

**City of Asheboro
North Carolina**

**Comprehensive Annual
Financial Report**



Fiscal Year Ended June 30, 2008

**CITY OF ASHEBORO,
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2008

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, 2008

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INTRODUCTORY SECTION

City of Asheboro

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



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

November 30, 2008

The Comprehensive Annual Financial Report of the City of Asheboro, North Carolina, for the fiscal year ending June 30, 2008, 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. These financial statements have been audited by Maxton C. McDowell, CPA and their report is included herein. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with 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, 2006, 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 23,219 and covers 16.69 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

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. The City's diversity and quantity of large and small industry has helped the City weather the changes facing the local economy. The unemployment rate for the City of Asheboro / Randolph County area is 6.3 % and is equivalent to the North Carolina seasonally adjusted state average rate of 6.2% for the same period.

Growth, as measured by tax valuation, increased 10.49%. The last countywide revaluation was in 2006. Local retail sales in the 2007-2008 fiscal year, as measured by local retail sales has increased by 7.63% in comparison to the 2006-2007 fiscal year. Additionally, Growth can be seen in the area of local construction. In the period of January 1, 2007 to December 31, 2007, total valuation for building permits issued was \$43,877,035. This is an increase in comparison to all previous fiscal years. The permit valuation for 2006 was \$23,925,564 and the permit valuation for 2005 was \$30,355,109. The large increase from prior year relates to the permits issued for the commercial expansion of Randolph Hospital and Malt-O-Meal. Commercial activity in the area of building permits issued increased in comparison to prior years. Commercial valuations were \$32,172,560 for 2007 in comparison to \$13,328,239 for 2006 and \$15,447,166 in 2005. Residential activity also increased slightly over that of 2006 but still was lower than that of 2005. Residential valuations were \$11,704,475 for 2007 in comparison to \$10,597,325.13 for 2006 and \$14,907,943 in 2005.

The above economic indicators show a City in a period of adjustment. As the City continues to diversify and expand away from the historical manufacturing base, tax valuation and construction valuations have increased reasonably substantially in comparison to growth as measured in prior years. Sales tax revenue indicators do show growth but not at as high of a level. Contrarily, increases in the unemployment rate locally are showing the impact of changes in the economy as the workforce realigns itself.

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

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

The City of Asheboro was chartered December 25, 1796 and included 1,961 acres. As of June 30, 2008, 9,350.10 acres have been annexed allowing for a total City of Asheboro acreage of 11,310.17 acres. 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. There are several requests for annexation pending as of June 30, 2008.

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 has been second annual 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, 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 was a \$15,000,000 project and was approved by voters in 1993. Since the wastewater plant expansion, several new sewer pump station and force main improvements have been completed as well. Maintenance and enhancement of the system continue to be a focus for the City of Asheboro.

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. Additionally, the City has begun to roll out a curbside recycling program to all its residents. It is expected that all citizens in the City of Asheboro will have curbside recycling available to them within three years. 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 the 2005-2006 fiscal year. In the 2006-2007 fiscal year, construction was completed on a 10,000 gallon "Jet-A" fuel tank and spill containment facility. In the 2007-2008 fiscal year, construction of an additional T-Hangar taxiway was completed and the NC Aviation museum parking lot was expanded and paved.

The City of Asheboro has been going thru a period of transition over the past few years as it continues to adjust with the changing local economic environment. Indicators of this transition can be seen in the preceding economic condition and outlook section. To help focus our efforts, three years ago, the City of Asheboro partnered with the community to study and develop a strategic plan for the future of

Asheboro. The Asheboro 20/20 Strategic Planning initiative has now come to a conclusion with task force reports and recommendations summarized in a report outlining four areas of importance to the future of the City of Asheboro. The areas of importance identified in the strategic planning initiative include yet expand upon areas of the City Council's historical focus. The areas of importance identified in this initiative are 1) Economic Development, 2) Growth, Annexation and Infrastructure, 3) Quality of Life, and 4) North Carolina Zoo. The budget for fiscal year 2007-2008 provided for the current operational needs of the City of Asheboro as well as began to address areas of importance outlined in the strategic planning report. The recommended budget for 2008-2009 continues on these lines providing economic incentives to support ongoing development and expansion of facilities and services.

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, 2008 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 2007. Interest earned on General Fund investments and Water and Sewer Fund investments combined decreased in comparison the 2006-2007 fiscal period due to the stabilizing and then more recent declining rising interest rate environment. 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, 2008, was \$1,337,685. There were no outstanding installment purchase contract obligations for business type activities at June 30, 2008.

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, 2008, \$9,166,811 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. Bonds payable at June 30, 2008 are \$5,915,031.

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 Medcost, a self-insured plan. Airport liability coverage has been obtained from an independent carrier. Modifications are made to insurance coverage at the discretion of management and the governing board.

Settled claims from these risks have not exceeded commercial insurance coverage in recent history. 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 48 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, 2007. 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. Reaves". The signature is written in a cursive style with a large, stylized initial "D".

Deborah P. Reaves
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, 2007

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.



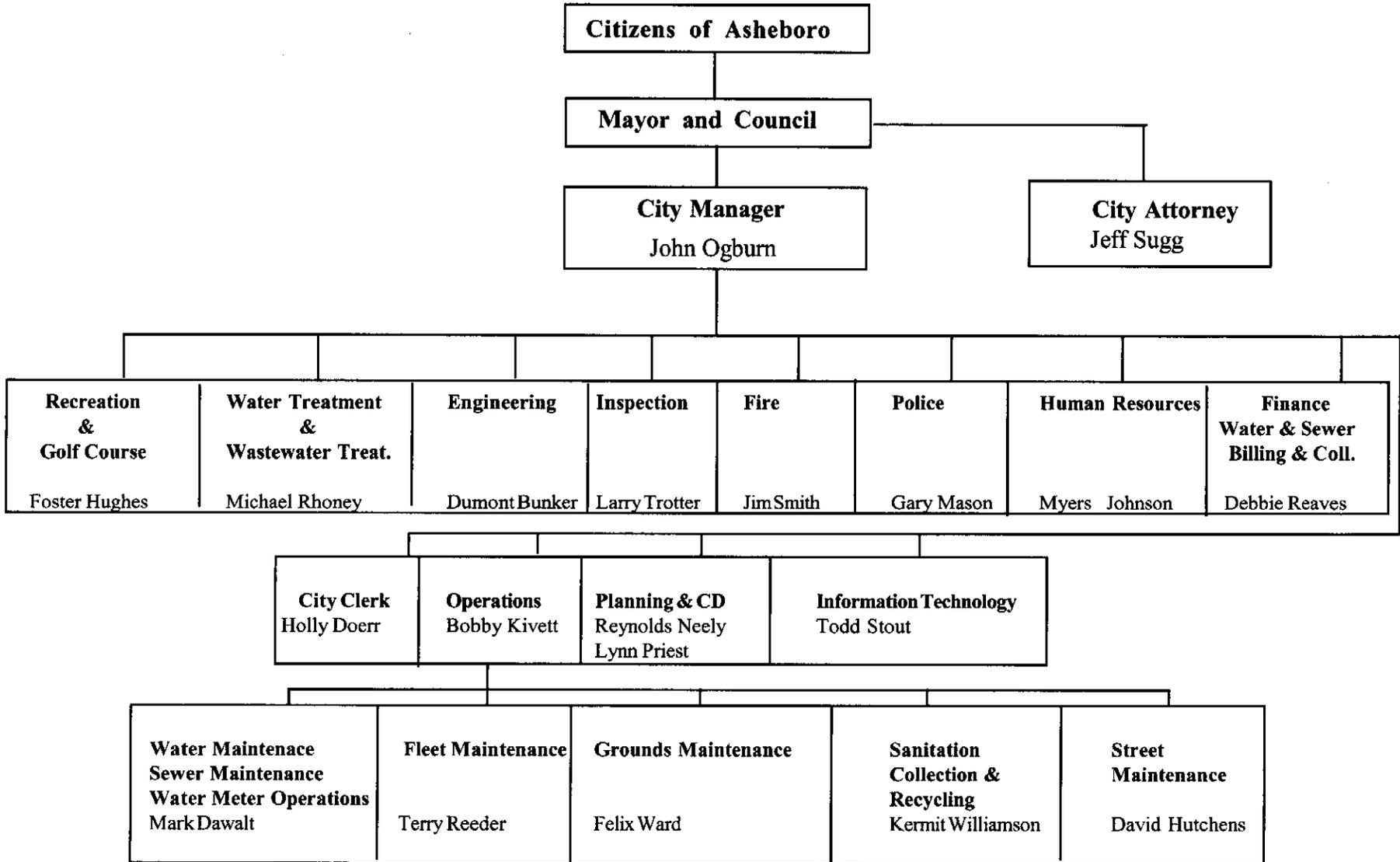
Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

**CITY OF ASHEBORO
DEPARTMENTAL ORGANIZATION CHART**



CITY OF ASHEBORO, NORTH CAROLINA

LIST OF PRINCIPAL OFFICERS

June 30, 2008

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

379 South Cox Street
Asheboro, North Carolina 27203
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Fax: (336) 626-5981

Member
American Institute of Certified
Public Accountants

North Carolina Association of
Certified Public Accountants

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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, 2008, 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 opinions on these 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, 2008, 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 November 30, 2008, 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 opinions 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.

A handwritten signature in black ink, reading "Maxine M. Dwyer". The signature is written in a cursive style with a large initial 'M'.

November 30, 2008

Certified Public Accountant

Management's Discussion and Analysis

As management of the City of Asheboro, we offer readers of the City of Asheboro's financial statements this narrative overview and analysis of the financial activities of the City of Asheboro for the fiscal year ended June 30, 2008. 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

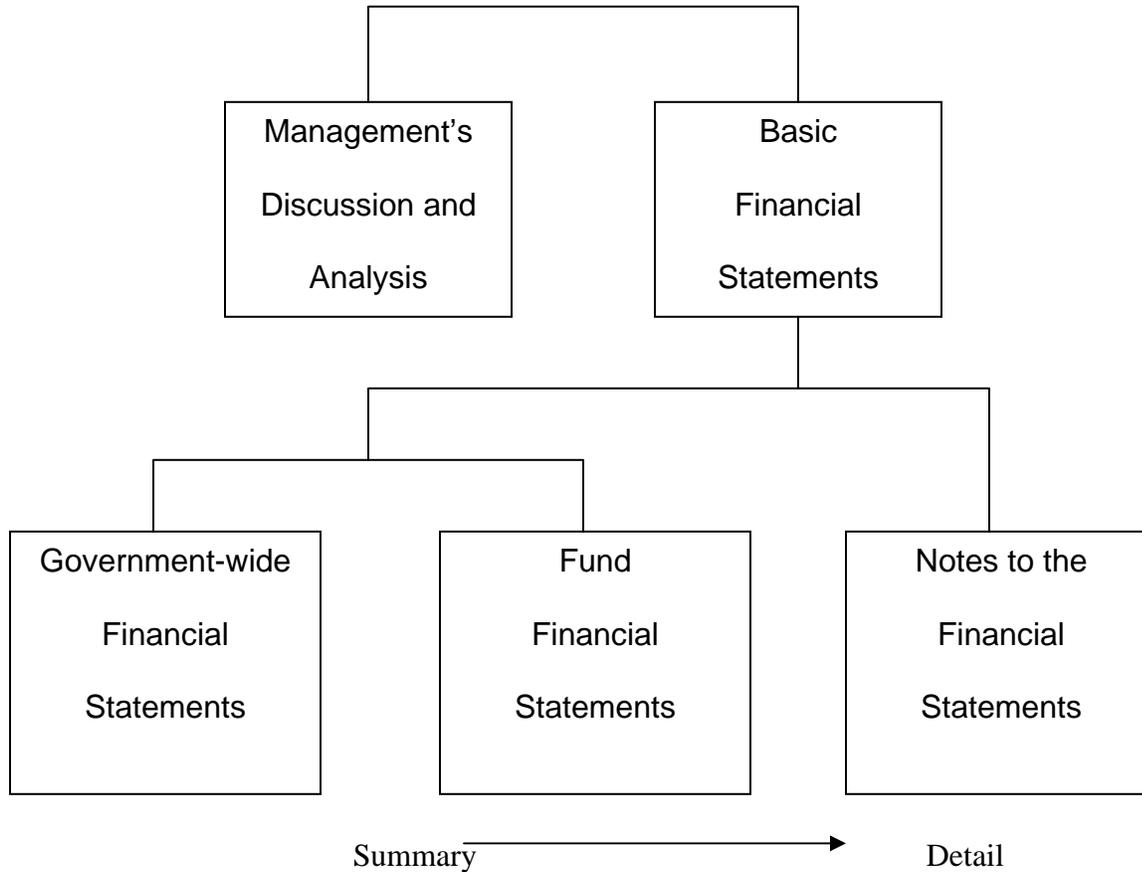
- The assets of the City of Asheboro exceeded its liabilities at the close of the fiscal year by \$77,998,334 (*net assets*).
- The government's total net assets increased by \$3,786,779, due to increases in both governmental activities net assets and business type activities net assets.
- As of the close of the current fiscal year, the City of Asheboro's governmental funds reported combined ending fund balances of \$12,198,148 an increase of \$480,103 in comparison with the prior year.
- The City of Asheboro's total debt decreased by \$25,303 during the current fiscal year. The City of Asheboro did take on new debt in the amount of \$1,767,671 relating to improvements in the operations of the water and sewer system. The impact of this new debt is minimized by the retirement of \$1,032,928 in general obligation debt and \$386,897 in installment purchase obligations.
- 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

Management's Discussion and Analysis
City of Asheboro

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	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 13,856,226	\$ 13,515,208	\$ 12,037,480	\$ 11,462,584	\$ 25,893,706	\$ 24,977,792
Capital assets	26,447,292	25,316,254	46,661,746	44,631,197	73,109,038	69,947,451
Total assets	<u>40,303,518</u>	<u>38,831,462</u>	<u>58,699,226</u>	<u>56,093,781</u>	<u>99,002,744</u>	<u>94,925,243</u>
Long-term liabilities outstanding	3,029,295	4,388,681	13,083,844	14,241,062	16,113,139	18,629,743
Other liabilities	2,189,455	1,333,313	2,701,816	750,632	4,891,271	2,083,945
Total liabilities	<u>5,218,750</u>	<u>5,721,994</u>	<u>15,785,660</u>	<u>14,991,694</u>	<u>21,004,410</u>	<u>20,713,688</u>
Net assets:						
Invested in capital assets, net of related debt	24,474,397	22,828,193	32,213,011	30,654,567	56,687,408	53,482,760
Restricted	1,615,678	1,705,253			1,615,678	1,705,253
Unrestricted	8,994,693	8,576,022	10,700,555	10,447,520	19,695,248	19,023,542
Total net assets	<u>\$ 35,084,768</u>	<u>\$ 33,109,468</u>	<u>\$ 42,913,566</u>	<u>\$ 41,102,087</u>	<u>\$ 77,998,334</u>	<u>\$ 74,211,555</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the City of Asheboro exceeded liabilities by \$77,998,334 as of June 30, 2008. The City's net assets increased by \$3,786,779 for the fiscal year ended June 30, 2008. The largest portion of net assets, 72.68%, 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.

Management's Discussion and Analysis
City of Asheboro

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 2008 financial statements, the City of Asheboro's unrestricted net asset balance is \$19,695,248.

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

- Increase in water & sewer services program revenue due to increased usage from the City of Randleman during a period of time in which their plant was closed and therefore unable to supply areas of the City of Randleman as typical.
- Increases in general fund program revenue relating to changes in the rates for services provided and expanded programs and services offered to citizenry.
- Increase in property tax revenue due to valuation increases and continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.38%.
- 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.

Management's Discussion and Analysis
City of Asheboro

City of Asheboro Changes in Net Assets
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues						
Charges for services	\$ 2,078,698	\$ 1,599,215	\$ 11,161,593	\$ 9,839,077	\$ 13,240,291	\$ 11,438,292
Operating grants & contributions	936,907	894,251	345,637	301,228	1,282,544	1,195,479
Capital grants & contributions	1,415,364	1,288,059	244,799	-	1,660,163	1,288,059
General revenues						
Property taxes	11,239,034	10,171,208			11,239,034	10,171,208
Other taxes	6,482,600	6,357,470			6,482,600	6,357,470
Grants & contributions not restricted to specific programs		-			-	-
Other	669,834	807,754	402,036	596,908	1,071,870	1,404,662
Total revenues	<u>22,822,437</u>	<u>21,117,957</u>	<u>12,154,065</u>	<u>10,737,213</u>	<u>34,976,502</u>	<u>31,855,170</u>
Expenses						
General government	2,787,687	2,639,306			2,787,687	2,639,306
Public safety	9,019,026	8,379,264			9,019,026	8,379,264
Transportation	4,437,635	3,402,172			4,437,635	3,402,172
Environmental Protection	2,316,831	1,946,752			2,316,831	1,946,752
Economic development	198,711	933,186			198,711	933,186
Cultural and recreational	2,806,614	2,251,055			2,806,614	2,251,055
Interest on long-term debt	110,973	142,358			110,973	142,358
Water and sewer			9,512,246	8,325,034	9,512,246	8,325,034
Total expenses	<u>21,677,477</u>	<u>19,694,093</u>	<u>9,512,246</u>	<u>8,325,034</u>	<u>31,189,723</u>	<u>28,019,127</u>
Increase in net assets before transfers	1,144,960	1,423,864	2,641,819	2,412,179	3,786,779	3,836,043
Transfers	830,340	1,851,550	(830,340)	(1,851,550)	-	-
Increase in net assets	1,975,300	3,275,414	1,811,479	560,629	3,786,779	3,836,043
Net assets, July 1	33,109,468	29,834,054	41,102,087	40,541,458	74,211,555	70,375,512
Net assets, June 30	<u>\$ 35,084,768</u>	<u>\$ 33,109,468</u>	<u>\$ 42,913,566</u>	<u>\$ 41,102,087</u>	<u>\$ 77,998,334</u>	<u>\$ 74,211,555</u>

Management's Discussion and Analysis
City of Asheboro

Governmental activities. Governmental activities increased the City's net assets by \$1,975,300, thereby accounting for 52.16% of the total growth in the net assets of the City of Asheboro. Key elements contributing to this increase are as follows:

- Increase of 10.51% in ad valorem property tax revenue associated with a 4 year county wide revaluation, normal growth, and consistent collection efforts.
- Hold Harmless funds received in the amount of \$123,514
- Increase of 13.57% or \$188,527, in the area of general fund sales and service revenue
- Revenue from sale of capital assets of \$28,616.
- Increase investment earnings of \$60,904 or 14.82% due to stabilizing interest rate environment
- Increase of 46.57%, amounting to \$717,466, in intergovernmental revenues in comparison to prior year
- Transfer of \$406,830 from the water and sewer enterprise fund to the general fund
- Total general fund revenues and operating transfers amounted to \$22,003,777, a 2.7% increase over 2007 levels. Total general fund expenditures and operating transfers amounted to \$21,954,019, a 13.76% increase over 2007 levels. General fund revenues and operating transfers exceeded general fund expenditures and operating transfers by \$49,758.
- All other revenues remained steady.

Business-type activities: Business-type activities increased the City of Asheboro's net assets by \$1,811,479, accounting for 9.6% of the total growth in the government's net assets. Key elements of this increase are as follows:

- A combined increase in water sales and sewer charges attributed to growth in the area and increased usage by the City of Randleman while their plant was shut down.
- Surcharge revenue increase of \$122,209 due to increased industry output in this area.
- Overall other 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 \$5,988,877 and its total fund balance reached \$11,131,500. Of this total fund balance, \$5,345,877 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 50.70 percent of total General Fund expenditures. Additionally, the undesignated portion of the total fund balance is equivalent to 24.35 percent of total General Fund expenditures.

Management's Discussion and Analysis
City of Asheboro

The non-major governmental fund balance increased to a combined level of \$1,066,648 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 \$12,198,148, a 4.10 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 2007-2008 was adopted in June 2007 at \$21,709,567 and represented an 7.9 percent increase over the audited FY 2006-2007 expenditures of \$20,118,788. The 2007-2008 budget was amended to \$22,528,282, an increase of \$818,715 to account for unexpected operational expenditures, the most significant of which was relating to the community development incentives as well as changes 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 \$574,263 under the amended budget, a savings of 2.55%.

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, 2008 totals \$131,003,779. These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, plant and distribution system and vehicles.

Major capital asset transactions during the year include the following:

- An increase in land of \$140,575, an increase in street construction of \$882,178, an increase in vehicles of \$1,088,522, an increase in improvements other than buildings of \$448,722, and an increase in construction in progress for governmental activities of \$52,244 as a result of the completion of various stages of capital projects and the purchase of real property.
- An increase in land of \$7,740, an increase in equipment of \$317,464, an increase in vehicles of \$325,735, an increase of \$2,548,425 in construction in progress for business-type activities and an increase in plant of \$237,059 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 2008	Business-Type Activities 2008	Total 2008
Land	\$ 3,783,648	\$ 2,776,574	\$ 6,560,222
Buildings	10,848,613	30,299,373	41,147,986
Improvements other than buildings	10,657,737	78,560	10,736,297
Plant and distribution systems		33,872,747	33,872,747
Street construction	13,901,856		13,901,856
Equipment	4,739,513	5,095,155	9,834,668
Vehicles	8,993,948	2,049,908	11,043,856
Construction in progress	215,213	3,690,934	3,906,147
Total	\$ 53,140,528	\$ 77,863,251	\$ 131,003,779

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

Long-term Debt: As of June 30, 2008, the City of Asheboro had total bonded debt outstanding of \$5,915,031. 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 2008	Governmental Activities 2007	Business-Type Activities 2008	Business-Type Activities 2007	Total 2008	Total 2007
General obligation bonds	\$ 633,108	\$ 743,665	\$ 5,281,923	\$ 6,204,294	\$ 5,915,031	\$ 6,947,959
Revenue bonds					-	-
Total	\$ 633,108	\$ 743,665	\$ 5,281,923	\$ 6,204,294	\$ 5,915,031	\$ 6,947,959

The City of Asheboro's total outstanding long-term debt decreased by \$25,303 during the past fiscal year. This change is due to the combined effects of an increase in notes payable debt of \$1,767,671 associated with the current portion of a \$5,331,881 revolving loan commitment from the State Clean Water Revolving Loan Program, a net decrease in installment purchase debt of \$386,897 relating to equipment needs and a decrease of \$1,032,928 in debt associated with the retirement of general obligation indebtedness.

Management's Discussion and Analysis City of Asheboro

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 \$156,487,127.

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

Economic Factors

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

- Unemployment. The City of Asheboro / Randolph County unemployment rate of 6.3% is slightly higher than the State average of 6.2% for the period ending June 30, 2008.
- Growth, as measured by tax valuation, increased 10.49% and growth, as measured by local retail sales has increased 7.63%.
- In the period of January 1, 2007 to December 31, 2007, total valuation for building permits issued was \$43,877,035. This is an increase in comparison to all previous fiscal years. The permit valuation for 2006 was \$23,925,564 and the permit valuation for 2005 was \$30,355,109. The large increase from prior year relates to the permits issued for the expansion of Randolph Hospital and Malt-O-Meal.
- In the period of January 1, 2007 to December 31, 2007, Commercial activity in the area of building permits issued increased in comparison to prior years. Commercial valuations were \$32,172,560 for 2007 in comparison to \$13,328,239 for 2006 and \$15,447,166 in 2005. Residential activity also increased slightly over that of 2006 but still was lower than that of 2005. Residential valuations were \$11,704,475 for 2007 in comparison to \$10,597,325.13 for 2006 and \$14,907,943 in 2005.

Budget Highlights for the Fiscal Year Ending June 30, 2009

Governmental Activities: No tax increase was recommended for the General Fund for fiscal year ending June 30, 2009. Major Sources of revenue such as ad valorem taxes is projected to remain relatively flat. Overall revenue is expected to increase slightly due to internal fee changes and slight retail sales activity increases benefiting from the economic growth. A fund balance appropriation of \$643,000 has been included.

Budgeted expenditures in the General Fund are expected to rise to \$21,867,085. 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.

Management's Discussion and Analysis
City of Asheboro

Business – type Activities: Revenue from sale of water and sewer services is expected to remain relatively steady with regular economic growth. There was no recommended rate increase for water and sewer customers. There was a recommended rate increase for sewer only customers to bring that rate in line with costs and current economic indicators. Other water and sewer fund revenues combined are expected to remain constant with no allocation from Retained earnings. General operating expenses is budgeted at \$11,829,718 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.

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STATEMENT OF NET ASSETS

June 30, 2008

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 10,119,183	\$ 9,377,874	\$ 19,497,057
Receivables:			
Taxes Receivable - Net	337,044	-	337,044
Accounts Receivable	142,614	1,807,602	1,950,216
Due From Other Governments	2,110,564	745,257	2,855,821
Note Receivable	60,500	-	60,500
Internal Balances	604,414	(604,414)	-
Inventories	474,233	605,161	1,079,394
Deferred Charges	7,674	64,020	71,694
Total Current Assets	13,856,226	11,995,500	25,851,726
Restricted Assets:			
Cash and Cash Equivalents	-	41,980	41,980
Capital Assets:			
Land, and Construction in Progress	3,998,861	6,467,508	10,466,369
Other Capital Assets, Net of Depreciation	22,448,431	40,194,238	62,642,669
Total Capital Assets	26,447,292	46,661,746	73,109,038
Total Assets	40,303,518	58,699,226	99,002,744
Liabilities:			
Accounts Payable and Accrued Liabilities	805,892	540,990	1,346,882
Retainage Payable	10,180	81,786	91,966
Deposits	20,445	319,671	340,116
Unearned Revenues	293,144	17,704	310,848
Accrued Interest Payable	1,787	34,775	36,562
Payable From Restricted Assets	-	41,980	41,980
Current Portion of Long-Term Liabilities	1,058,007	1,664,910	2,722,917
Total Current Liabilities	2,189,455	2,701,816	4,891,271
Long-Term Liabilities:			
Due in More Than One Year	3,029,295	13,083,844	16,113,139
Total Liabilities	5,218,750	15,785,660	21,004,410
Net Assets:			
Invested in Capital Assets, Net of Related Debt	24,474,397	32,213,011	56,687,408
Restricted For:			
Transportation	1,615,678	-	1,615,678
Unrestricted	8,994,693	10,700,555	19,695,248
Total Net Assets	\$ 35,084,768	\$ 42,913,566	\$ 77,998,334

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, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>			
		<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	<u>Capital Grants And Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:							
General Government	\$ 2,787,687	\$ 322,953	\$ -	\$ -	\$ (2,464,734)	\$ -	\$ (2,464,734)
Public Safety	9,019,026	163,586	29,532	101,894	(8,724,014)	-	(8,724,014)
Transportation	4,437,635	26,088	771,217	1,193,470	(2,446,860)	-	(2,446,860)
Environmental Protection	2,316,831	1,041,908	-	-	(1,274,923)	-	(1,274,923)
Cultural and Recreational	2,806,614	524,163	-	120,000	(2,162,451)	-	(2,162,451)
Economic and Physical Development	198,711	-	136,158	-	(62,553)	-	(62,553)
Interest on Long-term Debt	110,973	-	-	-	(110,973)	-	(110,973)
Total Governmental Activities	21,677,477	2,078,698	936,907	1,415,364	(17,246,508)	-	(17,246,508)
Business-Type Activities:							
Water and Sewer	9,512,246	11,161,593	345,637	244,799	-	2,239,783	2,239,783
Total Business-Type Activities	9,512,246	11,161,593	345,637	244,799	-	2,239,783	2,239,783
Total	\$ 31,189,723	\$ 13,240,291	\$ 1,282,544	\$ 1,660,163	(17,246,508)	2,239,783	(15,006,725)
General Revenues:							
Taxes:							
Property taxes, levied for general purpose					11,239,034	-	11,239,034
Sales taxes					4,232,034	-	4,232,034
Franchise taxes					2,078,291	-	2,078,291
Other taxes					172,275	-	172,275
Unrestricted investment earnings					471,825	395,814	867,639
Miscellaneous revenues					198,009	6,222	204,231
Transfers					830,340	(830,340)	-
Total General Revenues, Special Items, and Transfers					19,221,808	(428,304)	18,793,504
Change in Net Assets					1,975,300	1,811,479	3,786,779
Net Assets Beginning of Year					33,109,468	41,102,087	74,211,555
Net Assets End of Year					\$ 35,084,768	\$ 42,913,566	\$ 77,998,334

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

CITY OF ASHEBORO, NORTH CAROLINA

Exhibit 3

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	<u>Major Fund</u>	<u>Total Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>Funds</u>	<u>Governmental</u>
			<u>Funds</u>
Assets:			
Cash and Cash Equivalents	\$ 8,551,730	\$ 1,567,453	\$ 10,119,183
Receivables:			
Taxes Receivable - Net	337,044	-	337,044
Accounts Receivable	110,334	32,280	142,614
Due From Other Governments	2,078,883	31,681	2,110,564
Due From Other Funds	954,414	-	954,414
Note Receivable - Wainman Homes	60,500	-	60,500
Inventories	474,233	-	474,233
Total Assets	<u>\$ 12,567,138</u>	<u>\$ 1,631,414</u>	<u>\$ 14,198,552</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 633,586	\$ 172,306	\$ 805,892
Retainage Payable	-	10,180	10,180
Due to Other Funds	-	350,000	350,000
Deposits	20,445	-	20,445
Unearned Revenues	293,144	-	293,144
Deferred Revenues	488,463	32,280	520,743
Total Liabilities	<u>1,435,638</u>	<u>564,766</u>	<u>2,000,404</u>
Fund Balances:			
Reserved For:			
State Statute	3,052,712	31,681	3,084,393
Inventories	474,233	-	474,233
Streets - Powell Bill	1,615,678	-	1,615,678
Unreserved:			
Designated for Subsequent Year's Expenditures	643,000	-	643,000
Undesignated	5,345,877	-	5,345,877
Unreserved, Reported in Nonmajor:			
Designated for Capital Projects	-	728,175	728,175
Special Revenue Funds	-	306,792	306,792
Total Fund Balances	<u>11,131,500</u>	<u>1,066,648</u>	<u>12,198,148</u>
Total Liabilities and Fund Balances	<u>\$ 12,567,138</u>	<u>\$ 1,631,414</u>	

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Gross capital assets at historical cost	\$ 53,140,528	
Accumulated depreciation	<u>(26,693,236)</u>	26,447,292

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. 7,674

Liabilities for earned but deferred revenues in fund statements. 520,743

Some liabilities, including bonds payable, accrued interest, and compensated absences are not due and payable in the current period and therefore are not reported in the funds. (4,089,089)

\$ 35,084,768

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

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, 2008

	<u>Major Fund</u> <u>General</u>	<u>Total Non-Major</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Revenues:			
Ad Valorem Taxes	\$ 11,190,147	\$ -	\$ 11,190,147
Other Taxes and Licenses	303,218	-	303,218
Intergovernmental Revenues:			
Unrestricted	6,485,778	-	6,485,778
Restricted	1,076,454	461,095	1,537,549
Permits and Fees	205,658	-	205,658
Sales and Services	1,577,365	-	1,577,365
Investment Earnings	471,825	-	471,825
Miscellaneous Revenue	257,836	62,964	320,800
Total Revenues	<u>21,568,281</u>	<u>524,059</u>	<u>22,092,340</u>
Expenditures:			
Current:			
General Government	2,761,672	-	2,761,672
Public Safety	9,108,371	44,317	9,152,688
Transportation	2,939,089	-	2,939,089
Environmental Protection	2,721,881	-	2,721,881
Cultural and Recreational	2,886,940	-	2,886,940
Economic and Physical Development	143,223	606,875	750,098
Debt Service	607,334	-	607,334
Capital Outlay	-	651,541	651,541
Total Expenditures	<u>21,168,510</u>	<u>1,302,733</u>	<u>22,471,243</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>399,771</u>	<u>(778,674)</u>	<u>(378,903)</u>
Other Financing Sources (Uses):			
Transfers From Other Funds	406,830	1,215,849	1,622,679
Transfers to Other Funds	(785,509)	(6,830)	(792,339)
Sale of Assets	28,666	-	28,666
Total Other Financing Sources (Uses)	<u>(350,013)</u>	<u>1,209,019</u>	<u>859,006</u>
Net Change in Fund Balances	<u>49,758</u>	<u>430,345</u>	<u>480,103</u>
Fund Balance Beginning of Year, July 1	<u>11,081,742</u>	<u>636,303</u>	<u>11,718,045</u>
Fund Balance End of Year, June 30	<u>\$ 11,131,500</u>	<u>\$ 1,066,648</u>	<u>\$ 12,198,148</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, 2008

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

Net changes in fund balances - total governmental funds	\$	480,103
<p>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.</p>		
Capital outlay expenditures which were capitalized	\$	2,442,658
Depreciation expense for governmental assets		<u>(1,935,181)</u>
		507,477
Cost of capital assets disposed of during the year, not recognized on the modified accrual basis.		(258,614)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Change in deferred revenues		63,875
Amount of donated assets		882,175
<p>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.</p>		
		496,091
<p>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.</p>		
Compensated absences		(149,483)
Net pension obligation		(46,594)
Accrued interest payable		<u>270</u>
Total changes in net assets of governmental activities	\$	<u>1,975,300</u>

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

CITY OF ASHEBORO, NORTH CAROLINA

Exhibit 5

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

For the Year Ended June 30, 2008

	General Fund			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Ad Valorem Taxes	\$ 11,006,700	\$ 11,006,000	\$ 11,190,147	\$ 184,147
Other Taxes and Licenses	280,000	302,760	303,218	458
Intergovernmental Revenues:				
Unrestricted	5,937,764	6,073,364	6,485,778	412,414
Restricted	789,909	860,764	1,076,454	215,690
Permits and Fees	352,300	352,465	205,658	(146,807)
Sales and Services	1,653,201	1,661,801	1,577,365	(84,436)
Investment Earnings	350,000	350,000	471,825	121,825
Miscellaneous Revenue	406,360	209,080	257,836	48,756
Total Revenues	20,776,234	20,816,234	21,568,281	752,047
Expenditures:				
Current:				
General Government	3,142,866	2,933,321	2,761,672	171,649
Public Safety	9,455,780	9,339,780	9,108,371	231,409
Transportation	2,680,235	2,951,945	2,939,089	12,856
Environmental Protection	2,559,525	2,766,025	2,721,881	44,144
Cultural and Recreational	2,729,584	2,929,584	2,886,940	42,644
Economic and Physical Development	22,104	144,404	143,223	1,181
Debt Service	677,681	677,681	607,334	70,347
Total Expenditures	21,267,775	21,742,740	21,168,510	574,230
Revenues Over (Under) Expenditures	(491,541)	(926,506)	399,771	1,326,277
Other Financing Sources (Uses):				
Transfers to Other Funds	(441,792)	(785,542)	(785,509)	33
Transfers From Other Funds	-	-	406,830	406,830
Sale of Assets	-	30,000	28,666	(1,334)
Lease Purchase Agreement Issued	900,000	900,000	-	(900,000)
Total Other Financing Sources (Uses)	458,208	144,458	(350,013)	(494,471)
Appropriated Fund Balance	33,333	782,048	-	(782,048)
Net Change in Fund Balance	\$ -	\$ -	49,758	\$ 49,758
Fund Balance Beginning of Year, July 1			11,081,742	
Fund Balance End of Year, June 30			\$ 11,131,500	

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

STATEMENT OF NET ASSETS
PROPRIETARY FUND

June 30, 2008

	<u>Water and Sewer Fund</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 9,377,874
Accounts Receivable - Net	1,807,602
Due from Other Governments	745,257
Inventories	605,161
Deferred Charges	<u>64,020</u>
Total Current Assets	<u>12,599,914</u>
Noncurrent Assets:	
Restricted Assets:	
Cash and Cash Equivalents	<u>41,980</u>
Capital Assets:	
Land, Improvements and Construction in Progress	6,467,508
Other Capital Assets, Net of Depreciation	<u>40,194,238</u>
Total Capital Assets (Net)	<u>46,661,746</u>
Total Noncurrent Assets	<u>46,703,726</u>
Total Assets	<u><u>\$ 59,303,640</u></u>
Liabilities:	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	\$ 540,990
Retainage Payable	81,786
Due to Other Funds	604,414
Customer Deposits	319,671
Accrued Interest Payable	34,775
Compensated Absences - Current	101,940
General Obligation Bonds Payable - Current	919,267
Notes Payable State of North Carolina - Current	<u>643,703</u>
Total Current Liabilities	<u>3,246,546</u>
Noncurrent Liabilities:	
Liabilities Payable From Restricted Assets:	
Accounts Payable	41,980
Other Noncurrent Liabilities:	
Compensated Absences	198,079
General Obligation Bonds Payable - Noncurrent (Net)	4,362,657
Notes Payable State of North Carolina - Noncurrent	8,523,108
Unearned Revenues	<u>17,704</u>
Total Noncurrent Liabilities	<u>13,143,528</u>
Total Liabilities	<u>16,390,074</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	32,213,011
Unrestricted	<u>10,700,555</u>
Total Net Assets	<u><u>\$ 42,913,566</u></u>

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

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

PROPRIETARY FUND TYPE

For the Year Ended June 30, 2008

	<u>Water and Sewer Fund</u>
Operating Revenues:	
Water Sales	\$ 6,373,550
Sewer Charges	4,405,563
Water and Sewer Taps	126,985
Sampling and Monitoring Fees	30,923
Surcharges	173,512
Septic Tank Discharge	51,060
Other Operating Revenues	<u>208,763</u>
Total Operating Revenues	<u>11,370,356</u>
Operating Expenses:	
Billing and Collections	271,241
Water Meter Operations	373,112
Water Supply Treatment	1,868,686
Wastewater Treatment	2,796,055
Water Maintenance	983,910
Wastewater Maintenance	1,375,019
Depreciation	<u>1,446,701</u>
Total Operating Expenses	<u>9,114,724</u>
Operating Income	<u>2,255,632</u>
Nonoperating Revenues (Expenses):	
Investment Earnings	395,814
Interest and Other Charges	(386,128)
Other Nonoperating Revenues	136,874
Gain on Disposal of Assets	6,222
Amortization of Bond Issue Costs	<u>(11,394)</u>
Total Nonoperating Revenues (Expenses)	<u>141,388</u>
Income Before Contributions and Transfers	2,397,020
Capital Contributions	244,799
Transfers to Other Funds:	
To North Fayetteville Street Sidewalk Capital Project Fund	(290,340)
To HWY 64/ HWY 49 NCDOT Improvements Fund	(140,000)
To General Fund	<u>(400,000)</u>
Change in Net Assets	1,811,479
Total Net Assets - Beginning of Year	<u>41,102,087</u>
Total Net Assets - End of Year	<u>\$ 42,913,566</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, 2008

	Water and Sewer Fund
Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 10,889,851
Cash Paid for Goods and Services	(3,854,770)
Cash Paid to Employees for Services	(3,540,269)
Customer Deposits Received	50,532
Other Operating Revenues	345,637
Net Cash Provided by Operating Activities	3,890,981
Cash Flows From Noncapital Financing Activities:	
Due to Other Funds	(1,463,713)
Transfers to Other Funds	(830,340)
Total Cash Flows From Noncapital Financing Activities	(2,294,053)
Cash Flows From Capital and Related Financing Activities:	
Acquisition of Capital Assets	(3,232,450)
Principal Paid on Bonds and Installment Purchase Agreements	(1,333,088)
Interest Paid on Bonds and Installment Purchase Agreements	(386,128)
Proceeds From Sale of Assets	6,222
Proceeds From State Sewer/Water Loans	1,767,671
Net Cash (Used) by Capital and Related Financing Activities	(3,177,773)
Cash Flows from Investing Activities:	
Interest Earned on Investments	395,814
Net (Decrease) in Cash and Cash Equivalents	(1,185,031)
Cash and Cash Equivalents at Beginning of Year	10,604,885
Cash and Cash Equivalents at End of Year	\$ 9,419,854
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 2,255,632
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	1,446,701
Amortization of Deferred Loss on Refunding	37,568
Other Nonoperating Revenue	136,874
Changes in Assets and Liabilities:	
(increase) in Accounts Receivable	(258,077)
(Increase) in Inventory	(49,531)
Increase in Accounts Payable and Accrued Liabilities	249,407
Increase in Customer Deposits	50,532
Increase in Accrued Compensated Absences	35,540
(Decrease) in Deferred Revenues	(13,665)
Total Adjustments	1,635,349
Net Cash Provided by Operating Activities	\$ 3,890,981

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, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY.

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

B. BASIS OF PRESENTATION.

Government-wide Statements: The statement of net assets and the statement of activities display information about the City. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category - *governmental and proprietary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, 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 Malt-O-Meal Rail Spur Special Revenue Fund. This fund is used to account for federal and state grants, Randolph County contributions and City transfers to construct a railroad spur for an expanding business.

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

The Sunset Theater Capital Project Fund. This fund accounts for City transfers and contributions to renovate the historical Sunset Theater in downtown Asheboro.

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 HWY64/HWY49 NCDOT Improvements Capital Project Fund. This fund is used to account for City transfers to relocate water lines and construct sidewalks at two major thoroughfares in the City.

The Zoo City Park Capital Project Fund. This fund is used to account for City transfers, local contributions, and state grant monies to construct a major recreational facility.

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.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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 proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. 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 2007 through February 2008

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).

apply to the fiscal year ended June 30, 2008. Uncollected taxes which were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues. 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 which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

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, 2007. As allowed by State law, the City has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

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 (Continued)**

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 which have not been offset by deferred revenues.

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

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

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

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 2008-2009 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)

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

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

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

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. The net adjustment of \$22,886,620 consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 53,140,528
Less Accumulated Depreciation	<u>(26,693,236)</u>
Net Capital Assets	26,447,292
Bond issuance costs are not financial resources and therefore are not reported in the fund statements	7,674
Liabilities for revenue earned but deferred and therefore recorded in the fund statements but not the government-wide statements	520,743
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Bonds and Installment Financing Agreements	(1,970,790)
Accrued Interest Payable	(1,787)
Compensated Absences	(1,750,329)
Net Pension Obligation	<u>(366,183)</u>
Total Adjustment	<u>\$ 22,886,620</u>

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balance includes reconciliation between net changes in fund balances – total governmental funds and changes in net assets – governmental activities as reported in the government-wide statement of activities. These are several elements of that total adjustment of \$1,495,197 as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 2,442,658
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(1,935,181)
Principal payments on debt owed are recorded as a use of funds on the fund statements but effect only the statement of net assets in the government-wide statements	501,957
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	(5,596)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(149,483)
Increase in net pension obligation	(46,594)
Net costs of capital assets disposed of during the year	(258,614)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Reversal of deferred tax revenue recorded at July 1, 2007	(288,158)
Recording of tax receipts deferred in the fund statements at June 30, 2008	337,044
Reversal of deferred service revenues recorded at July 1, 2007	(74,124)
Recording of service revenues deferred in the fund statements at June 30, 2008	90,919
Change in deferral of notes receivable in Special Revenue Fund	(1,806)
Donated infrastructure (streets, sidewalks, and curb and guttering)	882,175
Total Adjustment	<u>\$ 1,495,197</u>

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, 2008, the City's deposits had a carrying amount of \$15,382,747 and a bank balance of \$16,086,806. Of the bank balance, \$600,000 was covered by federal depository insurance and \$15,486,806 was covered by collateral held under the Pooling Method. At June 30, 2008, the City's petty cash fund totaled \$3,953.

2. Investments

At June 30, 2008, the City of Asheboro had \$4,152,337 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 or interest rate 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>6/30/2008</u>
General Fund:	
Taxes Receivable	\$ 47,000
Enterprise Fund:	
Customer Accounts Receivable	<u>75,000</u>
Total	<u><u>\$ 122,000</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, 2008, 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	\$ 3,643,073	\$ 140,575	\$ -	\$ 3,783,648
Construction in Progress	<u>162,969</u>	<u>673,448</u>	<u>621,204</u>	<u>215,213</u>
Total Capital Assets Not Being Depreciated	<u>3,806,042</u>	<u>814,023</u>	<u>621,204</u>	<u>3,998,861</u>
Capital Assets Being Depreciated:				
Land Improvements	10,209,015	448,722	-	10,657,737
Buildings	10,848,613	-	-	10,848,613
Street Construction	13,019,678	882,178	-	13,901,856
Computer Equipment	455,164	29,658	63,349	421,473
Equipment	4,077,448	285,919	45,327	4,318,040
Vehicles	<u>7,905,426</u>	<u>1,234,483</u>	<u>145,961</u>	<u>8,993,948</u>
Total Capital Assets Being Depreciated	<u>46,515,344</u>	<u>2,880,960</u>	<u>254,637</u>	<u>49,141,667</u>
Less Accumulated Depreciation For:				
Land Improvements	3,184,891	472,782	-	3,657,673
Buildings	5,103,775	247,423	-	5,351,198
Street Construction	6,968,978	500,250	-	7,469,228
Computer Equipment	401,262	24,244	59,308	366,198
Equipment	2,944,998	249,864	41,970	3,152,892
Vehicles	<u>6,401,228</u>	<u>440,618</u>	<u>145,799</u>	<u>6,696,047</u>
Total Accumulated Depreciation	<u>25,005,132</u>	<u>\$ 1,935,181</u>	<u>\$ 247,077</u>	<u>26,693,236</u>
Total Capital Assets Being Depreciated, Net	<u>21,510,212</u>			<u>22,448,431</u>
Governmental Activity Capital Assets, Net	<u>\$ 25,316,254</u>			<u>\$ 26,447,292</u>

Depreciation expense was charged to functions/programs as follows:

General Government	\$ 40,970
Public Safety	319,395
Transportation	1,188,974
Environmental	122,014
Cultural and Recreational	208,340
Economic Development	<u>55,488</u>
	<u>\$ 1,935,181</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, 2008, 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	\$ 2,768,834	\$ 7,740	\$ -	\$ 2,776,574
Construction in Progress	<u>1,142,509</u>	<u>2,548,425</u>	<u>-</u>	<u>3,690,934</u>
Total Capital Assets Not Being Depreciated	<u>3,911,343</u>	<u>2,556,165</u>	<u>-</u>	<u>6,467,508</u>
Capital Assets Being Depreciated:				
Land Improvements	78,560	-	-	78,560
Buildings	30,299,373	-	-	30,299,373
Plant and Distribution Systems	33,635,688	237,059	-	33,872,747
Computer Equipment	87,553	-	-	87,553
Equipment	4,690,138	328,911	11,447	5,007,602
Vehicles	<u>1,724,173</u>	<u>355,115</u>	<u>29,380</u>	<u>2,049,908</u>
Total Capital Assets Being Depreciated	<u>70,515,485</u>	<u>921,085</u>	<u>40,827</u>	<u>71,395,743</u>
Less Accumulated Depreciation For:				
Land Improvements	14,043	3,928	-	17,971
Buildings	11,438,395	609,107	-	12,047,502
Plant and Distribution Systems	14,330,532	606,123	-	14,936,655
Computer Equipment	70,429	6,509	-	76,938
Equipment	2,276,107	188,848	11,447	2,453,508
Vehicles	<u>1,666,125</u>	<u>32,186</u>	<u>29,380</u>	<u>1,668,931</u>
Total Accumulated Depreciation	<u>29,795,631</u>	<u>\$ 1,446,701</u>	<u>\$ 40,827</u>	<u>31,201,505</u>
Total Capital Assets Being Depreciated, Net	<u>40,719,854</u>			<u>40,194,238</u>
Business-type Activities Capital Assets, Net	<u>\$ 44,631,197</u>			<u>\$ 46,661,746</u>

Construction Commitments

The City has active construction projects as of June 30, 2008. At year-end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Malt-O-Meal Rail Spur Project	\$ 203,601	\$ 924,287
Zoo City Park Project	137,500	112,500
Water and Sewer System Improvement Project	<u>1,454,645</u>	<u>181,077</u>
	<u>\$ 1,795,746</u>	<u>\$ 1,217,864</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, 2008, were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental Activities:				
General	\$ 633,586	\$ --	\$ --	\$ 633,586
Other Governmental	172,306	--	--	172,306
Total Governmental Activities	<u>\$ 805,892</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 805,892</u>
Business-type Activities:				
Water and Sewer	\$ 540,990	\$ --	\$ --	\$ 540,990

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 4.72%, 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, 2008, 2007, and 2006 were \$584,886, \$545,502, and \$517,377, 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, 2007, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	5
Terminate plan members entitled to but not yet receiving benefits	0
Active plan members	<u>73</u>
Total	<u>78</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, 2006 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 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include post-employment benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2006 was 24 years.

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	\$ 115,430
Interest on Net Pension Obligations	23,361
Adjustment to Annual Required Contribution	<u>(19,800)</u>
Annual Pension Cost	118,991
Contributions Made	<u>75,034</u>
Increase (Decrease) in Net Pension Obligation	43,957
Net Pension Obligation, Beginning of Year	<u>322,226</u>
Net Pension Obligation, End of Year	<u><u>\$ 366,183</u></u>

Fiscal Year Ended	General Fund		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/06	\$110,152	56.19%	\$ 274,741
6/30/07	\$109,377	56.59%	\$ 322,226
6/30/08	\$118,991	63.06%	\$ 366,183

(4) Funding Status and Funding Progress.

As of December 31, 2006, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$1,027,622. The covered payroll (annual payroll of active employees covered by the plan) was \$2,825,320, and the ratio of the UAAL to the covered payroll was 36.37 percent.

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

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.

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. The 401 (k) Supplemental Retirement Income Plan is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401 (k) plan. That 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. 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, 2008, were \$263,378, which consisted of \$165,592 from the City and \$97,786 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.

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)

d. Post-Employment Benefits. (Concluded)

The City finances the post employment health and hospitalization insurance benefits on a pay-as-you-go basis. As of June 30, 2008, forty-eight retirees were eligible for post-retirement health benefits. For the fiscal year ended June 30, 2008, the City made payments for post-retirement health benefit premiums of \$196,572. The City participates in a self-funded risk-financing pool administered by the North Carolina League of Municipalities.

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, 2008, the City made contributions to the State for death benefits of \$16,230. 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.

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)

f. Firemen's and Rescue Squad Worker's Pension Fund. (Concluded)

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.

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)	\$ --	\$ 31,522
Prepaid Privilege Licenses (General)	--	19,903
Prepaid Vice Narcotics (General)	--	22,442
Prepaid US Treasury/Justice (General)	--	194,212
Prepaid Golf Memberships (General)	--	23,097
Other Collections (General)	--	1,968
Taxes Receivable, Net (General)	337,044	--
Garbage Collections Receivable (General)	90,919	--
Note Receivable (General)	60,500	--
Notes Receivable (Special Revenue)	32,280	--
Total	<u>\$ 520,743</u>	<u>\$ 293,144</u>

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.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

4. Risk Management (Concluded)

The City does not carry flood insurance because the area has not been designated an "A" area by the Federal Emergency Management Agency.

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.

5. Claims, Judgments, and Contingent Liabilities

At June 30, 2008, 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 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.

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, 2008, are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2009	\$ 373,971	\$ 56,186
2010	338,846	40,399
2011	277,664	24,975
2012	65,995	18,402
2013	69,851	14,545
2014 – 2018	211,358	18,522
Totals	\$ 1,337,685	\$ 173,029

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, 2008, 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, 2008, proceeds received from this loan amounted to \$4,823,273. The promissory note requires annual payments of \$266,594, plus interest.

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

Year Ending June 30	Business-type Activities	
	Principal	Interest
2009	\$ 643,703	\$ 262,299
2010	643,703	243,251
2011	643,703	224,704
2012	643,703	205,156
2013	643,703	186,109
2014 – 2018	2,968,514	644,831
2019 – 2023	1,968,514	297,269
2024 – 2028	1,011,268	52,692
Totals	\$ 9,166,811	\$ 2,116,311

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.

During the year ending June 30, 2006, 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, 2008, are comprised of the following individual issues:

<u>General Obligation Bonds</u>	Amount
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 unamortized deferred loss of \$176,376 and the bond premium of \$51,406.	<u>\$ 5,915,030</u>

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

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 113,991	\$ 21,943	\$ 951,009	\$ 183,067
2010	111,315	18,637	928,685	155,488
2011	109,174	14,741	910,826	122,984
2012	107,569	10,920	897,431	91,105
2013	104,893	7,155	875,107	59,695
2014 - 2018	99,541	3,746	830,459	31,254
Total	<u>\$ 646,483</u>	<u>\$ 77,142</u>	<u>\$ 5,393,517</u>	<u>\$ 643,593</u>

At June 30, 2008 the City's legal debt margin is \$ 156,487,127.

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.

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008	Current Portion of Balance
Governmental Activities:					
General Obligation					
Bonds	\$ 761,544	\$ --	\$ 115,061	\$ 646,483	\$ 113,991
Deferred Loss on Refunding	(25,234)	(--)	(6,356)	(18,878)	(5,370)
Unamortized Debt Premium	7,355	--	1,852	5,503	1,565
Total General Obligation					
Bonds	743,665	--	110,557	633,108	110,186
Installment Purchases	1,724,582	--	386,897	1,337,685	373,971
Compensated Absences	1,600,845	723,332	573,850	1,750,327	573,850
Net Pension Obligation	319,589	46,593	--	366,182	--
Governmental Activity Long-term Liabilities	<u>\$ 4,388,681</u>	<u>\$ 769,927</u>	<u>\$ 1,071,304</u>	<u>\$ 4,087,302</u>	<u>\$1,058,007</u>

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008	Current Portion of Balance
Business-type Activities:					
General Obligation					
Bonds	\$ 6,353,456	\$ --	\$ 959,939	\$ 5,393,517	\$ 951,009
Deferred Loss on Refunding	(210,520)	(--)	(53,022)	(157,498)	(44,800)
Unamortized Debt Premium	61,358	--	15,454	45,904	13,057
Total General Obligation					
Bonds	6,204,294	--	922,371	5,281,923	919,266
Notes Payable	7,772,289	1,767,671	373,149	9,166,811	643,703
Compensated Absences	264,479	137,482	101,941	300,020	101,941
Business-type Activity Long-term Liabilities	<u>\$ 14,241,062</u>	<u>\$ 1,905,153</u>	<u>\$ 1,397,461</u>	<u>\$ 14,748,754</u>	<u>\$1,664,910</u>

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, 2008, 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 HWY 64/HWY 49 NCDOT Capital Project Fund for expenditures related to construction of infrastructure.	27,386
From the General Fund to the Economic Development Fund for economic incentive for local business.	352,083
From the General Fund to the Traffic 2005 Grant Fund per the terms of a matching State grant.	24,373
From the General Fund to Zoo City Park Capital Project Fund for expenditures related to construction of recreation facilities.	240,000
From the General Fund to the Malt-O-Meal Rail Spur Fund for the City's match in economic incentives for a local business.	125,000
From the Asheboro Skate Park Capital Project Fund to the General Fund to return remaining funds in project fund.	6,830
From the Water and Sewer Fund to the General Fund for reimbursement of debt service.	400,000
From the Water and Sewer Fund to the North Fayetteville Street Sidewalk Capital Project Fund for expenditures related to sidewalk expansion.	290,340
From the Water and Sewer Fund to the HWY 64/HWY 49 NCDOT Capital Project Fund for expenditures related to construction of infrastructure.	140,000
From the Water and Sewer Fund to the Dave's Mountain Water and Sewer Project Fund for expenditures related to water and sewer expansion.	489,400
From the Water and Sewer Fund to the NCDOT Water and Sewer Systems Improvement Project Fund for expenditures related to water and sewer expansion.	273,653
From the Water and Sewer Fund to the East Presnell Street Water and Sewer Project Fund for expenditures related to water and sewer expansion.	<u>500,000</u>
Total	<u><u>\$ 2,885,732</u></u>

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Concluded)

C. INTERFUND BALANCES AND ACTIVITY. (Concluded)

2. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2008, 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
	Enterprise Fund: Water and Sewer System Improvements Fund - to provide temporary funds for project expenditures.	427,747
	Water and Sewer Fund - to provide temporary Funds for operating expenditures.	<u>176,667</u>
		<u>\$ 954,414</u>

D. REVENUES, EXPENDITURES AND EXPENSES.

On-Behalf of Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2007, the City of Asheboro has recognized on-behalf of payments for pension contributions made by the State as a revenue and expenditure of \$3,849 for fifteen 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, 2008, 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, 2008. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

III. JOINT VENTURE (Concluded)

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 \$11,684 to the Council during the fiscal year ended June 30, 2008.

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.

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**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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
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%
12/31/06	-	\$ 1,027,622	\$ 1,027,622	-	\$ 2,825,320	36.37%
12/31/07	-	\$ 1,214,083	\$ 1,214,083	-	\$ 3,094,126	39.24%

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>
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%
2006	\$ 105,636	61.08%
2007	\$ 115,430	65.00%

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	12/31/2007
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Closed
Remaining Amortization Period	23 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

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

For the Year Ended June 30, 2008

Revenues:

Ad Valorem Taxes:

Current Year

Prior Years

Penalties and Interest

Total

Other Taxes and Licenses:

Gross Receipts Tax on Short-Term Rental Property

Animal Tax

Privilege Licenses

Total

Intergovernmental Revenues:

Unrestricted:

Local Option Sales Tax

Utilities Franchise Tax

Hold Harmless

Tax Refunds - Net

Court Fees

Payment in Lieu of Taxes

Total

Restricted:

State Street Aid Allocation

Local Fire Protection and Training

On-Behalf of Payments - Fire and Rescue

Other

Randolph County Allocation

Vice and Narcotics Allocation

U.S. Treasury/Justice Allocation

Total

2008		
Budget	Actual	Variance Positive (Negative)
\$ 10,822,000	\$ 11,002,628	\$ 180,628
140,000	142,618	2,618
44,000	44,901	901
11,006,000	11,190,147	184,147
22,060	19,048	(3,012)
700	625	(75)
280,000	283,545	3,545
302,760	303,218	458
4,253,764	4,232,034	(21,730)
1,670,000	2,078,291	408,291
125,000	123,514	(1,486)
600	13,536	12,936
16,600	22,851	6,251
7,400	15,552	8,152
6,073,364	6,485,778	412,414
679,297	771,217	91,920
855	883	28
-	3,849	3,849
5,750	128,611	122,861
70,000	70,000	-
12,500	12,915	415
92,362	88,979	(3,383)
\$ 860,764	\$ 1,076,454	\$ 215,690

CITY OF ASHEBORO, NORTH CAROLINA
GENERAL FUND

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

For the Year Ended June 30, 2008

Revenues (Concluded):

Permits and Fees:

- Building Permits and Inspection Fees
- Franchise Fees
- Rezoning and Cemetery Fees
- Other

Total

Sales and Services:

- Rents and Concessions
- Cemeteries
- Recreation Service Revenues
- Refuse Collection
- Recycling Revenues
- Contracted Maintenance - NCDOT
- Airport Revenue

Total

Investment Earnings

Miscellaneous:

- Sales of Material and Services
- Reimbursements
- Other

Total

Total Revenues

Expenditures:

General Government:

Governing Body:

- Salaries and Employee Benefits
- Other Operating Expenditures
- Capital Outlay

Total

2008		
Budget	Actual	Variance Positive (Negative)
\$ 142,300	\$ 140,735	\$ (1,565)
160,000	25,515	(134,485)
50,000	39,400	(10,600)
165	8	(157)
<u>352,465</u>	<u>205,658</u>	<u>(146,807)</u>
75,501	111,045	35,544
35,000	2,000	(33,000)
443,300	413,118	(30,182)
1,071,000	1,015,480	(55,520)
13,000	9,634	(3,366)
20,000	20,532	532
4,000	5,556	1,556
<u>1,661,801</u>	<u>1,577,365</u>	<u>(84,436)</u>
<u>350,000</u>	<u>471,825</u>	<u>121,825</u>
1,000	8,695	7,695
190,000	192,315	2,315
18,080	56,826	38,746
<u>209,080</u>	<u>257,836</u>	<u>48,756</u>
<u>20,816,234</u>	<u>21,568,281</u>	<u>752,047</u>
	69,861	
	40,330	
	10,676	
<u>\$ 122,618</u>	<u>\$ 120,867</u>	<u>\$ 1,751</u>

CITY OF ASHEBORO, NORTH CAROLINA
GENERAL FUND

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

For the Year Ended June 30, 2008

Expenditures (Continued):

General Government (Continued):

Administration:

Salaries and Employee Benefits

Operating Expenditures

Total

Information Technology:

Salaries and Employee Benefits

Operating Expenditures

Capital Outlay

Total

Finance:

Salaries and Employee Benefits

Operating Expenditures

Total

Public Buildings:

Operating Expenditures

Tax Collections:

Tax Collection Fee - Randolph County

Tax Refunds

Total

Legal Services:

Salaries and Employee Benefits

Operating Expenditures

Total

2008		
Budget	Actual	Variance Positive (Negative)
\$	\$ 111,013	\$
	45,655	
159,692	156,668	3,024
	82,322	
	88,957	
	5,841	
182,471	177,120	5,351
	160,027	
	59,924	
207,552	219,951	(12,399)
71,400	69,393	2,007
	139,877	
	49,671	
210,000.00	189,548.00	20,452.00
	120,810	
	21,619	
\$ 154,236	\$ 142,429	\$ 11,807

CITY OF ASHEBORO, NORTH CAROLINA
GENERAL FUND

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

For the Year Ended June 30, 2008

Expenditures (Continued):

General Government (Concluded):

 Planning and Zoning:

 Salaries and Employee Benefits

 Other Operating Expenditures

 Total

 City Shop:

 Salaries and Employee Benefits

 Operating Expenditures

 Capital Outlay

 Total

 Human Resources:

 Salaries and Employee Benefits

 Operating Expenditures

 Total

 Total General Government

Public Safety:

 Police:

 Salaries and Employee Benefits

 Operating Expenditures

 Capital Outlay

 Total

 Fire:

 Salaries and Employee Benefits

 Operating Expenditures

 Capital Outlay

 Total

2008		
Budget	Actual	Variance Positive (Negative)
\$	\$ 378,864	\$
	56,793	
443,842	435,657	8,185
	582,846	
	177,421	
	20,681	
900,103	780,948	119,155
	281,287	
	187,804	
481,407	469,091	12,316
2,933,321	2,761,672	171,649
	4,332,816	
	1,054,400	
	255,432	
5,721,980	5,642,648	79,332
	2,605,856	
	365,919	
	289,642	
\$ 3,407,002	\$ 3,261,417	\$ 145,585

CITY OF ASHEBORO, NORTH CAROLINA
GENERAL FUND

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

For the Year Ended June 30, 2008

Expenditures (Continued):

Public Safety (Concluded):

Inspections:

Salaries and Employee Benefits

Operating Expenditures

Total

Total Public Safety

Transportation:

Operations:

Salaries and Employee Benefits

Operating Expenditures

Capital Outlay

Total

Street and Highways:

Salaries and Employee Benefits

Operating Expenditures

Capital Outlay

Total

City Engineer Office:

Salaries and Employee Benefits

Operating Expenditures

Total

Airport Authority:

Operating Expenditures

Capital Outlay

Total

Total Transportation

2008		
Budget	Actual	Variance Positive (Negative)
\$	\$ 187,920	\$
	16,386	
210,798	204,306	6,492
9,339,780	9,108,371	231,409
	364,240	
	252,508	
	5,705	
625,992	622,453	3,539
	767,874	
	992,897	
	314,162	
2,063,761	2,074,933	(11,172)
	136,626	
	55,763	
210,792	192,389	18,403
	39,338	
	9,976	
51,400	49,314	2,086
\$ 2,951,945	\$ 2,939,089	\$ 12,856

CITY OF ASHEBORO, NORTH CAROLINA
GENERAL FUND

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

For the Year Ended June 30, 2008

Expenditures (Continued):

Environmental Protection:

Sanitation:

Salaries and Employee Benefits
Operating Expenditures
Capital Outlay

Total

Recycling Transfer Station:

Salaries and Employee Benefits
Operating Expenditures

Total

Total Environmental Protection

Cultural and Recreational:

Recreation:

Salaries and Employee Benefits
Operating Expenditures
Capital Outlay

Total

Grounds Maintenance:

Salaries and Employee Benefits
Operating Expenditures
Capital Outlay

Total

Golf Course:

Salaries and Employee Benefits
Operating Expenditures
Capital Outlay

Total

2008		
Budget	Actual	Variance Positive (Negative)
\$	\$ 709,040	\$
	1,404,683	
	516,692	
<u>2,673,992</u>	<u>2,630,415</u>	<u>43,577</u>
	43,665	
	47,801	
<u>92,033</u>	<u>91,466</u>	<u>567</u>
<u>2,766,025</u>	<u>2,721,881</u>	<u>44,144</u>
	497,240	
	606,777	
	71,816	
<u>1,175,833</u>	<u>1,175,833</u>	<u>-</u>
	944,635	
	231,957	
	52,475	
<u>1,269,111</u>	<u>1,229,067</u>	<u>40,044</u>
	100,843	
	80,334	
	63,706	
<u>\$ 244,440</u>	<u>\$ 244,883</u>	<u>\$ (443)</u>

CITY OF ASHEBORO, NORTH CAROLINA
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2008

Expenditures (Concluded):

Cultural and Recreational (Concluded):

Library:

Operating Expenditures

Capital Outlay

Total

Total Cultural and Recreational

Economic and Physical Development:

Community Promotion:

Operating Expenditures

Debt Service:

Principal Retirement

Interest and Fees

Total Debt Service

Total Expenditures

Revenues Over (Under) Expenditures

Other Financing Sources (Uses):

Transfers From Other Funds:

From Water and Sewer Fund

From Asheboro Skate Park Project Fund

Transfers to Other Funds:

To Airport Runway Extension Phase III Capital Project Fund

To HWY 64/HWY 49 NCDOT Improvements Project Fund

To Economic Development Fund

To Traffic 2005 Grant Fund

To Malt-O-Meal Rail Spur Fund

To Zoo City Park Project Fund

Sale of Assets

Lease Purchase Agreement

Total Other Financing Sources (Uses)

Appropriated Fund Balance

Net Change in Fund Balance

Fund Balance:

Beginning of Year, July 1

End of Year, June 30

2008		
Budget	Actual	Variance Positive (Negative)
\$	\$ 96,581	\$
	140,576	
240,200	237,157	3,043
2,929,584	2,886,940	42,644
144,404	143,223	1,181
	501,957	
	105,377	
677,681	607,334	70,347
21,742,740	21,168,510	574,230
(926,506)	399,771	1,326,277
-	400,000	400,000
-	6,830	6,830
(16,700)	(16,667)	33
(27,386)	(27,386)	-
(352,083)	(352,083)	-
(24,373)	(24,373)	-
(125,000)	(125,000)	-
(240,000)	(240,000)	-
30,000	28,666	(1,334)
900,000	-	(900,000)
144,458	(350,013)	(494,471)
782,048	-	(782,048)
\$ -	49,758	\$ 49,758
	11,081,742	
	\$ 11,131,500	

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**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.

The Malt-O-Meal Rail Spur Special Revenue Fund. This fund is used to account for federal and state grants, Randolph County contributions and City transfers to construct a railroad spur for an expanding business.

Capital Project Funds:

The Sunset Theater Capital Project Fund. This fund accounts for City transfers and contributions to renovate the historical Sunset Theater in downtown Asheboro.

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.

The HWY64/HWY49 NCDOT Improvements Capital Project Fund. This fund is used to account for City transfers to relocate water lines and construct sidewalks at two major thoroughfares in the City.

The Zoo City Park Capital Project Fund. This fund is used to account for City transfers, local contributions, and state grant monies to construct a major recreational facility.

CITY OF ASHEBORO, NORTH CAROLINA
COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2008

	Special Revenue Funds					Total Nonmajor Special Revenue Funds
	HOME Program	Economic Development Fund	Police Computer Grant Fund	Traffic 2005 Grant Fund	Malt-O-Meal Rail Spur Fund	
Assets:						
Current Assets:						
Cash and Investments	\$ 144,797	\$ 110,616	\$ 1,600	\$ 4,278	\$ 227,987	\$ 489,278
Accounts Receivable	32,280	-	-	-	-	32,280
Due From Other Governments	-	-	-	5,490	4,284	9,774
Total Assets	\$ 177,077	\$ 110,616	\$ 1,600	\$ 9,768	\$ 232,271	\$ 531,332
Liabilities and Fund Balances:						
Liabilities:						
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ 172,306	\$ 172,306
Retainage Payable	-	-	-	-	10,180	10,180
Due to Other Funds	-	-	-	-	-	-
Deferred Revenues	32,280	-	-	-	-	32,280
Total Liabilities	32,280	-	-	-	182,486	214,766
Fund Balances:						
Reserved by State Statute	-	-	-	5,490	4,284	9,774
Unreserved:						
Designated for Capital Projects	-	-	-	-	-	-
Undesignated	144,797	110,616	1,600	4,278	45,501	306,792
Total Fund Balances	144,797	110,616	1,600	9,768	49,785	316,566
Total Liabilities and Fund Balances	\$ 177,077	\$ 110,616	\$ 1,600	\$ 9,768	\$ 232,271	\$ 531,332

Capital Project Funds							
Sunset Theater Project Fund	North Fayetteville Street Sidewalk Project Fund	Asheboro Skate Park Project Fund	Airport Runway Extension Phase III Project Fund	HWY 64/HWY 49 NCDOT Improvements Project Fund	Zoo City Park Project Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 78	\$ 382,514	\$ -	\$ 378,487	\$ 167,386	\$ 149,710	\$ 1,078,175	\$ 1,567,453
-	-	-	-	-	-	-	32,280
-	934	-	20,973	-	-	21,907	31,681
\$ 78	\$ 383,448	\$ -	\$ 399,460	\$ 167,386	\$ 149,710	\$ 1,100,082	\$ 1,631,414
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 172,306
-	-	-	-	-	-	-	10,180
-	-	-	350,000	-	-	350,000	350,000
-	-	-	-	-	-	-	32,280
-	-	-	350,000	-	-	350,000	564,766
-	934	-	20,973	-	-	21,907	31,681
78	382,514	-	28,487	167,386	149,710	728,175	728,175
-	-	-	-	-	-	-	306,792
78	383,448	-	49,460	167,386	149,710	750,082	1,066,648
\$ 78	\$ 383,448	\$ -	\$ 399,460	\$ 167,386	\$ 149,710	\$ 1,100,082	\$ 1,631,414

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

NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	Special Revenue Funds					Total Nonmajor Special Revenue Funds
	HOME Program	Economic Development Fund	Police Computer Grant Fund	Traffic 2005 Grant Fund	Malt-O-Meal Rail Spur Fund	
Revenues:						
Restricted Intergovernmental	\$ -	\$ -	\$ -	\$ 24,800	\$ 125,000	\$ 149,800
Investment Earnings	-	-	-	-	-	-
Miscellaneous	12,964	-	-	-	-	12,964
Total Revenues	<u>12,964</u>	<u>-</u>	<u>-</u>	<u>24,800</u>	<u>125,000</u>	<u>162,764</u>
Expenditures:						
Public Safety	-	-	-	44,317	-	44,317
Economic and Physical Development	23,526	383,134	-	-	200,215	606,875
Capital Outlay	-	-	-	-	-	-
Total Expenditures	<u>23,526</u>	<u>383,134</u>	<u>-</u>	<u>44,317</u>	<u>200,215</u>	<u>651,192</u>
Revenues Over (Under) Expenditures	<u>(10,562)</u>	<u>(383,134)</u>	<u>-</u>	<u>(19,517)</u>	<u>(75,215)</u>	<u>(488,428)</u>
Other Financing Sources:						
Transfers From Other Funds:						
From General Fund	-	352,083	-	24,373	125,000	501,456
From Water and Sewer Fund	-	-	-	-	-	-
Transfers to Other Funds:						
To General Fund	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>352,083</u>	<u>-</u>	<u>24,373</u>	<u>125,000</u>	<u>501,456</u>
Net Change in Fund Balances	<u>(10,562)</u>	<u>(31,051)</u>	<u>-</u>	<u>4,856</u>	<u>49,785</u>	<u>13,028</u>
Fund Balances:						
Beginning of Year, July 1	155,359	141,667	1,600	4,912	-	303,538
End of Year, June 30	<u>\$ 144,797</u>	<u>\$ 110,616</u>	<u>\$ 1,600</u>	<u>\$ 9,768</u>	<u>\$ 49,785</u>	<u>\$ 316,566</u>

Capital Project Funds							Total	Total
Sunset Theater Project Fund	North Fayetteville Street Sidewalk Project Fund	Asheboro Skate Park Project Fund	Airport Runway Extension Phase III Project Fund	HWY 64/HWY 49 NCDOT Improvements Project Fund	Zoo City Park Project Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds	
\$ -	\$ -	\$ -	\$ 311,295	\$ -	\$ -	\$ 311,295	\$ 461,095	
-	-	-	-	-	-	-	-	
-	-	-	-	-	50,000	50,000	62,964	
-	-	-	311,295	-	50,000	361,295	524,059	
-	-	-	-	-	-	-	44,317	
-	-	-	-	-	-	-	606,875	
74,922	107,806	-	328,523	-	140,290	651,541	651,541	
74,922	107,806	-	328,523	-	140,290	651,541	1,302,733	
(74,922)	(107,806)	-	(17,228)	-	(90,290)	(290,246)	(778,674)	
-	-	-	16,667	27,386	240,000	284,053	785,509	
-	290,340	-	-	140,000	-	430,340	430,340	
-	-	(6,830)	-	-	-	(6,830)	(6,830)	
-	290,340	(6,830)	16,667	167,386	240,000	707,563	1,209,019	
(74,922)	182,534	(6,830)	(561)	167,386	149,710	417,317	430,345	
75,000	200,914	6,830	50,021	-	-	332,765	636,303	
\$ 78	\$ 383,448	\$ -	\$ 49,460	\$ 167,386	\$ 149,710	\$ 750,082	\$ 1,066,648	

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

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2008

Revenues:

Restricted Intergovernmental Revenues:
 HOME Program Grant
Miscellaneous:
 Program Income - Repayments

Total Revenues

Expenditures:

Economic and Physical Development:
 Original Programs:
 Down Payment Assistance
 Owner Occupied Rehabilitation
 Investor Owned Rehabilitation
 Administration
 Revolving Loans:
 Down Payment Assistance
 Owner Occupied Rehabilitation
 Investor Owned Rehabilitation
 Down Payment/Closing Cost
 Administration - Down Payment
Fiscal Agent Fees

Total Expenditures

Revenues Over (Under) Expenditures

Other Financing (Uses):

Transfers to Other Funds:
 Downtown Farmer's Market Project Fund

Net Change in Fund Balance

Fund Balance:

Beginning of Year, July 1

End of Year, June 30

Project Authorization	Actual		Total To Date
	Prior Years	Current Year	
\$ 375,000	\$ 375,000	\$ -	\$ 375,000
<u>246,000</u>	<u>316,891</u>	<u>12,964</u>	<u>329,855</u>
<u>621,000</u>	<u>691,891</u>	<u>12,964</u>	<u>704,855</u>
69,750	69,750	-	69,750
186,000	186,000	-	186,000
93,000	93,000	-	93,000
26,400	26,375	-	26,375
12,000	11,152	-	11,152
103,150	76,127	23,381	99,508
49,700	26,336	-	26,336
32,000	7,608	-	7,608
6,000	2,620	-	2,620
15,000	9,564	145	9,709
<u>593,000</u>	<u>508,532</u>	<u>23,526</u>	<u>532,058</u>
<u>28,000</u>	<u>183,359</u>	<u>(10,562)</u>	<u>172,797</u>
<u>(28,000)</u>	<u>(28,000)</u>	<u>-</u>	<u>(28,000)</u>
<u>\$ -</u>	<u>\$ 155,359</u>	<u>(10,562)</u>	<u>\$ 144,797</u>
		<u>155,359</u>	
		<u>\$ 144,797</u>	

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

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2008

Revenues:

Repayment of Expired Incentives

Total Revenues

Expenditures:

Economic and Physical Development:

Energizer/Everready

Unilever/Bestfoods

Technimark

Starpet

N.C. Zoological Society

Malt-O-Meal

Randolph Hospital

Hospice of Randolph County

Total Expenditures

Revenues (Under) Expenditures

Other Financing Sources:

Transfers From Other Funds:

General Fund

Water and Sewer Fund

Total Other Financing Sources

Net Change in Fund Balance

Fund Balance:

Beginning of Year, July 1

End of Year, June 30

Project Authorization	Actual		
	Prior Years	Current Year	Total To Date
\$ -	\$ 175,000	\$ -	\$ 175,000
-	175,000	-	175,000
375,000	-	-	-
125,000	125,000	-	125,000
319,400	98,350	131,050	229,400
250,000	125,000	-	125,000
100,000	33,333	33,334	66,667
1,875,000	-	93,750	93,750
500,000	-	100,000	100,000
125,000	-	25,000	25,000
3,669,400	381,683	383,134	764,817
(3,669,400)	(206,683)	(383,134)	(589,817)
3,615,000	325,000	352,083	677,083
54,400	23,350	-	23,350
3,669,400	348,350	352,083	700,433
\$ -	\$ 141,667	(31,051)	\$ 110,616
		141,667	
		\$ 110,616	

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

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2008

Revenues:

Restricted Intergovernmental Revenues:
 Federal Grants
Investment Earnings

Total Revenues

Expenditures:

Public Safety:
 Police Grant Match
 Capital Outlay
 Supplies and Materials

Total Expenditures

Revenues (Under) Expenditures

Other Financing Sources:

Transfers From Other Funds:
 General Fund

Net Change in Fund Balance

Fund Balance:

Beginning of Year, July 1

End of Year, June 30

Project Authorization	Prior Years	Actual Current Year	Total To Date
\$ 95,341	\$ 95,341	\$ -	\$ 95,341
<u>-</u>	<u>150</u>	<u>-</u>	<u>150</u>
<u>95,341</u>	<u>95,491</u>	<u>-</u>	<u>95,491</u>
10,594	10,594	-	10,594
89,384	89,384	-	89,384
<u>5,957</u>	<u>6,107</u>	<u>-</u>	<u>6,107</u>
<u>105,935</u>	<u>106,085</u>	<u>-</u>	<u>106,085</u>
<u>(10,594)</u>	<u>(10,594)</u>	<u>-</u>	<u>(10,594)</u>
<u>10,594</u>	<u>12,194</u>	<u>-</u>	<u>12,194</u>
<u>\$ -</u>	<u>\$ 1,600</u>	<u>-</u>	<u>\$ 1,600</u>
		<u>1,600</u>	
		<u>\$ 1,600</u>	

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

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2008

Revenues:

 Restricted Intergovernmental:
 Federal Grant

Total Revenues

Expenditures:

 Public Safety:
 Operating Expenditures
 Capital Outlay

Total Expenditures

Revenues (Under) Expenditures

Other Financing Sources:

 Transfers From Other Funds:
 General Fund

Net Change in Fund Balance

Fund Balance:

 Beginning of Year, July 1

 End of Year, June 30

<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>
\$ 113,674	\$ 73,172	\$ 24,800	\$ 97,972
<u>113,674</u>	<u>73,172</u>	<u>24,800</u>	<u>97,972</u>
118,431	57,026	44,317	101,343
<u>40,555</u>	<u>32,173</u>	<u>-</u>	<u>32,173</u>
<u>158,986</u>	<u>89,199</u>	<u>44,317</u>	<u>133,516</u>
<u>(45,312)</u>	<u>(16,027)</u>	<u>(19,517)</u>	<u>(35,544)</u>
<u>45,312</u>	<u>20,939</u>	<u>24,373</u>	<u>45,312</u>
<u>\$ -</u>	<u>\$ 4,912</u>	<u>4,856</u>	<u>\$ 9,768</u>
		<u>4,912</u>	
		<u>\$ 9,768</u>	

CITY OF ASHEBORO, NORTH CAROLINA
SPECIAL REVENUE FUND - MALT-O-MEAL RAIL SPUR FUND

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

From Inception and For the Year Ended June 30, 2008

Revenues:

Restricted Intergovernmental Revenues:
 Community Development Block Grant
 N.C. Department of Transportation Grant
 Randolph County Allocation
Miscellaneous

Total Revenues

Expenditures:

Economic and Physical Development:
 Rail Service Construction
 Professional Services
 Administration
 Contingency

Total Expenditures

Revenues (Under) Expenditures

Other Financing Sources:

Transfers From Other Funds:
 General Fund

Net Change in Fund Balance

Fund Balance:

Beginning of Year, July 1

End of Year, June 30

Project Authorization	Prior Years	Actual Current Year	Total To Date
\$ 750,000	\$ -	-	\$ -
124,000	-	-	-
125,000	-	125,000	125,000
30,000	-	-	-
<u>1,029,000</u>	<u>-</u>	<u>125,000</u>	<u>125,000</u>
1,127,888	-	199,318	199,318
7,438	-	33	33
864	-	864	864
17,810	-	-	-
<u>1,154,000</u>	<u>-</u>	<u>200,215</u>	<u>200,215</u>
<u>(125,000)</u>	<u>-</u>	<u>(75,215)</u>	<u>(75,215)</u>
<u>125,000</u>	<u>-</u>	<u>125,000</u>	<u>125,000</u>
<u>\$ -</u>	<u>\$ -</u>	<u>49,785</u>	<u>\$ 49,785</u>
		-	
		<u>\$ 49,785</u>	

CITY OF ASHEBORO, NORTH CAROLINA
CAPITAL PROJECT FUND - SUNSET THEATER PROJECT

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

From Inception and For the Year Ended June 30, 2008

Revenues:

Timken Foundation Contribution
Investment Earnings

Total Revenues

Expenditures:

Capital Outlay:
Facade Renovations

Total Expenditures

Revenues Over (Under) Expenditures

Other Financing Sources:

Transfers From Other Funds:
General Fund

Net Change in Fund Balance

Fund Balance:

Beginning of Year, July 1

End of Year, June 30

Project Authorization	Prior Years	Actual Current Year	Total To Date
\$ 75,000	\$ 75,000	\$ -	\$ 75,000
-	-	-	-
<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>75,000</u>
 75,000	 -	 74,922	 74,922
<u>75,000</u>	<u>-</u>	<u>74,922</u>	<u>74,922</u>
<u>-</u>	<u>75,000</u>	<u>(74,922)</u>	<u>78</u>
 -	 -	 -	 -
<u>\$ -</u>	<u>\$ 75,000</u>	<u>(74,922)</u>	<u>\$ 78</u>
		<u>75,000</u>	
		<u>\$ 78</u>	

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

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2008

Revenues:

Restricted Intergovernmental:
 Federal Grants
Investment Earnings

Total Revenues

Expenditures:

Capital Outlay:
 Sidewalk Construction - North Fayetteville Street
 Sidewalk Construction - South Church Street
 Sidewalk Construction - Sunset Avenue
 Water Lines - Steele Street
 Water Lines - Woodcrest Drive
 Water Lines - Keystone Drive
 Water Lines - Sherwood Avenue
 Water Lines - Fisher Circle
 Water Lines - Peachtree Street
 Sewer Lines - Brookwood Drive
 Sewer Lines - Sherwood Avenue
 Sewer Lines - Harvell Street

Total Expenditures

Revenues (Under) Expenditures

Other Financing Sources:

Transfers From Other Funds:
 General Fund
 Water and Sewer Fund

Total Other Financing Sources

Net Change in Fund Balance

Fund Balance:

Beginning of Year, July 1

End of Year, June 30

Project Authorization	Prior Years	Actual Current Year	Total To Date
\$ 172,032	\$ 166,174	\$ -	\$ 166,174
-	19,377	-	19,377
<u>172,032</u>	<u>185,551</u>	<u>-</u>	<u>185,551</u>
168,000	118,576	47,829	166,405
101,417	100,143	-	100,143
188,200	188,199	-	188,199
38,852	38,851	-	38,851
175,000	160,297	-	160,297
93,791	-	-	-
6,243	6,243	-	6,243
19,200	19,200	-	19,200
49,200	-	59,977	59,977
192,000	-	-	-
6,431	6,431	-	6,431
24,038	24,037	-	24,037
<u>1,062,372</u>	<u>661,977</u>	<u>107,806</u>	<u>769,783</u>
<u>(890,340)</u>	<u>(476,426)</u>	<u>(107,806)</u>	<u>(584,232)</u>
217,000	217,000	-	217,000
<u>673,340</u>	<u>460,340</u>	<u>290,340</u>	<u>750,680</u>
<u>890,340</u>	<u>677,340</u>	<u>290,340</u>	<u>967,680</u>
<u>\$ -</u>	<u>\$ 200,914</u>	<u>182,534</u>	<u>\$ 383,448</u>
		<u>200,914</u>	
		<u>\$ 383,448</u>	

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

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2008

Revenues:

Restricted Intergovernmental:
Grant - Parks and Recreation Trust Fund

Total Revenues

Expenditures:

Capital Outlay:
Skate Park Construction

Total Expenditures

Revenues (Under) Expenditures

Other Financing Sources:

Transfers From Other Funds:
General Fund
Transfers to Other Funds:
General Fund

Total Other Financing Sources (Uses)

Net Change in Fund Balance

Fund Balance:

Beginning of Year, July 1

End of Year, June 30

Project Authorization	Prior Years	Actual Current Year	Total To Date
\$ 100,000	\$ 100,000	\$ -	\$ 100,000
100,000	100,000	-	100,000
262,000	255,170	-	255,170
262,000	255,170	-	255,170
(162,000)	(155,170)	-	(155,170)
162,000	162,000	-	162,000
-	-	(6,830)	(6,830)
162,000	162,000	(6,830)	155,170
\$ -	\$ 6,830	(6,830)	\$ -
		6,830	
		\$ -	

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

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

From Inception and For the Year Ended June 30, 2008

Revenues:

 Restricted Intergovernmental:

 Federal Grant

 State Grant

 Investment Earnings

Total Revenues

Expenditures:

 Capital Outlay:

 Professional Services

 Administration

 Contractors

 Land

 Miscellaneous

 Contingency

Total Expenditures

Revenues (Under) Expenditures

Other Financing Sources:

 Transfers From Other Funds:

 General Fund

Net Change in Fund Balance

Fund Balance:

 Beginning of Year, July 1

 End of Year, June 30

Project Authorization	Prior Years	Actual Current Year	Total To Date
\$ 3,050,000	\$ 2,768,455	\$ 158,408	\$ 2,926,863
2,517,500	2,364,613	152,887	2,517,500
15,000	30,196	-	30,196
<u>5,582,500</u>	<u>5,163,264</u>	<u>311,295</u>	<u>5,474,559</u>
701,160	673,094	26,507	699,601
5,455	5,405	278	5,683
5,239,063	4,780,156	301,738	5,081,894
260,500	258,024	-	258,024
15,000	-	-	-
177	-	-	-
<u>6,221,355</u>	<u>5,716,679</u>	<u>328,523</u>	<u>6,045,202</u>
<u>(638,855)</u>	<u>(553,415)</u>	<u>(17,228)</u>	<u>(570,643)</u>
<u>638,855</u>	<u>603,436</u>	<u>16,667</u>	<u>620,103</u>
<u>\$ -</u>	<u>\$ 50,021</u>	<u>(561)</u>	<u>\$ 49,460</u>
		<u>50,021</u>	
		<u>\$ 49,460</u>	

CITY OF ASHEBORO, NORTH CAROLINA
CAPITAL PROJECT FUND - HWY 64/ HWY 49 NCDOT IMPROVEMENTS FUND

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

From Inception and For the Year Ended June 30, 2008

Expenditures:

Capital Outlay:

Water Line Relocation
Sidewalk Construction

Total Expenditures

Other Financing Sources:

Transfers From Other Funds:

General Fund
Water and Sewer Fund

Total Other Financing Sources

Net Change in Fund Balance

Fund Balance:

Beginning of Year, July 1

End of Year, June 30

Project Authorization	Prior Years	Actual Current Year	Total To Date
\$ 140,000	\$ -	\$ -	\$ -
27,386	-	-	-
<u>167,386</u>	<u>-</u>	<u>-</u>	<u>-</u>
27,386	-	27,386	27,386
<u>140,000</u>	<u>-</u>	<u>140,000</u>	<u>140,000</u>
<u>167,386</u>	<u>-</u>	<u>167,386</u>	<u>167,386</u>
<u>\$ -</u>	<u>\$ -</u>	<u>167,386</u>	<u>\$ 167,386</u>
		<u>-</u>	
		<u>\$ 167,386</u>	

CITY OF ASHEBORO, NORTH CAROLINA
CAPITAL PROJECT FUND - ZOO CITY PARK PROJECT FUND

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

From Inception and For the Year Ended June 30, 2008

Revenues:

Restricted Intergovernmental:
 PARTF Grant
Local Contribution

Total Revenues

Expenditures:

Capital Outlay:
 Construction Costs

Total Expenditures

Revenues (Under) Expenditures

Other Financing Sources:

Transfers From Other Funds:
 General Fund

Net Change in Fund Balance

Fund Balance:

Beginning of Year, July 1

End of Year, June 30

<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>
\$ 500,000	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
<u>500,000</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
<u>1,000,000</u>	<u>-</u>	<u>140,290</u>	<u>140,290</u>
<u>1,000,000</u>	<u>-</u>	<u>140,290</u>	<u>140,290</u>
<u>(500,000)</u>	<u>-</u>	<u>(90,290)</u>	<u>(90,290)</u>
<u>500,000</u>	<u>-</u>	<u>240,000</u>	<u>240,000</u>
<u>\$ -</u>	<u>\$ -</u>	<u>149,710</u>	<u>\$ 149,710</u>
		<u>-</u>	
		<u>\$ 149,710</u>	

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**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 four Water and Sewer Capital Projects Funds; the Water and Sewer System Improvements Project, which accounts for multi-year capital expansion, the NCDOT Water and Sewer System Improvements Project, which accounts for capital replacement for specific areas of the City, the Dave's Mountain Water and Sewer Project Fund, which accounts for capital installation for a specific area of the City, and the East Presnell Street Water and Sewer Project Fund, which accounts for capital installation for a specific area of the City. The detail activity in these funds appears on Schedules 16, 17, 18 and 19, 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 OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)

For the Year Ended June 30, 2008

Revenues:

Operating Revenues:

- Water Sales
- Sewer Charges
- Water and Sewer Taps
- Sampling and Monitoring Fees
- Surcharges
- Septic Tank Discharge
- Other Operating Revenues

Total Operating Revenues

Nonoperating Revenues:

- Interest Earned on Investments
- Sales of Materials and Services
- Sale of Assets
- Other Nonoperating Revenues

Total Nonoperating Revenues

Total Revenues

Expenditures:

Billing and Collections:

- Salaries and Employee Benefits
- Supplies
- Other Operating Expenditures

Total

Water Meter Operations:

- Salaries and Employee Benefits
- Supplies
- Other Operating Expenditures

Total

Water Supply and Treatment:

- Salaries and Employee Benefits
- Supplies
- Other Operating Expenditures

Total

2008		
Budget	Actual	Variance Positive (Negative)
\$ 5,737,000	\$ 6,373,550	\$ 636,550
4,250,000	4,405,563	155,563
108,000	126,985	18,985
24,900	30,923	6,023
70,000	173,512	103,512
58,000	51,060	(6,940)
160,000	208,763	48,763
<u>10,407,900</u>	<u>11,370,356</u>	<u>962,456</u>
450,000	395,814	(54,186)
-	5,246	5,246
-	6,222	6,222
113,201	131,628	18,427
<u>563,201</u>	<u>538,910</u>	<u>(24,291)</u>
<u>10,971,101</u>	<u>11,909,266</u>	<u>938,165</u>
	191,403	
	43,065	
	37,836	
<u>372,791</u>	<u>272,304</u>	<u>100,487</u>
	301,526	
	43,248	
	26,745	
<u>419,570</u>	<u>371,519</u>	<u>48,051</u>
	629,985	
	380,402	
	840,552	
<u>\$ 1,842,579</u>	<u>\$ 1,850,939</u>	<u>\$ (8,360)</u>

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

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

For the Year Ended June 30, 2008

Expenditures (Concluded):

Wastewater Treatment:

Salaries and Employee Benefits
Supplies
Other Operating Expenditures

Total

Water Maintenance:

Salaries and Employee Benefits
Supplies
Other Operating Expenditures

Total

Wastewater Maintenance:

Salaries and Employee Benefits
Supplies
Other Operating Expenditures

Total

Debt Service:

Principal on Bonds and Note
Interest and Fees

Total

Capital Outlay:

Water Supply and Treatment
Wastewater Treatment
Water Maintenance
Wastewater Maintenance

Total

Total Expenditures

Revenues Over Expenditures (Forward)

2008		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$	\$ 1,258,431	\$
	494,897	
	<u>1,041,657</u>	
<u>2,937,880</u>	<u>2,794,985</u>	<u>142,895</u>
	504,299	
	195,792	
	<u>279,578</u>	
<u>901,519</u>	<u>979,669</u>	<u>(78,150)</u>
	654,625	
	73,200	
	<u>635,242</u>	
<u>1,538,185</u>	<u>1,363,067</u>	<u>175,118</u>
	1,333,088	
	<u>353,124</u>	
<u>1,720,584</u>	<u>1,686,212</u>	<u>34,372</u>
	-	
	292,462	
	41,465	
	<u>350,097</u>	
<u>534,000</u>	<u>684,024</u>	<u>(150,024)</u>
<u>10,267,108</u>	<u>10,002,719</u>	<u>264,389</u>
<u>\$ 703,993</u>	<u>\$ 1,906,547</u>	<u>\$ 1,202,554</u>

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

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2008

Revenues Over Expenditures: (Brought Forward)

Other Financing (Uses):

Transfers to Other Funds:

- To Dave's Mountain Water & Sewer Project Fund
- To East Presnell Street Water & Sewer Project Fund
- To HWY 64/ HWY 49 NCDOT Improvements Fund
- To North Fayetteville Street Sidewalk Capital Project Fund
- To NCDOT Water and Sewer System Improvement Project
- To Economic Development Fund
- To General Fund

Total Other Financing (Uses)

Appropriated Fund Balance

Revenues (Under) Expenditures and Other Uses

Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:

Revenues (Under) Expenditures and Other Uses

- Payment of Bond and Note Principal
- Amortization of Deferred Loss on Refunding
- Amortization of Bond Issue Costs
- Capital Outlay
- Depreciation
- Increase In Accrued Compensated Absences
- Decrease In Accrued Interest Expense
- Capital Contributions
- Donated Assets
- Transfer to Dave's Mountain Water & Sewer Project Fund
- Transfer to East Presnell Street Water & Sewer Project Fund
- Transfer to NCDOT Water and Sewer System Improvement Project

Total Reconciling Items

Change in Net Assets

2008		
Budget	Actual	Variance Positive (Negative)
\$ 703,993	\$ 1,906,547	\$ 1,202,554
(489,400)	(489,400)	-
(500,000)	(500,000)	-
(140,000)	(140,000)	-
(290,340)	(290,340)	-
(273,653)	(273,653)	-
(31,050)	-	31,050
(400,000)	(400,000)	-
(2,124,443)	(2,093,393)	31,050
1,420,450	-	(1,420,450)
\$ -	\$ (186,846)	\$ (186,846)

\$ (186,846)

1,333,088
 (37,568)
 (11,394)
 684,024
 (1,446,701)
 (35,540)
 4,564
 237,059
 7,740
 489,400
 500,000
 273,653

1,998,325

\$ 1,811,479

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

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
From Inception and For the Year Ended June 30, 2008

Revenues:

Investment Earnings

Expenditures:

Water System Improvements:

Professional Services
Administrative
Payment to Contractors
Right- of- Way and Easements
Contingency

Sewer Pump Station # 2:

Professional Services — Water and Sewer
Administrative
Payment to Contractors
Right -of- Way and Easements
Contingency

Sewer Pump Station # 1:

Professional Services
Administrative
Payment to Contractors
Right -of- Way and Easements
Contingency

Water System Power Generators:

Professional Services
Administrative
Payment to Contractors
Contingency

Total Expenditures

Revenues (Under) Expenditures

Other Financing Sources:

Transfers From Other Funds:
Water and Sewer Fund
Proceeds of State Water Loan
Proceeds of State Sewer Loan

Total Other Financing Sources

Revenues and Other Financing Sources Over (Under) Expenditures

Project Authorization	Actual		Total To Date
	Prior Years	Current Year	
\$ -	\$ 3,566	\$ -	\$ 3,566
397,850	287,667	27,294	314,961
84,500	81,187	-	81,187
3,391,007	1,235,947	1,820,544	3,056,491
150,000	104,770	-	104,770
-	739	-	739
257,987	261,062	-	261,062
2,000	51,395	-	51,395
1,892,120	1,735,709	-	1,735,709
20,764	20,764	-	20,764
94,600	-	-	-
69,405	61,358	-	61,358
2,830	2,518	-	2,518
434,200	415,590	-	415,590
4,566	4,566	-	4,566
21,700	42,953	-	42,953
120,683	116,935	-	116,935
28,000	27,548	-	27,548
1,200,989	1,200,384	-	1,200,384
58,852	58,852	-	58,852
8,232,053	5,709,944	1,847,838	7,557,782
(8,232,053)	(5,706,378)	(1,847,838)	(7,554,216)
358,000	358,000	-	358,000
5,331,881	3,055,602	1,767,671	4,823,273
2,542,172	2,462,986	-	2,462,986
8,232,053	5,876,588	1,767,671	7,644,259
\$ -	\$ 170,210	\$ (80,167)	\$ 90,043

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

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

From Inception and For the Year Ended June 30, 2008

Expenditures:

Sunset Avenue Water Construction
Sunset Avenue Sewer Construction
Salisbury Street Water Construction
Salisbury Street Sewer Construction

Total Expenditures

Other Financing Sources:

Transfers From Other Funds:
Water and Sewer Fund

Revenues and Other Financing Sources Over (Under) Expenditures

Project Authorization	Prior Years	Actual Current Year	Total To Date
\$ 184,000	\$ -	\$ 57,885	\$ 57,885
192,000	-	64,949	64,949
208,792	-	99,820	99,820
152,482	-	53,022	53,022
<u>737,274</u>	<u>-</u>	<u>275,676</u>	<u>275,676</u>
 <u>737,274</u>	 <u>270,000</u>	 <u>273,653</u>	 <u>543,653</u>
<u><u>\$ -</u></u>	<u><u>\$ 270,000</u></u>	<u><u>\$ (2,023)</u></u>	<u><u>\$ 267,977</u></u>

CITY OF ASHEBORO, NORTH CAROLINA
DAVE'S MOUNTAIN WATER AND SEWER PROJECT FUND

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

From Inception and For the Year Ended June 30, 2008

Expenditures:

Engineering
Legal Services
Administration

Total Expenditures

Other Financing Sources:

Transfers From Other Funds:
Water and Sewer Fund

Revenues and Other Financing Sources Over Expenditures

Project Authorization	Actual		Total To Date
	Prior Years	Current Year	
\$ 479,000	\$ -	\$ 341,398	\$ 341,398
9,400	-	1,900	1,900
1,000	-	330	330
<u>489,400</u>	<u>-</u>	<u>343,628</u>	<u>343,628</u>
<u>489,400</u>	<u>-</u>	<u>489,400</u>	<u>489,400</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,772</u>	<u>\$ 145,772</u>

CITY OF ASHEBORO, NORTH CAROLINA
EAST PRESNELL STREET WATER AND SEWER PROJECT FUND

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

From Inception and For the Year Ended June 30, 2008

Expenditures:

Administration

Total Expenditures

Other Financing Sources:

Transfers From Other Funds:

Water and Sewer Fund

Revenues and Other Financing Sources Over Expenditures

<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>
\$ 500,000	\$ -	\$ 81,284	\$ 81,284
<u>500,000</u>	<u>-</u>	<u>81,284</u>	<u>81,284</u>
<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>500,000</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 418,716</u>	<u>\$ 418,716</u>

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**CITY OF ASHEBORO,
NORTH CAROLINA**

Capital Assets Used in the Operation of
Governmental Funds

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

Schedule 20

COMPARATIVE SCHEDULES BY SOURCE

June 30, 2008

	<u>2008</u>	<u>2007</u>
Governmental Funds Capital Assets:		
Land	\$ 3,783,648	\$ 3,643,073
Land Improvements	10,657,737	10,209,015
Buildings	10,848,613	10,848,613
Street Construction	13,901,856	13,019,678
Computer Equipment	421,473	455,164
Equipment	4,318,040	4,077,448
Vehicles	8,993,948	7,905,426
Construction in Progress	<u>215,213</u>	<u>162,969</u>
Total Capital Assets	<u>\$ 53,140,528</u>	<u>\$ 50,321,386</u>
Investment in Governmental Funds Capital Assets - by Source:		
General Fund	\$ 22,773,857	\$ 21,510,338
Special Revenue Funds	77,165	77,165
Capital Projects Funds	20,344,302	19,670,854
Donations	<u>9,945,204</u>	<u>9,063,029</u>
	<u>\$ 53,140,528</u>	<u>\$ 50,321,386</u>

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

SCHEDULE BY FUNCTION AND ACTIVITY

June 30, 2008

Function and Activity	Land	Land Improvements	Buildings
General Government:			
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	-	-
Total General Government	295,760	73,215	726,867
Public Safety:			
Police	116,129	11,676	633,098
Fire	68,250	10,933	452,951
Inspections	-	-	-
Total Public Safety	184,379	22,609	1,086,049
Transportation:			
Public Works	273,697	-	2,658,264
Streets	222,638	45,070	-
City Engineer	-	-	-
Airport	820,850	8,947,708	671,466
Total Transportation	1,317,185	8,992,778	3,329,730
Environmental Protection:			
Sanitation	21,152	-	699,940
Cultural and Recreational:			
Parks, Lakes and Playgrounds	877,579	1,115,356	2,172,358
Municipal Golf Course	28,015	186,486	67,418
Grounds Maintenance	85,675	62,918	136,934
Library	171,418	-	-
Total Cultural and Recreational	1,162,687	1,364,760	2,376,710
Economic and Physical Development:			
Community Promotion	802,485	204,375	2,629,317
Construction in Progress			
	-	-	-
Total Governmental Funds Capital Assets	\$ 3,783,648	\$ 10,657,737	\$ 10,848,613

Street Construction	Computer Equipment	Equipment	Vehicles	Construction In Progress	Total
\$ -	\$ -	\$ 10,676	\$ -	\$ -	\$ 10,676
-	1,876	-	-	-	1,876
-	-	7,048	-	-	7,048
-	62,271	-	-	-	62,271
-	6,833	12,353	11,273	-	86,092
-	2,849	-	-	-	2,849
-	33,844	19,320	29,720	-	82,884
-	1,141	17,307	-	-	991,383
-	26,084	58,362	-	-	84,446
-	35,597	230,236	230,516	-	563,623
-	170,495	355,302	271,509	-	1,893,148
-	139,877	446,648	2,027,793	-	3,375,221
-	11,442	247,767	1,486,956	-	2,278,299
-	5,844	-	33,015	-	38,859
-	157,163	694,415	3,547,764	-	5,692,379
-	32,828	196,223	153,179	-	3,314,191
13,901,856	6,466	1,007,857	1,555,657	-	16,739,544
-	25,980	34,332	28,971	-	89,283
-	-	361,477	27,000	-	10,828,501
13,901,856	65,274	1,599,889	1,764,807	-	30,971,519
-	11,061	757,541	2,759,759	-	4,249,453
-	7,558	292,209	74,983	-	4,540,043
-	-	59,644	-	-	341,563
-	4,670	550,759	575,126	-	1,416,082
-	-	-	-	-	171,418
-	12,228	902,612	650,109	-	6,469,106
-	5,252	8,281	-	-	3,649,710
-	-	-	-	215,213	215,213
\$ 13,901,856	\$ 421,473	\$ 4,318,040	\$ 8,993,948	\$ 215,213	\$ 53,140,528

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

Schedule 22

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
For the Year Ended June 30, 2008

Function and Activity	Governmental Fund			Governmental Fund
	Capital Assets June 30, 2007	Additions	Retirements	Capital Assets June 30, 2008
General Government:				
Governing Body	\$ -	\$ 10,676	\$ -	\$ 10,676
Administration	1,876	-	-	1,876
Personnel and City Clerk	7,048	-	-	7,048
Finance	62,271	-	-	62,271
Human Resources	114,159	-	28,067	86,092
Legal Services	2,849	-	-	2,849
Planning and Zoning	80,231	12,390	9,737	82,884
Public Buildings	995,152	-	3,769	991,383
Information Technology	78,605	5,841	-	84,446
City Shop	549,053	20,680	6,110	563,623
Total General Government	1,891,244	49,587	47,683	1,893,148
Public Safety:				
Police	3,225,521	254,887	105,187	3,375,221
Fire	1,990,596	289,643	1,940	2,278,299
Inspections	38,859	-	-	38,859
Total Public Safety	5,254,976	544,530	107,127	5,692,379
Transportation:				
Public Works	3,336,157	11,800	33,766	3,314,191
Streets	15,564,834	1,196,341	21,631	16,739,544
City Engineer	95,374	-	6,091	89,283
Airport	10,470,281	358,220	-	10,828,501
Total Transportation	29,466,646	1,566,361	61,488	30,971,519
Environmental Protection:				
Sanitation	3,725,953	527,900	4,400	4,249,453
Cultural and Recreational:				
Parks, Lakes and Playgrounds	4,463,642	76,401	-	4,540,043
Municipal Golf Course	277,857	63,706	-	341,563
Grounds Maintenance	1,397,546	52,475	33,939	1,416,082
Library	30,843	140,575	-	171,418
Total Cultural and Recreational	6,169,888	333,157	33,939	6,469,106
Economic and Physical Development:				
Community Promotion	3,649,710	-	-	3,649,710
Construction in Progress	162,969	673,448	621,204	215,213
Total Governmental Fund Capital Assets	\$ 50,321,386	\$ 3,694,983	\$ 875,841	\$ 53,140,528

**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 23

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

For the Year Ended June 30, 2008

<u>Fiscal Year</u>	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Balance June 30, 2008</u>
2007-2008	\$ -	\$ 11,289,067	\$ 11,105,656	\$ 183,411
2006-2007	160,437		5,790	154,647
2005-2006	146,810		145,056	1,754
2004-2005	1,203		89	1,114
2003-2004	3,541		164	3,377
2002-2003	24,002		791	23,211
2001-2002	3,816		62	3,754
2000-2001	3,694		3	3,691
1999-2000	2,523		14	2,509
1998-1999	6,578		2	6,576
1997-1998	2,554		2,554	-
	<u>\$ 355,158</u>	<u>\$ 11,289,067</u>	<u>\$ 11,260,181</u>	384,044
Less Allowance for Uncollectible Ad Valorem Taxes Receivable				<u>(47,000)</u>
Ad Valorem Taxes Receivable - Net				<u>\$ 337,044</u>
Reconciliation with Revenues:				
Ad Valorem Taxes Collected - General Fund			\$ 11,190,147	
Discounts Allowed			103,029	
Releases and Adjustments			9,352	
Taxes Written Off			2,554	
Interest Collected			<u>(44,901)</u>	
Total Collections and Credits			<u>\$ 11,260,181</u>	

ANALYSIS OF CURRENT TAX LEVY

For the Year Ended June 30, 2008

	City-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property Taxed at Current Year's Rate	\$ 1,960,134,595	.55	\$ 10,780,740	\$ 10,222,857	\$ 557,883
Motor Vehicles Taxed at Prior Year's Rate	61,306,642	.55	337,187		337,187
Penalties			26,183	26,183	
Total	<u>2,021,441,237</u>		<u>11,144,110</u>	<u>10,249,040</u>	<u>895,070</u>
Discoveries:					
Current Year Taxes	45,388,247	.55	249,635	249,635	
Penalties			5,770	5,770	
	<u>45,388,247</u>		<u>255,405</u>	<u>255,405</u>	
Abatements	<u>(20,081,453)</u>		<u>(110,448)</u>	<u>(86,146)</u>	<u>(24,302)</u>
Total Valuation	<u>\$ 2,046,748,031</u>				
Net Levy			11,289,067	10,418,299	870,768
Uncollected Taxes at June 30, 2008			(183,411)	(58,198)	(125,213)
Current Year's Taxes Collected			<u>\$ 11,105,656</u>	<u>\$ 10,360,101</u>	<u>\$ 745,555</u>
Current Levy Collection Percentage			<u>98.38%</u>	<u>99.44%</u>	<u>85.62%</u>

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**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.

Contents	Page
Financial Trends	127
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	134
These tables contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	138
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	142
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	144
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, NORTH CAROLINA

Table 1

Net Assets by Component
 Last Six Fiscal Years
 (accrual basis of accounting)

	2003	2004	2005	2006	2007	2008
Governmental activities						
Invested in capital assets, net of related debt	\$ 20,973,959	\$ 20,931,387	\$ 21,766,060	\$ 21,596,547	\$ 22,828,193	\$ 24,474,397
Restricted	-	1,361,560	1,507,360	1,685,767	1,705,253	1,615,678
Unrestricted	4,671,402	4,844,057	6,291,656	6,551,740	8,576,022	8,994,693
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>	<u>\$ 33,109,468</u>	<u>\$ 35,084,768</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 30,865,010	\$ 29,075,233	\$ 28,950,351	\$ 30,544,401	\$ 30,654,567	\$ 32,213,011
Restricted	-	-	-	-	-	-
Unrestricted	5,254,003	7,302,279	8,818,325	9,997,052	10,447,520	10,700,555
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>	<u>\$ 41,102,087</u>	<u>\$ 42,913,566</u>
Primary government						
Invested in capital assets, net of related debt	\$ 51,838,969	\$ 50,006,620	\$ 50,716,411	\$ 52,140,948	\$ 53,482,760	\$ 56,687,408
Restricted	-	1,361,560	1,507,360	1,685,767	1,705,253	1,615,678
Unrestricted	9,925,405	12,146,336	15,109,981	16,548,792	19,023,542	19,695,248
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>	<u>\$ 74,211,555</u>	<u>\$ 77,998,334</u>

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

CITY OF ASHEBORO, NORTH CAROLINA

Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)

Table 2
(Page 1 of 2)

Expenses	2003	2004	2005	2006	2007	2008
Governmental activities:						
General government	\$ 2,177,218	\$ 2,352,525	\$ 2,437,525	\$ 2,678,773	\$ 2,639,306	\$ 2,787,687
Public safety	6,675,836	7,053,883	7,690,500	8,197,256	8,379,264	9,019,026
Transportation	2,780,688	2,948,970	2,845,905	2,894,678	3,402,172	4,437,635
Environmental protection	2,272,404	1,890,887	1,854,315	2,009,628	1,946,752	2,316,831
Cultural and recreational	2,010,511	2,169,500	2,220,540	2,050,456	2,251,055	2,806,614
Economic and physical development	170,415	288,022	293,623	622,159	933,186	198,711
Interest on long-term debt	183,392	177,141	149,186	118,843	142,358	110,973
Total governmental activities expenses	16,270,464	16,880,928	17,491,594	18,571,793	19,694,093	21,677,477
Business-type activities:						
Water and Sewer	7,589,539	8,339,935	7,617,349	8,152,888	8,325,034	9,512,246
Total business-type activities expenses	7,589,539	8,339,935	7,617,349	8,152,888	8,325,034	9,512,246
Total primary government expenses	\$ 23,860,003	\$ 25,220,863	\$ 25,108,943	\$ 26,724,681	\$ 28,019,127	\$ 31,189,723
Program Revenues						
Governmental activities:						
Charges for services:						
General government	\$ 30,425	\$ 42,647	\$ 45,678	\$ 48,857	\$ 44,383	\$ 322,953
Public safety	154,016	156,321	155,690	149,994	175,835	163,586
Transportation	22,519	24,690	24,848	25,897	23,594	26,088
Environmental protection	629,788	804,406	799,652	775,153	857,224	1,041,908
Cultural and recreational	325,556	376,089	416,610	409,975	498,179	524,163
Operating grants and contributions	1,330,575	657,136	791,245	736,842	894,251	936,907
Capital grants and contributions	998,036	882,880	1,175,921	137,243	1,288,059	1,415,364
Total governmental activities program revenues	3,490,915	2,944,169	3,409,644	2,283,961	3,781,525	4,430,969
Business-type activities:						
Charges for services:						
Water and Sewer	8,384,302	8,180,862	8,976,484	9,004,812	9,839,077	11,161,593
Operating grants and contributions	159,031	387,109	238,685	265,387	301,228	345,637
Capital grants and contributions	-	679	-	1,175,251	-	244,799
Total business-type activities program revenues	8,543,333	8,568,650	9,215,169	10,445,450	10,140,305	11,752,029
Total primary government program revenues	\$ 12,034,248	\$ 11,512,819	\$ 12,624,813	\$ 12,729,411	\$ 13,921,830	\$ 16,182,998
Net (Expense)/Revenue						
Governmental activities	\$ (12,779,549)	\$ (13,936,759)	\$ (14,081,950)	\$ (16,287,832)	\$ (15,912,568)	\$ (17,246,508)
Business-type activities	953,794	228,715	1,597,820	2,292,562	1,815,271	2,239,783
Total primary government net expense	\$ (11,825,755)	\$ (13,708,044)	\$ (12,484,130)	\$ (13,995,270)	\$ (14,097,297)	\$ (15,006,725)

CITY OF ASHEBORO, NORTH CAROLINA

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

Table 2
(Page 2 of 2)

General Revenues and Other Changes in

Net Assets	2003	2004	2005	2006	2007	2008
Governmental activities:						
Taxes						
Property taxes	\$ 8,760,840	\$ 8,824,062	\$ 9,783,783	\$ 10,014,896	\$ 10,171,208	\$ 11,239,034
Sales taxes	-	-	-	3,812,464	4,122,316	4,232,034
Franchise taxes	-	-	-	1,659,199	1,793,517	2,078,291
Other taxes and licenses	4,801,726	5,629,976	5,822,733	493,036	441,637	172,275
Unrestricted grants and contributions	-	-	-	-	-	-
Investment earnings	60,688	65,066	134,749	215,231	410,921	471,825
Miscellaneous	292,775	301,779	396,617	331,984	396,833	198,009
Transfers	-	30,000	372,140	30,000	1,851,550	830,340
Total governmental activities	<u>13,916,029</u>	<u>14,850,883</u>	<u>16,510,022</u>	<u>16,556,810</u>	<u>19,187,982</u>	<u>19,221,808</u>
Business-type activities:						
Investment earnings	73,546	59,784	165,484	504,843	596,908	395,814
Miscellaneous	-	-	-	5,372	-	6,222
Transfers	-	(30,000)	(372,140)	(30,000)	(1,851,550)	(830,340)
Total business-type activities	<u>73,546</u>	<u>29,784</u>	<u>(206,656)</u>	<u>480,215</u>	<u>(1,254,642)</u>	<u>(428,304)</u>
Total primary government	<u>\$ 13,989,575</u>	<u>\$ 14,880,667</u>	<u>\$ 16,303,366</u>	<u>\$ 17,037,025</u>	<u>\$ 17,933,340</u>	<u>\$ 18,793,504</u>
 Change in Net Assets						
Governmental activities	\$ 1,136,480	\$ 914,124	\$ 2,428,072	\$ 268,978	\$ 3,275,414	\$ 1,975,300
Business-type activities	1,027,340	258,499	1,391,164	2,772,777	560,629	1,811,479
Total primary government	<u>\$ 2,163,820</u>	<u>\$ 1,172,623</u>	<u>\$ 3,819,236</u>	<u>\$ 3,041,755</u>	<u>\$ 3,836,043</u>	<u>\$ 3,786,779</u>

NOTE: Various general tax revenue not segregated prior to 2006.

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

CITY OF ASHEBORO, NORTH CAROLINA
Governmental Activities Tax Revenues By Source

Table 3

Last Six Fiscal Years
(accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Other</u>	<u>Total</u>
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
2007	10,171,208	4,122,316	1,793,517	441,637	16,528,678
2008	11,239,034	4,323,034	2,078,291	172,275	17,812,634

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

CITY OF ASHEBORO, NORTH CAROLINA

Table 4

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund:										
Reserved	\$ 2,551,030	\$ 2,912,085	\$ 2,630,310	\$ 2,829,041	\$ 3,780,973	\$ 4,584,450	\$ 4,207,513	\$ 5,257,751	\$ 6,499,419	\$ 5,142,623
Unreserved	4,807,858	3,440,307	2,322,579	1,308,503	1,487,033	2,459,707	4,005,747	3,697,156	4,582,323	5,988,877
Total General Fund	<u>\$ 7,358,888</u>	<u>\$ 6,352,392</u>	<u>\$ 4,952,889</u>	<u>\$ 4,137,544</u>	<u>\$ 5,268,006</u>	<u>\$ 7,044,157</u>	<u>\$ 8,213,260</u>	<u>\$ 8,954,907</u>	<u>\$ 11,081,742</u>	<u>\$ 11,131,500</u>
All other governmental funds										
Reserved	\$ 112,490	\$ 745,283	\$ 361,488	\$ 74,831	\$ 1,612	\$ 782,265	\$ 282,209	\$ 138,350	\$ 118,498	\$ 31,681
Unreserved, reported in:										
Special revenue funds	101,752	168,485	144,557	137,839	270,426	180,748	149,503	281,463	303,538	306,792
Capital projects funds	152,129	(17,060)	1,103,596	267,848	291,977	(590,342)	443,021	178,839	214,267	728,175
Total all other governmental funds	<u>\$ 366,371</u>	<u>\$ 896,708</u>	<u>\$ 1,609,641</u>	<u>\$ 480,518</u>	<u>\$ 564,015</u>	<u>\$ 372,671</u>	<u>\$ 874,733</u>	<u>\$ 598,652</u>	<u>\$ 636,303</u>	<u>\$ 1,066,648</u>

CITY OF ASHEBORO, NORTH CAROLINA
Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Table 5

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Taxes	\$ 6,604,305	\$ 6,817,355	\$ 7,325,269	\$ 7,778,688	\$ 8,681,837	\$ 8,763,385	\$ 9,813,823	\$ 9,976,478	\$ 10,125,705	\$ 11,190,147
Other taxes and licences	2,509,540	2,659,998	2,710,880	2,860,647	254,361	265,461	281,113	296,688	300,808	303,218
Intergovernmental	3,417,943	4,952,727	4,070,029	2,679,702	5,906,820	6,904,412	7,526,549	6,490,084	7,232,645	8,023,327
Permits and fees	281,085	295,357	288,158	241,623	288,088	306,411	314,331	343,937	323,595	205,658
Sales and services	856,462	938,743	961,224	975,082	989,053	1,221,479	1,277,732	1,255,606	1,388,838	1,577,365
Investment earnings	375,180	363,308	348,902	119,527	60,688	65,066	134,749	215,231	410,921	471,825
Miscellaneous	146,369	295,048	410,071	973,842	182,714	191,931	242,480	414,394	480,230	320,800
Total revenues	<u>14,190,884</u>	<u>16,322,536</u>	<u>16,114,533</u>	<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>	<u>20,262,742</u>	<u>22,092,340</u>
Expenditures										
General government	1,867,726	1,867,031	2,137,131	2,330,737	2,159,875	2,366,224	2,412,785	2,621,114	2,635,489	2,761,672
Public safety	5,712,940	5,612,638	5,755,573	6,356,382	6,424,374	6,814,713	7,517,736	8,011,022	8,260,209	9,152,688
Transportation	2,118,030	2,424,241	2,403,789	2,299,081	1,999,297	2,042,371	2,160,172	2,432,969	2,576,252	2,939,089
Environmental protection	1,621,689	1,746,532	1,621,421	1,609,963	2,115,124	1,875,141	1,775,841	2,099,822	1,906,343	2,721,881
Culture and recreation	1,639,441	1,935,535	1,762,759	1,846,474	1,835,946	2,101,197	2,278,068	2,402,367	2,570,856	2,886,940
Economic and physical development	209,475	285,218	213,682	211,965	104,075	222,043	227,914	552,595	857,606	750,098
Capital outlay	1,003,543	2,210,706	2,765,735	2,317,177	24,224	1,111,783	1,206,963	575,396	517,657	651,541
Debt service:										
Principal	464,378	435,881	412,579	396,579	432,196	545,350	610,978	445,308	493,833	501,957
Interest	199,984	198,023	178,434	205,221	185,491	179,216	154,060	134,009	136,076	105,377
Other charges	-	-	-	-	-	-	-	10,837	-	-
Total expenditures	<u>14,837,206</u>	<u>16,715,805</u>	<u>17,251,103</u>	<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>	<u>19,954,321</u>	<u>22,471,243</u>
Excess of revenues over (under) expenditures	<u>(646,322)</u>	<u>(393,269)</u>	<u>(1,136,570)</u>	<u>(1,944,468)</u>	<u>1,082,959</u>	<u>460,107</u>	<u>1,246,260</u>	<u>(293,021)</u>	<u>308,421</u>	<u>(378,903)</u>
Other financing sources (uses)										
Transfers in	813,000	923,935	718,898	112,786	306,921	170,815	501,042	221,806	2,016,017	1,622,679
Transfers out	(1,208,000)	(1,323,935)	(1,118,898)	(112,786)	(306,921)	(140,815)	(128,902)	(191,806)	(164,467)	(792,339)
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	(913,332)	-	-
Refunding bonds issued	-	-	-	-	-	-	-	912,997	-	-
Premium on bonds issued	-	-	-	-	-	-	-	11,172	-	-
Installment purchase obligations / Notes	962,918	317,110	850,000	-	131,000	473,658	52,765	682,180	-	-
Sale of assets	-	-	-	-	-	43,523	-	35,570	4,515	28,666
Total other financing sources (uses)	<u>567,918</u>	<u>(82,890)</u>	<u>450,000</u>	<u>-</u>	<u>131,000</u>	<u>547,181</u>	<u>424,905</u>	<u>758,587</u>	<u>1,856,065</u>	<u>859,006</u>
Net change in fund balances	<u>\$ (78,404)</u>	<u>\$ (476,159)</u>	<u>\$ (686,570)</u>	<u>\$ (1,944,468)</u>	<u>\$ 1,213,959</u>	<u>\$ 1,007,288</u>	<u>\$ 1,671,165</u>	<u>\$ 465,566</u>	<u>\$ 2,164,486</u>	<u>\$ 480,103</u>
Debt services as a percentage of noncapital expenditures	4.8%	4.4%	4.1%	3.9%	4.0%	4.5%	4.4%	3.3%	3.3%	2.9%

CITY OF ASHEBORO, NORTH CAROLINA
General Governmental Tax Revenues By Source
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Table 6

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Other	Total
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
2007	10,125,705	4,122,316	1,793,517	441,637	16,483,175
2008	11,190,147	4,232,034	2,078,291	172,275	17,672,747

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

CITY OF ASHEBORO, NORTH CAROLINA
Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

Table 7

Fiscal Year	Real Property		Personal Property	Personal Property		Public Service Companies	Total Taxable Assessed Value	Total Direct Tax Rate	Real Property	Assessed Value as a Percentage of Actual Value (1)
	Residential Property	Commercial Property		Motor Vehicles	Other				Estimated Actual Taxable Value	
1999	436,222,045	290,359,667	521,655,796	135,630,507	386,025,289	27,194,800	1,275,432,308	0.52	1,655,926,649	75.38%
2000	438,815,146	313,047,714	532,264,052	145,177,038	387,087,014	35,585,090	1,319,712,002	0.52	1,795,730,544	71.51%
2001	438,766,530	350,190,414	594,480,558	177,486,738	416,993,820	26,023,399	1,409,460,901	0.52	2,164,665,157	63.91%
2002 (2)	659,689,152	466,615,696	563,247,314	161,484,505	401,762,809	35,674,463	1,725,226,625	0.45	1,724,032,818	98.00%
2003	701,324,111	446,188,982	582,672,043	169,876,965	412,795,078	36,543,782	1,766,728,918	0.50	1,880,636,017	92.00%
2004	735,663,368	475,758,879	531,607,638	161,941,783	369,665,855	38,762,481	1,781,792,366	0.50	1,912,685,049	91.13%
2005	721,406,579	474,044,692	557,683,804	167,775,485	389,908,319	38,756,333	1,791,891,408	0.55	1,941,456,340	90.30%
2006	781,977,566	483,399,434	525,268,289	158,629,694	366,638,595	33,781,507	1,824,426,796	0.55	2,082,145,685	86.00%
2007	746,230,471	504,651,257	568,142,908	178,085,722	390,057,186	34,791,121	1,853,815,757	0.55	2,115,144,926	86.00%
2008	821,598,938	596,379,299	606,419,641	174,630,404	431,789,237	39,129,255	2,063,527,133	0.55	2,353,951,021	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, NORTH CAROLINA
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
(property tax rates per \$100 assessed valuation)

Table 8

Fiscal Year	City Direct Rate	Overlapping Rates		Total Direct & Overlapping Rates
	Total City Rate	Total County Rate	Total School District	
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
2007	0.550	0.535	0.139	1.224
2008	0.550	0.535	0.139	1.224

Source: Randolph County Government

CITY OF ASHEBORO, NORTH CAROLINA

Table 9

Principal Property Taxpayers

June 30, 2008

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Energizer (Eveready) Battery Co,	\$ 125,296,522	1	6.07%	\$ 88,535,893	1	7.17%
Starpet, Inc.	71,251,987	2	3.45%			
Technimark, Inc.	38,986,366	3	1.89%	17,984,056	6	1.46%
Schwartz Properties LLC	37,044,958	4	1.80%			
Goodyear Tire & Rubber Co.	26,963,878	5	1.31%	27,676,912	4	2.24%
Klaussner Furniture Industries	26,944,560	6	1.31%	-		-
Centerpoint Plaza	21,357,470	7	1.03%	-		-
Arrow International	19,743,309	8	0.96%	14,627,862	10	1.18%
JG Randolph II LLC	19,527,980	9	0.95%	-		-
Malt-O-Meal	15,799,374	10	0.77%	-		-
Tolaram Fibers Inc				35,656,161	2	2.89%
Black & Decker (US), Inc.				32,497,821	3	2.63%
CPC Specialty Markets Group				18,788,811	5	1.52%
Reandolph Development				14,759,963	7	1.19%
Central Telephone				14,728,197	8	1.19%
Galey & Lord Industries, Inc.				14,710,071	9	1.19%
Totals	<u>\$ 402,916,404</u>		<u>19.53%</u>	<u>\$ 279,965,747</u>		<u>22.66%</u>

Total Assessed Value of Taxable Property \$ 2,063,527,133

Source: Randolph County Tax Department

Note: Taxpayers ranked 2nd, 4th, 6th, 7th, 9th and 10th current were not ranked in top ten in 1999.

CITY OF ASHEBORO, NORTH CAROLINA

Table 10

Property Tax Levies and Collections

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections of Prior Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
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%
2007	10,207,113	10,046,676	98.43%	143,935	10,190,611	99.84%
2008	11,289,067	11,105,656	98.38%	154,525	11,260,181	99.74%

CITY OF ASHEBORO, NORTH CAROLINA

Table 11

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Debt as Percentage of Personal Income (1)	Debt Per Capita (1)
	General Obligation Bonds	Installment Purchases	Notes Payable	General Obligation Bonds	Installment Purchases	Notes Payable			
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
2007	743,665	1,724,582	-	6,204,294	-	7,772,289	16,444,830	2.40%	708
2008	633,108	1,337,685	-	5,281,923	-	9,166,811	16,419,527	2.20%	692

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

(1) See Table 15 for personal income and population data.

CITY OF ASHEBORO, NORTH CAROLINA
Ratios of General Bonded Debt Outstanding
 Last Ten Fiscal Years

Table 12

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Assessed Property Value	Percentage of Estimated Actual Taxable Value of Property	Per Capita
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
2007	6,947,959	-	6,947,959	1,853,815,757	0.37%	299.24
2008	5,915,031	-	5,915,031	2,063,527,133	0.29%	254.75

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

(1) See Table 15 for personal income and population data.

CITY OF ASHEBORO, NORTH CAROLINA
Direct and Overlapping Governmental Activities Debt
As of June 30, 2008

Table 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes: Randolph County	\$ 119,955,842	20.45%	\$ 24,534,249
Subtotal, overlapping debt			24,534,249
City of Asheboro direct debt			1,970,793
Total direct and overlapping debt			\$ 26,505,042

Sources: Assessed value data used to estimate applicable percentages provided by the Randolph County Government. Debt outstanding data provided by the Randolph County Government.

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 City of Asheboro. 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.

(1) The percentage of overlapping debt applicable is estimated by determining the portion of Randolph County's taxable assessed value that is within the City's boundaries and dividing the City's valuation by the County's valuation.

CITY OF ASHEBORO, NORTH CAROLINA
Legal Debt Margin Information
 Last Ten Fiscal Years

Table 14

	Fiscal Year									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt limit	\$ 102,034,584	\$ 105,576,960	\$ 112,756,872	\$ 138,018,130	\$ 141,338,313	\$ 142,543,389	\$ 158,551,313	\$ 145,954,144	\$ 148,305,261	\$ 165,082,171
Total net debt applicable to limit	<u>4,713,469</u>	<u>4,568,226</u>	<u>4,884,397</u>	<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>	<u>8,672,541</u>	<u>7,252,715</u>
Legal debt margin	<u>\$ 97,321,115</u>	<u>\$ 101,008,734</u>	<u>\$ 107,872,475</u>	<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>	<u>\$ 139,632,720</u>	<u>\$ 157,829,456</u>
Total net debt applicable to the limit as a percentage of debt limit	4.62%	4.33%	4.33%	3.20%	2.87%	2.73%	2.08%	6.92%	5.85%	4.39%

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed value	<u>\$ 2,063,527,133</u>
Debt limit (8% of total assessed value)	<u>\$ 165,082,171</u>
Debt applicable to limit:	
General obligation bonds	5,915,030
Installment purchase agreements	<u>1,337,685</u>
Total net debt applicable to limit	<u>7,252,715</u>
Legal debt margin	<u>\$ 157,829,456</u>

NOTE: Under state law, the City of Asheboro's outstanding general obligation debt should not exceed 8 percent of total assessed property value.

CITY OF ASHEBORO, NORTH CAROLINA

Table 15

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age (3)	Education Level in Years of Formal Schooling (4)	School Enrollment (5)	Unemployment Rate (6)
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	-	4,281	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	-	4,477	4.80%
2006	22,957	727,185,932	31,676	34.0	-	4,510	3.30%
2007	23,219	686,539,392	29,568	34.0	-	4,415	4.70%
2008	23,729	747,368,584	31,496	33.0	-	4,415	6.30%

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- grades K-12

Source: (6) NC Employment Security Commission

CITY OF ASHEBORO, NORTH CAROLINA

Table 16

Principal Employers
Current Year and Ten Years Ago

Employer	2008			1999		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Klaussner Furniture	1,445	1	9.39%	3,150	1	24.83%
Randolph Hospital	1,086	2	7.06%	550	7	4.34%
Acme McCrary	876	3	5.70%	850	4	6.70%
Energizer Battery	867	4	5.64%	1,900	2	14.98%
Wal-Mart	777	5	5.05%			
Asheboro City Schools	653	6	4.25%	570	6	4.49%
Arrow International	512	7	3.33%	600	5	4.73%
Technimark	491	8	3.19%	486	9	3.83%
Goodyear Tire & Rubber	408	9	2.65%	480	10	3.78%
Wells Hosiery	350	10	5.05%			
Total	<u>7,465</u>		<u>51.31%</u>	<u>8,586</u>		<u>67.68%</u>

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

CITY OF ASHEBORO, NORTH CAROLINA
Full-time Equivalent City Government Employees by Function
 Last Ten Fiscal Years

Table 17

Function	Full-time Equivalent Employees as of June 30									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government	20	24	22	24	24	24	24	25	28	31
Public safety:										
Police:										
Officers	64	66	67	67	67	69	70	70	76	78
Civilians	5	5	5	5	6	6	6	6	6	7
Fire:										
Firefighters and officers	42	42	42	45	45	45	46	46	49	49
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	20	20	18	18	18	18	18	19	19	19
Sanitation	14	16	16	18	18	18	18	18	19	19
Culture and recreation	9	9	8	7	7	7	8	10	10	10
Water	31	28	29	31	31	29	29	28	29	31
Sewer	36	36	32	33	33	34	34	35	37	41
Total	246	251	244	253	254	255	258	262	278	290

Source: City Human Resources Department

CITY OF ASHEBORO, NORTH CAROLINA

Table 18

Operating Indicators by Function

Last Ten Fiscal Years

Function	Fiscal Year End									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police:										
Physical arrests	N/A	N/A	N/A	4,870	5,079	4,908	4,534	5,733	5,840	N/A
Parking violations	N/A	N/A	N/A	268	277	105	190	226	431	N/A
Traffic violations	N/A	N/A	N/A	8,586	7,831	5,678	6,282	6,432	7,436	N/A
Fire:										
Number of calls answered	1,039	N/A	N/A	1,096	1,148	937	1,110	1,226	1,337	N/A
Inspections	N/A	N/A	N/A	1,836	1,836	1,615	1,645	2,156	845	N/A
Highways and streets										
Street resurfacing (miles)	N/A	N/A	N/A	N/A	0.25	1.05	0.30	0.45	0.518	0.814
Potholes repaired	N/A	N/A	N/A	N/A	387	1,028	582	642	627	781
Sanitation										
Refuse collected (tons/day)	70.16	72.62	73.24	72.09	75.55	73.46	75.51	73.22	73.51	73.51
Recyclables collected (tons/day)	4.26	3.91	4.01	3.77	3.70	4.06	3.94	3.68	3.84	3.84
Culture and recreation										
Separate programs offered	41	41	60	60	60	65	65	65	72	72
Estimated number of program participants	28,000	31,000	31,500	34,402	36,048	51,851	51,900	52,123	68,150	68,150
Water										
New connections	N/A	N/A	N/A	N/A	186	273	212	187	170	173
Water mains breaks	N/A	N/A	N/A	N/A	162	155	148	137	167	162
Average daily consumption (MGD)	5.057	5.398	5.032	5.098	4.870	4.665	4.641	4.892	4.967	5.085
Wastewater										
Average daily sewage treatment (MGD)	4.496	4.505	4.278	4.533	5.632	4.553	4.332	3.824	3.650	3.474

Sources: Various government departments.

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

N/A: Data not available.

CITY OF ASHEBORO, NORTH CAROLINA

Table 19

Capital Asset Statistics by Function

Last Six Fiscal Years

Function	Fiscal Year End					
	2003	2004	2005	2006	2007	2008
Public safety:						
Police:						
Main Station	1	1	1	1	1	1
Substation	1	1	1	1	1	1
Vice & Narcotic's Unit	1	1	1	1	1	1
Patrol units	67	72	77	77	76	99
Fire stations	2	2	2	2	2	2
Sanitation:						
Collection trucks	8.50	8.50	9.00	9.00	9.00	9.00
Highways and streets:						
Streets (miles)	90.70	90.75	91.87	92.43	92.43	92.43
City Streetlights	3,030	3,030	3,030	3,030	3,030	3,030
Traffic signals	27	27	27	27	27	27
Airport:						
Number of operations per year (est.)	16,000	16,000	16,000	16,000	16,000	16,000
Aircraft storage capacity:						
Hangars	36	36	36	36	36	36
Tie Downs	15	15	38	38	38	38
Length of runway in feet	5,500	5,500	5,500	5,500	5,500	5,500
Total facility area - acreage	453.71	453.71	454.00	454.00	454.00	454.00
Culture and recreation:						
Parks acreage	103,220	103,220	103,220	103,220	103,220	103,220
Parks	11	11	11	11	11	11
Swimming pools	2	2	2	2	2	2
Tennis courts	12	12	12	11	11	11
City owned ballfields - acreage	28.6	28.6	28.6	28.6	28.6	28.6
City maintained ballfields - acreage	16.6	16.6	16.6	16.6	16.6	16.6
Water:						
Water mains (miles)	224.0	228.8	231.6	231.4	232.9	232.9
Fire hydrants (est.)	1,464	1,464	1,464	1,464	1,464	1,464
Maximum daily capacity (thousands of gallons)	12	12	12	12	12	12
Sewer:						
Sanitary sewers (miles)	198.2	201.5	203.5	204.6	206.1	206.1
Storm sewers (miles)	N/A	N/A	N/A	N/A	N/A	N/A
Maximum daily treatment capacity (thousands of gallons)	9	9	9	9	9	9

Sources: Various city departments.

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

N/A: Data not available or not applicable.