicable to limit	<u>4,403,811</u>	<u>3,955,698</u>	<u>4,713,469</u>	<u>4,568,226</u>	<u>4,884,397</u>
Legal debt margin	<u>87,820,603</u>	<u>94,890,619</u>	<u>97,321,115</u>	<u>101,008,734</u>	<u>107,872,475</u>
Total net debt applicable to the limit as a percentage of debt limit	4.78%	4.00%	4.62%	4.33%	4.33%

**City of Asheboro  
Net Assets by Component  
Last Ten Fiscal Years**

Table 14  
(Page 2 of 2)

	<b>Fiscal Year</b>				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt limit	\$ 138,018,130	\$ 141,338,313	\$ 142,543,389	\$ 158,551,313	\$ 145,954,144
Total net debt applicable to limit	<u>4,410,545</u>	<u>4,052,716</u>	<u>3,887,125</u>	<u>3,302,386</u>	<u>10,103,488</u>
Legal debt margin	<u>133,607,585</u>	<u>137,285,597</u>	<u>138,656,264</u>	<u>155,248,927</u>	<u>135,850,656</u>
Total net debt applicable to the limit as a percentage of debt limit	3.20%	2.87%	2.73%	2.08%	6.92%

**Legal Debt Margin Calculation for Fiscal Year 2006**

Assessed value	1,824,426,796
Debt Limit (8% of total assessed value)	145,954,144
Debt applicable to limit:	
General obligation bonds	7,994,243
Installment purchase agreements	2,109,245
Total net debt applicable to limit	<u>10,103,488</u>
Legal debt margin	<u>135,850,656</u>

**City of Asheboro  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

Table 15

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income</b>	<b>Per Capita Personal Income (2)</b>	<b>Median Age (3)</b>	<b>Education Level in Years of Formal Schooling (4)</b>	<b>School Enrollment (5)</b>	<b>Unemployment Rate (6)</b>
1997	18,832	\$ 378,052,400	\$ 20,075	36.6	-	4,018	2.70%
1998	18,935	413,180,635	21,821	36.6	-	4,148	2.80
1999	19,145	432,791,870	22,606	36.6	-	4,209	2.90
2000	19,554	460,457,592	23,548	36.6	-	4,174	3.10
2001	21,672	552,419,280	25,490	34.0	-	4,234	4.75
2002	21,787	606,811,524	27,852	34.0	-	4,388	4.80
2003	21,969	724,098,240	32,960	34.0	-	4,335	5.20
2004	22,504	753,658,960	33,490	34.0	-	4,384	3.78
2005	22,709	719,330,284	31,676	34.0	-	4,463	4.80
2006	22,957	727,185,932	31,676	34.0	-	4,590	3.30

Source: (1) NC Department of Revenue

Source: (2) US Department of Commerce

Source: (3) US Census Bureau

Source: (4) Unavailable, update expected in future

Source: (5) Asheboro City School Board

Source: (6) NC Employment Security Commission

**City of Asheboro  
Principal Employers  
Current Year and Nine Years Ago**

<b>Employer</b>	<b><u>2006</u></b>			<b><u>1997</u></b>		
	<b><u>Employees</u></b>	<b><u>Rank</u></b>	<b><u>Percentage of Total City Employment</u></b>	<b><u>Employees</u></b>	<b><u>Rank</u></b>	<b><u>Percentage of Total City Employment</u></b>
Klaussner Furniture	1,822	1	11.85%	3,150	1	24.83%
Energizer Battery	1,104	2	7.18%	1,900	2	14.98%
Randolph Hospital	880	3	5.72%	550	7	4.34%
Prestige Fabricators	800	4	5.20%	550	8	4.34%
Wal-Mart	718	5	4.67%			0.00%
Acme McCrary	696	6	4.53%	850	4	6.70%
Asheboro City Schools	586	7	3.81%	570	6	4.49%
Arrow International	500	8	3.25%	600	5	4.73%
Technimark	400	9	2.60%	486	9	3.83%
Goodyear Tire and Rubber	400	10	2.60%	480	10	3.78%
Black & Decker/Windmere				1,100	3	8.67%
<b>Total</b>	<b><u>7,906</u></b>		<b><u>51.40%</u></b>	<b><u>10,236</u></b>		<b><u>80.68%</u></b>

Source: Randolph County Economic Development Commission  
State of North Carolina Bureau of Labor Statistics

**City of Asheboro**  
**Full-time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

Table 17

Function	Full-time Equivalent Employees as of June 30									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government	20	20	20	24	22	24	24	24	24	25
Public safety										
Police										
Officers	62	64	64	66	67	67	67	69	70	70
Civilians	3	3	5	5	5	5	6	6	6	6
Fire										
Firefighters and officers	40	41	42	42	42	45	45	45	46	46
Civilians	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Engineering	4	4	4	4	4	4	4	4	4	4
Maintenance	18	19	20	20	18	18	18	18	18	19
Sanitation	13	13	14	16	16	18	18	18	18	18
Culture and recreation	8	8	9	9	8	7	7	7	8	10
Water	30	32	31	28	29	31	31	29	29	28
Sewer	30	32	36	36	32	33	33	34	34	35
Electric	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	229	237	246	251	244	253	254	255	258	262

Source: City Budget Office.

**City of Asheboro  
Operating Indicators by Function  
Last Nine Fiscal Years**

Table 18

Function	Calendar Year								
	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police									
Physical arrests		not available			4,870	5,079	4,908	4,534	N/A
Parking violations		not available			268	277	105	190	N/A
Traffic violations		not available			8,586	7,831	5,678	6,282	N/A
Fire									
Number of calls answered	1,205	1,039	N/A	N/A	1,096	1,148	937	1,110	N/A
Inspections		not available			1,836	1,836	1,615	1,645	N/A
Function	Fiscal Year End								
	1998	1999	2000	2001	2002	2003	2004	2005	2006
Highways and streets									
Street resurfacing (miles)			not available			0.25	1.05	0.30	N/A
Potholes repaired			not available			387	1,028	582	642
Sanitation									
Refuse collected (tons/day)	68.50	70.16	72.62	73.24	72.09	75.55	73.46	75.51	73.22
Recyclables collected (tons/day)	4.02	4.26	3.91	4.01	3.77	3.70	4.06	3.94	3.68
Culture and recreation									
Separate Programs Offered	39	41	41	60	60	60	65	65	65
Estimated # of Participants in Programs	24,000	28,000	31,000	31,500	34,402	36,048	51,851	51,900	52,123
Water									
New connections			not available			186	273	212	917
Water mains breaks			not available			162	155	148	137
Average daily consumption (MGD)	4.83284	5.05688	5.39792	5.03177	5.09781	4.87005	4.66521	4.64110	4.64110
Wastewater									
New connections			not available			38	51	33	50
Average daily sewage treatment (MGD)	4.68356	4.49581	4.50528	4.27821	4.53288	5.63154	4.55321	4.33162	4.33162

Sources: Various government departments.

Note: Indicators are not available for the general government function.

N/A: Data not available.

**City of Asheboro  
Capital Asset Statistics by Function  
Last Four Fiscal Years**

Table 19

<b>Function</b>	<b>Calendar Year</b>			
	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>
Public safety				
Police:				
Main Station	1	1	1	1
Substation	1	1	1	1
Vice & Narcotic's Unit	1	1	1	1
Patrol units	67	72	77	77
Fire stations	2	2	2	2
	<b>Fiscal Year</b>			
	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>
Sanitation				
Collection trucks	8.50	8.50	9.00	9.00
Highways and streets				
Streets (miles)	90.70	90.75	91.87	92.43
City Streetlights	3,030	3,030	3,030	3,030
Traffic signals	27	27	27	27
Airport				
Number of Operations per year (est.)	16,000	16,000	16,000	16,000
Aircraft Storage Capacity: Hangars	36	36	36	36
Tie Down	15	15	38	38
Length of Runway - Feet	5,500	5,500	5,500	5,500
Total area of Facility- acres	453.71	453.71	454	454
Culture and recreation				
Parks acreage	103,220	103,220	103,220	103,220
Two City Owned Ballfields-acreage	28.6	28.6	28.6	28.6
Two City maintained Ballfields-acreage	16.6	16.6	16.6	16.6
Parks - number	11	11	11	11
Swimming pools	2	2	2	2
Tennis courts	12	12	12	11
Water				
Water mains (miles)	224.0	228.8	231.6	231.4
Fire hydrants (est.)	1,464	1,464	1,464	1,464
Maximum daily capacity (million of gallons per day)	12	12	12	12
Sewer				
Sanitary sewers (miles)	198.2	201.5	203.5	204.6
Storm sewers (miles)		not available		
Maximum daily treatment capacity (million of gallons per day)	9	9	9	9
Electric				
Number of distribution stations		not applicable		
Miles of service lines		not applicable		

Sources: Various city departments.

Note: No capital asset indicators are available for the general government function.