

**City of Asheboro
North Carolina**

**Comprehensive Annual
Financial Report**



Fiscal Year Ended June 30, 2011

**CITY OF ASHEBORO,
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2011

Prepared by:

Finance Department

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Finance Officer

CITY OF ASHEBORO, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2011

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City of Asheboro

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

December 2, 2011

I am pleased to present the Comprehensive Annual Financial Report of the City of Asheboro, North Carolina, for the fiscal year ending June 30, 2011 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, 2010, the City's organizational chart and a listing of the City's principal officials.

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

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

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

CITY PROFILE:

The City of Asheboro has a population of 25,262 and covers approximately 19.02 square miles. Located in the center of the state, its proximity to Charlotte, the Greensboro-High Point area and Raleigh provides great opportunity for growth as the regional economy expands and diversifies. Asheboro serves as the intersection for four major highways, U.S. 220, U.S. 311, U.S. 64 and NC 49, which connect these major cities. Asheboro is 75 miles west of Raleigh, 300 miles north of Atlanta and 480 miles south of New York. The City is served by Norfolk and Southern Railways.

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

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

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

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

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

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

are recognized as incurred.

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

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

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

ECONOMIC CONDITION AND OUTLOOK:

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

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

The City of Asheboro's economy has been in a state of transition over the past few years as it continues to transition away from its founding the manufacturing sector. This has been further impacted by the recent recession. Economic factors present a mixed message of a community that is showing signs of recovery in some areas and stagnant growth in other areas. Asheboro / Randolph County statistical area has shown high unemployment, low growth as measured by tax valuation and reductions in the area of

residential and commercial construction in the prior two and a half years. Growth, as measured by tax valuation, increased only 0.01% in comparison to prior year increase of 2.24%. The last countywide revaluation was on January 1, 2007 for 2008 taxes. Additionally, there has been a decrease in activity in the area of local construction. In the period of January 1, 2010 to December 31, 2010, total valuation for building permits issued was \$15,583,058 (\$10,059,208 for commercial and \$5,532,850 for residential) in comparison to \$11,765,099 in 2010. The three largest commercial projects were Hospice of Randolph addition of \$1,172,000, Technimark Incorporated industrial warehouse addition of \$1,300,000 and the Malt-O-Meal industrial addition of \$1,987,100. While there has been an increase in the commercial valuation, there is an overall decrease in activity. A total of 106 dwelling units were built compared to 132 in 2010. If the 106 dwelling units, there were 18 single family permits, 24 townhouse permits, and 8 multifamily permits issued. While the above factors show an economy that is still struggling, as noted, some of the recent the economic statistics have begun to show improvement. The Asheboro / Randolph County unemployment rate, seasonally adjusted, has leveled out at 9.7%, in comparison to 9.6% in 2010. This rate is slightly below the state unemployment rate of 10.4%. Local retail sales are also beginning to turn around in comparison to last year. The retail sales for 6 months in 2011 show an increase of 13.61% in comparison to the same period in 2010. While some recent factors over the past couple of months have shown indications of an improving economy, due to the depth of the national economic recession, the road to recovery for Asheboro is expected to be slow and take place over the next few years. True national economic recovery which affects the local economy will not happen until confidence is restored in the financial system whose failure is attributed as one of the precipitating factors to the current recession.

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

In the an effort to develop non textile manufacturing, the City of Asheboro partnered with the Randolph County Economic Development Corporation and Randolph County Government, to provide economic incentives to entice Malt-O- Meal Company to locate a food manufacturing facility in Asheboro in the former Unilever plant that was vacated in 2006. Since 2006, Malt-O-Meal Company had invested over \$140,000 million in real property and equipment in Asheboro and has created more than 200 new jobs. With the help of Randolph Community College's workforce development program, many of these new jobs were given to individuals in the community who were displaced as a result of textile manufacturing facility closures in the area. Malt-O-Meal is currently undergoing a second expansion amounting to an additional investment of about \$136 million dollars in plant and equipment and the creation of 80 more new jobs, over the next 2-3 years. These jobs will pay a weekly wage of \$663, about \$100 over the current county average weekly wage.

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

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

Center that will service Randolph County and the surrounding area. In late 2009, Hospice of Randolph County broke ground on a new 10,000 square ft addition to the Hospice campus. The facility is has just recently been completed.

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

The availability of an educated work force is always an important issue. Since August 2006, Randolph County Government committed to more than \$77,000,000 to build two new High Schools and make improvements to one elementary school. Randolph Community College (RCC) has purchased the old 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 have adopted an enhanced focus on the below specific goals for the community:

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

The City of Asheboro was chartered December 25, 1796 and included 1,961 acres. As of June 30, 2011, 10,210.28 acres have been annexed allowing for a total City of Asheboro acreage of 12,171.28 acres. Areas that can be economically served with water and sewer services will continue to be studied and will be considered for annexation when funds are available.

In 1996, the City Council adopted a policy that requires any major residential development or any commercial or industrial development desiring water and sewer services from the City to request annexation. There are a few requests for annexation pending as of June 30, 2011.

The combating of drug abuse in our community, state and nation is a tremendous challenge facing us all. The City Council continues to place a priority in this area by increased efforts and patrol in high

problem areas and encourages public participation and assistance. One of the City's initiatives to help combat drugs involves working with the Asheboro City Schools Board of Education to reach out to and educate our school aged children through the DARE (Drug Awareness and Resistance Education) program. In addition, the City of Asheboro has a well trained and committed Vice and Narcotics Division of the Asheboro Police Department. This division runs departmental undercover operations as well as operations in conjunction with State and Federal authorities. Asheboro Police department units patrol in high traffic areas. The greatest success of the program against drug abuse has come from the involvement of the citizens and the officers. Through the combined effort of the citizens and the Police Department, the neighborhoods and streets are being returned to the community.

Road system improvements are a cooperative effort on the part of the State of North Carolina and the City of Asheboro. The Presnell street extension, which connects Highway 220 and Highway 64, was completed in 1995. The extension of Church Street was completed in 1996 and the extension of Carl Drive was completed in 1997. In 2008-2009, improvements along HWY 42 near the intersection of Hwy 64 were completed. The City Council continues to work diligently with NCDOT to find and implement improvements that consider improved safety as well as considers various residential and business needs. The City Council continues to work for and support the I-73 / 74 project and the Highway 64 / 40 bypass loop.

Increasing fiscal demands on the City and the citizens is an ever-increasing problem. The City continues to make every effort to improve efficiency in current operations as well as plan for the future. In 2008-2009, the City began to incorporate GIS technology into our day to day operations to help asses and take advantage of increased operational efficiencies. In May 2010, the City of Asheboro was awarded an "Outstanding Achievement in Innovation" award from the Alliance for Innovation for its Mobile 311 Program. The City of Asheboro's Mobile 311 program is a GIS-based tool using touch-screen mobile phones with cameras as data collectors allowing a wide range of City employees are able to submit information on utility issues, sanitation routes, maintenance projects, graffiti and more to a central location for evaluation and work schedule development. 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 and in 2010-2011, the library parking lot was expanded. Expansion and renovation of the Wastewater Plant was completed in 1998. This expansion increases the treatment capacity from 6 MGD to 9 MGD and should meet the treatment needs of the City. The replacements of aging outfall lines are almost complete. The Wastewater Plant expansion and outfall line replacement was a \$15,000,000 project and was approved by voters in 1993. Since the wastewater plant expansion, several new sewer pump station and force main improvements have been completed as well. Maintenance and enhancement of the water and wastewater system continues to be a focus for the City of Asheboro. In 2009-2010, Water line replacements were completed along Booker T. Washington Ave, Highridge St and Rushwood Rd. Additionally, the construction of a sewer pump station on Monroe Avenue was completed. Water line replacements and sewer extensions are ongoing and are necessary to assure quality of service provided to our customer base.

Community appearance has been enhanced with the completion of major landscaping projects by the State at the Highway 64 and 49 interchanges and the Sunset Avenue and Salisbury Street interchanges. The refurbishment project of Sunset Avenue business district was completed early 2005. The Farmer's Market was completed in 2006-2007 fiscal year. The City has a Horticulturist on the staff to aid in the enhancement of community appearance. Hanging baskets have been placed at various locations along

Sunset Avenue in downtown Asheboro, various artisan sculptures have been incorporated into the landscape of the downtown area. Fiscal year 2009-2010 marked the fourth year of the Mayor's tree planting initiative which began with the creation of the "Mayor's Grove" at North Asheboro Park. This project has continued with the strategic plantings of trees in the medians along various major and minor thoroughfares. A focus on promoting community appearance continues with the Mayor's community cleanup days. Playground equipment upgrades, as well as landscaping projects, continue to be a priority in our City parks. Through enforcement of various planning and zoning ordinances, City personnel continue with their efforts to force property owners to remove or restore unsightly property and take down potentially dangerous buildings.

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

Mandates concerning environmental legislation have had a tremendous impact on the financial structure of the City. The City of Asheboro has three local recycling drop sites and is in the last year of implementing a curbside recycling program to all its residents. It is expected that all citizens in the City of Asheboro will have curbside recycling available to them by the end of fiscal year 2012. The testing of fuel tanks and the rehabilitation of existing facilities as well as monitoring and testing discharge from various manufacturing facilities has placed an additional load on the City. The internal compliance requirements associated with operating a water and sewer system have grown increasingly complex. The City Council supports and pledges to meet the standards as set forth by State and Federal Agencies. However, this is often a challenge and a burden on resources because such mandates are often handed down without funds to meet the regulations.

Improvements to the airport continue to be made. Projects completed include the extension of the runway to 5,500 feet in December 2000, the construction of the perimeter fencing completed in July 2001, and the paving and lighting of the parallel taxiway completed in October 2002. State and Federal funding has been allocated to pay 90% of the cost to widen the runway from 75' to 100' and to strengthen the runway, taxiways and a portion of the apron. These improvements were completed in the 2005-2006 fiscal year. In the 2006-2007 fiscal year, construction was completed on a 10,000 gallon "Jet-A" fuel tank and spill containment facility. In the 2007-2009 fiscal years, construction of additional T-Hangar taxilanes was completed and the NC Aviation museum parking lot was expanded and paved. Design & plans for a pump station that services the Airport and the extension of water and sewer lines from the airport to the Tot Hill Farm area were completed in fiscal year 2009-2010 and construction is ongoing and expected to be completed in 2011-2012.

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

FOR THE FUTURE:

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

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

The budget for fiscal year 2010-2011 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 2011-2012 provided resources to maintain the current level of service to our customers as well as focus on ongoing major initiatives which go hand in hand with the strategic planning initiatives referenced above. One of these initiatives has been to establish the City of Asheboro as a "Fit Community". This goal is being reached by promoting citizens, and members of local area businesses and churches participation in wellness activities such as "Walk Across America" and the "Mayor's Walk" around downtown. As part of this effort, the City has organized walking teams and has marked several walking courses that go through various scenic areas of downtown for citizens to use. These paths range from 2 miles to 4.8 miles. The City will continue to utilize all resources available and pursue these initiatives as the resources allow.

CASH MANAGEMENT:

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held either by the City or its agent. All investments held by the City during the year and at June 30, 2011 are classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board.

Our cash management policy of planning expenditures and scheduling investment maturities to match cash requirements are continued for 2011-2012. Interest earned on General Fund investments and Water and Sewer Fund investments combined is significantly low in comparison to historical periods of a few years ago due to the continued low interest rate environment resulting from a collapse of the financial

system and the following economic recession. This reduction has had an impact on the current year budget and the loss of this revenue has required management to hold off on various small “wish list” projects until the economy turns around. We continue to try to maximize the return on the tax and utility dollars paid by the citizens of Asheboro to have those resources available to support operations.

RISK AND INSURANCE MANAGEMENT:

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

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

DEBT ADMINISTRATION:

In September 2005, the City issued refunding general obligation bonds in the amount of \$8,530,000 to retire \$875,000 of general obligation bonds serviced by the governmental funds issued to finance the construction of improvements to the City’s library and \$7,300,000 of general obligation bonds issued to finance the construction of facilities utilized in the operation of the water and sewer system which were being retired by resources in the Water and Sewer Fund. The refunding saved the City of Asheboro in excess of \$366,000 over the life of the bonds. Bonds payable at June 30, 2011 are \$2,879,649. \$308,219 of this balance is for improvements to the City’s Library. The remaining \$2,571,430 relates to water and sewer system improvements noted above. Over the past couple of years prior to 2011, the City of Asheboro was able to provide for current operations and services without taking on new debt. In 2011, the City of Asheboro took on approximately \$800,000 new debt to allow for the purchase of much needed replacement vehicles and equipment. With retirement of debt in 2011, the net new debt for the City of Asheboro was only \$69,098.

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

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

INDEPENDENT AUDIT:

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

AWARDS:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Asheboro for its comprehensive annual financial report for the fiscal year ended June 30, 2010. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

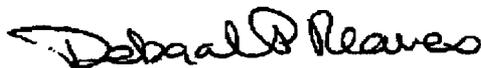
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such report must satisfy both generally accepted accounting principles and applicable legal 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, 2010

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



Linda C. Dandson

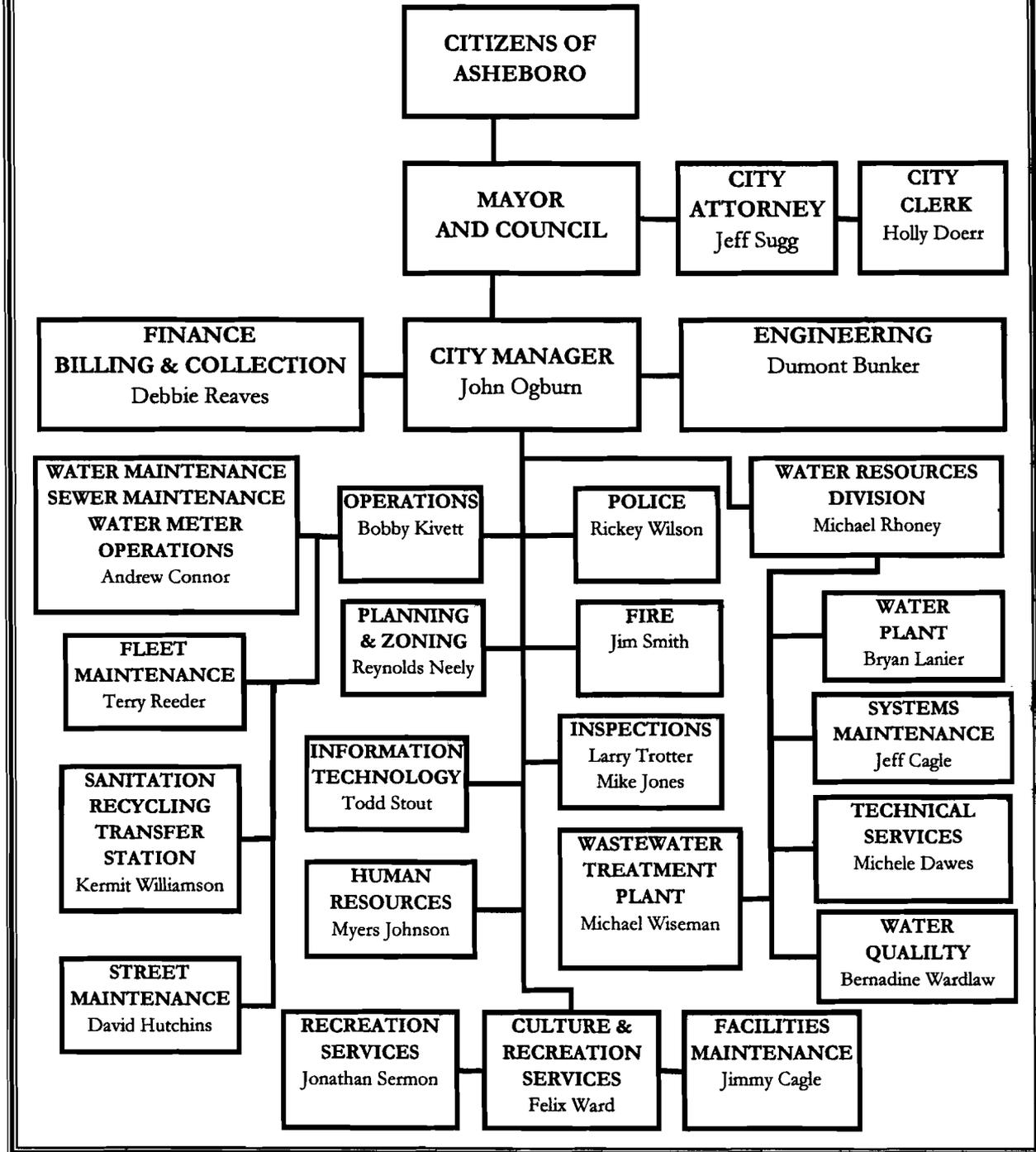
President

Jeffrey R. Emery

Executive Director

CITY OF ASHEBORO

DEPARTMENTAL ORGANIZATIONAL CHART



CITY OF ASHEBORO, NORTH CAROLINA

LIST OF PRINCIPAL OFFICIALS

June 30, 2011

| Title | Name |
|---|-------------------|
| Mayor | David Smith |
| Mayor Pro Tem, Council Member | Talmadge Baker |
| Council Member | Clark Bell |
| Council Member | Eddie Burks |
| Council Member | Linda Carter |
| Council Member | Mike Hunter |
| Council Member | Stuart Fountain |
| Council Member | Walker Moffitt |
| City Manager | John Ogburn, III |
| City Attorney | Jeff Sugg |
| Airport Authority Chair | Steve Knight |
| Redevelopment Commission Chair | Linda Carter |
| Planning Board Chair | Van Rich |
| Board of Adjustment Chair | Frank Havens |
| Community Appearance Chair | Linda Carter |
| Solid Waste Management Committee Chair | Talmadge Baker |
| City Clerk | Holly Doerr |
| Finance Officer | Deborah Reaves |
| Planning and Zoning Director | Reynolds Neely |
| Police Chief | Rickey Wilson |
| Fire Chief | Jim Smith |
| Building Inspections Director | Larry Trotter |
| Fire Inspections Director | Mike Jones |
| City Shop Director | Terry Reeder |
| City Engineer | Dumont Bunker |
| Information Technology Director | Todd Stout |
| Public Works Director | Robert H. Kivett |
| Street Department Head | David Hutchens |
| Sanitation Director | Kermit Williamson |
| Human Resources Director | Myers Johnson |
| Cultural and Recreational Services Director | Felix Ward |
| Recreation Director | Johnathan Sermon |
| Golf Professional | Andy Nelson |
| Facilities Maintenance Director | Jimmy Cagle |
| Water Resources Director | Michael Rhoney |
| Water and Sewer Maintenance | |
| Water Meter Operations Director | Andrew Connor |
| Water Plant Director | Bryan Lanier |
| Wastewater Treatment Plant Director | Michael Wiseman |
| Water and Sewer System Maintenance Director | Jeff Cagle |
| Water and Sewer Technical Services Director | Michele Dawes |
| Water Quality Director | Bernadine Wardlaw |

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MAXTON McDOWELL

Certified Public Accountant

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

Member
American Institute of Certified
Public Accountants

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

North Carolina Association of
Certified Public Accountants
INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the City of Asheboro, North Carolina, as of and for the year ended June 30, 2011, which collectively comprise the City of Asheboro's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Asheboro, North Carolina's management. My responsibility is to express an opinion on these financial statements based on my audit. I did not audit the financial statements of the City of Asheboro ABC Board. Those financial statements were audited by another auditor whose report thereon has been furnished to me, and my opinion on the financial statements, insofar as it relates to the amounts included for the City of Asheboro ABC Board, is based on the report of the other auditor.

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

In my opinion, based on my audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Asheboro, North Carolina, as of June 30, 2011, 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 December 2, 2011, on my consideration of the City of Asheboro's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of the report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

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

December 2, 2011


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, 2011. 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

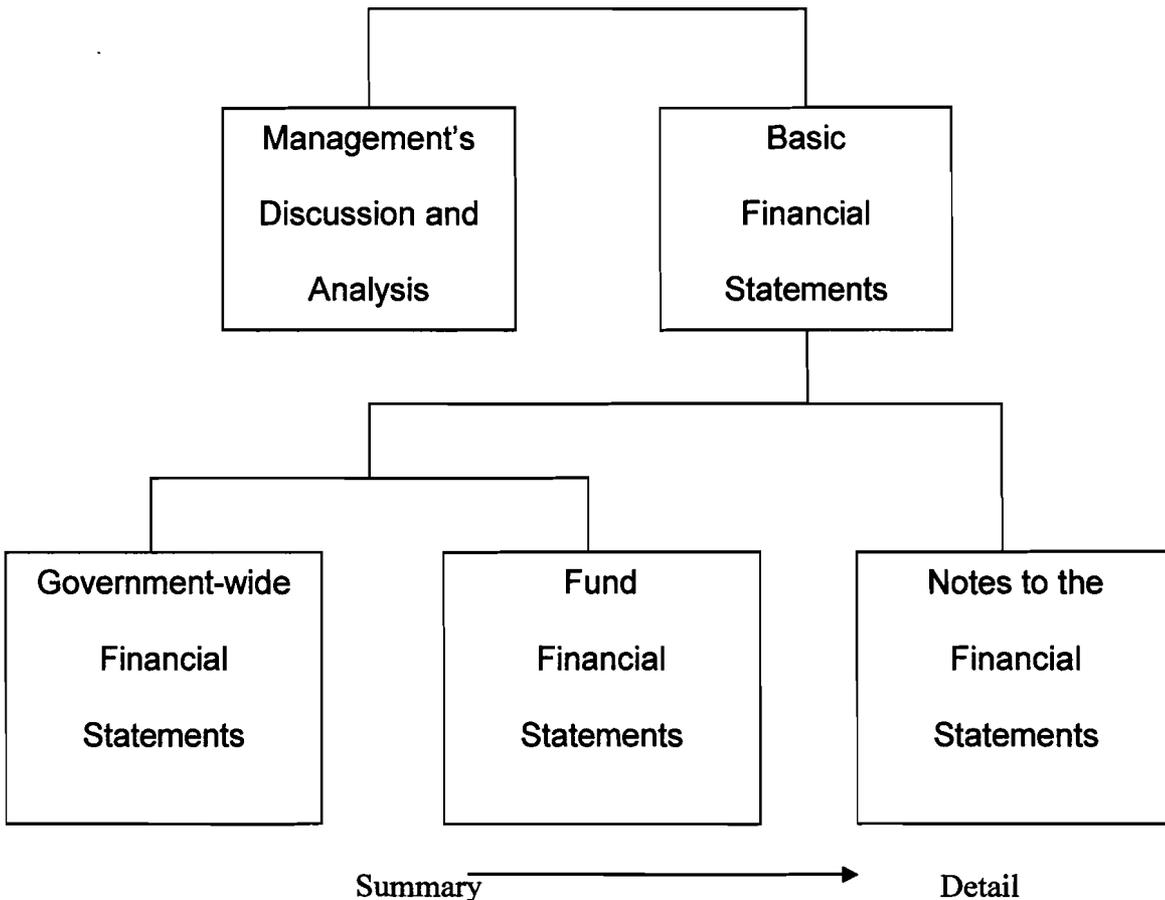
- The assets of the City of Asheboro exceeded its liabilities at the close of the fiscal year by \$80,243,934 (*net assets*).
- The government's total net assets increased by \$1,631,292 or 2.08%, primarily due to increases in business-type activities net assets. The business type net assets increase of \$3,061,486 was offset by governmental activities net asset decrease of \$1,430,194.
- As of the close of the current fiscal year, the City of Asheboro's governmental funds reported combined ending fund balances of \$10,558,719 with a net decrease of \$19,260 in fund balance. Approximately 52% percent of this total amount, or \$5,461,663 is non spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,165,717, or 18% of total general fund expenditures for the fiscal year.
- Ad valorem tax revenue increased by \$153,151 in the current year due to increases in assessed property valuation.
- The City of Asheboro's total debt decreased by \$1,065,219 (8.32%) during the current fiscal year, primarily due to payment on business type activities debt. The City of Asheboro did issue new debt in the amount of \$822,835 in the 2010-2011 fiscal year.
- The City of Asheboro has maintained its AA bond rating from Moody's, "A+" from Standard & Poor's and a rating of 83 by the North Carolina Municipal Council. The City of Asheboro bond rating was reevaluated at the time of General Obligation refunding in September 2005.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

Government-wide Financial Statements

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

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

The government-wide statements are divided into two categories: 1) governmental activities; 2) business-type activities; and (3) component units. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the water and sewer services offered by the City of Asheboro. The final category is the component unit. Although legally separate from the City, the ABC Board is important to the City because the City exercises control over the Board by appointing its members and the Board is required to distribute its profits to the City.

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

Fund Financial Statements

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

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

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

Management's Discussion and Analysis
City of Asheboro

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 22 of this report

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Asheboro's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 53 of this report.

Government-Wide Financial Analysis

The City of Asheboro's Net Assets

Figure 2

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Current and other assets | \$ 12,044,469 | \$ 12,006,247 | \$ 12,164,031 | \$ 11,286,711 | \$ 24,208,500 | \$ 23,292,958 |
| Capital assets | 24,892,820 | 25,454,902 | 48,491,259 | 47,678,848 | 73,384,079 | 73,133,750 |
| Total assets | 36,937,289 | 37,461,149 | 60,655,290 | 58,965,559 | 97,592,579 | 96,426,708 |
| Long-term liabilities outstanding | 3,873,266 | 3,109,929 | 9,245,124 | 10,644,702 | 13,118,390 | 13,754,631 |
| Other liabilities | 1,909,437 | 1,766,440 | 2,320,818 | 2,292,995 | 4,230,255 | 4,059,435 |
| Total liabilities | 5,782,703 | 4,876,369 | 11,565,942 | 12,937,697 | 17,348,645 | 17,814,066 |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 23,434,409 | 24,440,730 | 38,207,155 | 35,840,750 | 61,641,564 | 60,281,480 |
| Restricted | 4,918,519 | 1,469,071 | | | 4,918,519 | 1,469,071 |
| Unrestricted | 2,801,658 | 6,674,979 | 10,882,193 | 10,187,112 | 13,683,851 | 16,862,091 |
| Total net assets | \$ 31,154,586 | \$ 32,584,780 | \$ 49,089,348 | \$ 46,027,862 | \$ 80,243,934 | \$ 78,612,642 |

Management's Discussion and Analysis
City of Asheboro

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the City of Asheboro exceeded liabilities by \$80,243,934 as of June 30, 2011. The City's net assets increased by \$1,631,292 for the fiscal year ended June 30, 2011. However, the largest portion of net assets (76.82%) reflects the City's investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. The City of Asheboro uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Asheboro's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City of Asheboro's net assets \$4,918,519 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$13,683,851 is unrestricted. These funds can be used without constraints established by debt covenants or other legal requirements.

Several particular aspects of the City's financial operations that had a positive influence the total unrestricted governmental net assets:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.76%
- Increase in Beer and Wine tax revenue of \$76,573 and ABC Profit Distribution of \$60,000 as the City of Asheboro adjusts to changes in legislation allowing alcohol sales within city limits.
- Increases sales tax revenues of approximately \$170,000 as the economy begins to show signs of recovery.
- Continued low cost of debt due to the City's favorable bond rating.
- Increased water & sewer operating revenue relating to rate changes effective July 1, 2010.
- Increase in capital grants & contribution in business type activities relating to the completion of an ongoing water and sewer project.

Management's Discussion and Analysis
City of Asheboro

City of Asheboro Changes in Net Assets
Figure 3

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|---------------------|--------------------------|----------------------|---------------------|----------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Revenues | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 1,908,662 | \$ 1,868,227 | \$ 11,988,495 | \$ 10,615,103 | \$13,897,157 | \$ 12,483,330 |
| Operating grants & contributions | 845,436 | 649,810 | 557,339 | 484,152 | 1,402,775 | 1,133,962 |
| Capital grants & contributions | 614,292 | 1,869,824 | 2,255,680 | 442,638 | 2,869,972 | 2,312,462 |
| General revenues | | | | | | |
| Property taxes | 11,947,797 | 11,887,696 | | | 11,947,797 | 11,887,696 |
| Other taxes | 6,516,186 | 6,280,401 | | | 6,516,186 | 6,280,401 |
| Grants & contributions not restricted to specific programs | | | | | | |
| | | | | | - | - |
| Other | 649,825 | 649,231 | 28,848 | 58,478 | 678,673 | 707,709 |
| Total revenues | 22,482,198 | 23,205,189 | 14,830,362 | 11,600,371 | 37,312,560 | 34,805,560 |
| Expenses | | | | | | |
| General government | 3,286,240 | 3,010,464 | | | 3,286,240 | 3,010,464 |
| Public safety | 10,505,454 | 10,263,312 | | | 10,505,454 | 10,263,312 |
| Transportation | 4,394,627 | 4,233,131 | | | 4,394,627 | 4,233,131 |
| Environmental Protection | 2,278,866 | 2,436,284 | | | 2,278,866 | 2,436,284 |
| Economic development | 847,495 | 551,395 | | | 847,495 | 551,395 |
| Cultural and recreational | 3,283,907 | 3,435,526 | | | 3,283,907 | 3,435,526 |
| Interest on long-term debt | 47,797 | 63,232 | | | 47,797 | 63,232 |
| Water and sewer | | | 11,036,882 | 10,583,741 | 11,036,882 | 10,583,741 |
| Total expenses | 24,644,386 | 23,993,344 | 11,036,882 | 10,583,741 | 35,681,268 | 34,577,085 |
| Change in net assets before transfers | (2,162,188) | (788,155) | 3,793,480 | 1,016,630 | 1,631,292 | 228,475 |
| Transfers | 731,994 | (31,914) | (731,994) | 31,914 | - | - |
| Change in net assets | (1,430,194) | (820,069) | 3,061,486 | 1,048,544 | 1,631,292 | 228,475 |
| Net assets, July 1 | 32,584,780 | 33,404,849 | 46,027,862 | 44,979,318 | 78,612,642 | 78,384,167 |
| Net assets, June 30 | \$ 31,154,586 | \$32,584,780 | \$ 49,089,348 | \$ 46,027,862 | \$80,243,934 | \$ 78,612,642 |

(continued on next page)

Management's Discussion and Analysis
City of Asheboro

Governmental activities. Governmental activities decreased the City's net assets by \$1,430,194. Elements contributing to this decrease are as follows:

- Revenues not being able to keep pace with rising expenses due to economic environment.
- Capital Grants and contributions decreased in 2011 by approximately \$1.2 million dollars in comparison to 2010. In 2010, a long term project was completed. Due to the economic environment, the City has not taken on any large new projects.
- Net revenues across a majority of categories remain relatively flat with the prior year due to ongoing effects of the national economic recession. While it is improving in comparison to the prior year, the City of Asheboro's unemployment rate is still high and thus is affecting citizen's ability to pay for and take advantage of extra or ancillary services the City of Asheboro provides. There was only an increase of \$40,000 (2.16%) in the 2010-2011 fiscal year in the area of charges for services as a result of the slow recovery from economic condition. Sales tax revenue increased \$170,000, about 0.04% over the prior year's depressed level.
- The failure of and decreased confidence in the financial industry has resulted in a poor interest rate environment. The reduced rates have attributed to a 40% decrease in interest on general fund investments revenue in 2010-2011.
- Governmental activities expenses increased \$651,042 in comparison to the prior year.

Business-type activities: Business-type activities increased the City of Asheboro's net assets by \$3,061,486. Key elements of this increase are as follows:

- An increase in revenue in the area of charges for services in the amount of \$1,373,392 over prior fiscal year resulting from a rate increase effective July 1, 2010.
- Tight management of expenses: Fiscal year 2010-2011 expenses only increased \$453,141 in comparison to the prior operating year. Due to the current economic environment, certain capital expenditures in this area continue to be delayed.
- Increase in capital grants & contribution of \$1,813,042 relating primarily to the completion of the NCDOT Water and Sewer Systems Improvement Project.

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 fund balance available in the General Fund was \$4,165,717 and its total fund balance reached \$9,230,664.

Management's Discussion and Analysis City of Asheboro

As a measure of the general fund's liquidity, it may be useful to compare fund balance to fund expenditures. The City currently has an available fund balance of 17.69% of general fund expenditures, while total fund balance represents 39.20% of the same amount.

The non-major governmental fund balance was \$1,328,055. The governmental funds of City of Asheboro reported a combined total fund balance of \$10,558,719 with a net decrease of \$19,260 over prior year. Included in this change in fund balance is a decrease in fund balance in the General Fund offset by an increase in fund balance in both Special Revenue and Capital Projects Funds.

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

The General Fund budget for 2010-2011 was adopted in June 2011 at \$23,912,548 and represented a 7.70% percent increase over the audited 2009-2010 expenditures of \$22,196,790. The 2010-2011 budget was amended during the fiscal year to \$23,823,223, an increase of \$89,325 to account for unexpected operational expenditures, the most significant of which was relating to 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 \$272,963 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 2010-2011 was adopted in June 2010 at \$12,311,094 and represented a 4.02% increase over the 2009-2010 audited expenditures of \$11,834,308. As with the General Fund, various expenses were deferred due to the downturn in the economy. The Water & Sewer Fund year end expenditures were \$12,104,975 and represented a 1.67% 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, 2011 totals \$141,826,297. 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 \$1,372,212 in governmental activities capital assets with the largest increase in vehicles.
- An increase of \$2,452,234 in the area of business type capital assets resulting from the completion of certain improvements to the water & sewer system infrastructure. Construction in progress decreased by \$1,414,062 and plant and distribution system asset increased by \$3,634,659.

Management's Discussion and Analysis
City of Asheboro

- No major demolitions or disposals were recorded this year.

City of Asheboro's Capital Assets

Figure 4

| | Governmental | | | Business-Type | | |
|-----------------------------------|----------------------|----------------------|-----------------------|---------------------|----------------------|----------------------|
| | Activities | Activities | Total | Activities | Activities | Total |
| | 2011 | 2011 | 2011 | 2010 | 2010 | 2010 |
| Land | \$ 3,817,298 | \$ 2,806,124 | \$ 6,623,422 | \$ 3,817,298 | \$ 2,800,674 | \$ 6,617,972 |
| Buildings | 11,455,247 | 30,473,373 | 41,928,620 | 11,393,750 | 30,397,373 | 41,791,123 |
| Improvements other than buildings | 10,681,652 | 78,560 | 10,760,212 | 10,657,737 | 78,560 | 10,736,297 |
| Plant and distribution systems | | 41,497,883 | 41,497,883 | | 37,863,224 | 37,863,224 |
| Street construction | 15,548,270 | | 15,548,270 | 15,533,270 | | 15,533,270 |
| Equipment | 5,189,448 | 5,766,793 | 10,956,241 | 5,075,141 | 5,760,256 | 10,835,397 |
| Vehicles | 9,973,578 | 2,262,838 | 12,236,416 | 9,100,514 | 2,119,188 | 11,219,702 |
| Construction in progress | 802,258 | 1,472,975 | 2,275,233 | 517,829 | 2,887,037 | 3,404,866 |
| Total | \$ 57,467,751 | \$ 84,358,546 | \$ 141,826,297 | \$56,095,539 | \$ 81,906,312 | \$138,001,851 |

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, 2011, the City of Asheboro had total bonded debt outstanding of \$2,879,649. All of this is debt backed by the full faith and credit of the City.

City of Asheboro's Outstanding Debt

Figure 5

| | Governmental | | Business-Type | | Total | |
|--------------------------|---------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| | Activities | Activities | Activities | Activities | Total | Total |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| General Obligation Bonds | \$ 308,219 | \$ 414,838 | \$ 2,571,430 | \$ 3,460,932 | \$ 2,879,649 | \$ 3,875,770 |
| Installment Purchases | 1,144,306 | 590,892 | - | - | \$ 1,144,306 | \$ 590,892 |
| Notes payable | - | - | 7,712,631 | 8,335,143 | \$ 7,712,631 | \$ 8,335,143 |
| Revenue bonds | - | - | - | - | - | - |
| Total | \$ 1,452,525 | \$ 1,005,730 | \$ 10,284,061 | \$ 11,796,075 | \$11,736,586 | \$12,801,805 |

Management's Discussion and Analysis City of Asheboro

The City of Asheboro's total outstanding long-term debt decreased by \$1,065,219 during the past fiscal year. This change is due to the combined effects of a decrease of general obligation debt of \$996,121 and net reduction in notes and installment debt payable of \$69,098.

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 \$169,127,424.

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

Economic Factors

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

- **Unemployment.** The City of Asheboro / Randolph County unemployment rate of 9.7% is slightly lower than the State average of 10.4%.
- **Growth, as measured by tax valuation,** increased .01% due to increases in property valuation. A large part of this valuation increase is associated with the ongoing expansion / renovation projects to the Malt-O- Meal plant.
- **Growth, as measured by local retail sales** has increased 13.61% over the prior fiscal year.
- **Growth, as measured by building and inspection permits for commercial and residential properties** is down in comparison to 2009. There were 18 single family permits, 24 townhome permits and 8 multi-family permits issued totaling 106 dwelling units compared to 132 in 2009. Residential valuations were down as well for 2010 at \$5,532,850 while commercial valuations were up at \$10,059,208 from 2009. The three largest commercial projects were Hospice of Randolph addition of \$1,172,000, Technimark Incorporated industrial warehouse addition of \$1,300,000 and the Malt-O-Meal industrial addition of \$1,987,100.

Budget Highlights for the Fiscal Year Ending June 30, 2012

Governmental Activities: No tax increase was recommended for the General Fund for fiscal year ending June 30, 2012. Major Sources of revenue such as ad valorem taxes is projected to remain relatively flat in comparison to year end 2011 figures. Overall revenue is expected to increase only slightly due to the economic recession. A fund balance appropriation of \$224,428 has been included.

Budgeted expenditures in the General Fund are appropriated at \$22,108,190. The largest component in the budget is personnel costs, usual salary and fringe benefits with an incremental appropriation for increased health insurance costs and benefits adjustments. Considering the current economic environment, there is no across the board employee cost of living increase included in the General Fund budget. Other expenditures included are government 10% matches to 90% grant awards and capital outlay for equipment in various departments.

Business – type Activities: Revenue from sale of water and sewer services is expected to increase slightly as the local economy begins to show signs of recovery. There is no allocation from Retained earnings. General operating expenses is budgeted at \$12,428,932. This will cover the usual salary and benefit costs budgeted at a slightly higher level than the previous period due to increased health insurance costs, material, supplies, and other operating expenses, increased debt service and some equipment replacement costs. As noted for the General Fund budget, there is no across the board employee cost of living increase included in the water and sewer fund budget.

Requests for Information

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

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STATEMENT OF NET ASSETS

June 30, 2011

| | Primary Government | | | City of Asheboro ABC Board |
|--|----------------------------|-----------------------------|----------------------|----------------------------------|
| | Governmental Activities | Business-Type Activities | Total | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 5,841,011 | \$ 9,856,646 | \$ 15,697,657 | \$ 149,823 |
| Receivables: | | | | |
| Taxes Receivable - Net | 542,712 | - | 542,712 | - |
| Accounts Receivable | 113,282 | 2,038,365 | 2,151,647 | - |
| Due From Other Governments | 2,297,711 | - | 2,297,711 | - |
| Note Receivable | 60,500 | - | 60,500 | - |
| Internal Balances | 522,808 | (522,808) | - | - |
| Inventories | 472,896 | 718,951 | 1,191,847 | 212,462 |
| Prepaid Expenses | - | - | - | 8,627 |
| Deferred Charges | 3,704 | 30,897 | 34,601 | - |
| Total Current Assets | 9,854,624 | 12,122,051 | 21,976,675 | 370,912 |
| Restricted Assets: | | | | |
| Cash and Cash Equivalents | 2,189,845 | 41,980 | 2,231,825 | - |
| Capital Assets: | | | | |
| Land, and Construction in Progress | 4,619,556 | 4,279,099 | 8,898,655 | - |
| Other Capital Assets, Net of Depreciation | 20,273,264 | 44,212,160 | 64,485,424 | 120,770 |
| Total Capital Assets | 24,892,820 | 48,491,259 | 73,384,079 | 120,770 |
| Deposits | - | - | - | 110 |
| Total Non-current Assets | 27,082,665 | 48,533,239 | 75,615,904 | 120,880 |
| Total Assets | 36,937,289 | 60,655,290 | 97,592,579 | 491,792 |
| Liabilities: | | | | |
| Accounts Payable and Accrued Liabilities | 355,548 | 157,611 | 513,159 | 80,169 |
| Deposits | 31,148 | 404,578 | 435,726 | - |
| Unearned Revenues | 388,783 | 30,157 | 418,940 | - |
| Accrued Interest Payable | 889 | 41,420 | 42,309 | - |
| Due to Primary Government | - | - | - | 6,571 |
| Payable From Restricted Assets | - | 41,980 | 41,980 | - |
| Current Portion of Long-Term Liabilities | 1,133,069 | 1,645,072 | 2,778,141 | - |
| Total Current Liabilities | 1,909,437 | 2,320,818 | 4,230,255 | 86,740 |
| Long-Term Liabilities: | | | | |
| Due in More Than One Year | 3,873,266 | 9,245,124 | 13,118,390 | - |
| Total Liabilities | 5,782,703 | 11,565,942 | 17,348,645 | 86,740 |
| Net Assets: | | | | |
| Invested in Capital Assets, Net of Related Debt | 23,434,409 | 38,207,155 | 61,641,564 | 120,770 |
| Restricted For: | | | | |
| Transportation | 1,305,412 | - | 1,305,412 | - |
| Stabilization by State Statute | 2,294,969 | - | 2,294,969 | - |
| Economic Development | 698,613 | - | 698,613 | - |
| Capital Projects | 619,525 | - | 619,525 | - |
| Working Capital | - | - | - | 77,408 |
| Unrestricted | 2,801,658 | 10,882,193 | 13,683,851 | 206,874 |
| Total Net Assets | \$ 31,154,586 | \$ 49,089,348 | \$ 80,243,934 | \$ 405,052 |

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, 2011

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue a Primary Government | | Net Assets | |
|---|----------------------|-------------------------|--|--|---|-----------------------------|--------------|----------------------------------|
| | | Charges For Services | Operating Grants And Contributions | Capital Grants And Contributions | Governmental Activities | Business-Type Activities | | City of Asheboro ABC Board |
| Governmental Activities: | | | | | | | | |
| General Government | \$ 3,286,240 | \$ 327,154 | \$ - | \$ - | \$ (2,959,086) | \$ - | ,086) | \$ - |
| Public Safety | 10,505,454 | 129,416 | 145,732 | 120,879 | (10,109,427) | - | ,427) | - |
| Transportation | 4,394,627 | 26,305 | 648,593 | 115,542 | (3,604,187) | - | ,187) | - |
| Environmental Protection | 2,278,866 | 991,579 | - | - | (1,287,287) | - | ,287) | - |
| Cultural and Recreational | 3,283,907 | 434,208 | - | 377,871 | (2,471,828) | - | ,828) | - |
| Economic and Physical Development | 847,495 | - | 51,111 | - | (796,384) | - | ,384) | - |
| Interest on Long-term Debt | 47,797 | - | - | - | (47,797) | - | ,797) | - |
| Total Governmental Activities | 24,644,386 | 1,908,662 | 845,436 | 614,292 | (21,275,996) | - | ,996) | - |
| Business-Type Activities: | | | | | | | | |
| Water and Sewer | 11,036,882 | 11,988,495 | 557,339 | 2,255,680 | - | 3,764,632 | 632 | - |
| Total Business-Type Activities | 11,036,882 | 11,988,495 | 557,339 | 2,255,680 | - | 3,764,632 | 632 | - |
| Total Primary Government | \$ 35,681,268 | \$ 13,897,157 | \$ 1,402,775 | \$ 2,869,972 | (21,275,996) | 3,764,632 | 364) | |
| Component Unit: | | | | | | | | |
| ABC Board | \$ 1,874,878 | \$ 2,012,587 | \$ - | \$ - | - | - | - | 137,709 |
| Total Component Unit | \$ 1,874,878 | \$ 2,012,587 | \$ - | \$ - | - | - | - | 137,709 |
| General Revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property taxes, levied for general purpose | | | | | 11,947,797 | - | 797 | - |
| Sales taxes | | | | | 2,926,393 | - | 393 | - |
| Franchise taxes | | | | | 2,148,736 | - | 736 | - |
| Other taxes | | | | | 1,441,057 | - | 057 | - |
| Unrestricted investment earnings | | | | | 38,702 | 28,848 | 550 | 331 |
| Miscellaneous revenues | | | | | 611,123 | - | 123 | - |
| Total General Revenues Not Including Transfers | | | | | 19,113,808 | 28,848 | 656 | 331 |
| Transfers | | | | | 731,994 | (731,994) | - | - |
| Total General Revenues, Special Items, and Transfers | | | | | 19,845,802 | (703,146) | 656 | 331 |
| Change in Net Assets | | | | | (1,430,194) | 3,061,486 | 292 | 138,040 |
| Net Assets Beginning of Year | | | | | 32,584,780 | 46,027,862 | 642 | 267,012 |
| Net Assets End of Year | | | | | \$ 31,154,586 | \$ 49,089,348 | 934 | \$ 405,052 |

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, 2011**

| | <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 | \$ 5,134,100 | \$ 706,911 | \$ 5,841,011 |
| Restricted Cash | 1,336,560 | 853,285 | 2,189,845 |
| Receivables: | | | |
| Taxes Receivable - Net | 542,712 | - | 542,712 |
| Accounts Receivable | 82,068 | 31,214 | 113,282 |
| Due From Other Governments | 2,189,394 | 108,317 | 2,297,711 |
| Due From Other Funds | 872,808 | - | 872,808 |
| Note Receivable - Wainman Homes | 60,500 | - | 60,500 |
| Inventories | 472,896 | - | 472,896 |
| Total Assets | \$ 10,691,038 | \$ 1,699,727 | \$ 12,390,765 |
| Liabilities and Fund Balances: | | | |
| Liabilities: | | | |
| Accounts Payable and Accrued Liabilities | \$ 355,173 | \$ 375 | \$ 355,548 |
| Due to Other Funds | - | 350,000 | 350,000 |
| Deposits | 31,148 | - | 31,148 |
| Unearned Revenues | 388,783 | - | 388,783 |
| Deferred Revenues | 685,270 | 21,297 | 706,567 |
| Total Liabilities | 1,460,374 | 371,672 | 1,832,046 |
| Fund Balances: | | | |
| Nonspendable: | | | |
| Long-term Receivables | 777,159 | - | 777,159 |
| Inventories | 472,896 | - | 472,896 |
| Restricted: | | | |
| Streets | 1,305,412 | - | 1,305,412 |
| Stabilization by State Statute | 2,285,052 | 9,917 | 2,294,969 |
| Capital Projects | - | 611,227 | 611,227 |
| Committed: | | | |
| Capital Projects | - | 8,298 | 8,298 |
| Economic and Physical Development | - | 698,613 | 698,613 |
| Assigned: | | | |
| Subsequent Year's Expenditures | 224,428 | - | 224,428 |
| Unassigned | 4,165,717 | - | 4,165,717 |
| Total Fund Balances | 9,230,664 | 1,328,055 | 10,558,719 |
| Total Liabilities and Fund Balances | \$ 10,691,038 | \$ 1,699,727 | |

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

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

| | | |
|---|---------------|------------|
| Gross capital assets at historical cost | \$ 57,467,750 | |
| Accumulated depreciation | (32,574,930) | 24,892,820 |

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. 3,704

Liabilities for earned but deferred revenues in fund statements. 706,567

Some liabilities, including bonds payable, accrued interest, pension and other postemployment benefits, and compensated absences are not due and payable in the current period and therefore are not reported in the funds. (5,007,224)

\$ 31,154,586

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, 2011

| | <u>Major Fund</u> <u>General</u> | <u>Total Non-Major</u> <u>Funds</u> | <u>Total</u> <u>Governmental</u> <u>Funds</u> |
|---|-------------------------------------|--|---|
| Revenues: | | | |
| Ad Valorem Taxes | \$ 11,923,685 | \$ - | \$ 11,923,685 |
| Other Taxes and Licenses | 327,265 | - | 327,265 |
| Intergovernmental Revenues: | | | |
| Unrestricted | 6,598,960 | - | 6,598,960 |
| Restricted | 997,168 | 111,517 | 1,108,685 |
| Permits and Fees | 154,706 | - | 154,706 |
| Sales and Services | 1,451,400 | - | 1,451,400 |
| Investment Earnings | 38,702 | - | 38,702 |
| Miscellaneous Revenue | 403,694 | 420,948 | 824,642 |
| Total Revenues | <u>21,895,580</u> | <u>532,465</u> | <u>22,428,045</u> |
| Expenditures: | | | |
| Current: | | | |
| General Government | 3,219,001 | - | 3,219,001 |
| Public Safety | 10,288,725 | - | 10,288,725 |
| Transportation | 3,197,031 | - | 3,197,031 |
| Environmental Protection | 2,582,776 | - | 2,582,776 |
| Cultural and Recreational | 3,249,141 | - | 3,249,141 |
| Economic and Physical Development | 80,559 | 739,576 | 820,135 |
| Debt Service | 422,852 | - | 422,852 |
| Capital Outlay | - | 222,473 | 222,473 |
| Total Expenditures | <u>23,040,085</u> | <u>962,049</u> | <u>24,002,134</u> |
| Deficiency of Revenues | | | |
| Over Expenditures | <u>(1,144,505)</u> | <u>(429,584)</u> | <u>(1,574,089)</u> |
| Other Financing Sources (Uses): | | | |
| Transfers From Other Funds | 31,994 | 1,210,175 | 1,242,169 |
| Transfers to Other Funds | (510,175) | - | (510,175) |
| Installment Purchase Obligations Issued | 822,835 | - | 822,835 |
| Total Other Financing Sources (Uses) | <u>344,654</u> | <u>1,210,175</u> | <u>1,554,829</u> |
| Net Change in Fund Balances | <u>(799,851)</u> | <u>780,591</u> | <u>(19,260)</u> |
| Fund Balance Beginning of Year, July 1 | <u>10,030,515</u> | <u>547,464</u> | <u>10,577,979</u> |
| Fund Balance End of Year, June 30 | <u>\$ 9,230,664</u> | <u>\$ 1,328,055</u> | <u>\$ 10,558,719</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, 2011

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

Net changes in fund balances - total governmental funds \$ (19,260)

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 | \$ 1,342,122 | |
| Depreciation expense for governmental assets | <u>(1,934,294)</u> | (592,172) |

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 | 24,063 |
| Amount of donated assets | 30,090 |

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.

(448,091)

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 | (88,017) |
| Net pension obligation | (117,501) |
| Other Postemployment Benefits | (219,617) |
| Accrued interest payable | <u>311</u> |

Total changes in net assets of governmental activities \$ (1,430,194)

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

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

For the Year Ended June 30, 2011

| | General Fund | | | Variance With Final Budget - Positive (Negative) |
|---|--------------------|--------------------|---------------------|---|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Ad Valorem Taxes | \$ 11,449,200 | \$ 11,419,500 | \$ 11,923,685 | \$ 504,185 |
| Other Taxes and Licenses | 468,000 | 345,500 | 327,265 | (18,235) |
| Intergovernmental Revenues: | | | | |
| Unrestricted | 5,850,000 | 6,000,400 | 6,598,960 | 598,560 |
| Restricted | 828,584 | 838,664 | 997,168 | 158,504 |
| Permits and Fees | 336,320 | 336,340 | 154,706 | (181,634) |
| Sales and Services | 1,719,023 | 1,714,523 | 1,451,400 | (263,123) |
| Investment Earnings | 80,000 | 80,000 | 38,702 | (41,298) |
| Miscellaneous Revenue | 335,500 | 331,700 | 403,694 | 71,994 |
| Total Revenues | 21,066,627 | 21,066,627 | 21,895,580 | 828,953 |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 2,949,159 | 3,284,959 | 3,219,001 | 65,958 |
| Public Safety | 9,873,265 | 10,384,850 | 10,288,725 | 96,125 |
| Transportation | 3,287,422 | 3,235,268 | 3,197,031 | 38,237 |
| Environmental Protection | 2,736,789 | 2,605,289 | 2,582,776 | 22,513 |
| Cultural and Recreational | 3,057,830 | 3,288,930 | 3,249,141 | 39,789 |
| Economic and Physical Development | 449,750 | 82,950 | 80,559 | 2,391 |
| Debt Service | 541,633 | 430,802 | 422,852 | 7,950 |
| Total Expenditures | 22,895,848 | 23,313,048 | 23,040,085 | 272,963 |
| Revenues Over (Under) Expenditures | (1,829,221) | (2,246,421) | (1,144,505) | 1,101,916 |
| Other Financing Sources (Uses): | | | | |
| Transfers to Other Funds | (16,700) | (510,175) | (510,175) | - |
| Transfers From Other Funds | - | - | 31,994 | 31,994 |
| Installment Purchase Obligations Issued | 819,600 | 819,600 | 822,835 | 3,235 |
| Total Other Financing Sources (Uses) | 802,900 | 309,425 | 344,654 | 35,229 |
| Appropriated Fund Balance | 1,026,321 | 1,936,996 | - | (1,936,996) |
| Net Change in Fund Balance | \$ - | \$ - | (799,851) | \$ (799,851) |
| Fund Balance Beginning of Year, July 1 | | | 10,030,515 | |
| Fund Balance End of Year, June 30 | | | \$ 9,230,664 | |

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

CITY OF ASHEBORO, NORTH CAROLINA

Exhibit 6

STATEMENT OF NET ASSETS
PROPRIETARY FUND
 June 30, 2011

| | <u>Water and Sewer Fund</u> |
|---|---------------------------------|
| Assets: | |
| Current Assets: | |
| Cash and Cash Equivalents | \$ 9,856,646 |
| Accounts Receivable - Net | 2,038,365 |
| Inventories | 718,951 |
| Deferred Charges | <u>30,897</u> |
| Total Current Assets | <u>12,644,859</u> |
| Noncurrent Assets: | |
| Restricted Assets: | |
| Cash and Cash Equivalents | <u>41,980</u> |
| Capital Assets: | |
| Land, Improvements and Construction in Progress | 4,279,099 |
| Other Capital Assets, Net of Depreciation | <u>44,212,160</u> |
| Total Capital Assets (Net) | <u>48,491,259</u> |
| Total Noncurrent Assets | <u>48,533,239</u> |
| Total Assets | <u>\$ 61,178,098</u> |
| Liabilities: | |
| Current Liabilities: | |
| Accounts Payable and Accrued Liabilities | \$ 157,611 |
| Due to Other Funds | 522,808 |
| Customer Deposits | 404,578 |
| Accrued Interest Payable | 41,420 |
| Compensated Absences - Current | 140,925 |
| General Obligation Bonds Payable - Current | 881,634 |
| Notes Payable State of North Carolina - Current | <u>622,513</u> |
| Total Current Liabilities | <u>2,771,489</u> |
| Noncurrent Liabilities: | |
| Liabilities Payable From Restricted Assets: | |
| Accounts Payable | 41,980 |
| Other Noncurrent Liabilities: | |
| Other Postemployment Benefits | 269,370 |
| Compensated Absences | 195,840 |
| General Obligation Bonds Payable - Noncurrent (Net) | 1,689,796 |
| Notes Payable State of North Carolina - Noncurrent | 7,090,118 |
| Unearned Revenues | <u>30,157</u> |
| Total Noncurrent Liabilities | <u>9,317,261</u> |
| Total Liabilities | <u>12,088,750</u> |
| Net Assets: | |
| Invested in Capital Assets, Net of Related Debt | 38,207,155 |
| Unrestricted | <u>10,882,193</u> |
| Total Net Assets | <u>\$ 49,089,348</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, 2011

| | Water and Sewer Fund |
|--|-------------------------|
| Operating Revenues: | |
| Water Sales | \$ 6,547,557 |
| Sewer Charges | 4,952,889 |
| Water and Sewer Taps | 111,720 |
| Sampling and Monitoring Fees | 52,634 |
| Surcharges | 278,290 |
| Septic Tank Discharge | 45,405 |
| Other Operating Revenues | 382,705 |
| Total Operating Revenues | 12,371,200 |
| Operating Expenses: | |
| Billing and Collections | 393,219 |
| Water Meter Operations | 681,806 |
| Water Supply Treatment | 2,034,460 |
| Wastewater Treatment | 2,189,054 |
| Water Maintenance | 964,640 |
| Wastewater Maintenance | 1,289,569 |
| Technical Services | 138,033 |
| Systems Maintenance | 903,919 |
| Water Quality | 466,756 |
| Depreciation | 1,597,843 |
| Total Operating Expenses | 10,659,299 |
| Operating Income | 1,711,901 |
| Nonoperating Revenues (Expenses): | |
| Investment Earnings | 28,848 |
| Interest and Other Charges | (366,772) |
| Other Nonoperating Revenues | 174,634 |
| Amortization of Bond Issue Costs | (10,811) |
| Total Nonoperating Revenues (Expenses) | (174,101) |
| Income Before Contributions and Transfers | 1,537,800 |
| Capital Contributions | 2,255,680 |
| Transfers to Other Funds: | |
| To Economic Development Fund | (700,000) |
| To General Fund | (31,994) |
| Change in Net Assets | 3,061,486 |
| Total Net Assets - Beginning of Year | 46,027,862 |
| Total Net Assets - End of Year | \$ 49,089,348 |

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

CITY OF ASHEBORO, NORTH CAROLINA

Exhibit 8

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
 For the Year Ended June 30, 2011

| | <u>Water and Sewer Fund</u> |
|--|---------------------------------|
| Cash Flows From Operating Activities: | |
| Cash Received From Customers | \$ 11,777,304 |
| Cash Paid for Goods and Services | (4,410,649) |
| Cash Paid to Employees for Services | (4,598,915) |
| Customer Deposits Received | 34,831 |
| Other Operating Revenues | <u>557,339</u> |
| Net Cash Provided by Operating Activities | <u>3,359,910</u> |
| Cash Flows From Noncapital Financing Activities: | |
| Due to Other Funds | (199,612) |
| Transfers to Other Funds | <u>(731,994)</u> |
| Total Cash Flows From Noncapital Financing Activities | <u>(931,606)</u> |
| Cash Flows From Capital and Related Financing Activities: | |
| Acquisition of Capital Assets | (196,554) |
| Principal Paid on Bonds and Installment Purchase Agreements | (1,533,339) |
| Interest Paid on Bonds and Installment Purchase Agreements | <u>(366,772)</u> |
| Net Cash (Used) by Capital and Related Financing Activities | <u>(2,096,665)</u> |
| Cash Flows from Investing Activities: | |
| Interest Earned on Investments | <u>28,848</u> |
| Net Increase in Cash and Cash Equivalents | 360,487 |
| Cash and Cash Equivalents at Beginning of Year | <u>9,538,139</u> |
| Cash and Cash Equivalents at End of Year | <u>\$ 9,898,626</u> |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities: | |
| Operating Income | <u>\$ 1,711,901</u> |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | |
| Depreciation | 1,597,843 |
| Amortization of Deferred Loss on Refunding | 21,324 |
| Other Nonoperating Revenue | 174,634 |
| Changes in Assets and Liabilities: | |
| (Increase) in Accounts Receivable | (212,689) |
| (Increase) in Inventory | (73,361) |
| Increase in Accounts Payable and Accrued Liabilities | 13,021 |
| Increase in Customer Deposits | 34,831 |
| Increase in Accrued Compensated Absences | 21,061 |
| Increase in Other Postemployment Benefits | 69,847 |
| Increase in Deferred Revenues | <u>1,498</u> |
| Total Adjustments | <u>1,648,009</u> |
| Net Cash Provided by Operating Activities | <u>\$ 3,359,910</u> |

Noncash Investing, Capital, and Financing Activities:

The Water and Sewer Fund received donated water and sewer lines with a value of \$2,255,680 during the fiscal year.

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

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY.

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

City of Asheboro ABC Board.

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

B. BASIS OF PRESENTATION.

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities, with the exception of internal services provided and other charges between the City's water and sewer function and various other functions of the City. These statements distinguish between the *governmental* and *business-type* activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION. (Concluded)

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

The City reports the following major governmental funds:

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

The City reports the following non-major governmental funds:

The Asheboro Housing Development Special Revenue Fund. This fund accounts for grant funds and funds committed by the City council restricted for rehabilitation of housing for individuals deemed to be in economic need of financing.

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

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

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

The City reports the following major enterprise fund:

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

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING.

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

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

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

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

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

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Randolph County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City of Asheboro.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the City's vehicle taxes for vehicles registered in Randolph County from March 2010 through February 2011 apply to the fiscal year ended June 30, 2011. Uncollected taxes which were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues. Sales taxes and certain intergovernmental revenues, such as utilities franchise tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

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

D. **BUDGETARY DATA.**

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

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

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

1. **Deposits and Investments**

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

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Deposits and Investments (Concluded)

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

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

2. Cash and Cash Equivalents

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

3. Restricted Assets

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

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2010. As allowed by State law, the City has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

CITY OF ASHEBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

5. **Allowances for Doubtful Accounts**

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

6. **Inventory**

The inventories of the City and the ABC Board are valued at cost (first-in, first-out), which approximates market. The City's General Fund inventory consists of expendable supplies that are recorded as inventory when purchased and expended when consumed.

The inventories of the City's enterprise fund and those of the ABC Board consist of materials and supplies held for consumption. The cost of these inventories is recorded as an expense as the inventories are consumed.

7. **Capital Assets**

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

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

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

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

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Capital Assets (Concluded)

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

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

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

| | |
|------------------------|----------|
| Store Equipment | Various |
| Leasehold Improvements | 10 years |

8. Long-Term Obligations

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

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

9. Compensated Absences

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

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Compensated Absences (Concluded)

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

10. Net Assets/Fund Balances

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

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Net Assets/Fund Balances (Concluded)

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

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

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

Assigned Fund Balance – portion of fund balance that the City of Asheboro intends to use for specific purposes.

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

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

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. The net adjustment of \$20,595,867 consists of several elements as follows:

| Description | Amount |
|---|----------------------|
| Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column) | \$ 57,467,750 |
| Less Accumulated Depreciation | <u>(32,574,930)</u> |
| Net Capital Assets | 24,892,820 |
| | |
| Bond issuance costs are not financial resources and therefore are not reported in the fund statements | 3,704 |
| | |
| Liabilities for revenue earned but deferred and therefore recorded in the fund statements but not the government-wide statements | 706,567 |
| | |
| 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 | (1,452,527) |
| Accrued Interest Payable | (889) |
| Compensated Absences | (2,057,929) |
| Net Pension Obligation | (582,656) |
| Other Postemployment Benefits | <u>(913,223)</u> |
| | |
| Total Adjustment | <u>\$ 20,595,867</u> |

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balance includes reconciliation between net changes in fund balances – total governmental funds and changes in net assets – governmental activities as reported in the government-wide statement of activities. These are several elements of that total adjustment of (\$1,410,934) 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 | \$ 1,342,122 |
| Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements | (1,934,294) |
| New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it effects only the government-wide statement of net assets | (822,835) |
| 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 | 378,596 |
| 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) | (3,541) |
| Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources | (88,017) |
| Increase in net pension obligation | (117,501) |
| Other postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources | (219,617) |
| 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, 2010 | (518,599) |
| Recording of tax receipts deferred in the fund statements at June 30, 2011 | 542,712 |
| Reversal of deferred service revenues recorded at July 1, 2010 | (79,167) |
| Recording of service revenues deferred in the fund statements at June 30, 2011 | 82,058 |
| Change in deferral of notes receivable in Special Revenue Fund | (2,941) |
| Donated infrastructure (streets, sidewalks, and curb and guttering) | 30,090 |
| Total Adjustment | <u>(\$ 1,410,934)</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, 2011, the City's deposits had a carrying amount of \$15,973,839 and a bank balance of \$16,766,761. Of the bank balance, \$757,544 was covered by federal depository insurance and \$16,009,217 was covered by collateral held under the Pooling Method. At June 30, 2011, the City's petty cash fund totaled \$3,953. The carrying amount of deposits for the ABC Board was \$145,347 and the bank balance was \$136,359. All of the bank balance was covered by federal depository insurance. The ABC Board's petty cash fund totaled \$4,476.

2. Investments

At June 30, 2011, the City of Asheboro had \$1,951,690 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 | 6/30/2011 |
|------------------------------|-------------------|
| General Fund: | |
| Taxes Receivable | \$ 54,000 |
| Enterprise Fund: | |
| Customer Accounts Receivable | <u>75,000</u> |
| Total | <u>\$ 129,000</u> |

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. ASSETS. (Continued)

4. Capital Assets

Primary Government:

Capital asset activity for the primary government for the year ended June 30, 2011, was as follows:

| | <u>Beginning Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balances</u> |
|---|-------------------------------|---------------------|------------------|----------------------------|
| Governmental Activities: | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 3,817,298 | \$ - | \$ - | \$ 3,817,298 |
| Construction in Progress | 517,829 | 284,429 | - | 802,258 |
| Total Capital Assets Not Being Depreciated | <u>4,335,127</u> | <u>284,429</u> | <u>-</u> | <u>4,619,556</u> |
| Capital Assets Being Depreciated: | | | | |
| Land Improvements | 10,657,737 | 23,915 | - | 10,681,652 |
| Buildings | 11,393,750 | 61,497 | - | 11,455,247 |
| Street Construction | 15,533,270 | 15,000 | - | 15,548,270 |
| Computer Equipment | 648,392 | 84,391 | - | 732,783 |
| Equipment | 4,426,749 | 29,916 | - | 4,456,665 |
| Vehicles | 9,100,514 | 873,064 | - | 9,973,578 |
| Total Capital Assets Being Depreciated | <u>51,760,412</u> | <u>1,087,783</u> | <u>-</u> | <u>52,848,195</u> |
| Less Accumulated Depreciation For: | | | | |
| Land Improvements | 4,625,953 | 477,882 | - | 5,103,835 |
| Buildings | 5,793,618 | 233,228 | - | 6,026,846 |
| Street Construction | 8,557,537 | 541,130 | - | 9,098,667 |
| Computer Equipment | 408,374 | 30,429 | - | 438,803 |
| Equipment | 3,630,259 | 200,875 | - | 3,831,134 |
| Vehicles | 7,624,896 | 450,750 | - | 8,075,646 |
| Total Accumulated Depreciation | <u>30,640,637</u> | <u>\$ 1,934,294</u> | <u>\$ -</u> | <u>32,574,931</u> |
| Total Capital Assets Being Depreciated, Net | <u>21,119,775</u> | | | <u>20,273,264</u> |
| Governmental Activity Capital Assets, Net | <u>\$ 25,454,902</u> | | | <u>\$ 24,892,820</u> |

Depreciation expense was charged to functions/programs as follows:

| | |
|---------------------------|---------------------|
| General Government | \$ 30,911 |
| Public Safety | 291,518 |
| Transportation | 1,201,734 |
| Environmental | 151,745 |
| Cultural and Recreational | 231,026 |
| Economic Development | 27,360 |
| | <u>\$ 1,934,294</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 | \$ 2,800,674 | \$ 5,450 | \$ - | \$ 2,806,124 |
| Construction in Progress | 2,887,037 | 46,366 | 1,460,428 | 1,472,975 |
| Total Capital Assets Not Being Depreciated | 5,687,711 | 51,816 | 1,460,428 | 4,279,099 |
| Capital Assets Being Depreciated: | | | | |
| Land Improvements | 78,560 | - | - | 78,560 |
| Buildings | 30,397,373 | 76,000 | - | 30,473,373 |
| Plant and Distribution Systems | 37,863,224 | 3,634,659 | - | 41,497,883 |
| Computer Equipment | 84,394 | 1,794 | - | 86,188 |
| Equipment | 5,675,862 | 4,743 | - | 5,680,605 |
| Vehicles | 2,119,188 | 143,650 | - | 2,262,838 |
| Total Capital Assets Being Depreciated | 76,218,601 | 3,860,846 | - | 80,079,447 |
| Less Accumulated Depreciation For: | | | | |
| Land Improvements | 25,827 | 3,928 | - | 29,755 |
| Buildings | 13,224,918 | 568,386 | - | 13,793,304 |
| Plant and Distribution Systems | 16,228,843 | 690,674 | - | 16,919,517 |
| Computer Equipment | 83,194 | 807 | - | 84,001 |
| Equipment | 2,853,593 | 223,552 | - | 3,077,145 |
| Vehicles | 1,853,069 | 110,496 | - | 1,963,565 |
| Total Accumulated Depreciation | 34,269,444 | \$ 1,597,843 | \$ - | 35,867,287 |
| Total Capital Assets Being Depreciated, Net | 41,949,157 | | | 44,212,160 |
| Business-type Activities Capital Assets, Net | \$ 47,636,868 | | | \$ 48,491,259 |

Discretely Presented Component Unit:

Activity for the ABC Board for the year ended June 30, 2011, 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 | 160,162 | 7,803 | - | 167,965 |
| Total Capital Assets Being Depreciated | 160,782 | 7,803 | - | 168,585 |
| Less Accumulated Depreciation For: | | | | |
| Leasehold Improvements | 99 | 61 | - | 160 |
| Furniture and Equipment | 28,850 | 18,805 | - | 47,655 |
| Total Accumulated Depreciation | 28,949 | \$ 18,866 | \$ - | 47,815 |
| ABC Capital Assets, Net | \$ 131,833 | | | \$ 120,770 |

Construction Commitments

The City has active construction projects as of June 30, 2011. At year-end, the City's commitments with contractors are as follows:

| <u>Project</u> | <u>Spent to Date</u> | <u>Remaining Commitment</u> |
|--|--------------------------|---------------------------------|
| Dave's Mountain Water and Sewer System Project | \$ 384,740 | \$ 171,933 |
| Airport Runway Extension Phase III Project | 117,135 | 151,270 |
| | \$ 501,875 | \$ 323,203 |

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, 2011, were as follows:

| | Vendors | Salaries and Benefits | Other | Total |
|--------------------------------------|-------------------|--------------------------|--------------|-------------------|
| Governmental Activities: | | | | |
| General | \$ 355,173 | \$ -- | \$ -- | \$ 355,173 |
| Other Governmental | 375 | -- | -- | 375 |
| Total Governmental Activities | \$ 355,548 | \$ -- | \$ -- | \$ 355,548 |
| Business-type Activities: | | | | |
| Water and Sewer | \$ 157,611 | \$ -- | \$ -- | \$ 157,611 |

2. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System.

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

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.35% and 6.27%, 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, 2011, 2010, and 2009 were \$885,586, \$634,780, and \$612,592, 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, 2010, the Separation Allowance's membership consisted of:

| | |
|--|-----------|
| Retirees receiving benefits | 5 |
| Terminate plan members entitled to but not yet receiving benefits | 0 |
| Active plan members | <u>77</u> |
| Total | <u>82</u> |

(2) Summary of Significant Accounting Policies

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

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

(3) Contributions.

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

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

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

The annual required contribution for the current year was determined as part of the December 31, 2010 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.5% 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, 2010 was 20 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 | \$ 195,352 |
| Interest on Net Pension Obligations | 23,258 |
| Adjustment to Annual Required Contribution | <u>(24,903)</u> |
| Annual Pension Cost | 193,707 |
| Contributions Made | <u>76,206</u> |
| Increase (Decrease) in Net Pension Obligation | 117,501 |
| Net Pension Obligation, Beginning of Year | <u>465,155</u> |
| Net Pension Obligation, End of Year | <u>\$ 582,656</u> |

| Fiscal Year Ended | General Fund | | |
|-------------------------|---------------------------------|-------------------------------------|------------------------------|
| | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
| 6/30/09 | \$138,204 | 69.53% | \$ 408,295 |
| 6/30/10 | \$154,219 | 63.13% | \$ 465,155 |
| 6/30/11 | \$193,707 | 39.34% | \$ 582,656 |

(4) *Funding Status and Funding Progress.*

As of December 31, 2009, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$1,751,552. The covered payroll (annual payroll of active employees covered by the plan) was \$3,436,384, and the ratio of the UAAL to the covered payroll was 50.97 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, 2011, were \$337,201, which consisted of \$174,562 from the City and \$162,639 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, 2010, the date of the latest valuation:

| | <u>General Employees</u> | <u>Law Enforcement Officers</u> |
|--|------------------------------|-------------------------------------|
| Retirees and dependents receiving benefits | 38 | -- |
| Terminated plan members entitled to but not yet receiving benefits | -- | -- |
| Active plan members | 254 | 77 |
| Total | <u>292</u> | <u>77</u> |

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

The current ARC rate is 8.92% of annual covered payroll. For the current year, the City contributed \$949,689, or 6.9% of annual covered payroll. The City is self-insured. There were no contributions made by employees. The City's obligation to contribute to the HCB Plan is established and may be amended by the City Council.

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

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

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

d. Other Post-Employment Benefits. (Continued)

Healthcare Benefits (Continued)

| | |
|--|---------------------|
| Annual Required Contribution | \$ 1,237,556 |
| Interest on Net OPEB Obligation | 35,725 |
| Adjustment to Annual Required Contribution | <u>(34,129)</u> |
| Annual OPEB Cost (Expense) | 1,239,152 |
| Contributions Made | <u>(949,689)</u> |
| Increase (Decrease) in Net OPEB Obligation | 289,463 |
| Net OPEB Obligation, Beginning of Year | <u>893,131</u> |
| Net OPEB Obligation, End of Year | <u>\$ 1,182,594</u> |

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and 2011 were as follows:

| <u>For Year Ended</u> <u>June 30</u> | <u>Annual</u> <u>OPEB Cost</u> | <u>Percentage of Annual</u> <u>OPEB Cost Contributed</u> | <u>Net OPEB</u> <u>Obligation</u> |
|---|-----------------------------------|---|--------------------------------------|
| 2009 | \$ 1,000,842 | 65.65% | \$ 343,759 |
| 2010 | \$ 1,000,842 | 45.10% | \$ 893,131 |
| 2011 | \$ 1,239,152 | 76.64% | \$ 1,182,594 |

Funded Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$12,459,443. The covered payroll (annual payroll of active employees covered by the plan) was \$13,863,896, and the ratio of the UAAL to the covered payroll was 89.9 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

CITY OF ASHEBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.50 to 5.00 percent annually. The investment rate included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2010, was 30 years.

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

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

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

3. Other Employment Benefits

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

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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, 2011, the City made contributions to the State for death benefits of \$16,424. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .11% 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) | \$ -- | \$ 23,380 |
| Prepaid Privilege Licenses (General) | -- | 90,068 |
| Prepaid Vice Narcotics (General) | -- | 22,792 |
| Prepaid US Treasury/Justice (General) | -- | 227,056 |
| Prepaid Golf Memberships (General) | -- | 21,519 |
| Other Collections (General) | -- | 3,968 |
| Taxes Receivable, Net (General) | 542,712 | -- |
| Garbage Collections Receivable (General) | 82,058 | -- |
| Note Receivable (General) | 60,500 | -- |
| Notes Receivable (Special Revenue) | 21,297 | -- |
| Total | <u>\$ 706,567</u> | <u>\$ 388,783</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, 2011, the City was a defendant to various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

7. Long-Term Obligations

a. Installment Purchases.

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

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

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, 2011, are as follows:

| <u>Year Ending June 30</u> | <u>Governmental Activities</u> | |
|----------------------------|--------------------------------|-----------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2012 | \$ 223,474 | \$ 42,629 |
| 2013 | 232,671 | 33,431 |
| 2014 | 242,222 | 23,880 |
| 2015 | 252,193 | 13,908 |
| 2016 | 193,746 | 3,628 |
| Totals | \$ 1,144,306 | \$ 117,476 |

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, 2011, 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, 2011, proceeds received from this loan amounted to \$4,987,267. The promissory note requires annual payments of \$249,363, plus interest.

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

| <u>Year Ending June 30</u> | <u>Business-type Activities</u> | |
|----------------------------|---------------------------------|-----------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2012 | \$ 622,513 | \$ 209,913 |
| 2013 | 626,472 | 199,591 |
| 2014 | 626,472 | 181,002 |
| 2015 | 626,472 | 162,413 |
| 2016 | 626,472 | 143,824 |
| 2017 – 2021 | 2,132,360 | 491,732 |
| 2022 – 2026 | 1,703,780 | 232,803 |
| 2027 – 2031 | 748,090 | 39,798 |
| Totals | \$ 7,712,631 | \$ 1,661,076 |

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, 2011, 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 \$49,892 and the bond premium of \$14,541. | <u>\$ 2,879,649</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> |
| 2012 | \$ 107,569 | \$ 10,920 | \$ 897,431 | \$ 91,105 |
| 2013 | 104,893 | 7,155 | 875,107 | 59,695 |
| 2014 | 92,049 | 3,484 | 767,951 | 29,066 |
| 2015 | 7,492 | 262 | 62,508 | 2,188 |
| Total | <u>\$ 312,003</u> | <u>\$ 21,821</u> | <u>\$ 2,602,997</u> | <u>\$ 182,054</u> |

At June 30, 2011 the City's legal debt margin is \$ 169,127,424.

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, 2010 | Increases | Decreases | Balance June 30, 2011 | Current Portion of Balance |
|--|-------------------------|---------------------|---------------------|--------------------------|----------------------------------|
| Governmental Activities: | | | | | |
| General Obligation | | | | | |
| Bonds | \$ 421,177 | \$ -- | \$ 109,174 | \$ 312,003 | \$ 107,569 |
| Deferred Loss on Refunding | (8,947) | (--) | (3,607) | (5,340) | (2,672) |
| Unamortized Debt Premium | 2,608 | -- | 1,052 | 1,556 | 778 |
| Total General Obligation | | | | | |
| Bonds | 414,838 | -- | 106,619 | 308,219 | 105,675 |
| Installment Purchases | 590,892 | 822,835 | 269,421 | 1,144,306 | 223,474 |
| Compensated Absences | 1,969,912 | 891,937 | 803,920 | 2,057,929 | 803,920 |
| Other Postemployment Benefits | 693,608 | 219,617 | -- | 913,225 | -- |
| Net Pension Obligation | 465,155 | 117,501 | -- | 582,656 | -- |
| Governmental Activity Long-term Liabilities | \$ 4,134,405 | \$ 2,051,890 | \$ 1,179,960 | \$ 5,006,335 | \$1,133,069 |

| | Balance July 1, 2010 | Increases | Decreases | Balance June 30, 2011 | Current Portion of Balance |
|---|-------------------------|-------------------|---------------------|--------------------------|----------------------------------|
| Business-type Activities: | | | | | |
| General Obligation | | | | | |
| Bonds | \$ 3,513,823 | \$ -- | \$ 910,826 | \$ 2,602,997 | \$ 897,431 |
| Deferred Loss on Refunding | (74,648) | (--) | (30,096) | (44,552) | (22,295) |
| Unamortized Debt Premium | 21,757 | -- | 8,772 | 12,985 | 6,498 |
| Total General Obligation | | | | | |
| Bonds | 3,460,932 | -- | 889,502 | 2,571,430 | 881,634 |
| Notes Payable | 8,335,143 | -- | 622,512 | 7,712,631 | 622,513 |
| Compensated Absences | 315,702 | 161,988 | 140,925 | 336,765 | 140,925 |
| Other Postemployment Benefits | 199,524 | 69,846 | -- | 269,370 | -- |
| Business-type Activity Long-term Liabilities | \$ 12,311,301 | \$ 231,834 | \$ 1,652,939 | \$ 10,890,196 | \$1,645,072 |

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, 2011, 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. | \$ 16,700 |
| From the General Fund to the Sunset Theater Capital Project Fund for expenditures related to renovation of the Sunset Theater. | 22,500 |
| From the General Fund to the Economic Development Fund for economic incentive for local business. | 10,975 |
| From the General Fund to Asheboro Housing Development Fund for expenditures related to economic and physical development. | 410,000 |
| From the General Fund to the Zoo City Park Capital Project Fund for expenditures related to recreational expansion. | 50,000 |
| From the NCDOT Water and Sewer Systems Improvements Fund to the General Fund to return excess funds in project fund. | 31,994 |
| From the Water and Sewer Fund to the Economic Development Fund for economic incentive for local businesses. | 700,000 |
| From the Water and Sewer Fund to the Water and Sewer Systems Improvements Project Fund for expenditures related to water and sewer expansion. | 400,000 |
| Total | <u>\$ 1,642,169</u> |

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

C. INTERFUND BALANCES AND ACTIVITY. (Concluded)

2. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2011, 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. | 522,808 |
| | | <u>\$ 822,808</u> |

D. REVENUES, EXPENDITURES AND EXPENSES.

On-Behalf of Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2011, the City of Asheboro has recognized on-behalf of payments for pension contributions made by the State as a revenue and expenditure of \$5,015 for fifteen employed firemen who perform firefighting duties for the City's fire department. The employees elected to be members of the Firemen and Rescue Squad Worker's Pension Fund, a cost-sharing, multiple-employer public employee retirement system established and administered by the State of North Carolina. The Plan is funded by a \$10 monthly contribution paid by each member, investment income, and a State appropriation.

E. FUND BALANCE.

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

| | |
|---|---------------------|
| <u>Total Fund Balance – General Fund</u> | <u>\$ 9,230,664</u> |
| Less: | |
| Long-term receivables | 777,159 |
| Inventories | 472,896 |
| Streets – Powell Bill | 1,305,412 |
| Stabilization by State Statute | 2,285,052 |
| <u>Appropriated fund Balance in 2012 budget</u> | <u>224,428</u> |
| Remaining Fund balance | <u>\$ 4,165,717</u> |

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Concluded)

E. FUND BALANCE. (Concluded)

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

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

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, 2011, 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, 2011. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at Post Office Box 188, Farmville, NC 27828.

IV. JOINTLY GOVERNED ORGANIZATION

The City, in conjunction with seven counties and thirty nine other municipalities, established the Piedmont Triad Council of Governments (Council). The participating governments established the Council to coordinate various funding received from Federal and State agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of \$5,214 to the Council during the fiscal year ended June 30, 2011.

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.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

VI. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

FEDERAL AND STATE ASSISTED PROGRAMS

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

**CITY OF ASHEBORO
NORTH CAROLINA**

Required Supplemental Financial Data

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

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

CITY OF ASHEBORO, NORTH CAROLINA

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

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets (a)</u> | <u>Actuarial Accrued Liability (AAL) Projected Unit Credit (b)</u> | <u>Unfunded AAL (UAAL) (b - a)</u> | <u>Funded Ratio (a/b)</u> | <u>Covered Payroll (c)</u> | <u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u> |
|---|--|--|--|-----------------------------------|------------------------------------|--|
| 12/31/01 | - | \$ 806,743 | \$ 806,743 | - | \$ 2,158,301 | 37.38% |
| 12/31/02 | - | \$ 854,881 | \$ 854,881 | - | \$ 2,205,679 | 38.76% |
| 12/31/03 | - | \$ 937,315 | \$ 937,315 | - | \$ 2,181,296 | 42.97% |
| 12/31/04 | - | \$ 985,500 | \$ 985,500 | - | \$ 2,343,974 | 42.04% |
| 12/31/05 | - | \$ 954,667 | \$ 954,667 | - | \$ 2,639,975 | 36.16% |
| 12/31/06 | - | \$ 1,027,622 | \$ 1,027,622 | - | \$ 2,825,320 | 36.37% |
| 12/31/07 | - | \$ 1,214,083 | \$ 1,214,083 | - | \$ 3,094,126 | 39.24% |
| 12/31/08 | - | \$ 1,453,990 | \$ 1,453,990 | - | \$ 3,177,527 | 45.76% |
| 12/31/09 | - | \$ 1,955,394 | \$ 1,955,394 | - | \$ 3,358,348 | 58.22% |
| 12/31/10 | - | \$ 1,751,552 | \$ 1,751,552 | - | \$ 3,436,384 | 50.97% |

CITY OF ASHEBORO, NORTH CAROLINA

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

| <u>Year Ended June 30,</u> | <u>Annual Required Contribution</u> | <u>Percentage Contributed</u> |
|--------------------------------|---|-----------------------------------|
| 2002 | \$ 75,592 | 74.70% |
| 2003 | \$ 84,213 | 75.20% |
| 2004 | \$ 91,005 | 98.50% |
| 2005 | \$ 97,999 | 91.00% |
| 2006 | \$ 106,740 | 57.90% |
| 2007 | \$ 105,636 | 61.08% |
| 2008 | \$ 115,430 | 65.00% |
| 2009 | \$ 134,043 | 71.70% |
| 2010 | \$ 150,338 | 64.76% |
| 2011 | \$ 195,352 | 39.00% |

Notes to the Required Schedules:

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

| | |
|-------------------------------|-----------------------------|
| Valuation Date | 12/31/2010 |
| Actuarial Cost Method | Projected Unit Credit |
| Amortization Method | Level Percent of Pay Closed |
| Remaining Amortization Period | 20 Years |
| Asset Valuation Method | Market Value |
| Actuarial Assumptions: | |
| Investment Rate of Return | 5.00% |
| Projected Salary Increases* | From 4.25% to 7.85% |
| *Includes Inflation at | 3.00% |
| Cost-of-Living Adjustments | None |

CITY OF ASHEBORO, NORTH CAROLINA

OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets (a)</u> | <u>Actuarial Accrued Liability (AAL) Projected Unit Credit (b)</u> | <u>Unfunded AAL (UAAL) (b - a)</u> | <u>Funded Ratio (a/b)</u> | <u>Covered Payroll (c)</u> | <u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u> |
|---|--|--|--|-----------------------------------|------------------------------------|--|
| 12/31/07 | - | \$ 10,173,395 | \$ 10,173,395 | - | \$ 11,625,500 | 87.50% |
| 12/31/10 | - | \$ 12,459,443 | \$ 12,459,443 | - | \$ 13,863,896 | 89.90% |

CITY OF ASHEBORO, NORTH CAROLINA

OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

| <u>Year Ended June 30,</u> | <u>Annual Required Contribution</u> | <u>Percentage Contributed</u> |
|--------------------------------|---|-----------------------------------|
| 2009 | \$ 1,000,842 | 65.65% |
| 2010 | \$ 1,000,842 | 45.10% |
| 2011 | \$ 1,237,556 | 76.64% |

Notes to the Required Schedules:

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

| | |
|-------------------------------|---------------------------|
| Valuation Date | 12/31/2010 |
| Actuarial Cost Method | Projected Unit Credit |
| Amortization Method | Level Percent of Pay Open |
| Remaining Amortization Period | 30 Years |
| Asset Valuation Method | Market Value |
| Actuarial Assumptions: | |
| Investment Rate of Return * | 4.00% |
| Medical Cost Trend | 10.50% - 5.00% |
| *Includes Inflation at | 3.00% |
| Cost-of-Living Adjustments | None |

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**CITY OF ASHEBORO
NORTH CAROLINA**

General Fund

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

CITY OF ASHEBORO, NORTH CAROLINA
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2011

Revenues:

Ad Valorem Taxes:
Current Year
Prior Years
Penalties and Interest

Total

Other Taxes and Licenses:

Gross Receipts Tax on Short-Term Rental Property
Animal Tax
Privilege Licenses

Total

Intergovernmental Revenues:

Unrestricted:
Local Option Sales Tax
Utilities Franchise Tax
Hold Harmless
Court Fees
Beer and Wine Tax
ABC Profit Distribution
Payment in Lieu of Taxes

Total

Restricted:

State Street Aid Allocation
Local Fire Protection and Training
On-Behalf of Payments - Fire and Rescue
Other
FEMA - SAFER Grant
Solid Waste Disposal
ABC Revenue for Law Enforcement
Vice and Narcotics Allocation
U.S. Treasury/Justice Allocation

Total

| 2011 | | |
|---------------|---------------|------------------------------------|
| Budget | Actual | Variance Positive (Negative) |
| \$ 11,200,000 | \$ 11,571,829 | \$ 371,829 |
| 178,000 | 269,173 | 91,173 |
| 41,500 | 82,683 | 41,183 |
| 11,419,500 | 11,923,685 | 504,185 |
| 20,000 | 23,451 | 3,451 |
| 500 | 725 | 225 |
| 325,000 | 303,089 | (21,911) |
| 345,500 | 327,265 | (18,235) |
| 2,870,000 | 2,926,393 | 56,393 |
| 1,920,000 | 2,148,736 | 228,736 |
| 1,037,000 | 1,266,005 | 229,005 |
| 23,000 | 19,238 | (3,762) |
| 72,000 | 112,406 | 40,406 |
| 71,000 | 105,000 | 34,000 |
| 7,400 | 21,182 | 13,782 |
| 6,000,400 | 6,598,960 | 598,560 |
| 636,000 | 648,593 | 12,593 |
| 880 | 883 | 3 |
| - | 5,015 | 5,015 |
| 3,000 | 70,651 | 67,651 |
| 89,584 | 139,834 | 50,250 |
| 9,200 | 17,288 | 8,088 |
| - | 9,115 | 9,115 |
| 50,000 | - | (50,000) |
| 50,000 | 105,789 | 55,789 |
| \$ 838,664 | \$ 997,168 | \$ 158,504 |

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, 2011

Revenues (Concluded):

Permits and Fees:

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

Total

Sales and Services:

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

Total

Investment Earnings

Miscellaneous:

- Sales of Material and Services
- Reimbursements
- Other

Total

Total Revenues

Expenditures:

General Government:

Governing Body:

- Salaries and Employee Benefits
- Other Operating Expenditures

Total

| 2011 | | |
|------------|------------|------------------------------------|
| Budget | Actual | Variance Positive (Negative) |
| \$ 110,320 | \$ 101,063 | \$ (9,257) |
| 205,000 | 29,578 | (175,422) |
| 21,000 | 24,050 | 3,050 |
| 20 | 15 | (5) |
| 336,340 | 154,706 | (181,634) |
| 82,750 | 74,585 | (8,165) |
| 2,500 | 2,200 | (300) |
| 396,415 | 359,623 | (36,792) |
| 1,197,358 | 973,779 | (223,579) |
| 9,000 | 14,908 | 5,908 |
| 21,000 | 20,577 | (423) |
| 5,500 | 5,728 | 228 |
| 1,714,523 | 1,451,400 | (263,123) |
| 80,000 | 38,702 | (41,298) |
| 3,000 | 12,019 | 9,019 |
| 208,000 | 227,862 | 19,862 |
| 120,700 | 163,813 | 43,113 |
| 331,700 | 403,694 | 71,994 |
| 21,066,627 | 21,895,580 | 828,953 |
| | 96,003 | |
| | 57,063 | |
| \$ 153,066 | \$ 153,066 | \$ - |

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, 2011

Expenditures (Continued):

General Government (Continued):

Administration:

Salaries and Employee Benefits
Operating Expenditures

Total

Information Technology:

Salaries and Employee Benefits
Operating Expenditures

Total

Finance:

Salaries and Employee Benefits
Operating Expenditures

Total

Public Buildings:

Operating Expenditures

Tax Collections:

Tax Collection Fee - Randolph County
Tax Refunds

Total

Legal Services:

Salaries and Employee Benefits
Operating Expenditures

Total

| 2011 | | |
|-------------------|----------------------|------------------------------------|
| Budget | Actual | Variance Positive (Negative) |
| \$ | \$ 129,469 39,323 | \$ |
| <u>169,191</u> | <u>168,792</u> | <u>399</u> |
| | 78,651 76,820 | |
| <u>156,391</u> | <u>155,471</u> | <u>920</u> |
| | 183,712 65,409 | |
| <u>254,860</u> | <u>249,121</u> | <u>5,739</u> |
| <u>112,080</u> | <u>111,803</u> | <u>277</u> |
| | 150,911 10,092 | |
| <u>171,500</u> | <u>161,003</u> | <u>10,497</u> |
| | 121,600 22,982 | |
| <u>\$ 148,171</u> | <u>\$ 144,582</u> | <u>\$ 3,589</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, 2011

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
Capital Outlay

Total

Total General Government

Public Safety:

Police:

Salaries and Employee Benefits
Operating Expenditures
Capital Outlay

Total

Fire:

Salaries and Employee Benefits
Operating Expenditures
Capital Outlay

Total

| 2011 | | |
|---------------------|-----------------------------------|------------------------------------|
| Budget | Actual | Variance Positive (Negative) |
| \$ | \$ 490,037 66,172 | \$ |
| <u>559,238</u> | <u>556,209</u> | <u>3,029</u> |
| | 763,051 279,155 22,772 | |
| <u>1,103,378</u> | <u>1,064,978</u> | <u>38,400</u> |
| | 168,658 280,954 4,364 | |
| <u>457,084</u> | <u>453,976</u> | <u>3,108</u> |
| <u>3,284,959</u> | <u>3,219,001</u> | <u>65,958</u> |
| | 5,073,648 1,079,438 328,703 | |
| <u>6,525,067</u> | <u>6,481,789</u> | <u>43,278</u> |
| | 2,927,047 395,554 26,452 | |
| <u>\$ 3,392,801</u> | <u>\$ 3,349,053</u> | <u>\$ 43,748</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, 2011

Expenditures (Continued):

Public Safety (Concluded):

Inspections:

Salaries and Employee Benefits

Operating Expenditures

Total

Total Public Safety

Transportation:

Operations:

Salaries and Employee Benefits

Operating Expenditures

Capital Outlay

Total

Street and Highways:

Salaries and Employee Benefits

Operating Expenditures

Capital Outlay

Total

City Engineer Office:

Salaries and Employee Benefits

Operating Expenditures

Total

Airport Authority:

Operating Expenditures

Total Transportation

| 2011 | | |
|--------------|--------------|------------------------------------|
| Budget | Actual | Variance Positive (Negative) |
| \$ | \$ 438,075 | \$ |
| | 19,808 | |
| 466,982 | 457,883 | 9,099 |
| 10,384,850 | 10,288,725 | 96,125 |
| | 475,280 | |
| | 230,847 | |
| | 21,400 | |
| 727,756 | 727,527 | 229 |
| | 986,853 | |
| | 1,235,068 | |
| | 3,998 | |
| 2,253,490 | 2,225,919 | 27,571 |
| | 157,276 | |
| | 40,326 | |
| 205,372 | 197,602 | 7,770 |
| 48,650 | 45,983 | 2,667 |
| \$ 3,235,268 | \$ 3,197,031 | \$ 38,237 |

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, 2011

Expenditures (Continued):

Environmental Protection:

Sanitation:

Salaries and Employee Benefits
Operating Expenditures
Capital Outlay

Total

Recycling Transfer Station:

Salaries and Employee Benefits
Operating Expenditures

Total

Total Environmental Protection

Cultural and Recreational:

Recreation:

Salaries and Employee Benefits
Operating Expenditures
Capital Outlay

Total

Grounds Maintenance:

Salaries and Employee Benefits
Operating Expenditures
Capital Outlay

Total

Golf Course:

Salaries and Employee Benefits
Operating Expenditures

Total

Arts and Cultural Services:

Salaries and Employee Benefits
Operating Expenditures

Total

| 2011 | | |
|-------------------|-------------------|---|
| <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
| \$ | \$ 797,261 | \$ |
| | 1,213,992 | |
| | 484,026 | |
| <u>2,515,724</u> | <u>2,495,279</u> | <u>20,445</u> |
| | 50,199 | |
| | 37,298 | |
| <u>89,565</u> | <u>87,497</u> | <u>2,068</u> |
| <u>2,605,289</u> | <u>2,582,776</u> | <u>22,513</u> |
| | 513,428 | |
| | 447,273 | |
| | 134,187 | |
| <u>1,129,574</u> | <u>1,094,888</u> | <u>34,686</u> |
| | 1,202,732 | |
| | 319,958 | |
| | 89,802 | |
| <u>1,616,504</u> | <u>1,612,492</u> | <u>4,012</u> |
| | 114,751 | |
| | 59,740 | |
| <u>174,491</u> | <u>174,491</u> | <u>-</u> |
| | 76,034 | |
| | 158,772 | |
| <u>\$ 235,561</u> | <u>\$ 234,806</u> | <u>\$ 755</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, 2011

Expenditures (Concluded):

Cultural and Recreational (Concluded):

Library:

Operating Expenditures

Capital Outlay

Total

Total Cultural and Recreational

Economic and Physical Development:

Community Promotion:

Operating Expenditures

Debt Service:

Principal Retirement

Interest and Fees

Total Debt Service

Total Expenditures

Revenues Over (Under) Expenditures

Other Financing Sources (Uses):

Transfers From Other Funds:

From NCDOT Water and Sewer Systems Improvements Fund

Transfers to Other Funds:

To Airport Runway Extension Phase III Capital Project Fund

To Zoo City Park Capital Project Fund

To Asheboro Housing Development Fund

To Economic Development Fund

To Sunset Theater Project Fund

Installment Purchase Obligations Issued

Total Other Financing Sources (Uses)

Appropriated Fund Balance

Net Change in Fund Balance

Fund Balance:

Beginning of Year, July 1

End of Year, June 30

| 2011 | | |
|-------------|--------------|------------------------------------|
| Budget | Actual | Variance Positive (Negative) |
| \$ | \$ 78,520 | \$ |
| | 53,944 | |
| 132,800 | 132,464 | 336 |
| 3,288,930 | 3,249,141 | 39,789 |
| 82,950 | 80,559 | 2,391 |
| | 378,596 | |
| | 44,256 | |
| 430,802 | 422,852 | 7,950 |
| 23,313,048 | 23,040,085 | 272,963 |
| (2,246,421) | (1,144,505) | 1,101,916 |
| - | 31,994 | 31,994 |
| (16,700) | (16,700) | - |
| (50,000) | (50,000) | - |
| (410,000) | (410,000) | - |
| (10,975) | (10,975) | - |
| (22,500) | (22,500) | - |
| 819,600 | 822,835 | 3,235 |
| 309,425 | 344,654 | 35,229 |
| 1,936,996 | - | (1,936,996) |
| \$ - | (799,851) | \$ (799,851) |
| | 10,030,515 | |
| | \$ 9,230,664 | |

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**CITY OF ASHEBORO,
NORTH CAROLINA**

Combining Statements for Nonmajor Funds

Special Revenue Funds:

The Asheboro Housing Development Special Revenue Fund. This fund accounts for grant funds and funds committed by the City Council restricted for rehabilitation of housing for individuals deemed to be in economic need of financing.

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

Capital Project Funds:

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

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

CITY OF ASHEBORO, NORTH CAROLINA
COMBINING BALANCE SHEET

Schedule 2

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2011

| | Special Revenue Funds | | Total Nonmajor Special Revenue Funds | Capital Project Funds | | | Total Nonmajor Governmental Funds |
|--|------------------------------------|---------------------------------|---|-----------------------------------|--|----------------------------------|--|
| | Asheboro Housing Development | Economic Development Fund | | Sunset Theater Project Fund | Airport Runway Extension Phase III Project Fund | Zoo City Park Project Fund | |
| Assets: | | | | | | | |
| Current Assets: | | | | | | | |
| Cash and Cash Equivalents | \$ 565,582 | \$ 133,031 | \$ 698,613 | \$ - | \$ - | \$ 8,298 | \$ 706,911 |
| Restricted Cash | - | - | - | 526,067 | 327,218 | - | 853,285 |
| Accounts Receivable | 21,297 | - | 21,297 | 9,917 | - | - | 31,214 |
| Due From Other Governments | - | - | - | - | 108,317 | - | 108,317 |
| Total Assets | \$ 586,879 | \$ 133,031 | \$ 719,910 | \$ 535,984 | \$ 435,535 | \$ 8,298 | \$ 1,699,727 |
| Liabilities and Fund Balances: | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts Payable and Accrued Liabilities | \$ - | \$ - | \$ - | \$ - | \$ 375 | \$ - | \$ 375 |
| Due to Other Funds | - | - | - | - | 350,000 | - | 350,000 |
| Deferred Revenues | 21,297 | - | 21,297 | - | - | - | 21,297 |
| Total Liabilities | 21,297 | - | 21,297 | - | 350,375 | - | 371,672 |
| Fund Balances: | | | | | | | |
| Restricted: | | | | | | | |
| Stabilization by State Statute | - | - | - | 9,917 | - | - | 9,917 |
| Capital Projects | - | - | - | 526,067 | 85,160 | - | 611,227 |
| Committed: | | | | | | | |
| Capital Projects | - | - | - | - | - | 8,298 | 8,298 |
| Economic and Physical Development | 565,582 | 133,031 | 698,613 | - | - | - | 698,613 |
| Total Fund Balances | 565,582 | 133,031 | 698,613 | 535,984 | 85,160 | 8,298 | 1,328,055 |
| Total Liabilities and Fund Balances | \$ 586,879 | \$ 133,031 | \$ 719,910 | \$ 535,984 | \$ 435,535 | \$ 8,298 | \$ 1,699,727 |

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

Schedule 3

NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

| | Special Revenue Funds | | Total Nonmajor Special Revenue Funds | Capital Project Funds | | | Total Nonmajor Capital Project Funds | Total Nonmajor Governmental Funds |
|---|------------------------------------|---------------------------------|---|-----------------------------------|--|----------------------------------|---|--|
| | Asheboro Housing Development | Economic Development Fund | | Sunset Theater Project Fund | Airport Runway Extension Phase III Project Fund | Zoo City Park Project Fund | | |
| Revenues: | | | | | | | | |
| Intergovernmental | \$ - | \$ 10,975 | \$ 10,975 | \$ - | \$ 100,542 | \$ - | \$ 100,542 | \$ 111,517 |
| Other | - | 40,000 | 40,000 | 377,871 | - | - | 377,871 | 417,871 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Incidental | 3,077 | - | 3,077 | - | - | - | - | 3,077 |
| Total Revenues | <u>3,077</u> | <u>50,975</u> | <u>54,052</u> | <u>377,871</u> | <u>100,542</u> | <u>-</u> | <u>478,413</u> | <u>532,465</u> |
| Expenditures: | | | | | | | | |
| Administrative and Physical Development | 41 | 739,535 | 739,576 | - | - | - | - | 739,576 |
| Capital Outlay | - | - | - | 61,054 | 111,419 | 50,000 | 222,473 | 222,473 |
| Total Expenditures | <u>41</u> | <u>739,535</u> | <u>739,576</u> | <u>61,054</u> | <u>111,419</u> | <u>50,000</u> | <u>222,473</u> | <u>962,049</u> |
| Revenues Over (Under) Expenditures | <u>3,036</u> | <u>(688,560)</u> | <u>(685,524)</u> | <u>316,817</u> | <u>(10,877)</u> | <u>(50,000)</u> | <u>255,940</u> | <u>(429,584)</u> |
| Financing Sources (Uses): | | | | | | | | |
| Transfers From Other Funds: | | | | | | | | |
| General Fund | 410,000 | 10,975 | 420,975 | 22,500 | 16,700 | 50,000 | 89,200 | 510,175 |
| Water and Sewer Fund | - | 700,000 | 700,000 | - | - | - | - | 700,000 |
| Total Other Financing Sources | <u>410,000</u> | <u>710,975</u> | <u>1,120,975</u> | <u>22,500</u> | <u>16,700</u> | <u>50,000</u> | <u>89,200</u> | <u>1,210,175</u> |
| Change in Fund Balances | <u>413,036</u> | <u>22,415</u> | <u>435,451</u> | <u>339,317</u> | <u>5,823</u> | <u>-</u> | <u>345,140</u> | <u>780,591</u> |
| Beginning Balances: | | | | | | | | |
| Beginning of Year, July 1 | 152,546 | 110,616 | 263,162 | 196,667 | 79,337 | 8,298 | 284,302 | 547,464 |
| Year Ending, June 30 | <u>\$ 565,582</u> | <u>\$ 133,031</u> | <u>\$ 698,613</u> | <u>\$ 535,984</u> | <u>\$ 85,160</u> | <u>\$ 8,298</u> | <u>\$ 629,442</u> | <u>\$ 1,328,055</u> |

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

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2011

Revenues:

Restricted Intergovernmental Revenues:

HOME Program Grant

Miscellaneous:

Program Income - Repayments

Total Revenues

Expenditures:

Economic and Physical Development:

Mill Lofts Rehabilitation

Original Programs:

Down Payment Assistance

Owner Occupied Rehabilitation

Investor Owned Rehabilitation

Administration

Revolving Loans:

Down Payment Assistance

Owner Occupied Rehabilitation

Investor Owned Rehabilitation

Down Payment/Closing Cost

Administration - Down Payment

Fiscal Agent Fees

Total Expenditures

Revenues Over (Under) Expenditures

Other Financing (Uses):

Transfers From Other Funds:

General Fund

Transfers to Other Funds:

Downtown Farmer's Market Project Fund

Total Other Financing Sources (Uses)

Net Change in Fund Balance

Fund Balance:

Beginning of Year, July 1

End of Year, June 30

| Project Authorization | Prior Years | Actual Current Year | Total To Date |
|--------------------------|-------------------|---------------------------|-------------------|
| \$ 375,000 | \$ 375,000 | \$ - | \$ 375,000 |
| <u>340,767</u> | <u>338,671</u> | <u>3,077</u> | <u>341,748</u> |
| <u>715,767</u> | <u>713,671</u> | <u>3,077</u> | <u>716,748</u> |
| 560,000 | - | - | - |
| 69,750 | 69,750 | - | 69,750 |
| 186,000 | 186,000 | - | 186,000 |
| 93,000 | 93,000 | - | 93,000 |
| 27,248 | 27,245 | - | 27,245 |
| 11,152 | 11,152 | - | 11,152 |
| 103,127 | 99,508 | - | 99,508 |
| 26,337 | 26,336 | - | 26,336 |
| 7,608 | 7,608 | - | 7,608 |
| 2,621 | 2,620 | - | 2,620 |
| <u>10,924</u> | <u>9,906</u> | <u>41</u> | <u>9,947</u> |
| <u>1,097,767</u> | <u>533,125</u> | <u>41</u> | <u>533,166</u> |
| <u>(382,000)</u> | <u>180,546</u> | <u>3,036</u> | <u>183,582</u> |
| 410,000 | - | 410,000 | 410,000 |
| <u>(28,000)</u> | <u>(28,000)</u> | <u>-</u> | <u>(28,000)</u> |
| <u>382,000</u> | <u>(28,000)</u> | <u>410,000</u> | <u>382,000</u> |
| <u>\$ -</u> | <u>\$ 152,546</u> | <u>413,036</u> | <u>\$ 565,582</u> |
| | | <u>152,546</u> | |
| | | <u>\$ 565,582</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, 2011

Revenues:

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

Total Revenues

Expenditures:

Economic and Physical Development:
 Energizer/Everready
 Unilever/Bestfoods
 Technimark
 Starpet
 N.C. Zoological Society
 N.C. Zoo Feasibility Study
 Malt-O-Meal
 Randolph Hospital
 Hospice of Randolph County
 Chamber of Commerce
 Economic Development Corporation
 Piedmont Traid Partnership
 Premiere Fibers
 Allen Industries
 Kennametal

Total Expenditures

Revenues (Under) Expenditures

Other Financing Sources:

Transfers From Other Funds:
 General Fund
 Water and Sewer Fund

Total Other Financing Sources

Net Change in Fund Balance

Fund Balance:

Beginning of Year, July 1

End of Year, June 30

| Project Authorization | Actual | | |
|--------------------------|--------------------|-------------------|--------------------|
| | Prior Years | Current Year | Total To Date |
| \$ - | \$ 175,000 | \$ - | \$ 175,000 |
| 154,360 | - | - | - |
| 130,095 | - | - | - |
| 10,975 | - | 10,975 | 10,975 |
| 75,000 | 75,000 | - | 75,000 |
| 140,000 | - | - | - |
| 40,000 | - | 40,000 | 40,000 |
| <u>550,430</u> | <u>250,000</u> | <u>50,975</u> | <u>300,975</u> |
| 375,000 | - | - | - |
| 125,000 | 125,000 | - | 125,000 |
| 319,400 | 319,400 | - | 319,400 |
| 325,000 | 325,000 | - | 325,000 |
| 100,000 | 100,000 | - | 100,000 |
| 25,000 | 25,000 | - | 25,000 |
| 3,455,000 | 562,500 | 375,000 | 937,500 |
| 500,000 | 300,000 | 200,000 | 500,000 |
| 125,000 | 75,000 | 50,000 | 125,000 |
| 35,000 | - | 15,000 | 15,000 |
| 76,000 | - | 38,000 | 38,000 |
| 3,500 | - | 1,000 | 1,000 |
| 40,000 | - | 40,000 | 40,000 |
| 446,405 | - | 20,535 | 20,535 |
| 185,000 | - | - | - |
| <u>6,135,305</u> | <u>1,831,900</u> | <u>739,535</u> | <u>2,571,435</u> |
| <u>(5,584,875)</u> | <u>(1,581,900)</u> | <u>(688,560)</u> | <u>(2,270,460)</u> |
| 4,790,975 | 1,669,166 | 10,975 | 1,680,141 |
| 793,900 | 23,350 | 700,000 | 723,350 |
| <u>5,584,875</u> | <u>1,692,516</u> | <u>710,975</u> | <u>2,403,491</u> |
| <u>\$ -</u> | <u>\$ 110,616</u> | <u>22,415</u> | <u>\$ 133,031</u> |
| | | <u>110,616</u> | |
| | | <u>\$ 133,031</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, 2011

Revenues:

Timken Foundation Contribution
Investment Earnings
Contributions

Total Revenues

Expenditures:

Capital Outlay:
Professional Services
Roof Replacement
Facade Renovations
Miscellaneous

Total Expenditures

Revenues Over (Under) Expenditures

Other Financing Sources:

Transfers From Other Funds:
General Fund

Net Change in Fund Balance

Fund Balance:

Beginning of Year, July 1

End of Year, June 30

| Project Authorization | Prior Years | Actual Current Year | Total To Date |
|--------------------------|-------------------|---------------------------|-------------------|
| \$ 75,000 | \$ 75,000 | \$ - | \$ 75,000 |
| - | - | - | - |
| - | 42,565 | 377,871 | 420,436 |
| <u>75,000</u> | <u>117,565</u> | <u>377,871</u> | <u>495,436</u> |
| 379,836 | 172,211 | 57,638 | 229,849 |
| 170,200 | 170,121 | - | 170,121 |
| 118,244 | 118,243 | - | 118,243 |
| 10,556 | 5,659 | 3,416 | 9,075 |
| <u>678,836</u> | <u>466,234</u> | <u>61,054</u> | <u>527,288</u> |
| <u>(603,836)</u> | <u>(348,669)</u> | <u>316,817</u> | <u>(31,852)</u> |
| <u>603,836</u> | <u>545,336</u> | <u>22,500</u> | <u>567,836</u> |
| <u>\$ -</u> | <u>\$ 196,667</u> | <u>339,317</u> | <u>\$ 535,984</u> |
| | | <u>196,667</u> | |
| | | <u>\$ 535,984</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, 2011

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

| <u>Project Authorization</u> | <u>Prior Years</u> | <u>Actual Current Year</u> | <u>Total To Date</u> |
|----------------------------------|------------------------|------------------------------------|--------------------------|
| \$ 3,500,000 | \$ 2,951,946 | \$ 100,542 | \$ 3,052,488 |
| 2,517,500 | 2,517,500 | - | 2,517,500 |
| 15,000 | 30,196 | - | 30,196 |
| <u>6,032,500</u> | <u>5,499,642</u> | <u>100,542</u> | <u>5,600,184</u> |
| 744,005 | 727,471 | 1,781 | 729,252 |
| 6,125 | 6,353 | 277 | 6,630 |
| 5,695,549 | 5,081,894 | 109,361 | 5,191,255 |
| 260,500 | 258,024 | - | 258,024 |
| 15,000 | - | - | - |
| 177 | - | - | - |
| <u>6,721,356</u> | <u>6,073,742</u> | <u>111,419</u> | <u>6,185,161</u> |
| <u>(688,856)</u> | <u>(574,100)</u> | <u>(10,877)</u> | <u>(584,977)</u> |
| <u>688,856</u> | <u>653,437</u> | <u>16,700</u> | <u>670,137</u> |
| <u>\$ -</u> | <u>\$ 79,337</u> | <u>5,823</u> | <u>\$ 85,160</u> |
| | | <u>79,337</u> | |
| | | <u>\$ 85,160</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, 2011

Revenues:

Restricted Intergovernmental:
 PARTF Grant
Local Contribution

Total Revenues

Expenditures:

Capital Outlay:
 Construction Costs
 Miscellaneous

Total Expenditures

Revenues (Under) Expenditures

Other Financing Sources:

Transfers From Other Funds:
 General Fund

Net Change in Fund Balance

Fund Balance:

Beginning of Year, July 1

End of Year, June 30

| <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> |
| 950,000 | 281,702 | - | 281,702 |
| <u>50,000</u> | <u>-</u> | <u>50,000</u> | <u>50,000</u> |
| <u>1,000,000</u> | <u>281,702</u> | <u>50,000</u> | <u>331,702</u> |
| <u>(500,000)</u> | <u>(231,702)</u> | <u>(50,000)</u> | <u>(281,702)</u> |
| <u>500,000</u> | <u>240,000</u> | <u>50,000</u> | <u>290,000</u> |
| <u>\$ -</u> | <u>\$ 8,298</u> | <u>-</u> | <u>\$ 8,298</u> |
| | | <u>8,298</u> | |
| | | <u>\$ 8,298</u> | |

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**CITY OF ASHEBORO,
NORTH CAROLINA**

Enterprise Fund

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

The City of Asheboro has a single enterprise fund, the Water and Sewer Fund, and three Water and Sewer Capital Projects Funds; 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 10, 11, and 12, 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, 2011

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

| 2011 | | |
|--------------|--------------|------------------------------------|
| Budget | Actual | Variance Positive (Negative) |
| \$ 6,643,427 | \$ 6,547,557 | \$ (95,870) |
| 4,837,726 | 4,952,889 | 115,163 |
| 89,537 | 111,720 | 22,183 |
| 28,896 | 52,634 | 23,738 |
| 232,521 | 278,290 | 45,769 |
| 36,080 | 45,405 | 9,325 |
| 251,566 | 382,705 | 131,139 |
| 12,119,753 | 12,371,200 | 251,447 |
| 80,000 | 28,848 | (51,152) |
| 3,726 | 15,786 | 12,060 |
| 107,615 | 158,848 | 51,233 |
| 191,341 | 203,482 | 12,141 |
| 12,311,094 | 12,574,682 | 263,588 |
| | 266,501 | |
| | 62,496 | |
| | 60,517 | |
| 401,945 | 389,514 | 12,431 |
| | 475,654 | |
| | 159,231 | |
| | 38,917 | |
| 682,370 | 673,802 | 8,568 |
| | 644,426 | |
| | 359,028 | |
| | 470,969 | |
| | 579,290 | |
| \$ 2,094,184 | \$ 2,053,713 | \$ 40,471 |

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, 2011

Expenditures (Continued):

Wastewater Treatment:

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

Total

Water Maintenance:

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

Total

Wastewater Maintenance:

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

Total

Technical Services:

- Salaries and Employee Benefits
- Supplies
- Other Operating Expenditures

Total

Systems Maintenance:

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

Total

| 2011 | | |
|-------------------|-------------------|---|
| <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
| \$ | \$ 819,518 | \$ |
| | 258,133 | |
| | 271,429 | |
| | 899,116 | |
| <u>2,248,415</u> | <u>2,248,196</u> | <u>219</u> |
| | 647,015 | |
| | 206,500 | |
| | 63,825 | |
| | 33,120 | |
| <u>985,697</u> | <u>950,460</u> | <u>35,237</u> |
| | 833,997 | |
| | 147,188 | |
| | 102,929 | |
| | 178,309 | |
| <u>1,332,192</u> | <u>1,262,423</u> | <u>69,769</u> |
| | 104,822 | |
| | 12,868 | |
| | 4,922 | |
| <u>135,305</u> | <u>122,612</u> | <u>12,693</u> |
| | 512,128 | |
| | 118,258 | |
| | 97,321 | |
| | 113,123 | |
| <u>\$ 889,400</u> | <u>\$ 840,830</u> | <u>\$ 48,570</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, 2011

Expenditures (Concluded):

Water Quality:

Salaries and Employee Benefits
Supplies
Other Operating Expenditures

Total

Debt Service:

Principal on Bonds and Note
Interest and Fees

Total

Capital Outlay:

Water Meter Operations
Wastewater Treatment
Water Maintenance
Technical Services
Systems Maintenance
Water Quality

Total

Total Expenditures

Revenues Over Expenditures

Other Financing Uses:

Transfers to Other Funds:

To Economic Development Fund
To Water & Sewer Systems Improvements Project Fund

Total Other Financing Uses

Appropriated Fund Balance

Revenues Over Expenditures and Other Sources

| 2011 | | |
|-------------|-------------|------------------------------------|
| Budget | Actual | Variance Positive (Negative) |
| \$ | \$ 294,854 | \$ |
| | 92,084 | |
| | 42,060 | |
| 442,950 | 428,998 | 13,952 |
| | 1,533,339 | |
| | 350,900 | |
| 1,885,872 | 1,884,239 | 1,633 |
| | 1,795 | |
| | 21,148 | |
| | 55,204 | |
| | 19,116 | |
| | 31,327 | |
| | 21,598 | |
| 162,764 | 150,188 | 12,576 |
| 11,261,094 | 11,004,975 | 256,119 |
| 1,050,000 | 1,569,707 | 519,707 |
| (700,000) | (700,000) | - |
| (400,000) | (400,000) | - |
| (1,100,000) | (1,100,000) | - |
| 50,000 | - | (50,000) |
| \$ - | \$ 469,707 | \$ 469,707 |

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, 2011

Revenues Over Expenditures and Other Sources

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
Transfer From NCDOT Water and Sewer Systems Improvement Fund
to General Fund
Donated Assets
Transfer to Water & Sewer Systems Improvements Project Fund

Total Reconciling Items

Change in Net Assets

| 2011 | | |
|---------------|---------------------|---|
| <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
| | \$ 469,707 | |
| | 1,533,339 | |
| | (21,324) | |
| | (10,811) | |
| | 150,188 | |
| | (1,597,843) | |
| | (21,061) | |
| | (69,847) | |
| | 5,452 | |
| | (31,994) | |
| | 2,255,680 | |
| | <u>400,000</u> | |
| | <u>2,591,779</u> | |
| | <u>\$ 3,061,486</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, 2011

Expenditures:

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

Total Expenditures

Other Financing Sources (Uses):

Transfers From Other Funds:

- General Fund

- Water and Sewer Fund

Transfers to Other Funds:

- General Fund

- Water and Sewer Fund

Total Other Financing Sources (Uses)

Revenues and Other Financing Sources Over (Under) Expenditures

| Project Authorization | Prior Years | Actual Current Year | Total To Date |
|--------------------------|------------------|---------------------------|------------------|
| \$ 173,654 | \$ 173,654 | \$ - | \$ 173,654 |
| 194,847 | 194,847 | - | 194,847 |
| 299,461 | 299,461 | - | 299,461 |
| 159,067 | 159,067 | - | 159,067 |
| 86,710 | 86,710 | - | 86,710 |
| 33,994 | 33,993 | - | 33,993 |
| 18,935 | 18,934 | - | 18,934 |
| 503,131 | 472,957 | 20,805 | 493,762 |
| <u>1,469,799</u> | <u>1,439,623</u> | <u>20,805</u> | <u>1,460,428</u> |
| 493,260 | 483,891 | - | 483,891 |
| 1,159,539 | 1,159,531 | - | 1,159,531 |
| (32,000) | - | (31,994) | (31,994) |
| <u>(151,000)</u> | <u>(151,000)</u> | <u>-</u> | <u>(151,000)</u> |
| <u>1,469,799</u> | <u>1,492,422</u> | <u>(31,994)</u> | <u>1,460,428</u> |
| <u>\$ -</u> | <u>\$ 52,799</u> | <u>\$ (52,799)</u> | <u>\$ -</u> |

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

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

From Inception and For the Year Ended June 30, 2011

Expenditures:

Engineering
Legal Services .
Administration

Total Expenditures

Other Financing Sources:

Transfers From Other Funds:
Water and Sewer Fund

Revenues and Other Financing Sources Over Expenditures

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

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

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

From Inception and For the Year Ended June 30, 2011

Revenues:

Miscellaneous

Expenditures:

Construction - Sewer Forced Main

Construction -Pump Station

Construction

Engineering

Construction

Land Acquisition

Administration

Total Expenditures

Revenues (Under) Expenditures

Other Financing Sources:

Transfers From Other Funds:

General Fund

Water and Sewer Fund

Total Other Financing Sources

Revenues and Other Financing Sources Over Expenditures

| Project Authorization | Prior Years | Actual Current Year | Total To Date |
|--------------------------|-------------------|---------------------------|---------------------|
| \$ 78,990 | \$ 78,990 | \$ - | \$ 78,990 |
| 500,000 | 421,105 | 2,508 | 423,613 |
| 343,000 | 362,598 | - | 362,598 |
| 217,494 | 213,851 | - | 213,851 |
| 898,668 | 57,954 | 21,413 | 79,367 |
| 554,737 | - | - | - |
| 2,100 | 2,300 | - | 2,300 |
| 2,000 | 1,260 | 1,640 | 2,900 |
| <u>2,517,999</u> | <u>1,059,068</u> | <u>25,561</u> | <u>1,084,629</u> |
| <u>(2,439,009)</u> | <u>(980,078)</u> | <u>(25,561)</u> | <u>(1,005,639)</u> |
| 12,000 | 12,000 | - | 12,000 |
| <u>2,427,009</u> | <u>1,895,565</u> | <u>400,000</u> | <u>2,295,565</u> |
| <u>2,439,009</u> | <u>1,907,565</u> | <u>400,000</u> | <u>2,307,565</u> |
| <u>\$ -</u> | <u>\$ 927,487</u> | <u>\$ 374,439</u> | <u>\$ 1,301,926</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 13

COMPARATIVE SCHEDULES BY SOURCE
 June 30, 2011

| | <u>2011</u> | <u>2010</u> |
|---|-----------------------------|-----------------------------|
| Governmental Funds Capital Assets: | | |
| Land | \$ 3,615,679 | \$ 3,615,679 |
| Land Improvements | 10,681,652 | 10,657,737 |
| Buildings | 11,656,865 | 11,595,369 |
| Street Construction | 15,548,270 | 15,533,270 |
| Computer Equipment | 732,783 | 648,392 |
| Equipment | 4,456,665 | 4,426,749 |
| Vehicles | 9,973,579 | 9,100,514 |
| Construction in Progress | <u>802,258</u> | <u>517,829</u> |
| Total Capital Assets | <u>\$ 57,467,751</u> | <u>\$ 56,095,539</u> |
| Investment in Governmental Funds Capital Assets - by Source: | | |
| General Fund | \$ 24,428,848 | \$ 23,259,198 |
| Special Revenue Funds | 77,165 | 77,165 |
| Capital Projects Funds | 21,145,704 | 20,973,232 |
| Donations | <u>11,816,034</u> | <u>11,785,944</u> |
| | <u>\$ 57,467,751</u> | <u>\$ 56,095,539</u> |

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

SCHEDULE BY FUNCTION AND ACTIVITY
 June 30, 2011

| <u>Function and Activity</u> | <u>Land</u> | <u>Land Improvements</u> | <u>Buildings</u> |
|--|---------------------|------------------------------|----------------------|
| General Government: | | | |
| Governing Body | \$ - | \$ - | \$ - |
| Administration | - | - | - |
| Personnel and City Clerk | - | - | - |
| Finance | - | - | - |
| Human Resources | 13,908 | - | 41,725 |
| Legal Services | - | - | - |
| Planning and Zoning | - | - | - |
| Public Buildings | 214,578 | 73,215 | 720,488 |
| Information Technology | - | - | - |
| City Shop | 67,274 | - | - |
| Total General Government | 295,760 | 73,215 | 762,213 |
| Public Safety: | | | |
| Police | 116,129 | 35,591 | 643,046 |
| Fire | 68,250 | 10,933 | 452,951 |
| Inspections | - | - | - |
| Total Public Safety | 184,379 | 46,524 | 1,095,997 |
| Transportation: | | | |
| Public Works | 273,697 | - | 2,658,264 |
| Streets | 222,638 | 45,070 | - |
| City Engineer | - | - | - |
| Airport | 854,500 | 8,947,708 | 671,466 |
| Total Transportation | 1,350,835 | 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 | 2,733,697 |
| 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 | 2,938,049 |
| Economic and Physical Development: | | | |
| Community Promotion | 600,866 | 204,375 | 2,830,936 |
| Construction in Progress | | | |
| | - | - | - |
| Total Governmental Funds Capital Assets | \$ 3,615,679 | \$ 10,681,652 | \$ 11,656,865 |

| 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 |
| - | 11,197 | 12,353 | 11,273 | - | 90,456 |
| - | 9,580 | - | - | - | 9,580 |
| - | 38,078 | 19,320 | 29,720 | - | 87,118 |
| - | 1,141 | 17,307 | - | - | 1,026,729 |
| - | 32,815 | 58,362 | - | - | 91,177 |
| - | 60,362 | 253,201 | 230,516 | - | 611,353 |
| - | 217,320 | 378,267 | 271,509 | - | 1,998,284 |
| - | 207,268 | 453,593 | 2,368,500 | - | 3,824,127 |
| - | 187,137 | 259,577 | 1,513,408 | - | 2,492,256 |
| - | 5,844 | - | 33,015 | - | 38,859 |
| - | 400,249 | 713,170 | 3,914,923 | - | 6,355,242 |
| - | 32,828 | 196,223 | 202,909 | - | 3,363,921 |
| 15,548,270 | 6,466 | 1,039,938 | 1,555,657 | - | 18,418,039 |
| - | 25,980 | 40,524 | 28,971 | - | 95,475 |
| - | - | 361,477 | 27,000 | - | 10,862,151 |
| 15,548,270 | 65,274 | 1,638,162 | 1,814,537 | - | 32,739,586 |
| - | 32,461 | 760,741 | 3,243,785 | - | 4,758,079 |
| - | 7,557 | 304,413 | 74,983 | - | 5,113,585 |
| - | - | 59,644 | - | - | 341,563 |
| - | 4,670 | 593,987 | 653,842 | - | 1,538,026 |
| - | - | - | - | - | 171,418 |
| - | 12,227 | 958,044 | 728,825 | - | 7,164,592 |
| - | 5,252 | 8,281 | - | - | 3,649,710 |
| - | - | - | - | 802,258 | 802,258 |
| \$ 15,548,270 | \$ 732,783 | \$ 4,456,665 | \$ 9,973,579 | \$ 802,258 | \$ 57,467,751 |

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

Schedule 15

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
For the Year Ended June 30, 2011

| Function and Activity | Governmental Fund Capital Assets June 30, 2010 | Additions | Retirements | Governmental Fund Capital Assets June 30, 2011 |
|---|---|---------------------|--------------------|---|
| 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 | 4,364 | - | 90,456 |
| Legal Services | 9,580 | - | - | 9,580 |
| Planning and Zoning | 87,118 | - | - | 87,118 |
| Public Buildings | 1,026,729 | - | - | 1,026,729 |
| Information Technology | 91,177 | - | - | 91,177 |
| City Shop | 583,960 | 27,393 | - | 611,353 |
| Total General Government | 1,966,527 | 31,757 | - | 1,998,284 |
| Public Safety: | | | | |
| Police | 3,480,333 | 343,794 | - | 3,824,127 |
| Fire | 2,465,804 | 26,452 | - | 2,492,256 |
| Inspections | 38,859 | - | - | 38,859 |
| Total Public Safety | 5,984,996 | 370,246 | - | 6,355,242 |
| Transportation: | | | | |
| Public Works | 3,342,521 | 21,400 | - | 3,363,921 |
| Streets | 18,399,041 | 18,998 | - | 18,418,039 |
| City Engineer | 95,475 | - | - | 95,475 |
| Airport | 10,862,151 | - | - | 10,862,151 |
| Total Transportation | 32,699,188 | 40,398 | - | 32,739,586 |
| Environmental Protection: | | | | |
| Sanitation | 4,274,053 | 484,026 | - | 4,758,079 |
| Cultural and Recreational: | | | | |
| Parks, Lakes and Playgrounds | 5,042,031 | 71,554 | - | 5,113,585 |
| Municipal Golf Course | 341,563 | - | - | 341,563 |
| Grounds Maintenance | 1,448,224 | 89,802 | - | 1,538,026 |
| Library | 171,418 | - | - | 171,418 |
| Total Cultural and Recreational | 7,003,236 | 161,356 | - | 7,164,592 |
| Economic and Physical Development: | | | | |
| Community Promotion | 3,649,710 | - | - | 3,649,710 |
| Construction in Progress | 517,829 | 284,429 | - | 802,258 |
| Total Governmental Fund Capital Assets | \$ 56,095,539 | \$ 1,372,212 | \$ - | \$ 57,467,751 |

**CITY OF ASHEBORO,
NORTH CAROLINA**

Other Supplemental Information

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

CITY OF ASHEBORO, NORTH CAROLINA

Schedule 16

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

For the Year Ended June 30, 2011

| <u>Fiscal Year</u> | <u>Balance July 1, 2010</u> | <u>Additions</u> | <u>Collections and Credits</u> | <u>Balance June 30, 2011</u> |
|---|--|-------------------------|---|---|
| 2010-2011 | \$ - | \$ 11,926,300 | \$ 11,590,252 | \$ 336,048 |
| 2009-2010 | 334,415 | | 126,468 | 207,947 |
| 2008-2009 | 198,221 | | 176,546 | 21,675 |
| 2007-2008 | 2,908 | | 282 | 2,626 |
| 2006-2007 | 3,853 | | 938 | 2,915 |
| 2005-2006 | 1,307 | | - | 1,307 |
| 2004-2005 | 994 | | 2 | 992 |
| 2003-2004 | 2,199 | | 133 | 2,066 |
| 2002-2003 | 18,368 | | 367 | 18,001 |
| 2001-2002 | 3,263 | | 128 | 3,135 |
| 2000-2001 | <u>3,071</u> | | <u>3,071</u> | <u>-</u> |
| | <u>\$ 568,599</u> | <u>\$ 11,926,300</u> | <u>\$ 11,898,187</u> | 596,712 |
| Less Allowance for Uncollectible Ad Valorem Taxes Receivable | | | | <u>(54,000)</u> |
| Ad Valorem Taxes Receivable - Net | | | | <u>\$ 542,712</u> |
| Reconciliation with Revenues: | | | | |
| Ad Valorem Taxes Collected - General Fund | | | \$ 11,923,685 | |
| Discounts Allowed | | | 131,985 | |
| Releases and Adjustments | | | (77,871) | |
| Taxes Written Off | | | 3,071 | |
| Interest Collected | | | <u>(82,683)</u> | |
| Total Collections and Credits | | | <u>\$ 11,898,187</u> | |

ANALYSIS OF CURRENT TAX LEVY

For the Year Ended June 30, 2011

| | 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 | \$ 2,186,936,145 | .55 | \$ 12,028,149 | \$ 11,232,392 | \$ 795,757 |
| Motor Vehicles Taxed at Prior Year's Rate | - | .55 | - | | - |
| Penalties | | | 9,986 | 9,986 | |
| Total | <u>2,186,936,145</u> | | <u>12,038,135</u> | <u>11,242,378</u> | <u>795,757</u> |
| Discoveries: | | | | | |
| Current Year Taxes | 9,289,109 | .55 | 51,090 | 51,090 | |
| Prior Years Taxes | 5,121,347 | .55 | 28,167 | 25,647 | 2,520 |
| Penalties | | | 12,157 | 12,157 | |
| | <u>14,410,456</u> | | <u>91,415</u> | <u>88,894</u> | <u>2,520</u> |
| Abatements | <u>(36,954,367)</u> | | <u>(203,249)</u> | <u>(182,334)</u> | <u>(20,915)</u> |
| Total Valuation | <u>\$ 2,164,392,234</u> | | | | |
| Net Levy | | | 11,926,300 | 11,148,938 | 777,362 |
| Uncollected Taxes at June 30, 2011 | | | <u>(336,048)</u> | <u>(226,024)</u> | <u>(110,024)</u> |
| Current Year's Taxes Collected | | | <u>\$ 11,590,252</u> | <u>\$ 10,922,914</u> | <u>\$ 667,338</u> |
| Current Levy Collection Percentage | | | <u>97.18%</u> | <u>97.97%</u> | <u>85.85%</u> |

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**CITY OF ASHEBORO,
NORTH CAROLINA**

STATISTICAL SECTION

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

| Contents | Page |
|---|-------------|
| Financial Trends | 119 |
| 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 | 126 |
| These tables contain information to help the reader assess the City’s most significant local revenue source, the property tax. | |
| Debt Capacity | 130 |
| 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 | 134 |
| 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 | 136 |
| 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 Nine Fiscal Years

(accrual basis of accounting)

Table 1

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| mental activities | | | | | | | | | |
| ed in capital assets, net of related debt | \$ 20,973,959 | \$ 20,931,387 | \$ 21,766,060 | \$ 21,596,547 | \$ 22,828,193 | \$ 24,474,397 | \$ 23,882,980 | \$ 24,440,730 | \$ 23,434,409 |
| cted | - | 1,361,560 | 1,507,360 | 1,685,767 | 1,705,253 | 1,615,678 | 1,508,368 | 1,469,071 | 4,918,519 |
| tricted | 4,671,402 | 4,844,057 | 6,291,656 | 6,551,740 | 8,576,022 | 8,994,693 | 8,013,501 | 6,674,979 | 2,801,658 |
| vernmental activities net assets | \$ 25,645,361 | \$ 27,137,004 | \$ 29,565,076 | \$ 29,834,054 | \$ 33,109,468 | \$ 35,084,768 | \$ 33,404,849 | \$ 32,584,780 | \$ 31,154,586 |
| -type activities | | | | | | | | | |
| ed in capital assets, net of related debt | \$ 30,865,010 | \$ 29,075,233 | \$ 28,950,351 | \$ 30,544,401 | \$ 30,654,567 | \$ 32,213,011 | \$ 33,946,915 | \$ 35,840,750 | \$ 38,207,155 |
| cted | - | - | - | - | - | - | - | - | - |
| tricted | 5,254,003 | 7,302,279 | 8,818,325 | 9,997,052 | 10,447,520 | 10,700,555 | 11,032,403 | 10,187,112 | 10,882,193 |
| usiness-type activities net assets | \$ 36,119,013 | \$ 36,377,512 | \$ 37,768,676 | \$ 40,541,453 | \$ 41,102,087 | \$ 42,913,566 | \$ 44,979,318 | \$ 46,027,862 | \$ 49,089,348 |
| government | | | | | | | | | |
| ed in capital assets, net of related debt | \$ 51,838,969 | \$ 50,006,620 | \$ 50,716,411 | \$ 52,140,948 | \$ 53,482,760 | \$ 56,687,408 | \$ 57,829,895 | \$ 60,281,480 | \$ 61,641,564 |
| cted | - | 1,361,560 | 1,507,360 | 1,685,767 | 1,705,253 | 1,615,678 | 1,508,368 | 1,469,071 | 4,918,519 |
| tricted | 9,925,405 | 12,146,336 | 15,109,981 | 16,548,792 | 19,023,542 | 19,695,248 | 19,045,904 | 16,862,091 | 13,683,851 |
| ary government net assets | \$ 61,764,374 | \$ 63,514,516 | \$ 67,333,752 | \$ 70,375,507 | \$ 74,211,555 | \$ 77,998,334 | \$ 78,384,167 | \$ 78,612,642 | \$ 80,243,934 |

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

CITY OF ASHEBORO, NORTH CAROLINA

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

Table 2
(Page 1 of 2)

| Expenses | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2011 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Governmental activities: | | | | | | | | |
| General government | \$ 2,177,218 | \$ 2,352,525 | \$ 2,437,525 | \$ 2,678,773 | \$ 2,639,306 | \$ 2,787,687 | \$ 2,852,960 | \$ 3,286,240 |
| Public safety | 6,675,836 | 7,053,883 | 7,690,500 | 8,197,256 | 8,379,264 | 9,019,026 | 9,756,723 | 10,505,454 |
| Transportation | 2,780,688 | 2,948,970 | 2,845,905 | 2,894,678 | 3,402,172 | 4,437,635 | 5,489,676 | 4,394,627 |
| Environmental protection | 2,272,404 | 1,890,887 | 1,854,315 | 2,009,628 | 1,946,752 | 2,316,831 | 2,267,470 | 2,278,866 |
| Cultural and recreational | 2,010,511 | 2,169,500 | 2,220,540 | 2,050,456 | 2,251,055 | 2,806,614 | 2,763,632 | 3,283,907 |
| Economic and physical development | 170,415 | 288,022 | 293,623 | 622,159 | 933,186 | 198,711 | 222,884 | 847,495 |
| Interest on long-term debt | 183,392 | 177,141 | 149,186 | 118,843 | 142,358 | 110,973 | 83,051 | 47,797 |
| 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 | 24,644,386 |
| 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 | 11,036,882 |
| 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 | 11,036,882 |
| 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 | \$ 35,681,268 |
| Program Revenues | | | | | | | | |
| Governmental activities: | | | | | | | | |
| Charges for services: | | | | | | | | |
| General government | \$ 30,425 | \$ 42,647 | \$ 45,678 | \$ 48,857 | \$ 44,383 | \$ 322,953 | \$ 300,341 | \$ 327,154 |
| Public safety | 154,016 | 156,321 | 155,690 | 149,994 | 175,835 | 163,586 | 104,332 | 129,416 |
| Transportation | 22,519 | 24,690 | 24,848 | 25,897 | 23,594 | 26,088 | 26,253 | 26,305 |
| Environmental protection | 629,788 | 804,406 | 799,652 | 775,153 | 857,224 | 1,041,908 | 1,026,343 | 991,579 |
| Cultural and recreational | 325,556 | 376,089 | 416,610 | 409,975 | 498,179 | 524,163 | 471,441 | 434,208 |
| Operating grants and contributions | 1,330,575 | 657,136 | 791,245 | 736,842 | 894,251 | 936,907 | 1,656,175 | 845,436 |
| Capital grants and contributions | 998,036 | 882,880 | 1,175,921 | 137,243 | 1,288,059 | 1,415,364 | 239,227 | 614,292 |
| 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 | 3,368,390 |
| 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 | 11,988,495 |
| Operating grants and contributions | 159,031 | 387,109 | 238,685 | 265,387 | 301,228 | 345,637 | 417,006 | 557,339 |
| Capital grants and contributions | - | 679 | - | 1,175,251 | - | 244,799 | 606,183 | 2,255,680 |
| 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 | 14,801,514 |
| 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 | \$ 18,169,904 |
| 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) | \$ (21,275,996) |
| Business-type activities | 953,794 | 228,715 | 1,597,820 | 2,292,562 | 1,815,271 | 2,239,783 | 1,341,841 | 3,764,632 |
| Total primary government net expense | \$ (11,825,755) | \$ (13,708,044) | \$ (12,484,130) | \$ (13,995,270) | \$ (14,097,297) | \$ (15,006,725) | \$ (18,270,443) | \$ (17,511,364) |

CITY OF ASHEBORO, NORTH CAROLINA
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

Table 2
 (Page 2 of 2)

Revenues and Other Changes in

| sets | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| ental activities: | | | | | | | | | |
| erty taxes | \$ 8,760,840 | \$ 8,824,062 | \$ 9,783,783 | \$ 10,014,896 | \$ 10,171,208 | \$ 11,239,034 | \$ 11,595,398 | \$ 11,887,696 | \$ 11,947,797 |
| is taxes | - | - | - | 3,812,464 | 4,122,316 | 4,232,034 | 3,538,343 | 2,934,243 | 2,926,393 |
| chise taxes | - | - | - | 1,659,199 | 1,793,517 | 2,078,291 | 2,091,430 | 2,162,520 | 2,148,736 |
| er taxes and licenses | 4,801,726 | 5,629,976 | 5,822,733 | 493,036 | 441,637 | 172,275 | 583,184 | 1,183,638 | 1,441,057 |
| ent earnings | 60,688 | 65,066 | 134,749 | 215,231 | 410,921 | 471,825 | 205,532 | 64,275 | 38,702 |
| laneous | 292,775 | 301,779 | 396,617 | 331,984 | 396,833 | 198,009 | 460,275 | 584,956 | 611,123 |
| rs | - | 30,000 | 372,140 | 30,000 | 1,851,550 | 830,340 | (541,797) | (31,914) | 731,994 |
| rrnmental activities | <u>13,916,029</u> | <u>14,850,883</u> | <u>16,510,022</u> | <u>16,556,810</u> | <u>19,187,982</u> | <u>19,221,808</u> | <u>17,932,365</u> | <u>18,785,414</u> | <u>19,845,802</u> |
| ype activities: | | | | | | | | | |
| ent earnings | 73,546 | 59,784 | 165,484 | 504,843 | 596,908 | 395,814 | 182,114 | 58,478 | 28,848 |
| laneous | - | - | - | 5,372 | - | 6,222 | - | - | - |
| rs | - | (30,000) | (372,140) | (30,000) | (1,851,550) | (830,340) | 541,797 | 31,914 | (731,994) |
| ness-type activities | <u>73,546</u> | <u>29,784</u> | <u>(206,656)</u> | <u>480,215</u> | <u>(1,254,642)</u> | <u>(428,304)</u> | <u>723,911</u> | <u>90,392</u> | <u>(703,146)</u> |
| ary government | <u>\$ 13,989,575</u> | <u>\$ 14,880,667</u> | <u>\$ 16,303,366</u> | <u>\$ 17,037,025</u> | <u>\$ 17,933,340</u> | <u>\$ 18,793,504</u> | <u>\$ 18,656,276</u> | <u>\$ 18,875,806</u> | <u>\$ 19,142,656</u> |
| Net Assets | | | | | | | | | |
| ental activities | \$ 1,136,480 | \$ 914,124 | \$ 2,428,072 | \$ 268,978 | \$ 3,275,414 | \$ 1,975,300 | \$ (1,679,919) | \$ (820,069) | \$ (1,430,194) |
| ype activities | 1,027,340 | 258,499 | 1,391,164 | 2,772,777 | 560,629 | 1,811,479 | 2,065,752 | 1,048,544 | 3,061,486 |
| ary government | <u>\$ 2,163,820</u> | <u>\$ 1,172,623</u> | <u>\$ 3,819,236</u> | <u>\$ 3,041,755</u> | <u>\$ 3,836,043</u> | <u>\$ 3,786,779</u> | <u>\$ 385,833</u> | <u>\$ 228,475</u> | <u>\$ 1,631,292</u> |

arious general tax revenue not segregated prior to 2006.

he 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 Nine Fiscal Years
 (accrual basis of accounting)

Table 3

| Fiscal Year | Property Tax | Sales Tax | Franchise Tax | Other | Total |
|----------------|-----------------|--------------|------------------|------------|---------------|
| 2003 | \$ 8,760,840 | \$ 2,891,373 | \$ 1,623,234 | \$ 287,119 | \$ 13,562,566 |
| 2004 | 8,824,062 | 3,421,603 | 1,615,343 | 593,030 | 14,454,038 |
| 2005 | 9,783,783 | 3,616,500 | 1,651,726 | 554,507 | 15,606,516 |
| 2006 | 10,014,896 | 3,812,464 | 1,659,199 | 493,036 | 15,979,595 |
| 2007 | 10,171,208 | 4,122,316 | 1,793,517 | 441,637 | 16,528,678 |
| 2008 | 11,239,034 | 4,323,034 | 2,078,291 | 172,275 | 17,812,634 |
| 2009 | 11,595,398 | 3,538,343 | 2,091,430 | 583,184 | 17,808,355 |
| 2010 | 11,887,696 | 2,934,243 | 2,162,520 | 1,183,638 | 18,168,097 |
| 2011 | 11,947,797 | 2,926,393 | 2,148,736 | 1,441,057 | 18,463,983 |

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

CITY OF ASHEBORO, NORTH CAROLINA

Table 4

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|---------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| General Fund: | | | | | | | | | | |
| Reserved | \$ 2,829,041 | \$ 3,780,973 | \$ 4,584,450 | \$ 4,207,513 | \$ 5,257,751 | \$ 6,499,419 | \$ 5,142,623 | \$ 4,300,178 | \$ 4,979,724 | |
| Unreserved | 1,308,503 | 1,487,033 | 2,459,707 | 4,005,747 | 3,697,156 | 4,582,323 | 5,988,877 | 6,617,624 | 5,050,791 | |
| Nonspendable | | | | | | | | | | \$ 1,250,055 |
| Restricted | | | | | | | | | | 3,590,464 |
| Committed | | | | | | | | | | - |
| Assigned | | | | | | | | | | 224,428 |
| Unassigned | | | | | | | | | | 4,165,717 |
| Total General Fund | <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> | <u>\$ 10,030,515</u> | <u>\$ 9,230,664</u> |
| All other governmental funds | | | | | | | | | | |
| Reserved | \$ 74,831 | \$ 1,612 | \$ 782,265 | \$ 282,209 | \$ 138,350 | \$ 118,498 | \$ 31,681 | \$ 6,750 | \$ - | |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 137,839 | 270,426 | 180,748 | 149,503 | 281,463 | 303,538 | 306,792 | 259,470 | 263,162 | |
| Capital projects funds | 267,848 | 291,977 | (590,342) | 443,021 | 178,839 | 214,267 | 728,175 | 243,690 | 284,302 | |
| Nonspendable | | | | | | | | | | \$ - |
| Restricted | | | | | | | | | | 621,144 |
| Committed | | | | | | | | | | 706,911 |
| Assigned | | | | | | | | | | - |
| Total all other governmental funds | <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> | <u>\$ 547,464</u> | <u>\$ 1,328,055</u> |

OTE: The change in classifications of fund balance amounts in 2011 is discussed in MD&A.

Prior Year amounts have not been restated for the implementation of Statement 54

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

Table 5

| | Fiscal Year | | | | | | | | 10 | 2011 |
|---|-----------------------|---------------------|---------------------|---------------------|-------------------|---------------------|-------------------|---------------------|----------------|--------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | | |
| Revenues | | | | | | | | | | |
| Taxes | \$ 7,778,688 | \$ 8,681,837 | \$ 8,763,385 | \$ 9,813,823 | \$ 9,976,478 | \$ 10,125,705 | \$ 11,190,147 | \$ 11,531,000 | 170,534 | \$ 11,923,685 |
| Other taxes and licences | 2,860,647 | 254,361 | 265,461 | 281,113 | 296,688 | 300,808 | 303,218 | 299,200 | 137,094 | 327,265 |
| Intergovernmental | 2,679,702 | 5,906,820 | 6,904,412 | 7,526,549 | 6,490,084 | 7,232,645 | 8,023,327 | 8,352,300 | 197,417 | 7,707,645 |
| Permits and fees | 241,623 | 288,088 | 306,411 | 314,331 | 343,937 | 323,595 | 205,658 | 128,700 | 131,817 | 154,706 |
| Sales and services | 975,082 | 989,053 | 1,221,479 | 1,277,732 | 1,255,606 | 1,388,838 | 1,577,365 | 1,532,600 | 130,572 | 1,451,400 |
| Investment earnings | 119,527 | 60,688 | 65,066 | 134,749 | 215,231 | 410,921 | 471,825 | 205,500 | 64,275 | 38,702 |
| Miscellaneous | 973,842 | 182,714 | 191,931 | 242,480 | 414,394 | 480,230 | 320,800 | 304,200 | 194,277 | 824,642 |
| Total revenues | 15,629,111 | 16,363,561 | 17,718,145 | 19,590,777 | 18,992,418 | 20,262,742 | 22,092,340 | 22,353,800 | 125,986 | 22,428,045 |
| Expenditures | | | | | | | | | | |
| General government | 2,330,737 | 2,159,875 | 2,366,224 | 2,412,785 | 2,621,114 | 2,635,489 | 2,761,672 | 2,796,000 | 136,039 | 3,219,001 |
| Public safety | 6,356,382 | 6,424,374 | 6,814,713 | 7,517,736 | 8,011,022 | 8,260,209 | 9,152,688 | 9,415,800 | 176,631 | 10,288,725 |
| Transportation | 2,299,081 | 1,999,297 | 2,042,371 | 2,160,172 | 2,432,969 | 2,576,252 | 2,939,089 | 2,739,600 | 160,124 | 3,197,031 |
| Environmental protection | 1,609,963 | 2,115,124 | 1,875,141 | 1,775,841 | 2,099,822 | 1,906,343 | 2,721,881 | 2,121,300 | 159,681 | 2,582,776 |
| Culture and recreation | 1,846,474 | 1,835,946 | 2,101,197 | 2,278,068 | 2,402,367 | 2,570,856 | 2,886,940 | 2,595,700 | 186,400 | 3,249,141 |
| Economic and physical development | 211,965 | 104,075 | 222,043 | 227,914 | 552,595 | 857,606 | 750,098 | 1,680,000 | 124,035 | 820,135 |
| Capital outlay | 2,317,177 | 24,224 | 1,111,783 | 1,206,963 | 575,396 | 517,657 | 651,541 | 633,600 | 120,127 | 222,473 |
| Debt service: | | | | | | | | | | |
| Principal | 396,579 | 432,196 | 545,350 | 610,978 | 445,308 | 493,833 | 501,957 | 521,900 | 150,160 | 378,596 |
| Interest | 205,221 | 185,491 | 179,216 | 154,060 | 134,009 | 136,076 | 105,377 | 78,100 | 58,997 | 44,256 |
| Other charges | - | - | - | - | 10,837 | - | - | - | - | - |
| Total expenditures | 17,573,579 | 15,280,602 | 17,258,038 | 18,344,517 | 19,285,439 | 19,954,321 | 22,471,243 | 22,582,400 | 72,194 | 24,002,134 |
| Excess of revenues over (under) expenditures | (1,944,468) | 1,082,959 | 460,107 | 1,246,260 | (293,021) | 308,421 | (378,903) | (228,600) | 146,208 | (1,574,089) |
| Other financing sources (uses) | | | | | | | | | | |
| Transfers in | 112,786 | 306,921 | 170,815 | 501,042 | 221,806 | 2,016,017 | 1,622,679 | 972,300 | 166,401 | 1,242,169 |
| Transfers out | (112,786) | (306,921) | (140,815) | (128,902) | (191,806) | (164,467) | (792,339) | (1,514,100) | 198,315 | (510,175) |
| Payments to refunded bond escrow agent | - | - | - | - | (913,332) | - | - | - | - | - |
| Refunding bonds issued | - | - | - | - | 912,997 | - | - | - | - | - |
| Premium on bonds issued | - | - | - | - | 11,172 | - | - | - | - | - |
| Installment purchase obligations / Notes | - | 131,000 | 473,658 | 52,765 | 682,180 | - | - | - | - | 822,835 |
| Sale of assets | - | - | 43,523 | - | 35,570 | 4,515 | 28,666 | - | 28,389 | - |
| Total other financing sources (uses) | - | 131,000 | 547,181 | 424,905 | 758,587 | 1,856,065 | 859,006 | (541,700) | (3,525) | 1,554,829 |
| Net change in fund balances | \$ (1,944,468) | \$ 1,213,959 | \$ 1,007,288 | \$ 1,671,165 | \$ 465,566 | \$ 2,164,486 | \$ 480,103 | \$ (770,400) | 149,733 | \$ (19,260) |
| Debt services as a percentage of noncapital expenditures | 3.9% | 4.0% | 4.5% | 4.4% | 3.3% | 3.3% | 2.9% | 2.7% | % | 1.8% |

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

Table 6

| Fiscal Year | Property Tax | Sales Tax | Franchise Tax | Other | Total |
|----------------|-----------------|--------------|------------------|-----------|------------|
| 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 |
| 2010 | 11,770,534 | 2,934,243 | 2,162,520 | 1,123,956 | 17,991,253 |
| 2011 | 11,923,685 | 2,926,393 | 2,148,736 | 1,378,411 | 18,377,225 |

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

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

Table 7

| Fiscal Year | Real Property (5) | Personal Property | Personal Property | | Public Service Companies (4) | Total Taxable Assessed Value | Total Direct Tax Rate | Real Property | Ratio of Actual Value to Assessed Value (2) |
|-------------|-------------------|-------------------|-------------------|-------------|------------------------------|------------------------------|-----------------------|------------------------------------|---|
| | | | Motor Vehicles | Other | | | | Estimated Actual Taxable Value (1) | |
| 2002 (3) | 1,126,304,848 | 563,247,314 | 161,484,505 | 401,762,809 | 35,674,463 | 1,725,226,625 | 0.45 | 1,724,032,818 | 99% |
| 2003 | 1,147,513,093 | 582,672,043 | 169,876,965 | 412,795,078 | 36,543,782 | 1,766,728,918 | 0.50 | 1,880,636,017 | 106% |
| 2004 | 1,211,422,247 | 531,607,638 | 161,941,783 | 369,665,855 | 38,762,481 | 1,781,792,366 | 0.50 | 1,912,685,049 | 107% |
| 2005 | 1,195,451,271 | 557,683,804 | 167,775,485 | 389,908,319 | 38,756,333 | 1,791,891,408 | 0.55 | 1,941,456,340 | 108% |
| 2006 | 1,265,377,000 | 525,268,289 | 158,629,694 | 366,638,595 | 33,781,507 | 1,824,426,796 | 0.55 | 2,082,145,685 | 114% |
| 2007 | 1,250,881,728 | 568,142,908 | 178,085,722 | 390,057,186 | 34,791,121 | 1,853,815,757 | 0.55 | 2,115,144,926 | 114% |
| 2008 (3) | 1,417,978,237 | 606,419,641 | 174,630,404 | 431,789,237 | 39,129,255 | 2,063,527,133 | 0.55 | 2,087,008,122 | 101% |
| 2009 | 1,466,396,225 | 611,866,614 | 152,459,633 | 459,406,981 | 39,130,524 | 2,117,393,363 | 0.55 | 2,157,216,980 | 102% |
| 2010 | 1,706,000,373 | 406,175,673 | 148,411,636 | 257,764,037 | 37,017,283 | 2,149,193,329 | 0.55 | 2,310,960,569 | 108% |
| 2011 | 1,524,473,286 | 604,532,181 | 141,988,051 | 462,544,130 | 35,386,767 | 2,164,392,234 | 0.55 | 2,219,889,471 | 103% |

Source: Randolph County Government

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

- (1) The estimated market value for real property is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue based on actual property sales which took place during the fiscal year. The actual ratio for the most recent year is not yet available; an estimated ratio of 93% (2) has been used by the Randolph County Tax Department.
- (2) The annual decline in the ratio of assessed value to estimated value of real estate results from the failure to recognize appreciating real estate values in years between censuses. Personal property is revalued annually by the Randolph County Tax Department.
- (3) Increase in Real Property Value due to octennial property revaluation. Property in Randolph County (Asheboro) is reassessed every six years. The last reassessment was on January 1, 2007 and was the basis for fiscal 2008 taxes.
- (4) Public Service companies valuations are provided by the North Carolina Department of Revenue. These amounts include real and personal property.
- (5) Breakdown detail of real property between residential and commercial, beginning 2010 is no longer available from the Randolph County Tax Department.

Ratio is
/ the

valuations.

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

Table 8

| Fiscal Year | City Direct Rate | Overlapping Rates | | Total Direct & Overlapping Rates |
|----------------|-----------------------|-------------------------|-----------------------------|---|
| | Total City Rate | Total County Rate | Total School District | |
| 2002 | 0.450 | 0.480 | 0.139 | 1.069 |
| 2003 | 0.500 | 0.480 | 0.139 | 1.119 |
| 2004 | 0.500 | 0.500 | 0.139 | 1.139 |
| 2005 | 0.550 | 0.525 | 0.139 | 1.214 |
| 2006 | 0.550 | 0.525 | 0.139 | 1.214 |
| 2007 | 0.550 | 0.535 | 0.139 | 1.224 |
| 2008 | 0.550 | 0.535 | 0.139 | 1.224 |
| 2009 | 0.550 | 0.555 | 0.139 | 1.244 |
| 2010 | 0.550 | 0.555 | 0.139 | 1.244 |
| 2011 | 0.550 | 0.586 | 0.139 | 1.275 |

Source: Randolph County Government

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

CITY OF ASHEBORO, NORTH CAROLINA
Principal Property Taxpayers
 June 30, 2011

Table 9

| Taxpayer | 2011 | | | 2002 | | |
|----------------------------------|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Malt-O-Meal Company | \$ 108,557,899 | 1 | 5.02% | | | |
| Energizer (Eveready) Battery Co, | 103,375,372 | 2 | 4.78% | \$ 103,103,166 | 1 | 7.32% |
| Starpet, Inc. | 57,508,600 | 3 | 2.66% | | | |
| Technimark, Inc. | 41,333,553 | 4 | 1.91% | 20,791,076 | 5 | 1.48% |
| Schwartz Properties LLC | 27,111,813 | 5 | 1.25% | | | |
| Goodyear Tire & Rubber Co. | 25,755,928 | 6 | 1.19% | 31,814,978 | 2 | 2.26% |
| Klaussner Furniture Industries | 23,038,407 | 7 | 1.06% | 31,010,316 | 3 | 2.20% |
| Centerpoint Plaza | 21,962,130 | 8 | 1.01% | 14,380,290 | 10 | 1.02% |
| Arrow International | 21,931,899 | 9 | 1.01% | | | |
| Kennametal | 19,750,749 | 10 | 0.91% | | | |
| Tiepet, Inc. | | | | 27,082,910 | 4 | 1.92% |
| Oliver Rubber | | | | 20,242,870 | 6 | 1.44% |
| Unilever - Best Foods | | | | 18,518,429 | 7 | 1.31% |
| Central Telephone | | | | 17,450,579 | 8 | 1.24% |
| JG Randolph II LLC | | | | 14,764,837 | 9 | 1.05% |
| Totals | \$ 450,326,350 | | 20.81% | \$ 299,159,451 | | 21.24% |

Total Assessed Value of Taxable Property \$ 2,164,392,234

Source: Randolph County Tax Department

Note: Taxpayers ranked 1st, 3rd, 5th, 9th and 10th current were not ranked in top ten in 2002.

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

Table 10

| <u>Fiscal Year</u> | <u>Total Levy for Fiscal Year</u> | <u>Collected within the Fiscal Year of the Levy</u> | | <u>Collections of Prior Years</u> | <u>Total Collections to Date</u> | |
|--------------------|-----------------------------------|---|---------------------------|-----------------------------------|----------------------------------|---------------------------|
| | | <u>Amount</u> | <u>Percentage of Levy</u> | | <u>Amount</u> | <u>Percentage of Levy</u> |
| 2002 | 7,812,058 | 7,686,547 | 98.39% | 108,469 | 7,795,016 | 99.78% |
| 2003 | 8,823,016 | 8,636,124 | 97.88% | 184,862 | 8,820,986 | 99.98% |
| 2004 | 8,872,487 | 8,663,230 | 97.64% | 208,329 | 8,871,559 | 99.99% |
| 2005 | 9,848,017 | 9,697,180 | 98.47% | 149,621 | 9,846,801 | 99.99% |
| 2006 | 10,046,106 | 9,888,274 | 98.43% | 154,218 | 10,042,492 | 99.96% |
| 2007 | 10,207,113 | 10,046,676 | 98.43% | 157,678 | 10,204,354 | 99.97% |
| 2008 | 11,289,067 | 11,105,656 | 98.38% | 154,525 | 11,260,181 | 99.74% |
| 2009 | 11,696,492 | 11,426,065 | 97.69% | 201,034 | 11,627,099 | 99.41% |
| 2010 | 11,851,550 | 11,517,135 | 97.18% | 219,253 | 11,736,388 | 99.03% |
| 2011 | 11,926,300 | 11,590,252 | 97.18% | 307,935 | 11,898,187 | 99.76% |

CITY OF ASHEBORO, NORTH CAROLINA

Table 11

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

| Fiscal Year | Governmental Activities | | | Business-type Activities | | | Total Primary Government | Per Capita Income | Debt Per Capita (1) |
|-------------|--------------------------|-----------------------|---------------|--------------------------|-----------------------|---------------|--------------------------|-------------------|---------------------|
| | General Obligation Bonds | Installment Purchases | Notes Payable | General Obligation Bonds | Installment Purchases | Notes Payable | | | |
| 2002 | 1,175,000 | 2,467,341 | - | 11,309,422 | 218,203 | 3,750,000 | 18,919,966 | 2,200 | 868 |
| 2003 | 1,075,000 | 2,266,146 | - | 10,280,655 | 161,570 | 3,500,000 | 17,283,371 | 2,200 | 787 |
| 2004 | 975,000 | 2,259,826 | 34,628 | 9,240,326 | 102,299 | 3,507,248 | 16,119,327 | 2,200 | 716 |
| 2005 | 875,000 | 1,833,490 | - | 8,213,439 | 41,959 | 6,128,228 | 17,092,116 | 2,200 | 753 |
| 2006 | 855,652 | 2,101,212 | - | 7,138,591 | 8,033 | 7,482,160 | 17,585,648 | 2,200 | 766 |
| 2007 | 743,665 | 1,724,582 | - | 6,204,294 | - | 7,772,289 | 16,444,830 | 2,200 | 708 |
| 2008 | 633,108 | 1,337,685 | - | 5,281,923 | - | 9,166,811 | 16,419,527 | 2,200 | 692 |
| 2009 | 522,921 | 929,738 | - | 4,362,657 | - | 8,957,656 | 14,772,972 | 2,200 | 617 |
| 2010 | 414,838 | 590,892 | - | 3,460,932 | - | 8,335,143 | 12,801,805 | 1,900 | 502 |
| 2011 | 308,219 | 1,144,306 | - | 2,571,430 | - | 7,712,631 | 11,736,586 | 1,900 | 465 |

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

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

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

Table 12

| Fiscal Year | General Obligation Bonds | Less: Amounts Available in Debt Service Fund | Total | Assessed Property Value | Percentage of Estimated Actual Taxable Value of Property | Per Capita |
|-------------|--------------------------|--|------------|-------------------------|--|------------|
| 2002 | 12,484,422 | - | 12,484,422 | 1,725,226,625 | 0.72% | 573.02 |
| 2003 | 11,355,655 | - | 11,355,655 | 1,766,728,918 | 0.64% | 516.89 |
| 2004 | 10,215,326 | - | 10,215,326 | 1,781,792,366 | 0.57% | 453.93 |
| 2005 | 9,088,439 | - | 9,088,439 | 1,981,891,408 | 0.46% | 400.21 |
| 2006 | 7,994,243 | - | 7,994,243 | 1,824,426,796 | 0.44% | 348.23 |
| 2007 | 6,947,959 | - | 6,947,959 | 1,853,815,757 | 0.37% | 299.24 |
| 2008 | 5,915,031 | - | 5,915,031 | 2,063,527,133 | 0.29% | 254.75 |
| 2009 | 4,885,578 | - | 4,885,578 | 2,117,393,364 | 0.23% | 204.08 |
| 2010 | 3,875,770 | - | 3,875,770 | 2,149,193,329 | 0.18% | 151.97 |
| 2011 | 2,879,649 | - | 2,879,649 | 2,164,392,234 | 0.13% | 112.91 |

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, 2011

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 | \$ 129,760,339 | 21.22% | <u>\$ 27,536,149</u> |
| Subtotal, overlapping debt | | | 27,536,149 |
| City of Asheboro direct debt | | | <u>1,452,525</u> |
| Total direct and overlapping debt | | | <u><u>\$ 28,988,674</u></u> |

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

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

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

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

Table 14

| | Fiscal Year | | | | | | | | | |
|--------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| | \$ 138,018,130 | \$ 141,338,313 | \$ 142,543,389 | \$ 158,551,313 | \$ 145,954,144 | \$ 148,305,261 | \$ 165,082,171 | \$ 169,391,469 | \$ 171,935,466 | \$ 173,151,379 |
| Debt applicable to limit | 4,410,545 | 4,052,716 | 3,887,125 | 3,302,386 | 10,103,488 | 8,672,541 | 7,252,715 | 5,815,316 | 4,466,662 | 4,023,955 |
| Legal debt margin | \$ 133,607,585 | \$ 137,285,597 | \$ 138,656,264 | \$ 155,248,927 | \$ 135,850,656 | \$ 139,632,720 | \$ 157,829,456 | \$ 163,576,153 | \$ 167,468,804 | \$ 169,127,424 |
| Percentage of debt limit | 3.20% | 2.87% | 2.73% | 2.08% | 6.92% | 5.85% | 4.39% | 3.43% | 2.60% | 2.32% |

Legal Debt Margin Calculation for Fiscal Year 2011

| | |
|---|------------------|
| Assessed value | \$ 2,164,392,234 |
| Debt limit (8% of total assessed value) | \$ 173,151,379 |
| Debt applicable to limit: | |
| General obligation bonds | 2,879,649 |
| Installment purchase agreements | 1,144,306 |
| Total net debt applicable to limit | 4,023,955 |
| Legal debt margin | \$ 169,127,424 |

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) |
|-------------|----------------|-----------------|--------------------------------|----------------|-----------------------|-----------------------|
| 2002 | 21,787 | 522,452,260 | 23,980 | 34.0 | 4,281 | 5.50% |
| 2003 | 21,969 | 537,339,771 | 24,459 | 34.0 | 4,335 | 5.90% |
| 2004 | 22,504 | 573,424,424 | 25,481 | 34.0 | 4,384 | 4.30% |
| 2005 | 22,709 | 596,656,266 | 26,274 | 34.0 | 4,477 | 4.90% |
| 2006 | 22,957 | 621,951,044 | 27,092 | 34.0 | 4,510 | 4.70% |
| 2007 | 23,219 | 657,515,642 | 28,318 | 34.0 | 4,415 | 4.50% |
| 2008 | 23,729 | 676,513,790 | 28,510 | 34.0 | 4,453 | 6.90% |
| 2009 | 23,940 | 682,529,400 | 28,510 | 34.0 | 4,510 | 11.10% |
| 2010 | 25,504 | 727,119,040 | 28,510 | 35.1 | 4,485 | 10.80% |
| 2011 | 25,262 | 720,219,620 | 28,510 | 35.1 | 4,613 | 9.70% |

Source: (1) NC Department of Revenue

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

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

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

Source: (5) Bureau of Labor Statistics

CITY OF ASHEBORO, NORTH CAROLINA

Table 16

Principal Employers

Current Year and Ten Years Ago

| Employer | 2011 | | | 2002 | | |
|------------------------|--------------|------|-------------------------------------|--------------|------|-------------------------------------|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Randolph Hospital | 1,224 | 1 | 5.37% | 925 | 3 | 4.49% |
| Klaussner | 927 | 2 | 4.06% | 1,931 | 1 | 9.38% |
| Teleflex Medical Inc. | 774 | 3 | 3.39% | | | |
| Wal-Mart | 690 | 4 | 3.02% | 718 | 4 | 3.49% |
| Energizer Battery | 734 | 5 | 3.22% | 1,104 | 2 | 5.36% |
| Asheboro City Schools | 670 | 6 | 2.94% | 586 | 6 | 2.85% |
| Technimark | 650 | 7 | 2.85% | | | |
| Acme-McCrary | 615 | 8 | 2.70% | 617 | 5 | 3.00% |
| City of Asheboro | 410 | 9 | 1.80% | | | |
| Hyosung USA (Goodyear) | 318 | 10 | 1.39% | 430 | 8 | 2.09% |
| Arrow International | | | | 450 | 7 | 2.19% |
| Prestige Fabricators | | | | 378 | 9 | 1.84% |
| Sara Lee | | | | 350 | 10 | 1.70% |
| Total | 7,012 | | 30.74% | 7,489 | | 36.37% |

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

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

Table 17

| Function | Full-time Equivalent Employees as of June 30 | | | | | | | | | |
|---------------------------|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| General government | 24 | 24 | 24 | 24 | 25 | 28 | 31 | 31 | 31 | 39 |
| Public safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Officers | 67 | 67 | 69 | 70 | 70 | 76 | 78 | 78 | 78 | 78 |
| Civilians | 5 | 6 | 6 | 6 | 6 | 6 | 7 | 7 | 7 | 7 |
| Fire: | | | | | | | | | | |
| Firefighters and officers | 45 | 45 | 45 | 46 | 46 | 49 | 49 | 52 | 52 | 51 |
| Civilians | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0 |
| Inspections | | | | | | | | | | |
| Building | | | | | | | | | | 3 |
| Fire | | | | | | | | | | 3 |
| Highways and streets: | | | | | | | | | | |
| Engineering | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Operations | | | | | | | | | | 9 |
| Maintenance | 18 | 18 | 18 | 18 | 19 | 19 | 19 | 19 | 19 | 20 |
| Sanitation | 18 | 18 | 18 | 18 | 18 | 19 | 19 | 19 | 19 | 19 |
| Culture and recreation | 7 | 7 | 7 | 8 | 10 | 10 | 10 | 10 | 10 | 35 |
| Water | 31 | 31 | 29 | 29 | 28 | 29 | 31 | 32 | 32 | 28 |
| Sewer | 33 | 33 | 34 | 34 | 35 | 37 | 41 | 41 | 41 | 44 |
| Total | 253 | 254 | 255 | 258 | 262 | 278 | 290 | 294 | 294 | 340 |

Source: City Human Resources Department

CITY OF ASHEBORO, NORTH CAROLINA

Operating Indicators by Function

Last Ten Fiscal Years

Table 18

| Function | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Police: | | | | | | | | | | |
| Physical arrests | 4,870 | 5,079 | 4,908 | 4,534 | 5,733 | 5,840 | 5,352 | 5,913 | 5,699 | N/A |
| Parking violations | 268 | 277 | 105 | 130 | 190 | 226 | 431 | 216 | 165 | N/A |
| Traffic violations | 8,586 | 7,831 | 5,678 | 6,282 | 6,432 | 7,436 | 9,338 | 9,107 | 10,002 | N/A |
| Fire: | | | | | | | | | | |
| Number of calls answered | 1,096 | 1,148 | 937 | 1,110 | 1,226 | 1,337 | 1,425 | 1,356 | 1,450 | 1,504 |
| Inspections | 1,836 | 1,836 | 1,615 | 1,645 | 2,156 | 845 | 1,326 | 1,271 | 1,271 | 1,344 |
| Highways and streets | | | | | | | | | | |
| Street resurfacing (miles) | N/A | 0.25 | 1.05 | 0.30 | 0.45 | 0.518 | 0.814 | 0.826 | 0.431 | 0.883 |
| Leaf Collection Loads (Nov-June) | | | | | | | | | | 635 |
| Potholes repaired | N/A | 387 | 1,028 | 582 | 642 | 627 | 781 | 768 | 808 | 1,106 |
| Sanitation | | | | | | | | | | |
| Refuse collected (tons/day) | 72.09 | 75.55 | 73.46 | 75.51 | 73.22 | 73.51 | 66.43 | 71.58 | 61.39 | 71.38 |
| Recyclables collected (tons/day) | 3.77 | 3.70 | 4.06 | 3.94 | 3.68 | 3.84 | 5.77 | 4.83 | 4.21 | 9.18 |
| Culture and recreation | | | | | | | | | | |
| Separate programs / events offered | 60 | 60 | 65 | 65 | 65 | 72 | 93 | 135 | 141 | 154 |
| Estimated number of program participants | 34,402 | 36,048 | 51,851 | 51,900 | 52,123 | 68,150 | 63,541 | 68,895 | 95,799 | 75,272 |
| Water | | | | | | | | | | |
| New meter connections | N/A | 186 | 273 | 212 | 187 | 170 | 173 | 111 | 153 | 114 |
| Water mains breaks | N/A | 162 | 155 | 148 | 137 | 167 | 180 | 95 | 94 | 133 |
| Average daily consumption (MGD) | 5.098 | 4.870 | 4.665 | 4.641 | 4.892 | 4.967 | 5.085 | 4.659 | 4.311 | 4.018 |
| Wastewater | | | | | | | | | | |
| Average daily sewage treatment (MGD) | 4.533 | 5.632 | 4.553 | 4.332 | 3.824 | 3.650 | 3.474 | 3.801 | 3.950 | 3.950 |

Sources: Various government departments.

N/A: Data not available.

CITY OF ASHEBORO, NORTH CAROLINA
Capital Asset Statistics by Function
Last Nine Fiscal Years

Table 19

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

Sources: Various city departments.

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

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