

**CITY OF ASHEBORO,
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2009

Prepared by:

Finance Department

Deborah P. Reaves
Finance Officer

CITY OF ASHEBORO, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2009

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INTRODUCTORY SECTION

City of Asheboro



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

November 30, 2009

I am pleased to present the Comprehensive Annual Financial Report of the City of Asheboro, North Carolina, for the fiscal year ending June 30, 2009 for your approval. This report summarizes the financial transactions of all of the City's funds into statements of financial position and results of operations and cash flows and provides relevant disclosures and supplementary schedules to enhance their usefulness to readers. These financial statements and supplemental schedules contained herein have been audited by the independent certified public accounting firm of Maxton C. McDowell, CPA; and that firm's unqualified opinion is included in the Financial Section of this report. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City management. To the best of our knowledge and belief, the information in this report is accurate in all material respects and presents fairly the financial position and results of operations and cash flows of the City's various funds. We have included all the disclosures needed to enable the users of these financial statements to gain maximum understanding of the City's financial activities.

The *Comprehensive Annual Financial Report* is presented in three sections: (1) Introductory, (2) Financial and (3) Statistical.

The *Introductory Section* portion consists of this transmittal letter, The Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2008, the City's organizational chart and a listing of the City's principal officials.

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

Finally, the *Statistical Section* includes selected financial, demographic and economic data to allow trend analysis of past performance of the City as an entity and as a community.

This report covers all funds that are controlled by or dependent upon the City.

Home of NC Zoological Park

CITY PROFILE:

The City of Asheboro has a population of 23,940 and covers approximately 18.9 square miles. Located in the center of the state, its proximity to Charlotte, the Greensboro-High Point area and Raleigh provides great opportunity for growth as the regional economy expands and diversifies. Asheboro serves as the intersection for four major highways, U.S. 220, U.S. 311, U.S. 64 and NC 49, which connect these major cities. Asheboro is 75 miles west of Raleigh, 300 miles north of Atlanta and 480 miles south of New York. The City is served by Norfolk and Southern Railways.

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

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

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

The City of Asheboro provides a full range of services for its citizens: police and fire protection, refuse collection, an airport, recreational facilities and programs, street construction and maintenance and general administration and infrastructure. In addition to these general government functions, the City provides and maintains a water and sewer system, which is included in the reporting entity. The City also extends financial support to certain organizations, boards, agencies and commissions to assist their efforts in serving citizens. Among these are Randolph County Economic Development Commission, Randolph County Senior Adults Center, Ash-Rand Rescue, Randolph County Arts Guild, Family Crisis Center, the Boys and Girls Club, Hospice, Randolph Hospital, the North Carolina Zoological Park and the Asheboro Housing Authority.

The City of Asheboro is also financially accountable for a legally separate entity, the ABC Board, which is reported separately within the City of Asheboro's financial statements. Additional information on this Board can be found in Note I.A. in the notes to the financial statements. Although a related activity, the Asheboro Housing Authority does not meet the established criteria for inclusion in the reporting entity and, accordingly, is excluded from this report.

The City's accounting records are organized and operated on the basis of funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other assets, related liabilities and equities and revenue and expenditures. The City has four fund types: general governmental, special revenue, capital projects and enterprise. The general governmental fund accounts for all current financial resources not required to be accounted for in another fund. The City has one such fund, the General Fund, which accounts for the ongoing, routine municipal operations independent of the Water and Sewer Fund. Special revenue funds are used where specified revenues are required to be expended for a specific purpose. Capital project funds account for the revenues and expenditures involved in the construction or acquisition of a major capital asset. All of the foregoing fund types report on the modified accrual basis, where revenue is recognized when measurable and available and expenditures

are recognized as incurred.

Unlike the other fund types, an enterprise fund uses accounting methods that closely resemble those of a for-profit business. The enterprise fund is financed by user fees and, ideally, generates sufficient revenue to cover its own operating expenditures, service its debt and provide for replacement or expansion of facilities. Unlike the other funds, an enterprise fund accounts for its assets and long-term debt within its own fund structure. The City of Asheboro has one enterprise fund, the Water and Sewer Fund.

The annual budget serves as the foundation for the City's financial planning and control. The North Carolina General Statutes require all governmental units to adopt a balanced budget by July 1 of each year for all funds for which an annual budget is required. The City's General Fund and Water and Sewer Fund operate under budgets adopted on an annual basis. The special revenue and capital project funds exist for specific purposes that may span more than a year, so their budgets are adopted on multi-year basis. In either situation, the City Council must adopt any budget before it becomes effective. The City Manager may make transfers of appropriations between line items within a department. Only the Council can approve amendments affecting the total appropriation per department or on the project level. The North Carolina General Statutes require an encumbrance system and a finance officer certification that funds are available prior to the placement of all purchase orders and contracts. Encumbrance accounting is used to insure that the City does not exceed the spending limits established by these budgets.

In addition to the budgetary controls described above, the City's management is responsible for establishing and maintaining other internal controls to insure the proper use and adequate safeguarding of municipal assets and to provide reasonable assurance that all transactions are recorded promptly and accurately for subsequent reporting in accordance with generally accepted accounting principles. Management believes that the internal control structure now in place provides reasonable, but not absolute, assurance that these objectives are being met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits it is likely to produce, and that the valuation of these costs and benefits requires estimation based on the judgment of management.

ECONOMIC CONDITION AND OUTLOOK:

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

Asheboro enjoys a wide variety of manufacturing oriented employers. Textiles, furniture, consumer goods and paper products comprise the backbone of the area's manufacturing economy. In addition to the wide array of manufacturing employers, many of which appear on our principal taxpayers list, this area is also a large banking and professional services sector. Traditionally, the local economy has weathered economic challenges comparatively well due to our manufacturing and service and professional employer diversity. While there are fundamental strengths in our local economy, the short-term outlook in the middle of a national and global recession has clouded these strengths.

The City of Asheboro's economy has been in a state of transition over the past few years as a result of changes to the manufacturing sector. This has been further impacted by the recent recession. Asheboro / Randolph County statistical area has experienced a high unemployment rate, seasonally adjusted, of 10.8 % in comparison to historical years. Although high, it is slightly below the state unemployment rate of 11%. The unemployment rate has been affected by the adverse market conditions in the manufacturing

industries but most recently by the national recession. Growth, as measured by tax valuation, increased only 3.42% in comparison to last year increase of 10.49%. The last countywide revaluation was in 2006. Local retail sales in 2008-2009 decreased 8.88% in comparison to 2007-2008. Additionally, there has been a decrease all around in the area of local construction. Both commercial and residential construction activity is down comparatively. In the period of January 1, 2008 to December 31, 2008, total valuation for building permits issued was \$19,535,824 in comparison to of \$43,877,035 (2007), \$23,925,564 (2006) and \$30,355,109 (2005). The largest permit in fiscal year 2008-2009 was for Fairfield Inn with a valuation of \$2,150,000. With exception of this last year, when looking at tax valuation and construction valuations, the City of Asheboro has been growing at a steady pace. While some recent factors over the past couple of months have shown indications of an improving economy, due to the depth of the national economic recession, the road to recovery for Asheboro is expected to be slow and take place over the next few years. True national economic recovery which effects the local economy will not happen until confidence is restored in the financial system whose failure is attributed as one of the precipitating factors to the current recession.

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

In an effort to attract new industry, the City continues to support the Randolph County Economic Development Commission and demonstrate a willingness to offer economic development incentive grants. In partnership with the Randolph County Economic Development Corporation and Randolph County Government, the City of Asheboro agreed to provide economic incentives to be paid out in installments over five years for Malt-O-Meal Company to locate a food manufacturing facility in Asheboro. As of December 2008, Malt-O-Meal Company had invested \$28,146,382 in real property in Asheboro and had invested \$54,694,450 in equipment. It is expected that over the next three years, their investment will total up to \$140 million dollars and will result in the creation of 164 new full time jobs. With the help of Randolph Community College's workforce development program, it is expected that individuals recently displaced as a result of textile manufacturing facility closures will be retrained and employable in this food manufacturing facility.

In an effort to help develop Asheboro as a tourism location, the City of Asheboro has developed a new directional signage methodology promoting local tourism spots and other recreation type assets. Additionally, the City has partnered with the North Carolina Zoological Society to help fund Project Pachyderms. This project involves the renovation and expansion of a new area of the North Carolina Zoological Park. The North Carolina Zoological Park, located just to our southeast, is a large tourism draw for Asheboro. It is the nation's largest walk-through natural habitat zoo featuring more than 1,100 animals from Africa and North America. A total of 729,615 visitors passed through the zoo gates between July 1, 2008, and June 30, 2009, 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.

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

County broke ground on a new 10,000 square ft addition to the Hospice campus.

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

MAJOR INITIATIVES:

The City Council has adopted specific goals for the community, which are as follows:

- Growth and Annexation
- Combating Drug Abuse
- Road System Improvements
- Enhancement of Organizational Performance
- Improvement of Community Appearance
- Meeting Environmental Requirements
- Airport Expansion

The City of Asheboro was chartered December 25, 1796 and included 1,961 acres. As of June 30, 2009, 10,132.92 acres have been annexed allowing for a total City of Asheboro acreage of 12,093.92 acres. Areas that can be economically served with water and sewer services will continue to be studied and will be considered for annexation when funds are available.

In 1996, the City Council adopted a policy that requires any major residential development or any commercial or industrial development desiring water and sewer services from the City to request annexation. There are a few requests for annexation pending as of June 30, 2009.

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. A special unit called the LEDD unit (Legal Elimination of Drug Dealers) and the Canine Division are heavily involved in this patrol. 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. Another positive addition has been the implementation of annual city-wide drug summits.

Road system improvements are a cooperative effort on the part of the State of North Carolina and the City of Asheboro. The Presnell street extension, which connects Highway 220 and Highway 64, was completed in 1995. The extension of Church Street was completed in 1996 and the extension of Carl

Drive was completed in 1997. In 2008-2009, improvements along HWY 42 near the intersection of Hwy 64 were completed. The City Council continues to work diligently with NCDOT to find and implement improvements that consider improved safety as well as considers various residential and business needs. The City Council continues to work for and support the I-73 / 74 project and the Highway 64 / 40 bypass loop.

Increasing fiscal demands on the City and the citizens is an ever-increasing problem. The City continues to make every effort to improve efficiency in current operations as well as plan for the future. In 2008-2009, the City began to incorporate GIS technology into our day to day operations to help asses and take advantage of increased operational efficiencies. The City will continue to investigate and incorporate new technology that will allow us to realize efficiencies without compromising quality of service. In order to enhance the success of our operations, the City fosters a cooperative effort between City personnel and the citizens.

A \$1,500,000 expansion and renovation of the Library Building was completed in 1995. Expansion and renovation of the Wastewater Plant was completed in 1998. This expansion increases the treatment capacity from 6 MGD to 9 MGD and should meet the treatment needs of the City. The replacements of aging outfall lines are almost complete. The Wastewater Plant expansion and outfall line replacement was a \$15,000,000 project and was approved by voters in 1993. Since the wastewater plant expansion, several new sewer pump station and force main improvements have been completed as well. Maintenance and enhancement of the water and wastewater system continues to be a focus for the City of Asheboro. In 2008-2009, Water line replacements were completed along Keystone Drive and Twain Drive as well as the addition of a 16" water line from Park Drive to Pinewood Road. Additionally, the construction of a sewer line extension along Brookwood Drive and Twain Drive was completed. Water line replacements and sewer extensions are ongoing and are necessary to assure quality of service provided to our customer base.

Community appearance has been enhanced with the completion of major landscaping projects by the State at the Highway 64 and 49 interchanges and the Sunset Avenue and Salisbury Street interchanges. The refurbishment project of Sunset Avenue business district was completed early 2005. The Farmer's Market was completed in 2006-2007 fiscal year. The City has a Horticulturist on the staff to aid in the enhancement of community appearance. Hanging baskets have been placed at various locations along Sunset Avenue in downtown Asheboro, various artisan sculptures have been incorporated into the landscape of the downtown area and 2008-2009 marks the third year of the Mayor's tree planting initiative which began with the creation of the "Mayor's Grove" at North Asheboro Park and has continued with the strategic plantings of trees in the medians along various major and minor thoroughfares. A focus on promoting community appearance continues with the Mayor's community cleanup days. Playground equipment upgrades, as well as landscaping projects, continue to be a priority in our City parks. Through enforcement of various planning and zoning ordinances, City personnel continue with their efforts to force property owners to remove or restore unsightly property and take down potentially dangerous buildings.

Mandates concerning environmental legislation have had a tremendous impact on the financial structure of the City. The City of Asheboro has three local recycling drop sites and is in the second year of implementing a curbside recycling program to all its residents. It is expected that all citizens in the City of Asheboro will have curbside recycling available to them by the end of fiscal year 2010. 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 grow increasingly complex. The City Council supports and pledges to meet the standards as set forth by State and Federal Agencies.

However, this is often a challenge and a burden on resources because such mandates are often handed down without funds to meet the regulations.

Improvements to the airport continue to be made. Projects completed include the extension of the runway to 5,500 feet in December 2000, the construction of the perimeter fencing completed in July 2001, and the paving and lighting of the parallel taxiway completed in October 2002. State and Federal funding has been allocated to pay 90% of the cost to widen the runway from 75' to 100' and to strengthen the runway, taxiways and a portion of the apron. These improvements were completed in the 2005-2006 fiscal year. In the 2006-2007 fiscal year, construction was completed on a 10,000 gallon "Jet-A" fuel tank and spill containment facility. In the 2007-2009 fiscal years, construction of additional T-Hangar taxilanes was completed and the NC Aviation museum parking lot was expanded and paved. Design & plans for a pump station that services the Airport and the extension of water and sewer lines from the airport to the Tot Hill Farm area is planned for fiscal year 2009-2010.

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

FOR THE FUTURE:

The City of Asheboro has been going through a period of transition over the past few years as it continues to adjust with the changing local economic environment. To help focus our efforts, four years ago, the City of Asheboro partnered with the community to study and develop a strategic plan for the future of Asheboro. The Asheboro 20/20 Strategic Planning initiative has now come to a conclusion with task force reports and recommendations summarized in a report outlining four areas of importance to the future of the City of Asheboro. The areas of importance identified in the strategic planning initiative include yet expand upon areas of the City Council's historical focus. The areas of importance identified in this initiative are 1) Economic Development, 2) Growth, Annexation and Infrastructure, 3) Quality of Life, and 4) North Carolina Zoo.

The budget for fiscal year 2008-2009 provided for the current operational needs of the City of Asheboro as well as took steps to provide additional focus areas of importance outlined in the strategic planning report. The recommended budget for 2009-2010 provides resources to maintain the current level of service to our customers as well as focus on ongoing major initiatives which go hand in hand with the strategic planning initiatives referenced above. The City will continue to utilize all resources available and pursue these initiatives as the resources allow.

CASH MANAGEMENT:

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held either by the City or its agent. All investments held by the City during the year and at June 30, 2009 are classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board.

Our cash management policy of planning expenditures and scheduling investment maturities to match

cash requirements were continued for 2008-2009. Interest earned on General Fund investments and Water and Sewer Fund investments combined is significantly lower in comparison the 2007-2008 fiscal period due to the continued low interest rate environment resulting from a collapse of the financial system and the following economic recession. This reduction has had an impact on the current year budget and the loss of this revenue has required management to hold off on various small “wish list” projects until the economy turns around. We continue to try to maximize the return on the tax and utility dollars paid by the citizens of Asheboro to have those resources available to support operations.

RISK AND INSURANCE MANAGEMENT:

The City participates in an insurance pool funded by a group of cities and sponsored by the North Carolina League of Municipalities for its general, automobile, public officials and law enforcement liability insurance’s, and its workmen’s compensation. Airport liability coverage has been obtained from an independent carrier. Modifications are made to insurance coverage at the discretion of management and the governing board.

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

DEBT ADMINISTRATION:

In September 2005, the City issued refunding general obligation bonds in the amount of \$8,530,000 to retire \$875,000 of general obligation bonds serviced by the governmental funds issued to finance the construction of improvements to the City’s library and \$7,300,000 of general obligation bonds issued to finance the construction of facilities utilized in the operation of the water and sewer system which were being retired by resources in the Water and Sewer Fund. The refunding saved the City of Asheboro in excess of \$366,000 over the life of the bonds. Bonds payable at June 30, 2009 are \$4,885,578. \$522,921 of this balance is for improvements to the City’s Library. The remaining \$4,362,657 relates to water and sewer system improvements noted above. Over the past couple of years, the City of Asheboro has been able to provide for current operations and services without taking on new debt. We have been strategic in this approach in order to protect our debt capacity for future projects and facility expansion. Some of the future projects discussed, to be reviewed more closely when the economy improves, are a possible third fire station and the development of a recreation facility / soccer fields and the renovation of our historic downtown Sunset Theatre.

The City’s debt carries an “A2’ rating from Moody’s, “A+” from Standard and Poor’s, and a rating of 83 by the North Carolina Municipal Council.

INDEPENDENT AUDIT:

An annual audit is required by the North Carolina General Statutes for all units of local government and by the Office of Management and Budget for most recipients of Federal grant monies. The auditor must be approved by the North Carolina Local Government Commission and is selected by and reports to the City Council. While the financial statements are the responsibility of management, the auditor's report is independent of management's control and discloses their opinion as to whether the financial statements present fairly the actual financial condition and results of operation of the City. The independent auditor's report is included as a part of these financial statements.

AWARDS:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Asheboro for its comprehensive annual financial report for the fiscal year ended June 30, 2008. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

ACKNOWLEDGMENTS

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

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

Respectfully submitted,



Deborah P. Reaves
Finance Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Asheboro
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

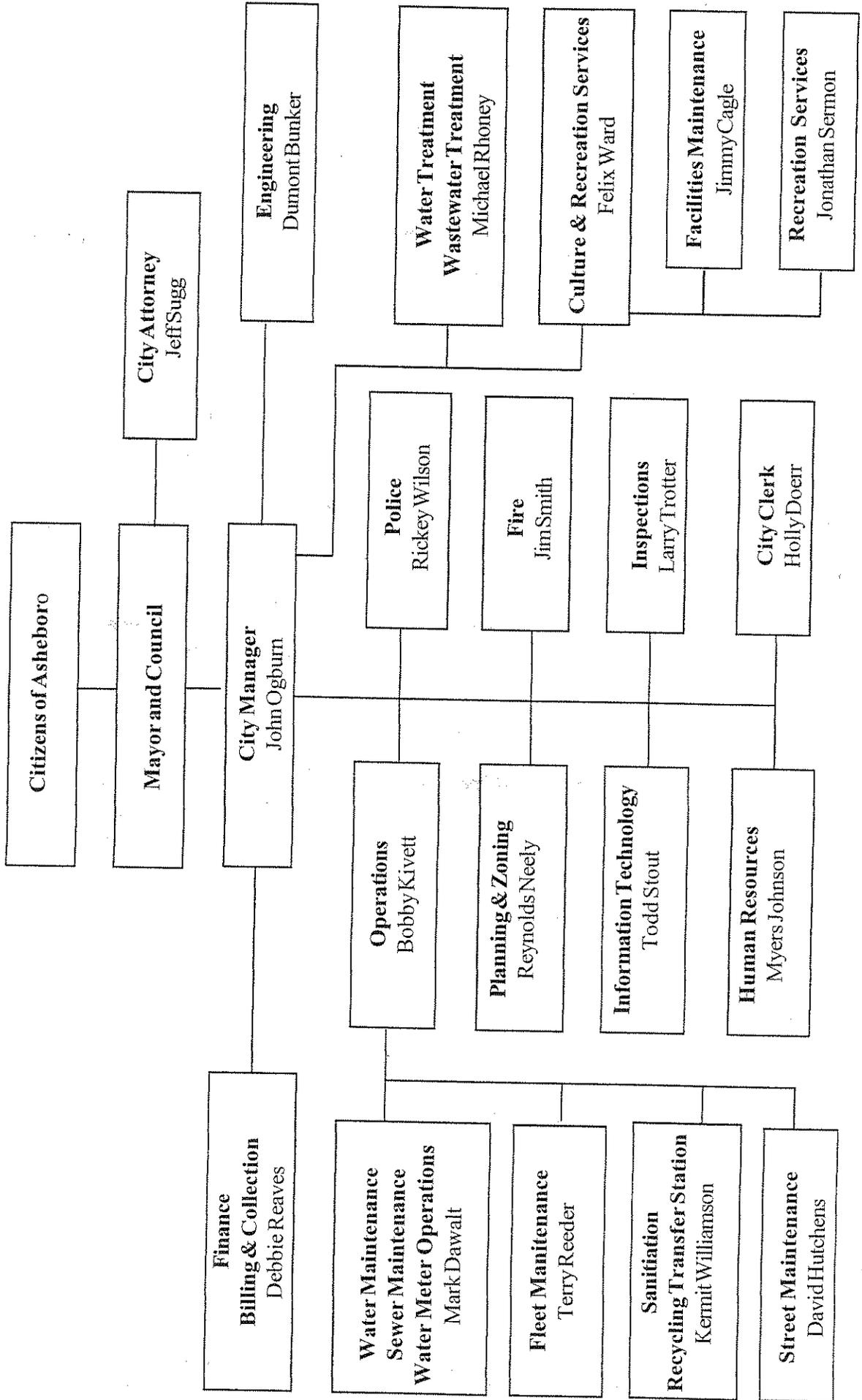
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President

Executive Director

CITY OF ASHEBORO DEPARTMENTAL ORGANIZATION CHART



CITY OF ASHEBORO, NORTH CAROLINA

LIST OF PRINCIPAL OFFICERS

June 30, 2009

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

FINANCIAL SECTION



MAXTON McDOWELL

Certified Public Accountant

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

Member
American Institute of Certified
Public Accountants

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

North Carolina Association of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the City of Asheboro, North Carolina, as of and for the year ended June 30, 2009, which collectively comprise the City of Asheboro's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Asheboro, North Carolina's management. My responsibility is to express an opinion on these financial statements based on my audit. I did not audit the financial statements of the City of Asheboro ABC Board. Those financial statements were audited by another auditor whose report thereon has been furnished to me, and my opinion on the financial statements, insofar as it relates to the amounts included for the City of Asheboro ABC Board, is based on the report of the other auditor.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the City of Asheboro ABC Board were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit and the report of the other auditor provide a reasonable basis for my opinion.

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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance's and the Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I and the other auditor have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit this information and express no opinion thereon.

In accordance with Government Auditing Standards, I have also issued a report dated November 30, 2009, on my consideration of the City of Asheboro's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of the report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Asheboro, North Carolina. The introductory information, combining and individual nonmajor fund financial statements and schedules and the statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

November 30, 2009



Certified Public Accountant

Management's Discussion and Analysis

As management of the City of Asheboro, we offer readers of the City of Asheboro's financial statements this narrative overview and analysis of the financial activities of the City of Asheboro for the fiscal year ended June 30, 2009. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

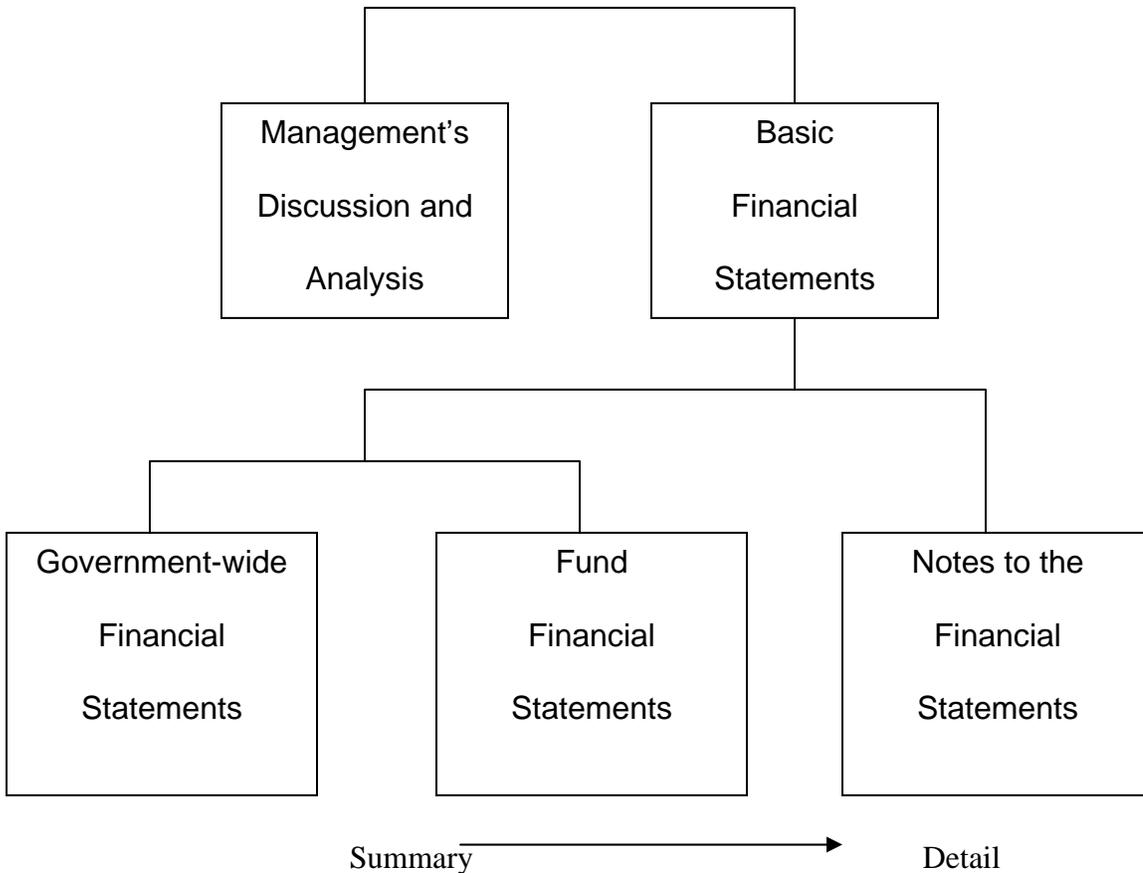
- The assets of the City of Asheboro exceeded its liabilities at the close of the fiscal year by \$78,384,167 (*net assets*).
- The government's total net assets increased by \$385,833, due to an increase in business type activities net assets.
- As of the close of the current fiscal year, the City of Asheboro's governmental funds reported combined ending fund balances of \$11,427,712. This is a decrease of \$770,436 in comparison with the prior year. Approximately 58% of this total amount, or \$6,617,624, is available for spending at the government's discretion (unreserved fund balance). The unreserved fund balance is designated entirely as General Fund balance and is 28 percent of total general fund expenditures for the fiscal year.
- Ad valorem tax revenue increased by \$340,858 in the current year due to increases in assessed property valuation.
- The City of Asheboro's total debt is \$14,772,972, which decreased by \$1,646,555 (10.03%) during the current fiscal year. The City of Asheboro did not take on any new debt in the 2008-2009 fiscal year.
- The City of Asheboro bond rating was reevaluated at the time of General Obligation refunding in September 2005. The City of Asheboro has maintained its AA bond rating from Moody's, "A+" from Standard & Poor's and a rating of 83 by the North Carolina Municipal Council.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

Government-wide Financial Statements

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

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

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the water and sewer services offered by the City of Asheboro. The final category is the component unit. Although legally separate from the City, the ABC Board is important to the City because the City exercises control over the Board by appointing its members and the Board is required to distribute its profits to the City.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Asheboro, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of City of Asheboro can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Asheboro adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the

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

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

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

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

Government-Wide Financial Analysis

The City of Asheboro’s Net Assets

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 12,560,529	\$ 13,856,226	\$ 12,170,403	\$ 12,037,480	\$ 24,730,932	\$ 25,893,706
Capital assets	25,337,741	26,447,292	47,267,271	46,661,746	72,605,012	73,109,038
Total assets	<u>37,898,270</u>	<u>40,303,518</u>	<u>59,437,674</u>	<u>58,699,226</u>	<u>97,335,944</u>	<u>99,002,744</u>
Long-term liabilities outstanding	2,994,798	3,029,295	12,041,048	13,083,844	15,035,846	16,113,139
Other liabilities	1,498,623	2,189,455	2,417,308	2,701,816	3,915,931	4,891,271
Total liabilities	<u>4,493,421</u>	<u>5,218,750</u>	<u>14,458,356</u>	<u>15,785,660</u>	<u>18,951,777</u>	<u>21,004,410</u>
Net assets:						
Invested in capital assets, net of related debt	23,882,980	24,474,397	33,946,915	32,213,011	57,829,895	56,687,408
Restricted	1,508,368	1,615,678			1,508,368	1,615,678
Unrestricted	8,013,501	8,994,693	11,032,403	10,700,555	19,045,904	19,695,248
Total net assets	<u>\$ 33,404,849</u>	<u>\$ 35,084,768</u>	<u>\$ 44,979,318</u>	<u>\$ 42,913,566</u>	<u>\$ 78,384,167</u>	<u>\$ 77,998,334</u>

As noted earlier, net assets may serve over time as one useful indicator of a government’s financial condition. The assets of the City of Asheboro exceeded liabilities by \$78,384,167 as of June 30, 2009. The City’s net assets increased by \$385,833 for the fiscal year ended June 30, 2009. The largest portion

of net assets, 73.78%, reflects the City's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City of Asheboro uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Asheboro's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. A portion of the City of Asheboro's net assets (\$1,508,368) represents resources that are subject to external restrictions on how they may be used. The restricted net assets for the City of Asheboro are restricted for transportation. After accounting for these restricted funds in the 2008-2009 financial statements, the City of Asheboro's unrestricted net asset balance is \$19,045,904. These funds can be used without constraints established by debt covenants or other legal requirements.

City of Asheboro Changes in Net Assets

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues						
Charges for services	\$ 1,928,710	\$ 2,078,698	\$ 10,214,764	\$ 11,161,593	\$ 12,143,474	\$ 13,240,291
Operating grants & contributions	1,656,175	936,907	417,006	345,637	2,073,181	1,282,544
Capital grants & contributions	239,227	1,415,364	606,183	244,799	845,410	1,660,163
General revenues						-
Property taxes	11,595,398	11,239,034			11,595,398	11,239,034
Other taxes	6,212,957	6,482,600			6,212,957	6,482,600
Grants & contributions not restricted to specific programs					-	-
Other	665,807	669,834	182,114	402,036	847,921	1,071,870
Total revenues	22,298,274	22,822,437	11,420,067	12,154,065	33,718,341	34,976,502
Expenses						
General government	2,852,960	2,787,687			2,852,960	2,787,687
Public safety	9,756,723	9,019,026			9,756,723	9,019,026
Transportation	5,489,676	4,437,635			5,489,676	4,437,635
Environmental Protection	2,267,470	2,316,831			2,267,470	2,316,831
Economic development	222,884	198,711			222,884	198,711
Cultural and recreational	2,763,632	2,806,614			2,763,632	2,806,614
Interest on long-term debt	83,051	110,973			83,051	110,973
Water and sewer			9,896,112	9,512,246	9,896,112	9,512,246
Total expenses	23,436,396	21,677,477	9,896,112	9,512,246	33,332,508	31,189,723
Increase in net assets before transfers	(1,138,122)	1,144,960	1,523,955	2,641,819	385,833	3,786,779
Transfers	(541,797)	830,340	541,797	(830,340)	-	-
Increase in net assets	(1,679,919)	1,975,300	2,065,752	1,811,479	385,833	3,786,779
Net assets, July 1	35,084,768	33,109,468	42,913,566	\$ 41,102,087	77,998,334	74,211,555
Net assets, June 30	\$ 33,404,849	\$ 35,084,768	\$ 44,979,318	\$ 42,913,566	\$ 78,384,167	\$ 77,998,334

Governmental activities. Governmental activities decreased the City's net assets by \$1,679,919. Elements contributing to this decrease are as follows:

- Revenues across a majority of categories decreased due to the economic recession. The City of Asheboro's high unemployment affects purchasing and the level of services citizens choose to take advantage of. There was combined decrease of 7% in the area of charges for services as a result of the economic slowdown. Sales tax and other tax revenue decreased about 4% in 2008-2009. The failure of and decreased confidence in the financial industry has resulted in a poor interest rate environment. The reduced rates have attributed to a 56% decrease in interest on investments revenue in 2008-2009.
- Decrease in capital and operating grants awarded to and available to the City of Asheboro to support various activities which can also be tied to the economic environment.

Business-type activities: Business-type activities increased the City of Asheboro's net assets by \$2,065,752. Key elements of this increase are as follows:

- A combined increase operating grants and capital grants of \$432,753 over prior fiscal year.
- Tight management of expenses in relation to revenues. Although revenues decreased in comparison to prior fiscal year and expenses increased, the difference of revenues over expenses was, \$1,523,955. This savings was realized as a result of delaying certain capital expenditures due to the changing economic environment.
- Transfer from General fund of \$541,797.

Financial Analysis of the City's Funds

As noted earlier, the City of Asheboro uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Asheboro's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Asheboro's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Asheboro. At the end of the current fiscal year, the City of Asheboro's unreserved fund balance was \$6,617,624 and its total fund balance reached \$10,917,802. Of this total fund balance, \$6,132,475 was undesignated and thus available for spending.

As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance is equivalent to 50.20 percent of total General Fund expenditures. Additionally, the undesignated portion of the total fund balance is equivalent to 28.2 percent of total General Fund expenditures.

The non-major governmental fund balance was \$509,910. The governmental funds of City of Asheboro reported a combined total fund balance of \$11,427,712, a 6.32 percent decrease over last year. Included

in this change in fund balance are decreases in fund balance in the General, Special Revenue and Capital Projects Funds.

General Fund Budgetary Highlights: During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

The General Fund budget for 2008-2009 was adopted in June 2009 at \$21,867,085 and represented a .3 percent decrease over the audited FY 2007-2008 expenditures of \$21,950,171. The 2008-2009 budget was amended during the fiscal year to \$22,655,976, an increase of \$788,891 to account for unexpected operational expenditures, the most significant of which was relating to the community development incentives and increases in appropriations to cover extraordinary health insurance claims. In spite of the unexpected operational costs experienced early in the fiscal year, expenditures were held in check and capital expenses planned for in the third and fourth quarters of the year were deferred to minimize the overall affect on the budget and to protect the City of Asheboro's fund balance as much as possible. As a result of continued efforts to control expenditures in all areas, the General Fund final audited expenditures were \$906,812 under the amended budget.

Proprietary Fund Budgetary Highlights: The City of Asheboro proprietary fund provide the same type of information found in the government-wide statements but in more detail. The Water and Sewer Fund budget for 2008-2009 was adopted in June 2009 at \$11,829,718 and represented a 2% decrease over the 2007-2008 audited expenditures of \$12,096,112. As with the general fund, various expenses were deferred due to the downturn in the economy. The Water & Sewer fund year end expenditures were \$11,069,296 and represented a 6% savings in relation to the original adopted budget.

Capital Asset and Debt Administration

Capital Assets. The City of Asheboro's investment in capital assets, before depreciation, for its governmental and business-type activities as of June 30, 2009 totals \$134,003,144. 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 \$885,069 in governmental activities capital assets with the largest increase in buildings and equipment.
- An increase of \$2,114,296 in the area of business type capital assets resulting from the near completion of improvements to the water & sewer system infrastructure. Construction in progress decreased by \$1.6 million and plant and distribution system asset increased by \$3.5 million.
- No major demolitions or disposals were recorded this year.

City of Asheboro's Capital Assets

Figure 4

	Governmental Activities	Business-Type Activities	Total
	2009	2009	2009
Land	\$ 3,783,648	\$ 2,780,254	\$ 6,563,902
Buildings	11,107,261	30,374,373	41,481,634
Improvements other than buildings	10,657,737	78,560	10,736,297
Plant and distribution systems		37,395,722	37,395,722
Street construction	14,041,982		14,041,982
Equipment	5,056,015	5,206,193	10,262,208
Vehicles	9,036,128	2,102,028	11,138,156
Construction in progress	342,826	2,040,417	2,383,243
Total	\$ 54,025,597	\$ 79,977,547	\$ 134,003,144

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, 2009, the City of Asheboro had total bonded debt outstanding of \$4,885,578. All of this is debt backed by the full faith and credit of the City.

City of Asheboro's Outstanding Debt

Figure 5

	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 522,921	\$ 633,108	\$ 4,362,657	\$ 5,281,923	\$ 4,885,578	\$ 5,915,031
Installment Purchases	929,738	1,337,685	-	-	\$ 929,738	\$ 1,337,685
notes payable			8,957,656	9,166,811	\$ 8,957,656	\$ 9,166,811
Revenue bonds					-	-
Total	\$ 1,452,659	\$ 1,970,793	\$ 13,320,313	\$ 14,448,734	\$14,772,972	\$ 16,419,527

The City of Asheboro's total outstanding long-term debt decreased by \$1,646,555 during the past fiscal year. This change is due to the combined effects of a decrease of general obligation debt of \$1,029,453 and reduction of notes and installment debt payable of \$617,102.

As mentioned in the financial highlights section of this document, the City of Asheboro maintained its AA bond rating from Moody's Investor Service and A+ rating from Standard and Poor's Corporation and a rating of 83 by the North Carolina Municipal Council. This bond rating is indicative of the sound financial condition of City of Asheboro.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for City of Asheboro is \$163,576,153.

Additional information regarding the City of Asheboro's long-term debt can be found in Detail Notes Section II B.7 in the notes to the financial statements.

Economic Factors

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

- Unemployment. The City of Asheboro / Randolph County unemployment rate of 10.8% is slightly lower than the State average of 11% for the period ending June 30, 2009. This is an increase of 4.5% in comparison to the prior year.
- Growth, as measured by tax valuation, increased 3.42% due to increases in property valuation. A large part of this valuation increase is associated with the completion of two major expansion / renovation projects to the Malt-O- Meal plant and Randolph Hospital. These projects began in the prior fiscal year.
- Growth, as measured by local retail sales has decreased by 8.88%.
- In the period of January 1, 2008 to December 31, 2008, total valuation for building permits issued was \$19,535,824. This is a decrease in comparison to all previous fiscal years. The permit valuation for 2007 was \$43,877,035. The permit valuation for 2006 was \$23,925,564. The largest permit in fiscal year 2008-2009 was for Fairfield Inn with a valuation of \$2,150,000.

Budget Highlights for the Fiscal Year Ending June 30, 2010

Governmental Activities: No tax increase was recommended for the General Fund for fiscal year ending June 30, 2010. Major Sources of revenue such as ad valorem taxes is projected to remain relatively flat in comparison to year end 2009 figures. Overall revenue is expected to decrease slightly due to the economic recession. A fund balance appropriation of \$485,149 has been included.

Budgeted expenditures in the General Fund are appropriated at \$21,304,583. The largest increments are in personnel costs associated with increased health insurance costs and benefits adjustments. There is no across the board employee cost of living increase included in the General Fund budget due to the effects of the economic recession. Other expenditures included are government 10% matches to 90% grant awards, capital outlay for equipment for public safety functions, and monies set aside for economic development.

Business – type Activities: Revenue from sale of water and sewer services is expected to remain relatively flat. There was no recommended rate increase for water and sewer customers. There is no allocation from Retained earnings. General operating expenses is budgeted at \$10,937,691 to cover increased personnel costs associated with increased health insurance costs, material, supplies, and other operating expenses. As noted for the General Fund budget, there is no across the board employee cost of living increase included in the water and sewer fund budget.

Requests for Information

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

STATEMENT OF NET ASSETS

June 30, 2009

	Primary Government			City of Asheboro ABC Board
	Governmental Activities	Business-Type Activities	Total	
Assets:				
Cash and Cash Equivalents	\$ 9,530,717	\$ 9,707,185	\$ 19,237,902	\$ 100,189
Receivables:				
Taxes Receivable - Net	401,437	-	401,437	-
Accounts Receivable	128,502	1,705,289	1,833,791	-
Due From Other Governments	1,905,108	15,659	1,920,767	-
Due From Component Unit	15,833	-	15,833	-
Note Receivable	60,500	-	60,500	-
Internal Balances	79,937	(79,937)	-	-
Inventories	432,174	727,496	1,159,670	158,378
Prepaid Expenses	-	-	-	7,078
Deferred Charges	6,321	52,731	59,052	-
Total Current Assets	12,560,529	12,128,423	24,688,952	265,645
Restricted Assets:				
Cash and Cash Equivalents	-	41,980	41,980	-
Capital Assets:				
Land, and Construction in Progress	4,126,474	4,820,671	8,947,145	-
Other Capital Assets, Net of Depreciation	21,211,267	42,446,600	63,657,867	144,766
Total Capital Assets	25,337,741	47,267,271	72,605,012	144,766
Deposits	-	-	-	648
Total Non-current Assets	25,337,741	47,309,251	72,646,992	145,414
Total Assets	37,898,270	59,437,674	97,335,944	411,059
Liabilities:				
Accounts Payable and Accrued Liabilities	194,578	281,790	476,368	56,620
Retainage Payable	-	14,024	14,024	-
Deposits	25,968	350,512	376,480	-
Unearned Revenues	331,020	31,255	362,275	-
Accrued Interest Payable	1,518	30,744	32,262	-
Due to Primary Government	-	-	-	8,855
Payable From Restricted Assets	-	41,980	41,980	-
Current Portion of Long-Term Liabilities	945,539	1,667,003	2,612,542	241,170
Total Current Liabilities	1,498,623	2,417,308	3,915,931	306,645
Long-Term Liabilities:				
Due in More Than One Year	2,994,798	12,041,048	15,035,846	-
Total Liabilities	4,493,421	14,458,356	18,951,777	306,645
Net Assets:				
Invested in Capital Assets, Net of Related Debt	23,882,980	33,946,915	57,829,895	144,766
Restricted For:				
Transportation	1,508,368	-	1,508,368	-
Working Capital	-	-	-	48,559
Unrestricted	8,013,501	11,032,403	19,045,904	(88,911)
Total Net Assets	\$ 33,404,849	\$ 44,979,318	\$ 78,384,167	\$ 104,414

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

CITY OF ASHEBORO, NORTH CAROLINA

Exhibit 2

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Primary Government			City of Asheboro ABC Board
					Governmental Activities	Business-Type Activities	Total	
Governmental Activities:								
General Government	\$ 2,852,960	\$ 300,341	\$ -	\$ -	\$ (2,552,619)	\$ -	\$ (2,552,619)	\$ -
Public Safety	9,756,723	104,332	12,607	117,527	(9,522,257)	-	(9,522,257)	-
Transportation	5,489,676	26,253	694,070	121,700	(4,647,653)	-	(4,647,653)	-
Environmental Protection	2,267,470	1,026,343	-	-	(1,241,127)	-	(1,241,127)	-
Cultural and Recreational	2,763,632	471,441	-	-	(2,292,191)	-	(2,292,191)	-
Economic and Physical Development	222,884	-	949,498	-	726,614	-	726,614	-
Interest on Long-term Debt	83,051	-	-	-	(83,051)	-	(83,051)	-
Total Governmental Activities	23,436,396	1,928,710	1,656,175	239,227	(19,612,284)	-	(19,612,284)	-
Business-Type Activities:								
Water and Sewer	9,896,112	10,214,764	417,006	606,183	-	1,341,841	1,341,841	-
Total Business-Type Activities	9,896,112	10,214,764	417,006	606,183	-	1,341,841	1,341,841	-
Total Primary Government	\$ 33,332,508	\$ 12,143,474	\$ 2,073,181	\$ 845,410	(19,612,284)	1,341,841	(18,270,443)	-
Component Unit:								
ABC Board	\$ 1,069,941	\$ 1,174,209	\$ -	\$ -	-	-	-	104,268
Total Component Unit	\$ 1,069,941	\$ 1,174,209	\$ -	\$ -	-	-	-	104,268
General Revenues:								
Taxes:								
Property taxes, levied for general purpose					11,595,398	-	11,595,398	-
Sales taxes					3,538,343	-	3,538,343	-
Franchise taxes					2,091,430	-	2,091,430	-
Other taxes					583,184	-	583,184	-
Unrestricted investment earnings					205,532	182,114	387,646	146
Miscellaneous revenues					460,275	-	460,275	-
Transfers					(541,797)	541,797	-	-
Total General Revenues, Special Items, and Transfers					17,932,365	723,911	18,656,276	146
Change in Net Assets					(1,679,919)	2,065,752	385,833	104,414
Net Assets Beginning of Year					35,084,768	42,913,566	77,998,334	-
Net Assets End of Year					\$ 33,404,849	\$ 44,979,318	\$ 78,384,167	\$ 104,414

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

CITY OF ASHEBORO, NORTH CAROLINA

Exhibit 3

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	<u>Major Fund</u>	<u>Total Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>Funds</u>	<u>Governmental</u>
			<u>Funds</u>
Assets:			
Cash and Cash Equivalents	\$ 8,674,207	\$ 856,510	\$ 9,530,717
Receivables:			
Taxes Receivable - Net	401,437	-	401,437
Accounts Receivable	100,768	27,734	128,502
Due From Other Governments	1,898,358	6,750	1,905,108
Due From Component Unit	15,833	-	15,833
Due From Other Funds	429,937	-	429,937
Note Receivable - Wainman Homes	60,500	-	60,500
Inventories	432,174	-	432,174
Total Assets	\$ 12,013,214	\$ 890,994	\$ 12,904,208
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 191,228	\$ 3,350	\$ 194,578
Retainage Payable	-	-	-
Due to Other Funds	-	350,000	350,000
Deposits	25,968	-	25,968
Unearned Revenues	331,020	-	331,020
Deferred Revenues	547,196	27,734	574,930
Total Liabilities	1,095,412	381,084	1,476,496
Fund Balances:			
Reserved For:			
State Statute	2,359,636	6,750	2,366,386
Inventories	432,174	-	432,174
Streets - Powell Bill	1,508,368	-	1,508,368
Unreserved:			
Designated for Subsequent Year's Expenditures	485,149	-	485,149
Undesignated	6,132,475	-	6,132,475
Unreserved, Reported in Nonmajor:			
Designated for Capital Projects	-	243,690	243,690
Special Revenue Funds	-	259,470	259,470
Total Fund Balances	10,917,802	509,910	11,427,712
Total Liabilities and Fund Balances	\$ 12,013,214	\$ 890,994	

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

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

Gross capital assets at historical cost	\$ 54,025,596	
Accumulated depreciation	(28,687,855)	25,337,741

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

6,321

Liabilities for earned but deferred revenues in fund statements.

574,930

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

(3,941,855)

\$ 33,404,849

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

CITY OF ASHEBORO, NORTH CAROLINA

Exhibit 4
(Page 1 of 2)

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2009

	<u>Major Fund</u>	<u>Total Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>Funds</u>	<u>Governmental</u>
			<u>Funds</u>
Revenues:			
Ad Valorem Taxes	\$ 11,531,005	\$ -	\$ 11,531,005
Other Taxes and Licenses	299,201	-	299,201
Intergovernmental Revenues:			
Unrestricted	6,233,867	-	6,233,867
Restricted	1,139,608	978,912	2,118,520
Permits and Fees	128,723	-	128,723
Sales and Services	1,532,697	-	1,532,697
Investment Earnings	205,532	-	205,532
Miscellaneous Revenue	299,217	5,044	304,261
Total Revenues	<u>21,369,850</u>	<u>983,956</u>	<u>22,353,806</u>
Expenditures:			
Current:			
General Government	2,796,054	-	2,796,054
Public Safety	9,410,152	5,711	9,415,863
Transportation	2,739,653	-	2,739,653
Environmental Protection	2,121,376	-	2,121,376
Cultural and Recreational	2,595,713	-	2,595,713
Economic and Physical Development	195,524	1,484,510	1,680,034
Debt Service	600,101	-	600,101
Capital Outlay	-	633,651	633,651
Total Expenditures	<u>20,458,573</u>	<u>2,123,872</u>	<u>22,582,445</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>911,277</u>	<u>(1,139,916)</u>	<u>(228,639)</u>
Other Financing Sources (Uses):			
Transfers From Other Funds	165,616	806,700	972,316
Transfers to Other Funds	(1,290,591)	(223,522)	(1,514,113)
Total Other Financing Sources (Uses)	<u>(1,124,975)</u>	<u>583,178</u>	<u>(541,797)</u>
Net Change in Fund Balances	<u>(213,698)</u>	<u>(556,738)</u>	<u>(770,436)</u>
Fund Balance Beginning of Year, July 1	<u>11,131,500</u>	<u>1,066,648</u>	<u>12,198,148</u>
Fund Balance End of Year, June 30	<u>\$ 10,917,802</u>	<u>\$ 509,910</u>	<u>\$ 11,427,712</u>

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

CITY OF ASHEBORO, NORTH CAROLINA

Exhibit 4
(Page 2 of 2)

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

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

Net changes in fund balances - total governmental funds \$ (770,436)

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	\$ 1,013,381	
Depreciation expense for governmental assets	<u>(2,013,213)</u>	(999,832)

Cost of capital assets disposed of during the year, not recognized on the modified accrual basis. (207,219)

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

Change in deferred revenues	54,187
Amount of donated assets	97,500

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 516,781

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	(50,610)
Net pension obligation	(42,113)
Other Postemployment Benefits	(278,446)
Accrued interest payable	<u>269</u>

Total changes in net assets of governmental activities \$ (1,679,919)

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

CITY OF ASHEBORO, NORTH CAROLINA

Exhibit 5

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended June 30, 2009

	General Fund			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Ad Valorem Taxes	\$ 11,210,554	\$ 11,190,854	\$ 11,531,005	\$ 340,151
Other Taxes and Licenses	275,000	294,700	299,201	4,501
Intergovernmental Revenues:				
Unrestricted	6,048,005	6,058,005	6,233,867	175,862
Restricted	972,412	973,292	1,139,608	166,316
Permits and Fees	355,300	355,308	128,723	(226,585)
Sales and Services	1,602,646	1,596,146	1,532,697	(63,449)
Investment Earnings	350,000	350,000	205,532	(144,468)
Miscellaneous Revenue	239,168	234,780	299,217	64,437
Total Revenues	<u>21,053,085</u>	<u>21,053,085</u>	<u>21,369,850</u>	<u>316,765</u>
Expenditures:				
Current:				
General Government	2,939,358	3,076,358	2,796,054	280,304
Public Safety	9,630,178	9,524,858	9,410,152	114,706
Transportation	2,953,854	2,857,154	2,739,653	117,501
Environmental Protection	2,408,763	2,408,763	2,121,376	287,387
Cultural and Recreational	2,704,367	2,717,957	2,595,713	122,244
Economic and Physical Development	207,200	207,200	195,524	11,676
Debt Service	573,332	573,062	600,101	(27,039)
Total Expenditures	<u>21,417,052</u>	<u>21,365,352</u>	<u>20,458,573</u>	<u>906,779</u>
Revenues Over (Under) Expenditures	<u>(363,967)</u>	<u>(312,267)</u>	<u>911,277</u>	<u>1,223,544</u>
Other Financing Sources (Uses):				
Transfers to Other Funds	(450,033)	(1,290,624)	(1,290,591)	33
Transfers From Other Funds	-	-	165,616	165,616
Lease Purchase Agreement Issued	171,000	171,000	-	(171,000)
Total Other Financing Sources (Uses)	<u>(279,033)</u>	<u>(1,119,624)</u>	<u>(1,124,975)</u>	<u>(5,351)</u>
Appropriated Fund Balance	<u>643,000</u>	<u>1,431,891</u>	<u>-</u>	<u>(1,431,891)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(213,698)</u>	<u>\$ (213,698)</u>
Fund Balance Beginning of Year, July 1			<u>11,131,500</u>	
Fund Balance End of Year, June 30			<u>\$ 10,917,802</u>	

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

STATEMENT OF NET ASSETS
PROPRIETARY FUND

June 30, 2009

	<u>Water and Sewer Fund</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 9,707,185
Accounts Receivable - Net	1,705,289
Due from Other Governments	15,659
Inventories	727,496
Deferred Charges	<u>52,731</u>
Total Current Assets	<u>12,208,360</u>
Noncurrent Assets:	
Restricted Assets:	
Cash and Cash Equivalents	<u>41,980</u>
Capital Assets:	
Land, Improvements and Construction in Progress	4,820,671
Other Capital Assets, Net of Depreciation	<u>42,446,600</u>
Total Capital Assets (Net)	<u>47,267,271</u>
Total Noncurrent Assets	<u>47,309,251</u>
Total Assets	<u><u>\$ 59,517,611</u></u>
Liabilities:	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	\$ 281,790
Retainage Payable	14,024
Due to Other Funds	79,937
Customer Deposits	350,512
Accrued Interest Payable	30,744
Compensated Absences - Current	121,575
General Obligation Bonds Payable - Current	901,725
Notes Payable State of North Carolina - Current	<u>643,703</u>
Total Current Liabilities	<u>2,424,010</u>
Noncurrent Liabilities:	
Liabilities Payable From Restricted Assets:	
Accounts Payable	41,980
Other Noncurrent Liabilities:	
Other Postemployment Benefits	65,314
Compensated Absences	200,849
General Obligation Bonds Payable - Noncurrent (Net)	3,460,932
Notes Payable State of North Carolina - Noncurrent	8,313,953
Unearned Revenues	<u>31,255</u>
Total Noncurrent Liabilities	<u>12,114,283</u>
Total Liabilities	<u><u>14,538,293</u></u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	33,946,915
Unrestricted	<u>11,032,403</u>
Total Net Assets	<u><u>\$ 44,979,318</u></u>

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND TYPE
 For the Year Ended June 30, 2009

	<u>Water and Sewer Fund</u>
Operating Revenues:	
Water Sales	\$ 5,822,017
Sewer Charges	4,151,151
Water and Sewer Taps	95,833
Sampling and Monitoring Fees	17,495
Surcharges	94,403
Septic Tank Discharge	33,865
Other Operating Revenues	<u>315,584</u>
Total Operating Revenues	<u>10,530,348</u>
Operating Expenses:	
Billing and Collections	330,219
Water Meter Operations	519,569
Water Supply Treatment	1,969,519
Wastewater Treatment	2,989,374
Water Maintenance	1,001,956
Wastewater Maintenance	1,220,907
Depreciation	<u>1,517,887</u>
Total Operating Expenses	<u>9,549,431</u>
Operating Income	<u>980,917</u>
Nonoperating Revenues (Expenses):	
Investment Earnings	182,114
Interest and Other Charges	(335,393)
Other Nonoperating Revenues	101,422
Amortization of Bond Issue Costs	<u>(11,288)</u>
Total Nonoperating Revenues (Expenses)	<u>(63,145)</u>
Income Before Contributions and Transfers	917,772
Capital Contributions	606,183
Transfers From Other Funds:	
From North Fayetteville Street Sidewalk Capital Project Fund	57,906
From General Fund	<u>483,891</u>
Change in Net Assets	2,065,752
Total Net Assets - Beginning of Year	<u>42,913,566</u>
Total Net Assets - End of Year	<u>\$ 44,979,318</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, 2009

	Water and Sewer Fund
Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 11,060,226
Cash Paid for Goods and Services	(4,246,894)
Cash Paid to Employees for Services	(4,117,616)
Customer Deposits Received	30,841
Other Operating Revenues	417,006
	<hr/>
Net Cash Provided by Operating Activities	3,143,563
	<hr/>
Cash Flows From Noncapital Financing Activities:	
Due to Other Funds	(524,477)
Transfers From Other Funds	541,797
	<hr/>
Total Cash Flows From Noncapital Financing Activities	17,320
	<hr/>
Cash Flows From Capital and Related Financing Activities:	
Acquisition of Capital Assets	(1,596,514)
Principal Paid on Bonds and Installment Purchase Agreements	(1,324,158)
Interest Paid on Bonds and Installment Purchase Agreements	(335,393)
Capital Contributions - Local	78,385
Proceeds From State Sewer/Water Loans	163,994
	<hr/>
Net Cash (Used) by Capital and Related Financing Activities	(3,013,686)
	<hr/>
Cash Flows from Investing Activities:	
Interest Earned on Investments	182,114
	<hr/>
Net Increase in Cash and Cash Equivalents	329,311
Cash and Cash Equivalents at Beginning of Year	9,419,854
	<hr/>
Cash and Cash Equivalents at End of Year	\$ 9,749,165
	<hr/>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 980,917
	<hr/>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	1,517,887
Amortization of Deferred Loss on Refunding	31,742
Other Nonoperating Revenue	101,422
	<hr/>
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	831,911
(Increase) in Inventory	(122,335)
(Decrease) in Accounts Payable and Accrued Liabilities	(330,093)
Increase in Customer Deposits	30,841
Increase in Accrued Compensated Absences	22,406
Increase in Other Postemployment Benefits	65,314
Increase in Deferred Revenues	13,551
	<hr/>
Total Adjustments	2,162,646
	<hr/>
Net Cash Provided by Operating Activities	\$ 3,143,563
	<hr/>

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, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Asheboro and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies.

A. REPORTING ENTITY.

The City of Asheboro is a municipal corporation which is governed by an elected mayor and a seven-member council. As required by generally accepted accounting principles, these financial statements present the City and its component unit, a legally separate entity for which the City is financially accountable. The discretely presented component unit presented below is reported in a separate column in the City's financial statements in order to emphasize that it is legally separate from the City.

City of Asheboro ABC Board.

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

B. BASIS OF PRESENTATION.

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. 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.** (Continued)

Fund Financial Statements (Concluded): Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, result from non-exchange transactions. Other nonoperating revenues are ancillary activities such as investment earnings.

The City reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, sanitation services, parks and recreation, and general government services.

The City reports the following non-major governmental funds:

The HOME Program Special Revenue Fund. The North Carolina Housing Finance Agency regulates the Home Program; funding is restricted for rehabilitation of housing for individuals deemed to be in economic need of financing.

The Economic Development Special Revenue Fund. This fund accounts for resources to be used in the enhancement of the local business community and is funded from State grants and transfers from the General Fund.

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

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

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

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

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

The Airport Runway Extension Phase III Capital Project Fund. This fund accounts for Federal Aviation Administration and State Aid to Airport grant funding to further extend, widen and strengthen the airport runway.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF PRESENTATION. (Concluded)

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

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

The City reports the following major enterprise fund:

The Water and Sewer Fund. This fund is used to account for the City's water and sewer operations.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING.

In accordance with North Carolina General Statutes, all funds of the City are maintained during the year using the modified accrual basis of accounting.

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

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

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

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Randolph County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City of Asheboro. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the City's vehicle taxes for vehicles registered in Randolph County from March 2008 through February 2009 apply to the fiscal year ended June 30, 2009. Uncollected taxes which were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues. Sales taxes and certain intergovernmental revenues, such as utilities franchise tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

As permitted by generally accepted accounting principles, the City has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989, that do not contradict GASB pronouncements, in its accounting and reporting practices for its proprietary operations.

D. BUDGETARY DATA.

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for Special Revenue Funds, Capital Project Funds, and the Enterprise Fund Capital Projects Fund, which are consolidated with the operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

D. **BUDGETARY DATA. (Concluded)**

Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. The City Manager is authorized by the budget ordinance to transfer appropriations between line items within a department without limitation; however, any transfers between departments within the same fund and transfers between funds must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. **ASSETS, LIABILITIES AND FUND EQUITY.**

1. **Deposits and Investments**

All deposits of the City and the ABC Board are made in board-designated official depositories and are secured as required by State law [G.S.159-31]. The City and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City and the ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts and certificates of deposit.

State law [G.S.159-30(c)] authorizes the City and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The City's and the ABC Board's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

2. **Cash and Cash Equivalents**

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. **Restricted Assets**

Federal grant monies are classified as restricted assets for the payment of a payable related to a Water and Sewer Project Fund.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES 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, 2008. 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 are recorded at their estimated fair value at the time of donation. Minimum capitalization costs are \$1,500 for the following types of assets: land, land improvements, buildings, infrastructure, equipment, and vehicles. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

General infrastructure capital assets, including roads, bridges, streets and sidewalks, curbs and gutters and storm drainage systems are capitalized along with other capital assets as "Street Construction" or "Land Improvements." General infrastructure capital assets acquired prior to June 30, 1991 are recorded at historical cost. General infrastructure capital assets acquired prior to July 1, 2002 and subsequent to July 1, 1991 are reported at estimated historical cost using deflated replacement cost. General infrastructure capital assets acquired subsequent to July 1, 2002 are recorded at cost.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Capital Assets (Concluded)

Plant assets used in the business-type activities of the City are depreciated on a composite straight-line basis for the entire plant, regardless of the year of acquisition, at a 2% annual rate. In the composite rate, gain or loss on dispositions is not calculated except in extraordinary circumstances. Other assets used in the business-type activities of the City are depreciated on a class life basis at the following rates:

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

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

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

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

Store Equipment	Various
Leasehold Improvements	10 years

8. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt using the effective interest method.

The fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Compensated Absences

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

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

10. Net Assets/Fund Balances

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

In the governmental fund financial statements, reservations of fund balance represent amounts that cannot be appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S.159-13(b) (16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved.

Reserved by State Statute - portion of fund balance, in addition to reserves for encumbrances and reserves for inventories, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables which have not been offset by deferred revenues.

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

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

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Net Assets/Fund Balances (Concluded)

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

Unreserved.

Designated for Capital Projects - portion of total fund balance available for appropriation which has been designated to fund future capital projects and improvements.

Designated for subsequent year's expenditures - portion of the total fund balance available for appropriation that has been designated for the adopted 2009-2010 budget ordinance.

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

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. The net adjustment of \$21,977,137 consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 54,025,596
Less Accumulated Depreciation	<u>(28,687,855)</u>
Net Capital Assets	25,337,741
Bond issuance costs are not financial resources and therefore are not reported in the fund statements	6,321
Liabilities for revenue earned but deferred and therefore recorded in the fund statements but not the government-wide statements	574,930
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Bonds and Installment Financing Agreements	(1,452,659)
Accrued Interest Payable	(1,518)
Compensated Absences	(1,800,937)
Net Pension Obligation	(408,295)
Other Postemployment Benefits	<u>(278,446)</u>
Total Adjustment	<u>\$ 21,977,137</u>

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balance includes reconciliation between net changes in fund balances – total governmental funds and changes in net assets – governmental activities as reported in the government-wide statement of activities. These are several elements of that total adjustment of (\$909,483) as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 1,013,381
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	(2,013,213)
Principal payments on debt owed are recorded as a use of funds on the fund statements but effect only the statement of net assets in the government-wide statements	521,939
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	(4,889)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(50,610)
Increase in net pension obligation	(42,113)
Net costs of capital assets disposed of during the year	(207,219)
Other postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(278,446)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Reversal of deferred tax revenue recorded at July 1, 2008	(337,044)
Recording of tax receipts deferred in the fund statements at June 30, 2009	401,437
Reversal of deferred service revenues recorded at July 1, 2008	(90,919)
Recording of service revenues deferred in the fund statements at June 30, 2009	85,259
Change in deferral of notes receivable in Special Revenue Fund	(4,546)
Donated infrastructure (streets, sidewalks, and curb and guttering)	97,500
Total Adjustment	<u>(\$ 909,483)</u>

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS

A. ASSETS.

1. Deposits

All of the City and the ABC Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the City's or the ABC Board's agents in these unit's names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City and the ABC Board, these deposits are considered to be held by the City's and the ABC Board's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City, the ABC Board, or with the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City and the ABC Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce the standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2009, the City's deposits had a carrying amount of \$13,905,739 and a bank balance of \$9,419,738. Of the bank balance, \$1,393,268 was covered by federal depository insurance and \$8,026,470 was covered by collateral held under the Pooling Method. At June 30, 2009, the City's petty cash fund totaled \$3,953. The carrying amount of deposits for the ABC Board was \$95,389 and the bank balance was \$103,699. All of the bank balance was covered by federal depository insurance. The ABC Board's petty cash fund totaled \$4,800.

2. Investments

At June 30, 2009, the City of Asheboro had \$5,370,190 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The City has no policy regarding credit risk or interest rate risk.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. ASSETS. (Continued)

3. Receivables - Allowances for Doubtful Accounts

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

Fund	6/30/2009
General Fund:	
Taxes Receivable	\$ 52,000
Enterprise Fund:	
Customer Accounts Receivable	<u>75,000</u>
Total	<u><u>\$ 127,000</u></u>

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. ASSETS. (Continued)

4. Capital Assets

Primary Government:

Capital asset activity for the primary government for the year ended June 30, 2009, was as follows:

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 3,783,648	\$ -	\$ -	\$ 3,783,648
Construction in Progress	<u>215,213</u>	<u>633,650</u>	<u>506,037</u>	<u>342,826</u>
Total Capital Assets Not Being Depreciated	<u>3,998,861</u>	<u>633,650</u>	<u>506,037</u>	<u>4,126,474</u>
Capital Assets Being Depreciated:				
Land Improvements	10,657,737	-	-	10,657,737
Buildings	10,848,613	258,648	-	11,107,261
Street Construction	13,901,856	140,126	-	14,041,982
Computer Equipment	421,473	222,686	-	644,159
Equipment	4,318,040	93,816	-	4,411,856
Vehicles	<u>8,993,948</u>	<u>63,229</u>	<u>21,049</u>	<u>9,036,128</u>
Total Capital Assets Being Depreciated	<u>49,141,667</u>	<u>778,505</u>	<u>21,049</u>	<u>49,899,123</u>
Less Accumulated Depreciation For:				
Land Improvements	3,657,673	486,984	-	4,144,657
Buildings	5,351,198	210,610	-	5,561,808
Street Construction	7,469,228	540,008	-	8,009,236
Computer Equipment	366,198	20,178	-	386,376
Equipment	3,152,892	246,815	-	3,399,707
Vehicles	<u>6,696,047</u>	<u>508,618</u>	<u>18,593</u>	<u>7,186,072</u>
Total Accumulated Depreciation	<u>26,693,236</u>	<u>\$ 2,013,213</u>	<u>\$ 18,593</u>	<u>28,687,856</u>
Total Capital Assets Being Depreciated, Net	<u>22,448,431</u>			<u>21,211,267</u>
Governmental Activity Capital Assets, Net	<u>\$ 26,447,292</u>			<u>\$ 25,337,741</u>

Depreciation expense was charged to functions/programs as follows:

General Government	\$ 30,970
Public Safety	329,110
Transportation	1,246,477
Environmental	160,045
Cultural and Recreational	219,251
Economic Development	<u>27,360</u>
	<u>\$ 2,013,213</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	\$ 2,776,574	\$ 3,680	\$ -	\$ 2,780,254
Construction in Progress	3,690,934	1,423,945	3,074,462	2,040,417
Total Capital Assets Not Being Depreciated	6,467,508	1,427,625	3,074,462	4,820,671
Capital Assets Being Depreciated:				
Land Improvements	78,560	-	-	78,560
Buildings	30,299,373	75,000	-	30,374,373
Plant and Distribution Systems	33,872,747	3,522,975	-	37,395,722
Computer Equipment	87,553	-	3,159	84,394
Equipment	5,007,602	120,447	6,250	5,121,799
Vehicles	2,049,908	52,120	-	2,102,028
Total Capital Assets Being Depreciated	71,395,743	3,770,542	9,409	75,156,876
Less Accumulated Depreciation For:				
Land Improvements	17,971	3,928	-	21,899
Buildings	12,047,502	606,720	-	12,654,222
Plant and Distribution Systems	14,936,655	610,865	-	15,547,520
Computer Equipment	76,938	5,922	2,866	79,994
Equipment	2,453,508	202,420	6,250	2,649,678
Vehicles	1,668,931	88,032	-	1,756,963
Total Accumulated Depreciation	31,201,505	\$ 1,517,887	\$ 9,116	32,710,276
Total Capital Assets Being Depreciated, Net	40,194,238			42,446,600
Business-type Activities Capital Assets, Net	\$ 46,661,746			\$ 47,267,271

Discretely Presented Component Unit:

Activity for the ABC Board for the year ended June 30, 2009, 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	-	154,767	-	154,767
Total Capital Assets Being Depreciated	-	155,387	-	155,387
Less Accumulated Depreciation For:				
Leasehold Improvements	-	37	-	37
Furniture and Equipment	-	10,584	-	10,584
Total Accumulated Depreciation	-	\$ 10,621	\$ -	10,621
ABC Capital Assets, Net	\$ -			\$ 144,766

Construction Commitments

The City has active construction projects as of June 30, 2009. At year-end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
NCDOT Water and Sewer System Improvement Project	\$ 266,473	\$ 253,198
Dave's Mountain Water and sewer System Project	384,740	171,933
Water and Sewer Systems Improvements Project	373,963	236,526
	\$ 1,025,176	\$ 661,657

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, 2009, were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental Activities:				
General	\$ 191,228	\$ --	\$ --	\$ 191,228
Other Governmental	3,350	--	--	3,350
Total Governmental Activities	<u>\$ 194,578</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 194,578</u>
Business-type Activities:				
Water and Sewer	\$ 281,790	\$ --	\$ --	\$ 281,790

2. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System.

Plan Description. The City of Asheboro contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.8% and 4.72%, respectively, of annual covered payroll. The contribution requirements of members and of the City of Asheboro are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2009, 2008, and 2007 were \$612,592, \$584,886, and \$545,502, respectively. The contributions made by the City equaled the required contributions for each year.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance.

(1) Plan Description

The City of Asheboro administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the City’s qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The plan does not issue a separate financial report.

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2008, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	6
Terminate plan members entitled to but not yet receiving benefits	0
Active plan members	<u>73</u>
Total	<u><u>79</u></u>

(2) Summary of Significant Accounting Policies

Basis of Accounting. The City has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

(3) Contributions.

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The City’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

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

The annual required contribution for the current year was determined as part of the December 31, 2008 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include post-employment benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2008 was 22 years.

Annual Pension Costs and Net Pension Obligation. The City's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual Required Contribution	\$ 134,043
Interest on Net Pension Obligations	26,548
Adjustment to Annual Required Contribution	<u>(22,387)</u>
Annual Pension Cost	138,204
Contributions Made	<u>96,092</u>
Increase (Decrease) in Net Pension Obligation	42,112
Net Pension Obligation, Beginning of Year	<u>366,183</u>
Net Pension Obligation, End of Year	<u><u>\$ 408,295</u></u>

Fiscal Year Ended	General Fund		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/07	\$109,377	56.59%	\$ 322,226
6/30/08	\$118,991	63.06%	\$ 366,183
6/30/09	\$138,204	69.53%	\$ 408,295

(4) Funding Status and Funding Progress.

As of December 31, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$1,453,990. The covered payroll (annual payroll of active employees covered by the plan) was \$3,177,527, and the ratio of the UAAL to the covered payroll was 45.76 percent.

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

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

c. Supplemental Retirement Income Plan for Law Enforcement Officers.

Plan Description. The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401 (k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2009, were \$229,775, which consisted of \$169,440 from the City and \$60,335 from the law enforcement officers.

d. Other Post-Employment Benefits.

Healthcare Benefits

Under the provisions of the City's personnel policy, the City administers a single-employer defined benefit Healthcare Benefits Plan (HCB Plan). Retiring full time employees are provided with coverage at the City's expense until age 65 under the group health and hospitalization insurance plan under the following conditions:

- (1) An employee who is retired under the North Carolina Local Governmental Retirement System and has 20 years of service with the City.
- (2) An employee with 30 years of service under the North Carolina Local Governmental Retirement System and 15 years of continuous service with the City.
- (3) An employee who has retired due to disability under the North Carolina Local Governmental Retirement System and receiving benefits.

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

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

d. Other Post-Employment Benefits. (Continued)

Healthcare Benefits (Continued)

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

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

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

The current ARC rate is 8.61% of annual covered payroll. For the current year, the City contributed \$657,083, or 5.7% of annual covered payroll. The City is self-insured. There were no contributions made by employees. The City's obligation to contribute to the HCB Plan is established and may be amended by the City Council.

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

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

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

d. Other Post-Employment Benefits. (Continued)

Healthcare Benefits (Continued)

Annual Required Contribution	\$ 1,000,842
Interest on Net OPEB Obligation	--
Adjustment to Annual Required Contribution	--
Annual OPEB Cost (Expense)	<u>1,000,842</u>
Contributions Made	<u>(657,083)</u>
Increase (Decrease) in Net OPEB Obligation	343,759
Net OPEB Obligation, Beginning of Year	<u>--</u>
Net OPEB Obligation, End of Year	<u><u>\$ 343,759</u></u>

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

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

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

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

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan and Postemployment Obligations (Concluded)

d. Other Post-Employment Benefits. (Concluded)

Healthcare Benefits (Concluded)

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

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

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

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

3. Other Employment Benefits

The City has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer State-administered cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

3. Other Employment Benefits (Concluded)

from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. For the fiscal year ended June 30, 2009, the City made contributions to the State for death benefits of \$16,044. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .12% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

4. Deferred / Unearned Revenues

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

	Deferred Revenue	Unearned Revenue
Prepaid Taxes (General)	\$ --	\$ 24,564
Prepaid Privilege Licenses (General)	--	96,110
Prepaid Vice Narcotics (General)	--	17,063
Prepaid US Treasury/Justice (General)	--	168,390
Prepaid Golf Memberships (General)	--	22,543
Other Collections (General)	--	2,350
Taxes Receivable, Net (General)	401,437	--
Garbage Collections Receivable (General)	85,259	--
Note Receivable (General)	60,500	--
Notes Receivable (Special Revenue)	27,734	--
Total	<u>\$ 574,930</u>	<u>\$ 331,020</u>

5. Risk Management

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

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

5. Risk Management (Concluded)

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

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

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

6. Claims, Judgments, and Contingent Liabilities

At June 30, 2009, the City was a defendant to various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

7. Long-Term Obligations

a. Installment Purchases.

In November 1995, the City entered into an installment purchase contract with Randolph Bank and Trust to finance the acquisition and renovation of property to serve as a public works facility. The contract is for \$1.5 million, to be repaid monthly at \$12,079, including interest at 5.2 percent over fifteen years.

In March 2001, the City entered into an installment purchase contract with Community One Bank to finance the acquisition and construction of property to serve as a recycling transfer station. The contract is for \$850,000, to be repaid quarterly at \$21,099, including interest at 5.57 percent over fifteen years.

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

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

7. Long-Term Obligations (Continued)

a. Installment Purchases. (Concluded)

The future minimum payments of the installment purchase contracts as of June 30, 2009, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 338,846	\$ 40,399
2011	243,686	24,975
2012	65,995	18,402
2013	69,851	14,545
2014	73,880	10,516
2015 – 2019	137,480	8,006
Totals	\$ 929,738	\$ 116,843

b. Notes Payable.

The notes payable shown in the Water and Sewer Fund consist of the balances due on three loans: the first is a \$5,000,000 loan from the State of North Carolina for the construction of improvements to the City's Wastewater Treatment Plant. The promissory note requires annual payments of \$250,000, plus interest semi-annually at 3.43% per annum. The second is a \$2,542,173 revolving loan from the State Clean Water Revolving Loan Program for improvements to the City's wastewater collection system. This agreement requires payments over twenty years at a rate of 2.66%. At June 30, 2009, proceeds received from this loan amounted to \$2,462,986. The promissory note requires annual payments of \$127,109, plus interest. The third is a \$5,331,881 revolving loan from the State Clean Water Revolving Loan Program for improvements to the City's water distribution system. This agreement requires payments over twenty years at a rate of 2.66%. At June 30, 2009, proceeds received from this loan amounted to \$4,987,267. The promissory note requires annual payments of \$266,594, plus interest.

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

<u>Year Ending June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 643,703	\$ 243,251
2011	643,703	224,204
2012	643,703	205,156
2013	643,703	186,109
2014	643,703	167,062
2015 – 2019	2,718,514	558,169
2020 – 2024	1,968,514	244,907
2025 – 2029	1,052,113	24,655
Totals	\$ 8,957,656	\$ 1,853,513

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

7. Long-Term Obligations (Continued)

c. General Obligation Indebtedness.

During the year ending June 30, 2006, the City issued refunding general obligation bonds in the amount of \$8,530,000 to retire \$875,000 of general obligation bonds serviced by the governmental funds issued to finance the construction of improvements to the City's library and \$7,300,000 of general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system which were being retired by resources in the Water and Sewer Fund. The reacquisition exceeded the net carrying amount of the old bonds by \$358,131. This amount is being netted against the new bonds and amortized over the life of the new bonds. All general obligation bonds are collateralized by the full faith, credit and taxing power of the City. Principal and interest requirements are appropriated when due.

Bonds payable at June 30, 2009, are comprised of the following individual issues:

<u>General Obligation Bonds</u>	Amount
Serviced by the General Fund and the Water and Sewer Fund:	
\$8,530,000 Refunding serial bonds due in annual installments ranging from \$70,000 to \$1,095,000 through 2015; interest ranging from 2.90% to 3.50% per annum. The amount shown is net of the unamortized deferred loss of \$126,206 and the bond premium of \$36,784.	<u><u>\$ 4,885,577</u></u>

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 111,315	\$ 18,637	\$ 928,685	\$ 155,488
2011	109,174	14,741	910,826	122,984
2012	107,569	10,920	897,431	91,105
2013	104,893	7,155	875,107	59,695
2014	92,049	3,484	767,951	29,066
2015 - 2019	7,492	262	62,508	2,188
Total	<u>\$ 532,492</u>	<u>\$ 55,199</u>	<u>\$ 4,442,508</u>	<u>\$ 460,526</u>

At June 30, 2009 the City's legal debt margin is \$ 163,535,573.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Concluded)

7. Long-Term Obligations (Concluded)

d. Changes in Long-Term Liabilities.

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009	Current Portion of Balance
Governmental Activities:					
General Obligation					
Bonds	\$ 646,483	\$ --	\$ 113,991	\$ 532,492	\$ 111,315
Deferred Loss on Refunding	(18,878)	(--)	(5,370)	(13,508)	(4,560)
Unamortized Debt Premium	5,503	--	1,566	3,937	1,329
Total General Obligation					
Bonds	633,108	--	110,187	522,921	108,084
Installment Purchases	1,337,685	--	407,947	929,738	338,846
Compensated Absences	1,750,327	549,219	498,609	1,800,937	498,609
Other Postemployment Benefits	--	278,446	--	278,446	--
Net Pension Obligation	366,182	42,113	--	408,295	--
Governmental Activity Long-term Liabilities	\$ 4,087,302	\$ 869,778	\$ 1,016,743	\$ 3,940,337	\$ 945,539

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009	Current Portion of Balance
Business-type Activities:					
General Obligation					
Bonds	\$ 5,393,517	\$ --	\$ 951,009	\$ 4,442,508	\$ 928,685
Deferred Loss on Refunding	(157,498)	(--)	(44,800)	(112,698)	(38,050)
Unamortized Debt Premium	45,904	--	13,057	32,847	11,090
Total General Obligation					
Bonds	5,281,923	--	919,266	4,362,657	901,725
Notes Payable	9,166,811	163,994	373,149	8,957,656	643,703
Compensated Absences	300,020	143,979	121,575	322,424	121,575
Other Postemployment Benefits	--	65,314	--	65,314	--
Business-type Activity Long-term Liabilities	\$ 14,748,754	\$ 373,287	\$ 1,413,990	\$ 13,708,051	\$ 1,667,003

Compensated absences typically have been liquidated in the general fund.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

C. INTERFUND BALANCES AND ACTIVITY.

1. Transfers To / From Other Funds

Transfers to / from other funds at June 30, 2009, consists of the following:

From the General Fund to the Airport Runway Extension Phase III Capital Project Fund per the terms of a matching grant.	\$ 16,667
From the General Fund to the Sunset Theater Capital Project Fund for expenditures related to renovation of the Sunset Theater.	229,200
From the General Fund to the Economic Development Fund for economic incentive for local business.	560,833
From the Traffic 2005 Grant Fund to the General Fund to return remaining funds in project fund.	9,769
From the General Fund to NCDOT Water and Sewer Systems Improvement Project Fund for expenditures related to construction of recreation facilities.	483,891
From the Malt-O-Meal Rail Spur Fund to the General Fund to return remaining funds in project fund.	76,095
From the Police Computer Grant Fund to the General Fund to return remaining funds in project fund.	1,600
From the North Fayetteville Street Sidewalk Project Fund to the General Fund to return remaining funds in project fund.	78,152
From the North Fayetteville Street Sidewalk Capital Project Fund to the Water and Sewer Fund to return remaining funds in project fund.	57,906
From the Water and Sewer Fund to the NCDOT Water and Sewer Systems Improvement Project Fund for expenditures related to water and sewer expansion.	606,156
From the Water and Sewer Fund to the Water and Sewer Systems Improvements Project Fund for expenditures related to water and sewer expansion.	714,909
Total	<u>\$ 2,832,178</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, 2009, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects: Airport Runway Extension Phase III - to fund grant project.	\$ 350,000
	Enterprise Fund: Water and Sewer Fund - to provide temporary Funds for operating expenditures.	<u>79,937</u>
		<u>\$ 429,937</u>

D. REVENUES, EXPENDITURES AND EXPENSES.

On-Behalf of Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2009, the City of Asheboro has recognized on-behalf of payments for pension contributions made by the State as a revenue and expenditure of \$3,809 for fourteen employed firemen who perform firefighting duties for the City's fire department. The employees elected to be members of the Firemen and Rescue Squad Worker's Pension Fund, a cost-sharing, multiple-employer public employee retirement system established and administered by the State of North Carolina. The Plan is funded by a \$10 monthly contribution paid by each member, investment income, and a State appropriation.

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, 2009, the City reported no payments through the Firemen's Relief Fund. The participating governments do not have any equity interest in the joint venture, so no entity has been reflected in the financial statements at June 30, 2009. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

III. JOINT VENTURE (Concluded)

of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at Post Office Box 188, Farmville, NC 27828.

IV. JOINTLY GOVERNED ORGANIZATION

The City, in conjunction with seven counties and thirty nine other municipalities, established the Piedmont Triad Council of Governments (Council). The participating governments established the Council to coordinate various funding received from Federal and State agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of \$8,447 to the Council during the fiscal year ended June 30, 2009.

V. RELATED ORGANIZATION

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

VI. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

FEDERAL AND STATE ASSISTED PROGRAMS

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

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**CITY OF ASHEBORO
NORTH CAROLINA**

Required Supplemental Financial Data

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

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance.
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Funding Progress for the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Notes to the Required Schedules for the Other Postemployment Benefits

CITY OF ASHEBORO, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/99	-	\$ 417,140	\$ 417,140	-	\$ 1,818,294	22.94%
12/31/00	-	\$ 722,340	\$ 722,340	-	\$ 1,994,659	36.21%
12/31/01	-	\$ 806,743	\$ 806,743	-	\$ 2,158,301	37.38%
12/31/02	-	\$ 854,881	\$ 854,881	-	\$ 2,205,679	38.76%
12/31/03	-	\$ 937,315	\$ 937,315	-	\$ 2,181,296	42.97%
12/31/04	-	\$ 985,500	\$ 985,500	-	\$ 2,343,974	42.04%
12/31/05	-	\$ 954,667	\$ 954,667	-	\$ 2,639,975	36.16%
12/31/06	-	\$ 1,027,622	\$ 1,027,622	-	\$ 2,825,320	36.37%
12/31/07	-	\$ 1,214,083	\$ 1,214,083	-	\$ 3,094,126	39.24%
12/31/08	-	\$ 1,453,990	\$ 1,453,990	-	\$ 3,177,527	45.76%

CITY OF ASHEBORO, NORTH CAROLINA

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

<u>Year Ended</u> <u>June 30,</u>	<u>Annual Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2000	\$ 52,227	61.70%
2001	\$ 60,573	82.30%
2002	\$ 75,592	74.70%
2003	\$ 84,213	75.20%
2004	\$ 91,005	98.50%
2005	\$ 97,999	91.00%
2005	\$ 106,740	57.90%
2006	\$ 105,636	61.08%
2007	\$ 115,430	65.00%
2008	\$ 134,043	71.70%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	12/31/2008
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Closed
Remaining Amortization Period	22 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	7.25%
Projected Salary Increases*	From 4.5% to 12.3%
*Includes Inflation at	3.75%
Cost-of-Living Adjustments	None

CITY OF ASHEBORO, NORTH CAROLINA

OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/07	-	\$ 10,173,395	\$ 10,173,395	-	\$ 11,625,500	87.50%

CITY OF ASHEBORO, NORTH CAROLINA

OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

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

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	12/31/2007
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Closed
Remaining Amortization Period	30 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return *	4.00%
Medical Cost Trend	11.00% - 5.00%
*Includes Inflation at	3.75%
Cost-of-Living Adjustments	None

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**CITY OF ASHEBORO
NORTH CAROLINA**

General Fund

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

CITY OF ASHEBORO, NORTH CAROLINA
GENERAL FUND

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

For the Year Ended June 30, 2009

Revenues:

Ad Valorem Taxes:

Current Year

Prior Years

Penalties and Interest

Total

Other Taxes and Licenses:

Gross Receipts Tax on Short-Term Rental Property

Animal Tax

Privilege Licenses

Total

Intergovernmental Revenues:

Unrestricted:

Local Option Sales Tax

Utilities Franchise Tax

Hold Harmless

Tax Refunds - Net

Court Fees

Beer and Wine Tax

ABC Profit Distribution

Payment in Lieu of Taxes

Total

Restricted:

State Street Aid Allocation

Local Fire Protection and Training

On-Behalf of Payments - Fire and Rescue

Other

Solid Waste Disposal

ABC Revenue for Law Enforcement

Vice and Narcotics Allocation

U.S. Treasury/Justice Allocation

Total

2009		
Budget	Actual	Variance Positive (Negative)
\$ 11,025,854	\$ 11,316,668	\$ 290,814
124,000	169,917	45,917
41,000	44,420	3,420
11,190,854	11,531,005	340,151
19,000	22,166	3,166
700	560	(140)
275,000	276,475	1,475
294,700	299,201	4,501
4,153,505	3,538,343	(615,162)
1,750,000	2,091,430	341,430
125,000	430,458	305,458
600	26,886	26,286
21,500	24,778	3,278
-	72,368	72,368
-	30,000	30,000
7,400	19,604	12,204
6,058,005	6,233,867	175,862
771,217	694,070	(77,147)
880	883	3
-	3,809	3,809
26,000	309,974	283,974
-	11,142	11,142
-	2,203	2,203
95,625	37,800	(57,825)
79,570	79,727	157
\$ 973,292	\$ 1,139,608	\$ 166,316

CITY OF ASHEBORO, NORTH CAROLINA
GENERAL FUND

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

For the Year Ended June 30, 2009

Revenues (Concluded):

Permits and Fees:

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

Total

Sales and Services:

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

Total

Investment Earnings

Miscellaneous:

- Sales of Material and Services
- Reimbursements
- Other

Total

Total Revenues

Expenditures:

General Government:

Governing Body:

- Salaries and Employee Benefits
- Other Operating Expenditures

Total

2009		
Budget	Actual	Variance Positive (Negative)
\$ 145,300	\$ 79,554	\$ (65,746)
160,000	25,303	(134,697)
50,000	23,840	(26,160)
8	26	18
<u>355,308</u>	<u>128,723</u>	<u>(226,585)</u>
100,200	88,612	(11,588)
2,000	3,000	1,000
411,880	382,829	(29,051)
1,035,566	1,024,087	(11,479)
6,000	7,916	1,916
15,000	-	(15,000)
20,000	20,577	577
5,500	5,676	176
<u>1,596,146</u>	<u>1,532,697</u>	<u>(63,449)</u>
<u>350,000</u>	<u>205,532</u>	<u>(144,468)</u>
1,000	4,426	3,426
193,000	208,845	15,845
40,780	85,946	45,166
<u>234,780</u>	<u>299,217</u>	<u>64,437</u>
<u>21,053,085</u>	<u>21,369,850</u>	<u>316,765</u>
	82,717	
	<u>71,275</u>	
<u>\$ 155,884</u>	<u>\$ 153,992</u>	<u>\$ 1,892</u>

CITY OF ASHEBORO, NORTH CAROLINA
GENERAL FUND

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

For the Year Ended June 30, 2009

Expenditures (Continued):

General Government (Continued):

Administration:

Salaries and Employee Benefits
Operating Expenditures

Total

Information Technology:

Salaries and Employee Benefits
Operating Expenditures
Capital Outlay

Total

Finance:

Salaries and Employee Benefits
Operating Expenditures
Capital Outlay

Total

Public Buildings:

Operating Expenditures

Tax Collections:

Tax Collection Fee - Randolph County
Tax Refunds

Total

Legal Services:

Salaries and Employee Benefits
Operating Expenditures

Total

2009		
Budget	Actual	Variance Positive (Negative)
\$	\$ 119,971	\$
	44,136	
168,351	164,107	4,244
	74,148	
	128,454	
	6,731	
236,482	209,333	27,149
	165,666	
	84,559	
	6,731	
288,642	256,956	31,686
99,380	84,800	14,580
	176,383	
	27,160	
215,516.00	203,543	11,973.00
	112,178	
	23,944	
\$ 142,061	\$ 136,122	\$ 5,939

CITY OF ASHEBORO, NORTH CAROLINA
GENERAL FUND

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

For the Year Ended June 30, 2009

Expenditures (Continued):

General Government (Concluded):

 Planning and Zoning:

 Salaries and Employee Benefits

 Other Operating Expenditures

 Total

 City Shop:

 Salaries and Employee Benefits

 Operating Expenditures

 Capital Outlay

 Total

 Human Resources:

 Salaries and Employee Benefits

 Operating Expenditures

 Total

 Total General Government

Public Safety:

 Police:

 Salaries and Employee Benefits

 Operating Expenditures

 Capital Outlay

 Total

 Fire:

 Salaries and Employee Benefits

 Operating Expenditures

 Capital Outlay

 Total

2009		
Budget	Actual	Variance Positive (Negative)
\$	\$ 412,438	\$
	22,765	
437,414	435,203	2,211
	629,822	
	151,543	
	20,337	
951,834	801,702	150,132
	154,659	
	195,637	
380,794	350,296	30,498
3,076,358	2,796,054	280,304
	4,702,475	
	942,939	
	82,303	
5,835,278	5,727,717	107,561
	2,799,782	
	492,069	
	175,695	
\$ 3,471,652	\$ 3,467,546	\$ 4,106

CITY OF ASHEBORO, NORTH CAROLINA
GENERAL FUND

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

For the Year Ended June 30, 2009

Expenditures (Continued):

Public Safety (Concluded):

Inspections:

Salaries and Employee Benefits

Operating Expenditures

Total

Total Public Safety

Transportation:

Operations:

Salaries and Employee Benefits

Operating Expenditures

Total

Street and Highways:

Salaries and Employee Benefits

Operating Expenditures

Capital Outlay

Total

City Engineer Office:

Salaries and Employee Benefits

Operating Expenditures

Capital Outlay

Total

Airport Authority:

Operating Expenditures

Total Transportation

2009		
Budget	Actual	Variance Positive (Negative)
\$	\$ 201,987	\$
	12,902	
217,928	214,889	3,039
9,524,858	9,410,152	114,706
	384,479	
	215,421	
622,688	599,900	22,788
	834,513	
	1,040,556	
	25,000	
1,929,730	1,900,069	29,661
	148,879	
	41,311	
	6,192	
236,236	196,382	39,854
68,500	43,302	25,198
\$ 2,857,154	\$ 2,739,653	\$ 117,501

CITY OF ASHEBORO, NORTH CAROLINA
GENERAL FUND

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

For the Year Ended June 30, 2009

Expenditures (Continued):

Environmental Protection:

Sanitation:

Salaries and Employee Benefits
Operating Expenditures
Capital Outlay

Total

Recycling Transfer Station:

Salaries and Employee Benefits
Operating Expenditures
Capital Outlay

Total

Total Environmental Protection

Cultural and Recreational:

Recreation:

Salaries and Employee Benefits
Operating Expenditures

Total

Grounds Maintenance:

Salaries and Employee Benefits
Operating Expenditures
Capital Outlay

Total

Golf Course:

Salaries and Employee Benefits
Operating Expenditures

Total

2009		
Budget	Actual	Variance Positive (Negative)
\$	\$ 754,461	\$
	1,245,110	
	21,400	
<u>2,299,730</u>	<u>2,020,971</u>	<u>278,759</u>
	47,916	
	49,289	
	3,200	
<u>109,033</u>	<u>100,405</u>	<u>8,628</u>
<u>2,408,763</u>	<u>2,121,376</u>	<u>287,387</u>
	507,175	
	519,427	
<u>1,047,151</u>	<u>1,026,602</u>	<u>20,549</u>
	1,029,390	
	236,610	
	32,141	
<u>1,369,719</u>	<u>1,298,141</u>	<u>71,578</u>
	106,488	
	55,104	
<u>\$ 185,287</u>	<u>\$ 161,592</u>	<u>\$ 23,695</u>

CITY OF ASHEBORO, NORTH CAROLINA
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009

Expenditures (Concluded):

Cultural and Recreational (Concluded):

Library:

Operating Expenditures

Total Cultural and Recreational

Economic and Physical Development:

Community Promotion:

Operating Expenditures

Debt Service:

Principal Retirement

Interest and Fees

Total Debt Service

Total Expenditures

Revenues Over (Under) Expenditures

Other Financing Sources (Uses):

Transfers From Other Funds:

From Traffic 2005 Grant Fund

From Malt-O-Meal Rail Spur Fund

From Police Computer Grant Fund

From North Fayetteville Street Sidewalk Project Fund

Transfers to Other Funds:

To Airport Runway Extension Phase III Capital Project Fund

To Sunset Theater Project Fund

To Economic Development Fund

To NCDOT Water and Sewer Systems Improvement Fund

Lease Purchase Agreement

Total Other Financing Sources (Uses)

Appropriated Fund Balance

Net Change in Fund Balance

Fund Balance:

Beginning of Year, July 1

End of Year, June 30

2009		
Budget	Actual	Variance Positive (Negative)
\$ 115,800	\$ 109,378	\$ 6,422
<u>2,717,957</u>	<u>2,595,713</u>	<u>122,244</u>
<u>207,200</u>	<u>195,524</u>	<u>11,676</u>
	521,939	
	<u>78,162</u>	
<u>573,062</u>	<u>600,101</u>	<u>(27,039)</u>
<u>21,365,352</u>	<u>20,458,573</u>	<u>906,779</u>
<u>(312,267)</u>	<u>911,277</u>	<u>1,223,544</u>
-	9,769	9,769
-	76,095	76,095
-	1,600	1,600
-	78,152	78,152
(16,700)	(16,667)	33
(229,200)	(229,200)	-
(560,833)	(560,833)	-
(483,891)	(483,891)	-
171,000	-	(171,000)
<u>(1,119,624)</u>	<u>(1,124,975)</u>	<u>(5,351)</u>
<u>1,431,891</u>	<u>-</u>	<u>(1,431,891)</u>
<u>\$ -</u>	<u>(213,698)</u>	<u>\$ (213,698)</u>
	<u>11,131,500</u>	
	<u>\$ 10,917,802</u>	

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**CITY OF ASHEBORO,
NORTH CAROLINA**

Combining Statements for Nonmajor Funds

Special Revenue Funds:

The HOME Program Special Revenue Fund. The North Carolina Housing Finance Agency regulates the Home Program; funding is restricted for rehabilitation of housing for individuals deemed to be in economic need of financing.

The Economic Development Special Revenue Fund. This fund accounts for resources to be used in the enhancement of the local business community and is funded from State grants and transfers from the General Fund.

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

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

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

Capital Project Funds:

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

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

The Airport Runway Extension Phase III Capital Project Fund. This fund accounts for Federal Aviation Administration and State Aid to Airport grant funding to further extend, widen and strengthen the airport runway.

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

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

CITY OF ASHEBORO, NORTH CAROLINA
COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2009

	Special Revenue Funds					Total Nonmajor Special Revenue Funds
	HOME Program	Economic Development Fund	Police Computer Grant Fund	Traffic 2005 Grant Fund	Malt-O-Meal Rail Spur Fund	
Assets:						
Current Assets:						
Cash and Investments	\$ 148,854	\$ 110,616	\$ -	\$ -	\$ -	\$ 259,470
Accounts Receivable	27,734	-	-	-	-	27,734
Due From Other Governments	-	-	-	-	-	-
Total Assets	\$ 176,588	\$ 110,616	\$ -	\$ -	\$ -	\$ 287,204
Liabilities and Fund Balances:						
Liabilities:						
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retainage Payable	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-
Deferred Revenues	27,734	-	-	-	-	27,734
Total Liabilities	27,734	-	-	-	-	27,734
Fund Balances:						
Reserved by State Statute	-	-	-	-	-	-
Unreserved:						
Designated for Capital Projects	-	-	-	-	-	-
Undesignated	148,854	110,616	-	-	-	259,470
Total Fund Balances	148,854	110,616	-	-	-	259,470
Total Liabilities and Fund Balances	\$ 176,588	\$ 110,616	\$ -	\$ -	\$ -	\$ 287,204

Capital Project Funds						
Sunset Theater Project Fund	North Fayetteville Street Sidewalk Project Fund	Airport Runway Extension Phase III Project Fund	HWY 64/HWY 49 NCDOT Improvements Project Fund	Zoo City Park Project Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 9,521	\$ -	\$ 406,984	\$ 142,348	\$ 38,187	\$ 597,040	\$ 856,510
-	-	-	-	-	-	27,734
-	-	6,750	-	-	6,750	6,750
\$ 9,521	\$ -	\$ 413,734	\$ 142,348	\$ 38,187	\$ 603,790	\$ 890,994
\$ 3,054	\$ -	\$ 296	\$ -	\$ -	\$ 3,350	\$ 3,350
-	-	-	-	-	-	-
-	-	350,000	-	-	350,000	350,000
-	-	-	-	-	-	27,734
3,054	-	350,296	-	-	353,350	381,084
-	-	6,750	-	-	6,750	6,750
6,467	-	56,688	142,348	38,187	243,690	243,690
-	-	-	-	-	-	259,470
6,467	-	63,438	142,348	38,187	250,440	509,910
\$ 9,521	\$ -	\$ 413,734	\$ 142,348	\$ 38,187	\$ 603,790	\$ 890,994

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

NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	Special Revenue Funds					Total Nonmajor Special Revenue Funds
	HOME Program	Economic Development Fund	Police Computer Grant Fund	Traffic 2005 Grant Fund	Malt-O-Meal Rail Spur Fund	
Revenues:						
Restricted Intergovernmental	\$ -	\$ 75,000	\$ -	\$ 5,712	\$ 874,000	\$ 954,712
Investment Earnings	-	-	-	-	-	-
Miscellaneous	5,044	-	-	-	-	5,044
Total Revenues	<u>5,044</u>	<u>75,000</u>	<u>-</u>	<u>5,712</u>	<u>874,000</u>	<u>959,756</u>
Expenditures:						
Public Safety	-	-	-	5,711	-	5,711
Economic and Physical Development	987	635,833	-	-	847,690	1,484,510
Capital Outlay	-	-	-	-	-	-
Total Expenditures	<u>987</u>	<u>635,833</u>	<u>-</u>	<u>5,711</u>	<u>847,690</u>	<u>1,490,221</u>
Revenues Over (Under) Expenditures	<u>4,057</u>	<u>(560,833)</u>	<u>-</u>	<u>1</u>	<u>26,310</u>	<u>(530,465)</u>
Other Financing Sources (Uses):						
Transfers From Other Funds:						
From General Fund	-	560,833	-	-	-	560,833
From Water and Sewer Fund	-	-	-	-	-	-
Transfers to Other Funds:						
To General Fund	-	-	(1,600)	(9,769)	(76,095)	(87,464)
To Water and Sewer Fund	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>560,833</u>	<u>(1,600)</u>	<u>(9,769)</u>	<u>(76,095)</u>	<u>473,369</u>
Net Change in Fund Balances	<u>4,057</u>	<u>-</u>	<u>(1,600)</u>	<u>(9,768)</u>	<u>(49,785)</u>	<u>(57,096)</u>
Fund Balances:						
Beginning of Year, July 1	144,797	110,616	1,600	9,768	49,785	316,566
End of Year, June 30	<u>\$ 148,854</u>	<u>\$ 110,616</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259,470</u>

Capital Project Funds						
Sunset Theater Project Fund	North Fayetteville Street Sidewalk Project Fund	Airport Runway Extension Phase III Project Fund	HWY 64/HWY 49 NCDOT Improvements Project Fund	Zoo City Park Project Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 24,200	\$ -	\$ -	\$ 24,200	\$ 978,912
-	-	-	-	-	-	-
-	-	-	-	-	-	5,044
-	-	24,200	-	-	24,200	983,956
-	-	-	-	-	-	5,711
-	-	-	-	-	-	1,484,510
222,811	247,390	26,889	25,038	111,523	633,651	633,651
222,811	247,390	26,889	25,038	111,523	633,651	2,123,872
(222,811)	(247,390)	(2,689)	(25,038)	(111,523)	(609,451)	(1,139,916)
229,200	-	16,667	-	-	245,867	806,700
-	-	-	-	-	-	-
-	(78,152)	-	-	-	(78,152)	(165,616)
-	(57,906)	-	-	-	(57,906)	(57,906)
229,200	(136,058)	16,667	-	-	109,809	583,178
6,389	(383,448)	13,978	(25,038)	(111,523)	(499,642)	(556,738)
78	383,448	49,460	167,386	149,710	750,082	1,066,648
\$ 6,467	\$ -	\$ 63,438	\$ 142,348	\$ 38,187	\$ 250,440	\$ 509,910

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

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2009

Revenues:

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

Total Revenues

Expenditures:

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

Total Expenditures

Revenues Over Expenditures

Other Financing (Uses):

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

Net Change in Fund Balance

Fund Balance:

Beginning of Year, July 1

End of Year, June 30

Project Authorization	Actual		
	Prior Years	Current Year	Total To Date
\$ 375,000	\$ 375,000	\$ -	\$ 375,000
<u>246,000</u>	<u>329,855</u>	<u>5,044</u>	<u>334,899</u>
<u>621,000</u>	<u>704,855</u>	<u>5,044</u>	<u>709,899</u>
69,750	69,750	-	69,750
186,000	186,000	-	186,000
93,000	93,000	-	93,000
26,400	26,375	870	27,245
12,000	11,152	-	11,152
103,150	99,508	-	99,508
49,700	26,336	-	26,336
32,000	7,608	-	7,608
6,000	2,620	-	2,620
15,000	9,709	117	9,826
<u>593,000</u>	<u>532,058</u>	<u>987</u>	<u>533,045</u>
<u>28,000</u>	<u>172,797</u>	<u>4,057</u>	<u>176,854</u>
<u>(28,000)</u>	<u>(28,000)</u>	<u>-</u>	<u>(28,000)</u>
<u>\$ -</u>	<u>\$ 144,797</u>	<u>4,057</u>	<u>\$ 148,854</u>
		<u>144,797</u>	
		<u>\$ 148,854</u>	

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

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2009

Revenues:

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

Total Revenues

Expenditures:

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

Total Expenditures

Revenues (Under) Expenditures

Other Financing Sources:

Transfers From Other Funds:
 General Fund
 Water and Sewer Fund

Total Other Financing Sources

Net Change in Fund Balance

Fund Balance:

Beginning of Year, July 1

End of Year, June 30

Project Authorization	Actual		
	Prior Years	Current Year	Total To Date
\$ -	\$ 175,000	\$ -	\$ 175,000
<u>75,000</u>	<u>-</u>	<u>75,000</u>	<u>75,000</u>
<u>75,000</u>	<u>175,000</u>	<u>75,000</u>	<u>250,000</u>
375,000	-	-	-
125,000	125,000	-	125,000
319,400	229,400	90,000	319,400
325,000	125,000	200,000	325,000
100,000	66,667	33,333	100,000
1,875,000	93,750	187,500	281,250
500,000	100,000	100,000	200,000
125,000	25,000	25,000	50,000
<u>185,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,929,400</u>	<u>764,817</u>	<u>635,833</u>	<u>1,400,650</u>
<u>(3,854,400)</u>	<u>(589,817)</u>	<u>(560,833)</u>	<u>(1,150,650)</u>
3,800,000	677,083	560,833	1,237,916
<u>54,400</u>	<u>23,350</u>	<u>-</u>	<u>23,350</u>
<u>3,854,400</u>	<u>700,433</u>	<u>560,833</u>	<u>1,261,266</u>
<u>\$ -</u>	<u>\$ 110,616</u>	<u>-</u>	<u>\$ 110,616</u>
		<u>110,616</u>	
		<u>\$ 110,616</u>	

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

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2009

Revenues:

Restricted Intergovernmental Revenues:
 Federal Grants
Investment Earnings
Miscellaneous

Total Revenues

Expenditures:

Public Safety:
 Police Grant Match
 Capital Outlay
 Supplies and Materials

Total Expenditures

Revenues (Under) Expenditures

Other Financing Sources (Uses):

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

Total Other Financing Sources (Uses)

Net Change in Fund Balance

Fund Balance:

Beginning of Year, July 1

End of Year, June 30

Project Authorization	Actual		
	Prior Years	Current Year	Total To Date
\$ 95,341	\$ 95,341	\$ -	\$ 95,341
-	150	-	150
<u>6,044</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>101,385</u>	<u>95,491</u>	<u>-</u>	<u>95,491</u>
10,594	10,594	-	10,594
89,384	89,384	-	89,384
<u>12,001</u>	<u>6,107</u>	<u>-</u>	<u>6,107</u>
<u>111,979</u>	<u>106,085</u>	<u>-</u>	<u>106,085</u>
<u>(10,594)</u>	<u>(10,594)</u>	<u>-</u>	<u>(10,594)</u>
12,194	12,194	-	12,194
<u>(1,600)</u>	<u>-</u>	<u>(1,600)</u>	<u>(1,600)</u>
<u>10,594</u>	<u>12,194</u>	<u>(1,600)</u>	<u>10,594</u>
<u>\$ -</u>	<u>\$ 1,600</u>	<u>(1,600)</u>	<u>\$ -</u>
		<u>1,600</u>	
		<u>\$ -</u>	

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

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2009

Revenues:

Restricted Intergovernmental:
Federal Grant

Total Revenues

Expenditures:

Public Safety:
Operating Expenditures
Capital Outlay

Total Expenditures

Revenues Over (Under) Expenditures

Other Financing Sources (Uses):

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

Total Other Financing Sources (Uses)

Net Change in Fund Balance

Fund Balance:

Beginning of Year, July 1

End of Year, June 30

Project Authorization	Prior Years	Actual Current Year	Total To Date
\$ 103,763	\$ 97,972	\$ 5,712	\$ 103,684
<u>103,763</u>	<u>97,972</u>	<u>5,712</u>	<u>103,684</u>
107,057	101,343	5,711	107,054
<u>32,249</u>	<u>32,173</u>	<u>-</u>	<u>32,173</u>
<u>139,306</u>	<u>133,516</u>	<u>5,711</u>	<u>139,227</u>
<u>(35,543)</u>	<u>(35,544)</u>	<u>1</u>	<u>(35,543)</u>
45,312	45,312	-	45,312
<u>(9,769)</u>	<u>-</u>	<u>(9,769)</u>	<u>(9,769)</u>
<u>35,543</u>	<u>45,312</u>	<u>(9,769)</u>	<u>35,543</u>
<u>\$ -</u>	<u>\$ 9,768</u>	<u>(9,768)</u>	<u>\$ -</u>
		<u>9,768</u>	
		<u>\$ -</u>	

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

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

From Inception and For the Year Ended June 30, 2009

Revenues:

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

Total Revenues

Expenditures:

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

Total Expenditures

Revenues Over (Under) Expenditures

Other Financing Sources (Uses):

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

Total Other Financing Sources (Uses)

Net Change in Fund Balance

Fund Balance:

Beginning of Year, July 1

End of Year, June 30

Project Authorization	Actual		Total To Date
	Prior Years	Current Year	
\$ 750,000	\$ -	750,000	\$ 750,000
124,000	-	124,000	124,000
125,000	125,000	-	125,000
4,285	-	-	-
<u>1,003,285</u>	<u>125,000</u>	<u>874,000</u>	<u>999,000</u>
1,039,388	199,318	835,786	1,035,104
11,937	33	11,904	11,937
864	864	-	864
-	-	-	-
<u>1,052,189</u>	<u>200,215</u>	<u>847,690</u>	<u>1,047,905</u>
<u>(48,904)</u>	<u>(75,215)</u>	<u>26,310</u>	<u>(48,905)</u>
125,000	125,000	-	125,000
<u>(76,096)</u>	<u>-</u>	<u>(76,095)</u>	<u>(76,095)</u>
<u>48,904</u>	<u>125,000</u>	<u>(76,095)</u>	<u>48,905</u>
<u>\$ -</u>	<u>\$ 49,785</u>	<u>(49,785)</u>	<u>\$ -</u>
		<u>49,785</u>	
		<u>\$ -</u>	

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

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

From Inception and For the Year Ended June 30, 2009

Revenues:

Timken Foundation Contribution
Investment Earnings

Total Revenues

Expenditures:

Capital Outlay:
Professional Services
Roof Replacement
Facade Renovations

Total Expenditures

Revenues Over (Under) Expenditures

Other Financing Sources:

Transfers From Other Funds:
General Fund

Net Change in Fund Balance

Fund Balance:

Beginning of Year, July 1

End of Year, June 30

Project Authorization	Prior Years	Actual Current Year	Total To Date
\$ 75,000	\$ 75,000	\$ -	\$ 75,000
-	-	-	-
<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>75,000</u>
14,200	-	9,369	9,369
169,000	-	170,121	170,121
<u>121,000</u>	<u>74,922</u>	<u>43,321</u>	<u>118,243</u>
<u>304,200</u>	<u>74,922</u>	<u>222,811</u>	<u>297,733</u>
<u>(229,200)</u>	<u>78</u>	<u>(222,811)</u>	<u>(222,733)</u>
<u>229,200</u>	<u>-</u>	<u>229,200</u>	<u>229,200</u>
<u>\$ -</u>	<u>\$ 78</u>	<u>6,389</u>	<u>\$ 6,467</u>
		<u>78</u>	
		<u>\$ 6,467</u>	

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

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2009

Revenues:

Restricted Intergovernmental:
 Federal Grants
Investment Earnings
Miscellaneous

Total Revenues

Expenditures:

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

Total Expenditures

Revenues (Under) Expenditures

Other Financing Sources (Uses):

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

Total Other Financing Sources (Uses)

Net Change in Fund Balance

Fund Balance:

Beginning of Year, July 1

End of Year, June 30

Project Authorization	Actual		
	Prior Years	Current Year	Total To Date
\$ 166,173	\$ 166,174	\$ -	\$ 166,174
19,387	19,377	-	19,377
14,119	-	-	-
<u>199,679</u>	<u>185,551</u>	<u>-</u>	<u>185,551</u>
209,967	166,405	42,627	209,032
101,417	100,143	-	100,143
188,200	188,199	-	188,199
38,852	38,851	-	38,851
172,208	160,297	-	160,297
67,193	-	67,193	67,193
6,243	6,243	-	6,243
19,200	19,200	-	19,200
59,978	59,977	-	59,977
137,571	-	137,570	137,570
6,431	6,431	-	6,431
24,038	24,037	-	24,037
<u>1,031,298</u>	<u>769,783</u>	<u>247,390</u>	<u>1,017,173</u>
<u>(831,619)</u>	<u>(584,232)</u>	<u>(247,390)</u>	<u>(831,622)</u>
217,000	217,000	-	217,000
750,680	750,680	-	750,680
(78,154)	-	(78,152)	(78,152)
<u>(57,907)</u>	<u>-</u>	<u>(57,906)</u>	<u>(57,906)</u>
<u>831,619</u>	<u>967,680</u>	<u>(136,058)</u>	<u>831,622</u>
<u>\$ -</u>	<u>\$ 383,448</u>	<u>(383,448)</u>	<u>\$ -</u>
		<u>383,448</u>	
		<u>\$ -</u>	

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

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

From Inception and For the Year Ended June 30, 2009

Revenues:

 Restricted Intergovernmental:

 Federal Grant

 State Grant

 Investment Earnings

Total Revenues

Expenditures:

 Capital Outlay:

 Professional Services

 Administration

 Contractors

 Land

 Miscellaneous

 Contingency

Total Expenditures

Revenues (Under) Expenditures

Other Financing Sources:

 Transfers From Other Funds:

 General Fund

Net Change in Fund Balance

Fund Balance:

 Beginning of Year, July 1

 End of Year, June 30

Project Authorization	Prior Years	Actual Current Year	Total To Date
\$ 3,200,000	\$ 2,926,863	\$ 24,200	\$ 2,951,063
2,517,500	2,517,500	-	2,517,500
15,000	30,196	-	30,196
<u>5,732,500</u>	<u>5,474,559</u>	<u>24,200</u>	<u>5,498,759</u>
868,127	699,601	26,889	726,490
5,155	5,683	-	5,683
5,239,063	5,081,894	-	5,081,894
260,500	258,024	-	258,024
15,000	-	-	-
177	-	-	-
<u>6,388,022</u>	<u>6,045,202</u>	<u>26,889</u>	<u>6,072,091</u>
<u>(655,522)</u>	<u>(570,643)</u>	<u>(2,689)</u>	<u>(573,332)</u>
<u>655,522</u>	<u>620,103</u>	<u>16,667</u>	<u>636,770</u>
<u>\$ -</u>	<u>\$ 49,460</u>	<u>13,978</u>	<u>\$ 63,438</u>
		<u>49,460</u>	
		<u>\$ 63,438</u>	

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

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

From Inception and For the Year Ended June 30, 2009

Expenditures:

Capital Outlay:

Water Line Relocation
Sidewalk Construction

Total Expenditures

Other Financing Sources:

Transfers From Other Funds:

General Fund
Water and Sewer Fund

Total Other Financing Sources

Net Change in Fund Balance

Fund Balance:

Beginning of Year, July 1

End of Year, June 30

Project Authorization	Prior Years	Actual Current Year	Total To Date
\$ 140,000	\$ -	\$ -	\$ -
<u>27,386</u>	<u>-</u>	<u>25,038</u>	<u>25,038</u>
<u>167,386</u>	<u>-</u>	<u>25,038</u>	<u>25,038</u>
27,386	27,386	-	27,386
<u>140,000</u>	<u>140,000</u>	<u>-</u>	<u>140,000</u>
<u>167,386</u>	<u>167,386</u>	<u>-</u>	<u>167,386</u>
<u>\$ -</u>	<u>\$ 167,386</u>	<u>(25,038)</u>	<u>\$ 142,348</u>
		<u>167,386</u>	
		<u>\$ 142,348</u>	

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

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

From Inception and For the Year Ended June 30, 2009

Revenues:

Restricted Intergovernmental:
 PARTF Grant
Local Contribution

Total Revenues

Expenditures:

Capital Outlay:
 Construction Costs

Total Expenditures

Revenues (Under) Expenditures

Other Financing Sources:

Transfers From Other Funds:
 General Fund

Net Change in Fund Balance

Fund Balance:

Beginning of Year, July 1

End of Year, June 30

<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>
\$ 500,000	\$ -	\$ -	\$ -
<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
<u>500,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
<u>1,000,000</u>	<u>140,290</u>	<u>111,523</u>	<u>251,813</u>
<u>1,000,000</u>	<u>140,290</u>	<u>111,523</u>	<u>251,813</u>
<u>(500,000)</u>	<u>(90,290)</u>	<u>(111,523)</u>	<u>(201,813)</u>
<u>500,000</u>	<u>240,000</u>	<u>-</u>	<u>240,000</u>
<u>\$ -</u>	<u>\$ 149,710</u>	<u>(111,523)</u>	<u>\$ 38,187</u>
		<u>149,710</u>	
		<u>\$ 38,187</u>	

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**CITY OF ASHEBORO,
NORTH CAROLINA**

Enterprise Fund

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

The City of Asheboro has a single enterprise fund, the Water and Sewer Fund, and four Water and Sewer Capital Projects Funds; the Water and Sewer Systems Improvement Project, which accounts for multi-year capital expansion, the NCDOT Water and Sewer System Improvements Project, which accounts for capital replacement for specific areas of the City, the Dave's Mountain Water and Sewer Project Fund, which accounts for capital installation for a specific area of the City, and the Water and Sewer Systems Improvements Project Fund, which accounts for capital installation for a specific area of the City. The detail activity in these funds appears on Schedules 15, 16, 17 and 18, respectively. They are consolidated with the Water and Sewer Fund on Exhibit 6.

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

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

For the Year Ended June 30, 2009

Revenues:

Operating Revenues:

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

Total Operating Revenues

Nonoperating Revenues:

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

Total Nonoperating Revenues

Total Revenues

Expenditures:

Billing and Collections:

- Salaries and Employee Benefits
- Supplies
- Other Operating Expenditures

Total

Water Meter Operations:

- Salaries and Employee Benefits
- Supplies
- Other Operating Expenditures

Total

Water Supply and Treatment:

- Salaries and Employee Benefits
- Supplies
- Maintenance
- Other Operating Expenditures

Total

2009		
Budget	Actual	Variance Positive (Negative)
\$ 6,070,169	\$ 5,822,017	\$ (248,152)
4,372,968	4,151,151	(221,817)
128,000	95,833	(32,167)
28,000	17,495	(10,505)
120,000	94,403	(25,597)
59,000	33,865	(25,135)
182,652	315,584	132,932
<u>10,960,789</u>	<u>10,530,348</u>	<u>(430,441)</u>
325,000	182,114	(142,886)
1,000	965	(35)
118,929	100,457	(18,472)
<u>444,929</u>	<u>283,536</u>	<u>(161,393)</u>
<u>11,405,718</u>	<u>10,813,884</u>	<u>(591,834)</u>
	226,410	
	48,787	
	49,312	
<u>371,129</u>	<u>324,509</u>	<u>46,620</u>
	393,070	
	82,260	
	39,220	
<u>561,171</u>	<u>514,550</u>	<u>46,621</u>
	718,060	
	423,534	
	227,855	
	584,224	
<u>\$ 2,045,837</u>	<u>\$ 1,953,673</u>	<u>\$ 92,164</u>

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

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

For the Year Ended June 30, 2009

Expenditures (Concluded):

Wastewater Treatment:

- Salaries and Employee Benefits
- Supplies
- Maintenance
- Other Operating Expenditures

Total

Water Maintenance:

- Salaries and Employee Benefits
- Supplies
- Maintenance
- Other Operating Expenditures

Total

Wastewater Maintenance:

- Salaries and Employee Benefits
- Supplies
- Maintenance
- Other Operating Expenditures

Total

Debt Service:

- Principal on Bonds and Note
- Interest and Fees

Total

Capital Outlay:

- Water Meter Operations
- Wastewater Treatment
- Water Maintenance
- Wastewater Maintenance

Total

Total Expenditures

Revenues Over Expenditures (Forward)

2009		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$	\$ 1,436,040	\$
	384,213	
	410,185	
	722,013	
<u>3,211,066</u>	<u>2,952,451</u>	<u>258,615</u>
	547,645	
	195,937	
	154,510	
	96,680	
<u>1,108,373</u>	<u>994,772</u>	<u>113,601</u>
	796,391	
	73,711	
	234,390	
	99,377	
<u>1,387,695</u>	<u>1,203,869</u>	<u>183,826</u>
	1,324,158	
	307,682	
<u>1,833,652</u>	<u>1,631,840</u>	<u>201,812</u>
	54,719	
	73,547	
	6,825	
	37,476	
<u>674,719</u>	<u>172,567</u>	<u>502,152</u>
<u>11,193,642</u>	<u>9,748,231</u>	<u>1,445,411</u>
<u>\$ 212,076</u>	<u>\$ 1,065,653</u>	<u>\$ 853,577</u>

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

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

For the Year Ended June 30, 2009

Revenues Over Expenditures: (Brought Forward)

Other Financing Sources (Uses):

Transfers From Other Funds:

 From North Fayetteville Street Sidewalk Project Fund

Transfers to Other Funds:

 To Water & Sewer Systems Improvements Project Fund

 To NCDOT Water and Sewer System Improvement Project

Lease Purchase Agreement

Total Other Financing Sources (Uses)

Appropriated Fund Balance

Revenues (Under) Expenditures and Other Sources (Uses)

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

Revenues (Under) Expenditures and Other Sources (Uses)

Payment of Bond and Note Principal

Amortization of Deferred Loss on Refunding

Amortization of Bond Issue Costs

Capital Outlay

Depreciation

Increase In Accrued Compensated Absences

Increase in OPEB Liability

Decrease In Accrued Interest Expense

Capital Contributions

Donated Assets

Transfer From General Fund to NCDOT Water and Sewer

 System Improvement Project

Transfer to Water & Sewer Systems Improvements Project Fund

Transfer to NCDOT Water and Sewer System Improvement Project

Total Reconciling Items

Change in Net Assets

2009		
Budget	Actual	Variance Positive (Negative)
\$ 212,076	\$ 1,065,653	\$ 853,577
-	57,906	57,906
(715,309)	(714,909)	400
(606,156)	(606,156)	-
424,000	-	(424,000)
(897,465)	(1,263,159)	(365,694)
685,389	-	(685,389)
\$ -	\$ (197,506)	\$ (197,506)
	\$ (197,506)	
	1,324,158	
	(31,742)	
	(11,288)	
	172,567	
	(1,517,887)	
	(22,406)	
	(65,314)	
	4,031	
	283,753	
	322,430	
	483,891	
	714,909	
	606,156	
	2,263,258	
	\$ 2,065,752	

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

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
From Inception and For the Year Ended June 30, 2009

Revenues:

Investment Earnings

Expenditures:

Water System Improvements:

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

Sewer Pump Station # 2:

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

Sewer Pump Station # 1:

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

Water System Power Generators:

Professional Services
Administrative
Payment to Contractors
Contingency

Total Expenditures

Revenues (Under) Expenditures

Other Financing Sources:

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

Total Other Financing Sources

Revenues and Other Financing Sources Over Expenditures

Project Authorization	Actual		Total To Date
	Prior Years	Current Year	
\$ -	\$ 3,566	\$ -	\$ 3,566
397,850	314,961	16,953	331,914
84,500	81,187	-	81,187
3,391,007	3,056,491	67,166	3,123,657
150,000	104,770	-	104,770
-	739	-	739
257,987	261,062	-	261,062
2,000	51,395	-	51,395
1,892,120	1,735,709	-	1,735,709
20,764	20,764	-	20,764
94,600	-	-	-
69,405	61,358	-	61,358
2,830	2,518	-	2,518
434,200	415,590	-	415,590
4,566	4,566	-	4,566
21,700	42,953	-	42,953
120,683	116,935	-	116,935
28,000	27,548	-	27,548
1,200,989	1,200,384	-	1,200,384
58,852	58,852	-	58,852
<u>8,232,053</u>	<u>7,557,782</u>	<u>84,119</u>	<u>7,641,901</u>
<u>(8,232,053)</u>	<u>(7,554,216)</u>	<u>(84,119)</u>	<u>(7,638,335)</u>
358,000	358,000	-	358,000
5,331,881	4,823,273	163,994	4,987,267
<u>2,542,172</u>	<u>2,462,986</u>	<u>-</u>	<u>2,462,986</u>
<u>8,232,053</u>	<u>7,644,259</u>	<u>163,994</u>	<u>7,808,253</u>
<u>\$ -</u>	<u>\$ 90,043</u>	<u>\$ 79,875</u>	<u>\$ 169,918</u>

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

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

From Inception and For the Year Ended June 30, 2009

Expenditures:

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

Total Expenditures

Other Financing Sources:

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

Total Other Financing Sources

Revenues and Other Financing Sources Over Expenditures

Project Authorization	Actual		
	Prior Years	Current Year	Total To Date
\$ 173,654	\$ 57,885	\$ 57,884	\$ 115,769
194,847	64,949	64,949	129,898
299,461	99,820	99,820	199,640
159,067	53,022	53,023	106,045
195,000	-	-	-
78,000	-	-	-
14,000	-	-	-
519,671	-	276,610	276,610
<u>1,633,700</u>	<u>275,676</u>	<u>552,286</u>	<u>827,962</u>
483,891	-	483,891	483,891
<u>1,149,809</u>	<u>543,653</u>	<u>606,156</u>	<u>1,149,809</u>
<u>1,633,700</u>	<u>543,653</u>	<u>1,090,047</u>	<u>1,633,700</u>
<u>\$ -</u>	<u>\$ 267,977</u>	<u>\$ 537,761</u>	<u>\$ 805,738</u>

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

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

From Inception and For the Year Ended June 30, 2009

Expenditures:

Engineering
Legal Services
Administration

Total Expenditures

Other Financing Sources:

Transfers From Other Funds:
Water and Sewer Fund

Revenues and Other Financing Sources Over (Under) Expenditures

Project Authorization	Actual		
	Prior Years	Current Year	Total To Date
\$ 479,000	\$ 341,398	\$ 44,717	\$ 386,115
9,400	1,900	-	1,900
1,000	330	-	330
<u>489,400</u>	<u>343,628</u>	<u>44,717</u>	<u>388,345</u>
<u>489,400</u>	<u>489,400</u>	<u>-</u>	<u>489,400</u>
<u>\$ -</u>	<u>\$ 145,772</u>	<u>\$ (44,717)</u>	<u>\$ 101,055</u>

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

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

From Inception and For the Year Ended June 30, 2009

Revenues:

Miscellaneous

Expenditures:

Construction - Sewer Forced Main

Construction - Pump Station

Construction

Engineering

Construction

Land Acquisition

Total Expenditures

Revenues (Under) Expenditures

Other Financing Sources:

Transfers From Other Funds:

General Fund

Water and Sewer Fund

Total Other Financing Sources

Revenues and Other Financing Sources Over Expenditures

Project Authorization	Prior Years	Actual Current Year	Total To Date
\$ 78,990	\$ -	\$ 78,990	\$ 78,990
500,000	81,284	335,259	416,543
343,000	-	293,007	293,007
217,494	-	73,963	73,963
86,130	-	40,596	40,596
359,737	-	-	-
12,000	-	-	-
<u>1,518,361</u>	<u>81,284</u>	<u>742,825</u>	<u>824,109</u>
<u>(1,439,371)</u>	<u>(81,284)</u>	<u>(663,835)</u>	<u>(745,119)</u>
12,000	-	-	-
<u>1,427,371</u>	<u>500,000</u>	<u>714,909</u>	<u>1,214,909</u>
<u>1,439,371</u>	<u>500,000</u>	<u>714,909</u>	<u>1,214,909</u>
<u>\$ -</u>	<u>\$ 418,716</u>	<u>\$ 51,074</u>	<u>\$ 469,790</u>

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**CITY OF ASHEBORO,
NORTH CAROLINA**

Capital Assets Used in the Operation of
Governmental Funds

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

Schedule 19

COMPARATIVE SCHEDULES BY SOURCE

June 30, 2009

	<u>2009</u>	<u>2008</u>
Governmental Funds Capital Assets:		
Land	\$ 3,783,648	\$ 3,783,648
Land Improvements	10,657,737	10,657,737
Buildings	11,107,261	10,848,613
Street Construction	14,041,982	13,901,856
Computer Equipment	644,159	421,473
Equipment	4,411,856	4,318,040
Vehicles	9,036,128	8,993,948
Construction in Progress	<u>342,825</u>	<u>215,213</u>
Total Capital Assets	<u>\$ 54,025,596</u>	<u>\$ 53,140,528</u>
Investment in Governmental Funds Capital Assets - by Source:		
General Fund	\$ 23,132,538	\$ 22,773,857
Special Revenue Funds	77,165	77,165
Capital Projects Funds	20,773,189	20,344,302
Donations	<u>10,042,704</u>	<u>9,945,204</u>
	<u>\$ 54,025,596</u>	<u>\$ 53,140,528</u>

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

SCHEDULE BY FUNCTION AND ACTIVITY
 June 30, 2009

Function and Activity	Land	Land Improvements	Buildings
General Government:			
Governing Body	\$ -	\$ -	\$ -
Administration	-	-	-
Personnel and City Clerk	-	-	-
Finance	-	-	-
Human Resources	13,908	-	41,725
Legal Services	-	-	-
Planning and Zoning	-	-	-
Public Buildings	214,578	73,215	685,142
Information Technology	-	-	-
City Shop	67,274	-	-
Total General Government	295,760	73,215	726,867
Public Safety:			
Police	116,129	11,676	633,098
Fire	68,250	10,933	452,951
Inspections	-	-	-
Total Public Safety	184,379	22,609	1,086,049
Transportation:			
Public Works	273,697	-	2,658,264
Streets	222,638	45,070	-
City Engineer	-	-	-
Airport	820,850	8,947,708	671,466
Total Transportation	1,317,185	8,992,778	3,329,730
Environmental Protection:			
Sanitation	21,152	-	699,940
Cultural and Recreational:			
Parks, Lakes and Playgrounds	877,579	1,115,356	2,431,006
Municipal Golf Course	28,015	186,486	67,418
Grounds Maintenance	85,675	62,918	136,934
Library	171,418	-	-
Total Cultural and Recreational	1,162,687	1,364,760	2,635,358
Economic and Physical Development:			
Community Promotion	802,485	204,375	2,629,317
Construction in Progress			
	-	-	-
Total Governmental Funds Capital Assets	\$ 3,783,648	\$ 10,657,737	\$ 11,107,261

Street Construction	Computer Equipment	Equipment	Vehicles	Construction In Progress	Total
\$ -	\$ -	\$ 10,676	\$ -	\$ -	\$ 10,676
-	1,876	-	-	-	1,876
-	-	7,048	-	-	7,048
-	62,271	-	-	-	62,271
-	6,833	12,353	11,273	-	86,092
-	9,580	-	-	-	9,580
-	33,844	19,320	29,720	-	82,884
-	1,141	17,307	-	-	991,383
-	32,815	58,362	-	-	91,177
-	35,597	250,573	230,516	-	583,960
-	183,957	375,639	271,509	-	1,926,947
-	152,006	453,593	2,069,973	-	3,436,475
-	187,137	247,767	1,486,956	-	2,453,994
-	5,844	-	33,015	-	38,859
-	344,987	701,360	3,589,944	-	5,929,328
-	32,828	196,223	153,179	-	3,314,191
14,041,982	6,466	1,032,857	1,555,657	-	16,904,670
-	25,980	40,524	28,971	-	95,475
-	-	361,477	27,000	-	10,828,501
14,041,982	65,274	1,631,081	1,764,807	-	31,142,837
-	32,461	760,741	2,759,759	-	4,274,053
-	7,558	292,209	74,983	-	4,798,691
-	-	59,644	-	-	341,563
-	4,670	582,901	575,126	-	1,448,224
-	-	-	-	-	171,418
-	12,228	934,754	650,109	-	6,759,896
-	5,252	8,281	-	-	3,649,710
-	-	-	-	342,825	342,825
\$ 14,041,982	\$ 644,159	\$ 4,411,856	\$ 9,036,128	\$ 342,825	\$ 54,025,596

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

Schedule 21

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

For the Year Ended June 30, 2009

<u>Function and Activity</u>	Governmental Fund Capital Assets June 30, 2008	Additions	Retirements	Governmental Fund Capital Assets June 30, 2009
General Government:				
Governing Body	\$ 10,676	\$ -	\$ -	\$ 10,676
Administration	1,876	-	-	1,876
Personnel and City Clerk	7,048	-	-	7,048
Finance	62,271	-	-	62,271
Human Resources	86,092	-	-	86,092
Legal Services	2,849	6,731	-	9,580
Planning and Zoning	82,884	-	-	82,884
Public Buildings	991,383	-	-	991,383
Information Technology	84,446	6,731	-	91,177
City Shop	563,623	20,337	-	583,960
Total General Government	1,893,148	33,799	-	1,926,947
Public Safety:				
Police	3,375,221	82,303	21,049	3,436,475
Fire	2,278,299	175,695	-	2,453,994
Inspections	38,859	-	-	38,859
Total Public Safety	5,692,379	257,998	21,049	5,929,328
Transportation:				
Public Works	3,314,191	-	-	3,314,191
Streets	16,739,544	165,126	-	16,904,670
City Engineer	89,283	6,192	-	95,475
Airport	10,828,501	-	-	10,828,501
Total Transportation	30,971,519	171,318	-	31,142,837
Environmental Protection:				
Sanitation	4,249,453	24,600	-	4,274,053
Cultural and Recreational:				
Parks, Lakes and Playgrounds	4,540,043	258,648	-	4,798,691
Municipal Golf Course	341,563	-	-	341,563
Grounds Maintenance	1,416,082	32,142	-	1,448,224
Library	171,418	-	-	171,418
Total Cultural and Recreational	6,469,106	290,790	-	6,759,896
Economic and Physical Development:				
Community Promotion	3,649,710	-	-	3,649,710
Construction in Progress				
	215,213	633,650	506,038	342,825
Total Governmental Fund Capital Assets	\$ 53,140,528	\$ 1,412,155	\$ 527,087	\$ 54,025,596

**CITY OF ASHEBORO,
NORTH CAROLINA**

Other Supplemental Information

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

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

For the Year Ended June 30, 2009

<u>Fiscal Year</u>	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Balance June 30, 2009</u>
2008-2009	\$ -	\$ 11,696,492	\$ 11,426,065	\$ 270,427
2007-2008	183,411		36,976	146,435
2006-2007	154,647		150,674	3,973
2005-2006	1,754		150	1,604
2004-2005	1,114		41	1,073
2003-2004	3,377		1,140	2,237
2002-2003	23,211		4,622	18,589
2001-2002	3,754		186	3,568
2000-2001	3,691		258	3,433
1999-2000	2,509		411	2,098
1998-1999	6,576		6,576	-
	<u>\$ 384,044</u>	<u>\$ 11,696,492</u>	<u>\$ 11,627,099</u>	453,437
Less Allowance for Uncollectible Ad Valorem Taxes Receivable				<u>(52,000)</u>
Ad Valorem Taxes Receivable - Net				<u>\$ 401,437</u>
Reconciliation with Revenues:				
Ad Valorem Taxes Collected - General Fund			\$ 11,531,005	
Discounts Allowed			106,082	
Releases and Adjustments			27,856	
Taxes Written Off			6,576	
Interest Collected			<u>(44,420)</u>	
Total Collections and Credits			<u>\$ 11,627,099</u>	

ANALYSIS OF CURRENT TAX LEVY

For the Year Ended June 30, 2009

	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	\$ 2,003,633,749	.55	\$ 11,019,986	\$ 10,498,272	\$ 521,714
Motor Vehicles Taxed at Prior Year's Rate	60,907,764	.55	334,993		334,993
Penalties			15,645	15,645	
Total	<u>2,064,541,513</u>		<u>11,370,623</u>	<u>10,513,917</u>	<u>856,706</u>
Discoveries:					
Current Year Taxes	63,105,896	.55	347,082	347,082	
Penalties			37,840	37,840	
	<u>63,105,896</u>		<u>384,922</u>	<u>384,922</u>	
Abatements	<u>(10,737,144)</u>		<u>(59,054)</u>	<u>(40,876)</u>	<u>(18,178)</u>
Total Valuation	<u>\$ 2,116,910,265</u>				
Net Levy			11,696,492	10,857,963	838,528
Uncollected Taxes at June 30, 2008			<u>(270,427)</u>	<u>(161,090)</u>	<u>(109,337)</u>
Current Year's Taxes Collected			<u>\$ 11,426,065</u>	<u>\$ 10,696,873</u>	<u>\$ 729,191</u>
Current Levy Collection Percentage			<u>97.69%</u>	<u>98.52%</u>	<u>86.96%</u>

**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	129
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	136
These tables contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	140
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	144
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	146
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

	Net Assets by Component Last Seven Fiscal Years (accrual basis of accounting)						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities							
Invested in capital assets, net of related debt	\$ 20,973,959	\$ 20,931,387	\$ 21,766,060	\$ 21,596,547	\$ 22,828,193	\$ 24,474,397	\$ 23,882,980
Restricted	-	1,361,560	1,507,360	1,685,767	1,705,253	1,615,678	1,508,368
Unrestricted	4,671,402	4,844,057	6,291,656	6,551,740	8,576,022	8,994,693	8,013,501
Total Governmental activities net assets	\$ 25,645,361	\$ 27,137,004	\$ 29,565,076	\$ 29,834,054	\$ 33,109,468	\$ 35,084,768	\$ 33,404,849
Business-type activities							
Invested in capital assets, net of related debt	\$ 30,865,010	\$ 29,075,233	\$ 28,950,351	\$ 30,544,401	\$ 30,654,567	\$ 32,213,011	\$ 33,946,915
Restricted	-	-	-	-	-	-	-
Unrestricted	5,254,003	7,302,279	8,818,325	9,997,052	10,447,520	10,700,555	11,032,403
Total business-type activities net assets	\$ 36,119,013	\$ 36,377,512	\$ 37,768,676	\$ 40,541,453	\$ 41,102,087	\$ 42,913,566	\$ 44,979,318
Primary government							
Invested in capital assets, net of related debt	\$ 51,838,969	\$ 50,006,620	\$ 50,716,411	\$ 52,140,948	\$ 53,482,760	\$ 56,687,408	\$ 57,829,895
Restricted	-	1,361,560	1,507,360	1,685,767	1,705,253	1,615,678	1,508,368
Unrestricted	9,925,405	12,146,336	15,109,981	16,548,792	19,023,542	19,695,248	19,045,904
Total primary government net assets	\$ 61,764,374	\$ 63,514,516	\$ 67,333,752	\$ 70,375,507	\$ 74,211,555	\$ 77,998,334	\$ 78,384,167

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

CITY OF ASHEBORO, NORTH CAROLINA

Table 2
(Page 1 of 2)

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

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

CITY OF ASHEBORO, NORTH CAROLINA

Changes in Net Assets

Last Seven Fiscal Years
(accrual basis of accounting)

Table 2
(Page 2 of 2)

General Revenues and Other Changes in

Net Assets	2003	2004	2005	2006	2007	2008	2009
Governmental activities:							
Taxes							
Property taxes	\$ 8,760,840	\$ 8,824,062	\$ 9,783,783	\$ 10,014,896	\$ 10,171,208	\$ 11,239,034	\$ 11,595,398
Sales taxes	-	-	-	3,812,464	4,122,316	4,232,034	3,538,343
Franchise taxes	-	-	-	1,659,199	1,793,517	2,078,291	2,091,430
Other taxes and licenses	4,801,726	5,629,976	5,822,733	493,036	441,637	172,275	583,184
Investment earnings	60,688	65,066	134,749	215,231	410,921	471,825	205,532
Miscellaneous	292,775	301,779	396,617	331,984	396,833	198,009	460,275
Transfers	-	30,000	372,140	30,000	1,851,550	830,340	(541,797)
Total governmental activities	13,916,029	14,850,883	16,510,022	16,556,810	19,187,982	19,221,808	17,932,365
Business-type activities:							
Investment earnings	73,546	59,784	165,484	504,843	596,908	395,814	182,114
Miscellaneous	-	-	-	5,372	-	6,222	-
Transfers	-	(30,000)	(372,140)	(30,000)	(1,851,550)	(830,340)	541,797
Total business-type activities	73,546	29,784	(206,656)	480,215	(1,254,642)	(428,304)	723,911
Total primary government	\$ 13,989,575	\$ 14,880,667	\$ 16,303,366	\$ 17,037,025	\$ 17,933,340	\$ 18,793,504	\$ 18,656,276
Change in Net Assets							
Governmental activities	\$ 1,136,480	\$ 914,124	\$ 2,428,072	\$ 268,978	\$ 3,275,414	\$ 1,975,300	\$ (1,679,919)
Business-type activities	1,027,340	258,499	1,391,164	2,772,777	560,629	1,811,479	2,065,752
Total primary government	\$ 2,163,820	\$ 1,172,623	\$ 3,819,236	\$ 3,041,755	\$ 3,836,043	\$ 3,786,779	\$ 385,833

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

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

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

Table 3

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Other</u>	<u>Total</u>
2003	\$ 8,760,840	\$ 2,891,373	\$ 1,623,234	\$ 287,119	\$ 13,562,566
2004	8,824,062	3,421,603	1,615,343	593,030	14,454,038
2005	9,783,783	3,616,500	1,651,726	554,507	15,606,516
2006	10,014,896	3,812,464	1,659,199	493,036	15,979,595
2007	10,171,208	4,122,316	1,793,517	441,637	16,528,678
2008	11,239,034	4,323,034	2,078,291	172,275	17,812,634
2009	11,595,398	3,538,343	2,091,430	583,184	17,808,355

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

CITY OF ASHEBORO, NORTH CAROLINA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund:										
Reserved	\$ 2,912,085	\$ 2,630,310	\$ 2,829,041	\$ 3,780,973	\$ 4,584,450	\$ 4,207,513	\$ 5,257,751	\$ 6,499,419	\$ 5,142,623	\$ 4,300,178
Unreserved	3,440,307	2,322,579	1,308,503	1,487,033	2,459,707	4,005,747	3,697,156	4,582,323	5,988,877	6,617,624
Total General Fund	<u>\$ 6,352,392</u>	<u>\$ 4,952,889</u>	<u>\$ 4,137,544</u>	<u>\$ 5,268,006</u>	<u>\$ 7,044,157</u>	<u>\$ 8,213,260</u>	<u>\$ 8,954,907</u>	<u>\$ 11,081,742</u>	<u>\$ 11,131,500</u>	<u>\$ 10,917,802</u>
All other governmental funds										
Reserved	\$ 745,283	\$ 361,488	\$ 74,831	\$ 1,612	\$ 782,265	\$ 282,209	\$ 138,350	\$ 118,498	\$ 31,681	\$ 6,750
Unreserved, reported in:										
Special revenue funds	168,485	144,557	137,839	270,426	180,748	149,503	281,463	303,538	306,792	259,470
Capital projects funds	(17,060)	1,103,596	267,848	291,977	(590,342)	443,021	178,839	214,267	728,175	243,690
Total all other governmental funds	<u>\$ 896,708</u>	<u>\$ 1,609,641</u>	<u>\$ 480,518</u>	<u>\$ 564,015</u>	<u>\$ 372,671</u>	<u>\$ 874,733</u>	<u>\$ 598,652</u>	<u>\$ 636,303</u>	<u>\$ 1,066,648</u>	<u>\$ 509,910</u>

CITY OF ASHEBORO, NORTH CAROLINA
Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Taxes	\$ 6,817,355	\$ 7,325,269	\$ 7,778,688	\$ 8,681,837	\$ 8,763,385	\$ 9,813,823	\$ 9,976,478	\$ 10,125,705	\$ 11,190,147	\$ 11,531,005
Other taxes and licenses	2,659,998	2,710,880	2,860,647	254,361	265,461	281,113	296,688	300,808	303,218	299,201
Intergovernmental	4,952,727	4,070,029	2,679,702	5,906,820	6,904,412	7,526,549	6,490,084	7,232,645	8,023,327	8,352,387
Permits and fees	295,357	288,158	241,623	288,088	306,411	314,331	343,937	323,595	205,658	128,723
Sales and services	938,743	961,224	975,082	989,053	1,221,479	1,277,732	1,255,606	1,388,838	1,577,365	1,532,697
Investment earnings	363,308	348,902	119,527	60,688	65,066	134,749	215,231	410,921	471,825	205,552
Miscellaneous	295,048	410,071	973,842	182,714	191,931	242,480	414,394	480,230	320,800	304,261
Total revenues	16,322,536	16,114,533	15,629,111	16,363,561	17,718,145	19,590,777	18,992,418	20,262,742	22,092,340	22,353,806
Expenditures										
General government	1,867,031	2,137,131	2,330,737	2,159,875	2,366,224	2,412,785	2,621,114	2,635,489	2,761,672	2,796,054
Public safety	5,612,638	5,755,573	6,356,382	6,424,374	6,814,713	7,517,736	8,011,022	8,260,209	9,152,688	9,415,863
Transportation	2,424,241	2,403,789	2,299,081	1,999,297	2,042,371	2,160,172	2,432,969	2,576,252	2,939,089	2,739,653
Environmental protection	1,746,532	1,621,421	1,609,963	2,115,124	1,875,141	1,775,841	2,099,822	1,906,343	2,721,881	2,121,376
Culture and recreation	1,935,535	1,762,759	1,846,474	1,835,946	2,101,197	2,278,068	2,402,367	2,570,856	2,886,940	2,595,713
Economic and physical development	285,218	213,682	211,965	104,075	222,043	227,914	552,595	857,606	750,098	1,680,034
Capital outlay	2,210,706	2,765,735	2,317,177	24,224	1,111,783	1,206,963	575,396	517,657	651,541	633,651
Debt service:										
Principal	435,881	412,579	396,579	432,196	545,350	610,978	445,308	493,833	501,957	521,939
Interest	198,023	178,434	205,221	185,491	179,216	154,060	134,009	136,076	105,377	78,162
Other charges	-	-	-	-	-	-	10,837	-	-	-
Total expenditures	16,715,805	17,251,103	17,573,579	15,280,602	17,258,038	18,344,517	19,285,439	19,954,321	22,471,243	22,582,445
Excess of revenues										
over (under) expenditures	(393,269)	(1,136,570)	(1,944,468)	1,082,959	460,107	1,246,260	(293,021)	308,421	(378,903)	(228,639)
Other financing sources (uses)										
Transfers in	923,935	718,898	112,786	306,921	170,815	501,042	221,806	2,016,017	1,622,679	972,316
Transfers out	(1,323,935)	(1,118,898)	(112,786)	(306,921)	(140,815)	(128,902)	(191,806)	(164,467)	(792,339)	(1,514,113)
Payments to refunded bond escrow agent	-	-	-	-	-	-	(913,332)	-	-	-
Refunding bonds issued	-	-	-	-	-	-	912,997	-	-	-
Premium on bonds issued	-	-	-	-	-	-	11,172	-	-	-
Installment purchase obligations / Notes	317,110	850,000	-	131,000	473,658	52,765	682,180	-	-	-
Sale of assets	-	-	-	-	43,523	-	35,570	4,515	28,666	-
Total other financing sources (uses)	(82,890)	450,000	-	131,000	547,181	424,905	758,587	1,856,065	859,006	(541,797)
Net change in fund balances	\$ (476,159)	\$ (686,570)	\$ (1,944,468)	\$ 1,213,959	\$ 1,007,288	\$ 1,671,165	\$ 465,566	\$ 2,164,486	\$ 480,103	\$ (770,436)
Debt services as a percentage of noncapital expenditures	4.4%	4.1%	3.9%	4.0%	4.5%	4.4%	3.3%	3.3%	2.9%	2.9%

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>
2000	6,817,355	2,423,363	1,450,061	1,230,086	11,920,865
2001	7,325,269	2,467,656	1,536,868	1,218,880	12,548,673
2002	7,778,688	2,599,850	783,844	884,014	12,046,396
2003	8,681,837	2,891,373	1,623,234	287,119	13,483,563
2004	8,763,385	3,421,603	1,615,343	593,030	14,393,361
2005	9,813,823	3,616,500	1,651,726	554,507	15,636,556
2006	9,976,478	3,812,464	1,659,199	493,036	15,941,177
2007	10,125,705	4,122,316	1,793,517	441,637	16,483,175
2008	11,190,147	4,232,034	2,078,291	172,275	17,672,747
2009	11,531,005	3,538,343	2,091,430	583,184	17,743,962

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

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

Fiscal Year	Real Property		Personal Property	Personal Property		Public Service Companies	Total Taxable Assessed Value	Total Direct Tax Rate	Real Property		Assessed Value as a Percentage of Actual Value (1)
	Residential Property	Commercial Property		Motor Vehicles	Other				Estimated Taxable Value	Actual Value	
1999	436,222,045	290,359,667	521,655,796	386,025,289	27,194,800	1,275,432,308	0.52	1,655,926,649	75.38%		
2000	438,815,146	313,047,714	532,264,052	387,087,014	35,585,090	1,319,712,002	0.52	1,795,730,544	71.51%		
2001	438,766,530	350,190,414	594,480,558	416,993,820	26,023,399	1,409,460,901	0.52	2,164,665,157	63.91%		
2002 (2)	659,689,152	466,615,696	563,247,314	401,762,809	35,674,463	1,725,226,625	0.45	1,724,032,818	98.00%		
2003	701,324,111	446,188,982	582,672,043	412,795,078	36,543,782	1,766,728,918	0.50	1,880,636,017	92.00%		
2004	735,663,368	475,758,879	531,607,638	369,665,855	38,762,481	1,781,792,366	0.50	1,912,685,049	91.13%		
2005	721,406,579	474,044,692	557,683,804	389,908,319	38,756,333	1,791,891,408	0.55	1,941,456,340	90.30%		
2006	781,977,566	483,399,434	525,268,289	366,638,595	33,781,507	1,824,426,796	0.55	2,082,145,685	86.00%		
2007	746,230,471	504,651,257	568,142,908	390,057,186	34,791,121	1,853,815,757	0.55	2,115,144,926	86.00%		
2008	821,598,938	596,379,299	606,419,641	431,789,237	39,129,255	2,063,527,133	0.55	2,087,008,122	97.00%		
2009	873,699,580	592,696,645	611,866,614	459,406,981	39,130,524	2,117,393,363	0.55	2,157,216,980	96.34%		

Source: Randolph County Government

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

(1) The annual decline in the ratio of assessed value to estimated value of real estate results from the failure to recognize appreciating real estate values in years between octennial revaluations. Personal revalued annually by the Randolph County Tax Department.

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

CITY OF ASHEBORO, NORTH CAROLINA
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
(property tax rates per \$100 assessed valuation)

Table 8

Fiscal Year	<u>City Direct Rate</u>	<u>Overlapping Rates</u>		Total
	Total City Rate	Total County Rate	Total School District	Direct & Overlapping Rates
2000	0.520	0.513	0.145	1.178
2001	0.520	0.513	0.145	1.178
2002	0.450	0.480	0.139	1.069
2003	0.500	0.480	0.139	1.119
2004	0.500	0.500	0.139	1.139
2005	0.550	0.525	0.139	1.214
2006	0.550	0.525	0.139	1.214
2007	0.550	0.535	0.139	1.224
2008	0.550	0.535	0.139	1.224
2009	0.550	0.555	0.139	1.244

Source: Randolph County Government

CITY OF ASHEBORO, NORTH CAROLINA

Table 9

Principal Property Taxpayers

June 30, 2009

Taxpayer	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Energizer (Eveready) Battery Co,	\$ 119,688,159	1	5.65%	\$ 103,103,166	1	7.81%
Malt-O-Meal Company	84,960,861	2	4.01%	-	-	-
Starpet, Inc.	67,637,408	3	3.19%			
Schwartz Properties LLC	40,075,078	4	1.89%			
Technimark, Inc.	37,072,532	5	1.75%	20,791,076	5	1.58%
Goodyear Tire & Rubber Co.	27,369,919	6	1.29%	31,814,978	2	2.41%
Klaussner Furniture Industries	24,606,069	7	1.16%	31,010,316	3	2.35%
Centerpoint Plaza	21,639,270	8	1.02%	14,380,290	9	1.09%
Arrow International	21,451,459	9	1.01%			
JG Randolph II LLC	19,818,329	10	0.94%	14,764,837	8	1.12%
Tiepet, Inc.				27,083	4	2.05%
Oliver Rubber				20,242,870	6	1.53%
Best Foods			0.00%	18,518,429	7	1.40%
Central Telephone				12,401,243	10	0.94%
Totals	<u>\$ 464,319,084</u>		<u>21.93%</u>	<u>\$ 267,054,288</u>		<u>22.28%</u>

Total Assessed Value of Taxable Proper \$ 2,117,393,364

Source: Randolph County Tax Department

Note: Taxpayers ranked 2nd, 3rd, 4th, and 9th current were not ranked in top ten in 2000.

CITY OF ASHEBORO, NORTH CAROLINA

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Total Levy for Fiscal Year	Collected within the		Collections of Prior Years	Total Collections to Date	
		Fiscal Year of the Levy Amount	Percentage of Levy		Amount	Percentage of Levy
2000	6,879,493	6,746,983	98.07%	110,833	6,857,816	99.68%
2001	7,379,242	7,229,680	97.97%	128,273	7,357,953	99.71%
2002	7,812,058	7,686,547	98.39%	142,863	7,829,410	100.22%
2003	8,823,016	8,636,124	97.88%	110,889	8,747,013	99.14%
2004	8,872,487	8,663,230	97.64%	159,581	8,822,811	99.44%
2005	9,848,017	9,697,180	98.47%	204,876	9,902,056	100.55%
2006	10,046,106	9,888,274	98.43%	184,193	10,072,467	100.26%
2007	10,207,113	10,046,676	98.43%	143,935	10,190,611	99.84%
2008	11,289,067	11,105,656	98.38%	154,525	11,260,181	99.74%
2009	11,696,492	11,426,065	97.69%	201,034	11,627,099	99.41%

CITY OF ASHEBORO, NORTH CAROLINA

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Debt as	
	General Obligation Bonds	Installment Purchases	Notes Payable	General Obligation Bonds	Installment Purchases	Notes Payable	Percentage of Personal Income (1)	Debt Per Capita (1)			
2000	1,365,000	2,245,849	-	13,342,966	407,377	4,250,000	4.69%	1,105	21,611,192	4.69%	1,105
2001	1,265,000	2,774,023	-	12,331,488	306,497	4,000,000	3.74%	954	20,677,008	3.74%	954
2002	1,175,000	2,467,341	-	11,309,422	218,203	3,750,000	3.12%	868	18,919,966	3.12%	868
2003	1,075,000	2,266,146	-	10,280,655	161,570	3,500,000	2.39%	787	17,283,371	2.39%	787
2004	975,000	2,259,826	34,628	9,240,326	102,299	3,507,248	2.14%	716	16,119,327	2.14%	716
2005	875,000	1,833,490	-	8,213,439	41,959	6,128,228	2.38%	753	17,092,116	2.38%	753
2006	855,652	2,101,212	-	7,138,591	8,033	7,482,160	2.42%	766	17,585,648	2.42%	766
2007	743,665	1,724,582	-	6,204,294	-	7,772,289	2.61%	708	16,444,830	2.61%	708
2008	633,108	1,337,685	-	5,281,923	-	9,166,811	2.55%	692	16,419,527	2.55%	692
2009	522,921	929,738	-	4,362,657	-	8,957,656	2.27%	617	14,772,972	2.27%	617

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
2000	14,707,966	-	14,707,966	1,319,712,002	1.11%	752.17
2001	13,596,488	-	13,596,488	1,409,460,901	0.96%	627.38
2002	12,484,422	-	12,484,422	1,725,226,625	0.72%	573.02
2003	11,355,655	-	11,355,655	1,766,728,918	0.64%	516.89
2004	10,215,326	-	10,215,326	1,781,792,366	0.57%	453.93
2005	9,088,439	-	9,088,439	1,981,891,408	0.46%	400.21
2006	7,994,243	-	7,994,243	1,824,426,796	0.44%	348.23
2007	6,947,959	-	6,947,959	1,853,815,757	0.37%	299.24
2008	5,915,031	-	5,915,031	2,063,527,133	0.29%	254.75
2009	4,885,578	-	4,885,578	2,117,393,364	0.23%	204.08

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, 2009

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	\$ 136,837,213	20.77%	\$ 28,421,951
Subtotal, overlapping debt			<u>28,421,951</u>
City of Asheboro direct debt			<u>1,452,659</u>
Total direct and overlapping debt			<u><u>\$ 29,874,610</u></u>

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

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

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

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	\$ 105,576,960	\$ 112,756,872	\$ 138,018,130	\$ 141,338,313	\$ 142,543,389	\$ 158,551,313	\$ 145,954,144	\$ 148,305,261	\$ 165,082,171	\$ 169,391,469
Total net debt applicable to limit	4,568,226	4,884,397	4,410,545	4,052,716	3,887,125	3,302,386	10,103,488	8,672,541	7,252,715	5,815,316
Legal debt margin	\$ 101,008,734	\$ 107,872,475	\$ 133,607,585	\$ 137,285,597	\$ 138,656,264	\$ 155,248,927	\$ 135,850,656	\$ 139,632,720	\$ 157,829,456	\$ 163,576,153
Total net debt applicable to the limit as a percentage of debt limit	4.33%	4.33%	3.20%	2.87%	2.73%	2.08%	6.92%	5.85%	4.39%	3.43%

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed value	\$ 2,117,393,364
Debt limit (8% of total assessed value)	\$ 169,391,469
Debt applicable to limit:	
General obligation bonds	4,885,578
Installment purchase agreements	929,738
Total net debt applicable to limit	5,815,316
Legal debt margin	\$ 163,576,153

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)
2000	19,554	461,572,170	23,605	36.6	4,174	2.70%
2001	21,672	510,202,224	23,542	34.0	4,234	5.50%
2002	21,787	507,767,822	23,306	34.0	4,281	5.50%
2003	21,969	520,181,982	23,678	34.0	4,335	5.90%
2004	22,504	551,730,568	24,517	34.0	4,384	4.30%
2005	22,709	575,400,642	25,338	34.0	4,477	4.90%
2006	22,957	599,659,797	26,121	34.0	4,510	4.70%
2007	23,219	630,628,040	27,160	34.0	4,415	4.50%
2008	23,729	644,479,640	27,160	34.0	4,453	6.90%
2009	23,940	650,210,400	27,160	34.0	4,560	11.10%

Source: (1) NC Department of Revenue

Source: (2) US Department of Commerce, Bureau of Economic Analysis (Randolph County)- most recent available -2007

Source: (3) US Census Bureau

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	2009			2000		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Randolph Hospital	1,086	1	5.10%	550	6	2.99%
Klaussner	967	2	4.54%	3,150	1	17.10%
Energizer Battery	833	3	3.91%	1,900	2	10.31%
Wal-Mart	777	4	3.65%			
Acme-McCrary	732	5	3.44%	850	3	4.61%
Asheboro City Schools	653	6	3.07%	570	5	3.09%
Teleflex, Inc.	512	7	2.41%			
Technimark	491	8	2.31%	486	8	2.64%
Prestige Fabricators	332	9	1.56%	550	7	2.99%
Wells Hosiery	330	10	3.44%			
Total	<u>6,713</u>		<u>33.43%</u>	<u>8,056</u>		<u>43.73%</u>

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

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

Function	Full-time Equivalent Employees as of June 30									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government	24	22	24	24	24	24	25	28	31	31
Public safety:										
Police:										
Officers	66	67	67	67	69	70	70	76	78	78
Civilians	5	5	5	6	6	6	6	6	7	7
Fire:										
Firefighters and officers	42	42	45	45	45	46	46	49	49	52
Civilians	1	1	1	1	1	1	1	1	1	1
Highways and streets:										
Engineering	4	4	4	4	4	4	4	4	4	4
Maintenance	20	18	18	18	18	18	19	19	19	19
Sanitation	16	16	18	18	18	18	18	19	19	19
Culture and recreation	9	8	7	7	7	8	10	10	10	10
Water	28	29	31	31	29	29	28	29	31	32
Sewer	36	32	33	33	34	34	35	37	41	41
Total	251	244	253	254	255	258	262	278	290	294

Source: City Human Resources Department

CITY OF ASHEBORO, NORTH CAROLINA

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year End									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police:										
Physical arrests	N/A	N/A	4,870	5,079	4,908	4,534	5,733	5,840	5,352	N/A
Parking violations	N/A	N/A	268	277	105	190	226	431	216	N/A
Traffic violations	N/A	N/A	8,586	7,831	5,678	6,282	6,432	7,436	9,338	N/A
Fire:										
Number of calls answered	N/A	N/A	1,096	1,148	937	1,110	1,226	1,337	1,425	N/A
Inspections	N/A	N/A	1,836	1,836	1,615	1,645	2,156	845	1,326	N/A
Highways and streets										
Street resurfacing (miles)	N/A	N/A	N/A	0.25	1.05	0.30	0.45	0.518	0.814	0.924
Potholes repaired	N/A	N/A	N/A	387	1,028	582	642	627	781	768
Sanitation										
Refuse collected (tons/day)	72.62	73.24	72.09	75.55	73.46	75.51	73.22	73.51	66.43	71.58
Recyclables collected (tons/day)	3.91	4.01	3.77	3.70	4.06	3.94	3.68	3.84	5.77	4.83
Culture and recreation										
Separate programs / events offered	41	60	60	60	65	65	65	72	93	135
Estimated number of program participants	31,000	31,500	34,402	36,048	51,851	51,900	52,123	68,150	63,541	68,895
Water										
New connections	N/A	N/A	N/A	186	273	212	187	170	173	111
Water mains breaks	N/A	N/A	N/A	162	155	148	137	167	180	95
Average daily consumption (MGD)	5.398	5.032	5.098	4.870	4.665	4.641	4.892	4.967	5.085	4.659
Wastewater										
Average daily sewage treatment (MGD)	4.505	4.278	4.533	5.632	4.553	4.332	3.824	3.650	3.474	3.801

Sources: Various government departments.

N/A: Data not available.

CITY OF ASHEBORO, NORTH CAROLINA

Table 19

Capital Asset Statistics by Function

Last Seven Fiscal Years

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

Sources: Various city departments.

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

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