

**CITY OF ASHEBORO,
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2018

Prepared by:

Finance Department

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Finance Officer

CITY OF ASHEBORO, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2018

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INTRODUCTORY SECTION



City of Asheboro
146 North Church Street
Post Office Box 1106
Asheboro, North Carolina 27204-1106



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

December 17, 2018

I am pleased to present the Comprehensive Annual Financial Report of the City of Asheboro, North Carolina, for the fiscal year ending June 30, 2018 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 William R. Huneycutt, CPA, PLLC; and that firm's unmodified 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, 2017, 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 25,791 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. Additionally, Asheboro is home to the nation's second largest interstate highway system. Completion of interstates 73/74 in Randolph County is was completed in early 2013, creating an artery linking the Midwest to the southern Atlantic coast. 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 ensure 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 manufacturing sector and recovers from the recession of 2008-2009. Unemployment is at 2.8% in comparison to 3.9% in the prior year. Although property tax

revenue has decreased due to lower property valuation as we get farther away from the last revaluation date, Sales Tax revenue is increasing slightly supporting that the economy that is growing and in recovery.

Diversification of the employment base and job creation continues to be 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. In 2017-2018, the local economy was impacted by new jobs and investment in the manufacturing sector. Small businesses are growing in comparison to prior years, bringing along innovation and jobs that are anticipated to be the backbone of our future economy. Thus, the diversification focus has and continues to help the City weather the smaller economic changes that has been affecting North Carolina over the past several years.

The City of Asheboro partners with the Randolph County Economic Development Corporation and Randolph County Government to provide economic incentives to various companies seeking to locate or expand in Randolph County / City of Asheboro area. The partnership has resulted in several expansions that will ultimately help improve the local economy. In October 2014, Technimark, announced their desire to once again expand its facility to expand its Asheboro injection molding operation to meet increasing worldwide customer demand. The expansion is expected to take five years, will result in a \$46 million investment and 224 new jobs. In January 2016, Technimark launched its new healthcare division, Technimark Healthcare after acquiring Ci Medical Technologies of Latrobe. Technimark is a global injection molder servicing healthcare, consumer packaging and industrial markets. In January 2016, Asheboro-based JP Thomas & Company purchased the former Goodyear plant in north Asheboro as it has grown out of its Cherry Street location. JP Thomas & Company owns and operates eight Thomas Tire and Automotive locations as well as East Coast tires, a tire and wheel distribution facility.

In 2017-2018, there have been several new economic development initiatives. First, to support the effort to recruit business and industry to Asheboro, the City of Asheboro began putting in infrastructure for an industrial park located on New Century Drive. This project was completed June 2017 and prospective businesses are looking at lots on the site for possible development. Additionally, SouthCorr LLC announced its intent to expand its facility with an investment in real and personal property of more than \$8,554,304 and the creation of 22 new jobs when complete. Additionally, MAS US Holdings announced it will invest \$19,954,757 in real and personal property and will create a minimum of 133 new full-time jobs over the next four years and Fibertex Personal Care Corporation announced its intent to invest over \$114,125,000 in investment in real and personal property and equipment and create a minimum of 145 new jobs in the City and County.

In an effort to support the medical services sector in Asheboro, the City of Asheboro has invested in both the expansion of Randolph Hospital (now known as Randolph Health) to build a new outpatient facility and cancer center that serves Randolph County and the surrounding area and the expansion of Hospice of Randolph County to add an inpatient facility 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 partnered with the North Carolina Zoological Society to help fund Project Pachyderms. This project involved 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. The award designates communities that offer unprecedented quality of living that is desirable to retirees including demographics, housing, healthcare, leisure and cultural opportunities. In 2016, The City of Asheboro was recognized by the National Civic League as an "All American City" for its work in engaging the Asheboro community in helping to assure the well-being of young people.

The availability of an educated work force is always an important issue. The area has two primary public schools, Randolph County Schools and Asheboro City Schools as well as several Charter schools. Randolph Community College (RCC) continues to enhance and expand its Early College High School program currently run out of the rehabilitated old Klaussner manufacturing facility next to its campus. Additionally, in January 2013, the college opened a new LEED certified training center. These programs and others have been 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

In addition, in 2007, the City Council and community leaders participated in the development of a strategic plan to guide us thru 2020. This plan reinforced and expanded the focus noted above. In the 20/20 plan, the areas of focus were categorized as below.

- Economic Development
- Growth, Annexation and Infrastructure
- Quality of Life
- North Carolina Zoo

The City of Asheboro was chartered December 25, 1796 and included 1,961 acres. As of June 30, 2017, 10,319.94 acres have been annexed allowing for a total City of Asheboro acreage of 12,280.94 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.

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. In 2016-2017, both vision Drive and Church Street were revamped to enhance driver and pedestrian safety. The City Council continues to work for and support the I-73 / 74 projects and the Highway 64 / 40 bypass loop. The Asheboro section improvements of the I-73/74 project was completed in 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 in some areas of the Police department and at this time appears to be effective. The City of Asheboro will continue to investigate and incorporate new technology that will allow us to realize efficiencies without compromising quality of service. 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. Over the past two years, the City has undergone remodel /

reroofing projects to maintain and improve both plant facilities. Maintenance and enhancement of the water and wastewater system continues to be a focus for the City of Asheboro. The city has 6 water tanks that are on regular maintenance and rehab schedule to protect the quality of the drinking water once it leaves the water plant. In 2016, the cover for digester #2 at the Wastewater Treatment plant was replaced. This project included a new Ovivo Sludge mixing system. In addition, a project replacing all 8 filters at the wastewater treatment plant was completed on December 5, 2016. This project included removing the filter surface wash system and installing an air scour system. In December 2016, lift station #27 was completed and put into service to serve the newly opened Great Oaks Landfill. In 2017-2018 water line replacements and extensions were completed along New Century Dr., E. Salisbury St. and Commerce St. Additionally, the construction of a new sewer pump station on Commerce St. 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 the 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.

Expanding on the goals of the Preserve America program to create a greater shared knowledge in our cultural heritage, in August 2013, the City of Asheboro built and installed a monument downtown Asheboro to commemorate the Civil Rights movement and the "sit in" that was held at a local restaurant in January 1964. Additionally, in September 2013, the renovation of the historical Sunset Theatre located in downtown Asheboro was completed. The Theatre is now open to the public in a restored state allowing citizens to enjoy movies and live theatre in an environment that retains the feel and look of its origins in the early to mid 1900's.

Mandates concerning environmental legislation have had a tremendous impact on the financial structure of the City. The City of Asheboro has two local recycling drop sites as well as curbside recycling collection once a week available to all of its residents. 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. In 2016, the City finished a complete remodel / modernization of the existing terminal building at the airport along with the completion of grading for an additional hangar sites on the south end of the runway. In 2017-2018, a full depth rebuild of Apron #1 was completed using Division of Aviation Funds, and additional properties were purchased adjacent to the airport using Non-Primary Entitlement funding. Construction of a new airport terminal building is currently in the design phase and if Federal Funding becomes available, may enter into the construction phase in 2019-2020.

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 continues to adjust with the changing local economic environment. To help focus our efforts, 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 task force highlighted / outlined 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 City of Asheboro McCrary Ballfield is home to the Copperheads, an amateur baseball team playing in the Coastal Plain League, the American Legion baseball team and the Asheboro High School Blue Comets baseball team. 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 such as "Christmas on Sunset" and Pigs & Pedals Barbecue competition.

The budget for fiscal year 2017-2018 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 approved budget for 2018-2019 continues to provide 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 was 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. In June 2017, Acme McCrary Corporation and the related non-profit corporation known as Acme-McCrary Corporation/Sapona Manufacturing Company Incorporated Employees Fitness Center donated a recreation facility and ballpark to the City of Asheboro for public ownership and use. The City of Asheboro is in the process of renovating the recreation facility and hope to have it open to the public by June 2019. The City Council is excited to have this new facility open to the public and plans to offer many new programs encouraging health and fitness. 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, 2018 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 2018-2019. Interest earned on General Fund investments and Water and Sewer Fund investments combined continue to be low in comparison to historical periods 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 annual budget and the loss of this revenue has required management to rely on other revenue sources for operation and continue 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:

As of June 30, 2018, all bonded debt for the City of Asheboro is retired.

Prior to 2011, the City of Asheboro was able to provide for current operations and services without taking on new debt. In 2011, the City of Asheboro took on approximately \$800,000 new debt to allow for the purchase of much needed replacement vehicles and equipment. In 2012, the City of Asheboro entered into two installment purchase contracts, original total of \$1,865,995, to purchase vehicles and equipment for the public works and water and sewer maintenance departments. In 2013-2014, the City of Asheboro took on new debt of \$318,405 to purchase vehicles and equipment for public works and the various water & sewer fund departments. In 2014-2015, the City took on additional installment debt of \$690,040 for vehicles & equipment in the Emergency Services area and Street Maintenance area. In 2015-2016, the City of Asheboro took on new debt of \$920,000 for equipment in the Emergency Services area. In 2016-2017, as old debt was retired, new debt of \$331,331 was taken on to purchase vehicles for the police department. In 2017-2018, as old debt was retired, new debt of \$643,175 was taken on to finance vehicles for public works, planning, police and recreation departments. Total outstanding principal balance due on installment purchase contracts as of June 30, 2018 for the water & sewer fund is \$53,729 and the installment purchase contracts for the governmental type activities is \$1,771,402.

In 2012-2013, the City of Asheboro issued new debt for the renovation of the historic Sunset Theatre in the amount of \$1,200,000. The total notes payable for the governmental type activities was \$214,284 as of June 30, 2018. Additionally, The City of Asheboro it entered into a contract of \$462,452 with the State of North Carolina to purchase radio read meters. As of June 30, 2018, the total notes payable balance for the water & sewer fund was \$4,951,822 providing for system wide enhancements and improvements.

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. In 2013-2014, the City contracted with an outside consulting firm to review current and projected operational needs of the Water & Sewer fund provide expertise in developing a funding plan that balances use of monies on hand with debt and new revenue generated by rate changes. The City just completed a project involving the replacement of filters at the water treatment plant. This project has been approved by the State of North Carolina for a zero-interest loan. Additionally, the City has just completed the final construction phase of the replacement of the a second digester cover at the wastewater treatment plant. The City is planning on using built up savings balances to pay for this project. In the governmental funds area, a future project being considered is the development of a recreation facility / soccer fields. The city has also been looking at developing a passive park with walking and biking trails.

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, 2017. 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 William R. Huneycutt, CPA, PLLC 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, flowing style.

Deborah P. Reaves
Finance Officer



Government Finance Officers Association

**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

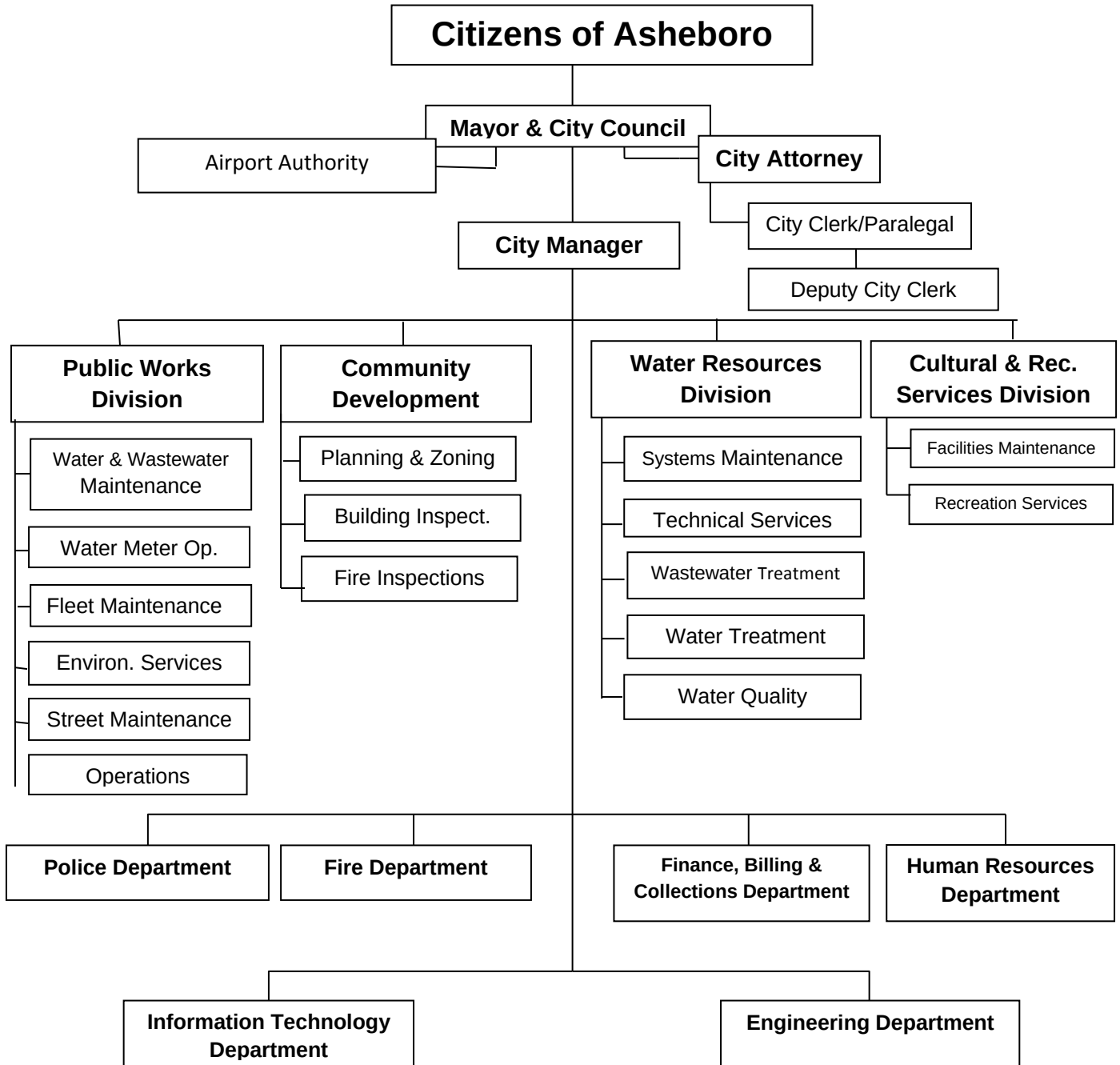
June 30, 2017

Christopher P. Morill

Executive Director/CEO

Organizational Chart

City Divisions & Departments



CITY OF ASHEBORO, NORTH CAROLINA

LIST OF PRINCIPAL OFFICIALS

June 30, 2018

Title	Name
Mayor	David Smith
Mayor Pro Tem, Council Member	Walker Moffitt
Council Member	Clark Bell
Council Member	Eddie Burks
Council Member	Linda Carter
Council Member	Katie Snuggs
Council Member	Charles Swiers
Council Member	Jane Redding
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	Van Rich
Community Appearance Chair	Linda Carter
City Clerk	Holly Doerr
Finance Officer	Deborah Reaves
Planning and Zoning Director	Trevor Nuttall
Police Chief	Jody Williams
Fire Chief	Roy Wright
Building Inspections Director	Randy Purvis
Fire Inspections Director	Tony Fruitt
City Shop Director	Jeff Fox
City Engineer	Michael Leonard
Information Technology Director	Todd Stout
Public Works Director	David Hutchens
Street Department Head	Dwain Maness
Environmental Services/Transfer Station Director	Dwain Maness
Human Resources Director	Stacy Griffin
Recreation Director	Johnathan Sermon
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



WILLIAM R. HUNEYCUTT

CERTIFIED PUBLIC ACCOUNTANT PLLC

216 West North Street
Albemarle, NC 28001
Phone: (704) 983-5012
Fax: (704) 983-5109

379 South Cox Street
Asheboro, NC 27203
Phone: (336) 626-9970
Fax: (336) 626-5981

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2018, and the related notes to the financial statements, which collectively comprise the City of Asheboro's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions 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, 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll and the Changes in Total OPEB Liability and Related Ratios and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions be presented to supplement the basic financial statements. Such information, although not a required 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.

Supplementary and Other Information

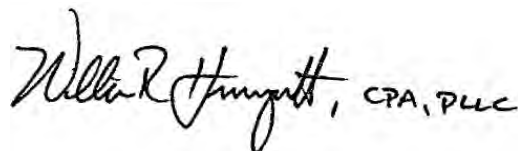
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Asheboro, North Carolina. The introductory information, combining and individual nonmajor fund financial statements, budgetary schedules, other schedules and the statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary schedules, and other schedules 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. Such 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, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In my opinion, based on my audit, the procedures performed as described above, and the report of the other auditor, the combining and individual nonmajor fund financial statements, budgetary schedules, and other schedules are 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated December 17, 2018, 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* in considering the City of Asheboro's internal control over financial reporting and compliance.

December 17, 2018

A handwritten signature in black ink that reads "William R. Huneycutt, CPA, PLLC". The signature is written in a cursive, flowing style.

William R. Huneycutt, CPA, PLLC
Asheboro, North Carolina

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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, 2018. 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

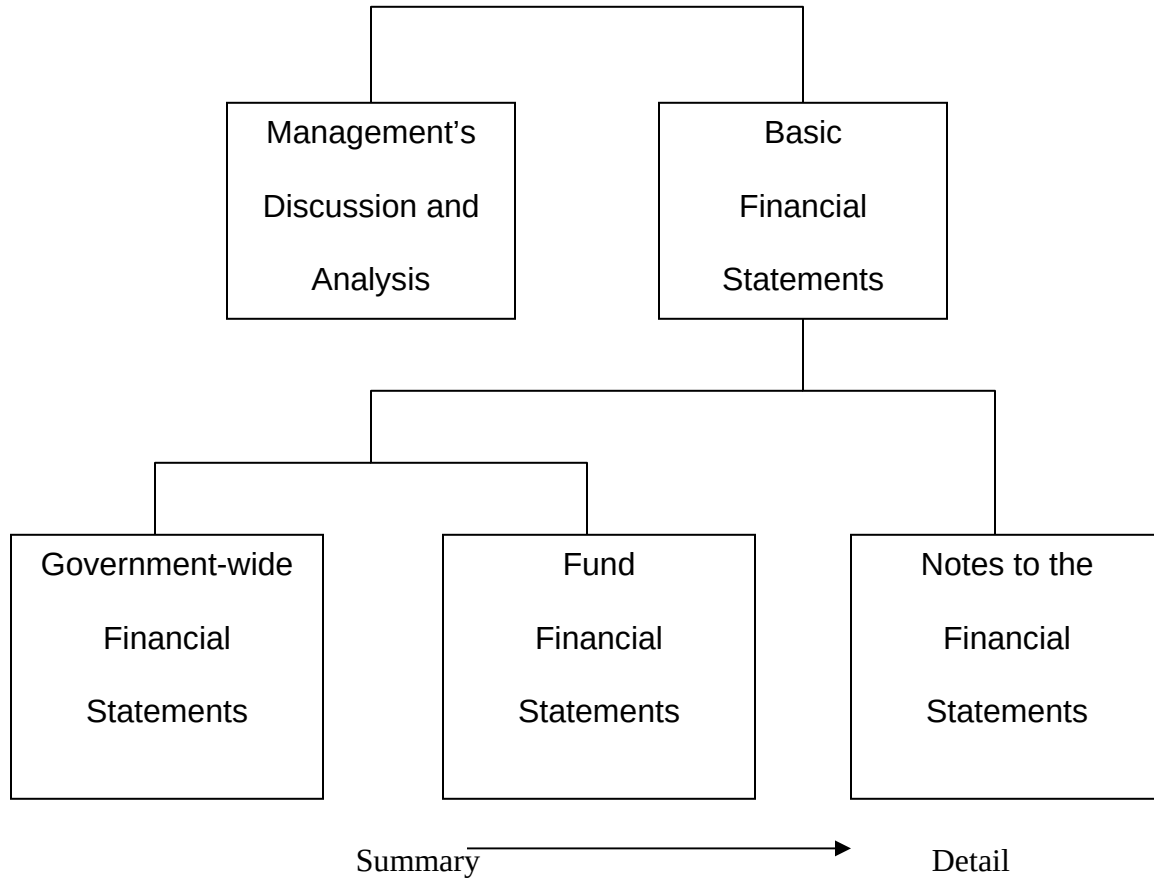
- The assets and deferred outflows of resources of the City of Asheboro exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$79,788,924 (*net position*).
- The government's total net position decreased by \$3,806,156. Governmental activities net position decreased by \$1,830,225 and business type net position decreased by \$1,975,931. A large contributing factor to the decrease in net position is the implementation of GASB 75 and increased liability associated with OPEB.
- The government's total assets and deferred outflows of resources increased by \$3,860,949 with the majority of this increase being in the area of cash and cash equivalents.
- As of the close of the current fiscal year, the City of Asheboro's governmental funds reported combined ending fund balances of \$22,382,940 with a net increase of \$1,990,825 in fund balance. Approximately 21.6% percent of this total amount, or \$4,847,997, is non spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$16,363,953 or 60% of total general fund expenditures for the fiscal year.
- Sales tax revenue increased by \$260,917 due to improving economic conditions.
- The City of Asheboro's debt decreased by \$720,089 (7.60%) during the current fiscal year. Governmental activities net debt decreased by \$100,932 and Business type activities net debt decreased by \$619,157. The decrease is due to debt retirement.
- The Acme McCrary / Sapona Manufacturing employees' fitness center and baseball park were donated to the City of Asheboro on June 1, 2017. The fitness center does require significant renovation. This renovation is underway and expected to be completed by June 2019.
- The City of Asheboro has maintained its AA bond rating from Moody's, "A+" from Standard & Poor's and a rating of 83 by the North Carolina Municipal Council.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

The two government-wide statements report the City's net position and how it has changed. Net position is the difference between the City's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the City's financial condition.

The statement of net position presents financial information on all of the City of Asheboro's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Asheboro is improving or deteriorating.

The statement of activities presents information showing how the City of Asheboro's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities and (3) component units. The governmental activities are principally supported by property taxes, state and federal grants and other intergovernmental revenues. Most of the City's basic services such as general government, public safety, highways and streets, sanitation and culture and recreation are included in the governmental activities category. The business-type activities are functions that are intended to recover all or a significant portion of their costs through user fees and charges to customers. These include the water and sewer services offered by the City of Asheboro.

The government-wide financial statements include not only the City of Asheboro itself (known as the primary government), but also a legally separate ABC Board. Financial information on this component unit is reported separately from the financial information presented for the primary government itself. Although 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. However, unlike the government-wide financial statements, governmental fund financial statements 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. Such information may be useful in assessing a governments near-term financing requirements.

Most of the City's basic services are accounted for in governmental funds. 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. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate comparison between governmental funds and governmental activities.

The City of Asheboro maintains six governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund. Data from the five other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report (schedule 2 & 3).

The City of Asheboro adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

The basic governmental fund financial statements can be found on pages 19 through 22 of this report.

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 an enterprise fund to account for its water and sewer activity. This fund is the

Management's Discussion and Analysis

City of Asheboro

same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

The basic proprietary fund financial statements can be found on pages 23 through 25 of this report.

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 26 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 and OPEB benefits to its employees. Required supplementary information can be found beginning on page 66 of this report.

Interdependence with Other Entities: The City depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations. It is also subject to changes in investment earnings and asset values associated with US Treasury securities because of actions by foreign governments and other holders of publicly held US Treasury Securities.

Government-Wide Financial Analysis

The City of Asheboro's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 24,995,985	\$ 23,205,414	\$ 15,579,073	\$ 14,598,764	\$ 40,575,058	\$ 37,804,178
Capital assets	25,062,368	22,678,849	43,699,017	45,450,755	68,761,385	68,129,604
Deferred outflow of resources	3,882,691	3,487,892	1,344,815	1,281,328	5,227,506	4,769,220
Total assets and deferred outflows of resources	53,941,044	49,372,155	60,622,905	61,330,847	114,563,949	110,703,002
Long-term liabilities outstanding	19,980,377	13,640,550	8,966,821	7,597,020	28,947,198	21,237,570
Other liabilities	2,962,767	3,302,772	1,789,603	2,029,394	4,752,370	5,332,166
Deferred inflow of resources	664,992	265,698	410,467	272,488	1,681	40,870
Total liabilities and deferred inflows of	23,608,136	17,209,020	11,166,891	9,898,902	33,701,249	26,610,606
Net Position:						
Net Investment in						
Capital Assets	23,074,036	20,589,583	38,693,420	39,826,001	61,767,456	60,415,584
Restricted	5,158,364	5,189,258	-	-	5,158,364	5,189,258
Unrestricted	2,100,510	6,384,294	10,762,594	11,605,944	12,863,104	17,990,238
Total net position	\$ 30,332,910	\$ 32,163,135	\$ 49,456,014	\$ 51,431,945	\$ 79,788,924	\$ 83,595,080

Management's Discussion and Analysis

City of Asheboro

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of Asheboro, assets and deferred outflows exceed liabilities and deferred inflows by \$79,788,924 at the close of the 2018 fiscal year. The City's net position decreased by \$3,806,156 for the fiscal year ended June 30, 2018.

By far, the largest portion of the City of Asheboro's net position (77.41%) reflects the City's net investment in capital assets (e.g. land, buildings, machinery, equipment, vehicles and infrastructure). The City's net position in capital assets increased by \$1,351,872 for the fiscal year ended June 30, 2018. 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 net 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 position (6.47%) or \$5,158,364 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$12,863,104 is unrestricted. These funds can be used to meet the government's ongoing obligations to its citizens and creditors without constraints established by debt covenants or other legal requirements.

At the end of the current fiscal year, the City of Asheboro is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Below are a few aspects of the City's financial operations that have a positive influence on net position:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.70%
- ABC Profit Distribution of \$328,500 showing the City of Asheboro has adjusted to changes in legislation allowing alcohol sales within city limits.
- A 5% increase in local option sales tax revenues, approximately \$260,917, showing signs of economic recovery.
- \$325,000 in grants from the State of North Carolina for the renovation of McCrary gymnasium and to support expansion of a local business.
- 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 Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	\$ 2,448,914	\$ 2,570,742	\$ 12,595,720	\$ 12,710,003	\$ 15,044,634	\$ 15,280,745
Operating grants & contributions	1,273,101	908,827	2,571	200,000	1,275,672	1,108,827
Capital grants & contributions	54,770	2,073,131	-	-	54,770	2,073,131
General revenues						-
Property taxes	15,409,790	15,803,180	-	-	15,409,790	15,803,180
Other taxes	8,700,515	8,456,437	-	-	8,700,515	8,456,437
Grants & contributions not restricted to specific programs	-	-	-	-	-	-
Other	819,370	988,832	212,677	211,923	1,032,047	1,200,755
Total revenues	28,706,460	30,801,149	12,810,968	13,121,926	41,517,428	43,923,075
Expenses						
General government	3,614,889	3,302,841	-	-	3,614,889	3,302,841
Public safety	11,640,779	12,545,696	-	-	11,640,779	12,545,696
Transportation	3,018,536	4,067,976	-	-	3,018,536	4,067,976
Environmental Protection	1,800,856	2,086,231	-	-	1,800,856	2,086,231
Cultural and recreational	3,271,440	3,587,708	-	-	3,271,440	3,587,708
Economic development	573,124	315,026	-	-	573,124	315,026
Interest on long-term debt	30,524	35,125	-	-	30,524	35,125
Water and sewer	-	-	12,059,988	12,427,411	12,059,988	12,427,411
Total expenses	23,950,148	25,940,603	12,059,988	12,427,411	36,010,136	38,368,014
Change in net position before transfers	4,756,312	4,860,546	750,980	694,515	5,507,292	5,555,061
Transfers	510,000	400,000	(510,000)	(400,000)	-	-
Change in net position	5,266,312	5,260,546	240,980	294,515	5,507,292	5,555,061
Net position, July 1	32,163,135	29,530,831	51,431,945	51,137,430	83,595,080	80,668,261
Restatement	(7,096,537)	(2,628,242)	(2,216,911)	-	(9,313,448)	(2,628,242)
Net Position, July 1 Restated	25,066,598	26,902,589	49,215,034	51,137,430	74,281,632	78,040,019
Prior Period Adjustment	-	-	-	-	-	-
Net position, June 30	\$ 30,332,910	\$ 32,163,135	\$ 49,456,014	\$ 51,431,945	\$ 79,788,924	\$ 83,595,080

(continued on next page)

Governmental activities. During the current fiscal year, net position for governmental activities decreased by \$1,830,225 from the prior fiscal year for an ending balance of \$30,332,910. The economy is still showing signs of economic recovery but at a slower pace than in 2017. Management continues to monitor revenues in relation to expenditures and mitigates expenditures when possible (e.g., delaying certain nonrecurring expenses, reducing expenses related to non-essential ongoing programs in the culture and recreation function etc.) in an attempt to neutralize its effect on governmental activities. City management has reduced some non-essential programs and continues to look for and implement cost saving strategies across City departments. Management continues to invest in the City and economic development opportunities with the expectation of a resulting increase in future revenues and a stronger economic base. Key elements impacting net position are as follows:

- Total governmental revenues are \$28,706,460 in comparison to expenses of \$23,950,148.
- Total governmental activities revenue decreased by \$2,094,689. The most significant amount of this decrease is attributable to the decrease of \$2,018,361 in Capital Grants and Contributions. The City of Asheboro received a large corporate donation of assets which increased Capital Grants and contributions in 2017 but not in 2018.
- Total governmental activities expenses decreased by \$1,990,455 with the largest reductions in the areas of public safety (\$904,917) and transportation (\$1,049,440). Large capital purchases such as a new fire truck and a garbage truck and leaf truck, were made in 2017. Since the City continues to focus on maintenance and repair of existing equipment to extend the life of its equipment, these purchases are not necessary each year. In addition, airport improvements that were underway in 2017 have been completed.

Business-type activities: Business-type activities net position decreased by \$1,975,931. Key elements of this decrease are as follows:

- Business-type revenues are \$12,810,968 in comparison to expenses of \$12,059,988.
- While business-type revenues decreased by \$311,712, Business-type expenses decreased by \$367,423.

The implementation of GASB Statement No. 75 this year, focusing on OPEB liability, has had a significant impact on Net Position for the City of Asheboro. OPEB are benefits other than pensions that governmental entities provide to retirees. The City of Asheboro provides health insurance benefits to its retirees. With this change, the OPEB liability is established by an actuarial valuation and reported on the face of the financial statements. Since the City of Asheboro does not provide OPEB through a trust, there are no assets to offset the entire liability, which is recognized on the financial statements. The OPEB liability as of June 30, 2018 is \$14,225,691 with \$10,835,914 in the governmental funds. There are 445 total active and retirees on the City of Asheboro plan.

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 spendable resources. Such information is useful in assessing the City of Asheboro's financing requirements. Specifically, unassigned fund balance

Management's Discussion and Analysis

City of Asheboro

can be a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Asheboro itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City of Asheboro's council.

The non-major governmental fund balance was \$1,860,535. At June 30, 2018, the City of Asheboro's governmental funds reported combined fund balances of \$22,382,940, a net increase of \$1,990,825 or 9.76% in comparison with the prior year. Approximately 73.11% of the combined fund balance or \$16,363,953 constitutes unassigned fund balance in the general fund. These funds are available for spending at the government's discretion. The remainder of the fund balance is either non-spendable, restricted, or committed to indicate that it is 1) not in spendable form (\$860,623), 2) legally required to be maintained intact by state statute (\$3,379,130), 3) restricted for particular purposes (\$608,244), or 4) committed for particular purposes (\$1,170,990). Included in this change in fund balance is an increase in fund balance in the General Fund, an increase in non-major special revenue funds and a decrease in Capital Projects Funds. A significant component in the increase in overall governmental fund balance comes from the General Fund operation.

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 \$16,363,953 and its total fund balance reached \$20,522,405. The primary reason for an increase in fund balance is an increase in cash and cash equivalents associated with revenue and other financing sources of \$29,217,725 greater than expenses of \$27,165,037. As a measure of the general fund's liquidity, it may be useful to compare fund balance to fund expenditures. The General Fund unassigned fund balance is 60.24% of general fund expenditures.

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 2017-2018 was adopted in June 27, 2017 at \$27,015,647. The General Fund was amended during the year to a final adopted budget of \$28,901,557. Expenditures were held in check and some capital expenses planned for in the third and fourth quarters of the year were deferred. As a result of continued efforts to control expenditures in all areas, the General Fund final audited expenditures were \$27,165,036. This amount is \$1,736,520 under the amended budget.

Proprietary Fund: The City of Asheboro proprietary fund provides the same type of information found in the government-wide statements but in more detail. The Water and Sewer Fund budget for 2017-2018 was adopted in June 27, 2017 at \$14,407,955. The budget was amended during the year to \$14,428,255. Some budgeted projects were deferred and the resulting Water & Sewer Fund year end expenditures were \$11,679,294. This amount is \$2,748,961 under the amended 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, 2018 totals \$159,936,779. These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, plant and distribution system and vehicles.

Major capital asset transactions during the year include the following:

- An increase of \$2,383,521 in governmental activities capital assets. \$450,484 of this is in the area of land purchases for Zoo City Sportsplex and New Century Drive. \$729,919 of this is in street construction for New Century Drive.
- A decrease of \$1,751,738 in the area of business type capital assets resulting mostly from depreciation of \$807,853 in plant and distribution systems and \$657,303 in buildings.

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

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 4,564,042	\$ 4,113,558	\$ 3,242,682	\$ 3,223,182	\$ 7,806,724	\$ 7,336,740
Buildings	5,839,644	6,087,903	13,390,452	14,047,755	19,230,096	20,135,658
Improvements other than buildings	4,816,488	4,560,435	21,309	25,237	4,837,797	4,585,672
Plant and distribution systems			24,306,748	25,114,601	24,306,748	25,114,601
Street construction	4,970,789	4,240,870			4,970,789	4,240,870
Equipment	1,005,973	1,123,113	2,241,618	2,485,440	3,247,591	3,608,553
Vehicles	2,711,362	1,787,588	495,402	553,734	3,206,764	2,341,322
Construction in progress	1,154,072	765,382	806	806	1,154,878	766,188
Total	\$ 25,062,370	\$ 22,678,849	\$ 43,699,017	\$ 45,450,755	\$ 68,761,387	\$ 68,129,604

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, 2018, the City of Asheboro had no bonded debt outstanding. The installment purchase debt of \$1,825,131 is backed by security interest in the property for which it was issued.

City of Asheboro's Outstanding Debt

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Installment Purchases	1,771,402	1,700,905	\$ 53,729	\$ 203,522	\$ 1,825,131	\$ 1,904,427
Notes payable	214,284	385,713	4,951,822	5,421,186	5,166,106	5,806,899
Compensated absences	1,813,322	1,783,836	335,300	334,779	2,148,622	2,118,615
OPEB	10,835,914	10,532,123	3,389,777	3,294,745	14,225,691	13,826,868
Pension Related Debt- LGRS	2,894,580	4,165,542	889,287	1,299,682	3,783,867	5,465,224
Pension Related Debt - LEO	3,741,358	3,593,947			3,741,358	3,593,947
Total	\$21,270,860	\$ 22,162,066	\$ 9,619,915	\$ 10,553,914	\$30,890,775	\$32,715,980

The City of Asheboro's total outstanding long-term debt decreased by \$720,089 during the past fiscal year. This change is due to the combined effects of a reduction in notes payable of \$640,793 and a reduction in installment purchase obligations of \$79,296. The City's general obligation debt was retired in 2014.

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. As of June 30, 2018 the legal debt margin for City of Asheboro is \$183,097,520.

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. Both the City of Asheboro / Randolph County unemployment rate and State of North Carolina unemployment rate is 2.8%.
- Growth, as measured by tax valuation, decreased 2.37 % due to decrease in property valuation of \$56,046,839.
- Growth, as measured by sales tax revenue has increased 4.09% over the prior fiscal year.

Management's Discussion and Analysis
City of Asheboro

- New manufacturing jobs. Management's emphasis on economic development continues to attract business. SouthCorr broke ground April 2017 expanding its Asheboro facility by nearly 50,000 square ft. They are adding 22 jobs and investing over \$5 million in real property and machinery and equipment. Fibertex Personal Care has broken ground on its Asheboro facility and has committed to bringing in 145 full time jobs and investment in real property and equipment in excess of \$114 million dollars. Technimark is continuing to invest in their property and rail spur addition. MAS US Holdings acquired Acme-McCrary Corporation in April 2017 and is investing \$20 million in equipment and facility renovation in Asheboro and will create at least 133 new jobs while retaining all of Acme's personnel. Piedmont Custom meats recently acquired the former Yates Ham facility to expand its operations and production capacity. They anticipate investing just over \$4 million to up fit and equip the facility and are committed to the creation of 40 new jobs in Asheboro.

Budget Highlights for the Fiscal Year Ending June 30, 2019

Governmental Activities: No tax increase was recommended for adoption for the 2018-2019 operating year. The tax rate remains as \$0.665 per \$100 valuation. The last property revaluation was January 2014. There were no recommended changes to the fee structure for the City of Asheboro.

Budgeted expenditures in the General Fund are appropriated at \$28,723,283. 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. The 2018-2019 budget does provide for a 2.5% across the board employee cost of living increase. Other expenditures included are government 10% matches to 90% grant awards and capital outlay for equipment in various departments.

Business – type Activities: A water and sewer rates remain the same for 2018-2019 as adopted for 2017-2018. The minimum inside city limits water rate remains at \$13.91 with a consumption factor of \$2.74 per 100 CF. The minimum inside city limits sewer rate remains at \$17.18 with a consumption factor of \$2.81 per 100 CF. Budgeted revenues do include an allocation of retained earnings of \$1,632,000. General operating expenses are budgeted at \$14,127,768. As noted for the General Fund budget, there is a 2.5% across the board employee cost of living increase included in the water and sewer fund budget.

Requests for Information

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

STATEMENT OF NET POSITION

June 30, 2018

	Primary Government			City of Asheboro ABC Board
	Governmental Activities	Business-Type Activities	Total	
Assets:				
Cash and Cash Equivalents	\$ 19,148,779	\$ 12,499,053	\$ 31,647,832	\$ 416,269
Receivables:				
Taxes Receivable - Net	123,177	-	123,177	-
Accounts Receivable	167,981	2,087,627	2,255,608	-
Due From Other Governments	2,925,559	-	2,925,559	-
Due From Other Funds	50,777	(50,777)	-	-
Notes Receivable	1,079,445	88,890	1,168,335	-
Inventories	459,846	954,280	1,414,126	320,045
Prepaid Expenses	-	-	-	7,156
Restricted Assets:				
Cash and Cash Equivalents	1,040,421	-	1,040,421	-
Total Current Assets	24,995,985	15,579,073	40,575,058	743,470
Capital Assets:				
Land, and Construction in Progress	5,718,114	3,243,488	8,961,602	-
Other Capital Assets, Net of Depreciation	19,344,254	40,455,529	59,799,783	41,684
Total Capital Assets	25,062,368	43,699,017	68,761,385	41,684
Deposits	-	-	-	110
Total Non-current Assets	25,062,368	43,699,017	68,761,385	41,794
Total Assets	50,058,353	59,278,090	109,336,443	785,264
Deferred Outflows of Resources	3,882,691	1,344,815	5,227,506	24,437
Liabilities:				
Accounts Payable and Accrued Liabilities	1,118,001	401,628	1,519,629	108,844
Deposits	16,000	594,615	610,615	-
Payable From Restricted Assets	15,537	-	15,537	-
Unearned Revenues	522,744	125,185	647,929	-
Accrued Interest Payable	-	15,081	15,081	-
Due to Primary Government	-	-	-	6,038
Current Portion of Long-Term Liabilities	1,290,483	653,094	1,943,577	-
Total Current Liabilities	2,962,765	1,789,603	4,752,368	114,882
Long-Term Liabilities:				
Net Pension Liability	2,894,580	889,287	3,783,867	39,464
Total Pension Liability	3,741,358	-	3,741,358	-
Total OPEB Liability	10,835,914	3,389,777	14,225,691	-
Due in More Than One Year	2,508,525	4,687,757	7,196,282	-
Total Long-Term Liabilities	19,980,377	8,966,821	28,947,198	39,464
Total Liabilities	22,943,142	10,756,424	33,699,566	154,346
Deferred Inflows of Resources	664,992	410,467	1,075,459	3,595
Net Position:				
Net Investment in Capital Assets	23,074,036	38,693,420	61,767,456	41,794
Restricted For:				
Transportation	520,190	-	520,190	-
Stabilization by State Statute	3,379,130	-	3,379,130	-
Economic Development	1,170,990	-	1,170,990	-
Capital Projects	88,054	-	88,054	162,087
Working Capital	-	-	-	99,595
Unrestricted	2,100,510	10,762,594	12,863,104	348,284
Total Net Position	\$ 30,332,910	\$ 49,456,014	\$ 79,788,924	\$ 651,760

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

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Primary Government			City of Asheboro ABC Board
					Governmental Activities	Business-Type Activities	Total	
Governmental Activities:								
General Government	\$ 3,614,889	\$ 34,554	\$ -	\$ -	\$ (3,580,335)	\$ -	\$ (3,580,335)	\$ -
Public Safety	11,640,779	191,255	18,057	-	(11,431,467)	-	(11,431,467)	-
Transportation	3,018,536	27,216	673,375	54,770	(2,263,175)	-	(2,263,175)	-
Environmental Protection	1,800,856	1,803,191	-	-	2,335	-	2,335	-
Cultural and Recreational	3,271,440	392,698	-	-	(2,878,742)	-	(2,878,742)	-
Economic and Physical Development	573,124	-	581,669	-	8,545	-	8,545	-
Interest on Long-term Debt	30,524	-	-	-	(30,524)	-	(30,524)	-
Total Governmental Activities	23,950,148	2,448,914	1,273,101	54,770	(20,173,363)	-	(20,173,363)	-
Business-Type Activities:								
Water and Sewer	12,059,988	12,595,720	2,571	-	-	538,303	538,303	-
Total Business-Type Activities	12,059,988	12,595,720	2,571	-	-	538,303	538,303	-
Total Primary Government	\$ 36,010,136	\$ 15,044,634	\$ 1,275,672	\$ 54,770	(20,173,363)	538,303	(19,635,060)	
Component Unit:								
ABC Board	\$ 2,637,706	\$ 2,599,774	\$ -	\$ -	-	-	-	(37,932)
Total Component Unit	\$ 2,637,706	\$ 2,599,774	\$ -	\$ -	-	-	-	(37,932)
General Revenues:								
Taxes:								
Property taxes, levied for general purpose					15,409,790	-	15,409,790	-
Sales taxes					4,499,854	-	4,499,854	-
Franchise taxes					2,501,249	-	2,501,249	-
Sales taxes - hold harmless					1,497,134	-	1,497,134	-
Other taxes					202,278	-	202,278	-
Unrestricted investment earnings					55,175	37,423	92,598	1,246
Gain on disposal of capital assets					5,695	-	5,695	-
Miscellaneous revenues					758,500	175,254	933,754	-
Total General Revenues Not Including Transfers					24,929,675	212,677	25,142,352	1,246
Transfers					510,000	(510,000)	-	-
Total General Revenues, Special Items, and Transfers					25,439,675	(297,323)	25,142,352	1,246
Change in Net Position					5,266,312	240,980	5,507,292	(36,686)
Net Position Beginning of Year, Previously Reported					32,163,135	51,431,945	83,595,080	688,446
Restatement					(7,096,537)	(2,216,911)	(9,313,448)	-
Net Position Beginning of Year, Restated					25,066,598	49,215,034	74,281,632	688,446
Net Position End of Year					\$ 30,332,910	\$ 49,456,014	\$ 79,788,924	\$ 651,760

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	Major Fund General	Total Non-Major Funds	Total Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 18,028,429	\$ 1,120,350	\$ 19,148,779
Restricted Cash	536,190	504,231	1,040,421
Receivables:			
Taxes Receivable - Net	123,177	-	123,177
Accounts Receivable	152,268	15,713	167,981
Due From Other Governments	2,777,613	147,946	2,925,559
Due From Other Funds	400,777	-	400,777
Notes Receivable	625,900	453,545	1,079,445
Inventories	459,846	-	459,846
Total Assets	\$ 23,104,200	\$ 2,241,785	\$ 25,345,985
Liabilities, Deferred Inflows of Resources and Fund Balances:			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 1,118,001	\$ -	\$ 1,118,001
Due to Other Funds	-	350,000	350,000
Deposits	16,000	-	16,000
Payable From Restricted Assets	-	15,537	15,537
Unearned Revenues	522,744	-	522,744
Total Liabilities	1,656,745	365,537	2,022,282
Deferred Inflows of Resources	925,050	15,713	940,763
Fund Balances:			
Nonspendable:			
Long-term Receivables	400,777	-	400,777
Inventories	459,846	-	459,846
Restricted:			
Streets	520,190	-	520,190
Stabilization by State Statute	2,777,639	601,491	3,379,130
Capital Projects	-	88,054	88,054
Committed:			
Capital Projects	-	-	-
Economic and Physical Development	-	1,170,990	1,170,990
Assigned:			
Subsequent Year's Expenditures	-	-	-
Unassigned	16,363,953	-	16,363,953
Total Fund Balances	20,522,405	1,860,535	22,382,940
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 23,104,200	\$ 2,241,785	

Amounts reported for governmental activities in the statement of net position (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	\$ 67,551,186	
Accumulated depreciation	(42,488,818)	25,062,368
Deferred outflows of resources related to pensions.		1,957,183
Deferred outflows of resources related to OPEB.		1,575,840
Deferred outflows of resources related to LEOSSA		349,668
Net pension liability		(2,894,580)
Total pension liability		(3,741,358)
Total OPEB liability		(10,835,914)
Deferred inflows of resources related to pensions		(132,023)
Deferred inflows of resources related to OPEB.		(509,237)
Liabilities for earned revenues considered deferred inflows in fund statements.		917,033
Some liabilities, including bonds payable, notes payable, installment purchases payable, accrued interest, and compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(3,799,010)
		\$ 30,332,910

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

CITY OF ASHEBORO, NORTH CAROLINAExhibit 4
(Page 1 of 2)**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES****GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2018

	Major Fund General	Total Non-Major Funds	Total Governmental Funds
Revenues:			
Ad Valorem Taxes	\$ 15,415,804	\$ -	\$ 15,415,804
Other Taxes and Licenses	40,744	-	40,744
Intergovernmental Revenues:			
Unrestricted	8,983,428	-	8,983,428
Restricted	1,046,836	293,892	1,340,728
Permits and Fees	236,694	-	236,694
Sales and Services	2,229,866	-	2,229,866
Investment Earnings	45,474	9,701	55,175
Miscellaneous Revenue	388,704	18,150	406,854
Total Revenues	28,387,550	321,743	28,709,293
Expenditures:			
Current:			
General Government	3,783,552	-	3,783,552
Public Safety	12,137,191	-	12,137,191
Transportation	3,645,195	-	3,645,195
Environmental Protection	2,294,394	-	2,294,394
Cultural and Recreational	4,007,872	-	4,007,872
Economic and Physical Development	-	545,764	545,764
Debt Service	774,629	-	774,629
Capital Outlay	-	692,046	692,046
Total Expenditures	26,642,833	1,237,810	27,880,643
Excess (Deficiency) of Revenues Over Expenditures	1,744,717	(916,067)	828,650
Other Financing Sources (Uses):			
Transfers From Other Funds	178,000	1,032,204	1,210,204
Transfers to Other Funds	(522,204)	(178,000)	(700,204)
Sale of Capital Assets	9,000	-	9,000
Lease Purchase Obligations Issued	643,175	-	643,175
Total Other Financing Sources (Uses)	307,971	854,204	1,162,175
Net Change in Fund Balances	2,052,688	(61,863)	1,990,825
Fund Balance Beginning of Year, July 1	18,469,717	1,922,398	20,392,115
Fund Balance End of Year, June 30	\$ 20,522,405	\$ 1,860,535	\$ 22,382,940

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, 2018

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

Net changes in fund balances - total governmental funds	\$	1,990,825
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital outlay expenditures which were capitalized	\$	4,308,380
Depreciation expense for governmental assets		<u>(1,921,554)</u>
		2,386,826
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Change in unavailable revenues		(10,228)
Loss on Sale of Capital Assets		(3,305)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		
		853,138
Benefit payments paid and administrative expense for the LEOSA are not included on the Statement of Activities		
		188,093
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities		
		1,525,460
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 position. 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.		
		100,930
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		(29,484)
Pension expense		(973,307)
OPEB plan expense		<u>(762,636)</u>
Total changes in net position of governmental activities	\$	<u>5,266,312</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, 2018

	General Fund			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Ad Valorem Taxes	\$ 15,071,500	\$ 15,071,500	\$ 15,415,804	\$ 344,304
Other Taxes and Licenses	325,803	28,803	40,744	11,941
Intergovernmental Revenues:				
Unrestricted	7,150,000	7,493,180	8,983,428	1,490,248
Restricted	673,000	925,500	1,046,836	121,336
Permits and Fees	147,000	144,500	236,694	92,194
Sales and Services	2,250,900	2,262,800	2,229,866	(32,934)
Investment Earnings	-	18,000	45,474	27,474
Miscellaneous Revenue	408,080	342,000	388,704	46,704
Total Revenues	26,026,283	26,286,283	28,387,550	2,101,267
Expenditures:				
Current:				
General Government	3,593,931	4,221,060	3,783,552	437,508
Public Safety	12,510,857	12,593,244	12,137,191	456,053
Transportation	3,764,659	3,822,659	3,645,195	177,464
Environmental Protection	2,213,195	2,295,483	2,294,394	1,089
Cultural and Recreational	4,134,901	4,649,728	4,007,872	641,856
Debt Service	781,404	797,179	774,629	22,550
Total Expenditures	26,998,947	28,379,353	26,642,833	1,736,520
Revenues Over (Under) Expenditures	(972,664)	(2,093,070)	1,744,717	3,837,787
Other Financing Sources (Uses):				
Transfers to Other Funds	(16,700)	(522,204)	(522,204)	-
Transfers From Other Funds	-	178,000	178,000	-
Sale of Capital Assets	10,000	-	9,000	9,000
Installment Purchase Obligations Issued	675,212	676,971	643,175	(33,796)
Total Other Financing Sources (Uses)	668,512	332,767	307,971	(24,796)
Appropriated Fund Balance	304,152	1,760,303	-	(1,760,303)
Net Change in Fund Balance	\$ -	\$ -	2,052,688	\$ 2,052,688
Fund Balance Beginning of Year, July 1			18,469,717	
Fund Balance End of Year, June 30			\$ 20,522,405	

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

STATEMENT OF NET POSITION

PROPRIETARY FUND

June 30, 2018

	Water and Sewer Fund
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 12,499,053
Accounts Receivable - Net	2,087,627
Note Receivable	88,890
Inventories	954,280
Total Current Assets	15,629,850
Capital Assets:	
Land, Improvements and Construction in Progress	3,243,488
Other Capital Assets, Net of Depreciation	40,455,529
Total Capital Assets (Net)	43,699,017
Total Noncurrent Assets	43,699,017
Total Assets	\$ 59,328,867
Deferred Outflows of Resources	\$ 1,344,815
Liabilities:	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	401,628
Due to Other Funds	50,777
Customer Deposits	594,615
Unearned Revenues	125,185
Accrued Interest Payable	15,081
Compensated Absences - Current	130,001
Installment Purchase Agreements Payable - Current	53,729
Notes Payable State of North Carolina - Current	469,364
Total Current Liabilities	1,840,380
Noncurrent Liabilities:	
Total OPEB Liability	3,389,777
Compensated Absences	205,299
Net Pension Liability	889,287
Notes Payable State of North Carolina - Noncurrent	4,482,458
Total Noncurrent Liabilities	8,966,821
Total Liabilities	10,807,201
Deferred Inflows of Resources	410,467
Net Position:	
Net Investment in Capital Assets	38,693,420
Unrestricted	10,762,594
Total Net Position	\$ 49,456,014

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

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

PROPRIETARY FUND TYPE

For the Year Ended June 30, 2018

	<u>Water and Sewer Fund</u>
Operating Revenues:	
Water Sales	\$ 6,642,042
Sewer Charges	5,153,679
Water and Sewer Taps	101,481
Sampling and Monitoring Fees	26,887
Surcharges	136,149
Other Operating Revenues	<u>535,482</u>
Total Operating Revenues	<u>12,595,720</u>
Operating Expenses:	
Billing and Collections	392,554
Water Meter Operations	1,141,300
Water Supply Treatment	2,227,133
Wastewater Treatment	2,086,944
Water Maintenance	1,041,063
Wastewater Maintenance	984,135
Technical Services	177,489
Systems Maintenance	1,089,042
Water Quality	568,600
Depreciation	<u>2,249,544</u>
Total Operating Expenses	<u>11,957,804</u>
Operating Income	<u>637,916</u>
Nonoperating Revenues (Expenses):	
Investment Earnings	37,423
Interest and Other Charges	(102,184)
Grants	2,571
Other Nonoperating Revenues	<u>175,254</u>
Total Nonoperating Revenues (Expenses)	<u>113,064</u>
Income Before Transfers	<u>750,980</u>
Transfers to Other Funds:	
To Economic and Tourism Development Fund	<u>(510,000)</u>
Change in Net Position	<u>240,980</u>
Total Net Position Beginning of Year, Previously Reported	51,431,945
Restatement	<u>(2,216,911)</u>
Total Net Position Beginning of Year, Restated	<u>49,215,034</u>
Total Net Position - End of Year	<u><u>\$ 49,456,014</u></u>

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

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Year Ended June 30, 2018

	Water and Sewer Fund
Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 12,233,310
Cash Paid for Goods and Services	(5,110,438)
Cash Paid to Employees for Services	(5,077,268)
Customer Deposits Received	27,593
Other Operating Revenues	710,736
Net Cash Provided by Operating Activities	2,783,933
Cash Flows From Noncapital Financing Activities:	
Transfer to Other Funds	(510,000)
Contributions - Grants (Other)	2,571
Decrease in Due to Other Funds	(302,559)
Total Cash Flows From Noncapital Financing Activities	(809,988)
Cash Flows From Capital and Related Financing Activities:	
Acquisition of Capital Assets	(497,806)
Principal Paid on Bonds and Installment Purchase Agreements	(619,157)
Interest Paid on Bonds and Installment Purchase Agreements	(102,184)
Net Cash (Used) by Capital and Related Financing Activities	(1,219,147)
Cash Flows from Investing Activities:	
Interest Earned on Investments	37,423
Net Increase in Cash and Cash Equivalents	792,221
Cash and Cash Equivalents at Beginning of Year	11,706,832
Cash and Cash Equivalents at End of Year	\$ 12,499,053
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 637,916
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation	2,249,544
Other Nonoperating Revenue	175,254
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	167,693
(Increase) in Inventory	(53,222)
Decrease in Deferred Outflows of Resources - Pension	429,480
(Decrease) in Net Pension Liability	(410,396)
(Decrease) in Deferred Inflows of Resources - Pension	(21,325)
(Increase) in Deferred Outflows of Resources - OPEB	(492,967)
Increase in OPEB Liability	95,032
Increase in Deferred Inflows of Resources - OPEB	159,304
(Decrease) in Accounts Payable and Accrued Liabilities	(185,873)
Increase in Customer Deposits	27,593
Increase in Accrued Compensated Absences	521
Increase in Unearned Revenues	5,379
Total Adjustments	2,146,017
Net Cash Provided by Operating Activities	\$ 2,783,933

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, 2018

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 position 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. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating 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 Stormwater Project Special Revenue Fund. This fund accounts for City commitments to address storm water issues in certain affected areas of the City.

The Zoo City Park Sportsplex Capital Project Fund. This fund accounts for City commitments to construct a multisport park complex for the citizens of the City.

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 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 for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, 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, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts.

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)

Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources. Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City of Asheboro because the tax is levied by Randolph County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program 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 position 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.

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, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES 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, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES 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. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, 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. Funds in the Airport Improvements Project Fund are restricted for expenditures for federal grant reimbursement. Funds in the Zoo City Park Sportsplex Project Fund are restricted for expenditures committed by the City council.

<u>City of Asheboro - Restricted Cash</u>	
<u>Governmental Activities:</u>	
General Fund:	
Deposits	\$ 16,000
Transportation - Streets	520,190
Other Governmental:	
Capital Outlay	504,231
Total Restricted Cash	<u>\$1,040,421</u>

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND EQUITY. (Continued)

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, 2017. As allowed by State law, the City has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventory

The inventories of the City 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 received prior to June 15, 2015 are recorded at their estimated fair value at the time of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. Minimum capitalization costs are \$3,500 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:

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND EQUITY. (Continued)

7. Capital Assets (Concluded)

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

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

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

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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meet this criterion – pension deferrals and OPEB deferrals for the current fiscal year. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet this criterion – prepaid taxes, property taxes receivable, notes receivable, OPEB deferrals and pension deferrals for the current fiscal year.

9. 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 position. Bond premiums and discounts 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, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, DEFERRD OUTFLOWS/INFLOWS OF RESOURCES AND FUND EQUITY. (Continued)

9. Long-Term Obligations (Concluded)

In 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.

10. Compensated Absences

The vacation policies of the City provide for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The City's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the City has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

Net Position.

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents 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.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balances.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, DEFERRD OUTFLOWS/INFLOWS OF RESOURCES AND FUND EQUITY. (Continued)

11. Net Position/Fund Balances (Continued)

Fund Balances (Continued).

unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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.

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 in the form of a resolution.

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

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, DEFERRD OUTFLOWS/INFLOWS OF RESOURCES AND FUND EQUITY. (Concluded)

11. Net Position/Fund Balances (Concluded)

Fund Balances (Concluded).

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. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

12. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Asheboro's employer contributions are recognized when due and the City of Asheboro has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

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 position.

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$ 7,949,972 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)	\$ 67,551,186
Less Accumulated Depreciation	<u>(42,488,816)</u>
Net Capital Assets	25,062,370
 Pension related deferred outflows of resources:	
Contributions made to pension plan in current fiscal year	853,138
Benefit payments and pension administrative costs for LEOSA	188,093
Pension deferrals	1,104,045
Pension deferrals - LEOSA	161,575
Benefit payments for OPEB	1,525,459
OPEB deferrals	50,381
 Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide statements	 917,033
 Deferred inflows of resources reported in government-wide statements but not fund statements:	
Pension deferrals	(132,023)
OPEB deferrals	(509,237)
 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:	
Installment Financing Agreements	(1,985,686)
Compensated Absences	(1,813,324)
Net Pension Liability	(2,894,580)
Total Pension Liability	(3,741,358)
Total OPEB Liability	<u>(10,835,914)</u>
 Total Adjustment	 <u><u>\$ 7,949,972</u></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 position – governmental activities as reported in the government-wide statement of activities. These are several elements of that total adjustment of \$ 3,275,487 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 4,308,380
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	(1,921,554)
 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 position	 (643,175)
Principal payments on debt owed are recorded as a use of funds on the fund statements but effect only the statement of net position in the government-wide statements	744,105
 Contributions to the pension plan in the current fiscal year are not included on the statement of activities	 853,138
 Benefit payments and administrative costs for LEOSA are deferred outflows of resources on the statement of net position	 188,093
Benefit payments and administrative costs for OPEB are deferred outflows of resources on the statement of net position	1,525,460
 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:	
Pension expense	(973,307)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(29,484)
OPEB plan expense	(762,636)
Loss on disposal of capital assets	(3,305)
 Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Decrease in deferred inflows - taxes receivable at June 30, 2018	(6,014)
Decrease in deferred inflows – service charges receivable at June 30, 2018	(1,911)
Decrease in deferred inflows - notes receivable at June 30, 2018	(2,303)
Total Adjustment	<u>\$ 3,275,487</u>

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS

A. ASSETS.

1. Deposits

All of the City and the ABC Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the City's or the ABC Board's agents in these units' 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, 2018, the City's deposits had a carrying amount of \$29,133,541 and a bank balance of \$30,212,350. Of the bank balance, \$503,990 was covered by federal depository insurance and \$29,808,360 was covered by collateral held under the Pooling Method. At June 30, 2018, the City's petty cash fund totaled \$4,106. The carrying amount of deposits for the ABC Board was \$249,416 and the bank balance was \$375,667. Of the bank balance, \$250,000 was covered by federal depository insurance, and the remainder under the Pooling Method. The ABC Board's petty cash fund totaled \$4,766.

2. Investments

At June 30, 2018, the City of Asheboro and the ABC Board had \$1,516,381 and \$162,087, respectively, invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's, and the North Carolina Capital Management Trust's Term Portfolio, which is not rated. The City has no policy regarding credit risk or interest rate risk.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. ASSETS. (Continued)

2. Investments (Concluded)

Investment Type	Valuation Measurement Method	Book Value at 6/30/18	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Amortized Cost	\$ 1,516,381	N/A	AAAm
NC Capital Management Trust - Term Portfolio	Fair Value - Level 1	<u>2,034,225</u>	.09 years	Unrated
Total		<u>\$ 3,550,606</u>		

All investments are measured using the market approach; using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

Interest Rate Risk. The City has no formal investment policy regarding interest rate risk.

Credit Risk. The City has no formal policy regarding credit risk. The City's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2018. The City's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

3. Receivables - Allowances for Doubtful Accounts

The amount of taxes receivable presented in the balance sheet and the statement of net position includes penalties levied and outstanding in the amount of \$4,260.

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

Fund	6/30/2018
General Fund:	
Taxes Receivable	\$ 24,000
Enterprise Fund:	
Customer Accounts Receivable	<u>75,000</u>
Total	<u>\$ 99,000</u>

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. ASSETS. (Continued)

4. Capital Assets

Primary Government:

Capital asset activity for the primary government for the year ended June 30, 2018, 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	\$ 4,113,558	\$ 450,484	\$ -	\$ 4,564,042
Construction in Progress	765,382	1,702,891	1,314,201	1,154,072
Total Capital Assets Not Being Depreciated	<u>4,878,940</u>	<u>2,153,375</u>	<u>1,314,201</u>	<u>5,718,114</u>
Capital Assets Being Depreciated:				
Land Improvements	12,353,824	715,717	-	13,069,541
Buildings	13,715,164	66,630	-	13,781,794
Street Construction	16,234,525	1,057,500	-	17,292,025
Computer Equipment	609,261	78,524	-	687,785
Equipment	5,127,818	78,800	17,359	5,189,259
Vehicles	10,606,487	1,472,037	265,855	11,812,669
Total Capital Assets Being Depreciated	<u>58,647,079</u>	<u>3,469,208</u>	<u>283,214</u>	<u>61,833,073</u>
Less Accumulated Depreciation For:				
Land Improvements	7,793,389	459,664	-	8,253,053
Buildings	7,627,261	314,889	-	7,942,150
Street Construction	11,993,655	327,581	-	12,321,236
Computer Equipment	370,983	13,250	-	384,233
Equipment	4,242,983	261,214	17,359	4,486,838
Vehicles	8,818,899	544,956	262,546	9,101,309
Total Accumulated Depreciation	<u>40,847,170</u>	<u>\$ 1,921,554</u>	<u>\$ 279,905</u>	<u>42,488,819</u>
Total Capital Assets Being Depreciated, Net	<u>17,799,909</u>			<u>19,344,254</u>
Governmental Activity Capital Assets, Net	<u>\$ 22,678,849</u>			<u>\$ 25,062,368</u>

Depreciation expense was charged to functions/programs as follows:

General Government	134,356
Public Safety	495,115
Transportation	881,184
Environmental	145,835
Cultural and Recreational	237,704
Economic Development	27,360
	<u>\$ 1,921,554</u>

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. ASSETS. (Concluded)

4. Capital Assets (Concluded)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 3,223,182	\$ 19,500	\$ -	\$ 3,242,682
Construction in Progress	806	-	-	806
Total Capital Assets Not Being Depreciated	<u>3,223,988</u>	<u>19,500</u>	<u>-</u>	<u>3,243,488</u>
Capital Assets Being Depreciated:				
Land Improvements	78,560	-	-	78,560
Buildings	31,311,731	-	-	31,311,731
Plant and Distribution Systems	47,468,223	174,584	-	47,642,807
Computer Equipment	143,208	-	-	143,208
Equipment	6,730,943	188,464	-	6,919,407
Vehicles	2,945,961	115,258	14,828	3,046,391
Total Capital Assets Being Depreciated	<u>88,678,626</u>	<u>478,306</u>	<u>14,828</u>	<u>89,142,104</u>
Less Accumulated Depreciation For:				
Land Improvements	53,323	3,928	-	57,251
Buildings	17,263,976	657,303	-	17,921,279
Plant and Distribution Systems	22,353,622	982,437	-	23,336,059
Computer Equipment	133,389	6,909	-	140,298
Equipment	4,255,322	425,377	-	4,680,699
Vehicles	2,392,227	173,590	14,828	2,550,989
Total Accumulated Depreciation	<u>46,451,859</u>	<u>\$ 2,249,544</u>	<u>\$ 14,828</u>	<u>48,686,575</u>
Total Capital Assets Being Depreciated, Net	<u>42,226,767</u>			<u>40,455,529</u>
Business-type Activities Capital Assets, Net	<u>\$ 45,450,755</u>			<u>\$ 43,699,017</u>

Construction Commitments:

The government has active construction contracts as of June 30, 2018. At year-end the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Airport Improvement Project	\$ 142,297	\$ 45,898
Acme Gym Project	\$ 63,170	\$ 162,094

Activity for the ABC Board for the year ended June 30, 2018, 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	223,154	-	-	223,154
Total Capital Assets Being Depreciated	<u>223,774</u>	<u>-</u>	<u>-</u>	<u>223,774</u>
Less Accumulated Depreciation For:				
Leasehold Improvements	532	62	-	594
Furniture and Equipment	154,415	27,081	-	181,496
Total Accumulated Depreciation	<u>154,947</u>	<u>\$ 27,143</u>	<u>\$ -</u>	<u>182,090</u>
ABC Capital Assets, Net	<u>\$ 68,827</u>			<u>\$ 41,684</u>

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES.

1. Payables

Payables at the government-wide level at June 30, 2018, were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental Activities:				
General	\$ 1,105,864	\$ 12,139	\$ --	\$ 1,118,003
Other Governmental	15,537	--	--	15,537
Total Governmental Activities	<u>\$ 1,121,401</u>	<u>\$ 12,139</u>	<u>\$ --</u>	<u>\$ 1,133,540</u>
Business-type Activities:				
Water and Sewer	<u>\$ 401,628</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 401,628</u>

2. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System.

Plan Description. The City of Asheboro is a participating employer in 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 membership is comprised of general employees and local law enforcement officers (LEOs) of participating local government entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of thirteen members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. 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, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES.

2. Pension Plan and Postemployment Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued).

Benefits Provided (Concluded). are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan. LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Asheboro employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Asheboro's contractually required contribution rate for the year ended June 30, 2018 was 8.11% of compensation for law enforcement officers and 7.50% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. The City of Asheboro's contributions to the pension plan for the year ended June 30, 2018 was \$1,131,925.

Refunds of Contributions. City employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By State law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At June 30, 2018, the City reported a liability of \$3,783,867 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES.

2. Pension Plan and Postemployment Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued).

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued).

future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018 and June 30, 2017, the City's proportion was .248% and .258%, respectively.

For the year ended June 30, 2018, the City recognized pension expense of \$1,160,566. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 217,986	\$ 107,109
Changes of assumptions	540,388	- 0 -
Net difference between expected and actual earnings on pension plan investments	918,727	- 0 -
Changes in proportion and differences between City contributions and proportionate share of contributions	- 0 -	276,084
City contributions subsequent to measurement date	1,131,925	- 0 -
Total	<u>\$ 2,809,026</u>	<u>\$ 383,193</u>

The \$1,131,925 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	
2019	\$ 85,568
2020	1,017,071
2021	495,441
2022	(304,172)
2023	- -
Thereafter	- -
	<u>\$ 1,293,908</u>

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES.

2. Pension Plan and Postemployment Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued).

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued).

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements. The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the forgoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES.

2. Pension Plan and Postemployment Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued).

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued).

Actuarial Assumptions (Concluded).

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.0%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES.

2. Pension Plan and Postemployment Obligations (Continued)

a. Local Governmental Employees' Retirement System (Concluded).

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Concluded).

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.20%, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.20%) or 1 percentage point higher (8.20%) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of net pension liability (asset)	\$ 11,359,246	\$ 3,783,867	(\$ 2,539,188)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. 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.

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2016, the Separation Allowance's membership consisted of:

Retirees receiving benefits	19
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	72
Total	<u>91</u>

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES.

2. Pension Plan and Postemployment Obligations (Continued)

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

(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. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

(3) Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2016 valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Investment rate of return	3.16 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 year High Grade Rate Index as of December 31, 2017.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on scale AA.

(4) 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. Administrative costs of the Separation Allowance are financed through investment earnings. The City paid \$339,733 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At June 30, 2018, the City reported a total pension liability of \$3,741,358. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Concluded).

December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the City recognized pension expense of \$268,930.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 60,144	\$ - 0 -
Changes of assumptions and other inputs	101,431	- 0 -
Benefit payments and administrative expenses subsequent to measurement date	188,093	- 0 -
Total	<u>\$ 349,668</u>	<u>\$ - 0 -</u>

The \$188,093 reported as deferred outflows of resources related to pensions resulting from the benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	
2019	\$ 36,675
2020	36,675
2021	36,675
2022	45,078
2023	6,472
Thereafter	- -
	<u>\$ 161,575</u>

\$187,475 paid as benefits came due and \$618 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's total pension liability calculated using the discount rate of 3.16%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.16%) or 1 percentage point higher (4.16%) than the current rate:

	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Total Pension Liability	\$ 4,006,647	\$ 3,741,358	\$ 3,497,287

**Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance**

Beginning Balance	\$3,593,947
Service Costs	99,477
Interest on Pension Liability	132,170
Changes of Benefit Terms	- 0 -
Differences Between Expected and Actual Experience in the Measurement of Total Pension Liability	74,707
Changes of Assumptions and Other Inputs	180,790
Benefit Payments	(339,733)
Other Changes	- 0 -
Ending Balance Total Pension Liability	<u>\$3,741,358</u>

The plan currently uses mortality tables that vary by age and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

c. Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources related to Pensions

Following is information related to the proportionate share and pension expense for all pension plans:

	LGERS	LEOSSA	Total
Pension Expense	\$ 1,160,566	\$ 268,930	\$ 1,429,496
Pension Liability	\$ 3,783,867	\$ 3,741,358	\$ 7,525,225
Proportionate Share of Net Pension Liability	.248%	N/A	

Deferred Outflows of Resources:

Differences Between Expected & Actual Experience	\$ 217,986	\$ 60,144	\$ 278,130
Changes of Assumptions	\$ 540,388	\$ 101,431	\$ 641,819
Net Difference Between Projected & Actual Earnings on Plan Investments	\$ 918,727	\$ - 0 -	\$ 918,727
Changes in Proportion & Differences Between Contributions & Proportionate Share of Contributions	\$ - 0 -	\$ - 0 -	\$ - 0 -
Benefit Payments & Administrative Costs Paid Subsequent to the Measurement Date	\$ 1,131,925	\$ 188,093	\$ 1,320,018

Deferred Inflows of Resources:

Differences Between Expected & Actual Experience	\$ 107,109	\$ - 0 -	\$ 107,109
Changes of Assumptions	\$ - 0 -	\$ - 0 -	\$ - 0 -
Net Difference Between Projected & Actual Earnings on Plan Investments	\$ - 0 -	\$ - 0 -	\$ - 0 -
Changes in Proportion & Differences Between Contributions & Prportionate Share of Contributions	\$ 276,084	\$ - 0 -	\$ 276,084

d. 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.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2018, were \$232,385, which consisted of \$182,494 from the City and \$49,891 from the law enforcement officers.

e. 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, or becomes eligible for Medicare, whichever comes first. Healthcare, prescription drug, dental, vision coverage, and life insurance are provided in the City's group health and hospitalization insurance plan. The City council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

e. Other Post-Employment Benefits. (Continued)

Healthcare Benefits (Continued)

Membership of the HCB Plan consisted of the following at June 30, 2016, the date of the latest valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	55	--
Terminated plan members entitled to but not yet receiving benefits	--	--
Active plan members	<u>321</u>	<u>69</u>
Total	<u>376</u>	<u>69</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.

Total OPEB Liability.

The City's total OPEB liability of \$14,225,691 was measured as of June 30, 2017 and was determined by an actuarial valuation as of June 30, 2016.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.50 to 7.75 percent, including wage inflation
Discount rate	3.56 percent
Healthcare cost trend rates	Pre-medicare 7.75% for 2016 decreasing to an ultimate rate of 5% by 2022 Medicare 5.75% for 2016 decreasing to an ultimate rate of 5% by 2019

The discount rate is based on the June average of the Bond Buyer General Obligation 20 year Municipal Bond Index published weekly by the Bond Buyer.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

e. Other Post-Employment Benefits. (Continued)

Healthcare Benefits (Continued)

Changes in the Total OPEB Liability.

Schedule of Changes in Total OPEB Liability	
Beginning Balance	\$ 14,347,711
Service Costs	667,438
Interest on OPEB Liability	424,086
Changes of Benefit Terms	- 0 -
Differences Between Expected and Actual Experience	76,061
Changes of Assumptions and Other Inputs	(768,772)
Benefit Payments	(520,833)
Other Changes	- 0 -
Ending Balance Total OPEB Liability	<u>\$ 14,225,691</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.01% to 3.56%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

Sensitivity of the City's Total OPEB Liability to Changes in the Discount Rate. The following presents the City's total OPEB liability calculated using the discount rate of 3.56%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.56%) or 1 percentage point higher (4.56%) than the current rate:

	1% Decrease (2.56%)	Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB Liability	\$ 15,657,793	\$ 14,225,691	\$ 12,939,906

Sensitivity of the City's Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the City's total OPEB liability calculated using the current healthcare cost trend rate, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	\$ 12,518,303	\$ 14,225,691	\$ 16,247,516

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan and Postemployment Obligations (Concluded)

e. Other Post-Employment Benefits. (Concluded)

Healthcare Benefits (Concluded)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$1,001,210. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 66,144	\$ - 0 -
Changes of assumptions	- 0 -	668,541
Benefit payments and administrative costs subsequent to measurement date	2,002,665	- 0 -
Total	<u>\$ 2,068,809</u>	<u>\$ 668,541</u>

The \$2,002,665 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative costs incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	
2019	(\$ 90,314)
2020	(90,314)
2021	(90,314)
2022	(90,314)
2023	(90,314)
Thereafter	(150,827)
	<u>(\$ 602,397)</u>

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

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. Because all death benefit payments are made from the Death Benefit Plan and not by the City, the city does not determine the number of eligible participants. 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. For the fiscal year ended June 30, 2018, the City made contributions to the State for death benefits of \$14,025. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.08% and 0.14% of covered payroll, respectively.

4. Deferred Outflows / Inflows of Resources

The City has several deferred outflows of resources. Deferred outflows of resources is comprised of the following:

Contributions to pension plan in the current fiscal year	\$ 1,131,925
Benefit payments made and administrative expenses for LEOSA	188,093
Benefit payments made and administrative expenses for OPEB	2,002,665
Differences between expected and actual experience	344,274
Changes in assumptions	641,819
Net differences between projected and actual earnings on pension plan investments	918,727
Total	<u><u>\$ 5,227,503</u></u>

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

4. Deferred Outflows / Inflows of Resources (Concluded)

Deferred inflows of resources at June 30, 2018 is comprised of the following:

	Unavailable Revenue	Unearned Revenue
Prepaid Taxes (General)	\$ - -	\$ 23,730
Taxes Receivable, Net (General)	123,177	- -
Garbage Collections Receivable (General)	152,243	- -
Note Receivable (General)	625,900	- -
Notes Receivable (Special Revenue)	15,713	- -
Difference between expected and actual experience	107,109	- -
Changes in proportion and differences between employer contributions and proportionate share of contributions	276,084	- -
Changes in assumptions	668,541	- -

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 three 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 claims in excess of retentions as selected by the Board of Trustees each year. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the N.C. League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the City upon request.

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.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

6. Claims, Judgments, and Contingent Liabilities

At June 30, 2018, 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 April 2014, the City entered into an installment purchase contract with BB&T Bank to finance vehicles for the public works and wastewater treatment departments. The contract is for \$365,000, to be repaid monthly at \$6,467, including interest at 1.79% over five years.

In May 2015, the City entered into an installment purchase contract with BB&T Bank to finance vehicles for the public works, police and fire departments. The contract is for \$690,040, to be repaid monthly at \$12,172, including interest at 1.61% over five years.

In May 2016, the City entered into an installment purchase contract with BB&T Bank to finance vehicles for the public works department. The contract is for \$270,000, to be repaid monthly at \$4,670, including interest at 1.47% over five years.

In May 2016, the City entered into an installment purchase contract with BB&T Bank to finance vehicles for the fire department. The contract is for \$650,000, to be repaid monthly at \$8,210, including interest at 1.69% over five years.

In May 2017, the City entered into an installment purchase contract with BB&T Bank to finance vehicles for the police department. The contract is for \$331,331, to be repaid monthly at \$5,932, including interest at 2.19% over five years.

In June 2018, the City entered into an installment purchase contract with Regions Finance Corporation to finance vehicles for the public works, planning, police and recreation departments. The contract is for \$643,175, to be repaid monthly at \$11,485, including interest at 2.75% over five years.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

7. Long-Term Obligations (Continued)

a. Installment Purchases (Concluded).

The future minimum payments of the installment purchase contracts as of June 30, 2018, are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 480,518	\$ 33,201	\$ 53,729	\$ 404
2020	461,644	23,657	--	--
2021	339,478	15,389	--	--
2022	287,315	8,355	--	--
2023	202,447	3,086	--	--
Totals	\$ 1,771,402	\$ 83,688	\$ 53,729	\$ 404

b. Notes Payable.

The notes payable shown in the Water and Sewer Fund consist of the balances due on four loans: The first 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%. Proceeds received from this loan amounted to \$2,462,986. The promissory note requires annual payments of \$127,109, plus interest. The second 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%. Proceeds received from this loan amounted to \$4,987,267. The promissory note requires annual payments of \$249,363, plus interest. The third is a \$475,857 loan from the State of North Carolina for the purchase of radio read water meters. The promissory note requires annual payments over twelve years of \$39,655 at a rate not to exceed 4%. The fourth is a \$1,143,936 loan from the State of North Carolina for a drinking water filtration system. The promissory note requires annual payments over twenty years of \$57,197 at a 0% rate.

The note payable shown in the governmental activities consist of a \$1,200,000 loan from Branch Banking & Trust for renovations to the Sunset Theater. The promissory note requires quarterly payments over seven years of \$42,858 plus interest at 1.86%.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

7. Long-Term Obligations (Continued)

b. Notes Payable (Concluded).

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

Year Ending June 30	Business-type Activities		Governmental-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 469,364	\$ 92,498	\$ 171,429	\$ 2,790
2020	473,324	86,617	42,855	199
2021	473,324	76,603	- -	- -
2022	473,324	66,589	- -	- -
2023	473,324	56,574	- -	- -
2024 – 2028	1,882,226	142,805	- -	- -
2029 – 2033	535,347	6,633	- -	- -
2034 - 2038	171,589	- -	- -	- -
Totals	\$ 4,951,822	\$ 528,319	\$ 214,284	\$ 2,989

At June 30, 2018 the City's legal debt margin is \$ 183,097,520.

c. Changes in Long-Term Liabilities.

Governmental Activities:	Balance	Increases	Decreases	Balance	Current
	July 1, 2017			June 30, 2018	Portion of
Installment Purchases	\$ 1,700,905	\$ 643,175	\$ 572,678	\$ 1,771,402	\$ 480,518
Notes Payable	385,713	- -	171,429	214,284	171,429
Compensated Absences	1,783,836	668,022	638,536	1,813,322	638,536
Total OPEB Liability	10,532,123	303,791	- -	10,835,914	- -
Net Pension Liability (LGERS)	4,165,542	- -	1,270,962	2,894,580	- -
Total Pension Liability (LEO)	3,593,947	147,411	- -	3,741,358	- -
Governmental Activity Long-term Liabilities	\$ 22,162,066	\$ 1,762,399	\$ 2,653,605	\$ 21,270,860	\$1,290,483

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Concluded)

7. Long-Term Obligations (Concluded)

c. Changes in Long-Term Liabilities (Concluded).

	Balance			Balance	Current
Business-type Activities:	July 1, 2017	Increases	Decreases	June 30, 2018	Portion of
					Balance
Installment Purchases	\$ 203,522	\$ - -	\$ 149,793	\$ 53,729	\$ 53,729
Notes Payable	5,421,186	- -	469,364	4,951,822	469,364
Compensated Absences	334,779	130,522	130,001	335,300	130,001
Net Pension Liability (LGERS)	1,299,682	- -	410,395	889,287	- -
Total OPEB Liability	3,294,745	95,032	- -	3,389,777	- -
Business-type Activity					
Long-term Liabilities	\$ 10,553,914	\$ 225,554	\$ 1,159,553	\$ 9,619,915	\$ 653,094

C. INTERFUND BALANCES AND ACTIVITY.

1. Transfers To / From Other Funds

Transfers to / from other funds at June 30, 2018, consists of the following:

From the General Fund to the Airport Improvements Capital Project Fund per the terms of a matching grant.	\$ 193,204
From the General Fund to the Stormwater Project Special Revenue Fund to help fund costs for assessing stormwater issues.	27,500
From the General Fund Fund to the Zoo City Park Sportsplex Project Fund to pay for land acquisition costs.	301,500
From the Water and Sewer Fund to the Economic and Tourism Development Fund to pay for economic incentives.	510,000
From the Airport Improvements Capital Project Fund to the General Fund to transfer proceeds from timber sales on land purchased in the project fund.	178,000
Total	<u>\$ 1,210,204</u>

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Concluded)

C. INTERFUND BALANCES AND ACTIVITY (CONCLUDED).

2. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2018, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Capital Projects:	
	Airport Runway Extension Phase III - to fund grant project.	\$ 350,000
	Water and Sewer Fund - to repay General Fund for current period costs.	50,777
		<u>\$ 400,777</u>

D. 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	<u>\$20,522,403</u>
Less:	
Long-term receivables	400,777
Inventories	459,846
Streets – Powell Bill	520,190
Stabilization by State Statute	2,777,639
Remaining Fund balance	<u>\$16,363,951</u>

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

Encumbrances	
General Fund	Non-major Funds
\$ - 0 -	\$ - 0 -

III. JOINT VENTURE

The City and the members of the City's fire department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums which insurers remit to the State. The State passes these monies to the local board of the Firemen's Relief Fund. The funds are used to assist fire fighters in various ways. The City obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the City's fire department by the board of trustees. During the fiscal year ended June 30, 2018, the City reported no payments through the Firemen's Relief Fund. The participating governments do not have any equity interest in

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

III. JOINT VENTURE (CONCLUDED)

the joint venture, so no entity has been reflected in the financial statements at June 30, 2018. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at Post Office Box 188, Farmville, NC 27828.

IV. JOINTLY GOVERNED ORGANIZATION

The City, in conjunction with seven counties and 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 \$5,405 to the Council during the fiscal year ended June 30, 2018.

V. RELATED ORGANIZATION

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

VI. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

FEDERAL AND STATE ASSISTED PROGRAMS

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

VII. CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT

The City implemented Governmental Accounting Standards Board (GASB) No. Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the City to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the City related to OPEB during the measurement period (fiscal year ended June 30, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for the governmental activities decreased \$10,532,123 and \$3,294,755 for the business-type activities.

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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 Changes in Total Pension Liability Law Enforcement Officers' Special Separation Allowance.
- Schedule of Total Pension Liability as a Percentage of Covered Payroll Law Enforcement Officers' Special Separation Allowance
- Schedule of Changes in Total OPEB Liability
- Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System.
- Schedule of Contributions to Local Government Employees' Retirement System.

CITY OF ASHEBORO, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 3,593,947	\$ 3,729,984
Service Costs	99,477	101,001
Interest on Total Pension Liability	132,170	127,902
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience in the Measurement of Total Pension Liability	74,707	-
Changes of Assumptions or Other Inputs	180,790	(70,377)
Benefit Payments	(339,733)	(294,563)
Other Changes	-	-
Ending Balance Total Pension Liability	<u>\$ 3,741,358</u>	<u>\$ 3,593,947</u>

Notes to the schedule:

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

This schedule is intended to show information for ten years. Additional years' information will be displayed when it becomes available.

CITY OF ASHEBORO, NORTH CAROLINA

SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	<u>2018</u>	<u>2017</u>
Total Pension Liability	\$ 3,741,358	\$ 3,593,947
Covered Payroll	\$ 3,646,949	\$ 3,576,040
Total Pension Liability as a Percentage of Covered Payroll	102.59%	100.50%

Notes to the schedule:

The City of Asheboro has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

This schedule is intended to show information for ten years. Additional years' information will be displayed when it becomes available.

CITY OF ASHEBORO, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS

	<u>2018</u>
Beginning Balance	\$ 14,347,711
Service Costs	667,438
Interest on Total OPEB Liability	424,086
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	76,061
Changes of Assumptions or Other Inputs	(768,772)
Benefit Payments	(520,833)
Other Changes	-
Ending Balance Total OPEB Liability	<u>\$ 14,225,691</u>
 Covered Payroll	 \$ 14,511,142
Total OPEB Liability as a Percentage of Covered Payroll	98.03%

Notes to the schedule:

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Rate</u>
2018	3.56%

This schedule is intended to show information for ten years. Additional years' information will be displayed when it becomes available.

CITY OF ASHEBORO

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE

OF THE NET PENSION LIABILITY (ASSET)

Local Government Employees' Retirement System

Last Five Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.248%	0.258%	0.276%	0.280%	0.290%
City's proportionate share of the net pension liability (asset)	\$ 3,783,867	\$ 5,465,224	\$ 1,237,864	\$ (1,646,807)	\$ 3,465,479
City's covered-employee payroll	\$ 15,004,952	\$ 14,598,118	\$ 14,770,443	\$ 14,660,663	\$ 14,642,084
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	25.22%	37.44%	8.38%	(11.23%)	23.67%
Plan fiduciary net position as a percentage of the total pension liability	94.18%	91.47%	98.09%	102.64%	94.35%

Notes to the schedule:

This schedule is intended to show information for ten years. Additional years' information will be displayed when it becomes available.

CITY OF ASHEBORO

SCHEDULE OF THE CITY'S CONTRIBUTIONS

Local Government Employees' Retirement System

Last Five Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,131,925	\$ 1,109,939	\$ 985,481	\$ 1,056,238	\$ 1,043,927
Contributions in relation to the contractually required contribution	<u>1,131,925</u>	<u>1,109,939</u>	<u>985,481</u>	<u>1,056,238</u>	<u>1,043,927</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 14,795,708	\$ 15,004,942	\$ 14,598,118	\$ 14,770,443	\$ 14,660,663
Contributions as a percentage of covered-employee payroll	7.65%	7.40%	6.75%	7.15%	7.12%

Notes to the schedule:

This schedule is intended to show information for ten years. Additional years' information will be displayed when it becomes available.

**CITY OF ASHEBORO
NORTH CAROLINA**

General Fund

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

CITY OF ASHEBORO, NORTH CAROLINA
GENERAL FUND

Schedule 1
(Page 1 of 5)

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	2018		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Ad Valorem Taxes:			
Current Year	\$ 15,000,000	\$ 15,326,115	\$ 326,115
Prior Years	-	34,204	34,204
Penalties and Interest	71,500	55,485	(16,015)
Total	15,071,500	15,415,804	344,304
Other Taxes and Licenses:			
Gross Receipts Tax on Short-Term Rental Property	28,803	38,360	9,557
Animal Taxes	-	105	105
Privilege Licenses	-	2,279	2,279
Total	28,803	40,744	11,941
Intergovernmental Revenues:			
Unrestricted:			
Local Option Sales Tax	3,750,000	4,499,854	749,854
Utilities Franchise Tax	2,100,000	2,501,249	401,249
Hold Harmless	1,300,000	1,497,134	197,134
Court Fees	5,180	10,107	4,927
Beer and Wine Tax	100,000	112,323	12,323
ABC Profit Distribution	211,000	328,500	117,500
Payment in Lieu of Taxes	27,000	34,261	7,261
Total	7,493,180	8,983,428	1,490,248
Restricted:			
State Street Aid Allocation	673,000	673,375	375
Local Fire Protection and Training	1,000	910	(90)
Solid Waste Disposal	15,500	17,229	1,729
N.C. Department of Commerce	225,000	325,000	100,000
Other	-	17,147	17,147
ABC Revenue for Law Enforcement	11,000	13,175	2,175
Total	925,500	1,046,836	121,336
Permits and Fees:			
Building Permits and Inspection Fees	95,500	167,973	72,473
Franchise Fees	29,000	36,446	7,446
Rezoning and Cemetery Fees	20,000	32,275	12,275
Total	144,500	236,694	92,194
Sales and Services:			
Rents and Concessions	59,200	58,506	(694)
Cemeteries	3,000	4,850	1,850
Recreation Service Revenues	330,200	334,192	3,992
Refuse Collection	1,820,000	1,804,303	(15,697)
Recycling Revenues	13,000	799	(12,201)
Contracted Maintenance - NCDOT	32,000	22,420	(9,580)
Airport Revenue	5,400	4,796	(604)
Total	\$ 2,262,800	\$ 2,229,866	\$ (32,934)

CITY OF ASHEBORO, NORTH CAROLINA
GENERAL FUND

Schedule 1
(Page 2 of 5)

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	2018		Variance
	Budget	Actual	Positive (Negative)
Revenues (Concluded):			
Investment Earnings	\$ 18,000	\$ 45,474	\$ 27,474
Miscellaneous:			
Sales of Material and Services	10,000	16,178	6,178
Reimbursements	240,000	263,532	23,532
Other	92,000	108,994	16,994
Total	342,000	388,704	46,704
Total Revenues	26,286,283	28,387,550	2,101,267
Expenditures:			
General Government:			
Governing Body:			
Salaries and Employee Benefits		115,696	
Other Operating Expenditures		19,134	
Total	143,075	134,830	8,245
Administration:			
Salaries and Employee Benefits		155,032	
Operating Expenditures		45,621	
Total	202,889	200,653	2,236
Information Technology:			
Salaries and Employee Benefits		101,200	
Operating Expenditures		73,915	
Total	213,241	175,115	38,126
Finance:			
Salaries and Employee Benefits		137,416	
Operating Expenditures		55,777	
Total	199,833	193,193	6,640
Public Buildings:			
Operating Expenditures		250,990	
Total	295,200	250,990	44,210
Tax Collections:			
Tax Collection Fees		226,606	
Total	\$ 256,471	\$ 226,606	\$ 29,865

CITY OF ASHEBORO, NORTH CAROLINA
GENERAL FUND

Schedule 1
(Page 3 of 5)

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

For the Year Ended June 30, 2018

	2018		Variance
	Budget	Actual	Positive (Negative)
Expenditures (Continued):			
General Government (Concluded):			
Legal Services:			
Salaries and Employee Benefits	\$	191,723	\$
Operating Expenditures		16,475	
Total	219,531	208,198	11,333
Planning and Zoning:			
Salaries and Employee Benefits		450,709	
Other Operating Expenditures		474,922	
Capital Outlay		25,219	
Total	987,724	950,850	36,874
City Shop:			
Salaries and Employee Benefits		878,886	
Operating Expenditures		144,963	
Capital Outlay		58,192	
Total	1,258,981	1,082,041	176,940
Human Resources:			
Salaries and Employee Benefits		181,742	
Operating Expenditures		165,964	
Capital Outlay		13,370	
Total	444,115	361,076	83,039
Total General Government	4,221,060	3,783,552	437,508
Public Safety:			
Police:			
Salaries and Employee Benefits		6,118,265	
Operating Expenditures		1,370,587	
Capital Outlay		394,721	
Total	7,989,409	7,883,573	105,836
Fire:			
Salaries and Employee Benefits		3,315,464	
Operating Expenditures		537,874	
Capital Outlay		118,651	
Total	4,307,844	3,971,989	335,855
Inspections:			
Salaries and Employee Benefits		85,800	
Operating Expenditures		7,916	
Total	\$ 96,247	\$ 93,716	\$ 2,531

CITY OF ASHEBORO, NORTH CAROLINA
GENERAL FUND

Schedule 1
(Page 4 of 5)

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	2018		Variance
	Budget	Actual	Positive (Negative)
Expenditures (Continued):			
Public Safety (Concluded):			
Fire Inspections:			
Salaries and Employee Benefits	\$	\$ 174,410	\$
Operating Expenditures		13,503	
Total	199,744	187,913	11,831
Total Public Safety	12,593,244	12,137,191	456,053
Transportation:			
Operations:			
Salaries and Employee Benefits		540,533	
Operating Expenditures		300,076	
Capital Outlay		29,045	
Total	1,005,766	869,654	136,112
Street and Highways:			
Salaries and Employee Benefits		997,441	
Operating Expenditures		1,168,509	
Capital Outlay		289,797	
Total	2,458,519	2,455,747	2,772
City Engineer Office:			
Salaries and Employee Benefits		138,651	
Operating Expenditures		57,875	
Total	233,084	196,526	36,558
Airport Authority:			
Operating Expenditures	125,290	123,268	2,022
Total Transportation	3,822,659	3,645,195	177,464
Environmental Protection:			
Sanitation:			
Salaries and Employee Benefits		786,995	
Operating Expenditures		927,951	
Capital Outlay		579,448	
Total	2,295,483	2,294,394	1,089
Total Environmental Protection	\$ 2,295,483	\$ 2,294,394	\$ 1,089

CITY OF ASHEBORO, NORTH CAROLINA
GENERAL FUND

Schedule 1
(Page 5 of 5)

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	2018		Variance
	Budget	Actual	Positive (Negative)
Expenditures (Concluded):			
Cultural and Recreational:			
Recreation:			
Salaries and Employee Benefits	\$	\$ 630,572	\$
Operating Expenditures		1,134,973	
Total	2,189,742	1,765,545	424,197
Grounds Maintenance:			
Salaries and Employee Benefits		1,207,826	
Operating Expenditures		334,138	
Capital Outlay		72,394	
Total	1,775,146	1,614,358	160,788
Golf Course:			
Salaries and Employee Benefits		121,900	
Operating Expenditures		67,727	
Total	194,225	189,627	4,598
Arts and Cultural Services:			
Salaries and Employee Benefits		88,352	
Operating Expenditures		226,442	
Total	366,897	314,794	52,103
Library:			
Operating Expenditures	123,718	123,548	170
Total Cultural and Recreational	4,649,728	4,007,872	641,856
Debt Service:			
Principal Retirement		744,105	
Interest and Fees		30,524	
Total Debt Service	797,179	774,629	22,550
Total Expenditures	28,379,353	26,642,833	1,736,520
Revenues Over (Under) Expenditures	(2,093,070)	1,744,717	3,837,787
Other Financing Sources (Uses):			
Transfers From Other Funds:			
From Airport Improvement Fund	178,000	178,000	-
Transfers to Other Funds:			
To Airport Improvement Fund	(193,204)	(193,204)	-
To Stormwater Project Fund	(27,500)	(27,500)	-
To Zoo City Park Sportsplex Project Fund	(301,500)	(301,500)	-
Sale of Capital Assets	-	9,000	9,000
Installment Purchase Obligations Issued	676,971	643,175	(33,796)
Total Other Financing Sources (Uses)	332,767	307,971	(24,796)
Appropriated Fund Balance	1,760,303	-	(1,760,303)
Net Change in Fund Balance	\$ -	2,052,688	\$ 2,052,688
Fund Balance:			
Beginning of Year, July 1		18,469,717	
End of Year, June 30		<u>\$ 20,522,405</u>	

**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.

The Stormwater Special Revenue Fund. This fund accounts for City commitments to address storm water issues in certain affected areas of the City.

Capital Project Funds:

The Zoo City Park Sportsplex Capital Project Fund. This fund accounts for City commitments to construct a multisport park complex for the citizens of the City.

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.

CITY OF ASHEBORO, NORTH CAROLINA
COMBINING BALANCE SHEET

Schedule 2

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2018

	<u>Special Revenue Funds</u>			<u>Total Nonmajor Special Revenue Funds</u>	<u>Capital Project Funds</u>		<u>Total Nonmajor Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Asheboro Housing Development</u>	<u>Economic and Tourism Development Fund</u>	<u>Stormwater Project Fund</u>		<u>Zoo City Park Sportsplex Project Fund</u>	<u>Airport Improvements Project Fund</u>		
Assets:								
Current Assets:								
Cash and Cash Equivalents	\$ 179,397	\$ 914,310	\$ 26,643	\$ 1,120,350	\$ -	\$ -	\$ -	\$ 1,120,350
Restrictd Cash	-	-	-	-	50,640	453,591	504,231	504,231
Accounts Receivable	15,713	-	-	15,713	-	-	-	15,713
Note Receivable	453,545	-	-	453,545	-	-	-	453,545
Due From Other Governments	-	115,103	-	115,103	-	32,843	32,843	147,946
	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 648,655</u>	<u>\$ 1,029,413</u>	<u>\$ 26,643</u>	<u>\$ 1,704,711</u>	<u>\$ 50,640</u>	<u>\$ 486,434</u>	<u>\$ 537,074</u>	<u>\$ 2,241,785</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:								
Liabilities:								
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payable From Restricted Assets	-	-	-	-	-	15,537	15,537	15,537
Due to Other Funds	-	-	-	-	-	350,000	350,000	350,000
	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>365,537</u>	<u>365,537</u>	<u>365,537</u>
Deferred Inflows of Resources:								
Accounts Receivable	<u>15,713</u>	<u>-</u>	<u>-</u>	<u>15,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,713</u>
Fund Balances:								
Restricted:								
Stabilization by State Statute	453,545	115,103	-	568,648	-	32,843	32,843	601,491
Capital Projects	-	-	-	-	-	88,054	88,054	88,054
Committed:								
Capital Projects	-	-	-	-	-	-	-	-
Economic and Physical Development	179,397	914,310	26,643	1,120,350	50,640	-	50,640	1,170,990
Unassigned	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total Fund Balances	<u>632,942</u>	<u>1,029,413</u>	<u>26,643</u>	<u>1,688,998</u>	<u>50,640</u>	<u>120,897</u>	<u>171,537</u>	<u>1,860,535</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 648,655</u>	<u>\$ 1,029,413</u>	<u>\$ 26,643</u>	<u>\$ 1,704,711</u>	<u>\$ 50,640</u>	<u>\$ 486,434</u>	<u>\$ 537,074</u>	<u>\$ 2,241,785</u>

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, 2018

	Special Revenue Funds			Total	Capital Project Funds		Total	Total
	Asheboro Housing Development	Economic and Tourism Development Fund	Stormwater Project Fund	Nonmajor Special Revenue Funds	Zoo City Park Sportsplex Project Fund	Airport Improvements Project Fund	Nonmajor Capital Project Funds	Nonmajor Governmental Funds
Revenues:								
Restricted Intergovernmental	\$ -	\$ 239,122	\$ -	\$ 239,122	\$ -	\$ 54,770	\$ 54,770	\$ 293,892
Restricted Other	-	17,545	-	17,545	-	-	-	17,545
Investment Earnings	9,701	-	-	9,701	-	-	-	9,701
Miscellaneous	605	-	-	605	-	-	-	605
Total Revenues	<u>10,306</u>	<u>256,667</u>	<u>-</u>	<u>266,973</u>	<u>-</u>	<u>54,770</u>	<u>54,770</u>	<u>321,743</u>
Expenditures:								
Economic and Physical Development	-	544,907	857	545,764	-	-	-	545,764
Capital Outlay	-	-	-	-	250,860	441,186	692,046	692,046
Total Expenditures	<u>-</u>	<u>544,907</u>	<u>857</u>	<u>545,764</u>	<u>250,860</u>	<u>441,186</u>	<u>692,046</u>	<u>1,237,810</u>
Revenues Over (Under) Expenditures	<u>10,306</u>	<u>(288,240)</u>	<u>(857)</u>	<u>(278,791)</u>	<u>(250,860)</u>	<u>(386,416)</u>	<u>(637,276)</u>	<u>(916,067)</u>
Other Financing Sources (Uses):								
Transfers From Other Funds:								
From General Fund	-	-	27,500	27,500	301,500	193,204	494,704	522,204
From Water and Sewer Fund	-	510,000	-	510,000	-	-	-	510,000
Transfers to Other Funds:								
To General Fund	-	-	-	-	-	(178,000)	(178,000)	(178,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>510,000</u>	<u>27,500</u>	<u>537,500</u>	<u>301,500</u>	<u>15,204</u>	<u>316,704</u>	<u>854,204</u>
Net Change in Fund Balances	<u>10,306</u>	<u>221,760</u>	<u>26,643</u>	<u>258,709</u>	<u>50,640</u>	<u>(371,212)</u>	<u>(320,572)</u>	<u>(61,863)</u>
Fund Balances:								
Beginning of Year, July 1	622,636	807,653	-	1,430,289	-	492,109	492,109	1,922,398
End of Year, June 30	<u>\$ 632,942</u>	<u>\$ 1,029,413</u>	<u>\$ 26,643</u>	<u>\$ 1,688,998</u>	<u>\$ 50,640</u>	<u>\$ 120,897</u>	<u>\$ 171,537</u>	<u>\$ 1,860,535</u>

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

Schedule 4

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**
From Inception and For the Year Ended June 30, 2018

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental Revenues:					
HOME Program Grant	\$ 375,000	\$ 375,000	\$ -	\$ 375,000	\$ -
Urgent Repair Grant - N.C. Housing Finance	50,000	50,000	-	50,000	-
Investment Earnings	-	53,819	9,701	63,520	63,520
Miscellaneous:					
Program Income - Repayments	343,267	347,036	605	347,641	4,374
Total Revenues	768,267	825,855	10,306	836,161	67,894
Expenditures:					
Economic and Physical Development:					
Mill Lofts Rehabilitation	560,000	-	-	-	560,000
Downtown Improvements	2,500	2,500	-	2,500	-
Urgent Repair Grant:					
Professional Services	5,000	5,000	-	5,000	-
Construction	50,000	49,479	-	49,479	521
Original Programs:					
Down Payment Assistance	69,750	69,750	-	69,750	-
Owner Occupied Rehabilitation	186,000	186,000	-	186,000	-
Investor Owned Rehabilitation	93,000	93,000	-	93,000	-
Administration	27,248	27,245	-	27,245	3
Revolving Loans:					
Down Payment Assistance	11,152	11,152	-	11,152	-
Owner Occupied Rehabilitation	103,127	99,508	-	99,508	3,619
Investor Owned Rehabilitation	26,337	26,336	-	26,336	1
Down Payment/Closing Cost	7,608	7,608	-	7,608	-
Administration - Down Payment	2,621	2,620	-	2,620	1
Fiscal Agent Fees	10,924	10,021	-	10,021	903
Total Expenditures	1,155,267	590,219	-	590,219	565,048
Revenues Over (Under) Expenditures	(387,000)	235,636	10,306	245,942	632,942
Other Financing (Uses):					
Transfers From Other Funds:					
General Fund	415,000	415,000	-	415,000	-
Transfers to Other Funds:					
Downtown Farmer's Market Project Fund	(28,000)	(28,000)	-	(28,000)	-
Total Other Financing Sources (Uses)	387,000	387,000	-	387,000	-
Net Change in Fund Balance	\$ -	\$ 622,636	10,306	\$ 632,942	\$ 632,942
Fund Balance:					
Beginning of Year, July 1			622,636		
End of Year, June 30			<u>\$ 632,942</u>		

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

Schedule 5

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**
From Inception and For the Year Ended June 30, 2018

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Repayment of Expired Incentives	\$ -	\$ 175,000	\$ -	\$ 175,000	\$ 175,000
Restricted Intergovernmental:					
CDBG Grant - Allen Industries	154,360	154,360	-	154,360	-
CDBG Grant - Technimark Railspur	490,000	-	239,122	239,122	(250,878)
N.C. Industrial Development Fund - Allen Industries	69,195	69,190	-	69,190	(5)
Randolph County - Allen Industries	10,975	-	-	10,975	-
N.C. Department of Commerce	75,000	75,000	-	75,000	-
N.C. Department of Commerce - NC One Grant	350,000	350,000	-	350,000	-
Restricted Other:					
Miscellaneous Contributions	-	43,424	17,545	60,969	60,969
Rural Economic Development Center - Allen Industries	72,100	72,094	-	72,094	(6)
Rural Economic Development Center	40,000	40,000	-	40,000	-
Total Revenues	1,261,630	990,043	256,667	1,246,710	(14,920)
Expenditures:					
Economic and Physical Development:					
Cranford Property Redevelopment	127,000	126,851	-	126,851	149
Pigs and Pedals Event	144,817	106,601	39,315	145,916	(1,099)
Unilever/Bestfoods	125,000	125,000	-	125,000	-
Technimark	849,400	429,400	80,000	509,400	340,000
Starpet	325,000	325,000	-	325,000	-
N.C. Zoological Society	100,000	100,000	-	100,000	-
N.C. Zoo Feasibility Study	25,000	25,000	-	25,000	-
Malt-O-Meal	2,422,500	2,422,500	-	2,422,500	-
Randolph Hospital	500,000	500,000	-	500,000	-
Hospice of Randolph County	125,000	125,000	-	125,000	-
Chamber of Commerce	180,000	135,000	20,000	155,000	25,000
Economic Development Corporation	371,000	271,000	40,000	311,000	60,000
Piedmont Triad Partnership	5,000	5,000	-	5,000	-
Piedmont Triad Regional Council	-	-	14,826	14,826	(14,826)
Premiere Fibers	40,000	40,000	-	40,000	-
Allen Industries	360,288	337,004	-	337,004	23,284
Randolph County Senior Adults Association	500,000	500,000	-	500,000	-
Family Crisis Child Advocacy Center	25,000	-	25,000	25,000	-
Technimark Railspur	675,340	8,025	325,766	333,791	341,549
Local Transportation Study	25,000	-	-	-	25,000
Kayser Roth	75,000	25,000	-	25,000	50,000
Total Expenditures	7,000,345	5,606,381	544,907	6,151,288	849,057
Revenues Over (Under) Expenditures	(5,738,715)	(4,616,338)	(288,240)	(4,904,578)	834,137
Other Financing Sources:					
Transfers From Other Funds:					
General Fund	2,908,275	1,680,141	-	1,680,141	(1,228,134)
Water and Sewer Fund	2,977,940	3,891,350	510,000	4,401,350	1,423,410
Transfers to Other Funds:					
General Fund	(147,500)	(147,500)	-	(147,500)	-
Total Other Financing Sources (Uses)	5,738,715	5,423,991	510,000	5,933,991	195,276
Net Change in Fund Balance	\$ -	\$ 807,653	221,760	\$ 1,029,413	\$ 1,029,413
Fund Balance:					
Beginning of Year, July 1			807,653		
End of Year, June 30			<u>\$ 1,029,413</u>		

CITY OF ASHEBORO, NORTH CAROLINA
SPECIAL REVENUE FUND - STORMWATER PROJECT FUND

Schedule 6

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

From Inception and For the Year Ended June 30, 2018

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Expenditures:					
Economic and Physical Development:					
Professional Services	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000
Land Acquisition and Easements	2,500	-	857	857	1,643
Total Expenditures	<u>27,500</u>	<u>-</u>	<u>857</u>	<u>857</u>	<u>26,643</u>
Other Financing Sources:					
Transfers From Other Funds:					
General Fund	<u>27,500</u>	<u>-</u>	<u>27,500</u>	<u>27,500</u>	<u>-</u>
Total Other Financing Sources	<u>27,500</u>	<u>-</u>	<u>27,500</u>	<u>27,500</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	26,643	<u>\$ 26,643</u>	<u>\$ 26,643</u>
Fund Balance:					
Beginning of Year, July 1			<u>-</u>		
End of Year, June 30			<u>\$ 26,643</u>		

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

Schedule 7

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2018

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Expenditures:					
Capital Outlay:					
Professional Services	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000
Construction	40,000	-	-	-	40,000
Land Acquisition	250,000	-	250,000	250,000	-
Administration	1,500	-	860	860	640
Total Expenditures	301,500	-	250,860	250,860	50,640
Other Financing Sources:					
Transfers From Other Funds:					
General Fund	301,500	-	301,500	301,500	-
Total Other Financing Sources:	301,500	-	301,500	301,500	-
Net Change in Fund Balance	\$ -	\$ -	50,640	\$ 50,640	\$ 50,640
Fund Balance:					
Beginning of Year, July 1			-		
End of Year, June 30			\$ 50,640		

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

Schedule 8

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

From Inception and For the Year Ended June 30, 2018

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental:					
Federal Grants	\$ 4,558,526	\$ 3,950,436	\$ 54,770	\$ 4,005,206	\$ (553,320)
State Grants	3,048,500	3,047,477	-	3,047,477	(1,023)
Investment Earnings	15,000	30,196	-	30,196	15,196
Total Revenues	<u>7,622,026</u>	<u>7,028,109</u>	<u>54,770</u>	<u>7,082,879</u>	<u>(539,147)</u>
Expenditures:					
Capital Outlay:					
Professional Services	1,071,670	994,755	129,265	1,124,020	(52,350)
Administration	116,443	112,569	-	112,569	3,874
Contractors	6,628,962	6,335,369	-	6,335,369	293,593
Land	579,718	258,024	169,624	427,648	152,070
ALP Update	195,312	-	142,297	142,297	53,015
Miscellaneous	28,950	13,755	-	13,755	15,195
Contingency	177	-	-	-	177
Total Expenditures	<u>8,621,232</u>	<u>7,714,472</u>	<u>441,186</u>	<u>8,155,658</u>	<u>465,574</u>
Revenues Under Expenditures	<u>(999,206)</u>	<u>(686,363)</u>	<u>(386,416)</u>	<u>(1,072,779)</u>	<u>(73,573)</u>
Other Financing Sources (Uses):					
Transfers From Other Funds:					
General Fund	1,345,196	1,178,472	193,204	1,371,676	26,480
Transfers to Other Funds:					
General Fund	(345,990)	-	(178,000)	(178,000)	167,990
Total Other Financing Sources (Uses)	<u>999,206</u>	<u>1,178,472</u>	<u>15,204</u>	<u>1,193,676</u>	<u>194,470</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 492,109</u>	<u>(371,212)</u>	<u>\$ 120,897</u>	<u>\$ 120,897</u>
Fund Balance:					
Beginning of Year, July 1			492,109		
End of Year, June 30			<u>\$ 120,897</u>		

**CITY OF ASHEBORO,
NORTH CAROLINA**

Enterprise Fund

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

The City of Asheboro has a single enterprise fund, the Water and Sewer Fund, and one Water and Sewer Capital Project Fund; the Water and Sewer Systems Improvements Project Fund, which accounts for capital installation for a specific area of the City. The detail activity in this fund appears on Schedule 10. It is consolidated with the Water and Sewer Fund on Exhibit 6.

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

Schedule 9
(Page 1 of 3)

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2018

	2018		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Operating Revenues:			
Water Sales	\$ 6,578,155	\$ 6,642,042	\$ 63,887
Sewer Charges	5,136,000	5,153,679	17,679
Water and Sewer Taps	43,000	101,481	58,481
Sampling and Monitoring Fees	25,000	26,887	1,887
Surcharges	100,000	136,149	36,149
Other Operating Revenues	409,500	535,482	125,982
Total Operating Revenues	12,291,655	12,595,720	304,065
Nonoperating Revenues:			
Interest Earned on Investments	6,000	37,423	31,423
Sales of Materials and Services	18,000	6,287	(11,713)
Grants	-	2,571	2,571
Other Nonoperating Revenues	145,300	168,967	23,667
Total Nonoperating Revenues	169,300	215,248	45,948
Total Revenues	12,460,955	12,810,968	350,013
Expenditures:			
Billing and Collections:			
Salaries and Employee Benefits		226,817	
Supplies		63,009	
Other Operating Expenditures		106,970	
Total	442,422	396,796	45,626
Water Meter Operations:			
Salaries and Employee Benefits		515,578	
Supplies		611,310	
Other Operating Expenditures		46,071	
Total	1,180,843	1,172,959	7,884
Water Supply and Treatment:			
Salaries and Employee Benefits		733,893	
Supplies		433,167	
Maintenance		304,755	
Other Operating Expenditures		791,503	
Total	3,023,007	2,263,318	759,689
Wastewater Treatment:			
Salaries and Employee Benefits		893,805	
Supplies		288,458	
Maintenance		440,668	
Other Operating Expenditures		616,149	
Total	3,833,008	2,239,080	1,593,928
Water Maintenance:			
Salaries and Employee Benefits		775,916	
Supplies		232,700	
Maintenance		41,070	
Other Operating Expenditures		45,065	
Total	\$ 1,180,433	\$ 1,094,751	\$ 85,682

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

Schedule 9
(Page 2 of 3)

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2018

	2018		Variance
	Budget	Actual	Positive (Negative)
Expenditures (Concluded):			
Wastewater Maintenance:			
Salaries and Employee Benefits	\$	\$ 754,249	\$
Supplies		56,915	
Maintenance		97,941	
Other Operating Expenditures		125,481	
Total	1,131,877	1,034,586	97,291
Technical Services:			
Salaries and Employee Benefits		154,734	
Supplies		14,051	
Other Operating Expenditures		12,613	
Total	199,807	181,398	18,409
Systems Maintenance:			
Salaries and Employee Benefits		656,561	
Supplies		122,369	
Maintenance		131,315	
Other Operating Expenditures		208,389	
Total	1,135,442	1,118,634	16,808
Water Quality:			
Salaries and Employee Benefits		365,715	
Supplies		109,306	
Other Operating Expenditures		112,954	
Total	634,716	587,975	46,741
Debt Service:			
Principal on Bonds and Note		619,157	
Interest and Fees		103,720	
Total	722,485	722,877	(392)
Capital Outlay:			
Water Meter Operations		34,232	
Water Supply and Treatment		23,801	
Wastewater Treatment		51,443	
Water Maintenance		83,289	
Wastewater Maintenance		11,925	
Systems Maintenance		118,123	
Water Quality		34,107	
Total	434,215	356,920	77,295
Total Expenditures	13,918,255	11,169,294	2,748,961
Revenues Over (Under) Expenditures (Forward)	\$ (1,457,300)	\$ 1,641,674	\$ 3,098,974

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

Schedule 9
(Page 3 of 3)

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2018

	2018		
	Budget	Actual	Variance Positive (Negative)
Revenues Over (Under) Expenditures (Brought Forward)	\$ (1,457,300)	\$ 1,641,674	\$ 3,098,974
Other Financing (Uses):			
Transfers to Other Funds:			-
To Economic and Tourism Development Fund	(510,000)	(510,000)	-
 Total Other Financing (Uses)	(510,000)	(510,000)	-
Appropriated Fund Balance	1,967,300	-	(1,967,300)
Revenues Over Expenditures and Other Sources (Uses)	\$ -	\$ 1,131,674	\$ 1,131,674
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues Over Expenditures and Other Sources (Uses)		\$ 1,131,674	
Payment of Bond and Note Principal		619,157	
Capital Outlay		356,920	
Depreciation		(2,249,544)	
Capitalized Labor, Materials and Other Costs		140,886	
Increase In Accrued Compensated Absences		(521)	
Increase in OPEB Liability		(95,032)	
Increase in Deferred Outflows of Resources - OPEB		492,967	
Increase in Deferred Inflows of Resources - OPEB		(159,304)	
Decrease in Net Pension Liability		410,396	
Decrease in Deferred Outflows of Resources - Pension		(429,480)	
Decrease in Deferred Inflows of Resources - Pensions		21,325	
Decrease In Accrued Interest Expense		1,536	
 Total Reconciling Items		(890,694)	
Change in Net Position		\$ 240,980	

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

Schedule 10

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

From Inception and For the Year Ended June 30, 2018

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Miscellaneous	\$ 78,990	\$ 78,990	\$ -	\$ 78,990	\$ -
Expenditures:					
Construction - Sewer Forced Main	444,000	423,613	-	423,613	20,387
Construction -Pump Station	399,000	362,598	-	362,598	36,402
Construction	217,494	213,851	-	213,851	3,643
Engineering	337,105	219,729	-	219,729	117,376
Construction	1,220,000	809,879	-	809,879	410,121
Construction - Filter Project	1,150,176	1,015,455	-	1,015,455	134,721
Land Acquisition	7,100	6,155	-	6,155	945
Design	11,000	9,250	-	9,250	1,750
Meter Purchase	447,600	447,600	-	447,600	-
Miscellaneous	27,254	22,879	-	22,879	4,375
Contingency	48,109	-	-	-	48,109
Administration	19,875	12,774	-	12,774	7,101
Total Expenditures	4,328,713	3,543,783	-	3,543,783	784,930
Revenues Over (Under) Expenditures	(4,249,723)	(3,464,793)	-	(3,464,793)	784,930
Other Financing Sources:					
Transfers From Other Funds:					
General Fund	12,000	12,000	-	12,000	-
Water and Sewer Fund	2,436,332	2,304,888	-	2,304,888	(131,444)
Proceeds of State Water Loan	1,801,391	1,619,793	-	1,619,793	(181,598)
Total Other Financing Sources	4,249,723	3,936,681	-	3,936,681	(313,042)
Revenues and Other Financing Sources Over Expenditures	\$ -	\$ 471,888	\$ -	\$ 471,888	\$ 471,888

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**CITY OF ASHEBORO,
NORTH CAROLINA**

Capital Assets Used in the Operation of
Governmental Funds

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

Schedule 11

COMPARATIVE SCHEDULES BY SOURCE

June 30, 2018

	<u>2018</u>	<u>2017</u>
Governmental Funds Capital Assets:		
Land	\$ 4,413,023	\$ 3,962,539
Land Improvements	13,023,817	12,308,100
Buildings	13,981,033	13,914,404
Street Construction	17,284,635	16,227,135
Computer Equipment	699,381	620,857
Equipment	4,750,817	4,689,376
Vehicles	12,244,409	11,038,227
Construction in Progress	<u>1,154,072</u>	<u>765,381</u>
Total Capital Assets	<u><u>\$ 67,551,187</u></u>	<u><u>\$ 63,526,019</u></u>
Investment in Governmental Funds Capital Assets - by Source:		
General Fund	\$ 29,117,569	\$ 25,962,446
Special Revenue Funds	203,741	203,741
Capital Projects Funds	25,005,375	24,135,330
Donations	<u>13,224,502</u>	<u>13,224,502</u>
	<u><u>\$ 67,551,187</u></u>	<u><u>\$ 63,526,019</u></u>

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

Schedule 12

SCHEDULE BY FUNCTION AND ACTIVITY
June 30, 2018

Function and Activity	Land	Land Improvements	Buildings	Street Construction	Computer Equipment	Equipment	Vehicles	Construction In Progress	Total
General Government:									
Governing Body	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,676	\$ -	\$ -	\$ 10,676
Administration	-	-	-	-	-	-	-	-	-
Personnel and City Clerk	-	-	-	-	-	7,048	-	-	7,048
Finance	-	-	-	-	58,931	-	-	-	58,931
Human Resources	13,908	-	41,725	-	88,174	15,055	-	-	158,862
Legal Services	-	-	-	-	6,731	-	-	-	6,731
Planning and Zoning	-	-	-	-	20,393	8,142	35,070	-	63,605
Public Buildings	214,578	122,605	751,773	-	784	-	37,320	-	1,127,060
Information Technology	-	-	-	-	33,259	98,128	-	-	131,387
Marketing and Communications	-	-	-	-	-	-	-	-	-
City Shop	67,274	-	-	-	53,293	309,489	261,901	-	691,957
Total General Government	295,760	122,605	793,498	-	261,565	448,538	334,291	-	2,256,257
Public Safety:									
Police	116,129	35,591	643,046	-	165,005	412,306	2,786,378	-	4,158,455
Fire	25,247	13,313	452,951	-	175,696	595,605	2,415,169	-	3,677,981
Inspections	-	-	-	-	-	-	23,278	-	23,278
Total Public Safety	141,376	48,904	1,095,997	-	340,701	1,007,911	5,224,825	-	7,859,714
Transportation:									
Public Works	273,697	-	4,751,692	-	29,765	154,809	281,108	-	5,491,071
Streets	252,638	169,319	9,800	17,284,635	-	961,873	1,888,963	-	20,567,228
City Engineer	-	-	-	-	29,058	52,406	28,971	-	110,435
Airport	1,024,124	10,260,153	671,466	-	-	306,573	27,000	-	12,289,316
Total Transportation	1,550,459	10,429,472	5,432,958	17,284,635	58,823	1,475,661	2,226,042	-	38,458,050
Environmental Protection:									
Sanitation	71,755	-	699,940	-	28,025	891,003	3,617,035	-	5,307,758
Cultural and Recreational:									
Parks, Lakes and Playgrounds	1,216,839	1,954,969	2,909,220	-	10,267	308,091	66,319	-	6,465,705
Municipal Golf Course	28,015	186,149	67,418	-	-	-	-	-	281,582
Grounds Maintenance	85,675	65,918	151,066	-	-	619,613	775,897	-	1,698,169
Library	171,418	11,425	-	-	-	-	-	-	182,843
Total Cultural and Recreational	1,501,947	2,218,461	3,127,704	-	10,267	927,704	842,216	-	8,628,299
Economic and Physical Development:									
Community Promotion	851,726	204,375	2,830,936	-	-	-	-	-	3,887,037
Construction in Progress	-	-	-	-	-	-	-	1,154,072	1,154,072
Total Governmental Funds Capital Assets	\$ 4,413,023	\$ 13,023,817	\$ 13,981,033	\$ 17,284,635	\$ 699,381	\$ 4,750,817	\$ 12,244,409	\$ 1,154,072	\$ 67,551,187

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

Schedule 13

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

For the Year Ended June 30, 2018

Function and Activity	Governmental Fund Capital Assets June 30, 2017	Additions	Retirements	Governmental Fund Capital Assets June 30, 2018
General Government:				
Governing Body	\$ 10,676	\$ -	\$ -	\$ 10,676
Administration	-	-	-	-
Personnel and City Clerk	7,048	-	-	7,048
Finance	58,931	-	-	58,931
Human Resources	66,968	91,894	-	158,862
Legal Services	6,731	-	-	6,731
Planning and Zoning	71,438	25,219	33,052	63,605
Public Buildings	1,052,960	95,674	21,574	1,127,060
Information Technology	131,387	-	-	131,387
Marketing and Communications	-	-	-	-
City Shop	651,123	58,192	17,358	691,957
Total General Government	2,057,262	270,979	71,984	2,256,257
Public Safety:				
Police	3,763,734	394,721	-	4,158,455
Fire	3,559,330	118,651	-	3,677,981
Inspections	23,278	-	-	23,278
Total Public Safety	7,346,342	513,372	-	7,859,714
Transportation:				
Public Works	5,491,071	-	-	5,491,071
Streets	19,418,246	1,347,297	198,315	20,567,228
City Engineer	110,435	-	-	110,435
Airport	11,403,975	885,341	-	12,289,316
Total Transportation	36,423,727	2,232,638	198,315	38,458,050
Environmental Protection:				
Sanitation	4,728,311	579,447	-	5,307,758
Cultural and Recreational:				
Parks, Lakes and Playgrounds	6,478,619	-	12,914	6,465,705
Municipal Golf Course	281,582	-	-	281,582
Grounds Maintenance	1,625,775	72,394	-	1,698,169
Library	182,843	-	-	182,843
Total Cultural and Recreational	8,568,819	72,394	12,914	8,628,299
Economic and Physical Development:				
Community Promotion	3,636,177	250,860	-	3,887,037
Construction in Progress	765,381	1,702,892	1,314,201	1,154,072
Total Governmental Fund Capital Assets	\$ 63,526,019	\$ 5,622,582	\$ 1,597,414	\$ 67,551,187

**CITY OF ASHEBORO,
NORTH CAROLINA**

Other Supplemental Information

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

CITY OF ASHEBORO, NORTH CAROLINASchedule 14**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**

For the Year Ended June 30, 2018

<u>Fiscal Year</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Balance June 30, 2018</u>
2017-2018	\$ -	\$ 15,410,216	\$ 15,363,262	\$ 46,954
2016-2017	48,215	12,972	-	61,187
2015-2016	72,053		63,675	8,378
2014-2015	8,163		2,010	6,153
2013-2014	5,810		1,204	4,606
2012-2013	4,974		863	4,111
2011-2012	3,367		318	3,049
2010-2011	4,469		82	4,387
2009-2010	5,300		61	5,239
2008-2009	3,132		19	3,113
2007-2008	1,708		1,708	-
	<u>\$ 157,191</u>	<u>\$ 15,423,188</u>	<u>\$ 15,433,202</u>	147,177
Less Allowance for Uncollectible Ad Valorem Taxes Receivable				<u>(24,000)</u>
Ad Valorem Taxes Receivable - Net				<u>\$ 123,177</u>
Reconciliation with Revenues:				
Ad Valorem Taxes Collected - General Fund			\$ 15,415,804	
Discounts Allowed			196,074	
Releases and Adjustments			(124,899)	
Taxes Written Off			1,708	
Interest Collected			<u>(55,485)</u>	
Total Collections and Credits			<u>\$ 15,433,202</u>	

ANALYSIS OF CURRENT TAX LEVY

For the Year Ended June 30, 2018

	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	\$ 2,340,286,729	.665	\$ 15,562,907	\$ 14,421,678	\$ 1,141,229
Motor Vehicles Taxed at Prior Year's Rate	-	.665	-	-	-
Penalties			30,107	30,107	-
Total	<u>2,340,286,729</u>		<u>15,593,014</u>	<u>14,451,785</u>	<u>1,141,229</u>
Discoveries:					
Current Year Taxes	5,285,257	.665	35,147	35,147	-
Prior Years Taxes	4,657,638	.665	30,973	30,973	-
Penalties			8,414	8,414	-
	<u>9,942,895</u>		<u>74,534</u>	<u>74,534</u>	<u>-</u>
Abatements	<u>(38,696,471)</u>		<u>(257,332)</u>	<u>(257,285)</u>	<u>(47)</u>
Total Valuation	<u>\$ 2,311,533,153</u>				
Net Levy			15,410,216	14,269,034	1,141,182
Uncollected Taxes at June 30, 2018			<u>(46,954)</u>	<u>(44,051)</u>	<u>(2,903)</u>
Current Year's Taxes Collected			<u>\$ 15,363,262</u>	<u>\$ 14,224,983</u>	<u>\$ 1,138,279</u>
Current Levy Collection Percentage			<u>99.70%</u>	<u>99.69%</u>	<u>99.75%</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	101
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	107
These tables contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	112
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	116
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	118
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 Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net Investment in capital assets	\$ 23,882,980	\$ 24,440,730	\$ 23,434,409	\$ 22,576,050	\$ 21,550,155	\$ 21,135,500	\$ 20,340,527	\$ 19,418,912	\$ 20,589,583	\$ 23,074,036
Restricted	1,508,368	1,469,071	4,918,519	4,975,395	5,031,627	4,911,902	4,481,550	5,378,405	5,189,258	5,158,364
Unrestricted	8,013,501	6,674,979	2,801,658	2,158,991	696,013	165,855	795,862	4,733,514	6,384,294	2,100,510
Total Governmental activities net position	<u>\$ 33,404,849</u>	<u>\$ 32,584,780</u>	<u>\$ 31,154,586</u>	<u>\$ 29,710,436</u>	<u>\$ 27,277,795</u>	<u>\$ 26,213,257</u>	<u>\$ 25,617,939</u>	<u>\$ 29,530,831</u>	<u>\$ 32,163,135</u>	<u>\$ 30,332,910</u>
Business-type activities										
Net Investment in capital assets	\$ 33,946,915	\$ 35,840,750	\$ 38,207,155	\$ 39,489,368	\$ 41,926,766	\$ 41,842,479	\$ 41,762,170	\$ 40,684,861	\$ 39,826,001	\$ 38,693,420
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	11,032,403	10,187,112	10,882,193	10,240,633	10,079,768	9,932,830	8,468,913	10,452,569	11,605,944	10,762,594
Total business-type activities net position	<u>\$ 44,979,318</u>	<u>\$ 46,027,862</u>	<u>\$ 49,089,348</u>	<u>\$ 49,730,001</u>	<u>\$ 52,006,534</u>	<u>\$ 51,775,309</u>	<u>\$ 50,231,083</u>	<u>\$ 51,137,430</u>	<u>\$ 51,431,945</u>	<u>\$ 49,456,014</u>
Primary government										
Net Investment in capital assets	\$ 57,829,895	\$ 60,281,480	\$ 61,641,564	\$ 62,065,418	\$ 63,476,921	\$ 62,977,979	\$ 62,102,697	\$ 60,103,773	\$ 60,415,584	\$ 61,767,456
Restricted	1,508,368	1,469,071	4,918,519	4,975,395	5,031,627	4,911,902	4,481,550	5,378,405	5,189,258	5,158,364
Unrestricted	19,045,904	16,862,091	13,683,851	12,399,624	10,775,781	10,098,685	9,264,775	15,186,083	17,990,238	12,863,104
Total primary government net position	<u>\$ 78,384,167</u>	<u>\$ 78,612,642</u>	<u>\$ 80,243,934</u>	<u>\$ 79,440,437</u>	<u>\$ 79,284,329</u>	<u>\$ 77,988,566</u>	<u>\$ 75,849,022</u>	<u>\$ 80,668,261</u>	<u>\$ 83,595,080</u>	<u>\$ 79,788,924</u>

CITY OF ASHEBORO, NORTH CAROLINA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

Table 2

(Page 1 of 2)

Expenses	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
General government	\$ 2,852,960	\$ 3,010,464	\$ 3,286,240	\$ 3,061,766	\$ 3,207,455	\$ 3,123,857	\$ 3,200,467	\$ 2,814,426	\$ 3,302,841	\$ 3,614,889
Public safety	9,756,723	10,263,312	10,505,454	10,936,883	11,277,560	12,023,084	11,694,632	11,232,356	12,545,696	11,640,779
Transportation	5,489,676	4,233,131	4,394,627	4,416,483	4,357,965	4,411,887	4,343,125	4,120,997	4,067,976	3,018,536
Environmental protection	2,267,470	2,436,284	2,278,866	2,416,231	2,403,358	2,549,074	2,303,227	2,104,593	2,086,231	1,800,856
Cultural and recreational	2,763,632	3,435,526	3,283,907	3,342,904	3,695,508	3,402,045	3,483,175	3,141,542	3,587,708	3,271,440
Economic and physical development	222,884	551,395	847,495	867,040	1,019,712	392,371	230,330	305,104	315,026	573,124
Interest on long-term debt	83,051	63,232	47,797	57,384	60,147	60,664	42,586	33,739	35,125	30,524
Total governmental activities expenses	23,436,396	23,993,344	24,644,386	25,098,691	26,021,705	25,962,982	25,297,542	23,752,757	25,940,603	23,950,148
Business-type activities:										
Water and Sewer	9,896,112	10,583,741	11,036,882	11,225,841	11,772,761	11,810,383	12,862,542	11,931,316	12,427,411	12,059,988
Total business-type activities expenses	9,896,112	10,583,741	11,036,882	11,225,841	11,772,761	11,810,383	12,862,542	11,931,316	12,427,411	12,059,988
Total primary government expenses	<u>\$ 33,332,508</u>	<u>\$ 34,577,085</u>	<u>\$ 35,681,268</u>	<u>\$ 36,324,532</u>	<u>\$ 37,794,466</u>	<u>\$ 37,773,365</u>	<u>\$ 38,160,084</u>	<u>\$ 35,684,073</u>	<u>\$ 38,368,014</u>	<u>\$ 36,010,136</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 300,341	\$ 338,398	\$ 327,154	\$ 330,415	\$ 341,430	\$ 341,277	\$ 313,367	\$ 26,346	\$ 26,858	\$ 34,554
Public safety	104,332	106,149	129,416	157,330	111,356	93,840	109,897	133,091	144,718	191,255
Transportation	26,253	28,786	26,305	27,635	27,247	27,836	37,556	37,436	26,106	27,216
Environmental protection	1,026,343	969,105	991,579	946,203	909,082	899,217	1,265,347	2,024,615	1,959,250	1,803,191
Cultural and recreational	471,441	425,789	434,208	439,003	363,595	400,520	411,468	391,318	413,810	392,698
Operating grants and contributions	1,656,175	649,810	845,436	1,085,673	729,487	1,015,043	937,279	764,474	908,827	1,273,101
Capital grants and contributions	239,227	1,869,824	614,292	593,839	611,822	1,021,526	248,682	256,912	2,073,131	54,770
Total governmental activities program revenues	3,824,112	4,387,861	3,368,390	3,580,098	3,094,019	3,799,259	3,323,596	3,634,192	5,552,700	3,776,785
Business-type activities:										
Charges for services:										
Water and Sewer	10,214,764	10,615,103	11,988,495	11,481,001	11,900,646	11,602,642	11,993,022	12,045,164	12,710,003	12,595,720
Operating grants and contributions	417,006	484,152	557,339	596,180	594,645	659,685	638,507	756,947	200,000	2,571
Capital grants and contributions	606,183	442,638	2,255,680	577,292	2,364,158	75,873	94,325	-	-	-
Total business-type activities program revenues	11,237,953	11,541,893	14,801,514	12,654,473	14,859,449	12,338,200	12,725,854	12,802,111	12,910,003	12,598,291
Total primary government program revenues	<u>\$ 15,062,065</u>	<u>\$ 15,929,754</u>	<u>\$ 18,169,904</u>	<u>\$ 16,234,571</u>	<u>\$ 17,953,468</u>	<u>\$ 16,137,459</u>	<u>\$ 16,049,450</u>	<u>\$ 16,436,303</u>	<u>\$ 18,462,703</u>	<u>\$ 16,375,076</u>
Net (Expense)/Revenue										
Governmental activities	\$ (19,612,284)	\$ (19,605,483)	\$ (21,275,996)	\$ (21,518,593)	\$ (22,927,686)	\$ (22,163,723)	\$ (21,973,946)	\$ (20,118,565)	\$ (20,387,903)	\$ (20,173,363)
Business-type activities	1,341,841	958,152	3,764,632	1,428,632	3,086,688	527,817	(136,688)	870,795	482,592	538,303
Total primary government net expense	<u>\$ (18,270,443)</u>	<u>\$ (18,647,331)</u>	<u>\$ (17,511,364)</u>	<u>\$ (20,089,961)</u>	<u>\$ (19,840,998)</u>	<u>\$ (21,635,906)</u>	<u>\$ (22,110,634)</u>	<u>\$ (19,247,770)</u>	<u>\$ (19,905,311)</u>	<u>\$ (19,635,060)</u>

CITY OF ASHEBORO, NORTH CAROLINA

Changes in Net Position

Last Ten Fiscal Years
(accrual basis of accounting)

Table 2
(Page 2 of 2)

General Revenues and Other Changes in

Net Position	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
Taxes										
Property taxes	\$ 11,595,398	\$ 11,887,696	\$ 11,947,797	\$ 12,024,717	\$ 12,219,356	\$ 12,968,405	\$ 14,507,360	\$ 15,400,126	\$ 15,803,180	\$ 15,409,790
Sales taxes	3,538,343	2,934,243	2,926,393	2,991,930	3,044,107	3,162,311	3,431,212	3,720,840	4,322,926	4,499,854
Franchise taxes	2,091,430	2,162,520	2,148,736	2,041,272	2,042,949	2,022,680	2,338,786	2,493,755	2,488,259	2,501,249
Other taxes and licenses	583,184	1,183,638	1,441,057	1,474,713	1,483,535	1,438,056	1,466,412	1,506,768	1,645,252	1,699,412
Investment earnings	205,532	64,275	38,702	23,500	15,031	33,436	42,488	28,151	36,942	55,175
Miscellaneous	460,275	584,956	611,123	740,428	892,494	706,297	636,456	881,817	951,890	764,195
Transfers	(541,797)	(31,914)	731,994	777,883	800,000	768,000	500,000	-	400,000	510,000
Total governmental activities	<u>17,932,365</u>	<u>18,785,414</u>	<u>19,845,802</u>	<u>20,074,443</u>	<u>20,497,472</u>	<u>21,099,185</u>	<u>22,922,714</u>	<u>24,031,457</u>	<u>25,648,449</u>	<u>25,439,675</u>
Business-type activities:										
Investment earnings	182,114	58,478	28,848	13,271	10,090	8,958	9,231	11,552	17,674	37,423
Miscellaneous	-	-	-	(23,367)	-	-	(39,304)	24,000	194,249	175,254
Transfers	541,797	31,914	(731,994)	(777,883)	(800,000)	(768,000)	(500,000)	-	(400,000)	(510,000)
Total business-type activities	<u>723,911</u>	<u>90,392</u>	<u>(703,146)</u>	<u>(787,979)</u>	<u>(789,910)</u>	<u>(759,042)</u>	<u>(530,073)</u>	<u>35,552</u>	<u>(188,077)</u>	<u>(297,323)</u>
Total primary government	<u>\$ 18,656,276</u>	<u>\$ 18,875,806</u>	<u>\$ 19,142,656</u>	<u>\$ 19,286,464</u>	<u>\$ 19,707,562</u>	<u>\$ 20,340,143</u>	<u>\$ 22,392,641</u>	<u>\$ 24,067,009</u>	<u>\$ 25,460,372</u>	<u>\$ 25,142,352</u>
Change in Net Position										
Governmental activities	\$ (1,679,919)	\$ (820,069)	\$ (1,430,194)	\$ (1,444,150)	\$ (2,430,214)	\$ (1,064,538)	\$ 948,768	\$ 3,912,892	\$ 5,260,546	\$ 5,266,312
Business-type activities	2,065,752	1,048,544	3,061,486	640,653	2,296,778	(231,225)	(666,761)	906,347	294,515	240,980
Total primary government	<u>\$ 385,833</u>	<u>\$ 228,475</u>	<u>\$ 1,631,292</u>	<u>\$ (803,497)</u>	<u>\$ (133,436)</u>	<u>\$ (1,295,763)</u>	<u>\$ 282,007</u>	<u>\$ 4,819,239</u>	<u>\$ 5,555,061</u>	<u>\$ 5,507,292</u>

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
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
2013	12,219,356	3,044,107	2,042,949	1,483,535	18,789,947
2014	12,968,405	3,162,311	2,022,680	1,438,056	19,591,452
2015	14,507,360	3,431,212	2,338,786	1,466,412	21,743,770
2016	15,400,126	3,720,840	2,493,755	1,506,768	23,121,489
2017	15,803,180	4,322,926	2,488,259	1,645,252	24,259,617
2018	15,409,790	4,499,854	2,501,249	1,699,412	24,110,305

CITY OF ASHEBORO, NORTH CAROLINA

Table 4

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Reserved	\$ 4,300,178	\$ 4,979,724								
Unreserved	6,617,624	5,050,791								
Nonspendable			\$ 1,250,055	\$ 857,493	\$ 859,119	\$ 862,114	\$ 1,089,527	\$ 998,477	\$ 1,201,406	\$ 860,623
Restricted			3,590,464	3,138,140	3,431,128	3,104,020	2,757,574	3,812,763	3,266,860	3,297,829
Committed			-	-	-	-	-	-	-	-
Assigned			224,428	-	-	225,000	-	-	304,152	-
Unassigned			4,165,717	5,134,816	4,144,624	3,845,050	5,990,191	9,220,728	13,697,299	16,363,953
Total General Fund	<u>\$ 10,917,802</u>	<u>\$ 10,030,515</u>	<u>\$ 9,230,664</u>	<u>\$ 9,130,449</u>	<u>\$ 8,434,871</u>	<u>\$ 8,036,184</u>	<u>\$ 9,837,292</u>	<u>\$ 14,031,968</u>	<u>\$ 18,469,717</u>	<u>\$ 20,522,405</u>
All other governmental funds										
Reserved	\$ 6,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	259,470	263,162	-	-	-	-	-	-	-	-
Capital projects funds	243,690	284,302	-	-	-	-	-	-	-	-
Nonspendable			-	-	-	-	-	-	-	-
Restricted			621,144	1,626,574	1,145,849	915,705	629,631	627,961	969,948	689,545
Committed			706,911	210,681	454,650	892,177	1,097,345	937,681	952,450	1,170,990
Assigned			-	-	-	(148,559)	-	(17,677)	-	-
Total all other governmental funds	<u>\$ 509,910</u>	<u>\$ 547,464</u>	<u>\$ 1,328,055</u>	<u>\$ 1,837,255</u>	<u>\$ 1,600,499</u>	<u>\$ 1,659,323</u>	<u>\$ 1,726,976</u>	<u>\$ 1,547,965</u>	<u>\$ 1,922,398</u>	<u>\$ 1,860,535</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)

Table 5

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 11,531,005	\$ 11,770,534	\$ 11,923,685	\$ 12,270,703	\$ 12,276,415	\$ 13,014,586	\$ 14,519,022	\$ 15,419,773	\$ 15,836,160	\$ 15,415,804
Other taxes and licences	299,201	337,094	327,265	332,284	340,369	346,197	323,903	39,010	39,105	40,744
Intergovernmental	8,352,387	7,197,417	7,707,645	7,951,037	8,014,704	8,720,755	8,686,356	8,909,203	10,528,295	10,324,156
Permits and fees	128,723	131,817	154,706	185,476	162,991	121,736	139,882	166,459	189,015	236,694
Sales and services	1,532,697	1,430,572	1,451,400	1,423,719	1,311,794	1,325,556	1,687,425	2,386,673	2,422,699	2,229,866
Investment earnings	205,532	64,275	38,702	23,500	15,031	33,436	42,488	28,151	36,942	55,175
Miscellaneous	304,261	394,277	824,642	845,771	709,474	575,080	393,497	527,045	399,907	406,854
Total revenues	<u>22,353,806</u>	<u>21,325,986</u>	<u>22,428,045</u>	<u>23,032,490</u>	<u>22,830,778</u>	<u>24,137,346</u>	<u>25,792,573</u>	<u>27,476,314</u>	<u>29,452,123</u>	<u>28,709,293</u>
Expenditures										
General government	2,796,054	2,936,039	3,219,001	2,972,245	3,755,674	3,017,602	3,151,731	2,914,210	3,227,755	3,783,552
Public safety	9,415,863	9,676,631	10,288,725	10,473,547	11,327,871	11,382,276	12,302,052	11,848,353	11,930,627	12,137,191
Transportation	2,739,653	2,860,124	3,197,031	3,318,995	3,243,380	3,262,437	3,486,959	3,351,320	3,713,248	3,645,195
Environmental protection	2,121,376	2,259,681	2,582,776	2,232,722	2,383,417	2,574,066	2,169,598	1,985,502	1,970,874	2,294,394
Culture and recreation	2,595,713	3,086,400	3,249,141	3,170,744	3,319,294	3,138,685	3,218,540	3,205,708	3,319,057	4,007,872
Economic and physical development	1,680,034	524,035	820,135	839,680	992,352	365,011	329,546	277,744	287,666	545,764
Capital outlay	633,651	320,127	222,473	168,216	1,642,806	702,180	48,385	106,179	719,723	692,046
Debt service:										
Principal	521,939	450,160	378,596	346,305	519,827	768,242	712,562	752,694	719,175	744,105
Interest	78,162	58,997	44,256	54,519	59,269	60,260	42,562	33,739	35,665	30,524
Other charges										
Total expenditures	<u>22,582,445</u>	<u>22,172,194</u>	<u>24,002,134</u>	<u>23,576,973</u>	<u>27,243,890</u>	<u>25,270,759</u>	<u>25,461,935</u>	<u>24,475,449</u>	<u>25,923,790</u>	<u>27,880,643</u>
Excess of revenues over (under) expenditures	<u>(228,639)</u>	<u>(846,208)</u>	<u>(1,574,089)</u>	<u>(544,483)</u>	<u>(4,413,112)</u>	<u>(1,133,413)</u>	<u>330,638</u>	<u>3,000,865</u>	<u>3,528,333</u>	<u>828,650</u>
Other financing sources (uses)										
Transfers in	972,316	766,401	1,242,169	794,550	969,713	975,700	703,673	119,568	961,468	1,210,204
Transfers out	(1,514,113)	(798,315)	(510,175)	(16,667)	(169,713)	(207,700)	(203,673)	(119,568)	(561,468)	(700,204)
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-	-	-	-	-
Installment purchase obligations / Notes	-	-	822,835	138,494	2,344,245	25,550	690,040	920,000	331,331	643,175
Sale of assets	-	28,389	-	37,091	336,533	-	39,440	94,800	552,518	9,000
Total other financing sources (uses)	<u>(541,797)</u>	<u>(3,525)</u>	<u>1,554,829</u>	<u>953,468</u>	<u>3,480,778</u>	<u>793,550</u>	<u>1,229,480</u>	<u>1,014,800</u>	<u>1,283,849</u>	<u>1,162,175</u>
Net change in fund balances	<u>\$ (770,436)</u>	<u>\$ (849,733)</u>	<u>\$ (19,260)</u>	<u>\$ 408,985</u>	<u>\$ (932,334)</u>	<u>\$ (339,863)</u>	<u>\$ 1,560,118</u>	<u>\$ 4,015,665</u>	<u>\$ 4,812,182</u>	<u>\$ 1,990,825</u>
Debt services as a percentage of noncapital expenditures	2.7%	2.3%	1.8%	1.7%	2.2%	3.3%	3.1%	3.4%	3.0%	3.2%

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>
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
2013	12,276,415	3,044,107	2,042,949	1,417,431	18,780,902
2014	13,014,586	3,162,311	2,022,680	1,370,107	19,569,684
2015	14,519,022	3,431,212	2,338,786	1,389,610	21,678,630
2016	15,419,773	3,720,840	2,493,755	1,455,392	23,089,760
2017	15,836,160	4,322,926	2,488,259	1,529,649	24,176,994
2018	15,415,804	4,499,854	2,501,249	1,699,412	24,116,319

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

Table 7

Fiscal Year	Real Property (5)	Personal Property	Personal Property		Public Service Companies (4)	Total Taxable Assessed Value	Total Direct Tax Rate	Real Property	Assessed Value as a Percentage of Actual Value (2)
			Motor Vehicles	Other				Estimated Actual Taxable Value (1)	
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%
2013	1,647,091,279	541,838,233	155,760,545	386,077,688	34,312,633	2,223,242,145	0.55	2,280,248,354	97.50%
2014 (3)	1,603,259,908	582,862,082	90,265,091	492,596,991	40,418,254	2,226,540,244	0.55	2,120,514,518	105.00%
2015	1,670,505,337	573,003,851	161,265,079	411,738,772	43,453,013	2,286,962,201	0.63	2,319,434,281	98.60%
2016	1,670,665,657	595,386,088	160,784,511	434,601,577	43,453,014	2,309,504,759	0.665	2,354,235,229	98.10%
2017	1,669,305,592	655,836,756	171,705,414	484,131,342	42,437,644	2,367,579,992	0.665	2,557,610,448	92.57%
2018	1,682,981,490	584,378,890	171,613,383	412,765,507	44,172,773	2,311,533,153	0.665	2,563,527,951	90.17%

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 105% (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, 2014 and was the basis for fiscal 2015 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
	Total City Rate	Total County Rate	Total School District	Direct & Overlapping Rates
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
2013	0.550	0.586	0.139	1.275
2014	0.630	0.610	0.139	1.379
2015	0.630	0.655	0.136	1.421
2016	0.665	0.655	0.136	1.456
2017	0.665	0.6525	0.136	1.454
2018	0.665	0.6525	0.136	1.454

Source: Randolph County Government

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

CITY OF ASHEBORO, NORTH CAROLINAPrincipal Property Taxpayers

June 30, 2018

Table 9

Taxpayer	2018			2008		
	Taxable	Rank	Percentage of	Taxable	Rank	Percentage of
	Assessed Value		Total Taxable Assessed Value	Assessed Value		Total Taxable Assessed Value
MOM Brands Company	172,925,841	1	7.48%	15,799,374	10	0.77%
Energizer (Eveready) Battery Co,	98,097,561	2	4.24%	125,296,522	1	6.07%
Technimark, Inc.	72,989,195	3	3.16%	38,986,366	3	1.89%
Starpet, Inc.	37,663,263	4	1.63%	71,251,987	2	3.45%
Kennametal	28,173,706	5	1.22%			
Duke Energy Progress Inc	23,808,799	6	1.03%			
Centerpoint Plaza	21,606,640	7	0.93%	21,357,470	7	1.03%
Kayser Roth	15,433,680	8	0.67%			
Asheboro Mall	14,136,655	9	0.61%			
Klaussner Furniture Industries	13,227,943	10	0.57%	26,944,560	6	1.31%
Schwartz Properties LLC				37,044,958	4	1.80%
Goodyear Tire & Rubber Co.				26,963,878	5	1.31%
Arrow International				19,743,309	8	0.96%
JG Randolph LLC				19,527,980	9	0.95%
Totals	<u>\$ 498,063,283</u>		<u>21.55%</u>	<u>\$ 402,916,404</u>		<u>19.54%</u>

Total Assessed Value of Taxable Property \$ 2,311,533,153

Source: Randolph County Finance Department

CITY OF ASHEBORO, NORTH CAROLINATable 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 in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2009	11,696,492	11,426,065	97.69%	267,118	11,693,183	99.97%
2010	11,851,550	11,517,135	97.18%	328,674	11,845,809	99.95%
2011	11,926,300	11,590,252	97.18%	330,563	11,920,815	99.95%
2012	11,961,536	11,791,030	98.57%	159,493	11,950,523	99.91%
2013	12,271,887	12,103,551	98.63%	160,184	12,263,735	99.93%
2014	12,272,823	12,151,194	99.01%	185	12,151,194	99.01%
2015	14,436,674	14,384,830	99.64%	-	14,384,830	99.64%
2016	15,390,363	15,342,064	99.69%	-	15,342,064	99.69%
2017	15,887,444	15,839,229	99.70%	-	15,839,229	99.70%
2018	15,410,216	15,363,262	99.70%	-	15,363,262	99.70%

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			
2009	522,921	929,738	-	4,362,657	-	8,957,656	14,772,972	2.14%	617
2010	414,838	590,892	-	3,460,932	-	8,335,143	12,801,805	1.72%	502
2011	308,219	1,144,306	-	2,571,430	-	7,712,631	11,736,586	1.56%	465
2012	204,434	1,044,066	-	1,705,566	152,145	7,090,118	10,196,329	1.27%	404
2013	99,541	1,901,949	1,071,429	830,459	518,469	6,930,057	11,351,904	1.41%	449
2014	7,492	1,422,735	900,000	62,508	722,280	6,320,949	9,435,964	1.15%	368
2015	-	1,579,133	728,571	-	529,063	5,658,782	8,495,549	1.03%	330
2016	-	1,917,868	557,142	-	358,237	5,511,906	8,345,153	1.02%	324
2017	-	1,700,905	385,713	-	203,522	5,421,186	7,711,326	0.94%	299
2018	-	1,771,402	214,284	-	53,729	4,951,822	6,991,237	0.80%	271

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

Table 12

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

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
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	1,910,000	-	1,910,000	2,164,392,243	0.09%	74.89
2013	930,000	-	930,000	2,223,242,145	0.04%	36.46
2014	70,000	-	70,000	2,226,540,244	0.00%	2.74
2015	-	-	-	2,286,962,201	0.00%	0.00
2016	-	-	-	2,309,504,760	0.00%	0.00
2017	-	-	-	2,367,579,992	0.00%	0.00
2017	-	-	-	2,311,533,153	0.00%	0.00

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, 2018

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	\$ 75,073,633	21.49%	<u>\$ 16,136,926</u>
Subtotal, overlapping debt			16,136,926
City of Asheboro direct debt			<u>1,985,686</u>
Total direct and overlapping debt			<u><u>\$ 18,122,612</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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 169,391,469	\$ 171,935,466	\$ 173,151,379	\$ 173,816,481	\$ 177,859,372	\$ 178,123,220	\$ 182,956,976	\$ 184,760,381	\$ 189,406,399	\$ 184,922,652
Total net debt applicable to limit	<u>5,815,316</u>	<u>4,466,662</u>	<u>4,023,955</u>	<u>3,090,440</u>	<u>3,350,418</u>	<u>2,215,015</u>	<u>2,108,196</u>	<u>2,276,105</u>	<u>1,904,427</u>	<u>1,825,132</u>
Legal debt margin	<u>\$ 163,576,153</u>	<u>\$ 167,468,804</u>	<u>\$ 169,127,424</u>	<u>\$ 170,726,041</u>	<u>\$ 174,508,954</u>	<u>\$ 175,908,205</u>	<u>\$ 180,848,780</u>	<u>\$ 182,484,276</u>	<u>\$ 187,501,972</u>	<u>\$ 183,097,520</u>
Total net debt applicable to the limit as a percentage of debt limit	3.43%	2.60%	2.32%	1.78%	1.88%	1.24%	1.15%	1.23%	1.01%	0.99%
Assessed Value										<u>\$ 2,311,533,153</u>
Debt Limit (8% of total assessed value)										<u>\$ 184,922,652</u>
Debt Applicable to Limit										
General Obligation Bonds										-
Installment Purchase Agreements										<u>1,825,132</u>
Total Net Debt Applicable to Limit										<u>1,825,132</u>
Legal Debt Margin										<u>\$ 183,097,520</u>

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

CITY OF ASHEBORO, NORTH CAROLINA**Demographic and Economic Statistics**

Last Ten Fiscal Years

Table 15

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age (3)	School Enrollment (4)	Unemployment Rate (5)
2009	23,940	689,424,120	28,798	34.0	4,510	11.10%
2010	25,504	744,461,760	29,190	37.2	4,485	10.80%
2011	25,262	754,323,320	29,860	37.2	4,565	9.70%
2012	25,262	800,224,374	31,677	37.4	4,683	9.40%
2013	25,262	803,382,124	31,802	37.4	4,694	8.10%
2014	25,656	818,323,776	31,896	41.0	4,689	6.40%
2015	25,761	821,672,856	31,896	41.0	4,723	5.30%
2016	25,761	821,672,856	31,896	41.0	4,648	4.90%
2017	25,761	821,672,856	31,896	41.0	4,594	3.90%
2018	25,761	878,707,710	34,110	41.0	4,606	2.80%

Source: (1) NC Department of Revenue

Source: (2) Federal Reserve Bank of St. Louis- FRED Economic Data

Source: (3) NC Department of Commerce

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

Source: (5) Bureau of Labor Statistics

CITY OF ASHEBORO, NORTH CAROLINA

Table 16

Principal Employers

Current Year and Ten Years Ago

Employer	2018			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Randolph Health	1,250	1	5.21%	1,086	2	5.08%
Technimark	1,237	2	5.16%	491	8	2.30%
Klaussner Furniture Industries	1,001	3	4.17%	1,445	1	6.77%
Asheboro City Schools	689	4	2.87%	653	6	3.06%
Energizer Battery	405	5	1.69%	867	4	4.06%
NC Zoo	370	6	1.54%			0.00%
City of Asheboro	330	7	1.38%			0.00%
MAS Acme (Acme McCrary)	270	8	1.13%	876	3	
Prestige Fabricators	265	9	1.10%			0.00%
Kayser Roth	259	10	1.08%			
Goodyear Tire & Rubber				408	9	
Wal-Mart				777	5	3.64%
Arrow International				512	7	
Wells Hosiery				350	10	1.64%
Total	<u>6,076</u>		<u>25.33%</u>	<u>7,465</u>		<u>26.54%</u>

Population

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										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	31	31	37	39	39	38	38	28	35	36	37
Public safety:											
Police:											
Officers	78	78	78	78	77	77	77	90	73	75	74
Civilians	7	7	7	7	7	7	7	7	7	7	7
Fire:											
Firefighters and officers	49	52	51	51	51	53	52	49	52	50	53
Civilians	1	1	0	0	0	0	0	0	1	1	1
Inspections											
Building				3	3	2	2	2	2	1	1
Fire				3	3	3	3	3	2	2	2
Highways and streets:											
Engineering	4	4	4	4	4	4	3	4	3	3	3
Operations				9	10	10	14	13	14	13	10
Street Maintenance	19	19	20	20	20	20	21	20	18	18	17
Sanitation	19	19	18	19	19	19	20	19	17	14	15
Culture, Recreation, Facilities	37	37	39	62	62	62	60	91	75	80	39
Water	31	32	28	28	27	28	25	33	33	31	34
Sewer	41	41	44	44	43	43	35	37	36	37	35
Total	<u>317</u>	<u>321</u>	<u>326</u>	<u>367</u>	<u>365</u>	<u>366</u>	<u>357</u>	<u>396</u>	<u>368</u>	<u>367</u>	<u>328</u>

Source: Finance Office

CITY OF ASHEBORO, NORTH CAROLINA

Table 18

Operating Indicators by Function

Last Ten Fiscal Years

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police:										
Physical arrests	5,913	5,699	3,108	3,408	2,674	2,288	1,943	1,717	1,879	1,930
Parking violations	216	165	119	82	110	110	126	33	40	70
Traffic violations	9,107	10,002	8,136	6,551	6,603	4,665	4,030	3,458	6,426	6,743
Fire:										
Number of calls answered	1,356	1,517	1,522	1,520	1,379	1,693	2,451	2,526	2,647	3,142
Inspections	1,271	1,330	1,489	1,811	1,671	2,203	2,240	1,550	1,464	1,029
Highways and streets										
Street resurfacing (miles)	0.826	0.431	0.883	0.631	0.327	0.636	0.882	0.882	0.189	1.220
Leaf Collection Loads (Nov-June)			635	701	756	812	829	829	798	825
Potholes repaired	768	808	1,106	1,182	912	887	869	869	670	852
Sanitation										
Refuse collected (tons/day)	71.58	61.39	71.38	52.17	53.41	58.08	55.32	70.25	147.79	102.55
Recyclables collected (tons/day)	4.83	4.21	9.18	19.96	8.11	8.23	8.15	20.00	41.50	40.00
Yard Waste collected (tons/day)						14.37	10.10	10.10	4.25	5.02
Culture and recreation										
Separate programs / events offered	135	141	154	151	98	127	178	203	247	324
Estimated number of program participants	68,895	95,799	75,272	86,924	54,815	53,388	67,323	73,708	87,869	89,921
Water										
New meter connections	111	153	145	115	46	34	10	23	75	79
Water mains breaks	95	94	133	94	111	91	90	68	67	108
Average daily consumption (MGD)	4.659	4.311	4.360	4.354	4.288	4.005	4.424	4.621	4.817	4.727
Wastewater										
Average daily sewage treatment (MGD)	3.801	3.950	3.326	3.410	3.377	3.843	3.466	3.900	3.553	3.454

Sources: Various government departments.

N/A: Data not available.

CITY OF ASHEBORO, NORTH CAROLINA

Capital Asset Statistics by Function

Last Ten Fiscal Years

Table 19

Function	Fiscal Year End									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	99	100	100	100	100	71	72	72	75	96
Fire stations	2	2	2	2	2	2	2	2	2	2
Fire Apparatus									13	13
Sanitation:										
Collection trucks	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	11.00	11.00
Highways and streets:										
Streets (miles)	95.98	95.93	98.24	98.24	98.24	98.24	98.24	98.24	98.99	99.78
City Streetlights	3,122	3,122	3,182	3,182	3,182	3,182	3,182	3,182	3,182	3,190
Traffic signals	27	27	27	27	27	27	27	27	27	27
Airport:										
Number of operations per year (est.)	6,100	6,100	6,100	6,100	6,100	6,100	6,100	6,100	8,300	8,700
Aircraft storage capacity:										
Hangars	47	47	47	47	47	47	47	47	47	47
Tie Downs	38	38	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	5,501	5,501
Total facility area - acreage	461.00	461.00	461.00	461.00	461.00	461.00	461.00	461.00	461.00	463.50
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	11	11	11	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)	232.9	233.5	238.2	238.2	243.6	243.6	244.2	244.2	245.4	245.5
Fire hydrants (est.)	1,494	1,546	1,546	1,546	1,570	1,570	1,570	1,577	1,583	1,589
Maximum daily capacity (thousands of gallons)	12	12	12	12	12	12	12	12	12	12
Sewer:										
Sanitary sewers (miles)	206.1	209.5	213.3	213.3	213.3	213.3	219.4	219.7	222.3	222.6
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.