

**CITY OF ASHEBORO,
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2012

Prepared by:

Finance Department

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Finance Officer

CITY OF ASHEBORO, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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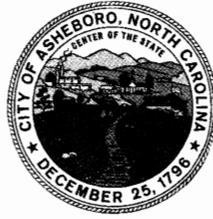
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INTRODUCTORY SECTION

City of Asheboro

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

October 26, 2012

I am pleased to present the Comprehensive Annual Financial Report of the City of Asheboro, North Carolina, for the fiscal year ending June 30, 2012 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, 2011, 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 25,262 and covers approximately 19.095 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 several years as it continues to transition away from its founding the manufacturing sector. This has been further impacted by the recent recession. Economic factors present a mixed message of a community that is showing signs of recovery in some areas and stagnant growth in other areas. Asheboro / Randolph County statistical area has shown high unemployment, low growth as measured by tax valuation and reductions

in the area of residential and commercial construction in the prior three and a half years. Growth, as measured by tax valuation, increased only 0.024% in comparison to prior year increase of .01%. The last countywide revaluation was on January 1, 2007 for 2008 taxes. The next countywide revaluation is January 1, 2013. Additionally, there has been an increase in activity in the area of local commercial construction. In the period of January 1, 2011 to December 31, 2011, total valuation for building permits issued was \$60,179,696 (\$54,695,802 for commercial and \$5,483,894 for residential) in comparison to \$15,592,058 in 2010. The largest project was the Malt-O-Meal industrial addition in excess of \$22,000,000 followed by the YMCA project of \$17,000,000 and Randolph County Community College for \$2,700,000. While there has been an increase in the commercial valuation, there is an overall decrease in activity. A total of 81 dwelling units were built compared to 106 in 2010. In the 81 dwelling units, there were 9 single family permits, 0 townhouse and duplex permits, and 9 multifamily permits issued.

While the above factors show an economy that is still struggling, as noted, some of the recent economic statistics have begun to show improvement. The Asheboro / Randolph County unemployment rate, seasonally adjusted, has leveled out at 9.4% in August 2012, in comparison to 10.7% in August 2011. The area's unemployment rate is slightly below the current State of North Carolina unemployment rate of 10.7%.

Local retail sales are also beginning to turn around in comparison to last year. The retail sales for 8 months in 2012 show an increase of .23% in comparison to the same period in 2011. Due to the depth of the national economic recession, the road to recovery for Asheboro area is expected to be slow and take place over the next several 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 been focusing on diversifying and expanding 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 affecting North Carolina over the past three to four 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 various companies seeking to locate or expand in Randolph County / City of Asheboro area. Three of the more recent joint effort projects involve supporting relocation and expansion of facilities for Malt-O-Meal Company, Allen Precision and Technimark. Malt-O-Meal Company located its food manufacturing facility in Asheboro in the former Unilever plant that was vacated in 2006. Since 2006, Malt-O-Meal Company had invested over \$140,000 million in real property and equipment in Asheboro and has created more than 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, now called MOM Brands is currently undergoing a second expansion amounting to an additional investment of about \$136 million dollars in plant and equipment and the creation of 50 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. In August 2010, a local precision parts manufacturer, Allen Precision began its facility expansion. Allen Precision, now called PEMMCO Manufacturing Inc., opened its new 50,000 sq ft industrial facility in November 2011 and as a result of its expansion, 28 new jobs were added. In June 2011, Technimark, a company that makes plastic injection molding for companies such as WalMart and

Proctor & Gamble, began its expansion that would allow the company to bring its research, development and design services to its Asheboro headquarters. It is expected that the project expansion will take place over four years and will create 30 new high-tech jobs paying an average wage of \$60,625 annually and an investment of \$20 million in equipment and technology.

In an effort to support the medical services sector, 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 addition was completed January 2011. As a result of the addition, Hospice now has an the inpatient facility (also known as a "hospice home") which allows the hospice organization to offer care to individuals who would prefer to spend their last days in a home-like setting when it's not possible to remain in their own home. These two expansions have expanded upon and improved the medical services provided in the area.

In an effort to help develop Asheboro as a tourism location, the City of Asheboro 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. Additionally, in early 2012, Asheboro was named the second Certified Retirement Community in the State of North Carolina focusing on the comfortable easy pace of life and the variety of tourism destinations desirable to retirees in a central location.

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 Klaussner manufacturing facility to accommodate the Early College High School program on its campus. This facility improvement has been completed and is 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, 2012, 10,259.97 acres have been annexed allowing for a total City of Asheboro acreage of 12,220.97 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 prior to receiving these services. Additionally, citizens adjacent to city limits may voluntarily request annexation into the city limits. There were no requests for annexation pending as of June 30, 2012.

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. The Asheboro section of the I-73/74 project is currently underway and is expected to be completed late 2012.

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 asses 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. In 2012, the City began exploring modification of work schedules from its traditional 8 hour day 5 day work week to a 10 hour day 4 day work week in order to reduce overtime and increase operational efficiencies. This schedule has been implemented in the Public Works Division and at this time appears to be effective. The City has also begun to participate

in a benchmarking program with the hopes of strategically comparing certain aspects of operation and open up avenues for collaboration with other governmental units to improve efficiencies. The City of Asheboro 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 and in 2010-2011, the library parking lot was expanded. 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. In 2005-2006, the Mayor began a tree planting initiative which resulted in the creation of the "Mayor's Grove" at North Asheboro Park. This project continued over a four year period with the strategic plantings of trees in the medians along various major and minor thoroughfares. The goal to incorporate the planting of trees in the landscaping along new development along streets and highways is ongoing. A focus on promoting community appearance also 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 last 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 2012. 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. Construction of 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 2011-2012. Plans and bid documents for construction of an additional taxi lane and hangar site as well as clearing of obstructions at the north end of the runway are expected to be completed in 2012-2013.

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 2011-2012 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 2012-2013 provided 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. One of these initiatives has been to establish the City of Asheboro as a “Fit Community”. This goal is being reached by promoting citizens, and members of local area businesses and churches participation in wellness activities such as “Walk Across America” and the “Mayor’s Walk” around downtown. As part of this effort, the City has organized walking teams and has marked several walking courses that go through various scenic areas of downtown for citizens to use. These paths range from 2 miles to 4.8 miles. 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, 2012 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 are continued for 2012-2013. 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, 2012 are \$1,892,340. \$202,544 of this balance is for improvements to the City's Library. The remaining \$1,689,796 relates to water and sewer system improvements noted above. In 2012, the City of Asheboro took on approximately \$300,000 new debt to allow for the purchase of much needed replacement vehicles and equipment.

The City of Asheboro has been strategic in this debt management approach in order to protect our debt capacity for future projects and facility expansion. Some of the future projects being considered in the near future are a third fire station and the renovation of our historic downtown Sunset Theatre. Fundraising efforts for the Sunset Theatre renovation have been underway with about \$1 million in pledges at this time. Another project that has been discussed, and may be reviewed more closely when the economy improves is the the development of a recreation facility / soccer fields.

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, 2011. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

ACKNOWLEDGMENTS

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

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

Respectfully submitted,

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

Deborah P. Reaves
Finance Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Asheboro
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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.



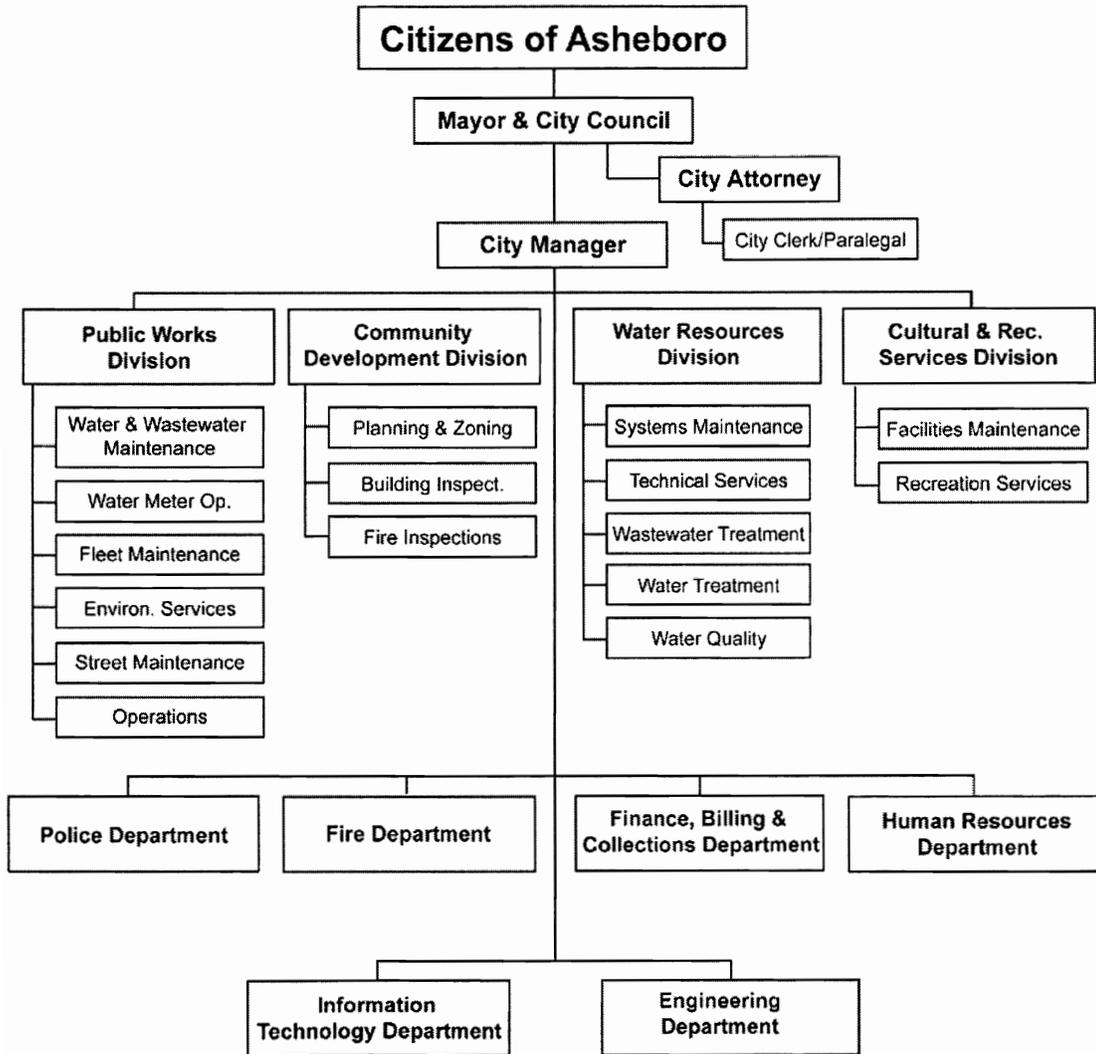
Christopher P. Moville

President

Jeffrey R. Emer

Executive Director

Organizational Chart City Divisions & Departments



CITY OF ASHEBORO, NORTH CAROLINA

LIST OF PRINCIPAL OFFICIALS

June 30, 2012

Title	Name
Mayor	David 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	Charles Swiers
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	Trevor Nuttall
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	David Hutchens
Street Department Head	Dwain Maness
Sanitation Director	Kermit Williamson
Human Resources Director	Myers Johnson
Cultural and Recreational Services Director	Felix Ward
Recreation Director	Johnathan Sermon
Golf Professional	Andy Nelson
Facilities Maintenance Director	Jimmy Cagle
Water Resources Director	Michael Rhoney
Water and Sewer Maintenance	
Water Meter Operations Director	Andrew Connor
Water Plant Director	Bryan Lanier
Wastewater Treatment Plant Director	Michael Wiseman
Water and Sewer System Maintenance Director	Jeff Cagle
Water and Sewer Technical Services Director	Michele Dawes
Water Quality Director	Bernadine Wardlaw

FINANCIAL SECTION



MAXTON McDOWELL

Certified Public Accountant

379 South Cox Street
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, 2012, 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, 2012, 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.

Accounting principles generally accepted in the United States of America require that 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 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I and the other auditor have applied certain limited procedures to the required supplementary information in accordance

with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

In accordance with Government Auditing Standards, I have also issued a report dated October 26, 2012, 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 conducted 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 not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by me and the other auditor in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information 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 by me in the audit of the basic financial statements and, accordingly, I express no opinion or provide any assurance on them.


Certified Public Accountant

October 26, 2012

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, 2012. 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

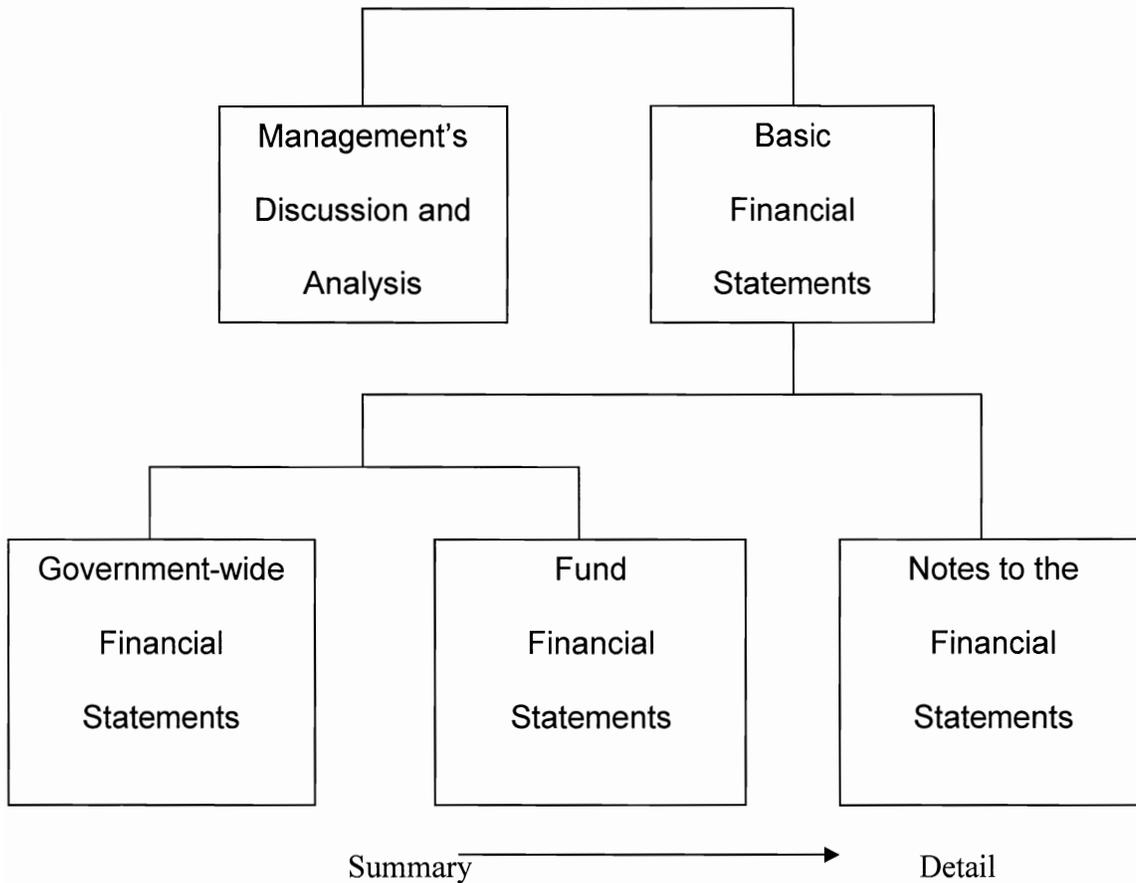
- The assets of the City of Asheboro exceeded its liabilities at the close of the fiscal year by \$79,440,437 (*net assets*).
- The government's total net assets decreased by \$803,497 or 1%, primarily due to decreases in governmental activities net assets. The business type net assets increase of \$640,653 was offset by governmental activities net asset decrease of \$1,444,150.
- As of the close of the current fiscal year, the City of Asheboro's governmental funds reported combined ending fund balances of \$10,967,704 with a net change of \$408,985 in fund balance. Approximately 51% percent of this total amount, or \$5,622,207 is non spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,134,816, or 22.73% of total general fund expenditures for the fiscal year.
- Ad valorem tax revenue increased by \$347,018 in the current year due to increases in assessed property valuation.
- The City of Asheboro's total debt decreased by \$1,556,028 (13.26%) during the current fiscal year, primarily due to payment on business type activities debt. The City of Asheboro did take on new installment purchase debt in the amount of \$307,741 in the 2011-2012 fiscal year.
- 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. The City of Asheboro bond rating was reevaluated at the time of General Obligation refunding in September 2005.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

Government-wide Financial Statements

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

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

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the water and sewer services offered by the City of Asheboro. The 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. The notes to the financial statements begin on page 24 of this report

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Asheboro’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 55 of this report.

Government-Wide Financial Analysis

The City of Asheboro’s Net Assets

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 12,415,163	\$ 12,044,469	\$ 11,686,101	\$ 12,164,031	\$ 24,101,264	\$ 24,208,500
Capital assets	23,826,649	24,892,820	48,421,471	48,491,259	72,248,120	73,384,079
Total assets	36,241,812	36,937,289	60,107,572	60,655,290	96,349,384	97,592,579
Long-term liabilities outstanding	4,416,366	3,873,266	8,029,440	9,245,124	12,445,806	13,118,390
Other liabilities	2,115,010	1,909,437	2,348,131	2,320,818	4,463,141	4,230,255
Total liabilities	6,531,376	5,782,703	10,377,571	11,565,942	16,908,947	17,348,645
Net assets:						
Invested in capital assets, net of related debt	22,576,050	23,434,409	39,489,368	38,207,155	62,065,418	61,641,564
Restricted	4,975,395	4,918,519			4,975,395	4,918,519
Unrestricted	2,158,991	2,801,658	10,240,633	10,882,193	12,399,624	13,683,851
Total net assets	\$ 29,710,436	\$ 31,154,586	\$ 49,730,001	\$ 49,089,348	\$ 79,440,437	\$ 80,243,934

Management's Discussion and Analysis City of Asheboro

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 \$79,440,437 as of June 30, 2012. The City's net assets decreased by \$803,497 for the fiscal year ended June 30, 2012. The largest portion of net assets (78.13%) 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. An additional portion of the City of Asheboro's net assets \$4,975,395 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$12,399,624 is unrestricted. These funds can be used without constraints established by debt covenants or other legal requirements.

While there was a decrease in total net assets, there were a few aspects of the City's financial operations that had a positive influence on net assets:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.57%
- Increase in ABC Profit Distribution of \$115,000 as the City of Asheboro adjusts to changes in legislation allowing alcohol sales within city limits.
- Increases sales tax revenues of approximately \$95,984 as the economy begins to show signs of recovery.
- Increase in governmental activities operating grants and contributions of \$240,000.
- Continued low cost of debt due to the City's favorable bond rating.

Management's Discussion and Analysis
City of Asheboro

City of Asheboro Changes in Net Assets
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues						
Charges for services	\$ 1,900,586	\$ 1,908,662	\$ 11,481,001	\$ 11,988,495	\$ 13,381,587	\$ 13,897,157
Operating grants & contributions	1,085,673	845,436	596,180	557,339	1,681,853	1,402,775
Capital grants & contributions	593,839	614,292	577,292	2,255,680	1,171,131	2,869,972
General revenues						
Property taxes	12,024,717	11,947,797			12,024,717	11,947,797
Other taxes	6,507,915	6,516,186			6,507,915	6,516,186
Grants & contributions not restricted to specific programs					-	-
Other	763,928	649,825	(10,096)	28,848	753,832	678,673
Total revenues	22,876,658	22,482,198	12,644,377	14,830,362	35,521,035	37,312,560
Expenses						
General government	3,061,766	3,286,240			3,061,766	3,286,240
Public safety	10,936,883	10,505,454			10,936,883	10,505,454
Transportation	4,416,483	4,394,627			4,416,483	4,394,627
Environmental Protection	2,416,231	2,278,866			2,416,231	2,278,866
Economic development	867,040	847,495			867,040	847,495
Cultural and recreational	3,342,904	3,283,907			3,342,904	3,283,907
Interest on long-term debt	57,384	47,797			57,384	47,797
Water and sewer			11,225,841	11,036,882	11,225,841	11,036,882
Total expenses	25,098,691	24,644,386	11,225,841	11,036,882	36,324,532	35,681,268
Change in net assets before transfers	(2,222,033)	(2,162,188)	1,418,536	3,793,480	(803,497)	1,631,292
Transfers	777,883	731,994	(777,883)	(731,994)	-	-
Change in net assets	(1,444,150)	(1,430,194)	640,653	3,061,486	(803,497)	1,631,292
Net assets, July 1	31,154,586	32,584,780	49,089,348	46,027,862	80,243,934	78,612,642
Net assets, June 30	\$ 29,710,436	\$ 31,154,586	\$ 49,730,001	\$ 49,089,348	\$ 79,440,437	\$ 80,243,934

(continued on next page)

Management's Discussion and Analysis
City of Asheboro

Governmental activities. Governmental activities net assets decreased by \$1,444,150. Elements contributing to this decrease are as follows:

- Net revenues across a majority of categories remain relatively flat with the prior year due to ongoing effects of the national economic recession. 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.
- Revenues not being able to keep pace with rising expenses due to economic environment.
 - Total governmental activities revenue increased approximately \$394,000. Increased revenue generated from property tax accounts for approximately \$347,000 of this increase. Sales tax revenue also increased by approximately \$95,900.
 - Total governmental activities expenses increased by approximately \$454,000. Public Safety expenses increased by \$431,000. \$202,000 of this increase is attributable to the purchase of land for a future fire station.
- The failure of and decreased confidence in the financial industry has resulted in an ongoing poor interest rate environment. As a result, interest on General Fund Investments has decreased by 40% decrease 2011-2012 in comparison to the prior year.

Business-type activities: Business-type activities net assets increased by \$640,653. Key elements of this increase are as follows:

- Tight management of expenses: Fiscal year 2012-2012 expenses only increased approximately \$189,000 in comparison to the prior operating year. Due to the current economic environment, certain capital expenditures in this area continue to be delayed.
- While business type activities revenue actually decreased over \$2.1 million, total revenue was still greater than total expenses which have led to the positive effect on net assets.

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 unassigned fund balance in the General Fund was \$5,134,816 and its total fund balance reached \$9,130,449.

As a measure of the general fund's liquidity, it may be useful to compare fund balance to fund expenditures. The City currently has an available fund balance of 22.73% of general fund expenditures, while total fund balance represents 40.43% of the same amount.

Management's Discussion and Analysis City of Asheboro

The non-major governmental fund balance was \$1,837,255. The governmental funds of City of Asheboro reported a combined total fund balance of \$10,967,704 with a net increase of \$408,985 over prior year. Included in this change in fund balance is a decrease in fund balance in the General Fund offset by an increase in fund balance in both 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 2011-2012 was adopted in June 2012 at \$22,108,190 and represented a 7.70% percent decrease over the audited 2010-2011 expenditures of \$23,823,223. The 2011-2012 budget was amended during the fiscal year to \$22,759,029, an increase of \$650,839 to account for unexpected operational expenditures, the most significant of which was relating to increases in appropriations to cover economic development activities and the purchase of land for a future fire department. 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 \$173,252 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 2011-2012 was adopted in June 2011 at \$12,428,932 and represented a 2.7% increase (\$323,957) over the 2010-2011 audited expenditures of \$12,104,975. As with the General Fund, various expenses were deferred due to the downturn in the economy. The Water & Sewer Fund year end expenditures were \$11,980,400 and represented a 3.6% 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, 2012 totals \$142,899,967. 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:

- A decrease of \$423,026 in governmental activities capital assets with the largest decrease in vehicles.
- An increase of \$1,496,696 in the area of business type capital assets resulting from the completion of certain improvements to the water & sewer system infrastructure. Construction in progress increased by \$499,617 and plant and distribution system asset increased by \$892,494.
- The City of Asheboro held a surplus equipment sale in November 2011 resulting in disposed assets recorded this year.

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

Figure 4

	Governmental	Business-Type	Total	Governmental	Business-Type	Total
	Activities	Activities		Activities	Activities	
	2012	2012	2012	2011	2011	2011
Land	\$ 4,019,546	\$ 2,806,124	\$ 6,825,670	\$ 3,817,298	\$ 2,806,124	\$ 6,623,422
Buildings	11,457,627	30,473,373	41,931,000	11,455,247	30,473,373	41,928,620
Improvements other than buildings	10,804,728	78,560	10,883,288	10,681,652	78,560	10,760,212
Plant and distribution systems		42,390,377	42,390,377		41,497,883	41,497,883
Street construction	15,634,410		15,634,410	15,548,270		15,548,270
Equipment	5,028,959	5,845,146	10,874,105	5,189,448	5,766,793	10,956,241
Vehicles	9,128,981	2,289,070	11,418,051	9,973,578	2,262,838	12,236,416
Construction in progress	970,474	1,972,592	2,943,066	802,258	1,472,975	2,275,233
Total	\$ 57,044,725	\$ 85,855,242	\$ 142,899,967	\$57,467,751	\$ 84,358,546	\$ 141,826,297

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, 2012, the City of Asheboro had total bonded debt outstanding of \$1,892,340. All of this is debt backed by the full faith and credit of the City.

City of Asheboro's Outstanding Debt

Figure 5

	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities		
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$ 202,544	\$ 308,219	\$ 1,689,796	\$ 2,571,430	\$ 1,892,340	\$ 2,879,649
Installment Purchases	1,044,066	1,144,306	152,145		\$ 1,196,211	\$ 1,144,306
notes payable			7,090,118	7,712,631	\$ 7,090,118	\$ 7,712,631
Revenue bonds					-	-
Total	\$ 1,246,610	\$ 1,452,525	\$ 8,932,059	\$ 10,284,061	\$10,178,669	\$11,736,586

Management's Discussion and Analysis City of Asheboro

The City of Asheboro's total outstanding long-term debt decreased by \$1,557,917 during the past fiscal year. This change is due to the combined effects of a decrease of general obligation debt of \$987,309 and net reduction in notes payable of \$622,513. The City did issue new installment debt in 2011-2012. The resulting change in installment purchase debt is an increase of \$51,905.

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 \$170,726,041.

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 9.4% is slightly lower than the State average of 10.7%.
- Growth, as measured by tax valuation, increased .024% due to increases in property valuation. A large part of this valuation increase is associated with the ongoing expansion / renovation projects to the Malt-O- Meal plant.
- Growth, as measured by local retail sales has increased .23% over the prior fiscal year.
- Growth as measured by building and inspection permits for commercial and residential properties is mixed. There has been an increase in activity in the area of local commercial construction. In the period of January 1, 2011 to December 31, 2011, total valuation for building permits issued was \$60,179,696 (\$54,695,802 for commercial and \$5,483,894 for residential) in comparison to \$15,592,058 in 2010. The largest project was the Malt-O-Meal industrial addition in excess of \$22,000,000 followed by the YMCA project of \$17,000,000 and Randolph County Community College for \$2,700,000. While there has been an increase in the commercial valuation, there is an overall decrease in activity. A total of 81 dwelling units were built compared to 106 in 2010. If the 81 dwelling units, there were 9 single family permits, 0 townhouse and duplex permits, and 9 multifamily permits issued.

Budget Highlights for the Fiscal Year Ending June 30, 2013

Governmental Activities: No tax increase was recommended for the General Fund for fiscal year ending June 30, 2013. Major Sources of revenue such as ad valorem taxes is projected to remain relatively flat in comparison to year end 2012 figures. Overall revenue is expected to increase only slightly due to the economic recession. The appropriate budget does include lease purchase proceeds of \$1,361,250 and new revenue of \$253,500 generated from an anticipated sale of timber on city property.

Budgeted expenditures in the General Fund are appropriated at \$24,566,959. 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 and capital outlay for equipment in various departments.

Business – type Activities: Revenue from sale of water and sewer services is expected to increase due to a rate increase approved for 2012-2013. There is also an allocation of retained earnings of \$375,460 as well as \$1,156,004 from lease purchase proceeds. General operating expenses is budgeted at \$14,690,025. 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, equipment replacement costs as well as some improvements at the plant facilities themselves. 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.

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STATEMENT OF NET ASSETS

June 30, 2012

	Primary Government			City of Asheboro ABC Board
	Governmental Activities	Business-Type Activities	Total	
Assets:				
Cash and Cash Equivalents	\$ 6,328,674	\$ 8,996,261	\$ 15,324,935	\$ 207,932
Receivables:				
Taxes Receivable - Net	296,720	-	296,720	-
Accounts Receivable	94,636	1,950,943	2,045,579	-
Due From Other Governments	2,341,715	-	2,341,715	-
Note Receivable	620,500	-	620,500	-
Internal Balances	300	(300)	-	-
Inventories	507,493	718,952	1,226,445	212,989
Prepaid Expenses	-	-	-	9,056
Deferred Charges	2,427	20,245	22,672	-
Total Current Assets	10,192,465	11,686,101	21,878,566	429,977
Restricted Assets:				
Cash and Cash Equivalents	2,222,698	-	2,222,698	-
Capital Assets:				
Land, and Construction in Progress	4,990,020	4,778,716	9,768,736	-
Other Capital Assets, Net of Depreciation	18,836,629	43,642,755	62,479,384	105,744
Total Capital Assets	23,826,649	48,421,471	72,248,120	105,744
Deposits	-	-	-	110
Total Non-current Assets	26,049,347	48,421,471	74,470,818	105,854
Total Assets	36,241,812	60,107,572	96,349,384	535,831
Liabilities:				
Accounts Payable and Accrued Liabilities	353,475	111,671	465,146	78,506
Retainage Payable	-	36,089	36,089	-
Deposits	10,000	425,340	435,340	-
Unearned Revenues	629,701	58,618	688,319	-
Accrued Interest Payable	583	36,004	36,587	-
Due to Primary Government	-	-	-	5,286
Current Portion of Long-Term Liabilities	1,121,251	1,680,409	2,801,660	-
Total Current Liabilities	2,115,010	2,348,131	4,463,141	83,792
Long-Term Liabilities:				
Due in More Than One Year	4,416,366	8,029,440	12,445,806	-
Total Liabilities	6,531,376	10,377,571	16,908,947	83,792
Net Assets:				
Invested in Capital Assets, Net of Related Debt	22,576,050	39,489,368	62,065,418	105,744
Restricted For:				
Transportation	966,610	-	966,610	-
Stabilization by State Statute	2,902,016	-	2,902,016	-
Economic Development	202,383	-	202,383	-
Capital Projects	904,386	-	904,386	-
Working Capital	-	-	-	82,017
Unrestricted	2,158,991	10,240,633	12,399,624	264,278
Total Net Assets	\$ 29,710,436	\$ 49,730,001	\$ 79,440,437	\$ 452,039

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, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			City of Asheboro ABC Board
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Governmental Activities:								
General Government	\$ 3,061,766	\$ 330,415	\$ -	\$ -	\$ (2,731,351)	\$ -	\$ (2,731,351)	\$ -
Public Safety	10,936,883	157,330	136,240	7,290	(10,636,023)	-	(10,636,023)	-
Transportation	4,416,483	27,635	658,250	244,226	(3,486,372)	-	(3,486,372)	-
Environmental Protection	2,416,231	946,203	-	-	(1,470,028)	-	(1,470,028)	-
Cultural and Recreational	3,342,904	439,003	-	342,323	(2,561,578)	-	(2,561,578)	-
Economic and Physical Development	867,040	-	291,183	-	(575,857)	-	(575,857)	-
Interest on Long-term Debt	57,384	-	-	-	(57,384)	-	(57,384)	-
Total Governmental Activities	25,098,691	1,900,586	1,085,673	593,839	(21,518,593)	-	(21,518,593)	-
Business-Type Activities:								
Water and Sewer	11,225,841	11,481,001	596,180	577,292	-	1,428,632	1,428,632	-
Total Business-Type Activities	11,225,841	11,481,001	596,180	577,292	-	1,428,632	1,428,632	-
Total Primary Government	\$ 36,324,532	\$ 13,381,587	\$ 1,681,853	\$ 1,171,131	(21,518,593)	1,428,632	(20,089,961)	
Component Unit:								
ABC Board	\$ 2,085,769	\$ 2,132,479	\$ -	\$ -	-	-	-	46,710
Total Component Unit	\$ 2,085,769	\$ 2,132,479	\$ -	\$ -	-	-	-	46,710
General Revenues:								
Taxes:								
Property taxes, levied for general purpose					12,024,717	-	12,024,717	-
Sales taxes					2,991,930	-	2,991,930	-
Franchise taxes					2,041,272	-	2,041,272	-
Other taxes					1,474,713	-	1,474,713	-
Unrestricted investment earnings					23,500	13,271	36,771	277
Gain (loss) on disposal of capital assets					20,129	(23,367)	(3,238)	-
Miscellaneous revenues					720,299	-	720,299	-
Total General Revenues Not Including Transfers					19,296,560	(10,096)	19,286,464	277
Transfers					777,883	(777,883)	-	-
Total General Revenues, Special Items, and Transfers					20,074,443	(787,979)	19,286,464	277
Change in Net Assets					(1,444,150)	640,653	(803,497)	46,987
Net Assets Beginning of Year					31,154,586	49,089,348	80,243,934	405,052
Net Assets End of Year					\$ 29,710,436	\$ 49,730,001	\$ 79,440,437	\$ 452,039

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>Major Fund</u>	<u>Total Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>Funds</u>	<u>Governmental</u>
			<u>Funds</u>
Assets:			
Cash and Cash Equivalents	\$ 6,117,993	\$ 210,681	\$ 6,328,674
Restrictd Cash	976,610	1,246,088	2,222,698
Receivables:			
Taxes Receivable - Net	296,720	-	296,720
Accounts Receivable	74,786	19,850	94,636
Due From Other Governments	2,171,229	170,486	2,341,715
Due From Other Funds	350,300	-	350,300
Note Receivable	60,500	560,000	620,500
Inventories	507,493	-	507,493
Total Assets	<u>\$ 10,555,631</u>	<u>\$ 2,207,105</u>	<u>\$ 12,762,736</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 353,475	\$ -	\$ 353,475
Due to Other Funds	-	350,000	350,000
Deposits	10,000	-	10,000
Unearned Revenues	629,701	-	629,701
Deferred Revenues	432,006	19,850	451,856
Total Liabilities	<u>1,425,182</u>	<u>369,850</u>	<u>1,795,032</u>
Fund Balances:			
Nonspendable:			
Long-term Receivables	350,000	-	350,000
Inventories	507,493	-	507,493
Restricted:			
Streets	966,610	-	966,610
Stabilization by State Statute	2,171,530	730,486	2,902,016
Capital Projects	-	896,088	896,088
Committed:			
Capital Projects	-	8,298	8,298
Economic and Physical Development	-	202,383	202,383
Unassigned	5,134,816	-	5,134,816
Total Fund Balances	<u>9,130,449</u>	<u>1,837,255</u>	<u>10,967,704</u>
Total Liabilities and Fund Balances	<u>\$ 10,555,631</u>	<u>\$ 2,207,105</u>	

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

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

Gross capital assets at historical cost	\$ 57,044,725	
Accumulated depreciation	(33,218,076)	23,826,649

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. 2,427

Liabilities for earned but deferred revenues in fund statements. 451,856

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. (5,538,200)

\$ 29,710,436

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

CITY OF ASHEBORO, NORTH CAROLINA

Exhibit 4
(Page 1 of 2)

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2012

	<u>Major Fund</u>	<u>Total Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>Funds</u>	<u>Governmental</u>
			<u>Funds</u>
Revenues:			
Ad Valorem Taxes	\$ 12,270,703	\$ -	\$ 12,270,703
Other Taxes and Licenses	332,284	-	332,284
Intergovernmental Revenues:			
Unrestricted	6,700,452	-	6,700,452
Restricted	866,134	384,451	1,250,585
Permits and Fees	185,476	-	185,476
Sales and Services	1,423,719	-	1,423,719
Investment Earnings	23,500	-	23,500
Miscellaneous Revenue	429,793	415,978	845,771
Total Revenues	<u>22,232,061</u>	<u>800,429</u>	<u>23,032,490</u>
Expenditures:			
Current:			
General Government	2,972,245	-	2,972,245
Public Safety	10,473,547	-	10,473,547
Transportation	3,318,995	-	3,318,995
Environmental Protection	2,232,722	-	2,232,722
Cultural and Recreational	3,170,744	-	3,170,744
Economic and Physical Development	-	839,680	839,680
Debt Service	400,824	-	400,824
Capital Outlay	-	168,216	168,216
Total Expenditures	<u>22,569,077</u>	<u>1,007,896</u>	<u>23,576,973</u>
Deficiency of Revenues			
Over Expenditures	<u>(337,016)</u>	<u>(207,467)</u>	<u>(544,483)</u>
Other Financing Sources (Uses):			
Transfers From Other Funds	77,883	716,667	794,550
Transfers to Other Funds	(16,667)	-	(16,667)
Sale of Capital Assets	37,091	-	37,091
Installment Purchase Obligations Issued	138,494	-	138,494
Total Other Financing Sources (Uses)	<u>236,801</u>	<u>716,667</u>	<u>953,468</u>
Net Change in Fund Balances	<u>(100,215)</u>	<u>509,200</u>	<u>408,985</u>
Fund Balance Beginning of Year, July 1	<u>9,230,664</u>	<u>1,328,055</u>	<u>10,558,719</u>
Fund Balance End of Year, June 30	<u>\$ 9,130,449</u>	<u>\$ 1,837,255</u>	<u>\$ 10,967,704</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, 2012

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

Net changes in fund balances - total governmental funds	\$	408,985
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Capital outlay expenditures which were capitalized	\$	756,991
Depreciation expense for governmental assets		<u>(1,884,950)</u>
		(1,127,959)
Cost of capital assets disposed of during the year, not recognized on the modified accrual basis.		(16,962)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Change in deferred revenues		(254,711)
Amount of donated assets		78,750
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
		204,640
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences		(80,347)
Net pension obligation		(93,107)
Other Postemployment Benefits		(563,745)
Accrued interest payable		<u>306</u>
Total changes in net assets of governmental activities	\$	<u>(1,444,150)</u>

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, 2012

	General Fund			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Ad Valorem Taxes	\$ 11,942,775	\$ 11,942,000	\$ 12,270,703	\$ 328,703
Other Taxes and Licenses	567,000	337,775	332,284	(5,491)
Intergovernmental Revenues:				
Unrestricted	6,327,515	6,589,865	6,700,452	110,587
Restricted	792,018	809,901	866,134	56,233
Permits and Fees	319,300	319,312	185,476	(133,836)
Sales and Services	1,405,105	1,405,903	1,423,719	17,816
Investment Earnings	35,000	35,000	23,500	(11,500)
Miscellaneous Revenue	355,049	304,006	429,793	125,787
Total Revenues	21,743,762	21,743,762	22,232,061	488,299
Expenditures:				
Current:				
General Government	2,807,078	3,017,635	2,972,245	45,390
Public Safety	10,137,744	10,449,444	10,473,547	(24,103)
Transportation	3,339,301	3,364,301	3,318,995	45,306
Environmental Protection	2,297,978	2,280,178	2,232,722	47,456
Cultural and Recreational	3,095,582	3,216,964	3,170,744	46,220
Debt Service	413,807	413,807	400,824	12,983
Total Expenditures	22,091,490	22,742,329	22,569,077	173,252
Revenues Over (Under) Expenditures	(347,728)	(998,567)	(337,016)	661,551
Other Financing Sources (Uses):				
Transfers to Other Funds	(16,700)	(16,700)	(16,667)	33
Transfers From Other Funds	-	-	77,883	77,883
Sale of Capital Assets	-	-	37,091	37,091
Installment Purchase Obligations Issued	140,000	140,000	138,494	(1,506)
Total Other Financing Sources (Uses)	123,300	123,300	236,801	113,501
Appropriated Fund Balance	224,428	875,267	-	(875,267)
Net Change in Fund Balance	\$ -	\$ -	(100,215)	\$ (100,215)
Fund Balance Beginning of Year, July 1			9,230,664	
Fund Balance End of Year, June 30			\$ 9,130,449	

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

STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2012

	Water and Sewer Fund
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 8,996,261
Accounts Receivable - Net	1,950,943
Inventories	718,952
Deferred Charges	20,245
Total Current Assets	11,686,401
Capital Assets:	
Land, Improvements and Construction in Progress	4,778,716
Other Capital Assets, Net of Depreciation	43,642,755
Total Capital Assets (Net)	48,421,471
Total Noncurrent Assets	48,421,471
Total Assets	\$ 60,107,872
Liabilities:	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	\$ 111,671
Retainage Payable	36,089
Due to Other Funds	300
Customer Deposits	425,340
Accrued Interest Payable	36,004
Compensated Absences - Current	151,600
Installment Purchase Agreements Payable - Current	41,540
General Obligation Bonds Payable - Current	864,756
Notes Payable State of North Carolina - Current	622,513
Total Current Liabilities	2,289,813
Noncurrent Liabilities:	
Other Postemployment Benefits	459,322
Compensated Absences	166,868
Installment Purchase Agreements Payable - Noncurrent	110,605
General Obligation Bonds Payable - Noncurrent (Net)	825,040
Notes Payable State of North Carolina - Noncurrent	6,467,605
Unearned Revenues	58,618
Total Noncurrent Liabilities	8,088,058
Total Liabilities	10,377,871
Net Assets:	
Invested in Capital Assets, Net of Related Debt	39,489,368
Unrestricted	10,240,633
Total Net Assets	\$ 49,730,001

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, 2012

	Water and Sewer Fund
Operating Revenues:	
Water Sales	\$ 6,317,779
Sewer Charges	4,805,510
Water and Sewer Taps	75,864
Sampling and Monitoring Fees	32,373
Surcharges	197,345
Septic Tank Discharge	52,130
Other Operating Revenues	396,679
Total Operating Revenues	11,877,680
Operating Expenses:	
Billing and Collections	387,200
Water Meter Operations	805,944
Water Supply Treatment	1,916,953
Wastewater Treatment	2,028,383
Water Maintenance	1,061,005
Wastewater Maintenance	1,274,511
Technical Services	166,769
Systems Maintenance	1,021,318
Water Quality	515,841
Depreciation	1,724,718
Total Operating Expenses	10,902,642
Operating Income	975,038
Nonoperating Revenues (Expenses):	
Investment Earnings	13,271
Interest and Other Charges	(312,547)
Other Nonoperating Revenues	199,501
Loss on Disposal of Capital Assets	(23,367)
Amortization of Bond Issue Costs	(10,652)
Total Nonoperating Revenues (Expenses)	(133,794)
Income Before Contributions and Transfers	841,244
Capital Contributions	577,292
Transfers to Other Funds:	
To Economic Development Fund	(700,000)
To General Fund	(77,883)
Change in Net Assets	640,653
Total Net Assets - Beginning of Year	49,089,348
Total Net Assets - End of Year	\$ 49,730,001

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

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 For the Year Ended June 30, 2012

	Water and Sewer Fund
Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 11,596,884
Cash Paid for Goods and Services	(4,082,523)
Cash Paid to Employees for Services	(4,965,197)
Customer Deposits Received	20,762
Other Operating Revenues	596,180
Net Cash Provided by Operating Activities	3,166,106
Cash Flows From Noncapital Financing Activities:	
Due to Other Funds	(522,508)
Transfers to Other Funds	(777,883)
Total Cash Flows From Noncapital Financing Activities	(1,300,391)
Cash Flows From Capital and Related Financing Activities:	
Acquisition of Capital Assets	(1,101,005)
Proceeds From Installment Purchase Agreements	169,247
Principal Paid on Bonds and Installment Purchase Agreements	(1,537,046)
Interest Paid on Bonds and Installment Purchase Agreements	(312,547)
Net Cash (Used) by Capital and Related Financing Activities	(2,781,351)
Cash Flows from Investing Activities:	
Interest Earned on Investments	13,271
Net Increase in Cash and Cash Equivalents	(902,365)
Cash and Cash Equivalents at Beginning of Year	9,898,626
Cash and Cash Equivalents at End of Year	\$ 8,996,261
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 975,038
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation	1,724,718
Amortization of Deferred Loss on Refunding	15,797
Other Nonoperating Revenue	199,501
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	87,422
(Decrease) in Accounts Payable and Accrued Liabilities	(57,247)
Increase in Customer Deposits	20,762
(Decrease) in Accrued Compensated Absences	(18,297)
Increase in Other Postemployment Benefits	189,951
Increase in Deferred Revenues	28,461
Total Adjustments	2,191,068
Net Cash Provided by Operating Activities	\$ 3,166,106

Noncash Investing, Capital, and Financing Activities:

The Water and Sewer Fund received donated water and sewer lines with a value of \$306,112 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, 2012

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 Asheboro Housing Development Special Revenue Fund. This fund accounts for grant funds and funds committed by the City council 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 funds committed by the City council.

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

The Airport Improvements 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 Zoo City Park Capital Project Fund. This fund is used to account for City commitments, local contributions, and state grant monies restricted 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. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 non-operating 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 non-operating 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 2011 through February 2012 apply to the fiscal year ended June 30, 2012. 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 Funds, 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

Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. Contributions of cash are classified as restricted cash in the Sunset Theater Project Fund since these amounts are for renovations to the historical Sunset Theater. Funds in the Airport Improvements Project Fund are restricted for expenditures for federal grant reimbursement.

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, 2011. 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.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Allowances for Doubtful Accounts

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

6. Inventory

The inventories of the City 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, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories - portion of fund balance that is not an available resource because it represents the year-end fund balance of ending inventories, which are not spendable resources.

Long-term Receivables – portion of fund balance that is not an available resource because it represents the portion of interfund receivables not expected to be converted to cash within the next budget year.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Restricted for Streets – Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Restricted for Capital Projects – portion of fund balance that is restricted by revenue sources for various project expenditures.

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)

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the City of Asheboro’s governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires a majority vote by quorum by the governing body.

Committed for Capital Projects – portion of fund balance committed by the City Council for capital project expenditures.

Committed for Economic and Physical Development – portion of fund balance committed by the City Council for economic and physical development.

Assigned Fund Balance – portion of fund balance assigned by majority vote of the governing body that the City of Asheboro intends to use for specific purposes.

Subsequent Year’s Expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation.

Unassigned Fund Balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. The net adjustment of \$18,742,732 consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 57,044,725
Less Accumulated Depreciation	<u>(33,218,076)</u>
Net Capital Assets	23,826,649
Bond issuance costs are not financial resources and therefore are not reported in the fund statements	2,427
Liabilities for revenue earned but deferred and therefore recorded in the fund statements but not the government-wide statements	451,856
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	(1,246,610)
Accrued Interest Payable	(583)
Compensated Absences	(2,138,276)
Net Pension Obligation	(675,763)
Other Postemployment Benefits	<u>(1,476,968)</u>
Total Adjustment	<u>\$ 18,742,732</u>

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balance includes reconciliation between net changes in fund balances – total governmental funds and changes in net assets – governmental activities as reported in the government-wide statement of activities. These are several elements of that total adjustment of (\$1,853,135) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 756,991
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	(1,884,950)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it effects only the government-wide statement of net assets	(138,494)
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	346,305
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	(2,865)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(80,347)
Increase in net pension obligation	(93,107)
Other postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(563,745)
Net costs of capital assets disposed of during the year	(16,962)
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, 2011	(542,712)
Recording of tax receipts deferred in the fund statements at June 30, 2012	296,720
Reversal of deferred service revenues recorded at July 1, 2011	(82,058)
Recording of service revenues deferred in the fund statements at June 30, 2011	74,786
Change in deferral of notes receivable in Special Revenue Fund	(1,447)
Donated infrastructure (streets, sidewalks, and curb and guttering)	78,750
Total Adjustment	<u>(\$ 1,853,135)</u>

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS OF EXPENDITURES OVER APPROPRIATIONS.

For the fiscal year ended June 30, 2012, the expenditures in the City's fire department exceeded those appropriated by \$45,768. This over-expenditure occurred due to a pass-through grant received for fire equipment that was not appropriated. Management will more closely monitor such grants in the future to ensure correct recording.

III. 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, 2012, the City's deposits had a carrying amount of \$15,553,313 and a bank balance of \$16,055,953. Of the bank balance, \$755,841 was covered by federal depository insurance and \$15,300,112 was covered by collateral held under the Pooling Method. At June 30, 2012, the City's petty cash fund totaled \$3,850. The carrying amount of deposits for the ABC Board was \$203,456 and the bank balance was \$169,500. All of the bank balance was covered by federal depository insurance. The ABC Board's petty cash fund totaled \$4,476.

2. Investments

At June 30, 2012, the City of Asheboro had \$1,9970,470 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)

III. 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:

Fund	6/30/2012
General Fund:	
Taxes Receivable	\$ 53,000
Enterprise Fund:	
Customer Accounts Receivable	<u>75,000</u>
Total	<u>\$ 128,000</u>

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. 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, 2012, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 3,817,298	\$ 202,248	\$ -	\$ 4,019,546
Construction in Progress	802,258	168,216	-	970,474
Total Capital Assets Not Being Depreciated	<u>4,619,556</u>	<u>370,464</u>	<u>-</u>	<u>4,990,020</u>
Capital Assets Being Depreciated:				
Land Improvements	10,681,652	123,076	-	10,804,728
Buildings	11,455,247	2,380	-	11,457,627
Street Construction	15,548,270	86,140	-	15,634,410
Computer Equipment	732,783	22,100	99,708	655,175
Equipment	4,456,665	131,475	214,356	4,373,784
Vehicles	9,973,578	100,106	944,703	9,128,981
Total Capital Assets Being Depreciated	<u>52,848,195</u>	<u>465,277</u>	<u>1,258,767</u>	<u>52,054,705</u>
Less Accumulated Depreciation For:				
Land Improvements	5,103,835	467,727	-	5,571,562
Buildings	6,026,846	233,913	-	6,260,759
Street Construction	9,098,667	530,212	-	9,628,879
Computer Equipment	438,803	30,052	98,802	370,053
Equipment	3,831,134	178,476	205,786	3,803,824
Vehicles	8,075,646	444,570	937,217	7,582,999
Total Accumulated Depreciation	<u>32,574,931</u>	<u>\$ 1,884,950</u>	<u>\$ 1,241,805</u>	<u>33,218,076</u>
Total Capital Assets Being Depreciated, Net	<u>20,273,264</u>			<u>18,836,629</u>
Governmental Activity Capital Assets, Net	<u>\$ 24,892,820</u>			<u>\$ 23,826,649</u>

Depreciation expense was charged to functions/programs as follows:

General Government	31,195
Public Safety	263,055
Transportation	1,171,319
Environmental	161,766
Cultural and Recreational	230,255
Economic Development	27,360
	<u>\$ 1,884,950</u>

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. 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>
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 2,806,124	\$ -	\$ -	\$ 2,806,124
Construction in Progress	1,472,975	743,969	244,352	1,972,592
Total Capital Assets Not Being Depreciated	<u>4,279,099</u>	<u>743,969</u>	<u>244,352</u>	<u>4,778,716</u>
Capital Assets Being Depreciated:				
Land Improvements	78,560	-	-	78,560
Buildings	30,473,373	-	-	30,473,373
Plant and Distribution Systems	41,497,883	892,494	-	42,390,377
Computer Equipment	86,188	11,917	7,887	90,218
Equipment	5,680,605	141,435	67,112	5,754,928
Vehicles	2,262,838	132,835	106,603	2,289,070
Total Capital Assets Being Depreciated	<u>80,079,447</u>	<u>1,178,681</u>	<u>181,602</u>	<u>81,076,526</u>
Less Accumulated Depreciation For:				
Land Improvements	29,755	3,928	-	33,683
Buildings	13,793,304	572,187	-	14,365,491
Plant and Distribution Systems	16,919,517	781,540	-	17,701,057
Computer Equipment	84,001	2,352	7,887	78,466
Equipment	3,077,145	229,826	47,936	3,259,035
Vehicles	1,963,565	134,885	102,411	1,996,039
Total Accumulated Depreciation	<u>35,867,287</u>	<u>\$ 1,724,718</u>	<u>\$ 158,234</u>	<u>37,433,771</u>
Total Capital Assets Being Depreciated, Net	<u>44,212,160</u>			<u>43,642,755</u>
Business-type Activities Capital Assets, Net	<u>\$ 48,491,259</u>			<u>\$ 48,421,471</u>

Discretely Presented Component Unit:

Activity for the ABC Board for the year ended June 30, 2012, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital Assets Being Depreciated:				
Leasehold Improvements	\$ 620	\$ -	\$ -	\$ 620
Furniture and Equipment	167,965	6,553	-	174,518
Total Capital Assets Being Depreciated	<u>168,585</u>	<u>6,553</u>	<u>-</u>	<u>175,138</u>
Less Accumulated Depreciation For:				
Leasehold Improvements	160	62	-	222
Furniture and Equipment	47,655	21,517	-	69,172
Total Accumulated Depreciation	<u>47,815</u>	<u>\$ 21,579</u>	<u>\$ -</u>	<u>69,394</u>
ABC Capital Assets, Net	<u>\$ 120,770</u>			<u>\$ 105,744</u>

Construction Commitments

The City has active construction projects as of June 30, 2012. At year-end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Dave's Mountain Water and Sewer System Project	\$ 384,740	\$ 171,933
Water and Sewer Systems Improvement Project	721,775	109,356
	<u>\$ 1,106,515</u>	<u>\$ 281,289</u>

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES.

1. Payables

Payables at the government-wide level at June 30, 2012, were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental Activities:				
General	\$ 351,586	\$ --	\$ --	\$ 351,586
Other Governmental	--	--	--	--
Total Governmental Activities	<u>\$ 351,586</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 351,586</u>
Business-type Activities:				
Water and Sewer	<u>\$ 111,671</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 111,671</u>

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 6.88% and 6.9%, 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, 2012, 2011, and 2010 were \$995,176, \$885,586, and \$634,780, respectively. The contributions made by the City equaled the required contributions for each year.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. 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, 2011, the Separation Allowance's membership consisted of:

Retirees receiving benefits	5
Terminate plan members entitled to but not yet receiving benefits	0
Active plan members	<u>78</u>
Total	<u>83</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)

III. 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, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3%. 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, 2011 was 19 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	\$ 181,496
Interest on Net Pension Obligations	29,133
Adjustment to Annual Required Contribution	<u>(34,758)</u>
Annual Pension Cost	175,871
Contributions Made	<u>(82,764)</u>
Increase (Decrease) in Net Pension Obligation	93,107
Net Pension Obligation, Beginning of Year	<u>582,656</u>
Net Pension Obligation, End of Year	<u>\$ 675,763</u>

Fiscal Year Ended	General Fund		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/10	\$154,219	63.13%	\$ 465,155
6/30/11	\$193,707	39.34%	\$ 582,656
6/30/12	\$175,871	47.06%	\$ 675,763

(4) *Funding Status and Funding Progress.*

As of December 31, 2011, 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 \$1,993,825. The covered payroll (annual payroll of active employees covered by the plan) was \$3,525,741, and the ratio of the UAAL to the covered payroll was 56.55 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)

III. 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, 2012, were \$242,767, which consisted of \$179,662 from the City and \$63,105 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)

III. 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, 2010, the date of the latest valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	38	--
Terminated plan members entitled to but not yet receiving benefits	--	--
Active plan members	<u>254</u>	<u>77</u>
Total	<u>292</u>	<u>77</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 8.92% of annual covered payroll. For the current year, the City contributed \$483,860, or 3.49% 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)

III. 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	\$ 1,237,556
Interest on Net OPEB Obligation	--
Adjustment to Annual Required Contribution	(--)
Annual OPEB Cost (Expense)	<u>1,237,556</u>
Contributions Made	<u>(483,860)</u>
Increase (Decrease) in Net OPEB Obligation	753,696
Net OPEB Obligation, Beginning of Year	<u>1,182,594</u>
Net OPEB Obligation, End of Year	<u>\$ 1,936,290</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2012 were as follows:

<u>For Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$ 1,000,842	45.10%	\$ 893,131
2011	\$ 1,239,152	76.64%	\$ 1,182,594
2012	\$ 1,237,556	39.10%	\$ 1,936,290

Funded Status and Funding Progress. As of December 31, 2010, 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 \$12,459,443. The covered payroll (annual payroll of active employees covered by the plan) was \$13,863,896, and the ratio of the UAAL to the covered payroll was 89.9 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)

III. 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, 2010 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 10.50 to 5.00 percent annually. The investment rate included a 3.00 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, 2010, 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)

III. 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, 2012, the City made contributions to the State for death benefits of \$15,908. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .10% 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:

	Deferred Revenue	Unearned Revenue
Prepaid Taxes (General)	\$ --	\$ 26,127
Prepaid Privilege Licenses (General)	--	67,263
Prepaid Vice Narcotics (General)	--	29,496
Prepaid US Treasury/Justice (General)	--	495,926
Prepaid Golf Memberships (General)	--	3,293
Other Collections (General)	--	7,596
Taxes Receivable, Net (General)	296,720	--
Garbage Collections Receivable (General)	74,786	--
Note Receivable (General)	60,500	--
Notes Receivable (Special Revenue)	19,850	--
Total	<u>\$ 451,856</u>	<u>\$ 629,701</u>

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)

III. 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, 2012, 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 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 April 2011, the City entered into an installment purchase contract with RBC Bank to finance police vehicles and utility vehicles. The contract is for \$822,835, to be repaid monthly at \$15,142, including interest at 3.34% over five years.

In January 2012, the City entered into an installment purchase contract with BB&T Bank to finance equipment and vehicles for the public works and water and sewer maintenance departments. The contract is for \$307,741, to be repaid monthly at \$6,635, including interest at 1.69% over four years.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

7. Long-Term Obligations (Continued)

a. Installment Purchases. (Concluded)

The future minimum payments of the installment purchase contracts as of June 30, 2012, are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2013	\$ 266,658	\$ 35,273	\$ 41,540	\$ 2,251
2014	276,788	25,142	42,247	1,543
2015	287,348	14,583	42,967	824
2016	213,272	3,745	25,391	143
Totals	\$ 1,044,066	\$ 78,743	\$ 152,145	\$ 4,761

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, 2012, 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, 2012, 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:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2013	\$ 622,513	\$ 191,914
2014	626,472	181,002
2015	626,472	162,412
2016	626,472	143,824
2017	626,472	125,235
2018 – 2022	1,882,360	433,086
2023 – 2027	1,580,630	186,113
2028 – 2032	498,727	19,899
Totals	\$ 7,090,118	\$ 1,443,485

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. 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, 2012, 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 \$24,925 and the bond premium of \$7,265.	
	<u>\$ 1,892,340</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>
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
Total	<u>\$ 204,434</u>	<u>\$ 10,901</u>	<u>\$ 1,705,566</u>	<u>\$ 90,949</u>

At June 30, 2012 the City's legal debt margin is \$ 170,726,041.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Concluded)

7. Long-Term Obligations (Concluded)

d. Changes in Long-Term Liabilities.

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Current Portion of Balance
Governmental Activities:					
General Obligation					
Bonds	\$ 312,003	\$ --	\$ 107,569	\$ 204,434	\$ 104,893
Deferred Loss on Refunding	(5,340)	(--)	(2,672)	(2,668)	(1,751)
Unamortized Debt Premium	1,556	--	778	778	510
Total General Obligation					
Bonds	308,219	--	105,675	202,544	103,652
Installment Purchases	1,144,306	138,493	238,733	1,044,066	266,659
Compensated Absences	2,057,929	831,287	750,940	2,138,276	750,940
Other Postemployment Benefits	913,225	563,743	--	1,476,968	--
Net Pension Obligation	582,656	93,107	--	675,763	--
Governmental Activity Long-term Liabilities	\$ 5,006,335	\$ 1,626,630	\$ 1,095,348	\$ 5,537,617	\$1,121,251

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Current Portion of Balance
Business-type Activities:					
General Obligation					
Bonds	\$ 2,602,997	\$ --	\$ 897,431	\$ 1,705,566	\$ 875,107
Deferred Loss on Refunding	(44,552)	(--)	(22,295)	(22,257)	(14,608)
Unamortized Debt Premium	12,985	--	6,498	6,487	4,257
Total General Obligation					
Bonds	2,571,430	--	881,634	1,689,796	864,756
Installment Purchases	--	169,248	17,103	152,145	41,540
Notes Payable	7,712,631	--	622,513	7,090,118	622,513
Compensated Absences	336,765	133,303	151,600	318,468	151,600
Other Postemployment Benefits	269,370	189,952	--	459,322	--
Business-type Activity Long-term Liabilities	\$ 10,890,196	\$ 492,503	\$ 1,672,850	\$ 9,709,849	\$1,680,409

Compensated absences typically have been liquidated in the general fund.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

C. INTERFUND BALANCES AND ACTIVITY.

1. Transfers To / From Other Funds

Transfers to / from other funds at June 30, 2012, consists of the following:

From the General Fund to the Airport Improvements Capital project Fund per the terms of a matching grant. \$ 16,667

From the Water and Sewer Fund to the Economic Development Fund for economic incentive for local businesses. 700,000

From the Water and Sewer Fund to the General Fund for expenditures related to water and sewer renovations related to business incentives. 77,883

Total \$ 794,550

2. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2012, are as follows:

Receivable Fund	Payable Fund	Amount
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>300</u>
		<u>\$ 350,300</u>

D. REVENUES, EXPENDITURES AND EXPENSES.

On-Behalf of Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2012, the City of Asheboro has recognized on-behalf of payments for pension contributions made by the State as a revenue and expenditure of \$5,350 for fourteen employed firemen who perform firefighting duties for the City's fire department. The employees elected to be members of the Firemen and Rescue Squad Worker's Pension Fund, a cost-sharing, multiple-employer public employee retirement system established and administered by the State of North Carolina. The Plan is funded by a \$10 monthly contribution paid by each member, investment income, and a State appropriation.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Concluded)

E. FUND BALANCE.

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation:

Total Fund Balance – General Fund	\$ 9,130,449
Less:	
Long-term receivables	350,000
Inventories	507,493
Streets – Powell Bill	966,610
Stabilization by State Statute	2,171,530
Remaining Fund balance	<u>\$ 5,134,816</u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

<u>Encumbrances</u>	
<u>General Fund</u>	<u>Non-major Funds</u>
\$ - 0 -	\$ - 0 -

IV. JOINT VENTURE

The City and the members of the City’s fire department each appoint two members to the five-member local board of trustees for the Firemen’s Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen’s Relief Fund is funded by a portion of the fire and lightning insurance premiums which insurers remit to the State. The State passes these monies to the local board of the Firemen’s Relief Fund. The funds are used to assist fire fighters in various ways. The City obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the City’s fire department by the board of trustees. During the fiscal year ended June 30, 2012, 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, 2012. The Firemen’s Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen’s Association. This report can be obtained from the Association at Post Office Box 188, Farmville, NC 27828.

V. JOINTLY GOVERNED ORGANIZATION

The City, in conjunction with seven counties and thirty nine other municipalities, established the Piedmont Triad Regional 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 \$5,303 to the Council during the fiscal year ended June 30, 2012.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

VI. RELATED ORGANIZATION

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

VII. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

FEDERAL AND STATE ASSISTED PROGRAMS

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

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**CITY OF ASHEBORO
NORTH CAROLINA**

Required Supplemental Financial Data

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

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance.
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance.
- 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>
12/31/02	-	\$ 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%
12/31/10	-	\$ 1,751,552	\$ 1,751,552	-	\$ 3,436,384	50.97%
12/31/11	-	\$ 1,993,825	\$ 1,993,825	-	\$ 3,525,741	56.55%

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>
2003	\$ 84,213	75.20%
2004	\$ 91,005	98.50%
2005	\$ 97,999	91.00%
2006	\$ 106,740	57.90%
2007	\$ 105,636	61.08%
2008	\$ 115,430	65.00%
2009	\$ 134,043	71.70%
2010	\$ 150,338	64.76%
2011	\$ 195,352	39.00%
2012	\$ 181,496	45.60%

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	12/31/2011
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Closed
Remaining Amortization Period	19 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	5.00%
Projected Salary Increases*	From 4.25% to 7.85%
*Includes Inflation at	3.00%
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%
12/31/10	-	\$ 12,459,443	\$ 12,459,443	-	\$ 13,863,896	89.90%

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%
2011	\$ 1,237,556	76.64%
2012	\$ 1,237,556	39.10%

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	12/31/2010
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Open
Remaining Amortization Period	30 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return *	4.00%
Medical Cost Trend	10.50% - 5.00%
*Includes Inflation at	3.00%
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, 2012

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

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

FEMA - SAFER Grant

Solid Waste Disposal

ABC Revenue for Law Enforcement

U.S. Treasury/Justice Allocation

Total

2012		
Budget	Actual	Variance Positive (Negative)
\$ 11,670,000	\$ 11,782,904	\$ 112,904
202,000	395,664	193,664
70,000	92,135	22,135
11,942,000	12,270,703	328,703
22,000	24,447	2,447
775	900	125
315,000	306,937	(8,063)
337,775	332,284	(5,491)
2,968,712	2,991,930	23,218
2,097,803	2,041,272	(56,531)
1,237,000	1,296,451	59,451
24,350	15,132	(9,218)
72,000	109,453	37,453
180,000	220,000	40,000
10,000	26,214	16,214
6,589,865	6,700,452	110,587
681,023	658,250	(22,773)
883	1,099	216
-	5,350	5,350
-	36,126	36,126
110,995	129,791	18,796
17,000	17,248	248
-	10,980	10,980
-	7,290	7,290
\$ 809,901	\$ 866,134	\$ 56,233

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, 2012

Revenues (Concluded):

Permits and Fees:

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

Total

Sales and Services:

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

Total

Investment Earnings

Miscellaneous:

- Sales of Material and Services
- Reimbursements
- Other

Total

Total Revenues

Expenditures:

General Government:

- Governing Body:
 - Salaries and Employee Benefits
 - Other Operating Expenditures

Total

2012		
Budget	Actual	Variance Positive (Negative)
\$ 90,300	\$ 131,218	\$ 40,918
205,000	30,780	(174,220)
24,000	23,470	(530)
12	8	(4)
<u>319,312</u>	<u>185,476</u>	<u>(133,836)</u>
76,698	70,329	(6,369)
1,000	3,600	2,600
318,205	368,674	50,469
965,000	936,277	(28,723)
15,800	17,204	1,404
21,000	21,469	469
8,200	6,166	(2,034)
<u>1,405,903</u>	<u>1,423,719</u>	<u>17,816</u>
<u>35,000</u>	<u>23,500</u>	<u>(11,500)</u>
1,000	17,425	16,425
208,000	231,546	23,546
95,006	180,822	85,816
<u>304,006</u>	<u>429,793</u>	<u>125,787</u>
<u>21,743,762</u>	<u>22,232,061</u>	<u>488,299</u>
	92,245	
	41,835	
<u>\$ 135,166</u>	<u>\$ 134,080</u>	<u>\$ 1,086</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, 2012

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

Tax Collections:

Tax Collection Fee - Randolph County

Tax Refunds

Total

Legal Services:

Salaries and Employee Benefits

Operating Expenditures

Total

2012		
Budget	Actual	Variance Positive (Negative)
\$	\$ 123,562	\$
	44,704	
172,454	168,266	4,188
	77,872	
	79,977	
160,136	157,849	2,287
	100,499	
	61,315	
183,715	161,814	21,901
73,080	70,248	2,832
	154,034	
	6,031	
165,500	160,065	5,435
	123,313	
	23,773	
\$ 149,319	\$ 147,086	\$ 2,233

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, 2012

Expenditures (Continued):

General Government (Concluded):

Planning and Zoning:

Salaries and Employee Benefits
Other Operating Expenditures

Total

City Shop:

Salaries and Employee Benefits
Operating Expenditures
Capital Outlay

Total

Marketing and Communications:

Salaries and Employee Benefits
Operating Expenditures
Capital Outlay

Total

Human Resources:

Salaries and Employee Benefits
Operating Expenditures

Total

Total General Government

Public Safety:

Police:

Salaries and Employee Benefits
Operating Expenditures
Capital Outlay

Total

Fire:

Salaries and Employee Benefits
Operating Expenditures
Capital Outlay

Total

2012		
Budget	Actual	Variance Positive (Negative)
\$	\$ 337,401 93,609	\$
<u>432,490</u>	<u>431,010</u>	<u>1,480</u>
	737,107 270,429 4,988	
<u>1,016,210</u>	<u>1,012,524</u>	<u>3,686</u>
	64,498 19,343 3,107	
<u>86,948</u>	<u>86,948</u>	<u>-</u>
	160,159 282,196	
<u>442,617</u>	<u>442,355</u>	<u>262</u>
<u>3,017,635</u>	<u>2,972,245</u>	<u>45,390</u>
	5,234,848 1,051,990 13,790	
<u>6,321,060</u>	<u>6,300,628</u>	<u>20,432</u>
	2,998,382 438,151 270,243	
<u>\$ 3,661,008</u>	<u>\$ 3,706,776</u>	<u>\$ (45,768)</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, 2012

Expenditures (Continued):

Public Safety (Concluded):

Inspections:

Salaries and Employee Benefits

Operating Expenditures

Total

Fire 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

Capital Outlay

Total

Airport Authority:

Operating Expenditures

Total Transportation

2012		
Budget	Actual	Variance Positive (Negative)
\$	\$ 213,129	\$
	11,921	
<u>225,125</u>	<u>225,050</u>	<u>75</u>
	224,215	
	16,878	
<u>242,251</u>	<u>241,093</u>	<u>1,158</u>
<u>10,449,444</u>	<u>10,473,547</u>	<u>(24,103)</u>
	415,170	
	227,688	
	3,300	
<u>646,133</u>	<u>646,158</u>	<u>(25)</u>
	947,837	
	1,347,492	
	138,493	
<u>2,472,070</u>	<u>2,433,822</u>	<u>38,248</u>
	139,812	
	45,656	
	10,495	
<u>201,348</u>	<u>195,963</u>	<u>5,385</u>
<u>44,750</u>	<u>43,052</u>	<u>1,698</u>
<u>\$ 3,364,301</u>	<u>\$ 3,318,995</u>	<u>\$ 45,306</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, 2012

Expenditures (Continued):

Environmental Protection:

Sanitation:

Salaries and Employee Benefits

Operating Expenditures

Total

Recycling Transfer Station:

Salaries and Employee Benefits

Operating Expenditures

Capital Outlay

Total

Total Environmental Protection

Cultural and Recreational:

Recreation:

Salaries and Employee Benefits

Operating Expenditures

Capital Outlay

Total

Grounds Maintenance:

Salaries and Employee Benefits

Operating Expenditures

Capital Outlay

Total

Golf Course:

Salaries and Employee Benefits

Operating Expenditures

Total

Arts and Cultural Services:

Salaries and Employee Benefits

Operating Expenditures

Total

2012		
Budget	Actual	Variance Positive (Negative)
\$	\$ 828,368	\$
	1,291,592	
2,166,983	2,119,960	47,023
	50,736	
	55,617	
	6,409	
113,195	112,762	433
2,280,178	2,232,722	47,456
	482,376	
	492,792	
	120,356	
1,132,033	1,095,524	36,509
	1,164,079	
	344,585	
	6,169	
1,520,338	1,514,833	5,505
	113,177	
	63,365	
176,542	176,542	-
	86,909	
	163,627	
\$ 250,751	\$ 250,536	\$ 215

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, 2012

Expenditures (Concluded):

Cultural and Recreational (Concluded):

Library:

Operating Expenditures

Capital Outlay

Total

Total Cultural and Recreational

Debt Service:

Principal Retirement

Interest and Fees

Total Debt Service

Total Expenditures

Revenues Over (Under) Expenditures

Other Financing Sources (Uses):

Transfers From Other Funds:

From Water and Sewer Fund

Transfers to Other Funds:

To Airport Improvement Fund

Sale of Capital Assets

Installment Purchase Obligations Issued

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

2012		
Budget	Actual	Variance Positive (Negative)
\$	\$ 121,884	\$
	11,425	
137,300	133,309	3,991
3,216,964	3,170,744	46,220
	346,305	
	54,519	
413,807	400,824	12,983
22,742,329	22,569,077	173,252
(998,567)	(337,016)	661,551
-	77,883	77,883
(16,700)	(16,667)	33
-	37,091	37,091
140,000	138,494	(1,506)
123,300	236,801	113,501
875,267	-	(875,267)
\$ -	(100,215)	\$ (100,215)
	9,230,664	
	\$ 9,130,449	

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**CITY OF ASHEBORO,
NORTH CAROLINA**

Combining Statements for Nonmajor Funds

Special Revenue Funds:

The Asheboro Housing Development Special Revenue Fund. This fund accounts for grant funds and funds committed by the City Council 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 funds committed by the City Council.

Capital Project Funds:

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

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

CITY OF ASHEBORO, NORTH CAROLINA
COMBINING BALANCE SHEET

Schedule 2

NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012

	Special Revenue Funds			Capital Project Funds			Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
	Asheboro Housing Development	Economic Development Fund	Total Nonmajor Special Revenue Funds	Sunset Theater Project Fund	Airport Improvements Project Fund	Zoo City Park Project Fund		
Assets:								
Current Assets:								
Cash and Cash Equivalents	\$ 7,107	\$ 195,276	\$ 202,383	\$ -	\$ -	\$ 8,298	\$ 8,298	\$ 210,681
Restricted Cash	-	-	-	862,415	383,673	-	1,246,088	1,246,088
Accounts Receivable	19,850	-	19,850	-	-	-	-	19,850
Note Receivable	560,000	-	560,000	-	-	-	-	560,000
Due From Other Governments	-	89,180	89,180	-	81,306	-	81,306	170,486
Total Assets	\$ 586,957	\$ 284,456	\$ 871,413	\$ 862,415	\$ 464,979	\$ 8,298	\$ 1,335,692	\$ 2,207,105
Liabilities and Fund Balances:								
Liabilities:								
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	350,000	-	350,000	350,000
Deferred Revenues	19,850	-	19,850	-	-	-	-	19,850
Total Liabilities	19,850	-	19,850	-	350,000	-	350,000	369,850
Fund Balances:								
Restricted:								
Stabilization by State Statute	560,000	89,180	649,180	-	81,306	-	81,306	730,486
Capital Projects	-	-	-	862,415	33,673	-	896,088	896,088
Committed:								
Capital Projects	-	-	-	-	-	8,298	8,298	8,298
Economic and Physical Development	7,107	195,276	202,383	-	-	-	-	202,383
Total Fund Balances	567,107	284,456	851,563	862,415	114,979	8,298	985,692	1,837,255
Total Liabilities and Fund Balances	\$ 586,957	\$ 284,456	\$ 871,413	\$ 862,415	\$ 464,979	\$ 8,298	\$ 1,335,692	\$ 2,207,105

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, 2012

	<u>Special Revenue Funds</u>			<u>Capital Project Funds</u>			Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
	Asheboro Housing Development	Economic Development Fund	Total Nonmajor Special Revenue Funds	Sunset Theater Project Fund	Airport Improvements Project Fund	Zoo City Park Project Fund		
Revenues:								
Restricted Intergovernmental	\$ -	\$ 218,975	\$ 218,975	\$ -	\$ 165,476	\$ -	\$ 165,476	\$ 384,451
Restricted Other	-	72,094	72,094	342,323	-	-	342,323	414,417
Investment Earnings	-	-	-	-	-	-	-	-
Miscellaneous	1,561	-	1,561	-	-	-	-	1,561
Total Revenues	<u>1,561</u>	<u>291,069</u>	<u>292,630</u>	<u>342,323</u>	<u>165,476</u>	<u>-</u>	<u>507,799</u>	<u>800,429</u>
Expenditures:								
Economic and Physical Development	36	839,644	839,680	-	-	-	-	839,680
Capital Outlay	-	-	-	15,892	152,324	-	168,216	168,216
Total Expenditures	<u>36</u>	<u>839,644</u>	<u>839,680</u>	<u>15,892</u>	<u>152,324</u>	<u>-</u>	<u>168,216</u>	<u>1,007,896</u>
Revenues Over (Under) Expenditures	<u>1,525</u>	<u>(548,575)</u>	<u>(547,050)</u>	<u>326,431</u>	<u>13,152</u>	<u>-</u>	<u>339,583</u>	<u>(207,467)</u>
Other Financing Sources (Uses):								
Transfers From Other Funds:								
From General Fund	-	-	-	-	16,667	-	16,667	16,667
From Water and Sewer Fund	-	700,000	700,000	-	-	-	-	700,000
Total Other Financing Sources	<u>-</u>	<u>700,000</u>	<u>700,000</u>	<u>-</u>	<u>16,667</u>	<u>-</u>	<u>16,667</u>	<u>716,667</u>
Net Change in Fund Balances	<u>1,525</u>	<u>151,425</u>	<u>152,950</u>	<u>326,431</u>	<u>29,819</u>	<u>-</u>	<u>356,250</u>	<u>509,200</u>
Fund Balances:								
Beginning of Year, July 1	565,582	133,031	698,613	535,984	85,160	8,298	629,442	1,328,055
End of Year, June 30	<u>\$ 567,107</u>	<u>\$ 284,456</u>	<u>\$ 851,563</u>	<u>\$ 862,415</u>	<u>\$ 114,979</u>	<u>\$ 8,298</u>	<u>\$ 985,692</u>	<u>\$ 1,837,255</u>

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

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

From Inception and For the Year Ended June 30, 2012

Revenues:

Restricted Intergovernmental Revenues:

HOME Program Grant

Miscellaneous:

Program Income - Repayments

Total Revenues

Expenditures:

Economic and Physical Development:

Mill Lofts Rehabilitation

Original Programs:

Down Payment Assistance

Owner Occupied Rehabilitation

Investor Owned Rehabilitation

Administration

Revolving Loans:

Down Payment Assistance

Owner Occupied Rehabilitation

Investor Owned Rehabilitation

Down Payment/Closing Cost

Administration - Down Payment

Fiscal Agent Fees

Total Expenditures

Revenues Over (Under) Expenditures

Other Financing (Uses):

Transfers From Other Funds:

General Fund

Transfers to Other Funds:

Downtown Farmer's Market Project Fund

Total Other Financing Sources (Uses)

Net Change in Fund Balance

Fund Balance:

Beginning of Year, July 1

End of Year, June 30

Project Authorization	Actual		
	Prior Years	Current Year	Total To Date
\$ 375,000	\$ 375,000	\$ -	\$ 375,000
340,767	341,748	1,561	343,309
715,767	716,748	1,561	718,309
560,000	-	-	-
69,750	69,750	-	69,750
186,000	186,000	-	186,000
93,000	93,000	-	93,000
27,248	27,248	-	27,248
11,152	11,152	-	11,152
103,127	99,508	-	99,508
26,337	26,336	-	26,336
7,608	7,608	-	7,608
2,621	2,620	-	2,620
10,924	9,947	36	9,983
1,097,767	533,166	36	533,202
(382,000)	183,582	1,525	185,107
410,000	410,000	-	410,000
(28,000)	(28,000)	-	(28,000)
382,000	382,000	-	382,000
\$ -	\$ 565,582	1,525	\$ 567,107
		565,582	
		\$ 567,107	

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, 2012

Revenues:

Repayment of Expired Incentives
Restricted Intergovernmental:
 CDBG Grant - Allen Industries
 N.C. Industrial Development Fund - Allen Industries
 Randolph County - Allen Industries
 N.C. Department of Commerce
Restricted Other:
 Rural Economic Development Center - Allen Industries
 Rural Economic Development Center

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
 Chamber of Commerce
 Economic Development Corporation
 Piedmont Traid Partnership
 Premiere Fibers
 Allen Industries
 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	Actual		
	Prior Years	Current Year	Total To Date
\$ -	\$ 175,000	\$ -	\$ 175,000
154,360	-	154,360	154,360
130,095	-	64,615	64,615
10,975	10,975	-	10,975
75,000	75,000	-	75,000
140,000	-	72,094	72,094
40,000	40,000	-	40,000
<u>550,430</u>	<u>300,975</u>	<u>291,069</u>	<u>592,044</u>
375,000	-	-	-
125,000	125,000	-	125,000
349,400	319,400	-	319,400
325,000	325,000	-	325,000
100,000	100,000	-	100,000
25,000	25,000	-	25,000
3,455,000	937,500	468,750	1,406,250
500,000	500,000	-	500,000
125,000	125,000	-	125,000
35,000	15,000	20,000	35,000
76,000	38,000	38,000	76,000
3,500	1,000	1,000	2,000
40,000	40,000	-	40,000
446,405	20,535	311,894	332,429
185,000	-	-	-
<u>6,165,305</u>	<u>2,571,435</u>	<u>839,644</u>	<u>3,411,079</u>
<u>(5,614,875)</u>	<u>(2,270,460)</u>	<u>(548,575)</u>	<u>(2,819,035)</u>
4,790,975	1,680,141	-	1,680,141
823,900	723,350	700,000	1,423,350
<u>5,614,875</u>	<u>2,403,491</u>	<u>700,000</u>	<u>3,103,491</u>
<u>\$ -</u>	<u>\$ 133,031</u>	<u>151,425</u>	<u>\$ 284,456</u>
		<u>133,031</u>	
		<u>\$ 284,456</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, 2012

Revenues:

Timken Foundation Contribution
Investment Earnings
Contributions

Total Revenues

Expenditures:

Capital Outlay:
Professional Services
Roof Replacement
Facade Renovations
Miscellaneous

Total Expenditures

Revenues Over (Under) Expenditures

Other Financing Sources:

Transfers From Other Funds:
General Fund

Net Change in Fund Balance

Fund Balance:

Beginning of Year, July 1

End of Year, June 30

Project Authorization	Actual		
	Prior Years	Current Year	Total To Date
\$ 75,000	\$ 75,000	\$ -	\$ 75,000
-	-	-	-
-	420,436	342,323	762,759
<u>75,000</u>	<u>495,436</u>	<u>342,323</u>	<u>837,759</u>
379,836	229,849	15,355	245,204
170,200	170,121	-	170,121
118,244	118,243	-	118,243
10,556	9,075	537	9,612
<u>678,836</u>	<u>527,288</u>	<u>15,892</u>	<u>543,180</u>
<u>(603,836)</u>	<u>(31,852)</u>	<u>326,431</u>	<u>294,579</u>
<u>603,836</u>	<u>567,836</u>	<u>-</u>	<u>567,836</u>
<u>\$ -</u>	<u>\$ 535,984</u>	<u>326,431</u>	<u>\$ 862,415</u>
		<u>535,984</u>	
		<u>\$ 862,415</u>	

CITY OF ASHEBORO, NORTH CAROLINA
CAPITAL PROJECT FUND - AIRPORT IMPROVEMENTS FUND

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

From Inception and For the Year Ended June 30, 2012

Revenues:

 Restricted Intergovernmental:

 Federal Grant

 State Grant

 Investment Earnings

Total Revenues

Expenditures:

 Capital Outlay:

 Professional Services

 Administration

 Contractors

 Land

 Miscellaneous

 Contingency

Total Expenditures

Revenues Over (Under) Expenditures

Other Financing Sources:

 Transfers From Other Funds:

 General Fund

Net Change in Fund Balance

Fund Balance:

 Beginning of Year, July 1

 End of Year, June 30

Project Authorization	Actual		
	Prior Years	Current Year	Total To Date
\$ 3,650,000	\$ 3,052,488	\$ 165,476	\$ 3,217,964
2,517,500	2,517,500	-	2,517,500
15,000	30,196	-	30,196
<u>6,182,500</u>	<u>5,600,184</u>	<u>165,476</u>	<u>5,765,660</u>
744,005	729,252	31,474	760,726
6,125	6,630	-	6,630
5,862,216	5,191,255	107,095	5,298,350
260,500	258,024	-	258,024
15,000	-	13,755	13,755
177	-	-	-
<u>6,888,023</u>	<u>6,185,161</u>	<u>152,324</u>	<u>6,337,485</u>
<u>(705,523)</u>	<u>(584,977)</u>	<u>13,152</u>	<u>(571,825)</u>
<u>705,523</u>	<u>670,137</u>	<u>16,667</u>	<u>686,804</u>
<u>\$ -</u>	<u>\$ 85,160</u>	<u>29,819</u>	<u>\$ 114,979</u>
		<u>85,160</u>	
		<u>\$ 114,979</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, 2012

Revenues:

Restricted Intergovernmental:
 PARTF Grant
Local Contribution

Total Revenues

Expenditures:

Capital Outlay:
 Construction Costs
 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
\$ 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>
950,000	281,702	-	281,702
<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
<u>1,000,000</u>	<u>331,702</u>	<u>-</u>	<u>331,702</u>
<u>(500,000)</u>	<u>(281,702)</u>	<u>-</u>	<u>(281,702)</u>
<u>500,000</u>	<u>290,000</u>	<u>-</u>	<u>290,000</u>
<u>\$ -</u>	<u>\$ 8,298</u>	<u>-</u>	<u>\$ 8,298</u>
		<u>8,298</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 two Water and Sewer Capital Projects Funds; 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 10 and 11, 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, 2012

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

2012		
Budget	Actual	Variance Positive (Negative)
\$ 6,461,579	\$ 6,317,779	\$ (143,800)
4,814,140	4,805,510	(8,630)
110,395	75,864	(34,531)
53,562	32,373	(21,189)
253,545	197,345	(56,200)
38,130	52,130	14,000
307,924	396,679	88,755
<u>12,039,275</u>	<u>11,877,680</u>	<u>(161,595)</u>
39,280	13,271	(26,009)
11,126	18,799	7,673
<u>152,251</u>	<u>180,702</u>	<u>28,451</u>
<u>202,657</u>	<u>212,772</u>	<u>10,115</u>
<u>12,241,932</u>	<u>12,090,452</u>	<u>(151,480)</u>
	264,883	
	64,060	
	<u>51,874</u>	
<u>461,529</u>	<u>380,817</u>	<u>80,712</u>
	518,668	
	232,959	
	<u>35,797</u>	
<u>802,502</u>	<u>787,424</u>	<u>15,078</u>
	693,643	
	379,456	
	197,545	
	<u>685,623</u>	
<u>\$ 2,021,672</u>	<u>\$ 1,956,267</u>	<u>\$ 65,405</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, 2012

Expenditures (Continued):

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

Technical Services:

Salaries and Employee Benefits
Supplies
Other Operating Expenditures

Total

Systems Maintenance:

Salaries and Employee Benefits
Supplies
Maintenance
Other Operating Expenditures

Total

2012		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$	\$ 839,784	\$
	291,051	
	279,595	
	586,129	
<u>2,139,230</u>	<u>1,996,559</u>	<u>142,671</u>
	737,966	
	186,909	
	71,241	
	31,581	
<u>1,073,023</u>	<u>1,027,697</u>	<u>45,326</u>
	880,218	
	116,349	
	73,763	
	192,419	
<u>1,320,452</u>	<u>1,262,749</u>	<u>57,703</u>
	136,076	
	16,214	
	12,052	
<u>179,143</u>	<u>164,342</u>	<u>14,801</u>
	561,926	
	169,688	
	117,638	
	153,068	
<u>\$ 1,003,406</u>	<u>\$ 1,002,320</u>	<u>\$ 1,086</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, 2012

Expenditures (Concluded):

Water Quality:
Salaries and Employee Benefits
Supplies
Other Operating Expenditures

Total

Debt Service:
Principal on Bonds and Note
Interest and Fees

Total

Capital Outlay:
Water Supply and Treatment
Wastewater Treatment
Water Maintenance
Wastewater Maintenance
Technical Services
Systems Maintenance
Water Quality

Total

Total Expenditures

Revenues Over Expenditures

Other Financing Uses:

Transfers to Other Funds:
To Economic Development Fund
To General Fund
Installment Purchase Obligations Issued

Total Other Financing Sources (Uses)

Appropriated Fund Balance

Revenues Over Expenditures and Other Sources

2012		
Budget	Actual	Variance Positive (Negative)
\$	\$ 332,033	\$
	92,315	
	74,597	
<u>538,572</u>	<u>498,945</u>	<u>39,627</u>
	1,537,046	
	302,165	
<u>1,909,888</u>	<u>1,839,211</u>	<u>70,677</u>
	10,950	
	101,782	
	37,284	
	32,606	
	24,298	
	30,826	
	48,440	
<u>336,515</u>	<u>286,186</u>	<u>50,329</u>
<u>11,785,932</u>	<u>11,202,517</u>	<u>583,415</u>
<u>456,000</u>	<u>887,935</u>	<u>431,935</u>
(700,000)	(700,000)	-
(78,000)	(77,883)	117
<u>187,000</u>	<u>169,248</u>	<u>(17,752)</u>
<u>(591,000)</u>	<u>(608,635)</u>	<u>(17,635)</u>
<u>135,000</u>	<u>-</u>	<u>(135,000)</u>
<u>\$ -</u>	<u>\$ 279,300</u>	<u>\$ 279,300</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, 2012

Revenues Over Expenditures and Other Sources

Payment of Bond and Note Principal
Installment Purchase Obligations Issued
Amortization of Deferred Loss on Refunding
Amortization of Bond Issue Costs
Capital Outlay
Depreciation
Decrease In Accrued Compensated Absences
Increase in OPEB Liability
Decrease In Accrued Interest Expense
Capital Contributions
Other Capitalized Costs
Donated Assets
Loss on Disposal of Capital Assets

Total Reconciling Items

Change in Net Assets

2012		Variance
<u>Budget</u>	<u>Actual</u>	Positive (Negative)
	\$ 279,300	
	1,537,046	
	(169,248)	
	(15,797)	
	(10,652)	
	286,186	
	(1,724,718)	
	18,297	
	(189,951)	
	5,415	
	271,180	
	70,850	
	306,112	
	(23,367)	
	<u>361,353</u>	
	<u>\$ 640,653</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, 2012

Expenditures:

Engineering
Legal Services
Administration

Total Expenditures

Other Financing Sources:

Transfers From Other Funds:
Water and Sewer Fund

Revenues and Other Financing Sources Over Expenditures

Project Authorization	Actual		
	Prior Years	Current Year	Total To Date
\$ 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, 2012

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	Actual		
	Prior Years	Current Year	Total To Date
\$ 78,990	\$ 78,990	\$ -	\$ 78,990
500,000	423,613	-	423,613
343,000	362,598	-	362,598
217,494	213,851	-	213,851
233,405	79,367	18,273	97,640
1,220,000	-	721,775	721,775
2,100	2,300	3,855	6,155
2,000	2,900	66	2,966
2,517,999	1,084,629	743,969	1,828,598
(2,439,009)	(1,005,639)	(743,969)	(1,749,608)
12,000	12,000	-	12,000
2,427,009	2,295,565	-	2,295,565
2,439,009	2,307,565	-	2,307,565
\$ -	\$ 1,301,926	\$ (743,969)	\$ 557,957

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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 12

COMPARATIVE SCHEDULES BY SOURCE

June 30, 2012

	<u>2012</u>	<u>2011</u>
Governmental Funds Capital Assets:		
Land	\$ 3,817,927	\$ 3,615,679
Land Improvements	10,814,497	10,681,652
Buildings	11,656,865	11,656,865
Street Construction	15,627,020	15,548,270
Computer Equipment	658,100	732,783
Equipment	4,370,861	4,456,665
Vehicles	9,128,981	9,973,579
Construction in Progress	<u>970,474</u>	<u>802,258</u>
Total Capital Assets	<u>\$ 57,044,725</u>	<u>\$ 57,467,751</u>
Investment in Governmental Funds Capital Assets - by Source:		
General Fund	\$ 23,758,856	\$ 24,428,848
Special Revenue Funds	77,165	77,165
Capital Projects Funds	21,313,920	21,145,704
Donations	<u>11,894,784</u>	<u>11,816,034</u>
	<u>\$ 57,044,725</u>	<u>\$ 57,467,751</u>

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

SCHEDULE BY FUNCTION AND ACTIVITY
 June 30, 2012

<u>Function and Activity</u>	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>
General Government:			
Governing Body	\$ -	\$ -	\$ -
Administration	-	-	-
Personnel and City Clerk	-	-	-
Finance	-	-	-
Human Resources	13,908	-	41,725
Legal Services	-	-	-
Planning and Zoning	-	-	-
Public Buildings	214,578	73,215	720,488
Information Technology	-	-	-
Marketing and Communications	-	-	-
City Shop	67,274	-	-
Total General Government	<u>295,760</u>	<u>73,215</u>	<u>762,213</u>
Public Safety:			
Police	116,129	35,591	643,046
Fire	270,498	13,313	452,951
Inspections	-	-	-
Total Public Safety	<u>386,627</u>	<u>48,904</u>	<u>1,095,997</u>
Transportation:			
Public Works	273,697	-	2,658,264
Streets	222,638	45,070	-
City Engineer	-	-	-
Airport	854,500	8,947,708	671,466
Total Transportation	<u>1,350,835</u>	<u>8,992,778</u>	<u>3,329,730</u>
Environmental Protection:			
Sanitation	21,152	-	699,940
Cultural and Recreational:			
Parks, Lakes and Playgrounds	877,579	1,231,396	2,733,697
Municipal Golf Course	28,015	186,486	67,418
Grounds Maintenance	85,675	65,918	136,934
Library	171,418	11,425	-
Total Cultural and Recreational	<u>1,162,687</u>	<u>1,495,225</u>	<u>2,938,049</u>
Economic and Physical Development:			
Community Promotion	600,866	204,375	2,830,936
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Funds Capital Assets	<u>\$ 3,817,927</u>	<u>\$ 10,814,497</u>	<u>\$ 11,656,865</u>

Street Construction	Computer Equipment	Equipment	Vehicles	Construction In Progress	Total
\$ -	\$ -	\$ 10,676	\$ -	\$ -	\$ 10,676
-	1,876	-	-	-	1,876
-	-	7,048	-	-	7,048
-	57,178	-	-	-	57,178
-	11,197	12,353	11,273	-	90,456
-	6,731	-	-	-	6,731
-	29,504	15,520	16,806	-	61,830
-	1,141	14,382	-	-	1,023,804
-	23,295	58,362	-	-	81,657
-	-	3,107	-	-	3,107
-	60,362	258,189	209,507	-	595,332
-	191,284	379,637	237,586	-	1,939,695
-	187,248	441,063	1,703,801	-	3,126,878
-	182,853	325,192	1,513,408	-	2,758,215
-	-	-	23,278	-	23,278
-	370,101	766,255	3,240,487	-	5,908,371
-	25,385	176,914	197,386	-	3,331,646
15,627,020	2,700	984,478	1,572,303	-	18,454,209
-	24,063	38,784	28,971	-	91,818
-	-	315,293	27,000	-	10,815,967
15,627,020	52,148	1,515,469	1,825,660	-	32,693,640
-	28,025	767,150	3,126,176	-	4,642,443
-	11,872	304,413	74,983	-	5,233,940
-	-	59,644	-	-	341,563
-	4,670	578,293	624,089	-	1,495,579
-	-	-	-	-	182,843
-	16,542	942,350	699,072	-	7,253,925
-	-	-	-	-	3,636,177
-	-	-	-	970,474	970,474
\$ 15,627,020	\$ 658,100	\$ 4,370,861	\$ 9,128,981	\$ 970,474	\$ 57,044,725

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

Schedule 14

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
For the Year Ended June 30, 2012

Function and Activity	Governmental Fund			Governmental Fund
	Capital Assets			Capital Assets
	<u>June 30, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2012</u>
General Government:				
Governing Body	\$ 10,676	\$ -	\$ -	\$ 10,676
Administration	1,876	-	-	1,876
Personnel and City Clerk	7,048	-	-	7,048
Finance	62,271	-	5,093	57,178
Human Resources	90,456	-	-	90,456
Legal Services	9,580	-	2,849	6,731
Planning and Zoning	87,118	-	25,288	61,830
Public Buildings	1,026,729	-	2,925	1,023,804
Information Technology	91,177	-	9,520	81,657
Marketing and Communications	-	3,107	-	3,107
City Shop	611,353	4,988	21,009	595,332
Total General Government	<u>1,998,284</u>	<u>8,095</u>	<u>66,684</u>	<u>1,939,695</u>
Public Safety:				
Police	3,824,127	13,790	711,039	3,126,878
Fire	2,492,256	270,243	4,284	2,758,215
Inspections	38,859	-	15,581	23,278
Total Public Safety	<u>6,355,242</u>	<u>284,033</u>	<u>730,904</u>	<u>5,908,371</u>
Transportation:				
Public Works	3,363,921	3,300	35,575	3,331,646
Streets	18,418,039	217,243	181,073	18,454,209
City Engineer	95,475	10,495	14,152	91,818
Airport	10,862,151	-	46,184	10,815,967
Total Transportation	<u>32,739,586</u>	<u>231,038</u>	<u>276,984</u>	<u>32,693,640</u>
Environmental Protection:				
Sanitation	4,758,079	6,409	122,045	4,642,443
Cultural and Recreational:				
Parks, Lakes and Playgrounds	5,113,585	120,355	-	5,233,940
Municipal Golf Course	341,563	-	-	341,563
Grounds Maintenance	1,538,026	6,169	48,616	1,495,579
Library	171,418	11,425	-	182,843
Total Cultural and Recreational	<u>7,164,592</u>	<u>137,949</u>	<u>48,616</u>	<u>7,253,925</u>
Economic and Physical Development:				
Community Promotion	3,649,710	-	13,533	3,636,177
Construction in Progress				
	802,258	168,216	-	970,474
Total Governmental Fund Capital Assets	<u>\$ 57,467,751</u>	<u>\$ 835,740</u>	<u>\$ 1,258,766</u>	<u>\$ 57,044,725</u>

**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, 2012

<u>Fiscal Year</u>	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Balance June 30, 2012</u>
2011-2012	\$ -	\$ 11,961,536	\$ 11,791,030	\$ 170,506
2010-2011	336,048		199,480	136,568
2009-2010	207,947		196,325	11,622
2008-2009	21,675		17,939	3,736
2007-2008	2,626		538	2,088
2006-2007	2,915		19	2,896
2005-2006	1,307		7	1,300
2004-2005	992		15	977
2003-2004	2,066		-	2,066
2002-2003	18,001		40	17,961
2001-2002	3,135		3,135	-
	<u>\$ 596,712</u>	<u>\$ 11,961,536</u>	<u>\$ 12,208,528</u>	349,720
Less Allowance for Uncollectible Ad Valorem Taxes Receivable				<u>(53,000)</u>
Ad Valorem Taxes Receivable - Net				<u>\$ 296,720</u>
Reconciliation with Revenues:				
Ad Valorem Taxes Collected - General Fund			\$ 12,270,703	
Discounts Allowed			34,080	
Releases and Adjustments			(7,255)	
Taxes Written Off			3,135	
Interest Collected			<u>(92,135)</u>	
Total Collections and Credits			<u>\$ 12,208,528</u>	

ANALYSIS OF CURRENT TAX LEVY
For the Year Ended June 30, 2012

	City-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property Taxed at Current Year's Rate	\$ 2,203,447,993	.55	\$ 12,118,964	\$ 11,271,768	\$ 847,196
Motor Vehicles Taxed at Prior Year's Rate	-	.55	-		-
Penalties			9,935	9,935	
Total	<u>2,203,447,993</u>		<u>12,128,899</u>	<u>11,281,703</u>	<u>847,196</u>
Discoveries:					
Current Year Taxes	956,855	.55	5,263	5,263	
Prior Years Taxes	18,172,207	.55	99,947	99,244	703
Penalties			1,719	1,719	
	<u>19,129,062</u>		<u>106,929</u>	<u>106,226</u>	<u>703</u>
Abatements	<u>(49,871,045)</u>		<u>(274,292)</u>	<u>(254,839)</u>	<u>(19,453)</u>
Total Valuation	<u>\$ 2,172,706,010</u>				
Net Levy			11,961,536	11,133,090	828,446
Uncollected Taxes at June 30, 2012			<u>(170,506)</u>	<u>(52,388)</u>	<u>(118,118)</u>
Current Year's Taxes Collected			<u>\$ 11,791,030</u>	<u>\$ 11,080,702</u>	<u>\$ 710,328</u>
Current Levy Collection Percentage			<u>98.57%</u>	<u>99.53%</u>	<u>85.74%</u>

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**CITY OF ASHEBORO,
NORTH CAROLINA**

STATISTICAL SECTION

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

Contents	Page
Financial Trends	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 Ten Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 20,973,959	\$ 20,931,387	\$ 21,766,060	\$ 21,596,547	\$ 22,828,193	\$ 24,474,397	\$ 23,882,980	\$ 24,440,730	\$ 23,434,409	\$ 22,576,050
Restricted	-	1,361,560	1,507,360	1,685,767	1,705,253	1,615,678	1,508,368	1,469,071	4,918,519	4,975,395
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	2,801,658	2,158,991
Total Governmental activities net assets	\$ 25,645,361	\$ 27,137,004	\$ 29,565,076	\$ 29,834,054	\$ 33,109,468	\$ 35,084,768	\$ 33,404,849	\$ 32,584,780	\$ 31,154,586	\$ 29,710,436
Business-type activities										
Invested in capital assets, net of related debt	\$ 30,865,010	\$ 29,075,233	\$ 28,950,351	\$ 30,544,401	\$ 30,654,567	\$ 32,213,011	\$ 33,946,915	\$ 35,840,750	\$ 38,207,155	\$ 39,489,368
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	10,882,193	10,240,633
Total business-type activities net assets	\$ 36,119,013	\$ 36,377,512	\$ 37,768,676	\$ 40,541,453	\$ 41,102,087	\$ 42,913,566	\$ 44,979,318	\$ 46,027,862	\$ 49,089,348	\$ 49,730,001
Primary government										
Invested in capital assets, net of related debt	\$ 51,838,969	\$ 50,006,620	\$ 50,716,411	\$ 52,140,948	\$ 53,482,760	\$ 56,687,408	\$ 57,829,895	\$ 60,281,480	\$ 61,641,564	\$ 62,065,418
Restricted	-	1,361,560	1,507,360	1,685,767	1,705,253	1,615,678	1,508,368	1,469,071	4,918,519	4,975,395
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	13,683,851	12,399,624
Total primary government net assets	\$ 61,764,374	\$ 63,514,516	\$ 67,333,752	\$ 70,375,507	\$ 74,211,555	\$ 77,998,334	\$ 78,384,167	\$ 78,612,642	\$ 80,243,934	\$ 79,440,437

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 Ten Fiscal Years
(accrual basis of accounting)

Table 2
(Page 1 of 2)

Expenses	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
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	\$ 3,286,240	\$ 3,061,766
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	10,505,454	10,936,883
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	4,394,627	4,416,483
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	2,278,866	2,416,231
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	3,283,907	3,342,904
Economic and physical development	170,415	288,022	293,623	622,159	933,186	198,711	222,884	551,395	847,495	867,040
Interest on long-term debt	183,392	177,141	149,186	118,843	142,358	110,973	83,051	63,232	47,797	57,384
Total governmental activities expenses	16,270,464	16,880,928	17,491,594	18,571,793	19,694,093	21,677,477	23,436,396	23,993,344	24,644,386	25,098,691
Business-type activities:										
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	11,036,882	11,225,841
Total business-type activities expenses	7,589,539	8,339,935	7,617,349	8,152,888	8,325,034	9,512,246	9,896,112	10,583,741	11,036,882	11,225,841
Total primary government expenses	\$ 23,860,003	\$ 25,220,863	\$ 25,108,943	\$ 26,724,681	\$ 28,019,127	\$ 31,189,723	\$ 33,332,508	\$ 34,577,085	\$ 35,681,268	\$ 36,324,532
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 30,425	\$ 42,647	\$ 45,678	\$ 48,857	\$ 44,383	\$ 322,953	\$ 300,341	\$ 338,398	\$ 327,154	\$ 330,415
Public safety	154,016	156,321	155,690	149,994	175,835	163,586	104,332	106,149	129,416	157,330
Transportation	22,519	24,690	24,848	25,897	23,594	26,088	26,253	28,786	26,305	27,635
Environmental protection	629,788	804,406	799,652	775,153	857,224	1,041,908	1,026,343	969,105	991,579	946,203
Cultural and recreational	325,556	376,089	416,610	409,975	498,179	524,163	471,441	425,789	434,208	439,003
Operating grants and contributions	1,330,575	657,136	791,245	736,842	894,251	936,907	1,656,175	649,810	845,436	1,085,673
Capital grants and contributions	998,036	882,880	1,175,921	137,243	1,288,059	1,415,364	239,227	1,869,824	614,292	593,839
Total governmental activities program revenues	3,490,915	2,944,169	3,409,644	2,283,961	3,781,525	4,430,969	3,824,112	4,387,861	3,368,390	3,580,098
Business-type activities:										
Charges for services:										
Water and Sewer	8,384,302	8,180,862	8,976,484	9,004,812	9,839,077	11,161,593	10,214,764	10,615,103	11,988,495	11,481,001
Operating grants and contributions	159,031	387,109	238,685	265,387	301,228	345,637	417,006	484,152	557,339	596,180
Capital grants and contributions	-	679	-	1,175,251	-	244,799	606,183	442,638	2,255,680	577,292
Total business-type activities program revenues	8,543,333	8,568,650	9,215,169	10,445,450	10,140,305	11,752,029	11,237,953	11,541,893	14,801,514	12,654,473
Total primary government program revenues	\$ 12,034,248	\$ 11,512,819	\$ 12,624,813	\$ 12,729,411	\$ 13,921,830	\$ 16,182,998	\$ 15,062,065	\$ 15,929,754	\$ 18,169,904	\$ 16,234,571
Net (Expense)/Revenue										
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)	\$ (21,275,996)	\$ (21,518,593)
Business-type activities	953,794	228,715	1,597,820	2,292,562	1,815,271	2,239,783	1,341,841	958,152	3,764,632	1,428,632
Total primary government net expense	\$ (11,825,755)	\$ (13,708,044)	\$ (12,484,130)	\$ (13,995,270)	\$ (14,097,297)	\$ (15,006,725)	\$ (18,270,443)	\$ (18,647,331)	\$ (17,511,364)	\$ (20,089,961)

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CITY OF ASHEBORO, NORTH CAROLINA

Changes in Net Assets

Last Ten Fiscal Years

(accrual basis of accounting)

Table 2
(Page 2 of 2)

General Revenues and Other Changes in

Net Assets	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
Taxes										
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	\$ 11,947,797	\$ 12,024,717
Sales taxes	-	-	-	3,812,464	4,122,316	4,232,034	3,538,343	2,934,243	2,926,393	2,991,930
Franchise taxes	-	-	-	1,659,199	1,793,517	2,078,291	2,091,430	2,162,520	2,148,736	2,041,272
Other taxes and licenses	4,801,726	5,629,976	5,822,733	493,036	441,637	172,275	583,184	1,183,638	1,441,057	1,474,713
Investment earnings	60,688	65,066	134,749	215,231	410,921	471,825	205,532	64,275	38,702	23,500
Miscellaneous	292,775	301,779	396,617	331,984	396,833	198,009	460,275	584,956	611,123	740,428
Transfers	-	30,000	372,140	30,000	1,851,550	830,340	(541,797)	(31,914)	731,994	777,883
Total governmental activities	13,916,029	14,850,883	16,510,022	16,556,810	19,187,982	19,221,808	17,932,365	18,785,414	19,845,802	20,074,443
Business-type activities:										
Investment earnings	73,546	59,784	165,484	504,843	596,908	395,814	182,114	58,478	28,848	13,271
Miscellaneous	-	-	-	5,372	-	6,222	-	-	-	(23,367)
Transfers	-	(30,000)	(372,140)	(30,000)	(1,851,550)	(830,340)	541,797	31,914	(731,994)	(777,883)
Total business-type activities	73,546	29,784	(206,656)	480,215	(1,254,642)	(428,304)	723,911	90,392	(703,146)	(787,979)
Total primary government	\$ 13,989,575	\$ 14,880,667	\$ 16,303,366	\$ 17,037,025	\$ 17,933,340	\$ 18,793,504	\$ 18,656,276	\$ 18,875,806	\$ 19,142,656	\$ 19,286,464
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)	\$ (1,430,194)	\$ (1,444,150)
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	3,061,486	640,653
Total primary government	\$ 2,163,820	\$ 1,172,623	\$ 3,819,236	\$ 3,041,755	\$ 3,836,043	\$ 3,786,779	\$ 385,833	\$ 228,475	\$ 1,631,292	\$ (803,497)

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
 Last Ten Fiscal Years
 (accrual basis of accounting)

Table 3

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Other	Total
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
2011	11,947,797	2,926,393	2,148,736	1,441,057	18,463,983
2012	12,024,717	2,991,930	2,041,272	1,474,713	18,532,632

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

CITY OF ASHEBORO, NORTH CAROLINA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Table 4

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund:										
Reserved	\$ 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	1,487,033	2,459,707	4,005,747	3,697,156	4,582,323	5,988,877	6,617,624	5,050,791		
Nonspendable									\$ 1,250,055	\$ 857,493
Restricted									3,590,464	3,138,140
Committed									-	-
Assigned									224,428	-
Unassigned									4,165,717	5,134,816
Total General Fund	<u>\$ 5,268,006</u>	<u>\$ 7,044,157</u>	<u>\$ 8,213,260</u>	<u>\$ 8,954,907</u>	<u>\$ 11,081,742</u>	<u>\$ 11,131,500</u>	<u>\$ 10,917,802</u>	<u>\$ 10,030,515</u>	<u>\$ 9,230,664</u>	<u>\$ 9,130,449</u>
All other governmental funds										
Reserved	\$ 1,612	\$ 782,265	\$ 282,209	\$ 138,350	\$ 118,498	\$ 31,681	\$ 6,750	\$ -		
Unreserved, reported in:										
Special revenue funds	270,426	180,748	149,503	281,463	303,538	306,792	259,470	263,162		
Capital projects funds	291,977	(590,342)	443,021	178,839	214,267	728,175	243,690	284,302		
Nonspendable									\$ -	\$ -
Restricted									621,144	1,626,574
Committed									706,911	210,681
Assigned									-	-
Total all other governmental funds	<u>\$ 564,015</u>	<u>\$ 372,671</u>	<u>\$ 874,733</u>	<u>\$ 598,652</u>	<u>\$ 636,303</u>	<u>\$ 1,066,648</u>	<u>\$ 509,910</u>	<u>\$ 547,464</u>	<u>\$ 1,328,055</u>	<u>\$ 1,837,255</u>

NOTE: The change in classifications of fund balance amounts in 2011 is discussed in MD&A.
 Prior Year amounts have not been restated for the implementation of Statement 54

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	\$ 8,681,837	\$ 8,763,385	\$ 9,813,823	\$ 9,976,478	\$ 10,125,705	\$ 11,190,147	\$ 11,531,005	\$ 11,770,534	\$ 11,923,685	\$ 12,270,703
Other taxes and licences	254,361	265,461	281,113	296,688	300,808	303,218	299,201	337,094	327,265	332,284
Intergovernmental	5,906,820	6,904,412	7,526,549	6,490,084	7,232,645	8,023,327	8,352,387	7,197,417	7,707,645	7,951,037
Permits and fees	288,088	306,411	314,331	343,937	323,595	205,658	128,723	131,817	154,706	185,476
Sales and services	989,053	1,221,479	1,277,732	1,255,606	1,388,838	1,577,365	1,532,697	1,430,572	1,451,400	1,423,719
Investment earnings	60,688	65,066	134,749	215,231	410,921	471,825	205,532	64,275	38,702	23,500
Miscellaneous	182,714	191,931	242,480	414,394	480,230	320,800	304,261	394,277	824,642	845,771
Total revenues	16,363,561	17,718,145	19,590,777	18,992,418	20,262,742	22,092,340	22,353,806	21,325,986	22,428,045	23,032,490
Expenditures										
General government	2,159,875	2,366,224	2,412,785	2,621,114	2,635,489	2,761,672	2,796,054	2,936,039	3,219,001	2,972,245
Public safety	6,424,374	6,814,713	7,517,736	8,011,022	8,260,209	9,152,688	9,415,863	9,676,631	10,288,725	10,473,547
Transportation	1,999,297	2,042,371	2,160,172	2,432,969	2,576,252	2,939,089	2,739,653	2,860,124	3,197,031	3,318,995
Environmental protection	2,115,124	1,875,141	1,775,841	2,099,822	1,906,343	2,721,881	2,121,376	2,259,681	2,582,776	2,232,722
Culture and recreation	1,835,946	2,101,197	2,278,068	2,402,367	2,570,856	2,886,940	2,595,713	3,086,400	3,249,141	3,170,744
Economic and physical development	104,075	222,043	227,914	552,595	857,606	750,098	1,680,034	524,035	820,135	839,680
Capital outlay	24,224	1,111,783	1,206,963	575,396	517,657	651,541	633,651	320,127	222,473	168,216
Debt service:										
Principal	432,196	545,350	610,978	445,308	493,833	501,957	521,939	450,160	378,596	346,305
Interest	185,491	179,216	154,060	134,009	136,076	105,377	78,162	58,997	44,256	54,519
Other charges	-	-	-	10,837	-	-	-	-	-	-
Total expenditures	15,280,602	17,258,038	18,344,517	19,285,439	19,954,321	22,471,243	22,582,445	22,172,194	24,002,134	23,576,973
Excess of revenues over (under) expenditures	1,082,959	460,107	1,246,260	(293,021)	308,421	(378,903)	(228,639)	(846,208)	(1,574,089)	(544,483)
Other financing sources (uses)										
Transfers in	306,921	170,815	501,042	221,806	2,016,017	1,622,679	972,316	766,401	1,242,169	794,550
Transfers out	(306,921)	(140,815)	(128,902)	(191,806)	(164,467)	(792,339)	(1,514,113)	(798,315)	(510,175)	(16,667)
Payments to refunded bond escrow agent	-	-	-	(913,332)	-	-	-	-	-	-
Refunding bonds issued	-	-	-	912,997	-	-	-	-	-	-
Premium on bonds issued	-	-	-	11,172	-	-	-	-	-	-
Installment purchase obligations / Notes	131,000	473,658	52,765	682,180	-	-	-	-	822,835	138,494
Sale of assets	-	43,523	-	35,570	4,515	28,666	-	28,389	-	37,091
Total other financing sources (uses)	131,000	547,181	424,905	758,587	1,856,065	859,006	(541,797)	(3,525)	1,554,829	953,468
Net change in fund balances	\$ 1,213,959	\$ 1,007,288	\$ 1,671,165	\$ 465,566	\$ 2,164,486	\$ 480,103	\$ (770,436)	\$ (849,733)	\$ (19,260)	\$ 408,985
Debt services as a percentage of noncapital expenditures	4.0%	4.5%	4.4%	3.3%	3.3%	2.9%	2.7%	2.3%	1.8%	1.7%

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

Table 6

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Other</u>	<u>Total</u>
2003	8,681,837	2,891,373	1,623,234	287,119	13,483,563
2004	8,763,385	3,421,603	1,615,343	593,030	14,393,361
2005	9,813,823	3,616,500	1,651,726	554,507	15,636,556
2006	9,976,478	3,812,464	1,659,199	493,036	15,941,177
2007	10,125,705	4,122,316	1,793,517	441,637	16,483,175
2008	11,190,147	4,232,034	2,078,291	172,275	17,672,747
2009	11,531,005	3,538,343	2,091,430	583,184	17,743,962
2010	11,770,534	2,934,243	2,162,520	1,123,956	17,991,253
2011	11,923,685	2,926,393	2,148,736	1,378,411	18,377,225
2012	12,270,703	2,991,930	2,041,272	1,405,904	18,709,809

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

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

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)	
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%
2011	1,524,473,286	604,532,190	141,988,051	462,544,139	35,386,767	2,164,392,243	0.55	2,219,889,480	97.50%
2012	1,662,268,789	476,124,588	154,163,455	321,961,133	34,312,633	2,172,706,010	0.55	2,228,416,421	97.50%

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	City Direct Rate	Overlapping Rates		Total Direct & Overlapping Rates
	Total City Rate	Total County Rate	Total School District	
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
2011	0.550	0.586	0.139	1.275
2012	0.550	0.586	0.139	1.275

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, 2012

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Malt-O-Meal Company	108,557,899	1	5.00%			
Energizer (Eveready) Battery Co,	\$ 103,375,372	2	4.76%	\$ 103,103,166	1	7.32%
Starpet, Inc.	57,508,600	3	2.65%			
Technimark, Inc.	41,333,553	4	1.90%	20,791,076	5	1.48%
Schwartz Properties LLC	27,111,813	5	1.25%			
Goodyear Tire & Rubber Co.	25,755,928	6	1.19%	31,814,978	2	2.26%
Klaussner Furniture Industries	23,038,407	7	1.06%	31,010,316	3	2.20%
Centerpoint Plaza	21,962,130	8	1.01%	14,380,290	10	1.02%
Arrow International	21,931,899	9	1.01%			
Kennametal	19,750,749	10	0.91%			
Tiepet, Inc.				27,082,910	4	1.92%
Oliver Rubber				20,242,870	6	1.44%
Unilever - Best Foods				18,518,429	7	1.31%
Central Telephone				17,450,579	8	1.24%
JG Randolph II LLC				14,764,837	9	1.05%
Totals	<u>\$ 450,326,350</u>		<u>20.73%</u>	<u>\$ 299,159,451</u>		<u>21.24%</u>

Total Assessed Value of Taxable Property \$ 2,172,706,010

Source: Randolph County Tax Department

Note: Taxpayers ranked 1st, 3rd, 5th, 9th and 10th current were not ranked in top ten in 2003.

CITY OF ASHEBORO, NORTH CAROLINA

Table 10

Property Tax Levies and Collections

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections of Prior Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
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%	154,525	11,260,181	99.74%
2009	11,696,492	11,426,065	97.69%	201,034	11,627,099	99.41%
2010	11,851,550	11,517,135	97.18%	219,253	11,736,388	99.03%
2011	11,926,300	11,590,252	97.18%	307,935	11,898,187	99.76%
2012	11,961,536	11,791,030	98.57%	417,498	12,208,528	102.06%

CITY OF ASHEBORO, NORTH CAROLINA

Table 11

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Debt as Percentage of Personal Income (1)	Debt Per Capita (1)
	General Obligation Bonds	Installment Purchases	Notes Payable	General Obligation Bonds	Installment Purchases	Notes Payable			
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
2011	308,219	1,144,306	-	2,571,430	-	7,712,631	11,736,586	1.63%	465
2012	202,544	1,045,955	-	1,689,796	152,145	7,090,118	10,180,558	1.41%	403

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
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	2,149,193,329	0.18%	151.97
2011	2,879,649	-	2,879,649	2,164,392,243	0.13%	112.91
2012	1,892,340	-	1,892,340	2,172,706,010	0.09%	74.20

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, 2012

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	\$ 106,134,528	21.21%	<u>\$ 22,507,040</u>
Subtotal, overlapping debt			<u>22,507,040</u>
City of Asheboro direct debt			<u>1,248,499</u>
Total direct and overlapping debt			<u><u>\$ 23,755,539</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

Table 14

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit	\$ 141,338,313	\$ 142,543,389	\$ 158,551,313	\$ 145,954,144	\$ 148,305,261	\$ 165,082,171	\$ 169,391,469	\$ 171,935,466	\$ 173,151,379	\$ 173,816,481
Total net debt applicable to limit	<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>	<u>4,023,955</u>	<u>3,090,440</u>
Legal debt margin	<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>	<u>\$ 169,127,424</u>	<u>\$ 170,726,041</u>
Total net debt applicable to the limit as a percentage of debt limit	2.87%	2.73%	2.08%	6.92%	5.85%	4.39%	3.43%	2.60%	2.32%	1.78%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value	\$ 2,172,706,010
Debt limit (8% of total assessed value)	\$ 173,816,481
Debt applicable to limit:	
General obligation bonds	1,892,340
Installment purchase agreements	<u>1,198,100</u>
Total net debt applicable to limit	<u>3,090,440</u>
Legal debt margin	<u>\$ 170,726,041</u>

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

CITY OF ASHEBORO, NORTH CAROLINA

Table 15

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita	Median Age (3)	School Enrollment (4)	Unemployment Rate (5)
			Personal Income (2)			
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	4,510	11.10%
2010	25,504	727,119,040	28,510	35.1	4,485	10.80%
2011	25,262	720,219,620	28,510	35.1	4,565	9.70%
2012	25,262	720,219,620	28,510	35.1	4,659	9.40%

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

Principal Employers

Current Year and Ten Years Ago

Table 16

Employer	2012			2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Randolph Hospital	1,240	1	5.44%	880	3	4.27%
Klaussner	927	2	4.06%	1,931	1	9.38%
Energizer Battery	722	3	3.17%	1,104	2	5.36%
Wal-Mart	690	4	3.02%	718	4	3.49%
Asheboro City Schools	661	5	2.90%	586	6	2.85%
Technimark	660	6	2.89%			
Teleflex Medical Inc.	640	7	2.81%			
Acme-McCrary	600	8	2.63%	680	5	3.30%
City of Asheboro	330	9	1.45%			
NC Zoo	330	10	1.45%			0.00%
Good Year Tire & Rubber				432	8	2.10%
Prestige Fabricators				378	9	1.84%
Wells Hosiery				370	10	1.80%
Total	6,800		29.81%	7,079		34.38%

Source: Randolph County Economic Development Commission

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	24	24	24	25	28	31	31	37	39	39
Public safety:										
Police:										
Officers	67	69	70	70	76	78	78	78	78	77
Civilians	6	6	6	6	6	7	7	7	7	7
Fire:										
Firefighters and officers	45	45	46	46	49	49	52	51	51	51
Civilians	1	1	1	1	1	1	1	0	0	0
Inspections										
Building									3	3
Fire									3	3
Highways and streets:										
Engineering	4	4	4	4	4	4	4	4	4	4
Operations									9	10
Maintenance	18	18	18	19	19	19	19	20	20	20
Sanitation	18	18	18	18	19	19	19	18	19	19
Culture and recreation	7	7	8	10	10	10	10	12	35	35
Water	31	29	29	28	29	31	32	28	28	27
Sewer	33	34	34	35	37	41	41	44	44	43
Total	254	255	258	262	278	290	294	299	340	338

Source: City Human Resources Department

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

Table 18

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police:										
Physical arrests	5,079	4,908	4,534	5,733	5,840	5,352	5,913	5,699	3,108	N/A
Parking violations	277	105	130	190	226	431	216	165	119	N/A
Traffic violations	7,831	5,678	6,282	6,432	7,436	9,338	9,107	10,002	8,136	N/A
Fire:										
Number of calls answered	1,148	937	1,110	1,226	1,337	1,425	1,356	1,517	1,522	1,520
Inspections	1,836	1,615	1,645	2,156	845	1,326	1,329	1,330	1,489	1,737
Highways and streets										
Street resurfacing (miles)	0.25	1.05	0.30	0.45	0.518	0.814	0.826	0.431	0.883	0.631
Leaf Collection Loads (Nov-June)									635	701
Potholes repaired	387	1,028	582	642	627	781	768	808	1,106	1,182
Sanitation										
Refuse collected (tons/day)	75.55	73.46	75.51	73.22	73.51	66.43	71.58	61.39	71.38	52.17
Recyclables collected (tons/day)	3.70	4.06	3.94	3.68	3.84	5.77	4.83	4.21	9.18	19.96
Culture and recreation										
Separate programs / events offered	60	65	65	65	72	93	135	141	154	151
Estimated number of program participants	36,048	51,851	51,900	52,123	68,150	63,541	68,895	95,799	75,272	86,924
Water										
New meter connections	186	273	212	187	170	173	111	153	145	115
Water mains breaks	162	155	148	137	167	180	95	94	133	94
Average daily consumption (MGD)	4.870	4.665	4.641	4.892	4.967	5.085	4.659	4.311	4.018	4.370
Wastewater										
Average daily sewage treatment (MGD)	5.632	4.553	4.332	3.824	3.650	3.474	3.801	3.950	3.950	3.420

Sources: Various government departments.

N/A: Data not available.

CITY OF ASHEBORO, NORTH CAROLINA

Table 19

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	Fiscal Year End									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety:										
Police:										
Main Station	1	1	1	1	1	1	1	1	1	1
Substation	1	1	1	1	1	1	1	1	1	1
Vice & Narcotic's Unit	1	1	1	1	1	1	1	1	1	1
Patrol units	67	72	77	77	76	99	99	100	100	100
Fire stations	2	2	2	2	2	2	2	2	2	2
Sanitation:										
Collection trucks	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Highways and streets:										
Streets (miles)	90.70	90.75	91.87	92.43	92.43	92.43	95.98	95.93	98.24	98.24
City Streetlights	3,030	3,030	3,030	3,030	3,030	3,030	3,122	3,122	3,295	3,295
Traffic signals	27	27	27	27	27	27	27	27	27	27
Airport:										
Number of operations per year (est.)	16,000	16,100	16,100	16,200	5,574	6,100	6,100	6,100	6,100	6,100
Aircraft storage capacity:										
Hangars	36	36	36	36	36	37	47	47	47	47
Tie Downs	15	15	38	38	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	5,500	5,500
Total facility area - acreage	453.71	453.71	454.00	461.00	461.00	461.00	461.00	461.00	461.00	461.00
Culture and recreation:										
Parks acreage	103,220	103,220	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	11	11
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	12	12	12	11	11	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	28.6	28.6
City maintained ballfields - acreage	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6
Water										
Water mains (miles)	224.0	228.8	231.6	231.4	232.9	232.9	232.9	233.5	238.2	238.2
Fire hydrants (est.)	1,464	1,464	1,464	1,477	1,477	1,480	1,494	1,546	1,546	1,546
Maximum daily capacity (thousands of gallons)	12	12	12	12	12	12	12	12	12	12
Sewer										
Sanitary sewers (miles)	198.2	201.5	203.5	204.6	206.1	206.1	206.1	209.5	213.3	213.3
Maximum daily treatment capacity (thousands of gallons)	9	9	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.