

**City of Asheboro  
North Carolina**

**Comprehensive Annual  
Financial Report**



**Fiscal Year Ended June 30, 2010**



**CITY OF ASHEBORO,  
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2010**

Prepared by:

Finance Department

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Finance Officer

CITY OF ASHEBORO, NORTH CAROLINA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2010

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# City of Asheboro

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

November 30, 2010

I am pleased to present the Comprehensive Annual Financial Report of the City of Asheboro, North Carolina, for the fiscal year ending June 30, 2010 for your approval. This report summarizes the financial transactions of all of the City's funds into statements of financial position and results of operations and cash flows and provides relevant disclosures and supplementary schedules to enhance their usefulness to readers. These financial statements and supplemental schedules contained herein have been audited by the independent certified public accounting firm of Maxton C. McDowell, CPA; and that firm's unqualified opinion is included in the Financial Section of this report. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City management. To the best of our knowledge and belief, the information in this report is accurate in all material respects and presents fairly the financial position and 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, 2009, 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 requires 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 25,504 and covers approximately 19.02 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. The City also extends financial support to certain organizations, boards, agencies and commissions to assist their efforts in serving citizens. Among these are Randolph County Economic Development Commission, Randolph County Senior Adults Center, Ash-Rand Rescue, Randolph County Arts Guild, Family Crisis Center, the Boys and Girls Club, Hospice, Randolph Hospital, the North Carolina Zoological Park and the Asheboro Housing Authority.

The City of Asheboro is also financially accountable for a legally separate entity, the ABC Board, which is reported separately within the City of Asheboro's financial statements. Additional information on this Board can be found in Note I.A. in the notes to the financial statements. 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. 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 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:**

The following paragraphs describe the environment within which The City of Asheboro operates, providing context for understanding the information presented in the financial statements.

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. Traditionally, the local economy has weathered economic challenges comparatively well due to our manufacturing and service and professional employer diversity. While there are fundamental strengths in our local economy, the short-term outlook in the middle of a national and global recession has clouded these strengths.

The City of Asheboro's economy has been in a state of transition over the past few years as a result of changes to the manufacturing sector. This has been further impacted by the recent recession. Asheboro / Randolph County statistical area has shown high unemployment, low growth as measured by tax valuation, decreasing retail sales and reductions in the area of residential and commercial construction in the prior year and a half. Growth, as measured by tax valuation, increased only 2.24% in comparison to

prior year increase of 2.61%. The last countywide revaluation was on January 1, 2007 for 2008 taxes. Additionally, there has been a decrease all around in the area of local construction. Both commercial and residential construction activity is down comparatively. In the period of January 1, 2009 to December 31, 2009, total valuation for building permits issued was \$11,765,099 (\$4,997,669 commercial and \$6,767,430 residential) in comparison to \$19,535,824 in 2008, \$43,877,035 (2007), \$23,925,564 (2006) and \$30,355,109 (2005). The largest commercial project in 2009 was the West Point Luxury Apartments permit in FY 2009-2010 with a valuation of \$3,172,340. While there has been a decrease in the commercial and residential building permits in 2009, a total of 132 dwelling units were built compared to 88 in 2008. In the 132 dwelling units, there were 20 single family permits, 4 townhouse permits, 6 duplex permits and 12 multifamily permits issued. While the above factors show an economy that is still struggling, some of the recent economic statistics have begun to show improvement. The Asheboro / Randolph County unemployment rate, seasonally adjusted, is currently 9.6%, a 1.2% improvement in comparison to 10.8% last year. This rate is slightly below the state unemployment rate of 9.7%. Local retail sales are also beginning to turn around in comparison to last year. The retail sales for 9 months in 2010 show an increase of 7.73% in comparison to the same period in 2009. While some recent factors over the past couple of months have shown indications of an improving economy, due to the depth of the national economic recession, the road to recovery for Asheboro is expected to be slow and take place over the next few years. True national economic recovery which affects the local economy will not happen until confidence is restored in the financial system whose failure is attributed as one of the precipitating factors to the current recession.

Diversification of the employment base and job creation is critical to the future of Asheboro. Over the past several years, the City of Asheboro has begun to diversify and expand away from the historical textile manufacturing base industry development to other manufacturing industries, professional services, healthcare and tourism asset development. This diversification focus has helped the City weather the smaller economic changes that has been North Carolina over the past two years as a whole.

In the an effort to develop non textile manufacturing, the City of Asheboro partnered with the Randolph County Economic Development Corporation and Randolph County Government, to provide economic incentives to entice Malt-O- Meal Company to locate a food manufacturing facility in Asheboro in the former Unilever plant that was vacated in 2006. Since 2006, Malt-O-Meal Company had invested over \$140 million in real property and equipment in Asheboro and has created 200 new jobs. With the help of Randolph Community College's workforce development program, many of these new jobs were given to individuals in the community who were displaced as a result of textile manufacturing facility closures in the area. Malt-O-Meal is currently considering a second expansion amounting to an additional investment of about \$136 million dollars in plant and equipment and the creation of 80 more new jobs, over the next 2-3 years. These jobs will pay a weekly wage of \$663, about \$100 over the current county average weekly wage.

Another company that is currently expanding and creating new jobs in the area of non textile manufacturing in Asheboro is Teleflex Medical. This company is in the process of adding 150 new jobs to produce medical devices, including heart catheters, at their plant in north Asheboro. As a result of this expansion underway, they have become the third largest employer in Asheboro.

In November 2006, the City agreed to provide financial support to both Randolph Hospital and Hospice of Randolph County to help support their expansion of their facilities necessary to enhance the services and care they could provide to City of Asheboro and Randolph County residents. In early 2009, Randolph Hospital completed their \$27 million building project that constructed a 58,000 square foot building to consolidate all the hospital's outpatient services in one facility and house a new Cancer Center that will service Randolph County and the surrounding area. In late 2009, Hospice of Randolph

County broke ground on a new 10,000 square ft addition to the Hospice campus. The facility is scheduled to be completed in early 2011.

In an effort to help develop Asheboro as a tourism location, the City of Asheboro has developed a new directional signage methodology promoting local tourism spots and other recreation type assets. Additionally, the City has partnered with the North Carolina Zoological Society to help fund Project Pachyderms. This project involves the renovation and expansion of a new area of the North Carolina Zoological Park. The North Carolina Zoological Park, located just to our southeast, is a large tourism draw for Asheboro. It is the nation's largest walk-through natural habitat zoo featuring more than 1,100 animals representing more than 200 species from Africa and North America and 40,000 different plant specimens that border its 5 miles of walking paths connecting the various exhibits. Each year, approximately 700,000 visitors from all 100 counties in North Carolina and all 50 States of the US travel to Asheboro, North Carolina to visit the Zoo making it the sixth largest number of annual visitors in zoo history. The draw for the NC Zoological Park has enhanced tourism in the area, resulting in new motel construction and the addition of several new restaurants in Asheboro over the past few years.

The availability of an educated work force is always an important issue. Since August 2006, Randolph County Government committed to more than \$77,000,000 to build two new High Schools and make improvements to one elementary school. Randolph Community College (RCC) has purchased the old Klausner manufacturing facility to accommodate the Early College High School program on its campus. This facility improvement underway will provide an enormous boost to the RCC campus. The commitment of area residents and organizations to high ideals and education bodes well for attracting and retaining new business ventures.

## **MAJOR INITIATIVES:**

The City Council has adopted an enhanced focus on the below specific goals for the community:

- 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, 2010, 10,210.28 acres have been annexed allowing for a total City of Asheboro acreage of 12,171.28 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 a few requests for annexation pending as of June 30, 2010.

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. One of the City's initiatives to help

combat drugs involves working with the Asheboro City Schools Board of Education to reach out to and educate our school aged children through the DARE (Drug Awareness and Resistance Education) program. In addition, the City of Asheboro has a well trained and committed Vice and Narcotics Division of the Asheboro Police Department. This division runs departmental undercover operations as well as operations in conjunction with State and Federal authorities. Asheboro Police department units patrol in high traffic areas. The greatest success of the program against drug abuse 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.

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. In 2008-2009, improvements along HWY 42 near the intersection of Hwy 64 were completed. The City Council continues to work diligently with NCDOT to find and implement improvements that consider improved safety as well as considers various residential and business needs. 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 continues to make every effort to improve efficiency in current operations as well as plan for the future. In 2008-2009, the City began to incorporate GIS technology into our day to day operations to help assess and take advantage of increased operational efficiencies. In May 2010, the City of Asheboro was awarded an "Outstanding Achievement in Innovation" award from the Alliance for Innovation for its Mobile 311 Program. The City of Asheboro's Mobile 311 program is a GIS-based tool using touch-screen mobile phones with cameras as data collectors allowing a wide range of City employees are able to submit information on utility issues, sanitation routes, maintenance projects, graffiti and more to a central location for evaluation and work schedule development. The City will continue to investigate and incorporate new technology that will allow us to realize efficiencies without compromising quality of service. In order to enhance the success of our operations, the City fosters a cooperative effort between City personnel 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 water and wastewater system continues to be a focus for the City of Asheboro. In 2009-2010, Water line replacements were completed along Booker T. Washington Ave, Highridge St and Rushwood Rd. Additionally, the construction of a sewer pump station on Monroe Avenue was completed. Water line replacements and sewer extensions are ongoing and are necessary to assure quality of service provided to our customer base.

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 Farmer's Market was completed in 2006-2007 fiscal year. The City has a Horticulturist on the staff to aid in the enhancement of community appearance. Hanging baskets have been placed at various locations along Sunset Avenue in downtown Asheboro, various artisan sculptures have been incorporated into the landscape of the downtown area and 2009-2010 marks the fourth year of the Mayor's tree planting

initiative which began with the creation of the "Mayor's Grove" at North Asheboro Park and has continued with the strategic plantings of trees in the medians along various major and minor thoroughfares. A focus on promoting community appearance continues with the Mayor's community cleanup days. Playground equipment upgrades, as well as landscaping projects, continue to be a priority in our City parks. Through enforcement of various planning and zoning ordinances, City personnel continue with their efforts to force property owners to remove or restore unsightly property and take down potentially dangerous buildings.

In recognition for its efforts in Community appearance and preservation, the City of Asheboro is one of 29 new Preserve America Communities receiving designation letters from First Lady of the United States Michelle Obama, joining a total of 843 communities nationwide to have received this designation. Preserve America is a federal initiative that encourages and supports community efforts to preserve and enjoy our priceless cultural and natural heritage. The goals of the program include a greater shared knowledge about the nation's past, strengthened regional identities and local pride, increased local participation in preserving the country's cultural and natural heritage assets, and support for the economic vitality of our communities. Preserve America is administered by the Advisory Council on Historic Preservation with assistance from the U.S. Department of the Interior.

Mandates concerning environmental legislation have had a tremendous impact on the financial structure of the City. The City of Asheboro has three local recycling drop sites and is in the second year of implementing 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 by the end of fiscal year 2011. The testing of fuel tanks and the rehabilitation of existing facilities as well as monitoring and testing discharge from various manufacturing facilities has placed an additional load on the City. The internal compliance requirements associated with operating a water and sewer system have grown increasingly complex. The City Council supports and pledges to meet the standards as set forth by State and Federal Agencies. However, this is often a challenge and a burden on resources because such mandates are often 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 2007-2009 fiscal years, construction of additional T-Hangar taxilanes was completed and the NC Aviation museum parking lot was expanded and paved. Design & plans for a pump station that services the Airport and the extension of water and sewer lines from the airport to the Tot Hill Farm area were completed in fiscal year 2009-2010 and construction is expected to begin in 2010-2011..

Additional information regarding this fiscal year's major initiatives along with the financial implications can be found in the Management's Discussion and Analysis (MD&A). The MD&A immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

## **FOR THE FUTURE:**

The City of Asheboro has been going through a period of transition over the past few years as it continues to adjust with the changing local economic environment. To help focus our efforts, four 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.

Many of the Asheboro 20/20 areas of importance were already identified as initiatives but as a result have received enhanced / renewed focus. As a result of the 20/20 initiative focus on quality of life, there was a reorganization of the Recreation department. In FY 2009-2010 the department was separated into two divisions to include a Cultural Arts component. The City of Asheboro Recreation Department continues to focus on not only youth and adult sports but also aquatic programs, opportunities at the municipal lakes, the Randolph County Senior Games, providing athletic events for Special Olympics, multiple special events including: 10K run, Rolling in Randolph bike ride, Trick or Treat in the Park, Easter Egg Hunts, Father/Daughter Dance and Special Trips. The Cultural Arts division was added to help meet the social and cultural needs of the citizenry in addition to their physical needs that were being met by Recreation pursuits. The Cultural Services division includes programs associated with the Sunset Theatre, Farmers' Market, arts and craft classes in association with the Randolph Arts Guild and special events.

The budget for fiscal year 2009-2010 provided for the current operational needs of the City of Asheboro as well as took steps to provide additional focus areas of importance outlined in the strategic planning report. The recommended budget for 2010-2011 provides resources to maintain the current level of service to our customers as well as focus on ongoing major initiatives which go hand in hand with the strategic planning initiatives referenced above. The City will continue to utilize all resources available and pursue these initiatives as the resources allow.

## **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, 2010 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 2009-2010. Interest earned on General Fund investments and Water and Sewer Fund investments combined is significantly low in comparison to historical periods of a few years ago due to the continued low interest rate environment resulting from a collapse of the financial system and the following economic recession. This reduction has had an impact on the current year budget and the loss of this revenue has required management to hold off on various small "wish list" projects until the economy turns around. We continue to try to maximize the return on the tax and utility dollars paid by the citizens of Asheboro to have those resources available to support operations.

## **RISK AND INSURANCE MANAGEMENT:**

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. 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.

Group health and life coverage is provided by Medcost, a self-insured plan. The City operates a health clinic and administers a comprehensive wellness program. Over the past four years, the City has continued to enhance its clinic and wellness program, now staffing a full time nurse and a part time nurse practitioner. This program has had a significant effect on managing and deterring health care costs as well as impacted productivity in the work environment. Employees can go to the health clinic for minor, outpatient type of health care needs and often be back on the job in less than an hour. The City provides for claims, stop-loss coverage, and third party administrative costs on a pay as you go basis.

## **DEBT ADMINISTRATION:**

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 saved the City of Asheboro in excess of \$366,000 over the life of the bonds. Bonds payable at June 30, 2010 are \$3,875,770. \$414,838 of this balance is for improvements to the City's Library. The remaining \$3,460,932 relates to water and sewer system improvements noted above. Over the past couple of years, the City of Asheboro has been able to provide for current operations and services without taking on new debt. We have been strategic in this approach in order to protect our debt capacity for future projects and facility expansion. Some of the future projects discussed, to be reviewed more closely when the economy improves, are a possible third fire station and the development of a recreation facility / soccer fields and the renovation of our historic downtown Sunset Theatre.

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.

## **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, 2009. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

## **ACKNOWLEDGMENTS**

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

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

Respectfully submitted,



Deborah P. 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, 2009

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

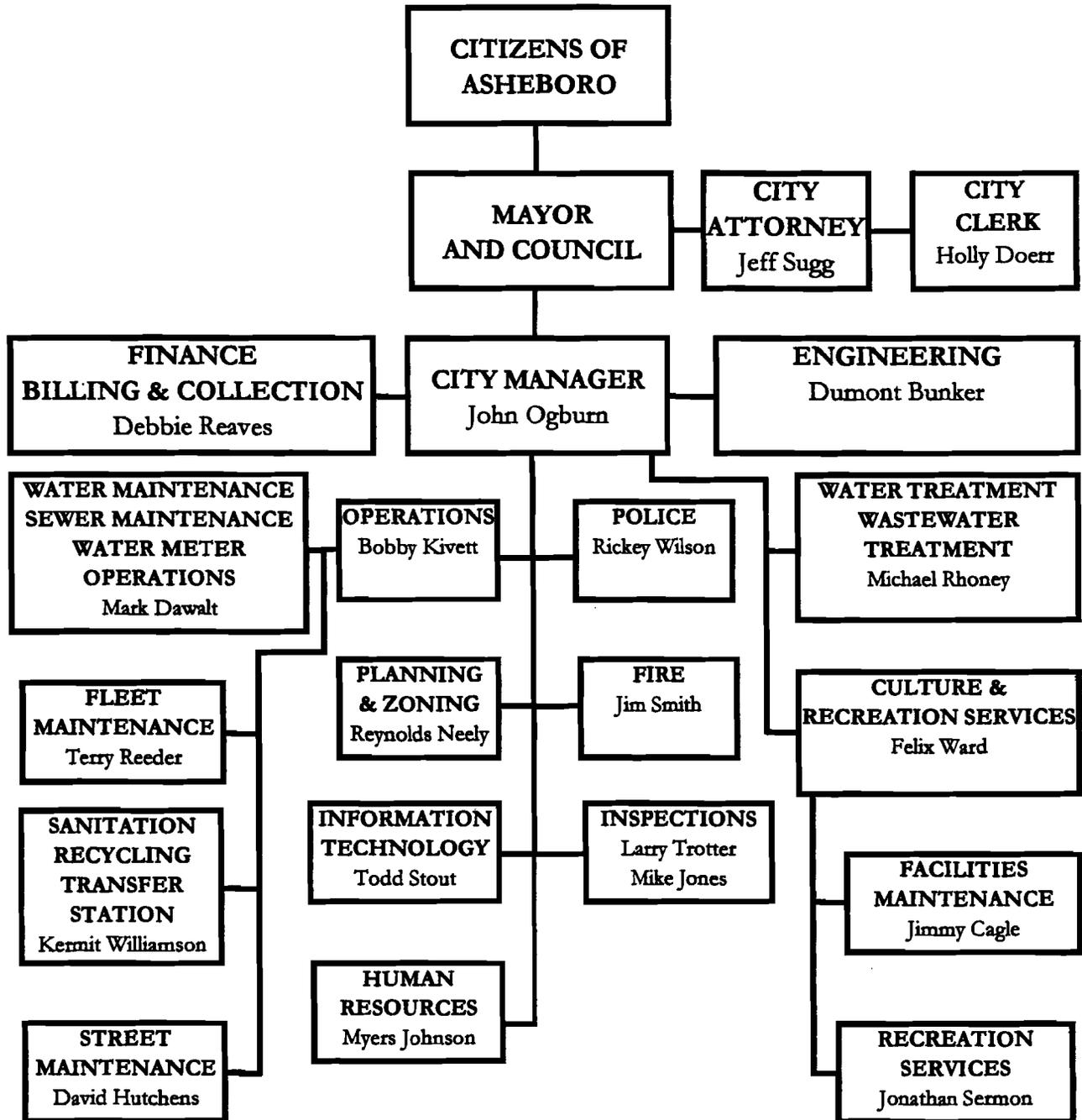


President

Executive Director

# CITY OF ASHEBORO

## DEPARTMENTAL ORGANIZATIONAL CHART



CITY OF ASHEBORO, NORTH CAROLINA

LIST OF PRINCIPAL OFFICERS

June 30, 2010

Title	Name
Mayor	David H. Smith
Mayor Pro Tem, Council Member	Talmadge Baker
Council Member	Clark Bell
Council Member	Eddie Burks
Council Member	Linda Carter
Council Member	Mike Hunter
Council Member	Stuart Fountain
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 Doerr
Finance Officer	Deborah Reaves
Planning and Zoning Director	Reynolds Neely
Police Chief	Rickey Wilson
Fire Chief	Jim Smith
Building Inspections Director	Larry Trotter
Fire Inspections Director	Mike Jones
City Shop Director	Terry Reeder
City Engineer	Dumont Bunker
Information Technology Director	Todd Stout
Public Works Director	Bobby Kivett
Street Department Head	David Hutchins
Sanitation Director	Kermit Williamson
Human Resources Director	Myers Johnson
Cultural & Recreation Services Director	Felix Ward
Recreation Director	Jonathan Sermon
Golf Professional	Andy Nelson
Facilities Maintenance Director	Jimmy Cagle
Water and Wastewater Treatment Director	Michael Rhoney
Water and Wastewater Maintenance Director	Mark Dawalt

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# MAXTON McDOWELL

*Certified Public Accountant*

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Asheboro, North Carolina 27203  
Phone: (336) 626-9970  
Fax: (336) 626-5981

Member  
American Institute of Certified  
Public Accountants

126 North Second Street  
Albemarle, North Carolina 28001  
Phone: (704) 983-5012  
Fax: (704) 983-5109

North Carolina Association of  
Certified Public Accountants

## 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, the discretely presented component unit, and the aggregate remaining fund information of the City of Asheboro, North Carolina, as of and for the year ended June 30, 2010, which collectively comprise the City of Asheboro's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Asheboro, North Carolina's management. My responsibility is to express an opinion on these financial statements based on my audit. I did not audit the financial statements of the City of Asheboro ABC Board. Those financial statements were audited by another auditor whose report thereon has been furnished to me, and my opinion on the financial statements, insofar as it relates to the amounts included for the City of Asheboro ABC Board, is based on the report of the other auditor.

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. The financial statements of the City of Asheboro ABC Board were not audited in accordance with Government Auditing Standards. 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 and the report of the other auditor provide a reasonable basis for my opinions.

In my opinion, based on my audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Asheboro, North Carolina, as of June 30, 2010, 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's and the Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I and the other auditor 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, 2010, 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, grants and other matters. The purpose of the report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of 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, budgetary schedules, other 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, budgetary schedules, and other 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.

November 30, 2010

  
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, 2010. 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

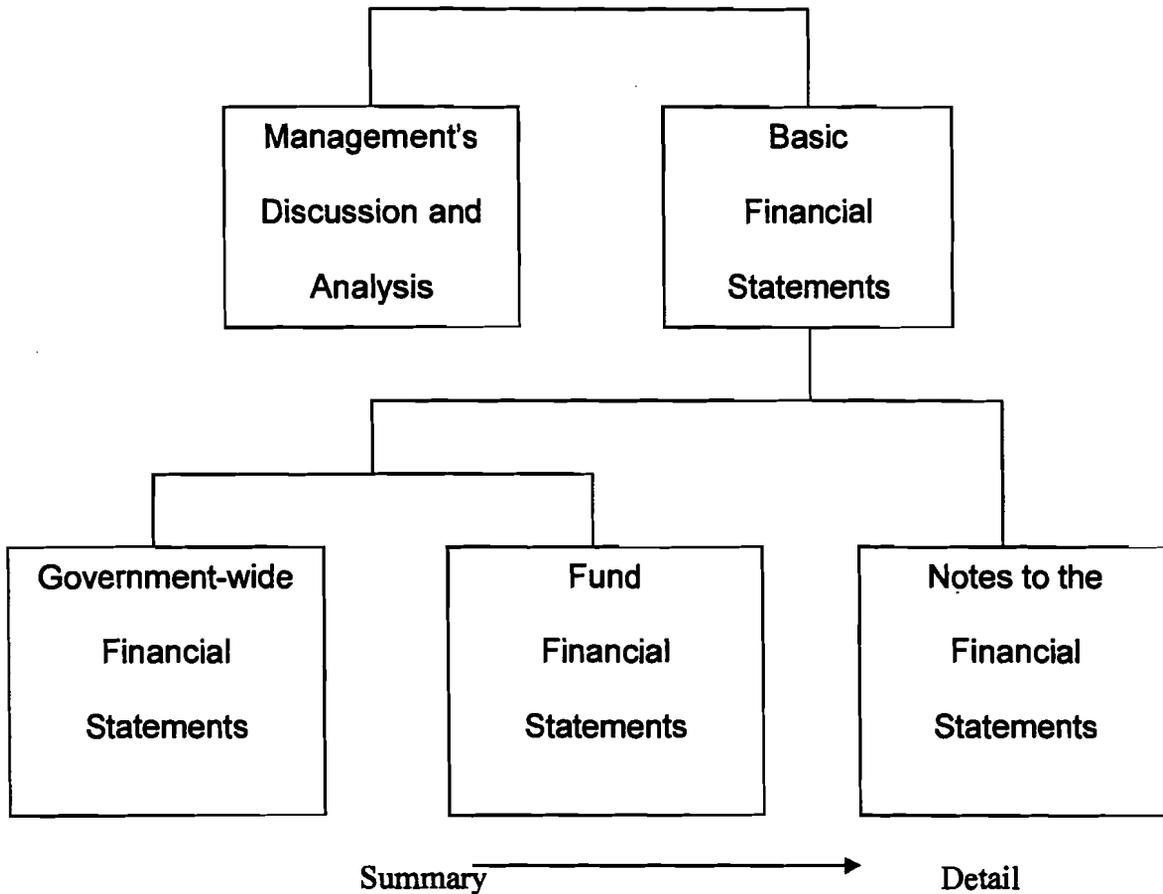
- The assets of the City of Asheboro exceeded its liabilities at the close of the fiscal year by \$78,612,642 (*net assets*).
- The government's total net assets decreased by \$228,475 or .29%. This decrease is due to a \$820,069 decrease in governmental activities net assets offset by a \$1,048,544 increase in business type net assets.
- As of the close of the current fiscal year, the City of Asheboro's governmental funds reported combined ending fund balances of \$10,577,979. This is a decrease of \$849,733 in comparison with the prior year. Approximately 48% of this total amount, or \$5,050,791, is available for spending at the government's discretion (unreserved fund balance). The unreserved fund balance is designated entirely as General Fund balance and is 18 percent of total general fund expenditures for the fiscal year.
- Ad valorem tax revenue increased by \$239,529 in the current year due to increases in assessed property valuation.
- The City of Asheboro's total debt is \$12,801,805, which decreased by \$1,971,167 (13.34%) during the current fiscal year. The City of Asheboro did not take on any new debt in the 2009-2010 fiscal year.
- 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.

## Management's Discussion and Analysis City of Asheboro

### **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 gage 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 final category is the component unit. Although legally separate from the City, the ABC Board is important to the City because the City exercises control over the Board by appointing its members and the Board is required to distribute its profits to the City.

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

Management's Discussion and Analysis  
City of Asheboro

City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

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

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

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Asheboro's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 51 of this report.

**Government-Wide Financial Analysis**

**The City of Asheboro's Net Assets**

**Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 12,006,247	\$ 12,560,529	\$ 11,286,711	\$ 12,170,403	\$ 23,292,958	\$ 24,730,932
Capital assets	25,454,902	25,337,741	47,678,848	47,267,271	73,133,750	72,605,012
<b>Total assets</b>	<b>37,461,149</b>	<b>37,898,270</b>	<b>58,965,559</b>	<b>59,437,674</b>	<b>96,426,708</b>	<b>97,335,944</b>
Long-term liabilities outstanding	3,109,929	2,994,798	10,644,702	12,041,048	13,754,631	15,035,846
Other liabilities	1,766,440	1,498,623	2,292,995	2,417,308	4,059,435	3,915,931
<b>Total liabilities</b>	<b>4,876,369</b>	<b>4,493,421</b>	<b>12,937,697</b>	<b>14,458,356</b>	<b>17,814,066</b>	<b>18,951,777</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	24,440,730	23,882,980	35,840,750	33,946,915	60,281,480	57,829,895
Restricted	1,469,071	1,508,368			1,469,071	1,508,368
Unrestricted	6,674,979	8,013,501	10,187,112	11,032,403	16,862,091	19,045,904
<b>Total net assets</b>	<b>\$ 32,584,780</b>	<b>\$ 33,404,849</b>	<b>\$ 46,027,862</b>	<b>\$ 44,979,318</b>	<b>\$ 78,612,642</b>	<b>\$ 78,384,167</b>

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 \$78,612,642 as of June 30, 2010. The City's net assets decreased by \$228,475 for the fiscal year ended June 30, 2010. The largest portion

Management's Discussion and Analysis  
City of Asheboro

of net assets, 76.68%, 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. 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. A portion of the City of Asheboro's net assets (\$1,469,071) represents resources that are subject to external restrictions on how they may be used. The restricted net assets for the City of Asheboro are restricted for transportation. After accounting for these restricted funds in the 2009-2010 financial statements, the City of Asheboro's unrestricted net asset balance is \$16,862,091. These funds can be used without constraints established by debt covenants or other legal requirements.

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

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 1,868,227	\$ 1,928,710	\$ 10,615,103	\$ 10,214,764	\$ 12,483,330	\$ 12,143,474
Operating grants & contributions	649,810	1,656,175	484,152	417,006	1,133,962	2,073,181
Capital grants & contributions	1,869,824	239,227	442,638	606,183	2,312,462	845,410
General revenues						-
Property taxes	11,887,696	11,595,398			11,887,696	11,595,398
Other taxes	6,280,401	6,212,957			6,280,401	6,212,957
Grants & contributions not restricted to specific programs					-	-
Other	649,231	665,807	58,478	182,114	707,709	847,921
<b>Total revenues</b>	<b>23,205,189</b>	<b>22,298,274</b>	<b>11,600,371</b>	<b>11,420,067</b>	<b>34,805,560</b>	<b>33,718,341</b>
<b>Expenses</b>						
General government	3,010,464	2,852,960			3,010,464	2,852,960
Public safety	10,263,312	9,756,723			10,263,312	9,756,723
Transportation	4,233,131	5,489,676			4,233,131	5,489,676
Environmental Protection	2,436,284	2,267,470			2,436,284	2,267,470
Economic development	551,395	222,884			551,395	222,884
Cultural and recreational	3,435,526	2,763,632			3,435,526	2,763,632
Interest on long-term debt	63,232	83,051			63,232	83,051
Water and sewer			10,583,741	9,896,112	10,583,741	9,896,112
<b>Total expenses</b>	<b>23,993,344</b>	<b>23,436,396</b>	<b>10,583,741</b>	<b>9,896,112</b>	<b>34,577,085</b>	<b>33,332,508</b>
<b>Change in net assets before transfers</b>	<b>(788,155)</b>	<b>(1,138,122)</b>	<b>1,016,630</b>	<b>1,523,955</b>	<b>228,475</b>	<b>385,833</b>
<b>Transfers</b>	<b>(31,914)</b>	<b>(541,797)</b>	<b>31,914</b>	<b>541,797</b>	<b>-</b>	<b>-</b>
<b>Change in net assets</b>	<b>(820,069)</b>	<b>(1,679,919)</b>	<b>1,048,544</b>	<b>2,065,752</b>	<b>228,475</b>	<b>385,833</b>
<b>Net assets, July 1</b>	<b>33,404,849</b>	<b>35,084,768</b>	<b>44,979,318</b>	<b>42,913,566</b>	<b>78,384,167</b>	<b>77,998,334</b>
<b>Net assets, June 30</b>	<b>\$ 32,584,780</b>	<b>\$ 33,404,849</b>	<b>\$ 46,027,862</b>	<b>\$ 44,979,318</b>	<b>\$ 78,612,642</b>	<b>\$ 78,384,167</b>

Management's Discussion and Analysis  
City of Asheboro

**Governmental activities.** Governmental activities decreased the City's net assets by \$820,069. Elements contributing to this decrease are as follows:

- Revenues not being able to keep pace with rising expenses due to economic environment.
- Net revenues across a majority of categories remain relatively flat with the prior year due to ongoing effects of the national economic recession. While it is improving in comparison to the prior year, the City of Asheboro's unemployment rate is still high and thus is affecting citizen's ability to pay for and take advantage of extra or ancillary services the City of Asheboro provides. There was decrease of 3.14% in the 2009-2010 fiscal year in the area of charges for services as a result of the economic slowdown. Sales tax and other tax revenue increased only slightly, about 1% over the prior year's depressed level.
- The failure of and decreased confidence in the financial industry has resulted in a poor interest rate environment. The reduced rates have attributed to a 68.73% decrease in interest on general fund investments revenue in 2009-2010.
- Governmental activities expenses increased \$556,948 in comparison to the prior year.

**Business-type activities:** Business-type activities increased the City of Asheboro's net assets by \$1,048,544. Key elements of this increase are as follows:

- An increase in revenue in the area of charges for services in the amount of \$400,339 over prior fiscal year.
- Tight management of expenses: Fiscal year 2009-2010 expenses only increased \$559,948 in comparison to the prior operating year. Due to the current economic environment, certain capital expenditures in this area continue to be delayed.
- Transfer from General fund of \$31,914.

### **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 \$5,050,791 and its total fund balance reached \$10,030,515. Of this total fund balance, \$4,024,470 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 45.19% of total General Fund expenditures. Additionally, the undesignated portion of the total fund balance is equivalent to 18% of total General Fund expenditures.

## Management's Discussion and Analysis City of Asheboro

The non-major governmental fund balance was \$547,464. The governmental funds of City of Asheboro reported a combined total fund balance of \$10,577,979, a 7.43% decrease over last year. Included in this change in fund balance are decreases 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 2009-2010 was adopted in June 2009 at \$21,304,583 and represented a .2 percent decrease over the audited 2008-2009 expenditures of \$21,749,164. The 2009-2010 budget was amended during the fiscal year to \$22,615,131, an increase of \$1,010,548 to account for unexpected operational expenditures, the most significant of which was relating to the community development incentives and increases in appropriations to cover extraordinary health insurance claims. In spite of the unexpected operational costs experienced early in the fiscal year, expenditures were held in check and capital expenses planned for in the third and fourth quarters of the year were deferred 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 \$418,341 under the amended budget.

**Proprietary Fund Budgetary Highlights:** The City of Asheboro proprietary fund provide the same type of information found in the government-wide statements but in more detail. The Water and Sewer Fund budget for 2009-2010 was adopted in June 2009 at \$10,937,691 and represented a 10.53% increase over the 2008-2009 audited expenditures of \$9,896,112. As with the general fund, various expenses were deferred due to the downturn in the economy. The Water & Sewer fund year end expenditures were \$10,583,741 and represented a 3.24% savings in relation to the original adopted budget.

### 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, 2010 totals \$138,001,851. 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 of \$2,069,942 in governmental activities capital assets with the largest increase in street construction.
- An increase of \$1,928,765 in the area of business type capital assets resulting from the near completion of improvements to the water & sewer system infrastructure. Construction in progress increased by \$846,620 and plant and distribution system asset increased by \$467,502. Equipment increased by \$554,063 primarily due to the purchase of a large generator.
- No major demolitions or disposals were recorded this year.

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

	Governmental Activities 2010	Business-Type Activities 2010	Total 2010
Land	\$ 3,817,298	\$ 2,800,674	\$ 6,617,972
Buildings	11,393,750	30,397,373	41,791,123
Improvements other than buildings	10,657,737	78,560	10,736,297
Plant and distribution systems		37,863,224	37,863,224
Street construction	15,533,270		15,533,270
Equipment	5,075,141	5,760,256	10,835,397
Vehicles	9,100,514	2,119,188	11,219,702
Construction in progress	517,829	2,887,037	3,404,866
<b>Total</b>	<b>\$ 56,095,539</b>	<b>\$ 81,906,312</b>	<b>\$ 138,001,851</b>

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, 2010, the City of Asheboro had total bonded debt outstanding of \$3,875,770. All of this is debt backed by the full faith and credit of the City.

**City of Asheboro's Outstanding Debt**  
**Figure 5**

	Governmental Activities 2010	Governmental Activities 2009	Business-Type Activities 2010	Business-Type Activities 2009	Total 2010	Total 2009
General obligation bonds	\$ 414,838	\$ 522,921	\$ 3,460,932	\$ 4,362,657	\$ 3,875,770	\$ 4,885,578
Installment Purchases	590,892	929,738		-	\$ 590,892	\$ 929,738
notes payable			8,335,143	8,957,656	\$ 8,335,143	\$ 8,957,656
Revenue bonds					-	-
<b>Total</b>	<b>\$ 1,005,730</b>	<b>\$ 1,452,659</b>	<b>\$ 11,796,075</b>	<b>\$ 13,320,313</b>	<b>\$12,801,805</b>	<b>\$14,772,972</b>

The City of Asheboro's total outstanding long-term debt decreased by \$1,971,167 during the past fiscal year. This change is due to the combined effects of a decrease of general obligation debt of \$1,009,808 and reduction of notes and installment debt payable of \$961,359.

## 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 \$16,468,804.

Additional information regarding the City of Asheboro's long-term debt can be found in Detail Notes Section II B.7 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 9.6% is slightly lower than the State average of 9.7% for the period ending June 30, 2010. This is a decrease of .8% in comparison to the prior year.
- **Growth, as measured by tax valuation, increased 2.24% due to increases in property valuation.** A large part of this valuation increase is associated with the completion of a major expansion / renovation projects to the Malt-O- Meal plant.
- **Growth, as measured by local retail sales has increased 7.73% over the prior fiscal year.**
- **In the period of January 1, 2009 to December 31, 2009, total valuation for building permits issued was \$11,765,099 (\$4,997,669 commercial and \$6,767,430 residential) in comparison to \$19,535,824 in 2008.** This is a decrease in comparison to all previous fiscal years. The permit valuation for 2008 was \$19,535,824. The largest commercial project in 2009 was the West Point Luxury Apartments permit in FY 2009-2010 was for Fairfield Inn with a valuation of \$3,172,340. While there has been a decrease in the commercial and residential building permits in 2009, a total of 132 dwelling units were built compared to 88 in 2008. If the 132 dwelling units, there were 20 single family permits, 4 townhouse permits, 6 duplex permits and 12 multifamily permits issued.

**Budget Highlights for the Fiscal Year Ending June 30, 2011**

**Governmental Activities:** No tax increase was recommended for the General Fund for fiscal year ending June 30, 2011. Major Sources of revenue such as ad valorem taxes is projected to remain relatively flat in comparison to year end 2010 figures. Overall revenue is expected to increase only slightly due to the economic recession. A fund balance appropriation of \$1,026,321 has been included.

Budgeted expenditures in the General Fund are appropriated at \$22,912,548. The largest component in the budget is personnel costs, usual salary and fringe benefits with an incremental appropriation for increased health insurance costs and benefits adjustments. Considering the current economic environment, there is no across the board employee cost of living increase included in the General Fund budget. Other expenditures included are government 10% matches to 90% grant awards, capital outlay for equipment for public safety functions, and monies set aside for economic development.

**Business – type Activities:** Revenue from sale of water and sewer services is expected to increase due to the recommended and approved increase to the minimum bill component in the rate structure for water and sewer customers. There is no allocation from Retained earnings. General operating expenses is budgeted at \$12,388,443. This will cover the usual salary and benefit costs budgeted at a slightly higher level than the previous period due to increased health insurance costs, material, supplies, and other operating expenses, increased debt service and some equipment replacement costs. As noted for the General Fund budget, there is no across the board employee cost of living increase included in the water and sewer fund budget.

**Requests for Information**

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, City of Asheboro, 146 North Church Street, P.O. Box 1106, Asheboro, NC 27204-1106.

## STATEMENT OF NET ASSETS

June 30, 2010

	Primary Government			City of Asheboro ABC Board
	Governmental Activities	Business-Type Activities	Total	
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 8,158,090	\$ 9,496,159	\$ 17,654,249	\$ 67,380
Receivables:				
Taxes Receivable - Net	518,599	-	518,599	-
Accounts Receivable	122,650	1,817,338	1,939,988	248
Due From Other Governments	1,960,648	8,336	1,968,984	-
Note Receivable	60,500	-	60,500	-
Internal Balances	722,420	(722,420)	-	-
Inventories	458,340	645,590	1,103,930	237,576
Prepaid Expenses	-	-	-	8,365
Deferred Charges	5,000	41,708	46,708	-
<b>Total Current Assets</b>	<b>12,006,247</b>	<b>11,286,711</b>	<b>23,292,958</b>	<b>313,569</b>
Restricted Assets:				
Cash and Cash Equivalents	-	41,980	41,980	-
Capital Assets:				
Land, and Construction in Progress	4,335,127	5,687,711	10,022,838	-
Other Capital Assets, Net of Depreciation	21,119,775	41,949,157	63,068,932	131,833
<b>Total Capital Assets</b>	<b>25,454,902</b>	<b>47,636,868</b>	<b>73,091,770</b>	<b>131,833</b>
Deposits	-	-	-	110
<b>Total Non-current Assets</b>	<b>25,454,902</b>	<b>47,678,848</b>	<b>73,133,750</b>	<b>131,943</b>
<b>Total Assets</b>	<b>37,461,149</b>	<b>58,965,559</b>	<b>96,426,708</b>	<b>445,512</b>
<b>Liabilities:</b>				
Accounts Payable and Accrued Liabilities	371,028	139,138	510,166	72,543
Deposits	13,775	369,747	383,522	-
Unearned Revenues	355,961	28,659	384,620	-
Accrued Interest Payable	1,200	46,872	48,072	-
Due to Primary Government	-	-	-	5,957
Payable From Restricted Assets	-	41,980	41,980	-
Current Portion of Long-Term Liabilities	1,024,476	1,666,599	2,691,075	100,000
<b>Total Current Liabilities</b>	<b>1,766,440</b>	<b>2,292,995</b>	<b>4,059,435</b>	<b>178,500</b>
Long-Term Liabilities:				
Due in More Than One Year	3,109,929	10,644,702	13,754,631	-
<b>Total Liabilities</b>	<b>4,876,369</b>	<b>12,937,697</b>	<b>17,814,066</b>	<b>178,500</b>
<b>Net Assets:</b>				
Invested in Capital Assets, Net of Related Debt	24,440,730	35,840,750	60,281,480	131,833
Restricted For:				
Transportation	1,469,071	-	1,469,071	-
Working Capital	-	-	-	73,630
Unrestricted	6,674,979	10,187,112	16,862,091	61,549
<b>Total Net Assets</b>	<b>\$ 32,584,780</b>	<b>\$ 46,027,862</b>	<b>\$ 78,612,642</b>	<b>\$ 267,012</b>

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

**CITY OF ASHEBORO, NORTH CAROLINA**

Exhibit 2

**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2010

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Primary Government			City of Asheboro ABC Board
					Governmental Activities	Business-Type Activities	Total	
<b>Governmental Activities:</b>								
General Government	\$ 3,010,464	\$ 338,398	\$ -	\$ -	\$ (2,672,066)	\$ -	\$ (2,672,066)	\$ -
Public Safety	10,263,312	106,149	13,641	83,136	(10,060,386)	-	(10,060,386)	-
Transportation	4,233,131	28,786	635,893	1,467,133	(2,101,319)	-	(2,101,319)	-
Environmental Protection	2,436,284	969,105	-	-	(1,467,179)	-	(1,467,179)	-
Cultural and Recreational	3,435,526	425,789	-	319,555	(2,690,182)	-	(2,690,182)	-
Economic and Physical Development	551,395	-	276	-	(551,119)	-	(551,119)	-
Interest on Long-term Debt	63,232	-	-	-	(63,232)	-	(63,232)	-
<b>Total Governmental Activities</b>	<b>23,993,344</b>	<b>1,868,227</b>	<b>649,810</b>	<b>1,869,824</b>	<b>(19,605,483)</b>	<b>-</b>	<b>(19,605,483)</b>	<b>-</b>
<b>Business-Type Activities:</b>								
Water and Sewer	10,583,741	10,615,103	484,152	442,638	-	958,152	958,152	-
<b>Total Business-Type Activities</b>	<b>10,583,741</b>	<b>10,615,103</b>	<b>484,152</b>	<b>442,638</b>	<b>-</b>	<b>958,152</b>	<b>958,152</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 34,577,085</b>	<b>\$ 12,483,330</b>	<b>\$ 1,133,962</b>	<b>\$ 2,312,462</b>	<b>(19,605,483)</b>	<b>958,152</b>	<b>(18,647,331)</b>	<b>-</b>
<b>Component Unit:</b>								
ABC Board	\$ 1,762,955	\$ 1,925,197	\$ -	\$ -	-	-	-	162,242
<b>Total Component Unit</b>	<b>\$ 1,762,955</b>	<b>\$ 1,925,197</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>162,242</b>
<b>General Revenues:</b>								
<b>Taxes:</b>								
Property taxes, levied for general purpose					11,887,696	-	11,887,696	-
Sales taxes					2,934,243	-	2,934,243	-
Franchise taxes					2,162,520	-	2,162,520	-
Other taxes					1,183,638	-	1,183,638	-
Unrestricted investment earnings					64,275	58,478	122,753	356
Miscellaneous revenues					584,956	-	584,956	-
<b>Total General Revenues Not Including Transfers</b>					<b>18,817,328</b>	<b>58,478</b>	<b>18,875,806</b>	<b>356</b>
<b>Transfers</b>					<b>(31,914)</b>	<b>31,914</b>	<b>-</b>	<b>-</b>
<b>Total General Revenues, Special Items, and Transfers</b>					<b>18,785,414</b>	<b>90,392</b>	<b>18,875,806</b>	<b>356</b>
<b>Change in Net Assets</b>					<b>(820,069)</b>	<b>1,048,544</b>	<b>228,475</b>	<b>162,598</b>
<b>Net Assets Beginning of Year</b>					<b>33,404,849</b>	<b>44,979,318</b>	<b>78,384,167</b>	<b>104,414</b>
<b>Net Assets End of Year</b>					<b>\$ 32,584,780</b>	<b>\$ 46,027,862</b>	<b>\$ 78,612,642</b>	<b>\$ 267,012</b>

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, 2010**

	<u>Major Fund</u>	<u>Total Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>Funds</u>	<u>Governmental</u>
			<u>Funds</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 7,250,325	\$ 907,765	\$ 8,158,090
Receivables:			
Taxes Receivable - Net	518,599	-	518,599
Accounts Receivable	98,412	24,238	122,650
Due From Other Governments	1,960,648	-	1,960,648
Due From Other Funds	1,072,420	-	1,072,420
Note Receivable - Wainman Homes	60,500	-	60,500
Inventories	458,340	-	458,340
<b>Total Assets</b>	<b>\$ 11,419,244</b>	<b>\$ 932,003</b>	<b>\$ 12,351,247</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts Payable and Accrued Liabilities	\$ 360,727	\$ 10,301	\$ 371,028
Due to Other Funds	-	350,000	350,000
Deposits	13,775	-	13,775
Unearned Revenues	355,961	-	355,961
Deferred Revenues	658,266	24,238	682,504
<b>Total Liabilities</b>	<b>1,388,729</b>	<b>384,539</b>	<b>1,773,268</b>
<b>Fund Balances:</b>			
<b>Reserved For:</b>			
State Statute	3,052,313	-	3,052,313
Inventories	458,340	-	458,340
Streets - Powell Bill	1,469,071	-	1,469,071
<b>Unreserved:</b>			
Designated for Subsequent Year's Expenditures	1,026,321	-	1,026,321
Undesignated	4,024,470	-	4,024,470
<b>Unreserved, Reported in Nonmajor:</b>			
Designated for Capital Projects	-	284,302	284,302
Special Revenue Funds	-	263,162	263,162
<b>Total Fund Balances</b>	<b>10,030,515</b>	<b>547,464</b>	<b>10,577,979</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 11,419,244</b>	<b>\$ 932,003</b>	

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	\$ 56,095,538	
Accumulated depreciation	<u>(30,640,636)</u>	25,454,902

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

5,000

Liabilities for earned but deferred revenues in fund statements.

682,504

Some liabilities, including bonds payable, accrued interest, pension and other postemployment benefits, and compensated absences are not due and payable in the current period and therefore are not reported in the funds.

(4,135,605)

\$ 32,584,780

**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, 2010

	<u>Major Fund General</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Ad Valorem Taxes	\$ 11,770,534	\$ -	\$ 11,770,534
Other Taxes and Licenses	337,094	-	337,094
<b>Intergovernmental Revenues:</b>			
Unrestricted	6,309,816	-	6,309,816
Restricted	886,718	883	887,601
Permits and Fees	131,817	-	131,817
Sales and Services	1,430,572	-	1,430,572
Investment Earnings	64,275	-	64,275
Miscellaneous Revenue	347,940	46,337	394,277
<b>Total Revenues</b>	<u>21,278,766</u>	<u>47,220</u>	<u>21,325,986</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General Government	2,936,039	-	2,936,039
Public Safety	9,676,631	-	9,676,631
Transportation	2,860,124	-	2,860,124
Environmental Protection	2,259,681	-	2,259,681
Cultural and Recreational	3,086,400	-	3,086,400
Economic and Physical Development	92,705	431,330	524,035
Debt Service	509,157	-	509,157
Capital Outlay	-	320,127	320,127
<b>Total Expenditures</b>	<u>21,420,737</u>	<u>751,457</u>	<u>22,172,194</u>
<b>Deficiency of Revenues Over Expenditures</b>	<u>(141,971)</u>	<u>(704,237)</u>	<u>(846,208)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers From Other Funds	2,348	764,053	766,401
Transfers to Other Funds	(776,053)	(22,262)	(798,315)
Sale of Capital Assets	28,389	-	28,389
<b>Total Other Financing Sources (Uses)</b>	<u>(745,316)</u>	<u>741,791</u>	<u>(3,525)</u>
<b>Net Change in Fund Balances</b>	<u>(887,287)</u>	<u>37,554</u>	<u>(849,733)</u>
<b>Fund Balance Beginning of Year, July 1</b>	<u>10,917,802</u>	<u>509,910</u>	<u>11,427,712</u>
<b>Fund Balance End of Year, June 30</b>	<u>\$ 10,030,515</u>	<u>\$ 547,464</u>	<u>\$ 10,577,979</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, 2010

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

Net changes in fund balances - total governmental funds \$ (849,733)

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 depreciation exceeded capital outlays in the current period.

Capital outlay expenditures which were capitalized	\$ 326,702	
Depreciation expense for governmental assets	<u>(1,952,781)</u>	(1,626,079)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Change in deferred revenues	107,574
Amount of donated assets	1,743,240

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.

445,607

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

Compensated absences	(168,974)
Net pension obligation	(56,860)
Other Postemployment Benefits	(415,162)
Accrued interest payable	<u>318</u>

Total changes in net assets of governmental activities \$ (820,069)

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

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

For the Year Ended June 30, 2010

	General Fund			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 11,470,100	\$ 11,447,000	\$ 11,770,534	\$ 323,534
Other Taxes and Licenses	405,000	292,600	337,094	44,494
Intergovernmental Revenues:				
Unrestricted	5,809,607	5,951,607	6,309,816	358,209
Restricted	778,115	848,079	886,718	38,639
Permits and Fees	322,653	322,670	131,817	(190,853)
Sales and Services	1,644,782	1,638,282	1,430,572	(207,710)
Investment Earnings	150,000	150,000	64,275	(85,725)
Miscellaneous Revenue	239,177	234,780	347,940	113,160
<b>Total Revenues</b>	<b>20,819,434</b>	<b>20,885,018</b>	<b>21,278,766</b>	<b>393,748</b>
<b>Expenditures:</b>				
Current:				
General Government	2,818,857	3,039,019	2,936,039	102,980
Public Safety	9,321,908	9,692,573	9,676,631	15,942
Transportation	2,892,685	2,900,584	2,860,124	40,460
Environmental Protection	2,439,482	2,398,681	2,259,681	139,000
Cultural and Recreational	2,680,645	3,147,077	3,086,400	60,677
Economic and Physical Development	124,750	94,000	92,705	1,295
Debt Service	582,306	567,111	509,157	57,954
<b>Total Expenditures</b>	<b>20,860,633</b>	<b>21,839,045</b>	<b>21,420,737</b>	<b>418,308</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(41,199)</b>	<b>(954,027)</b>	<b>(141,971)</b>	<b>812,056</b>
<b>Other Financing Sources (Uses):</b>				
Transfers to Other Funds	(443,950)	(776,086)	(776,053)	33
Transfers From Other Funds	-	-	2,348	2,348
Sale of Capital Assets	-	-	28,389	28,389
<b>Total Other Financing Sources (Uses)</b>	<b>(443,950)</b>	<b>(776,086)</b>	<b>(745,316)</b>	<b>30,770</b>
<b>Appropriated Fund Balance</b>	<b>485,149</b>	<b>1,730,113</b>	<b>-</b>	<b>(1,730,113)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(887,287)</b>	<b>\$ (887,287)</b>
<b>Fund Balance Beginning of Year, July 1</b>			<b>10,917,802</b>	
<b>Fund Balance End of Year, June 30</b>			<b>\$ 10,030,515</b>	

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

CITY OF ASHEBORO, NORTH CAROLINA

Exhibit 6

STATEMENT OF NET ASSETS  
PROPRIETARY FUND

June 30, 2010

	<u>Water and Sewer Fund</u>
<b>Assets:</b>	
<b>Current Assets:</b>	
Cash and Cash Equivalents	\$ 9,496,159
Accounts Receivable - Net	1,817,338
Due from Other Governments	8,336
Inventories	645,590
Deferred Charges	<u>41,708</u>
<b>Total Current Assets</b>	<u>12,009,131</u>
<b>Noncurrent Assets:</b>	
<b>Restricted Assets:</b>	
Cash and Cash Equivalents	<u>41,980</u>
<b>Capital Assets:</b>	
Land, Improvements and Construction in Progress	5,687,711
Other Capital Assets, Net of Depreciation	<u>41,949,157</u>
<b>Total Capital Assets (Net)</b>	<u>47,636,868</u>
<b>Total Noncurrent Assets</b>	<u>47,678,848</u>
<b>Total Assets</b>	<u>\$ 59,687,979</u>
<b>Liabilities:</b>	
<b>Current Liabilities:</b>	
Accounts Payable and Accrued Liabilities	\$ 139,138
Due to Other Funds	722,420
Customer Deposits	369,747
Accrued Interest Payable	46,872
Compensated Absences - Current	127,584
General Obligation Bonds Payable - Current	916,502
Notes Payable State of North Carolina - Current	<u>622,513</u>
<b>Total Current Liabilities</b>	<u>2,944,776</u>
<b>Noncurrent Liabilities:</b>	
<b>Liabilities Payable From Restricted Assets:</b>	
Accounts Payable	41,980
<b>Other Noncurrent Liabilities:</b>	
Other Postemployment Benefits	199,524
Compensated Absences	188,118
General Obligation Bonds Payable - Noncurrent (Net)	2,544,430
Notes Payable State of North Carolina - Noncurrent	7,712,630
Unearned Revenues	<u>28,659</u>
<b>Total Noncurrent Liabilities</b>	<u>10,715,341</u>
<b>Total Liabilities</b>	<u>13,660,117</u>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	35,840,750
Unrestricted	<u>10,187,112</u>
<b>Total Net Assets</b>	<u>\$ 46,027,862</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, 2010

	<u>Water and Sewer Fund</u>
<b>Operating Revenues:</b>	
Water Sales	\$ 5,940,348
Sewer Charges	4,262,838
Water and Sewer Taps	81,172
Sampling and Monitoring Fees	33,110
Surcharges	253,890
Septic Tank Discharge	43,745
Other Operating Revenues	<u>361,634</u>
<b>Total Operating Revenues</b>	<b>10,976,737</b>
<b>Operating Expenses:</b>	
Billing and Collections	406,766
Water Meter Operations	601,004
Water Supply Treatment	2,016,087
Wastewater Treatment	3,243,852
Water Maintenance	801,474
Wastewater Maintenance	1,190,903
Depreciation	<u>1,559,168</u>
<b>Total Operating Expenses</b>	<b>9,819,254</b>
<b>Operating Income</b>	<u>1,157,483</u>
<b>Nonoperating Revenues (Expenses):</b>	
Investment Earnings	58,478
Interest and Other Charges	(753,464)
Other Nonoperating Revenues	122,518
Amortization of Bond Issue Costs	<u>(11,023)</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(583,491)</b>
<b>Income Before Contributions and Transfers</b>	573,992
<b>Capital Contributions</b>	442,638
<b>Transfers From Other Funds:</b>	
From HWY 64/ HWY 49 NCDOT Improvements Fund	19,914
From General Fund	<u>12,000</u>
<b>Change in Net Assets</b>	1,048,544
<b>Total Net Assets - Beginning of Year</b>	<u>44,979,318</u>
<b>Total Net Assets - End of Year</b>	<b><u>\$ 46,027,862</u></b>

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

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
For the Year Ended June 30, 2010

	<u>Water and Sewer Fund</u>
<b>Cash Flows From Operating Activities:</b>	
Cash Received From Customers	\$ 10,507,781
Cash Paid for Goods and Services	(3,767,828)
Cash Paid to Employees for Services	(4,396,452)
Customer Deposits Received	19,235
Other Operating Revenues	<u>484,152</u>
<b>Net Cash Provided by Operating Activities</b>	<u>2,846,888</u>
<b>Cash Flows From Noncapital Financing Activities:</b>	
Due to Other Funds	642,483
Transfers From Other Funds	<u>31,914</u>
<b>Total Cash Flows From Noncapital Financing Activities</b>	<u>674,397</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Acquisition of Capital Assets	(1,486,127)
Principal Paid on Bonds and Installment Purchase Agreements	(1,551,198)
Interest Paid on Bonds and Installment Purchase Agreements	<u>(753,464)</u>
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<u>(3,790,789)</u>
<b>Cash Flows from Investing Activities:</b>	
Interest Earned on Investments	<u>58,478</u>
<b>Net (Decrease) in Cash and Cash Equivalents</b>	(211,026)
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>9,749,165</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 9,538,139</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating Income	<u>\$ 1,157,483</u>
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>	
Depreciation	1,559,168
Amortization of Deferred Loss on Refunding	26,960
Other Nonoperating Revenue	122,518
<b>Changes in Assets and Liabilities:</b>	
(Increase) in Accounts Receivable	(119,291)
Decrease in Inventory	81,906
(Decrease) in Accounts Payable and Accrued Liabilities	(140,548)
Increase in Customer Deposits	19,235
(Decrease) in Accrued Compensated Absences	(6,721)
Increase in Other Postemployment Benefits	134,210
Increase in Deferred Revenues	<u>11,969</u>
<b>Total Adjustments</b>	<u>1,689,406</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 2,846,889</u>

**Noncash Investing, Capital, and Financing Activities:**

The Water and Sewer Fund received donated water and sewer lines with a value of \$442,638 during the fiscal year.

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, 2010

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of Asheboro and its discretely presented component unit 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 the City and its component unit, a legally separate entity for which the City is financially accountable. The discretely presented component unit presented below is reported in a separate column in the City's financial statements in order to emphasize that it is legally separate from the City.

City of Asheboro ABC Board.

The members of the ABC Board's governing board are appointed by the City. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the City. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at City of Asheboro ABC Board, 700 South Fayetteville Street, Asheboro, North Carolina 27203.

**B. BASIS OF PRESENTATION.**

*Government-wide Statements:* The statement of net assets and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities, with the exception of internal services provided and other charges between the City's water and sewer function and various other functions of the City. 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.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**B. BASIS OF PRESENTATION. (Concluded)**

*Fund Financial Statements (Concluded):* 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.

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

*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.

**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)**

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 2009 through February 2010 apply to the fiscal year ended June 30, 2010. 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 line items within a department without limitation; however, any transfers between departments within the same fund and transfers between funds 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 and the ABC Board are made in board-designated official depositories and are secured as required by State law [G.S.159-31]. The City and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City and the ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts and certificates of deposit.

**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 and the ABC Board 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 and the ABC Board'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. The ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be 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, 2009. 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 and the ABC Board 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 and those of the ABC Board 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

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

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

**7. Capital Assets (Concluded)**

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

Property, plant and equipment of the ABC Board are depreciated over their useful lives using the straight-line method as follows:

Store Equipment	Various
Leasehold Improvements	10 years

**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.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

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

**9. Compensated Absences (Concluded)**

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.

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.

**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)**

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 2010-2011 budget ordinance.

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

**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 \$22,006,801 consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
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)	\$ 56,095,538
Less Accumulated Depreciation	( 30,640,636)
Net Capital Assets	<u>25,454,902</u>
 Bond issuance costs are not financial resources and therefore are not reported in the fund statements	 5,000
 Liabilities for revenue earned but deferred and therefore recorded in the fund statements but not the government-wide statements	 682,504
 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	( 1,005,731)
Accrued Interest Payable	( 1,200)
Compensated Absences	( 1,969,911)
Net Pension Obligation	( 465,155)
Other Postemployment Benefits	<u>( 693,608)</u>
 Total Adjustment	 <u>\$ 22,006,801</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 \$29,664 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	\$ 326,702
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	( 1,952,781)
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	450,160
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)	( 4,235)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	( 168,974)
Increase in net pension obligation	( 56,860)
Other postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources	( 415,162)
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, 2009	( 401,437)
Recording of tax receipts deferred in the fund statements at June 30, 2010	518,599
Reversal of deferred service revenues recorded at July 1, 2009	( 85,259)
Recording of service revenues deferred in the fund statements at June 30, 2010	79,167
Change in deferral of notes receivable in Special Revenue Fund	( 3,496)
Donated infrastructure (streets, sidewalks, and curb and guttering)	1,743,240
Total Adjustment	<u>\$ 29,664</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 and the ABC Board'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 or the ABC Board's agents in these unit's names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City and the ABC Board, these deposits are considered to be held by the City's and the ABC Board's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City, the ABC Board, or with the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City and the ABC Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no formal policy regarding custodial credit risk for 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. The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2010, the City's deposits had a carrying amount of \$14,079,305 and a bank balance of \$14,571,866. Of the bank balance, \$1,005,576 was covered by federal depository insurance and \$13,566,290 was covered by collateral held under the Pooling Method. At June 30, 2010, the City's petty cash fund totaled \$3,953. The carrying amount of deposits for the ABC Board was \$62,905 and the bank balance was \$64,508. All of the bank balance was covered by federal depository insurance. The ABC Board's petty cash fund totaled \$4,475.

**2. Investments**

At June 30, 2010, the City of Asheboro had \$3,612,971 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.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**A. ASSETS. (Continued)**

**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>6/30/2010</u>
General Fund:	
Taxes Receivable	\$ 50,000
Enterprise Fund:	
Customer Accounts Receivable	<u>75,000</u>
Total	<u>\$ 125,000</u>

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**A. ASSETS. (Continued)**

**4. Capital Assets**

Primary Government:

Capital asset activity for the primary government for the year ended June 30, 2010, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 3,783,648	\$ 33,650	\$ -	\$ 3,817,298
Construction in Progress	342,826	320,127	145,124	517,829
<b>Total Capital Assets Not Being Depreciated</b>	<b>4,126,474</b>	<b>353,777</b>	<b>145,124</b>	<b>4,335,127</b>
<b>Capital Assets Being Depreciated:</b>				
Land Improvements	10,657,737	-	-	10,657,737
Buildings	11,107,261	286,489	-	11,393,750
Street Construction	14,041,982	1,491,288	-	15,533,270
Computer Equipment	644,159	4,233	-	648,392
Equipment	4,411,856	14,893	-	4,426,749
Vehicles	9,036,128	64,386	-	9,100,514
<b>Total Capital Assets Being Depreciated</b>	<b>49,899,123</b>	<b>1,861,289</b>	<b>-</b>	<b>51,760,412</b>
<b>Less Accumulated Depreciation For:</b>				
Land Improvements	4,144,657	481,296	-	4,625,953
Buildings	5,561,808	231,810	-	5,793,618
Street Construction	8,009,236	548,301	-	8,557,537
Computer Equipment	386,376	21,998	-	408,374
Equipment	3,399,707	230,552	-	3,630,259
Vehicles	7,186,072	438,824	-	7,624,896
<b>Total Accumulated Depreciation</b>	<b>28,687,856</b>	<b>\$ 1,952,781</b>	<b>\$ -</b>	<b>30,640,637</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>21,211,267</b>			<b>21,119,775</b>
<b>Governmental Activity Capital Assets, Net</b>	<b>\$ 25,337,741</b>			<b>\$ 25,454,902</b>

Depreciation expense was charged to functions/programs as follows:

General Government	\$ 32,289
Public Safety	296,620
Transportation	1,220,020
Environmental	142,145
Cultural and Recreational	234,347
Economic Development	27,360
	<b>\$ 1,952,781</b>

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**A. ASSETS. (Concluded)**

**4. Capital Assets (Concluded)**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type Activities:</b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 2,780,254	\$ 20,420	\$ -	\$ 2,800,674
Construction in Progress	<u>2,040,417</u>	<u>846,620</u>	<u>-</u>	<u>2,887,037</u>
Total Capital Assets Not Being Depreciated	<u>4,820,671</u>	<u>867,040</u>	<u>-</u>	<u>5,687,711</u>
<b>Capital Assets Being Depreciated:</b>				
Land Improvements	78,560	-	-	78,560
Buildings	30,374,373	23,000	-	30,397,373
Plant and Distribution Systems	37,395,722	467,502	-	37,863,224
Computer Equipment	84,394	-	-	84,394
Equipment	5,121,799	554,063	-	5,675,862
Vehicles	<u>2,102,028</u>	<u>17,160</u>	<u>-</u>	<u>2,119,188</u>
Total Capital Assets Being Depreciated	<u>75,156,876</u>	<u>1,061,725</u>	<u>-</u>	<u>76,218,601</u>
<b>Less Accumulated Depreciation For:</b>				
Land Improvements	21,899	3,928	-	25,827
Buildings	12,654,222	570,696	-	13,224,918
Plant and Distribution Systems	15,547,520	681,323	-	16,228,843
Computer Equipment	79,994	3,200	-	83,194
Equipment	2,649,678	203,915	-	2,853,593
Vehicles	<u>1,756,963</u>	<u>96,106</u>	<u>-</u>	<u>1,853,069</u>
Total Accumulated Depreciation	<u>32,710,276</u>	<u>\$ 1,559,168</u>	<u>\$ -</u>	<u>34,269,444</u>
Total Capital Assets Being Depreciated, Net	<u>42,446,600</u>			<u>41,949,157</u>
<b>Business-type Activities Capital Assets, Net</b>	<b><u>\$ 47,267,271</u></b>			<b><u>\$ 47,636,868</u></b>

**Discretely Presented Component Unit:**

Activity for the ABC Board for the year ended June 30, 2010, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Capital Assets Being Depreciated:</b>				
Leasehold Improvements	\$ 620	\$ -	\$ -	\$ 620
Furniture and Equipment	<u>154,767</u>	<u>5,395</u>	<u>-</u>	<u>160,162</u>
Total Capital Assets Being Depreciated	<u>155,387</u>	<u>5,395</u>	<u>-</u>	<u>160,782</u>
<b>Less Accumulated Depreciation For:</b>				
Leasehold Improvements	37	62	-	99
Furniture and Equipment	<u>10,584</u>	<u>18,266</u>	<u>-</u>	<u>28,850</u>
Total Accumulated Depreciation	<u>10,621</u>	<u>\$ 18,328</u>	<u>\$ -</u>	<u>28,949</u>
<b>ABC Capital Assets, Net</b>	<b><u>\$ 144,766</u></b>			<b><u>\$ 131,833</u></b>

**Construction Commitments**

The City has active construction projects as of June 30, 2010. At year-end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
<u>Dave's Mountain Water and Sewer System Project</u>	<u>\$ 384,740</u>	<u>\$ 171,933</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, 2010, were as follows:

	Vendors	Salaries and Benefits	Other	Total
<b>Governmental Activities:</b>				
General	\$ 360,727	\$ --	\$ --	\$ 360,727
Other Governmental	10,301	--	--	10,301
<b>Total Governmental Activities</b>	<b>\$ 371,028</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 371,028</b>
<b>Business-type Activities:</b>				
Water and Sewer	\$ 139,138	\$ --	\$ --	\$ 139,138

**2. Pension Plan and Postemployment 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, 2010, 2009, and 2008 were \$634,780, \$612,592, and \$584,886, 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 and Postemployment 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, 2009, the Separation Allowance's membership consisted of:

Retirees receiving benefits	6
Terminate plan members entitled to but not yet receiving benefits	0
Active plan members	<u>76</u>
Total	<u>82</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 and Postemployment 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, 2009 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, 2009 was 21 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	\$ 150,338
Interest on Net Pension Obligations	29,601
Adjustment to Annual Required Contribution	<u>( 25,720)</u>
Annual Pension Cost	154,219
Contributions Made	<u>97,359</u>
Increase (Decrease) in Net Pension Obligation	56,860
Net Pension Obligation, Beginning of Year	<u>408,295</u>
Net Pension Obligation, End of Year	<u>\$ 465,155</u>

Fiscal Year Ended	General Fund		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/08	\$118,991	63.06%	\$ 366,183
6/30/09	\$138,204	69.53%	\$ 408,295
6/30/10	\$154,219	63.13%	\$ 465,155

**(4) *Funding Status and Funding Progress.***

As of December 31, 2009, 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 \$1,955,394. The covered payroll (annual payroll of active employees covered by the plan) was \$3,358,348, and the ratio of the UAAL to the covered payroll was 58.22 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 and Postemployment 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 Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401 (k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*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, 2010, were \$248,465, which consisted of \$171,280 from the City and \$77,185 from the law enforcement officers.

**d. Other Post-Employment Benefits.**

**Healthcare Benefits**

Under the provisions of the City's personnel policy, the City administers a single-employer defined benefit Healthcare Benefits Plan (HCB Plan). 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 retired under the North Carolina Local Governmental Retirement System and has 20 years of service with the City.
- (2) An employee with 30 years of service under the North Carolina Local Governmental Retirement System and 15 years of continuous service with the City.
- (3) An employee who has retired due to disability under the North Carolina Local Governmental Retirement System and receiving benefits.

Any retirees not qualifying for health insurance coverage paid for by the City may elect to continue this coverage for themselves and their dependents at their expense, until the retiree reaches age 65.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

d. Other Post-Employment Benefits. (Continued)

Healthcare Benefits (Continued)

Membership of the HCB Plan consisted of the following at December 31, 2007, the date of the latest valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	49	--
Terminated plan members entitled to but not yet receiving benefits	--	--
Active plan members	223	71
Total	<u>272</u>	<u>71</u>

*Funding Policy.* The City pays the full cost of coverage for the healthcare benefits paid to qualified retirees under the City's personnel policy. The City has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 8.61% of annual covered payroll. For the current year, the City contributed \$451,470, or 3.9% of annual covered payroll. The City is self-insured. There were no contributions made by employees. The City's obligation to contribute to the HCB Plan is established and may be amended by the City Council.

*Summary of Significant Accounting Policies.* Postemployment expenditures are made from the General Fund and the Water and Sewer Fund, which are maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administrative costs. These expenditures are paid as they come due.

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

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**B. LIABILITIES. (Continued)**

**2. Pension Plan and Postemployment Obligations (Continued)**

**d. Other Post-Employment Benefits. (Continued)**

**Healthcare Benefits (Continued)**

Annual Required Contribution	\$ 1,000,842
Interest on Net OPEB Obligation	--
Adjustment to Annual Required Contribution	--
Annual OPEB Cost (Expense)	<u>1,000,842</u>
Contributions Made	<u>( 451,470)</u>
Increase (Decrease) in Net OPEB Obligation	549,372
Net OPEB Obligation, Beginning of Year	<u>343,759</u>
Net OPEB Obligation, End of Year	<u>\$ 893,131</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and 2010 were as follows:

<u>For Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of Annual</u> <u>OPEB Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2009	\$ 1,000,842	65.65%	\$ 343,759
2010	\$ 1,000,842	45.10%	\$ 893,131

*Funded Status and Funding Progress.* As of December 31, 2007, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$10,173,395. The covered payroll (annual payroll of active employees covered by the plan) was \$11,625,500, and the ratio of the UAAL to the covered payroll was 87.5 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**B. LIABILITIES. (Continued)**

**2. Pension Plan and Postemployment Obligations (Concluded)**

**d. Other Post-Employment Benefits. (Concluded)**

**Healthcare Benefits (Concluded)**

In the December 31, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 11.00 to 5.00 percent annually. The investment rate included a 3.75 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2007, was 30 years.

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

*Plan Description.* The State of North Carolina contributes, on behalf of the City of Asheboro, to the Firemen's and Rescue Squad Worker's Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Worker's Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Plan members are required to contribute \$10 per month to the Fund. The State, a nonemployer contributor, funds the plan through appropriations. The City does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

**3. 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

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**B. LIABILITIES. (Continued)**

**3. Other Employment Benefits (Concluded)**

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, 2010, the City made contributions to the State for death benefits of \$16,613. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .12% 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.

**4. Deferred / Unearned Revenues**

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

	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>
Prepaid Taxes (General)	\$ --	\$ 62,570
Prepaid Privilege Licenses (General)	--	67,575
Prepaid Vice Narcotics (General)	--	4,442
Prepaid US Treasury/Justice (General)	--	197,794
Prepaid Golf Memberships (General)	--	22,373
Other Collections (General)	--	1,207
Taxes Receivable, Net (General)	518,599	--
Garbage Collections Receivable (General)	79,167	--
Note Receivable (General)	60,500	--
Notes Receivable (Special Revenue)	24,238	--
	<hr/>	<hr/>
Total	\$ 682,504	\$ 355,961

**5. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in two self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the City obtains general liability and auto liability coverage of \$2 million per occurrence, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up to the statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability, and property liability in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**B. LIABILITIES. (Continued)**

**5. Risk Management (Concluded)**

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

The City 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.

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

At June 30, 2010, the City was a defendant to various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

**7. Long-Term Obligations**

**a. Installment Purchases.**

In November 1995, the City entered into an installment purchase contract with Randolph Bank and Trust 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 with Community One Bank 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 March 2006, the City entered into an installment purchase contract with Wachovia Bank 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)**

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

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

The future minimum payments of the installment purchase contracts as of June 30, 2010, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 243,686	\$ 24,975
2012	65,995	18,402
2013	69,851	14,545
2014	73,880	10,516
2015	78,142	6,255
2016 – 2020	59,338	1,751
<b>Totals</b>	<b>\$ 590,892</b>	<b>\$ 76,444</b>

**b. Notes Payable.**

The notes payable shown in the Water and Sewer Fund consist of the balances due on three loans: the first is a \$5,000,000 loan from the State of North Carolina for the construction of improvements to the City's Wastewater Treatment Plant. The promissory note requires annual payments of \$250,000, plus interest semi-annually at 3.43% per annum. The second is a \$2,542,173 revolving loan from the State Clean Water Revolving Loan Program for improvements to the City's wastewater collection system. This agreement requires payments over twenty years at a rate of 2.66%. At June 30, 2010, 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, 2010, proceeds received from this loan amounted to \$4,987,267. The promissory note requires annual payments of \$249,363, plus interest.

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

<u>Year Ending June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 622,513	\$ 227,912
2012	626,472	218,180
2013	626,472	199,591
2014	626,472	181,002
2015	626,472	162,413
2016 – 2020	2,382,360	558,593
2021 – 2025	1,826,929	284,874
2026 – 2030	997,453	66,330
<b>Totals</b>	<b>\$ 8,335,143</b>	<b>\$ 1,898,895</b>

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**B. LIABILITIES. (Continued)**

**7. 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, 2010, 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 \$83,595 and the bond premium of \$24,365.	<u>\$ 3,875,769</u>

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	92,049	3,484	767,951	29,066
2015	7,492	262	62,508	2,188
<b>Total</b>	<b>\$ 421,177</b>	<b>\$ 36,562</b>	<b>\$ 3,513,823</b>	<b>\$ 305,038</b>

At June 30, 2010 the City's legal debt margin is \$ 167,468,805.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**B. LIABILITIES. (Concluded)**

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

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

	Balance			Balance	Current
	July 1, 2009	Increases	Decreases	June 30, 2010	Portion of
					Balance
<b>Governmental Activities:</b>					
General Obligation					
Bonds	\$ 532,492	\$ --	\$ 111,315	\$ 421,177	\$ 109,174
Deferred Loss on Refunding	( 13,508)	( -- )	( 4,561)	( 8,947)	( 3,606)
Unamortized Debt Premium	3,937	--	1,329	2,608	1,051
<b>Total General Obligation</b>					
Bonds	522,921	--	108,083	414,838	106,619
Installment Purchases	929,738	--	338,846	590,892	243,686
Compensated Absences	1,800,937	843,146	674,171	1,969,912	674,171
Other Postemployment Benefits	278,446	415,162	--	693,608	--
Net Pension Obligation	408,295	56,860	--	465,155	--
<b>Governmental Activity Long-term Liabilities</b>	<b>\$ 3,940,337</b>	<b>\$ 1,315,168</b>	<b>\$ 1,121,100</b>	<b>\$ 4,134,405</b>	<b>\$1,124,476</b>

	Balance			Balance	Current
	July 1, 2009	Increases	Decreases	June 30, 2010	Portion of
					Balance
<b>Business-type Activities:</b>					
General Obligation					
Bonds	\$ 4,442,508	\$ --	\$ 928,685	\$ 3,513,823	\$ 910,826
Deferred Loss on Refunding	( 112,698)	( -- )	( 38,050)	( 74,648)	( 3,096)
Unamortized Debt Premium	32,847	--	11,090	21,757	8,772
<b>Total General Obligation</b>					
Bonds	4,362,657	--	901,725	3,460,932	916,502
Notes Payable	8,957,656	--	622,513	8,335,143	622,513
Compensated Absences	322,424	120,862	127,584	315,702	127,584
Other Postemployment Benefits	65,314	134,210	--	199,524	--
<b>Business-type Activity Long-term Liabilities</b>	<b>\$ 13,708,051</b>	<b>\$ 255,072</b>	<b>\$ 1,651,822</b>	<b>\$ 12,311,301</b>	<b>\$1,666,599</b>

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, 2009, 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 Sunset Theater Capital Project Fund for expenditures related to renovation of the Sunset Theater.	316,136
From the General Fund to the Economic Development Fund for economic incentive for local business.	431,250
From the General Fund to Water and Sewer Systems Improvement Project Fund for expenditures related to water and sewer expansion.	12,000
From the HWY 64/HWY 49 NCDOT Improvements Fund to the General Fund to return remaining funds in project fund.	2,348
From the HWY 64/HWY 49 NCDOT Improvements Fund to the Water and Sewer Fund to return remaining funds in project fund.	19,914
From the NCDOT Water and Sewer Systems Improvement Fund to the Water and Sewer Fund to return excess funds in project fund.	151,000
From the Water and Sewer Systems Improvement Project Fund to the Water and Sewer Fund to return remaining funds in project fund.	169,918
From the Water and Sewer Fund to the Water and Sewer Systems Improvement Project Fund for expenditures related to water and sewer expansion.	680,656
From the Water and Sewer Fund to the NCDOT Water and Sewer Systems Improvements Project Fund for expenditures related to water and sewer expansion.	9,722
Total	<u>\$ 1,809,611</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, 2010, 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 Fund - to provide temporary Funds for operating expenditures.	<u>722,420</u>
		<u>\$ 1,072,420</u>

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

**On-Behalf of Payments for Fringe Benefits and Salaries**

For the fiscal year ended June 30, 2010, the City of Asheboro has recognized on-behalf of payments for pension contributions made by the State as a revenue and expenditure of \$4,555 for sixteen 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, 2010, 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, 2010. 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 thirty nine 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 \$7,507 to the Council during the fiscal year ended June 30, 2010.

#### 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.

**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.**
- **Schedule of Funding Progress for the Other Postemployment Benefits**
- **Schedule of Employer Contributions for the Other Postemployment Benefits**
- **Notes to the Required Schedules for the Other Postemployment Benefits**

**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>
12/31/00	-	\$ 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%
12/31/08	-	\$ 1,453,990	\$ 1,453,990	-	\$ 3,177,527	45.76%
12/31/09	-	\$ 1,955,394	\$ 1,955,394	-	\$ 3,358,348	58.22%

**CITY OF ASHEBORO, NORTH CAROLINA**

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

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
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%
2008	\$ 134,043	71.70%
2009	\$ 150,338	64.76%

**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	12/31/2009
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Closed
Remaining Amortization Period	21 Years
Asset Valuation Method	Market Value
<b>Actuarial Assumptions:</b>	
Investment Rate of Return	5.00%
Projected Salary Increases*	From 4.5% to 12.3%
*Includes Inflation at	3.75%
Cost-of-Living Adjustments	None

**CITY OF ASHEBORO, NORTH CAROLINA**

**OTHER POSTEMPLOYMENT BENEFITS**  
**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>
12/31/07	-	\$ 10,173,395	\$ 10,173,395	-	\$ 11,625,500	87.50%

**CITY OF ASHEBORO, NORTH CAROLINA**

**OTHER POSTEMPLOYMENT BENEFITS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	\$ 1,000,842	65.65%
2010	\$ 1,000,842	45.10%

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	30 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return *	4.00%
Medical Cost Trend	11.00% - 5.00%
*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, 2010

**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

Beer and Wine Tax

ABC Profit Distribution

Payment in Lieu of Taxes

Total

**Restricted:**

State Street Aid Allocation

Local Fire Protection and Training

On-Behalf of Payments - Fire and Rescue

Other

Solid Waste Disposal

ABC Revenue for Law Enforcement

Vice and Narcotics Allocation

U.S. Treasury/Justice Allocation

Total

2010		
Budget	Actual	Variance Positive (Negative)
\$ 11,282,000	\$ 11,488,138	\$ 206,138
124,000	194,374	70,374
41,000	88,022	47,022
<u>11,447,000</u>	<u>11,770,534</u>	<u>323,534</u>
18,900	21,886	2,986
700	635	(65)
<u>273,000</u>	<u>314,573</u>	<u>41,573</u>
<u>292,600</u>	<u>337,094</u>	<u>44,494</u>
3,567,588	2,934,243	(633,345)
1,888,133	2,162,520	274,387
334,886	1,088,123	753,237
600	-	(600)
21,000	24,057	3,057
72,000	35,833	(36,167)
60,000	45,000	(15,000)
<u>7,400</u>	<u>20,040</u>	<u>12,640</u>
<u>5,951,607</u>	<u>6,309,816</u>	<u>358,209</u>
617,723	635,893	18,170
880	883	3
-	4,555	4,555
92,584	136,927	44,343
3,500	17,121	13,621
-	8,203	8,203
63,779	32,981	(30,798)
<u>69,613</u>	<u>50,155</u>	<u>(19,458)</u>
<u>\$ 848,079</u>	<u>\$ 886,718</u>	<u>\$ 38,639</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, 2010

**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  
Transfer Station 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

Total

2010		
Budget	Actual	Variance Positive (Negative)
\$ 79,300	\$ 82,092	\$ 2,792
193,353	25,900	(167,453)
50,000	23,815	(26,185)
17	10	(7)
322,670	131,817	(190,853)
100,200	79,825	(20,375)
2,000	800	(1,200)
411,880	345,964	(65,916)
1,077,702	962,654	(115,048)
6,000	12,543	6,543
15,000	-	(15,000)
20,000	20,577	577
5,500	8,209	2,709
1,638,282	1,430,572	(207,710)
150,000	64,275	(85,725)
1,000	3,141	2,141
193,000	207,850	14,850
40,780	136,949	96,169
234,780	347,940	113,160
20,885,018	21,278,766	393,748
\$ 174,332	\$ 174,003	\$ 329

**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, 2010

**Expenditures (Continued):**

General Government (Continued):

Administration:

Salaries and Employee Benefits

Operating Expenditures

Total

Information Technology:

Salaries and Employee Benefits

Operating Expenditures

Total

Finance:

Salaries and Employee Benefits

Operating Expenditures

Total

Public Buildings:

Operating Expenditures

Capital Outlay

Total

Tax Collections:

Tax Collection Fee - Randolph County

Tax Refunds

Total

Legal Services:

Salaries and Employee Benefits

Operating Expenditures

Total

2010		
Budget	Actual	Variance Positive (Negative)
\$	\$ 125,332 43,306	\$
<u>176,046</u>	<u>168,638</u>	<u>7,408</u>
	76,481 69,893	
<u>162,823</u>	<u>146,374</u>	<u>16,449</u>
	179,014 67,287	
<u>256,400</u>	<u>246,301</u>	<u>10,099</u>
	82,119 35,347	
<u>126,080</u>	<u>117,466</u>	<u>8,614</u>
	140,949 13,678	
<u>152,500</u>	<u>154,627</u>	<u>(2,127)</u>
	119,555 25,254	
<u>\$ 147,414</u>	<u>\$ 144,809</u>	<u>\$ 2,605</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, 2010

**Expenditures (Continued):**

General Government (Concluded):

Planning and Zoning:

Salaries and Employee Benefits

Other Operating Expenditures

Capital Outlay

Total

City Shop:

Salaries and Employee Benefits

Operating Expenditures

Total

Human Resources:

Salaries and Employee Benefits

Operating Expenditures

Capital Outlay

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

2010		
Budget	Actual	Variance Positive (Negative)
\$	\$ 403,896 128,299 4,233	\$
<u>548,313</u>	<u>536,428</u>	<u>11,885</u>
	708,046 168,271	
<u>911,796</u>	<u>876,317</u>	<u>35,479</u>
	163,397 202,597 5,082	
<u>383,315</u>	<u>371,076</u>	<u>12,239</u>
<u>3,039,019</u>	<u>2,936,039</u>	<u>102,980</u>
	4,938,521 1,043,124 43,858	
<u>6,026,447</u>	<u>6,025,503</u>	<u>944</u>
	2,991,669 430,888 6,726	
<u>\$ 3,441,141</u>	<u>\$ 3,429,283</u>	<u>\$ 11,858</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, 2010

**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

Total Transportation

2010		
Budget	Actual	Variance Positive (Negative)
\$	\$ 212,290 9,555	\$
224,985	221,845	3,140
9,680,578	9,676,631	3,947
	410,023 241,943 28,331	
680,921	680,297	624
	885,292 1,053,244 3,084	
1,967,925	1,941,620	26,305
	156,505 45,697	
215,088	202,202	12,886
36,650	36,005	645
\$ 2,900,584	\$ 2,860,124	\$ 40,460

**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, 2010

**Expenditures (Continued):**

Environmental Protection:

Sanitation:

Salaries and Employee Benefits

Operating Expenditures

Total

Recycling Transfer Station:

Salaries and Employee Benefits

Operating Expenditures

Total

Total Environmental Protection

Cultural and Recreational:

Recreation:

Salaries and Employee Benefits

Operating Expenditures

Total

Grounds Maintenance:

Salaries and Employee Benefits

Operating Expenditures

Total

Golf Course:

Salaries and Employee Benefits

Operating Expenditures

Total

Arts and Cultural Services:

Salaries and Employee Benefits

Operating Expenditures

Total

2010		
Budget	Actual	Variance Positive (Negative)
\$	\$ 736,914	\$
	1,418,709	
<u>2,295,029</u>	<u>2,155,623</u>	<u>139,406</u>
	47,281	
	56,777	
<u>103,652</u>	<u>104,058</u>	<u>(406)</u>
<u>2,398,681</u>	<u>2,259,681</u>	<u>139,000</u>
	527,231	
	814,076	
<u>1,347,030</u>	<u>1,341,307</u>	<u>5,723</u>
	1,119,437	
	267,878	
<u>1,410,653</u>	<u>1,387,315</u>	<u>23,338</u>
	110,442	
	57,140	
<u>184,194</u>	<u>167,582</u>	<u>16,612</u>
	4,900	
	115,337	
<u>\$ 131,400</u>	<u>\$ 120,237</u>	<u>\$ 11,163</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, 2010

**Expenditures (Concluded):**

**Cultural and Recreational (Concluded):**

**Library:**

**Operating Expenditures**

**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 HWY 64/ HWY 49 NCDOT Improvements Fund**

**Transfers to Other Funds:**

**To Airport Runway Extension Phase III Capital Project Fund**

**To Water and Sewer Systems Improvements Fund**

**To Economic Development Fund**

**To Sunset Theater Project Fund**

**Sale of Capital Assets**

**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**

2010		
Budget	Actual	Variance Positive (Negative)
\$ 73,800	\$ 69,959	\$ 3,841
<u>3,147,077</u>	<u>3,086,400</u>	<u>60,677</u>
<u>94,000</u>	<u>92,705</u>	<u>1,295</u>
	450,160	
	58,997	
<u>567,111</u>	<u>509,157</u>	<u>57,954</u>
<u>21,839,045</u>	<u>21,420,737</u>	<u>418,308</u>
<u>(954,027)</u>	<u>(141,971)</u>	<u>812,056</u>
-	2,348	2,348
(16,700)	(16,667)	33
(12,000)	(12,000)	-
(431,250)	(431,250)	-
(316,136)	(316,136)	-
-	28,389	28,389
<u>(776,086)</u>	<u>(745,316)</u>	<u>30,770</u>
<u>1,730,113</u>	<u>-</u>	<u>(1,730,113)</u>
<u>\$ -</u>	<u>(887,287)</u>	<u>\$ (887,287)</u>
	<u>10,917,802</u>	
	<u>\$ 10,030,515</u>	

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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.

**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 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**

Schedule 2

**NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2010**

	Special Revenue Funds			Capital Project Funds				Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
	HOME Program	Economic Development Fund	Total Nonmajor Special Revenue Funds	Sunset Theater Project Fund	Airport Runway Extension Phase III Project Fund	HWY 64/HWY 49 NCDOT Improvements Project Fund	Zoo City Park Project Fund		
<b>Assets:</b>									
<b>Current Assets:</b>									
Cash and Investments	\$ 152,546	\$ 110,616	\$ 263,162	\$ 206,968	\$ 429,337	\$ -	\$ 8,298	\$ 644,603	\$ 907,765
Accounts Receivable	24,238	-	24,238	-	-	-	-	-	24,238
Due From Other Governments	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 176,784</b>	<b>\$ 110,616</b>	<b>\$ 287,400</b>	<b>\$ 206,968</b>	<b>\$ 429,337</b>	<b>\$ -</b>	<b>\$ 8,298</b>	<b>\$ 644,603</b>	<b>\$ 932,003</b>
<b>Liabilities and Fund Balances:</b>									
<b>Liabilities:</b>									
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ 10,301	\$ -	\$ -	\$ -	\$ 10,301	\$ 10,301
Retainage Payable	-	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	350,000	-	-	350,000	350,000
Deferred Revenues	24,238	-	24,238	-	-	-	-	-	24,238
<b>Total Liabilities</b>	<b>24,238</b>	<b>-</b>	<b>24,238</b>	<b>10,301</b>	<b>350,000</b>	<b>-</b>	<b>-</b>	<b>360,301</b>	<b>384,539</b>
<b>Fund Balances:</b>									
Reserved by State Statute	-	-	-	-	-	-	-	-	-
<b>Unreserved:</b>									
Designated for Capital Projects	-	-	-	196,667	79,337	-	8,298	284,302	284,302
Undesignated	152,546	110,616	263,162	-	-	-	-	-	263,162
<b>Total Fund Balances</b>	<b>152,546</b>	<b>110,616</b>	<b>263,162</b>	<b>196,667</b>	<b>79,337</b>	<b>-</b>	<b>8,298</b>	<b>284,302</b>	<b>547,464</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 176,784</b>	<b>\$ 110,616</b>	<b>\$ 287,400</b>	<b>\$ 206,968</b>	<b>\$ 429,337</b>	<b>\$ -</b>	<b>\$ 8,298</b>	<b>\$ 644,603</b>	<b>\$ 932,003</b>

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

Schedule 3

**NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2010**

	Special Revenue Funds			Capital Project Funds			Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
	HOME Program	Economic Development Fund	Total Nonmajor Special Revenue Funds	Sunset Theater Project Fund	Airport Runway Extension Phase III Project Fund	HWY 64/HWY 49 NCDOT Improvements Project Fund		
<b>Revenues:</b>								
Restricted Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 883	\$ -	\$ -	\$ 883
Investment Earnings	-	-	-	-	-	-	-	-
Miscellaneous	3,772	-	3,772	42,565	-	-	-	46,337
<b>Total Revenues</b>	<b>3,772</b>	<b>-</b>	<b>3,772</b>	<b>42,565</b>	<b>883</b>	<b>-</b>	<b>-</b>	<b>47,220</b>
<b>Expenditures:</b>								
Public Safety	-	-	-	-	-	-	-	-
Economic and Physical Development	80	431,250	431,330	-	-	-	-	431,330
Capital Outlay	-	-	-	168,501	1,651	120,086	29,889	320,127
<b>Total Expenditures</b>	<b>80</b>	<b>431,250</b>	<b>431,330</b>	<b>168,501</b>	<b>1,651</b>	<b>120,086</b>	<b>29,889</b>	<b>751,457</b>
<b>Revenues Over (Under) Expenditures</b>	<b>3,692</b>	<b>(431,250)</b>	<b>(427,558)</b>	<b>(125,936)</b>	<b>(768)</b>	<b>(120,086)</b>	<b>(29,889)</b>	<b>(704,237)</b>
<b>Other Financing Sources (Uses):</b>								
Transfers From Other Funds:								
From General Fund	-	431,250	431,250	316,136	16,667	-	-	764,053
Transfers to Other Funds:								
To General Fund	-	-	-	-	-	(2,348)	-	(2,348)
To Water and Sewer Fund	-	-	-	-	-	(19,914)	-	(19,914)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>431,250</b>	<b>431,250</b>	<b>316,136</b>	<b>16,667</b>	<b>(22,262)</b>	<b>-</b>	<b>741,791</b>
<b>Net Change in Fund Balances</b>	<b>3,692</b>	<b>-</b>	<b>3,692</b>	<b>190,200</b>	<b>15,899</b>	<b>(142,348)</b>	<b>(29,889)</b>	<b>37,554</b>
<b>Fund Balances:</b>								
Beginning of Year, July 1	148,854	110,616	259,470	6,467	63,438	142,348	38,187	509,910
End of Year, June 30	\$ 152,546	\$ 110,616	\$ 263,162	\$ 196,667	\$ 79,337	\$ -	\$ 8,298	\$ 547,464

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**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, 2010

**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 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

<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>
\$ 375,000	\$ 375,000	\$ -	\$ 375,000
<u>246,000</u>	<u>334,899</u>	<u>3,772</u>	<u>338,671</u>
<u>621,000</u>	<u>709,899</u>	<u>3,772</u>	<u>713,671</u>
69,750	69,750	-	69,750
186,000	186,000	-	186,000
93,000	93,000	-	93,000
26,400	27,245	-	27,245
12,000	11,152	-	11,152
103,150	99,508	-	99,508
49,700	26,336	-	26,336
32,000	7,608	-	7,608
6,000	2,620	-	2,620
15,000	9,826	80	9,906
<u>593,000</u>	<u>533,045</u>	<u>80</u>	<u>533,125</u>
<u>28,000</u>	<u>176,854</u>	<u>3,692</u>	<u>180,546</u>
<u>(28,000)</u>	<u>(28,000)</u>	<u>-</u>	<u>(28,000)</u>
<u>\$ -</u>	<u>\$ 148,854</u>	<u>3,692</u>	<u>\$ 152,546</u>
		<u>148,854</u>	
		<u>\$ 152,546</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, 2010

**Revenues:**

Repayment of Expired Incentives  
Restricted Intergovernmental:  
    N.C. Department of Commerce

**Total Revenues**

**Expenditures:**

Economic and Physical Development:  
    Energizer/Everready  
    Unilever/Bestfoods  
    Technimark  
    Starpet  
    N.C. Zoological Society  
    N.C. Zoo Feasibility Study  
    Malt-O-Meal  
    Randolph Hospital  
    Hospice of Randolph County  
    Kennametal

**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
\$ -	\$ 175,000	\$ -	\$ 175,000
<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>75,000</u>
<u>75,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
375,000	-	-	-
125,000	125,000	-	125,000
319,400	319,400	-	319,400
325,000	325,000	-	325,000
100,000	100,000	-	100,000
25,000	-	25,000	25,000
1,875,000	281,250	281,250	562,500
500,000	200,000	100,000	300,000
125,000	50,000	25,000	75,000
<u>185,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,954,400</u>	<u>1,400,650</u>	<u>431,250</u>	<u>1,831,900</u>
<u>(3,879,400)</u>	<u>(1,150,650)</u>	<u>(431,250)</u>	<u>(1,581,900)</u>
3,825,000	1,237,916	431,250	1,669,166
<u>54,400</u>	<u>23,350</u>	<u>-</u>	<u>23,350</u>
<u>3,879,400</u>	<u>1,261,266</u>	<u>431,250</u>	<u>1,692,516</u>
<u>\$ -</u>	<u>\$ 110,616</u>	<u>-</u>	<u>\$ 110,616</u>
		<u>110,616</u>	
		<u>\$ 110,616</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, 2010

**Revenues:**

Timken Foundation Contribution  
Investment Earnings  
Contributions

**Total Revenues**

**Expenditures:**

Capital Outlay:  
Professional Services  
Roof Replacement  
Facade Renovations  
Miscellaneous

**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
\$ 75,000	\$ 75,000	\$ -	\$ 75,000
-	-	-	-
-	-	42,565	42,565
<u>75,000</u>	<u>75,000</u>	<u>42,565</u>	<u>117,565</u>
321,336	9,369	162,842	172,211
169,000	170,121	-	170,121
121,000	118,243	-	118,243
-	-	5,659	5,659
<u>611,336</u>	<u>297,733</u>	<u>168,501</u>	<u>466,234</u>
<u>(536,336)</u>	<u>(222,733)</u>	<u>(125,936)</u>	<u>(348,669)</u>
<u>536,336</u>	<u>229,200</u>	<u>316,136</u>	<u>545,336</u>
<u>\$ -</u>	<u>\$ 6,467</u>	<u>190,200</u>	<u>\$ 196,667</u>
		<u>6,467</u>	
		<u>\$ 196,667</u>	

**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, 2010

**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

Schedule 7

<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>
\$ 3,350,000	\$ 2,951,063	\$ 883	\$ 2,951,946
2,517,500	2,517,500	-	2,517,500
15,000	30,196	-	30,196
<u>5,882,500</u>	<u>5,498,759</u>	<u>883</u>	<u>5,499,642</u>
728,155	726,490	981	727,471
6,125	5,683	670	6,353
5,544,732	5,081,894	-	5,081,894
260,500	258,024	-	258,024
15,000	-	-	-
177	-	-	-
<u>6,554,689</u>	<u>6,072,091</u>	<u>1,651</u>	<u>6,073,742</u>
<u>(672,189)</u>	<u>(573,332)</u>	<u>(768)</u>	<u>(574,100)</u>
<u>672,189</u>	<u>636,770</u>	<u>16,667</u>	<u>653,437</u>
<u>\$ -</u>	<u>\$ 63,438</u>	<u>15,899</u>	<u>\$ 79,337</u>
		<u>63,438</u>	
		<u>\$ 79,337</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, 2010

**Expenditures:**

Capital Outlay:

Water Line Relocation  
Sidewalk Construction

**Total Expenditures**

**Other Financing Sources (Uses):**

Transfers From Other Funds:

General Fund  
Water and Sewer Fund

Transfers to Other Funds:

General Fund  
Water and Sewer Fund

**Total Other Financing Sources (Uses)**

**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>
\$ 120,086	\$ -	\$ 120,086	\$ 120,086
25,038	25,038	-	25,038
<u>145,124</u>	<u>25,038</u>	<u>120,086</u>	<u>145,124</u>
27,386	27,386	-	27,386
140,000	140,000	-	140,000
(2,348)	-	(2,348)	(2,348)
<u>(19,914)</u>	<u>-</u>	<u>(19,914)</u>	<u>(19,914)</u>
<u>145,124</u>	<u>167,386</u>	<u>(22,262)</u>	<u>145,124</u>
<u>\$ -</u>	<u>\$ 142,348</u>	<u>(142,348)</u>	<u>\$ -</u>
		<u>142,348</u>	
		<u>\$ -</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, 2010

**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>50,000</u>	<u>-</u>	<u>50,000</u>
<u>500,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
<u>1,000,000</u>	<u>251,813</u>	<u>29,889</u>	<u>281,702</u>
<u>1,000,000</u>	<u>251,813</u>	<u>29,889</u>	<u>281,702</u>
<u>(500,000)</u>	<u>(201,813)</u>	<u>(29,889)</u>	<u>(231,702)</u>
<u>500,000</u>	<u>240,000</u>	<u>-</u>	<u>240,000</u>
<u>\$ -</u>	<u>\$ 38,187</u>	<u>(29,889)</u>	<u>\$ 8,298</u>
		<u>38,187</u>	
		<u>\$ 8,298</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 Systems Improvement 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 Water and Sewer Systems Improvements Project Fund, which accounts for capital installation for a specific area of the City. The detail activity in these funds appears on Schedules 11, 12, 13 and 14, respectively. They are consolidated with the Water and Sewer Fund on Exhibit 6.

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

**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
For the Year Ended June 30, 2010

**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  
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  
Maintenance  
Other Operating Expenditures

Total

2010		
Budget	Actual	Variance Positive (Negative)
\$ 6,015,306	\$ 5,940,348	\$ (74,958)
4,227,438	4,262,838	35,400
74,500	81,172	6,672
15,000	33,110	18,110
85,000	253,890	168,890
35,000	43,745	8,745
236,300	361,634	125,334
<u>10,688,544</u>	<u>10,976,737</u>	<u>288,193</u>
155,744	58,478	(97,266)
1,000	6,473	5,473
92,403	116,045	23,642
<u>249,147</u>	<u>180,996</u>	<u>(68,151)</u>
<u>10,937,691</u>	<u>11,157,733</u>	<u>220,042</u>
	259,515	
	65,106	
	75,611	
<u>400,233</u>	<u>400,232</u>	<u>1</u>
	456,138	
	89,522	
	39,699	
<u>602,552</u>	<u>585,359</u>	<u>17,193</u>
	753,240	
	424,363	
	271,149	
	545,400	
<u>\$ 2,051,886</u>	<u>\$ 1,994,152</u>	<u>\$ 57,734</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, 2010

**Expenditures (Concluded):**

**Wastewater Treatment:**

Salaries and Employee Benefits  
Supplies  
Maintenance  
Other Operating Expenditures

Total

**Water Maintenance:**

Salaries and Employee Benefits  
Supplies  
Maintenance  
Other Operating Expenditures

Total

**Wastewater Maintenance:**

Salaries and Employee Benefits  
Supplies  
Maintenance  
Other Operating Expenditures

Total

**Debt Service:**

Principal on Bonds and Note  
Interest and Fees

Total

**Capital Outlay:**

Water Meter Operations  
Water Supply and Treatment  
Wastewater Treatment  
Water Maintenance  
Wastewater Maintenance

Total

**Total Expenditures**

**Revenues Over (Under) Expenditures (Forward)**

2010		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$	\$ 1,543,273	\$
	514,463	
	371,720	
	774,621	
<u>3,242,990</u>	<u>3,204,077</u>	<u>38,913</u>
	570,030	
	163,059	
	26,254	
	77,226	
<u>854,344</u>	<u>836,569</u>	<u>17,775</u>
	814,256	
	105,022	
	90,242	
	150,551	
<u>1,170,437</u>	<u>1,160,071</u>	<u>10,366</u>
	1,551,198	
	710,376	
<u>2,391,447</u>	<u>2,261,574</u>	<u>129,873</u>
	17,160	
	20,421	
	435,111	
	15,918	
	103,034	
<u>425,569</u>	<u>591,644</u>	<u>(166,075)</u>
<u>11,139,458</u>	<u>11,033,678</u>	<u>105,780</u>
<u>\$ (201,767)</u>	<u>\$ 124,055</u>	<u>\$ 325,822</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, 2010

**Revenues Over (Under) Expenditures: (Brought Forward)**

**Other Financing Sources (Uses):**

Transfers From Other Funds:

From NCDOT Water and Sewer Systems Improvement Fund

From Water & Sewer Systems Improvement Project Fund

From HWY 64/ HWY 49 NCDOT Improvements Fund

Transfers to Other Funds:

To Water & Sewer Systems Improvements Project Fund

To NCDOT Water and Sewer Systems Improvement Fund

**Total Other Financing Sources (Uses)**

**Appropriated Fund Balance**

**Revenues (Under) Expenditures and Other Sources (Uses)**

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

**Revenues (Under) Expenditures and Other Sources (Uses)**

Payment of Bond and Note Principal

Amortization of Deferred Loss on Refunding

Amortization of Bond Issue Costs

Capital Outlay

Depreciation

Decrease In Accrued Compensated Absences

Increase in OPEB Liability

Increase In Accrued Interest Expense

Transfer From General Fund to W&S

Systems Improvements Fund

Donated Assets

Other Capitalized Costs

Transfer From NCDOT Water and Sewer Systems Improvement Fund

Transfer From Water and Sewer Systems Improvement Fund

Transfer to Water & Sewer Systems Improvements Project Fund

Transfer to NCDOT Water and Sewer Systems Improvement Fund

**Total Reconciling Items**

**Change in Net Assets**

2010		
Budget	Actual	Variance Positive (Negative)
\$ (201,767)	\$ 124,055	\$ 325,822
151,000	151,000	-
169,919	169,918	(1)
-	19,914	19,914
(685,128)	(680,656)	4,472
(9,722)	(9,722)	-
(373,931)	(349,546)	24,385
575,698	-	(575,698)
\$ -	\$ (225,491)	\$ (225,491)

\$ (225,491)

1,551,198  
 (26,960)  
 (11,023)  
 591,644  
 (1,559,168)  
 6,721  
 (134,210)  
 (16,128)

12,000  
 442,638  
 47,863  
 (151,000)  
 (169,918)  
 680,656  
 9,722

1,274,035

\$ 1,048,544

**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, 2010

**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 (Uses):**

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

**Total Other Financing Sources (Uses)**

**Revenues and Other Financing Sources Over (Under) Expenditures**

Project Authorization	Actual		
	Prior Years	Current Year	Total To Date
\$ 3,561	\$ 3,566	\$ -	\$ 3,566
331,914	331,914	-	331,914
81,188	81,187	-	81,187
3,123,652	3,123,657	-	3,123,657
104,770	104,770	-	104,770
740	739	-	739
261,062	261,062	-	261,062
51,395	51,395	-	51,395
1,735,709	1,735,709	-	1,735,709
20,764	20,764	-	20,764
-	-	-	-
61,358	61,358	-	61,358
2,518	2,518	-	2,518
415,590	415,590	-	415,590
4,566	4,566	-	4,566
42,953	42,953	-	42,953
116,936	116,935	-	116,935
27,549	27,548	-	27,548
1,200,386	1,200,384	-	1,200,384
58,852	58,852	-	58,852
<u>7,641,902</u>	<u>7,641,901</u>	<u>-</u>	<u>7,641,901</u>
<u>(7,638,341)</u>	<u>(7,638,335)</u>	<u>-</u>	<u>(7,638,335)</u>
278,821	358,000	-	358,000
(169,919)	-	(169,918)	(169,918)
4,987,267	4,987,267	-	4,987,267
<u>2,542,172</u>	<u>2,462,986</u>	<u>-</u>	<u>2,462,986</u>
<u>7,638,341</u>	<u>7,808,253</u>	<u>(169,918)</u>	<u>7,638,335</u>
<u>\$ -</u>	<u>\$ 169,918</u>	<u>\$ (169,918)</u>	<u>\$ -</u>

**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, 2010

**Expenditures:**

Sunset Avenue Water Construction  
Sunset Avenue Sewer Construction  
Salisbury Street Water Construction  
Salisbury Street Sewer Construction  
Contractor - Booker T. Washington  
Contractor Highridge & Rushwood Rd  
NCDOT Pine Hill Bridge Replacement  
Contractor Mackie Ave/Timberlane

**Total Expenditures**

**Other Financing Sources (Uses):**

Transfers From Other Funds:  
General Fund  
Water and Sewer Fund  
Transfers to Other Funds:  
Water and Sewer Fund

**Total Other Financing Sources (Uses)**

**Revenues and Other Financing Sources Over (Under) Expenditures**

Project Authorization	Actual		
	Prior Years	Current Year	Total To Date
\$ 173,654	\$ 115,769	\$ 57,885	\$ 173,654
194,847	129,898	64,949	194,847
299,461	199,640	99,821	299,461
159,067	106,045	53,022	159,067
85,000	-	86,710	86,710
32,000	-	33,993	33,993
19,000	-	18,934	18,934
519,671	276,610	196,347	472,957
<u>1,482,700</u>	<u>827,962</u>	<u>611,661</u>	<u>1,439,623</u>
483,891	483,891	-	483,891
1,149,809	1,149,809	9,722	1,159,531
<u>(151,000)</u>	<u>-</u>	<u>(151,000)</u>	<u>(151,000)</u>
<u>1,482,700</u>	<u>1,633,700</u>	<u>(141,278)</u>	<u>1,492,422</u>
<u>\$ -</u>	<u>\$ 805,738</u>	<u>\$ (752,939)</u>	<u>\$ 52,799</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, 2010

**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**

Schedule 13

<u>Project Authorization</u>	<u>Actual</u>		
	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>
\$ 479,000	\$ 386,115	\$ -	\$ 386,115
9,400	1,900	-	1,900
1,000	330	-	330
<u>489,400</u>	<u>388,345</u>	<u>-</u>	<u>388,345</u>
<u>489,400</u>	<u>489,400</u>	<u>-</u>	<u>489,400</u>
<u>\$ -</u>	<u>\$ 101,055</u>	<u>\$ -</u>	<u>\$ 101,055</u>

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

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

From Inception and For the Year Ended June 30, 2010

**Revenues:**

Miscellaneous

**Expenditures:**

Construction - Sewer Forced Main

Construction - Pump Station

Construction

Engineering

Construction

Land Acquisition

Administration

**Total Expenditures**

**Revenues (Under) Expenditures**

**Other Financing Sources:**

Transfers From Other Funds:

General Fund

Water and Sewer Fund

**Total Other Financing Sources**

**Revenues and Other Financing Sources Over Expenditures**

Project Authorization	Prior Years	Actual Current Year	Total To Date
\$ 78,990	\$ 78,990	\$ -	\$ 78,990
500,000	416,543	4,562	421,105
343,000	293,007	69,591	362,598
217,494	73,963	139,888	213,851
898,668	40,596	17,358	57,954
554,737	-	-	-
2,100	-	2,300	2,300
2,000	-	1,260	1,260
2,517,999	824,109	234,959	1,059,068
(2,439,009)	(745,119)	(234,959)	(980,078)
12,000	-	12,000	12,000
2,427,009	1,214,909	680,656	1,895,565
2,439,009	1,214,909	692,656	1,907,565
\$ -	\$ 469,790	\$ 457,697	\$ 927,487

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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 15

**COMPARATIVE SCHEDULES BY SOURCE**

June 30, 2010

	<u>2010</u>	<u>2009</u>
<b>Governmental Funds Capital Assets:</b>		
Land	\$ 3,615,679	\$ 3,783,648
Land Improvements	10,657,737	10,657,737
Buildings	11,595,369	11,107,261
Street Construction	15,533,270	14,041,982
Computer Equipment	648,392	644,159
Equipment	4,426,749	4,411,856
Vehicles	9,100,514	9,036,128
Construction in Progress	<u>517,829</u>	<u>342,825</u>
<b>Total Capital Assets</b>	<b><u>\$ 56,095,539</u></b>	<b><u>\$ 54,025,596</u></b>
<b>Investment in Governmental Funds Capital Assets - by Source:</b>		
General Fund	\$ 23,259,198	\$ 23,132,538
Special Revenue Funds	77,165	77,165
Capital Projects Funds	20,973,232	20,773,189
Donations	<u>11,785,944</u>	<u>10,042,704</u>
	<b><u>\$ 56,095,539</u></b>	<b><u>\$ 54,025,596</u></b>

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

**SCHEDULE BY FUNCTION AND ACTIVITY**

June 30, 2010

<b>Function and Activity</b>	<b>Land</b>	<b>Land Improvements</b>	<b>Buildings</b>
<b>General Government:</b>			
Governing Body	\$ -	\$ -	\$ -
Administration	-	-	-
Personnel and City Clerk	-	-	-
Finance	-	-	-
Human Resources	13,908	-	41,725
Legal Services	-	-	-
Planning and Zoning	-	-	-
Public Buildings	214,578	73,215	720,488
Information Technology	-	-	-
City Shop	67,274	-	-
<b>Total General Government</b>	<b>295,760</b>	<b>73,215</b>	<b>762,213</b>
<b>Public Safety:</b>			
Police	116,129	11,676	640,900
Fire	68,250	10,933	452,951
Inspections	-	-	-
<b>Total Public Safety</b>	<b>184,379</b>	<b>22,609</b>	<b>1,093,851</b>
<b>Transportation:</b>			
Public Works	273,697	-	2,658,264
Streets	222,638	45,070	-
City Engineer	-	-	-
Airport	854,500	8,947,708	671,466
<b>Total Transportation</b>	<b>1,350,835</b>	<b>8,992,778</b>	<b>3,329,730</b>
<b>Environmental Protection:</b>			
Sanitation	21,152	-	699,940
<b>Cultural and Recreational:</b>			
Parks, Lakes and Playgrounds	877,579	1,115,356	2,674,347
Municipal Golf Course	28,015	186,486	67,418
Grounds Maintenance	85,675	62,918	136,934
Library	171,418	-	-
<b>Total Cultural and Recreational</b>	<b>1,162,687</b>	<b>1,364,760</b>	<b>2,878,699</b>
<b>Economic and Physical Development:</b>			
Community Promotion	600,866	204,375	2,830,936
<b>Construction in Progress</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Governmental Funds Capital Assets</b>	<b>\$ 3,615,679</b>	<b>\$ 10,657,737</b>	<b>\$ 11,595,369</b>

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
-	9,580	-	-	-	9,580
-	38,078	19,320	29,720	-	87,118
-	1,141	17,307	-	-	1,026,729
-	32,815	58,362	-	-	91,177
-	35,597	250,573	230,516	-	583,960
-	188,191	375,639	271,509	-	1,966,527
-	152,006	453,593	2,106,029	-	3,480,333
-	187,137	259,577	1,486,956	-	2,465,804
-	5,844	-	33,015	-	38,859
-	344,987	713,170	3,626,000	-	5,984,996
-	32,828	196,223	181,509	-	3,342,521
15,533,270	6,466	1,035,940	1,555,657	-	18,399,041
-	25,980	40,524	28,971	-	95,475
-	-	361,477	27,000	-	10,862,151
15,533,270	65,274	1,634,164	1,793,137	-	32,699,188
-	32,461	760,741	2,759,759	-	4,274,053
-	7,557	292,209	74,983	-	5,042,031
-	-	59,644	-	-	341,563
-	4,670	582,901	575,126	-	1,448,224
-	-	-	-	-	171,418
-	12,227	934,754	650,109	-	7,003,236
-	5,252	8,281	-	-	3,649,710
-	-	-	-	517,829	517,829
\$ 15,533,270	\$ 648,392	\$ 4,426,749	\$ 9,100,514	\$ 517,829	\$ 56,095,539

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

Schedule 17

**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**  
For the Year Ended June 30, 2010

<b>Function and Activity</b>	<b>Governmental Fund</b>			<b>Governmental Fund</b>
	<b>Capital Assets</b>			<b>Capital Assets</b>
	<b>June 30, 2009</b>	<b>Additions</b>	<b>Retirements</b>	<b>June 30, 2010</b>
<b>General Government:</b>				
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	86,092	-	-	86,092
Legal Services	9,580	-	-	9,580
Planning and Zoning	82,884	4,234	-	87,118
Public Buildings	991,383	35,346	-	1,026,729
Information Technology	91,177	-	-	91,177
City Shop	583,960	-	-	583,960
<b>Total General Government</b>	<b>1,926,947</b>	<b>39,580</b>	<b>-</b>	<b>1,966,527</b>
<b>Public Safety:</b>				
Police	3,436,475	43,858	-	3,480,333
Fire	2,453,994	11,810	-	2,465,804
Inspections	38,859	-	-	38,859
<b>Total Public Safety</b>	<b>5,929,328</b>	<b>55,668</b>	<b>-</b>	<b>5,984,996</b>
<b>Transportation:</b>				
Public Works	3,314,191	28,330	-	3,342,521
Streets	16,904,670	1,494,371	-	18,399,041
City Engineer	95,475	-	-	95,475
Airport	10,828,501	33,650	-	10,862,151
<b>Total Transportation</b>	<b>31,142,837</b>	<b>1,556,351</b>	<b>-</b>	<b>32,699,188</b>
<b>Environmental Protection:</b>				
Sanitation	4,274,053	-	-	4,274,053
<b>Cultural and Recreational:</b>				
Parks, Lakes and Playgrounds	4,798,691	243,340	-	5,042,031
Municipal Golf Course	341,563	-	-	341,563
Grounds Maintenance	1,448,224	-	-	1,448,224
Library	171,418	-	-	171,418
<b>Total Cultural and Recreational</b>	<b>6,759,896</b>	<b>243,340</b>	<b>-</b>	<b>7,003,236</b>
<b>Economic and Physleal Development:</b>				
Community Promotion	3,649,710	-	-	3,649,710
<b>Construction in Progress</b>	<b>342,825</b>	<b>320,127</b>	<b>145,123</b>	<b>517,829</b>
<b>Total Governmental Fund Capital Assets</b>	<b>\$ 54,025,596</b>	<b>\$ 2,215,066</b>	<b>\$ 145,123</b>	<b>\$ 56,095,539</b>

**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.

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**

**For the Year Ended June 30, 2010**

<u>Fiscal Year</u>	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Balance June 30, 2010</u>
2009-2010	\$ -	\$ 11,851,550	\$ 11,517,135	\$ 334,415
2008-2009	270,427		72,206	198,221
2007-2008	146,435		143,527	2,908
2006-2007	3,973		120	3,853
2005-2006	1,604		297	1,307
2004-2005	1,073		79	994
2003-2004	2,237		38	2,199
2002-2003	18,589		221	18,368
2001-2002	3,568		305	3,263
2000-2001	3,433		362	3,071
1999-2000	2,098		2,098	-
	<u>\$ 453,437</u>	<u>\$ 11,851,550</u>	<u>\$ 11,736,388</u>	568,599
Less Allowance for Uncollectible Ad Valorem Taxes Receivable				<u>(50,000)</u>
Ad Valorem Taxes Receivable - Net				<u>\$ 518,599</u>
Reconciliation with Revenues:				
Ad Valorem Taxes Collected - General Fund			\$ 11,770,534	
Discounts Allowed			123,377	
Releases and Adjustments			(71,599)	
Taxes Written Off			2,098	
Interest Collected			<u>(88,022)</u>	
Total Collections and Credits			<u>\$ 11,736,388</u>	

**ANALYSIS OF CURRENT TAX LEVY**  
For the Year Ended June 30, 2010

	City-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property Taxed at Current Year's Rate	\$ 2,176,396,996	.55	\$ 11,970,183	\$ 11,153,919	\$ 816,264
Motor Vehicles Taxed at Prior Year's Rate	-	.55	-	-	-
Penalties			20,919	20,919	
<b>Total</b>	<b>2,176,396,996</b>		<b>11,991,102</b>	<b>11,174,838</b>	<b>816,264</b>
<b>Discoveries:</b>					
Current Year Taxes	6,224,929	.55	34,237	34,237	
Penalties			10,068	10,068	
	<b>6,224,929</b>		<b>44,305</b>	<b>44,305</b>	
<b>Abatements</b>	<b>(33,428,596)</b>		<b>(183,858)</b>	<b>(156,272)</b>	<b>(27,586)</b>
<b>Total Valuation</b>	<b>\$ 2,149,193,329</b>				
<b>Net Levy</b>			11,851,550	11,062,871	788,678
Uncollected Taxes at June 30, 2010			(334,415)	(225,112)	(109,303)
<b>Current Year's Taxes Collected</b>			<b>\$ 11,517,135</b>	<b>\$ 10,837,759</b>	<b>\$ 679,375</b>
<b>Current Levy Collection Percentage</b>			<b>97.18%</b>	<b>97.97%</b>	<b>86.14%</b>

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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.

<b>Contents</b>	<b>Page</b>
Financial Trends	117
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	124
These tables contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	128
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	132
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	134
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.	

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**CITY OF ASHEBORO, NORTH CAROLINA**

Table 1

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

	2003	2004	2005	2006	2007	2008	2009	2010
<b>Governmental activities</b>								
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	\$ 23,882,980	\$ 24,440,730
Restricted	-	1,361,560	1,507,360	1,685,767	1,705,253	1,615,678	1,508,368	1,469,071
Unrestricted	4,671,402	4,844,057	6,291,656	6,551,740	8,576,022	8,994,693	8,013,501	6,674,979
<b>Total Governmental activities net assets</b>	<b>\$ 25,645,361</b>	<b>\$ 27,137,004</b>	<b>\$ 29,565,076</b>	<b>\$ 29,834,054</b>	<b>\$ 33,109,468</b>	<b>\$ 35,084,768</b>	<b>\$ 33,404,849</b>	<b>\$ 32,584,780</b>
<b>Business-type activities</b>								
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	\$ 33,946,915	\$ 35,840,750
Restricted	-	-	-	-	-	-	-	-
Unrestricted	5,254,003	7,302,279	8,818,325	9,997,052	10,447,520	10,700,555	11,032,403	10,187,112
<b>Total business-type activities net assets</b>	<b>\$ 36,119,013</b>	<b>\$ 36,377,512</b>	<b>\$ 37,768,676</b>	<b>\$ 40,541,453</b>	<b>\$ 41,102,087</b>	<b>\$ 42,913,566</b>	<b>\$ 44,979,318</b>	<b>\$ 46,027,862</b>
<b>Primary government</b>								
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	\$ 57,829,895	\$ 60,281,480
Restricted	-	1,361,560	1,507,360	1,685,767	1,705,253	1,615,678	1,508,368	1,469,071
Unrestricted	9,925,405	12,146,336	15,109,981	16,548,792	19,023,542	19,695,248	19,045,904	16,862,091
<b>Total primary government net assets</b>	<b>\$ 61,764,374</b>	<b>\$ 63,514,516</b>	<b>\$ 67,333,752</b>	<b>\$ 70,375,507</b>	<b>\$ 74,211,555</b>	<b>\$ 77,998,334</b>	<b>\$ 78,384,167</b>	<b>\$ 78,612,642</b>

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 Eight Fiscal Years**  
**(accrual basis of accounting)**

<b>Expenses</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Governmental activities:</b>								
General government	\$ 2,177,218	\$ 2,352,525	\$ 2,437,525	\$ 2,678,773	\$ 2,639,306	\$ 2,787,687	\$ 2,852,960	\$ 3,010,464
Public safety	6,675,836	7,053,883	7,690,500	8,197,256	8,379,264	9,019,026	9,756,723	10,263,312
Transportation	2,780,688	2,948,970	2,845,905	2,894,678	3,402,172	4,437,635	5,489,676	4,233,131
Environmental protection	2,272,404	1,890,887	1,854,315	2,009,628	1,946,752	2,316,831	2,267,470	2,436,284
Cultural and recreational	2,010,511	2,169,500	2,220,540	2,050,456	2,251,055	2,806,614	2,763,632	3,435,526
Economic and physical development	170,415	288,022	293,623	622,159	933,186	198,711	222,884	551,395
Interest on long-term debt	183,392	177,141	149,186	118,843	142,358	110,973	83,051	63,232
<b>Total governmental activities expenses</b>	<b>16,270,464</b>	<b>16,880,928</b>	<b>17,491,594</b>	<b>18,571,793</b>	<b>19,694,093</b>	<b>21,677,477</b>	<b>23,436,396</b>	<b>23,993,344</b>
<b>Business-type activities:</b>								
Water and Sewer	7,589,539	8,339,935	7,617,349	8,152,888	8,325,034	9,512,246	9,896,112	10,583,741
<b>Total business-type activities expenses</b>	<b>7,589,539</b>	<b>8,339,935</b>	<b>7,617,349</b>	<b>8,152,888</b>	<b>8,325,034</b>	<b>9,512,246</b>	<b>9,896,112</b>	<b>10,583,741</b>
<b>Total primary government expenses</b>	<b>\$ 23,860,003</b>	<b>\$ 25,220,863</b>	<b>\$ 25,108,943</b>	<b>\$ 26,724,681</b>	<b>\$ 28,019,127</b>	<b>\$ 31,189,723</b>	<b>\$ 33,332,508</b>	<b>\$ 34,577,085</b>
<b>Program Revenues</b>								
<b>Governmental activities:</b>								
<b>Charges for services:</b>								
General government	\$ 30,425	\$ 42,647	\$ 45,678	\$ 48,857	\$ 44,383	\$ 322,953	\$ 300,341	\$ 338,398
Public safety	154,016	156,321	155,690	149,994	175,835	163,586	104,332	106,149
Transportation	22,519	24,690	24,848	25,897	23,594	26,088	26,253	28,786
Environmental protection	629,788	804,406	799,652	775,153	857,224	1,041,908	1,026,343	969,105
Cultural and recreational	325,556	376,089	416,610	409,975	498,179	524,163	471,441	425,789
Operating grants and contributions	1,330,575	657,136	791,245	736,842	894,251	936,907	1,656,175	649,810
Capital grants and contributions	998,036	882,880	1,175,921	137,243	1,288,059	1,415,364	239,227	1,869,824
<b>Total governmental activities program revenues</b>	<b>3,490,915</b>	<b>2,944,169</b>	<b>3,409,644</b>	<b>2,283,961</b>	<b>3,781,525</b>	<b>4,430,969</b>	<b>3,824,112</b>	<b>4,387,861</b>
<b>Business-type activities:</b>								
<b>Charges for services:</b>								
Water and Sewer	8,384,302	8,180,862	8,976,484	9,004,812	9,839,077	11,161,593	10,214,764	10,615,103
Operating grants and contributions	159,031	387,109	238,685	265,387	301,228	345,637	417,006	484,152
Capital grants and contributions	-	679	-	1,175,251	-	244,799	606,183	442,638
<b>Total business-type activities program revenues</b>	<b>8,543,333</b>	<b>8,568,650</b>	<b>9,215,169</b>	<b>10,445,450</b>	<b>10,140,305</b>	<b>11,752,029</b>	<b>11,237,953</b>	<b>11,541,893</b>
<b>Total primary government program revenues</b>	<b>\$ 12,034,248</b>	<b>\$ 11,512,819</b>	<b>\$ 12,624,813</b>	<b>\$ 12,729,411</b>	<b>\$ 13,921,830</b>	<b>\$ 16,182,998</b>	<b>\$ 15,062,065</b>	<b>\$ 15,929,754</b>
<b>Net (Expense)/Revenue</b>								
Governmental activities	\$ (12,779,549)	\$ (13,936,759)	\$ (14,081,950)	\$ (16,287,832)	\$ (15,912,568)	\$ (17,246,508)	\$ (19,612,284)	\$ (19,605,483)
Business-type activities	953,794	228,715	1,597,820	2,292,562	1,815,271	2,239,783	1,341,841	958,152
<b>Total primary government net expense</b>	<b>\$ (11,825,755)</b>	<b>\$ (13,708,044)</b>	<b>\$ (12,484,130)</b>	<b>\$ (13,995,270)</b>	<b>\$ (14,097,297)</b>	<b>\$ (15,006,725)</b>	<b>\$ (18,270,443)</b>	<b>\$ (18,647,331)</b>

**CITY OF ASHEBORO, NORTH CAROLINA**

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

**General Revenues and Other Changes in  
Net Assets**

**Governmental activities:**

	2003	2004	2005	2006	2007	2008	2009	2010
<b>Taxes</b>								
Property taxes	\$ 8,760,840	\$ 8,824,062	\$ 9,783,783	\$ 10,014,896	\$ 10,171,208	\$ 11,239,034	\$ 11,595,398	\$ 11,887,696
Sales taxes	-	-	-	3,812,464	4,122,316	4,232,034	3,538,343	2,934,243
Franchise taxes	-	-	-	1,659,199	1,793,517	2,078,291	2,091,430	2,162,520
Other taxes and licenses	4,801,726	5,629,976	5,822,733	493,036	441,637	172,275	583,184	1,183,638
Investment earnings	60,688	65,066	134,749	215,231	410,921	471,825	205,532	64,275
Miscellaneous	292,775	301,779	396,617	331,984	396,833	198,009	460,275	584,956
Transfers	-	30,000	372,140	30,000	1,851,550	830,340	(541,797)	(31,914)
<b>Total governmental activities</b>	<b>13,916,029</b>	<b>14,850,883</b>	<b>16,510,022</b>	<b>16,556,810</b>	<b>19,187,982</b>	<b>19,221,808</b>	<b>17,932,365</b>	<b>18,785,414</b>
<b>Business-type activities:</b>								
Investment earnings	73,546	59,784	165,484	504,843	596,908	395,814	182,114	58,478
Miscellaneous	-	-	-	5,372	-	6,222	-	-
Transfers	-	(30,000)	(372,140)	(30,000)	(1,851,550)	(830,340)	541,797	31,914
<b>Total business-type activities</b>	<b>73,546</b>	<b>29,784</b>	<b>(206,656)</b>	<b>480,215</b>	<b>(1,254,642)</b>	<b>(428,304)</b>	<b>723,911</b>	<b>90,392</b>
<b>Total primary government</b>	<b>\$ 13,989,575</b>	<b>\$ 14,880,667</b>	<b>\$ 16,303,366</b>	<b>\$ 17,037,025</b>	<b>\$ 17,933,340</b>	<b>\$ 18,793,504</b>	<b>\$ 18,656,276</b>	<b>\$ 18,875,806</b>

**Change in Net Assets**

Governmental activities	\$ 1,136,480	\$ 914,124	\$ 2,428,072	\$ 268,978	\$ 3,275,414	\$ 1,975,300	\$ (1,679,919)	\$ (820,069)
Business-type activities	1,027,340	258,499	1,391,164	2,772,777	560,629	1,811,479	2,065,752	1,048,544
<b>Total primary government</b>	<b>\$ 2,163,820</b>	<b>\$ 1,172,623</b>	<b>\$ 3,819,236</b>	<b>\$ 3,041,755</b>	<b>\$ 3,836,043</b>	<b>\$ 3,786,779</b>	<b>\$ 385,833</b>	<b>\$ 228,475</b>

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 Eight 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
2009	11,595,398	3,538,343	2,091,430	583,184	17,808,355
2010	11,887,696	2,934,243	2,162,520	1,183,638	18,168,097

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Fund:</b>										
Reserved	\$ 2,630,310	\$ 2,829,041	\$ 3,780,973	\$ 4,584,450	\$ 4,207,513	\$ 5,257,751	\$ 6,499,419	\$ 5,142,623	\$ 4,300,178	\$ 4,979,724
Unreserved	2,322,579	1,308,503	1,487,033	2,459,707	4,005,747	3,697,156	4,582,323	5,988,877	6,617,624	5,050,791
<b>Total General Fund</b>	<b>\$ 4,952,889</b>	<b>\$ 4,137,544</b>	<b>\$ 5,268,006</b>	<b>\$ 7,044,157</b>	<b>\$ 8,213,260</b>	<b>\$ 8,954,907</b>	<b>\$ 11,081,742</b>	<b>\$ 11,131,500</b>	<b>\$ 10,917,802</b>	<b>\$ 10,030,515</b>
<b>All other governmental funds</b>										
Reserved	\$ 361,488	\$ 74,831	\$ 1,612	\$ 782,265	\$ 282,209	\$ 138,350	\$ 118,498	\$ 31,681	\$ 6,750	\$ -
Unreserved, reported in:										
Special revenue funds	144,557	137,839	270,426	180,748	149,503	281,463	303,538	306,792	259,470	263,162
Capital projects funds	1,103,596	267,848	291,977	(590,342)	443,021	178,839	214,267	728,175	243,690	284,302
<b>Total all other governmental funds</b>	<b>\$ 1,609,641</b>	<b>\$ 480,518</b>	<b>\$ 564,015</b>	<b>\$ 372,671</b>	<b>\$ 874,733</b>	<b>\$ 598,652</b>	<b>\$ 636,303</b>	<b>\$ 1,066,648</b>	<b>\$ 509,910</b>	<b>\$ 547,464</b>

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>										
Taxes	\$ 7,325,269	\$ 7,778,688	\$ 8,681,837	\$ 8,763,385	\$ 9,813,823	\$ 9,976,478	\$ 10,125,705	\$ 11,190,147	\$ 11,531,005	\$ 11,770,534
Other taxes and licences	2,710,880	2,860,647	254,361	265,461	281,113	296,688	300,808	303,218	299,201	337,094
Intergovernmental	4,070,029	2,679,702	5,906,820	6,904,412	7,526,549	6,490,084	7,232,645	8,023,327	8,352,387	7,197,417
Permits and fees	288,158	241,623	288,088	306,411	314,331	343,937	323,595	205,658	128,723	131,817
Sales and services	961,224	975,082	989,053	1,221,479	1,277,732	1,255,606	1,388,838	1,577,365	1,532,697	1,430,572
Investment earnings	348,902	119,527	60,688	65,066	134,749	215,231	410,921	471,825	205,532	64,275
Miscellaneous	410,071	973,842	182,714	191,931	242,480	414,394	480,230	320,800	304,261	394,277
<b>Total revenues</b>	<b>16,114,533</b>	<b>15,629,111</b>	<b>16,363,561</b>	<b>17,718,145</b>	<b>19,590,777</b>	<b>18,992,418</b>	<b>20,262,742</b>	<b>22,092,340</b>	<b>22,353,806</b>	<b>21,325,986</b>
<b>Expenditures</b>										
General government	2,137,131	2,330,737	2,159,875	2,366,224	2,412,785	2,621,114	2,635,489	2,761,672	2,796,054	2,936,039
Public safety	5,755,573	6,356,382	6,424,374	6,814,713	7,517,736	8,011,022	8,260,209	9,152,688	9,415,863	9,676,631
Transportation	2,403,789	2,299,081	1,999,297	2,042,371	2,160,172	2,432,969	2,576,252	2,939,089	2,739,653	2,860,124
Environmental protection	1,621,421	1,609,963	2,115,124	1,875,141	1,775,841	2,099,822	1,906,343	2,721,881	2,121,376	2,259,681
Culture and recreation	1,762,759	1,846,474	1,835,946	2,101,197	2,278,068	2,402,367	2,570,856	2,886,940	2,595,713	3,086,400
Economic and physical development	213,682	211,965	104,075	222,043	227,914	552,595	857,606	750,098	1,680,034	524,035
Capital outlay	2,765,735	2,317,177	24,224	1,111,783	1,206,963	575,396	517,657	651,541	633,651	320,127
Debt service:										
Principal	412,579	396,579	432,196	545,350	610,978	445,308	493,833	501,957	521,939	450,160
Interest	178,434	205,221	185,491	179,216	154,060	134,009	136,076	105,377	78,162	58,997
Other charges	-	-	-	-	-	10,837	-	-	-	-
<b>Total expenditures</b>	<b>17,251,103</b>	<b>17,573,579</b>	<b>15,280,602</b>	<b>17,258,038</b>	<b>18,344,517</b>	<b>19,285,439</b>	<b>19,954,321</b>	<b>22,471,243</b>	<b>22,582,445</b>	<b>22,172,194</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(1,136,570)</b>	<b>(1,944,468)</b>	<b>1,082,959</b>	<b>460,107</b>	<b>1,246,260</b>	<b>(293,021)</b>	<b>308,421</b>	<b>(378,903)</b>	<b>(228,639)</b>	<b>(846,208)</b>
<b>Other financing sources (uses)</b>										
Transfers in	718,898	112,786	306,921	170,815	501,042	221,806	2,016,017	1,622,679	972,316	766,401
Transfers out	(1,118,898)	(112,786)	(306,921)	(140,815)	(128,902)	(191,806)	(164,467)	(792,339)	(1,514,113)	(798,315)
Payments to refunded bond escrow agent	-	-	-	-	-	(913,332)	-	-	-	-
Refunding bonds issued	-	-	-	-	-	912,997	-	-	-	-
Premium on bonds issued	-	-	-	-	-	11,172	-	-	-	-
Installment purchase obligations / Notes	850,000	-	131,000	473,658	52,765	682,180	-	-	-	-
Sale of assets	-	-	-	43,523	-	35,570	4,515	28,666	-	28,389
<b>Total other financing sources (uses)</b>	<b>450,000</b>	<b>-</b>	<b>131,000</b>	<b>547,181</b>	<b>424,905</b>	<b>758,587</b>	<b>1,856,065</b>	<b>859,006</b>	<b>(541,797)</b>	<b>(3,525)</b>
<b>Net change in fund balances</b>	<b>\$ (686,570)</b>	<b>\$ (1,944,468)</b>	<b>\$ 1,213,959</b>	<b>\$ 1,007,288</b>	<b>\$ 1,671,165</b>	<b>\$ 465,566</b>	<b>\$ 2,164,486</b>	<b>\$ 480,103</b>	<b>\$ (770,436)</b>	<b>\$ (849,733)</b>
<b>Debt services as a percentage of noncapital expenditures</b>	<b>4.1%</b>	<b>3.9%</b>	<b>4.0%</b>	<b>4.5%</b>	<b>4.4%</b>	<b>3.3%</b>	<b>3.3%</b>	<b>2.9%</b>	<b>2.7%</b>	<b>2.3%</b>

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

**Table 7**

Fiscal Year	Real Property (5)	Personal Property	Personal Property		Public Service Companies (4)	Total Taxable Assessed Value	Total Direct Tax Rate	Real Property	Assessed Value as a Percentage of Actual Value (2)
			Motor Vehicles	Other				Estimated Actual Taxable Value (1)	
2001	788,956,944	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 (3)	1,126,304,848	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	1,147,513,093	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	1,211,422,247	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	1,195,451,271	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	1,265,377,000	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	1,250,881,728	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 (3)	1,417,978,237	606,419,641	174,630,404	431,789,237	39,129,255	2,063,527,133	0.55	2,087,008,122	97.00%
2009	1,466,396,225	611,866,614	152,459,633	459,406,981	39,130,524	2,117,393,363	0.55	2,157,216,980	96.34%
2010	1,706,000,373	406,175,673	148,411,636	257,764,037	37,017,283	2,149,193,329	0.55	2,310,960,569	93.00%

Source: Randolph County Government

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

(1) The estimated market value for real property is calculated by dividing the assessed value by an assessment- to- sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year. The actual ratio for the most recent year is not yet available; an estimated ratio of 93% (2) has been provided by the Randolph County Tax Department.

(2) 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.

(3) Increase in Real Property Value due to octennial property revaluation. Property in Randolph County (Asheboro) is reassessed every six years. The last reassessment was on January 1, 2007 and was the basis for fiscal 2008 taxes

(4) Public Service companies valuations are provided by the North Carolina Department of Revenue. These amounts include real and personal property.

(5) Breakdown detail of real property between residential and commercial, beginning 2010 is no longer available from the Randolph County Tax Department.

**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	<u>City Direct Rate</u>	<u>Overlapping Rates</u>		<u>Total</u>
	Total City Rate	Total County Rate	Total School District	Direct & Overlapping Rates
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
2009	0.550	0.555	0.139	1.244
2010	0.550	0.555	0.139	1.244

Source: Randolph County Government

Note: The tax rate is a general operating tax rate with no earmarks for special components

**CITY OF ASHEBORO, NORTH CAROLINA**

Table 9

**Principal Property Taxpayers**

June 30, 2010

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Malt-O-Meal Company	111,344,306	1	5.18%			
Energizer (Eveready) Battery Co,	\$ 106,798,756	2	4.97%	\$ 103,103,166	1	7.32%
Starpet, Inc.	61,975,628	3	2.88%			
Technimark, Inc.	39,830,346	4	1.85%	20,791,076	5	1.48%
Schwartz Properties LLC	35,313,390	5	1.64%			
Goodyear Tire & Rubber Co.	26,932,259	6	1.25%	31,814,978	2	2.26%
Klaussner Furniture Industries	24,027,058	7	1.12%	31,010,316	3	2.20%
Arrow International	22,271,007	8	1.04%			
Centerpoint Plaza	21,639,270	9	1.01%	14,380,290	9	1.02%
Kennametal	20,139,586	10	0.94%			
Tiepet, Inc.				27,082,910	4	1.92%
Oliver Rubber				20,242,870	6	1.44%
Best Foods				18,518,429	7	1.31%
JG Randolph II LLC				14,764,837	8	1.05%
Central Telephone				12,401,243	10	88.00%
<b>Totals</b>	<b>\$ 470,271,606</b>		<b>21.88%</b>	<b>\$ 294,110,115</b>		<b>108.00%</b>

Total Assessed Value of Taxable Property \$ 2,149,193,329

Source: Randolph County Tax Department

Note: Taxpayers ranked 1st, 3rd, 5th, 8th and 10th current were not ranked in top ten in 2001.

**CITY OF ASHEBORO, NORTH CAROLINA**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Table 10

<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>
2001	7,379,242	7,229,680	97.97%	146,534	7,376,214	99.96%
2002	7,812,058	7,686,547	98.39%	108,469	7,795,016	99.78%
2003	8,823,016	8,636,124	97.88%	184,862	8,820,986	99.98%
2004	8,872,487	8,663,230	97.64%	208,329	8,871,559	99.99%
2005	9,848,017	9,697,180	98.47%	149,621	9,846,801	99.99%
2006	10,046,106	9,888,274	98.43%	154,218	10,042,492	99.96%
2007	10,207,113	10,046,676	98.43%	157,678	10,204,354	99.97%
2008	11,289,067	11,105,656	98.38%	94,153	11,260,181	99.74%
2009	11,696,492	11,426,065	97.69%	46,566	11,627,099	99.41%
2010	11,851,550	11,517,135	97.18%		11,517,135	97.18%

**CITY OF ASHEBORO, NORTH CAROLINA**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Table 11

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Debt as Percentage of Personal Income (1)	Debt Per Capita (1)
	General Obligation Bonds	Installment Purchases	Notes Payable	General Obligation Bonds	Installment Purchases	Notes Payable			
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	2.50%	708
2008	633,108	1,337,685	-	5,281,923	-	9,166,811	16,419,527	2.43%	692
2009	522,921	929,738	-	4,362,657	-	8,957,656	14,772,972	2.16%	617
2010	414,838	590,892	-	3,460,932	-	8,335,143	12,801,805	1.76%	502

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
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
2009	4,885,578	-	4,885,578	2,117,393,364	0.23%	204.08
2010	3,875,770	-	3,875,770	3,164,762,542	0.12%	151.97

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, 2010

**Table 13**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: Randolph County	\$ 126,351,593	21.03%	<u>\$ 26,577,783</u>
Subtotal, overlapping debt			26,577,783
City of Asheboro direct debt			<u>1,005,730</u>
Total direct and overlapping debt			<u><u>\$ 27,583,513</u></u>

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

	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt limit	\$ 112,756,872	\$ 138,018,130	\$ 141,338,313	\$ 142,543,389	\$ 158,551,313	\$ 145,954,144	\$ 148,305,261	\$ 165,082,171	\$ 169,391,469	\$ 171,935,466
Total net debt applicable to limit	<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>	<u>5,815,316</u>	<u>4,466,662</u>
Legal debt margin	<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>	<u>\$ 163,576,153</u>	<u>\$ 167,468,804</u>
Total net debt applicable to the limit as a percentage of debt limit	4.33%	3.20%	2.87%	2.73%	2.08%	6.92%	5.85%	4.39%	3.43%	2.60%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value	<u>\$ 2,149,193,329</u>
Debt limit (8% of total assessed value)	<u>\$ 171,935,466</u>
Debt applicable to limit:	
General obligation bonds	3,875,770
Installment purchase agreements	<u>590,892</u>
Total net debt applicable to limit	<u>4,466,662</u>
Legal debt margin	<u>\$ 167,468,804</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**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

**Table 15**

Fiscal Year	Population (1)	Personal Income	Per Capita	Median Age (3)	School Enrollment (4)	Unemployment Rate (5)
			Personal Income (2)			
2001	21,672	525,264,264	24,237	34.0	4,234	5.50%
2002	21,787	522,452,260	23,980	34.0	4,281	5.50%
2003	21,969	537,339,771	24,459	34.0	4,335	5.90%
2004	22,504	573,424,424	25,481	34.0	4,384	4.30%
2005	22,709	596,656,266	26,274	34.0	4,477	4.90%
2006	22,957	621,951,044	27,092	34.0	4,510	4.70%
2007	23,219	657,515,642	28,318	34.0	4,415	4.50%
2008	23,729	676,513,790	28,510	34.0	4,453	6.90%
2009	23,940	682,529,400	28,510	34.0	4,560	11.10%
2010	25,504	727,119,040	28,510	35.1	4,613	9.60%

Source: (1) NC Department of Revenue

Source: (2) US Department of Commerce, Bureau of Economic Analysis (Randolph County)- most recent available -2008

Source: (3) US Census Bureau (last update in 2008)

Source: (4) Asheboro City School Board- grades K-12

Source: (5) Bureau of Labor Statistics

**CITY OF ASHEBORO, NORTH CAROLINA**

Table 16

Principal Employers

Current Year and Ten Years Ago

Employer	2010			2001		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Randolph Hospital	1,194	1	5.61%	796	3	4.32%
Klaussner	967	2	4.54%	2,900	1	15.74%
Teleflex Medical Inc.	774	3	3.64%			
Wal-Mart	750	4	3.52%			
Energizer Battery	734	5	3.45%	1,200	2	6.51%
Acme-McCrary	670	6	3.15%	625	4	3.39%
Asheboro City Schools	670	7	3.15%	550	5	2.99%
Technimark	491	8	2.31%	350	9	1.90%
Prestige Fabricators	332	9	1.56%	350	8	1.90%
Wells Hosiery	300	10	3.15%			
<b>Total</b>	<b>6,882</b>		<b>34.07%</b>	<b>6,771</b>		<b>36.75%</b>

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government	22	24	24	24	24	25	28	31	31	37
Public safety:										
Police:										
Officers	67	67	67	69	70	70	76	78	78	78
Civilians	5	5	6	6	6	6	6	7	7	9
Fire:										
Firefighters and officers	42	45	45	45	46	46	49	49	52	51
Civilians	1	1	1	1	1	1	1	1	1	0
Highways and streets:										
Engineering	4	4	4	4	4	4	4	4	4	4
Maintenance	18	18	18	18	18	19	19	19	19	20
Sanitation	16	18	18	18	18	18	19	19	19	18
Culture and recreation	8	7	7	7	8	10	10	10	10	12
Water	29	31	31	29	29	28	29	31	32	28
Sewer	32	33	33	34	34	35	37	41	41	44
<b>Total</b>	<b>244</b>	<b>253</b>	<b>254</b>	<b>255</b>	<b>258</b>	<b>262</b>	<b>278</b>	<b>290</b>	<b>294</b>	<b>299</b>

Source: City Human Resources Department

**CITY OF ASHEBORO, NORTH CAROLINA**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Table 18

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Police:</b>										
Physical arrests	N/A	4,870	5,079	4,908	4,534	5,733	5,840	5,352	5,913	N/A
Parking violations	N/A	268	277	105	130	190	226	431	216	N/A
Traffic violations	N/A	8,586	7,831	5,678	6,282	6,432	7,436	9,338	9,107	N/A
<b>Fire:</b>										
Number of calls answered	N/A	1,096	1,148	937	1,110	1,226	1,337	1,425	1,356	N/A
Inspections	N/A	1,836	1,836	1,615	1,645	2,156	845	1,326	1,271	N/A
<b>Highways and streets</b>										
Street resurfacing (miles)	N/A	N/A	0.25	1.05	0.30	0.45	0.518	0.814	0.826	0.431
Potholes repaired	N/A	N/A	387	1,028	582	642	627	781	768	808
<b>Sanitation</b>										
Refuse collected (tons/day)	73.24	72.09	75.55	73.46	75.51	73.22	73.51	66.43	71.58	61.39
Recyclables collected (tons/day)	4.01	3.77	3.70	4.06	3.94	3.68	3.84	5.77	4.83	4.21
<b>Culture and recreation</b>										
Separate programs / events offered	60	60	60	65	65	65	72	93	135	141
Estimated number of program participants	31,500	34,402	36,048	51,851	51,900	52,123	68,150	63,541	68,895	95,799
<b>Water</b>										
New connections	N/A	N/A	186	273	212	187	170	173	111	153
Water mains breaks	N/A	N/A	162	155	148	137	167	180	95	94
Average daily consumption (MGD)	5.032	5.098	4.870	4.665	4.641	4.892	4.967	5.085	4.659	4.311
<b>Wastewater</b>										
Average daily sewage treatment (MGD)	4.278	4.533	5.632	4.553	4.332	3.824	3.650	3.474	3.801	3.950

Sources: Various government departments.  
N/A: Data not available.

**CITY OF ASHEBORO, NORTH CAROLINA**

Table 19

Capital Asset Statistics by Function

Last Eight Fiscal Years

Function	Fiscal Year End							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Public safety:</b>								
<b>Police:</b>								
Main Station	1	1	1	1	1	1	1	1
Substation	1	1	1	1	1	1	1	1
Vice & Narcotic's Unit	1	1	1	1	1	1	1	1
Patrol units	67	72	77	77	76	99	99	100
Fire stations	2	2	2	2	2	2	2	2
<b>Sanitation:</b>								
Collection trucks	8.50	8.50	9.00	9.00	9.00	9.00	9.00	9.00
<b>Highways and streets:</b>								
Streets (miles)	90.70	90.75	91.87	92.43	92.43	92.43	95.98	95.93
City Streetlights	3,030	3,030	3,030	3,030	3,030	3,030	3,122	3,122
Traffic signals	27	27	27	27	27	27	27	27
<b>Airport:</b>								
Number of operations per year (est.)	16,000	16,100	16,100	16,200	5,574	6,100	6,100	6,100
<b>Aircraft storage capacity:</b>								
Hangars	36	36	36	36	36	37	47	47
Tie Downs	15	15	38	38	38	38	38	38
Length of runway in feet	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Total facility area - acreage	453.71	453.71	454.00	461.00	461.00	461.00	461.00	461.00
<b>Culture and recreation:</b>								
Parks acreage	103,220	103,220	103,220	103,220	103,220	103,220	103,220	103,220
Parks	11	11	11	11	11	11	11	11
Swimming pools	2	2	2	2	2	2	2	2
Tennis courts	12	12	12	11	11	11	11	11
City owned ballfields - acreage	28.6	28.6	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	16.6	16.6
<b>Water:</b>								
Water mains (miles)	224.0	228.8	231.6	231.4	232.9	232.9	232.9	233.5
Fire hydrants (est.)	1,464	1,464	1,464	1,477	1,477	1,480	1,494	1,546
Maximum daily capacity (thousands of gallons)	12	12	12	12	12	12	12	12
<b>Sewer:</b>								
Sanitary sewers (miles)	198.2	201.5	203.5	204.6	206.1	206.1	206.1	209.5
Maximum daily treatment capacity (thousands of gallons)	9	9	9	9	9	9	9	9

Sources: Various city departments.

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

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





