

**CITY OF ASHEBORO,  
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2013**

Prepared by:

Finance Department

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CITY OF ASHEBORO, NORTH CAROLINA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
<b>INTRODUCTORY SECTION</b>		
Letter of Transmittal		i-xii
GFOA Certificate		xiii
Organizational Chart		xiv
List of Principal Officials		xv
<b>FINANCIAL SECTION</b>		
Independent Auditor's Report		1-3
Management's Discussion and Analysis		5-16
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	17
Statement of Activities	2	18
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	4	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	4	21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	5	22
Statement of Net Position – Proprietary Fund	6	23
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Fund	7	24

CITY OF ASHEBORO, NORTH CAROLINA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013

TABLE OF CONTENTS (Continued)

	<u>Exhibit/ Schedule</u>	<u>Page</u>
<b>FINANCIAL SECTION (Continued)</b>		
Fund Financial Statements (Concluded):		
Statement of Cash Flows – Proprietary Fund	8	25
Notes to Basic Financial Statements		26-57
Required Supplemental Financial Data:		
Law Enforcement Officers’ Special Separation Allowance - Schedule of Funding Progress		60
Law Enforcement Officers’ Special Separation Allowance - Schedule of Employer Contributions		61
Other Postemployment Benefits - Schedule of Funding Progress		62
Other Postemployment Benefits - Schedule of Employer Contributions		63
Combining and Individual Financial Statements and Schedules:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	1	65-79
Combining Balance Sheet - Nonmajor Governmental Funds	2	82
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	3	83
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – From Inception:		
Asheboro Housing Development Special Revenue Fund	4	84-85
Economic Development Special Revenue Fund	5	86-87

CITY OF ASHEBORO, NORTH CAROLINA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013

TABLE OF CONTENTS (Continued)

	<u>Schedule</u>	<u>Page</u>
<b>FINANCIAL SECTION (Concluded)</b>		
Combining and Individual Financial Statements and Schedules (Concluded):		
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – From Inception (Concluded):		
Sunset Theater Capital Project Fund	6	88-89
Airport Runway Extension Phase III Capital Project Fund	7	90-91
Zoo City Park Capital Project Fund	8	92-93
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP):		
Water and Sewer Fund	9	95-103
Dave’s Mountain Water and Sewer Project Fund	10	104-105
Water and Sewer Systems Improvements Project Fund	11	106-107
Capital Assets Used in the Operation of Governmental Funds:		
Comparative Schedules by Source	12	111
Schedule by Function and Activity	13	112-113
Schedule of Changes by Function and Activity	14	114
Other Supplemental Information:		
Schedule of Ad Valorem Taxes Receivable	15	116
Analysis of Current Tax Levy	16	117

CITY OF ASHEBORO, NORTH CAROLINA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013

TABLE OF CONTENTS (Continued)

<b>STATISTICAL SECTION</b>	<u>Table</u>	<u>Page</u>
Net Position by Component - Last Ten Fiscal Years	1	121
Changes in Net Position - Last Ten Fiscal Years	2	122 - 123
Governmental Activities Tax Revenues by Source - Last Ten Fiscal Years	3	124
Fund Balances of Governmental Funds - Last Ten Fiscal Years	4	125
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	5	126
General Governmental Tax Revenues by Source - Last Ten Fiscal Years	6	127
Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	7	128
Property Tax Rates – Direct and Overlapping Governments - Last Ten Fiscal Years	8	129
Principal Property Taxpayers	9	130
Property Tax Levies and Collections - Last Ten Fiscal Years	10	131
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	11	132
Ratios of General Bonded Debt by Outstanding - Last Ten Fiscal Years	12	133
Direct and Overlapping Governmental Activities Debt	13	134
Legal Debt Margin Information - Last Ten Fiscal Years	14	135
Demographic and Economic Statistics - Last Ten Fiscal Years	15	136

CITY OF ASHEBORO, NORTH CAROLINA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013

TABLE OF CONTENTS (Concluded)

<b>STATISTICAL SECTION (Concluded)</b>	<u>Table</u>	<u>Page</u>
Principal Employers - Current Year and Ten Years Ago	16	137
Full-time Equivalent City Government Employees by Function - Last Ten Fiscal Years	17	138
Operating Indicators by Function -Last Ten Fiscal Years	18	139
Capital Assets Statistics by Function - Last Nine Fiscal Years	19	140

## **INTRODUCTORY SECTION**

# City of Asheboro

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

November 27, 2013

I am pleased to present the Comprehensive Annual Financial Report of the City of Asheboro, North Carolina, for the fiscal year ending June 30, 2013 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 unmodified opinion is included in the Financial Section of this report. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City management. To the best of our knowledge and belief, the information in this report is accurate in all material respects and presents fairly the financial position and results of operations and cash flows of the City's various funds. We have included all the disclosures needed to enable the users of these financial statements to gain maximum understanding of the City's financial activities.

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

The *Introductory Section* portion consists of this transmittal letter, The Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2012, 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.

Home of NC Zoological Park

## **CITY PROFILE:**

The City of Asheboro has a population of 25,262 and covers approximately 19.095 square miles. Located in the center of the state, its proximity to Charlotte, the Greensboro-High Point area and Raleigh provides great opportunity for growth as the regional economy expands and diversifies. Asheboro serves as the intersection for four major highways, U.S. 220, U.S. 311, U.S. 64 and NC 49, which connect these major cities. Additionally, Asheboro is home to the nation's second largest interstate highway system. Completion of interstates 73/74 in Randolph County was completed in early 2013, creating an artery linking the Midwest to the southern Atlantic coast. Asheboro is 75 miles west of Raleigh, 300 miles north of Atlanta and 480 miles south of New York. The City is served by Norfolk and Southern Railways.

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

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

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

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

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

The City's accounting records are organized and operated on the basis of funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other assets,

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

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

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

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

#### **ECONOMIC CONDITION AND OUTLOOK:**

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

Asheboro enjoys a wide variety of manufacturing oriented employers. Textiles, furniture,

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

The City of Asheboro's economy has been in a state of transition over the past several years as it continues to transition away from its founding the manufacturing sector. This has been further impacted by the recent recession of 2008-2009. 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 and low growth as measured by tax valuation and residential and commercial construction permits. Growth, as measured by tax valuation, increased only 0.023% in comparison to prior year increase of .024%. The last countywide revaluation was on January 1, 2007 for 2008 taxes. The next countywide revaluation was scheduled originally for January 1, 2013 but has been pushed back to January 1, 2014. However, growth as measured by retail sales reflects a decrease August 2013 year to date of 3.77% in comparison to August 2012 totals. Additionally, there has been a decrease in activity in the area of local commercial construction in comparison to 2011 but an increase in comparison to 2010. In the period of January 1, 2012 to December 31, 2012, total valuation for building permits issued was \$24,699,345 in comparison to \$60,179,696 in 2011 and \$15,592,058 in 2010. The commercial valuations for 2012 were \$12,989,745 and the residential valuations were \$11,679,600. The largest commercial projects in 2012 were two medical facilities with valuations of \$1,250,000 and \$1,548,500. While there has been a decrease in the commercial valuation in comparison to 2011, there was an increase in residential valuations. A total of 23 residential building permits were issued in 2012. There were fifteen single family permits, four townhome permits and four 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 8.1% in August 2013, in comparison to 9.4% in August 2012. The area's unemployment rate is slightly below the current State of North Carolina unemployment rate of 8.7%.

Year to date local retail sales are slightly down in comparison to last year. The retail sales for 8 months in 2013 show a decrease of .60% in comparison to the same period in 2012. Due to the depth of the national economic recession and the changes in the general economic environment, the road to recovery for Asheboro area is expected to be slow and take place over the next several years.

Diversification of the employment base and job creation continues to be critical to the future of Asheboro. Over the past several years, the City of Asheboro has been focusing on diversifying and expanding away from the historical textile manufacturing base industry development to other manufacturing industries, professional services, healthcare and tourism asset development. In 2012, the local economy was impacted by new jobs and investment that was offset by announced closure and restructuring by several of the county's legacy manufacturing based companies. Small business grew in comparison to prior years, bringing along innovation and jobs that are anticipated to be the backbone of our future economy. Thus, the diversification focus has and continues to help the City weather the smaller economic changes that has been affecting North

Carolina over the past several years.

In the an effort to develop non textile manufacturing, the City of Asheboro partners with the Randolph County Economic Development Corporation and Randolph County Government, to provide economic incentives various companies seeking to locate or expand in Randolph County / City of Asheboro area. Four of the more recent joint effort projects involve supporting relocation and / or expansion of facilities for Kayser-Roth Corporation, Malt-O-Meal Company, Allen Precision and Technimark. In the fall of 2013, Kayser-Roth will begin a 60,000 square foot expansion that will equate to an investment of approximately ten million dollars and will result in the creation of 50 new jobs. Malt-O-Meal Company located its food manufacturing facility in Asheboro in the former Unilever plant that was vacated in 2006. Since 2006, Malt-O-Meal Company had invested over \$140,000 million in real property and equipment in Asheboro and has created more than 200 new jobs. With the help of Randolph Community College's workforce development program, many of these new jobs were given to individuals in the community who were displaced as a result of textile manufacturing facility closures in the area. Malt-O-Meal, now called MOM Brands is currently undergoing a second expansion amounting to an additional investment of about \$136 million dollars in plant and equipment and the creation of 50 more new jobs, over the next 2-3 years. These jobs will pay a weekly wage of \$663, about \$100 over the current county average weekly wage. In August 2010, a local precision parts manufacturer, Allen Precision began its facility expansion. Allen Precision, now called PEMMCO Manufacturing Inc., opened its new 50,000 sq ft industrial facility in November 2011 and as a result of its expansion, 28 new jobs were added. In June 2011, Technimark, a company that makes plastic injection molding for companies such as Wal-Mart and Proctor & Gamble, began its 90,000 square foot expansion of its facility for manufacturing and distribution. This expansion will allow the company to bring its research, development and design services to its Asheboro headquarters. It is expected that the project expansion will take place over four years and will create 30 new high-tech jobs paying an average wage of \$60,625 annually and an investment of \$20 million in equipment and technology. Additionally, in 2012-2013, the manufacturing facility Arrow International is investing in new technology and processes and creating highly skilled jobs.

In an effort to support the medical services sector, in November 2006, the City agreed to provide financial support to both Randolph Hospital and Hospice of Randolph County to help support their expansion of their facilities necessary to enhance the services and care they could provide to City of Asheboro and Randolph County residents. In early 2009, Randolph Hospital completed their \$27 million building project that constructed a 58,000 square foot building to consolidate all the hospital's outpatient services in one facility and house a new Cancer Center that will service Randolph County and the surrounding area. In January 2011, Hospice of Randolph County completed its new 10,000 square ft addition to the Hospice campus. As a result of the addition, Hospice now has an the inpatient facility (also known as a "hospice home") which allows the hospice organization to offer care to individuals who would prefer to spend their last days in a home-like setting when it's not possible to remain in their own home. These two expansions have expanded upon and improved the medical services provided in the area. In 2013, Randolph Hospital in partnership with Moses Cone Hospital and Hospice announced a project launch of a unique PACE (Program of All-inclusive Care for the Elderly) Center in a new state of the art center in Asheboro, serving a three county region. The Center will open in the fall of 2013 and continues the strong growth in health care of recent years.

In an effort to help develop Asheboro as a tourism location, the City of Asheboro developed a new directional signage methodology promoting local tourism spots and other recreation type

assets. Additionally, the City has partnered with the North Carolina Zoological Society to help fund Project Pachyderms. This project involves the renovation and expansion of a new area of the North Carolina Zoological Park. The North Carolina Zoological Park, located just to our southeast, is a large tourism draw for Asheboro. It is the nation's largest walk-through natural habitat zoo featuring more than 1,100 animals representing more than 200 species from Africa and North America and 40,000 different plant specimens that border its 5 miles of walking paths connecting the various exhibits. Each year, approximately 700,000 visitors from all 100 counties in North Carolina and all 50 States of the US travel to Asheboro, North Carolina to visit the Zoo making it the sixth largest number of annual visitors in zoo history. The draw for the NC Zoological Park has enhanced tourism in the area, resulting in new motel construction and the addition of several new restaurants in Asheboro over the past few years. Additionally, in early 2012, Asheboro was named the second Certified Retirement Community in the State of North Carolina. The award designates communities that offer unprecedented quality of living that is desirable to retirees including demographics, housing, healthcare, leisure and cultural opportunities.

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. Providence Grove High School was opened in August 2008 and Wheatmore High School opened in September 2009. Additional monies were spent to improve the facilities at Asheboro City School's Early Childhood Development Center re-opened in August 2013. Randolph Community College (RCC) continues to enhance and expand its Early College High School program currently run out of the rehabilitated old Klaussner manufacturing facility next to its campus. Additionally, in January 2013, the college opened a new LEED certified training center. These programs and others have been an enormous boost to the RCC campus. The commitment of area residents and organizations to high ideals and education bodes well for attracting and retaining new business ventures.

## **MAJOR INITIATIVES:**

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

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

The City of Asheboro was chartered December 25, 1796 and included 1,961 acres. As of June 30, 2013, 10,319.94 acres have been annexed allowing for a total City of Asheboro acreage of 12,280.94 acres. Areas that can be economically served with water and sewer services will continue to be studied and will be considered for annexation when funds are available.

In 1996, the City Council adopted a policy that requires any major residential development or any commercial or industrial development desiring water and sewer services from the City to request annexation prior to receiving these services. Additionally, citizens adjacent to city limits

may voluntarily request annexation into the city limits. There were no requests for annexation pending as of June 30, 2013.

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

Road system improvements are a cooperative effort on the part of the State of North Carolina and the City of Asheboro. The Presnell street extension, which connects Highway 220 and Highway 64, was completed in 1995. The extension of Church Street was completed in 1996 and the extension of Carl Drive was completed in 1997. In 2008-2009, improvements along HWY 42 near the intersection of Hwy 64 were completed. The City Council continues to work diligently with NCDOT to find and implement improvements that consider improved safety as well as considers various residential and business needs. The City Council continues to work for and support the I-73 / 74 project and the Highway 64 / 40 bypass loop. The Asheboro section improvements of the I-73/74 project were completed in late 2012.

Increasing fiscal demands on the City and the citizens is an ever-increasing problem. The City continues to make every effort to improve efficiency in current operations as well as plan for the future. In 2008-2009, the City began to incorporate GIS technology into our day to day operations to help asses and take advantage of increased operational efficiencies. In May 2010, the City of Asheboro was awarded an "Outstanding Achievement in Innovation" award from the Alliance for Innovation for its Mobile 311 Program. The City of Asheboro's Mobile 311 program is a GIS-based tool using touch-screen mobile phones with cameras as data collectors allowing a wide range of City employees are able to submit information on utility issues, sanitation routes, maintenance projects, graffiti and more to a central location for evaluation and work schedule development. In 2012, the City began exploring modification of work schedules from its traditional 8 hour day 5 day work week to a 10 hour day 4 day work week in order to reduce overtime and increase operational efficiencies. This schedule has been implemented in the Public Works Division and at this time appears to be effective. The City has also begun to participate in a benchmarking program with the hopes of strategically comparing certain aspects of operation and open up avenues for collaboration with other governmental units to improve efficiencies. The City of Asheboro will continue to investigate and incorporate new technology that will allow us to realize efficiencies without compromising quality of service. In order to enhance the success of our operations, the City fosters a cooperative effort between City personnel and the citizens.

A \$1,500,000 expansion and renovation of the Library Building was completed in 1995 and in 2010-2011, the library parking lot was expanded. Expansion and renovation of the Wastewater Plant was completed in 1998. This expansion increases the treatment capacity from 6 MGD to 9 MGD and should meet the treatment needs of the City. The replacements of aging outfall lines

are almost complete. The Wastewater Plant expansion and outfall line replacement was a \$15,000,000 project and was approved by voters in 1993. Since the wastewater plant expansion, several new sewer pump station and force main improvements have been completed as well. Maintenance and enhancement of the water and wastewater system continues to be a focus for the City of Asheboro. The city has 6 water tanks that are on regular maintenance and rehab schedule to protect the quality of the drinking water once it leaves the water plant. In 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. Construction of the Giles Chapel Road water line replacement should be completed by December 2013. Water line replacements and sewer extensions are ongoing and are necessary to assure quality of service provided to our customer base.

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

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

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

Mandates concerning environmental legislation have had a tremendous impact on the financial structure of the City. The City of Asheboro has two local recycling drop sites as well as curbside

recycling collection once a week available to all of its residents. The testing of fuel tanks and the rehabilitation of existing facilities as well as monitoring and testing discharge from various manufacturing facilities has placed an additional load on the City. The internal compliance requirements associated with operating a water and sewer system have grown increasingly complex. The City Council supports and pledges to meet the standards as set forth by State and Federal Agencies. However, this is often a challenge and a burden on resources because such mandates are often handed down without funds to meet the regulations.

Improvements to the airport continue to be made. Projects completed include the extension of the runway to 5,500 feet in December 2000, the construction of the perimeter fencing completed in July 2001, and the paving and lighting of the parallel taxiway completed in October 2002. State and Federal funding has been allocated to pay 90% of the cost to widen the runway from 75' to 100' and to strengthen the runway, taxiways and a portion of the apron. These improvements were completed in the 2005-2006 fiscal year. In the 2006-2007 fiscal year, construction was completed on a 10,000 gallon "Jet-A" fuel tank and spill containment facility. In the 2007-2009 fiscal years, construction of additional T-Hangar taxilanes was completed and the NC Aviation museum parking lot was expanded and paved. Construction of a pump station that services the Airport and the extension of water and sewer lines from the airport to the Tot Hill Farm area were completed in fiscal year 2011-2012. Plans and bid documents for construction of an additional taxi lane and hangar site as well as clearing of obstructions at the north end of the runway was completed in 2012-2013. The grading portion of the taxi lane and hangar site prep should be completed by December 2013.

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

## **FOR THE FUTURE:**

The City of Asheboro has been going through a period of transition over the past few years as it continues to adjust with the changing local economic environment. To help focus our efforts, 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 2012-2013 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 2013-2014 provides resources to maintain the current level of service to our customers as well as focus on ongoing major initiatives which go hand in hand with the strategic planning initiatives referenced above. One of these initiatives was to establish the City of Asheboro as a "Fit Community". This goal is being reached by promoting citizens, and members of local area businesses and churches participation in wellness activities such as "Walk Across America" and the "Mayor's Walk" around downtown. As part of this effort, the City has organized walking teams and has marked several walking courses that go through various scenic areas of downtown for citizens to use. These paths range from 2 miles to 4.8 miles. 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, 2013 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 2013-2014. Interest earned on General Fund investments and Water and Sewer Fund investments combined continue to be low in comparison to historical periods due to the continued low interest rate environment resulting from a collapse of the financial system and the following economic recession. This reduction has had an impact on the 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

detering 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, 2013 are \$930,000. \$99,541 of this balance is for improvements to the City's Library. The remaining \$830,459 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. In 2012, the City of Asheboro entered into two installment purchase contracts, original total of \$1,865,995, to purchase vehicles and equipment for the public works and water and sewer maintenance departments. Total outstanding principal balance due on installment purchase contracts as of June 30, 2013 is \$2,420,418.

In 2012-2013, the City of Asheboro issued new debt for the renovation of the historic Sunset Theatre in the amount of \$1,200,000. Additionally, it entered into a new contract of \$462,452 with the State of North Carolina to purchase radio read meters. As of June 30, 2013, the total notes payable balance for the Water & Sewer Fund was \$6,930,057 providing for system wide enhancements and improvements. The total notes payable for the governmental type activities was \$1,071,429.

The City of Asheboro has been strategic in this debt management approach in order to protect our debt capacity for future projects and facility expansion. In 2013-2014, the City is expecting to incur new debt to provide for large equipment and repairs at its water and wastewater treatment plants. A future project being considered is the construction of a third fire station. Another project that has been discussed, and may be reviewed more closely when the economy improves, is the development of a recreation facility / soccer fields. The city is also looking at developing a passive park with walking and biking trails.

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

## **INDEPENDENT AUDIT:**

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

## **AWARDS:**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Asheboro for its comprehensive annual financial report for the fiscal year ended June 30, 2012. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

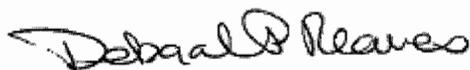
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such report must satisfy both generally accepted accounting principles and applicable legal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



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

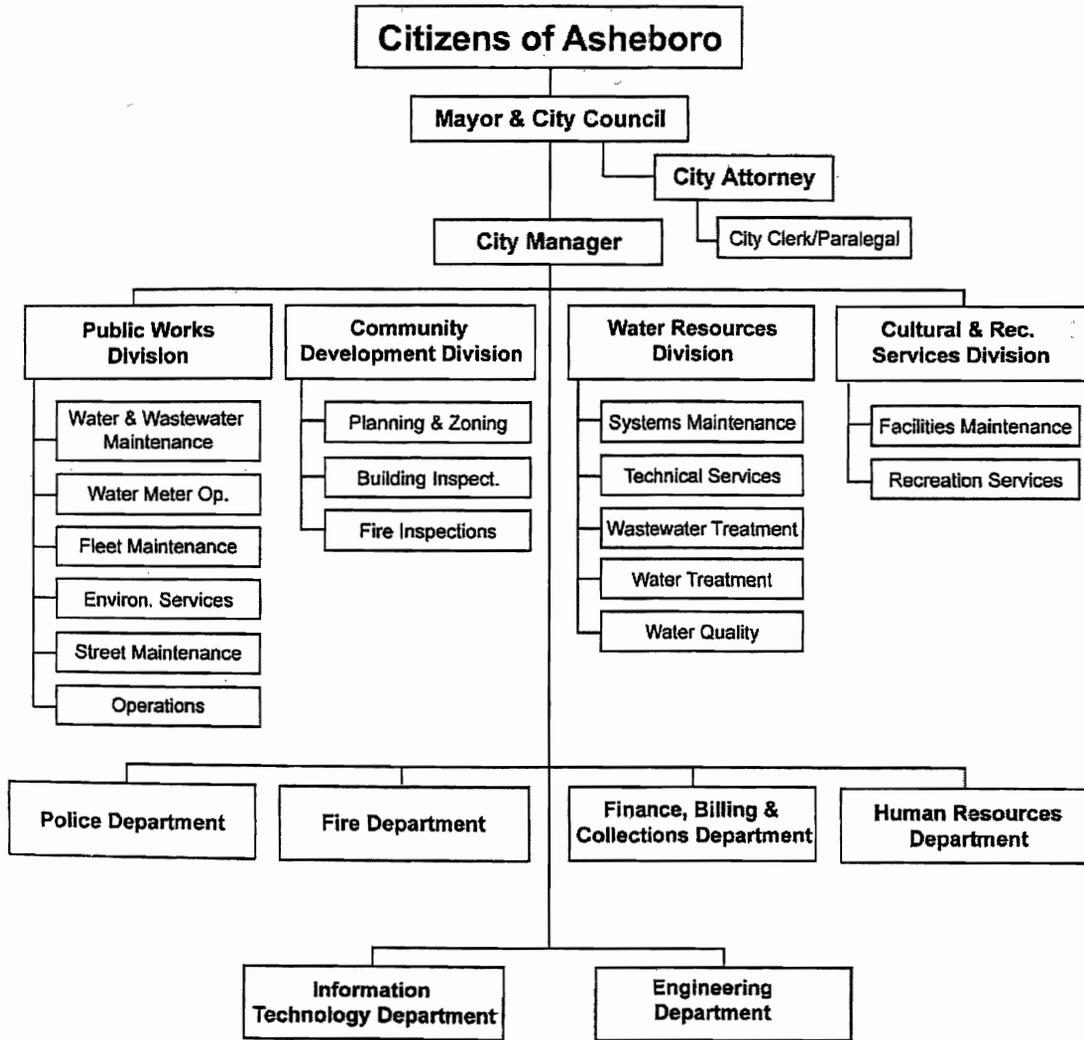
**City of Asheboro  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

# Organizational Chart City Divisions & Departments



CITY OF ASHEBORO, NORTH CAROLINA

LIST OF PRINCIPAL OFFICIALS

June 30, 2013

Title	Name
Mayor	David Smith
Mayor Pro Tem, Council Member	Talmadge Baker
Council Member	Clark Bell
Council Member	Eddie Burks
Council Member	Linda Carter
Council Member	Mike Hunter
Council Member	Charles Swiers
Council Member	Walker Moffitt
City Manager	John Ogburn, III
City Attorney	Jeff Sugg
Airport Authority Chair	Steve Knight
Redevelopment Commission Chair	Linda Carter
Planning Board Chair	Van Rich
Board of Adjustment Chair	Van Rich
Community Appearance Chair	Linda Carter
Solid Waste Management Committee Chair	Talmadge Baker
City Clerk	Holly Doerr
Finance Officer	Deborah Reaves
Planning and Zoning Director	Trevor Nuttall
Police Chief	Rickey Wilson
Fire Chief	Roy Wright
Building Inspections Director	Larry Trotter
Fire Inspections Director	Mike Jones
City Shop Director	Terry Reeder
City Engineer	Michael Leonard
Information Technology Director	Todd Stout
Public Works Director	David Hutchens
Street Department Head	Dwain Maness
Sanitation Director	Kermit Williamson
Human Resources Director	Myers Johnson
Cultural and Recreational Services Director	Felix Ward
Recreation Director	Johnathan Sermon
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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**FINANCIAL SECTION**



**MAXTON McDOWELL**

*Certified Public Accountant*

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

Member  
American Institute of Certified  
Public Accountants  
North Carolina Association of  
Certified Public Accountants

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

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the City of Asheboro, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Asheboro's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I did not audit the financial statements of the City of Asheboro ABC Board. Those financial statements were audited by another auditor whose report thereon has been furnished to me, and my opinion, insofar as it relates to the amounts included for the City of Asheboro ABC Board, is based on the report of the other auditor. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the City of Asheboro ABC Board were not audited in accordance with Government Auditing Standards.

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

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

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

### **Opinions**

In my opinion, based on my audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Asheboro, North Carolina, as of June 30, 2013, 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.

### **Other Matters**

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance's and the Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I and the other auditor have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### Supplementary and Other Information

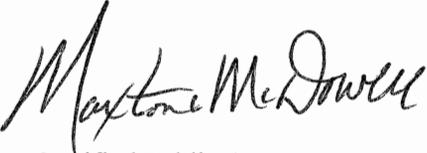
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Asheboro, North Carolina. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules 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 fund financial statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied by me and the other auditor in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In my opinion, based on my audit, the procedures performed as described above, and the report of the other auditor, the combining and individual fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied by me in the audit of the basic financial statements and, accordingly, I express no opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, I have also issued a report dated November 27, 2013, on my consideration of the City of Asheboro's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of the report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Asheboro's internal control over financial reporting and compliance.

November 27, 2013



Certified Public Accountant  
Asheboro, North Carolina

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## Management's Discussion and Analysis

As management of the City of Asheboro, we offer readers of the City of Asheboro's financial statements this narrative overview and analysis of the financial activities of the City of Asheboro for the fiscal year ended June 30, 2013. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

### Financial Highlights

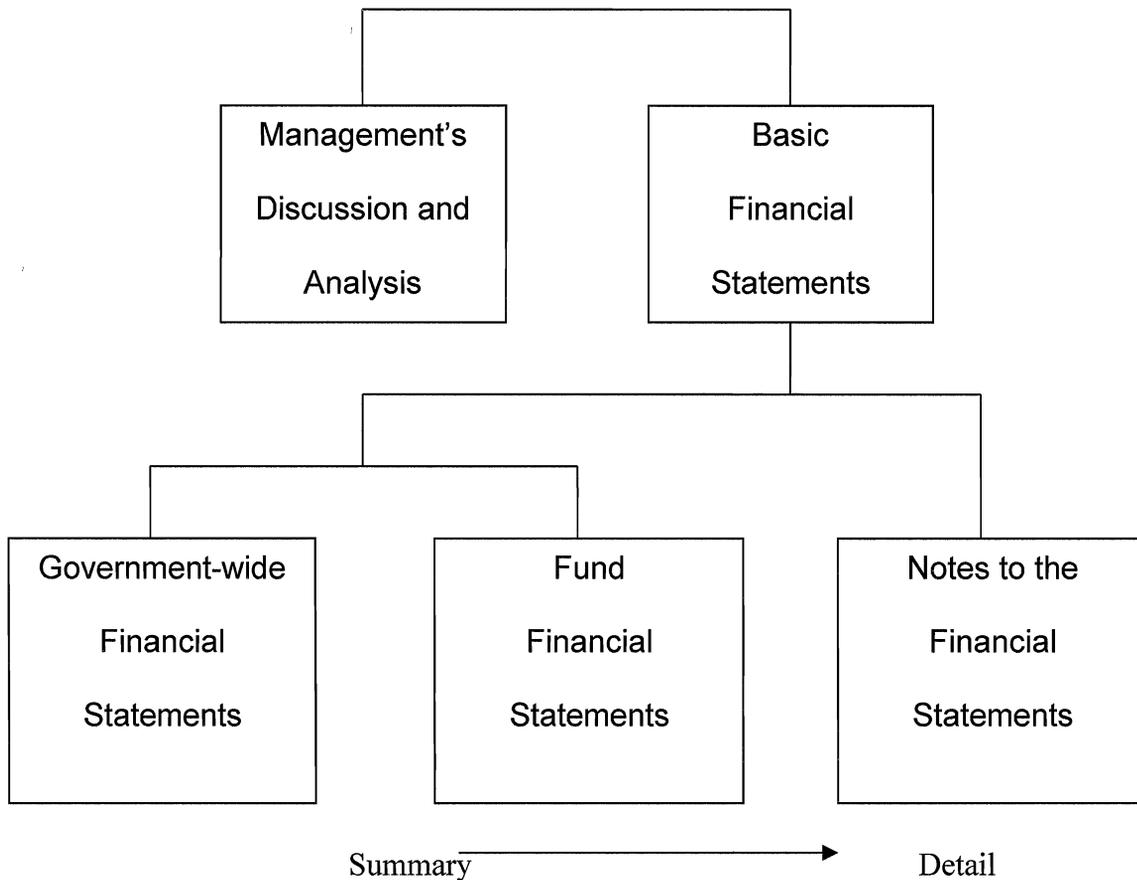
- The assets and deferred outflows of resources of the City of Asheboro exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$79,284,329 (*net position*).
- The government's total net position decreased by \$156,108. Governmental activities net position decreased by \$2,432,641 while business type net position increased by \$2,276,533.
- As of the close of the current fiscal year, the City of Asheboro's governmental funds reported combined ending fund balances of \$10,035,370 with a net change of \$932,334 in fund balance. Approximately 54% percent of this total amount, or \$5,436,096 is non spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,144,624, or 16.83% of total general fund expenditures for the fiscal year.
- Ad valorem tax revenue increased by \$5,712 in the current year due to minor increases in assessed property valuation.
- The City of Asheboro's total debt increased by \$84,146 (0.83%) during the current fiscal year. Governmental activities debt increased by \$752,990 primarily due to increases in installment debt. Business type activities debt decreased by \$668,844 primarily due to decrease in general obligation debt.
- 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 two government-wide statements report the City's net position and how it has changed.

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

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

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

The government-wide financial statements include not only the City of Asheboro itself (known as the primary government), but also a legally separate ABC Board. Financial information on this component unit is reported separately from the financial information presented for the primary government itself. Although separate from the City, the ABC Board is important to the City because the City exercises control over the Board by appointing its members and the Board is required to distribute its profits to the City.

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

## **Fund Financial Statements**

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

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and

Management's Discussion and Analysis  
City of Asheboro

outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a governments near-term financing requirements.

Most of the City's basic services are accounted for in governmental funds. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate comparison between governmental funds and governmental activities.

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

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

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

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

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

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 26 of this report

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Asheboro’s progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found beginning on page 59 of this report.

**Government-Wide Financial Analysis**

As noted earlier, net position over time, may serve as a useful indicator of a government’s financial position. In the case of the City of Asheboro, assets and deferred outflows exceed liabilities and deferred inflows by \$79,284,329 at the close of the most recent fiscal year.

**The City of Asheboro’s Net Position**

**Figure 2**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 12,514,150	\$ 12,415,163	\$ 11,794,977	\$ 11,686,101	\$ 24,309,127	\$ 24,101,264
Capital assets	24,239,239	23,826,649	50,220,437	48,421,471	74,459,676	72,248,120
Deferred outflow of resources	917		7,648			
Total assets and deferred outflows of resources	36,754,306	36,241,812	62,023,062	60,107,572	98,768,803	96,349,384
Long-term liabilities outstanding	6,462,535	4,416,366	7,521,363	8,029,440	13,983,898	12,445,806
Other liabilities	2,975,335	2,115,010	2,492,936	2,348,131	5,468,271	4,463,141
Deferred inflow of resources	38,641		2,229			
Total liabilities and deferred inflows of resources	9,476,511	6,531,376	10,016,528	10,377,571	19,452,169	16,908,947
<b>Net Position:</b>						
Net Investment in						
Capital Assets	21,550,155	22,576,050	41,926,766	39,489,368	63,476,921	62,065,418
Restricted	5,031,627	4,975,395			5,031,627	4,975,395
Unrestricted	696,013	2,158,991	10,079,768	10,240,633	10,775,781	12,399,624
Total net assets	\$ 27,277,795	\$ 29,710,436	\$ 52,006,534	\$ 49,730,001	\$ 79,284,329	\$ 79,440,437

By far, the largest portion of the City of Asheboro’s net position (80.06%) reflects the City’s net investment in capital assets (e.g. land, buildings, machinery, equipment, vehicles and infrastructure). The City’s net position decreased by \$156,108 for the fiscal year ended June 30, 2013. The City of Asheboro uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Asheboro’s net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Management's Discussion and Analysis  
City of Asheboro

An additional portion of the City of Asheboro's net position (6%) or \$5,031,627 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$10,775,781 is unrestricted. These funds can be used to meet the government's ongoing obligations to its citizens and creditors without constraints established by debt covenants or other legal requirements.

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

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.63%
- ABC Profit Distribution of \$230,000 showing the City of Asheboro has adjusted to changes in legislation allowing alcohol sales within city limits.
- Increases sales tax revenues of approximately \$52,177 showing some signs of economic recovery.
- Continued low cost of debt due to the City's favorable bond rating.

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 1,752,710	\$ 1,900,586	\$ 11,900,646	\$ 11,481,001	\$ 13,653,356	\$ 13,381,587
Operating grants & contributions	729,487	1,085,673	594,645	596,180	1,324,132	1,681,853
Capital grants & contributions	611,822	593,839	2,364,158	577,292	2,975,980	1,171,131
General revenues						-
Property taxes	12,219,356	12,024,717			12,219,356	12,024,717
Other taxes	6,570,591	6,507,915			6,570,591	6,507,915
Grants & contributions not restricted to specific programs					-	-
Other	907,525	763,928	10,090	(10,096)	917,615	753,832
<b>Total revenues</b>	<b>22,791,491</b>	<b>22,876,658</b>	<b>14,869,539</b>	<b>12,644,377</b>	<b>37,661,030</b>	<b>35,521,035</b>
<b>Expenses</b>						
General government	3,207,455	3,061,766			3,207,455	3,061,766
Public safety	11,277,560	10,936,883			11,277,560	10,936,883
Transportation	4,357,965	4,416,483			4,357,965	4,416,483
Environmental Protection	2,403,358	2,416,231			2,403,358	2,416,231
Economic development	3,695,508	867,040			3,695,508	867,040
Cultural and recreational	1,019,712	3,342,904			1,019,712	3,342,904
Interest on long-term debt	60,147	57,384			60,147	57,384
Water and sewer			11,772,761	11,225,841	11,772,761	11,225,841
<b>Total expenses</b>	<b>26,021,705</b>	<b>25,098,691</b>	<b>11,772,761</b>	<b>11,225,841</b>	<b>37,794,466</b>	<b>36,324,532</b>
Change in net position before transfers	(3,230,214)	(2,222,033)	3,096,778	1,418,536	(133,436)	(803,497)
Transfers	800,000	777,883	(800,000)	(777,883)	-	-
Change in net position	(2,430,214)	(1,444,150)	2,296,778	640,653	(133,436)	(803,497)
Net position, July 1	29,710,436	31,154,586	49,730,001	49,089,348	79,440,437	80,243,934
Restatement	(2,427)		(20,245)		(22,672)	
Net Position, July 1 Restated	29,708,009		49,709,756		79,417,765	
Net position, June 30	\$ 27,277,795	\$ 29,710,436	\$ 52,006,534	\$ 49,730,001	\$ 79,284,329	\$ 79,440,437

(continued on next page)

Management's Discussion and Analysis  
City of Asheboro

**Governmental activities.** During the current fiscal year, net position for governmental activities decreased by \$2,430,214 from the prior fiscal year for an ending balance of \$27,277,795. While the current recession certainly had an impact on the City of Asheboro, Management was able to take various actions (e.g., increasing rates for certain revenue sources, delaying certain nonrecurring expenses, reducing expenses related to non-essential ongoing programs in the culture and recreation function) that neutralized its effect on governmental activities. Elements contributing to this decrease are as follows:

- Net revenues decreased slightly in comparison to prior year. Program revenue decreases were offset by some slight increases in general revenues (taxes) indicating cautious consumer spending as a result of ongoing effects of the national economic recession. The City of Asheboro's unemployment rate is still high and thus is affecting citizen's ability to pay for and take advantage of extra or ancillary services the City of Asheboro provides.
- Revenues not being able to keep pace with rising expenses due to economic environment.
  - Total governmental activities revenue decreased approximately \$85,170. Increased revenue generated from property tax accounts for approximately \$194,639 and increased sales tax revenue of \$62,676 are offset by decreased revenue for services that the city charges for of \$147,876 and a decrease in grants and contributions of \$356,186.
  - Total governmental activities expenses increased by approximately \$923,014. Public Safety expenses increased by \$340,677. Cultural and Recreational expenses increased by \$352,604 due to investment in the rehabilitation of the Sunset Theatre.
- The failure of and decreased confidence in the financial industry has resulted in an ongoing poor interest rate environment. As a result, interest on General Fund Investments has decreased by 36.04% or \$8,469 2012-2013 in comparison to the prior year.

**Business-type activities:** Business-type activities net position increased by \$2,296,778. Key elements of this increase are as follows:

- Tight management of expenses: Fiscal year 2012-2013 expenses only increased approximately \$546,920 OR 4.8% in comparison to the prior operating year. Due to the current economic environment, non operationally essential capital expenditures continue to be delayed.
- Business type activities revenue increased by \$2.2 million, mostly due to a \$1.7 million increase in the area of capital grants and contributions.

### **Financial Analysis of the City's Funds**

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

**Governmental Funds.** The focus of the City of Asheboro's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Asheboro's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an

Management's Discussion and Analysis  
City of Asheboro

external party, the City of Asheboro itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City of Asheboro's council.

The non-major governmental fund balance was \$2,178,800. At June 30, 2013, the City of Asheboro's governmental funds reported combined fund balances of \$10,035,370, a net decrease of \$932,334 or 8.5% in comparison with the prior year. Approximately 41% of the combined fund balance or \$4,144,624 constitutes unassigned fund balance in the general fund. These funds are available for spending at the government's discretion. The remainder of the fund balance is either non-spendable, restricted, committed or assigned to indicate that it is 1) not in spendable form (\$859,119), 2) legally required to be maintained intact (\$2,650,073), 3) restricted for particular purposes (\$1,926,904), 4) or committed for particular purposes (\$454,650). Included in this change in fund balance is a decrease in fund balance in the General Fund, an increase in non major special revenue funds and a decrease in Capital Projects Funds.

The General Fund is the chief operating fund of the City of Asheboro. At the end of the current fiscal year, the City of Asheboro's unassigned fund balance in the General Fund was \$4,144,624 and its total fund balance reached \$8,434,871. 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 unassigned fund balance of 16.83% of general fund expenditures, while total fund balance represents 34.25% of the same amount.

**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 2012-2013 was adopted in June 2012 at \$24,566,959 and represented an 8.79% percent increase over the audited 2011-2012 expenditures of \$22,580,392. The 2012-2013 budget was amended during the fiscal year to \$25,278,744, an increase of \$711,785 to account for unexpected operational expenditures. 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 \$653,342 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 2012-2013 was adopted in June 2012 at \$14,690,025 and represented a 22.6% increase (\$2,709,625) over the 2011-2012 audited expenditures of \$11,980,400. The budget was amended during the year to \$15,116,848. As with the General Fund, various expenses were deferred due to the downturn in the economy. The Water & Sewer Fund year end expenditures were \$12,854,446 and represented a 14.41% 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, 2013 totals \$148,706,200. These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, plant and distribution system and vehicles.

Major capital asset transactions during the year include the following:

- An increase of \$2,243,816 in governmental activities capital assets with the largest increase in construction in progress.
- An increase of \$3,562,417 in the area of business type capital assets resulting mostly from the completion of certain improvements to the water & sewer system infrastructure. Construction in progress decreased by \$729,479 and plant and distribution system asset increased by \$3,253,018. Land also increased by \$417,058 due to a purchase of land surrounding Lake Lucas to extend our water shed around this major water supply.

**City of Asheboro’s Capital Assets**  
 (net of depreciation)

**Figure 4**

	Governmental Activities 2013	Business-Type Activities 2013	Total 2013	Governmental Activities 2012	Business-Type Activities 2012	Total 2012
Land	\$ 4,019,546	\$ 3,223,182	\$ 7,242,728	\$ 4,019,546	\$ 2,806,124	\$ 6,825,670
Buildings	11,428,156	30,513,344	41,941,500	11,457,627	30,473,373	41,931,000
Improvements other than buildings	10,858,672	78,560	10,937,232	10,804,728	78,560	10,883,288
Plant and distribution systems		45,643,395	45,643,395		42,390,377	42,390,377
Street construction	15,668,160		15,668,160	15,634,410		15,634,410
Equipment	5,457,795	6,047,390	11,505,185	5,028,959	5,845,146	10,874,105
Vehicles	9,885,736	2,668,675	12,554,411	9,128,981	2,289,070	11,418,051
Construction in progress	1,970,476	1,243,113	3,213,589	970,474	1,972,592	2,943,066
<b>Total</b>	<b>\$ 59,288,541</b>	<b>\$ 89,417,659</b>	<b>\$ 148,706,200</b>	<b>\$ 57,044,725</b>	<b>\$ 85,855,242</b>	<b>\$ 142,899,967</b>

Additional information on the City’s capital assets can be found in Detail Notes Section III A.4 in the notes to the financial statements.

**Long-term Debt:** As of June 30, 2013, the City of Asheboro had total bonded debt outstanding of \$930,000. All of this is debt backed by the full faith and credit of the City.

**City of Asheboro's Outstanding Debt**

**Figure 5**

	Governmental Activities 2013	Governmental Activities 2012	Business-Type Activities 2013	Business-Type Activities 2012	Total 2013	Total 2012
General Obligation Bonds	\$ 99,541	\$ 204,434	\$ 830,459	\$ 1,705,566	\$ 930,000	\$ 1,910,000
Installment Purchases	1,901,949	1,044,066	518,469	152,145	\$ 2,420,418	\$ 1,196,211
notes payable	1,071,429		6,930,057	7,090,118	\$ 8,001,486	\$ 7,090,118
Revenue bonds					-	-
<b>Total</b>	<b>\$ 3,072,919</b>	<b>\$ 1,248,500</b>	<b>\$ 8,278,985</b>	<b>\$ 8,947,829</b>	<b>\$11,351,904</b>	<b>\$10,196,329</b>

The City of Asheboro's total outstanding long-term debt increased by \$1,155,575 during the past fiscal year. This change is due to the combined effects of a decrease of general obligation debt of \$980,000, an increase in notes payable of \$911,368 and an increase in installment purchase obligations of \$1,224,207. The largest new installment debt issued in 2012-2013 was for the rehabilitation of the Sunset Theatre.

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 \$174,508,954.

Additional information regarding the City of Asheboro's long-term debt can be found in Detail Notes Section III 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 8.1% is slightly lower than the State average of 8.7%.
- Growth, as measured by tax valuation, increased .023% 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 decreased 3.77% over the prior fiscal year.
- Growth as measured by building and inspection permits for commercial and residential properties is mixed. There has been a decrease in activity in the area of local commercial construction in comparison to 2011 but an increase in comparison to 2010. In the period of

Management's Discussion and Analysis  
City of Asheboro

January 1, 2012 to December 31, 2012, total valuation for building permits issued was \$24,699,345 in comparison to \$60,179,696 in 2011 and \$15,592,058 in 2010. The commercial valuations for 2012 were \$12,989,745 and the residential valuations were \$11,679,600. The largest commercial projects in 2012 were two medical facilities with valuations of \$1,250,000 and \$1,548,500. While there has been a decrease in the commercial valuation in comparison to 2011, there was an increase in residential valuations. A total of 23 residential building permits were issued in 2012. There were fifteen single family permits, four townhome permits and four multifamily permits issued.

**Budget Highlights for the Fiscal Year Ending June 30, 2014**

**Governmental Activities:** No tax increase was recommended for the General Fund for fiscal year ending June 30, 2014. Major Sources of revenue such as ad valorem taxes is projected to remain relatively flat in comparison to year end 2013 figures. Overall revenue is expected to increase only slightly due to the economic recession.

Budgeted expenditures in the General Fund are appropriated at \$25,870,080. 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 remain flat. Budgeted revenue does include proceeds from lease purchase of \$2,171,000 and no allocation of retained earnings. General operating expenses is budgeted at \$15,290,066. This will cover the usual salary and benefit costs budgeted at a slightly higher level than the previous period due to increased health insurance costs, material, supplies, and other operating expenses, increased debt service, equipment replacement costs as well as some improvements at the plant facilities themselves. As noted for the General Fund budget, there is no across the board employee cost of living increase included in the water and sewer fund budget.

**Requests for Information**

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

## STATEMENT OF NET POSITION

June 30, 2013

	Primary Government			City of Asheboro ABC Board
	Governmental Activities	Business-Type Activities	Total	
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 5,900,925	\$ 8,805,982	\$ 14,706,907	\$ 254,202
Receivables:				
Taxes Receivable - Net	239,661	-	239,661	-
Accounts Receivable	84,754	1,950,590	2,035,344	-
Due From Other Governments	2,089,948	-	2,089,948	-
Notes Receivable	1,187,600	88,890	1,276,490	-
Inventories	509,119	949,515	1,458,634	229,067
Prepaid Expenses	-	-	-	9,773
Total Current Assets	10,012,007	11,794,977	21,806,984	493,042
Restricted Assets:				
Cash and Cash Equivalents	2,502,143	-	2,502,143	-
Capital Assets:				
Land, and Construction in Progress	5,990,022	4,466,295	10,456,317	-
Other Capital Assets, Net of Depreciation	18,249,217	45,754,142	64,003,359	97,316
Total Capital Assets	24,239,239	50,220,437	74,459,676	97,316
Deposits	-	-	-	110
Total Non-current Assets	26,741,382	50,220,437	76,961,819	97,426
<b>Total Assets</b>	36,753,389	62,015,414	98,768,803	590,468
<b>Deferred Outflows of Resources</b>	917	7,648	8,565	-
<b>Liabilities:</b>				
Accounts Payable and Accrued Liabilities	539,932	180,176	720,108	75,240
Deposits	16,000	446,818	462,818	-
Payable From Restricted Assets	209,238	-	209,238	-
Unearned Revenues	723,348	144,850	868,198	-
Accrued Interest Payable	220	30,715	30,935	-
Due to Primary Government	-	-	-	6,347
Current Portion of Long-Term Liabilities	1,486,597	1,690,377	3,176,974	-
Total Current Liabilities	2,975,335	2,492,936	5,468,271	81,587
Long-Term Liabilities:				
Due in More Than One Year	6,462,535	7,521,363	13,983,898	-
<b>Total Liabilities</b>	9,437,870	10,014,299	19,452,169	81,587
<b>Deferred Inflows of Resources</b>	38,641	2,229	40,870	-
<b>Net Position:</b>				
Net Investment in Capital Assets	21,550,155	41,926,766	63,476,921	97,316
Restricted For:				
Transportation	861,955	-	861,955	-
Stabilization by State Statute	2,650,073	-	2,650,073	-
Economic Development	454,650	-	454,650	-
Capital Projects	1,064,949	-	1,064,949	-
Working Capital	-	-	-	85,202
Unrestricted	696,013	10,079,768	10,775,781	326,363
<b>Total Net Position</b>	\$ 27,277,795	\$ 52,006,534	\$ 79,284,329	\$ 508,881

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, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			City of Asheboro ABC Board
	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-Type Activities	Total	
<b>Governmental Activities:</b>								
General Government	\$ 3,207,455	\$ 341,430	\$ -	\$ -	\$ (2,866,025)	\$ -	\$ (2,866,025)	\$ -
Public Safety	11,277,560	111,356	54,096	44,221	(11,067,887)	-	(11,067,887)	-
Transportation	4,357,965	27,247	675,314	115,063	(3,540,341)	-	(3,540,341)	-
Environmental Protection	2,403,358	909,082	-	-	(1,494,276)	-	(1,494,276)	-
Cultural and Recreational	3,695,508	363,595	-	97,963	(3,233,950)	-	(3,233,950)	-
Economic and Physical Development	1,019,712	-	77	354,575	(665,060)	-	(665,060)	-
Interest on Long-term Debt	60,147	-	-	-	(60,147)	-	(60,147)	-
<b>Total Governmental Activities</b>	<b>26,021,705</b>	<b>1,752,710</b>	<b>729,487</b>	<b>611,822</b>	<b>(22,927,686)</b>	<b>-</b>	<b>(22,927,686)</b>	<b>-</b>
<b>Business-Type Activities:</b>								
Water and Sewer	11,772,761	11,900,646	594,645	2,364,158	-	3,086,688	3,086,688	-
<b>Total Business-Type Activities</b>	<b>11,772,761</b>	<b>11,900,646</b>	<b>594,645</b>	<b>2,364,158</b>	<b>-</b>	<b>3,086,688</b>	<b>3,086,688</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 37,794,466</b>	<b>\$ 13,653,356</b>	<b>\$ 1,324,132</b>	<b>\$ 2,975,980</b>	<b>(22,927,686)</b>	<b>3,086,688</b>	<b>(19,840,998)</b>	
<b>Component Unit:</b>								
ABC Board	\$ 2,169,440	\$ 2,226,012	\$ -	\$ -	-	-	-	56,572
<b>Total Component Unit</b>	<b>\$ 2,169,440</b>	<b>\$ 2,226,012</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,572</b>
<b>General Revenues:</b>								
Taxes:								
Property taxes, levied for general purpose					12,219,356	-	12,219,356	-
Sales taxes					3,044,107	-	3,044,107	-
Franchise taxes					2,042,949	-	2,042,949	-
Other taxes					1,483,535	-	1,483,535	-
Unrestricted investment earnings					15,031	10,090	25,121	270
Gain (loss) on disposal of capital assets					(5,971)	-	(5,971)	-
Miscellaneous revenues					898,465	-	898,465	-
<b>Total General Revenues Not Including Transfers</b>					<b>19,697,472</b>	<b>10,090</b>	<b>19,707,562</b>	<b>270</b>
<b>Transfers</b>					<b>800,000</b>	<b>(800,000)</b>	<b>-</b>	<b>-</b>
<b>Total General Revenues, Special Items, and Transfers</b>					<b>20,497,472</b>	<b>(789,910)</b>	<b>19,707,562</b>	<b>270</b>
<b>Change in Net Position</b>					<b>(2,430,214)</b>	<b>2,296,778</b>	<b>(133,436)</b>	<b>56,842</b>
<b>Net Position Beginning of Year, Previously Reported</b>					<b>29,710,436</b>	<b>49,730,001</b>	<b>79,440,437</b>	<b>452,039</b>
<b>Restatement</b>					<b>(2,427)</b>	<b>(20,245)</b>	<b>(22,672)</b>	<b>-</b>
<b>Net Position Beginning of Year, Restated</b>					<b>29,708,009</b>	<b>49,709,756</b>	<b>79,417,765</b>	<b>452,039</b>
<b>Net Position End of Year</b>					<b>\$ 27,277,795</b>	<b>\$ 52,006,534</b>	<b>\$ 79,284,329</b>	<b>\$ 508,881</b>

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

**CITY OF ASHEBORO, NORTH CAROLINA**

Exhibit 3

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

	<u>Major Fund</u>	<u>Total Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>Funds</u>	<u>Governmental</u>
			<u>Funds</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 5,446,275	\$ 454,650	\$ 5,900,925
Restricted Cash	1,367,763	1,134,380	2,502,143
Receivables:			
Taxes Receivable - Net	239,661	-	239,661
Accounts Receivable	65,691	19,063	84,754
Due From Other Governments	2,079,241	10,707	2,089,948
Due From Other Funds	350,000	-	350,000
Notes Receivable	627,600	560,000	1,187,600
Inventories	509,119	-	509,119
<b>Total Assets</b>	<u>\$ 10,685,350</u>	<u>\$ 2,178,800</u>	<u>\$ 12,864,150</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts Payable and Accrued Liabilities	\$ 539,932	\$ -	\$ 539,932
Due to Other Funds	-	350,000	350,000
Deposits	16,000	-	16,000
Payable From Restricted Assets	-	209,238	209,238
Unearned Revenues	723,348	-	723,348
<b>Total Liabilities</b>	<u>1,279,280</u>	<u>559,238</u>	<u>1,838,518</u>
<b>Deferred Inflows of Resources</b>	<u>971,199</u>	<u>19,063</u>	<u>990,262</u>
<b>Fund Balances:</b>			
Nonspendable:			
Long-term Receivables	350,000	-	350,000
Inventories	509,119	-	509,119
Restricted:			
Streets	861,955	-	861,955
Stabilization by State Statute	2,079,366	570,707	2,650,073
Capital Projects	489,807	575,142	1,064,949
Committed:			
Capital Projects	-	-	-
Economic and Physical Development	-	454,650	454,650
Unassigned	4,144,624	-	4,144,624
<b>Total Fund Balances</b>	<u>8,434,871</u>	<u>1,600,499</u>	<u>10,035,370</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 10,685,350</u>	<u>\$ 2,178,800</u>	

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

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

Gross capital assets at historical cost	\$ 59,288,540	
Accumulated depreciation	<u>(35,049,301)</u>	24,239,239

Liabilities for earned revenues considered deferred inflows in fund statements. 951,890

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. (7,948,704)

\$ 27,277,795

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, 2013**

	<u>Major Fund</u> <u>General</u>	<u>Total Non-Major</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>Revenues:</b>			
Ad Valorem Taxes	\$ 12,276,415	\$ -	\$ 12,276,415
Other Taxes and Licenses	340,369	-	340,369
Intergovernmental Revenues:			
Unrestricted	6,773,114	-	6,773,114
Restricted	805,702	435,888	1,241,590
Permits and Fees	162,991	-	162,991
Sales and Services	1,311,794	-	1,311,794
Investment Earnings	15,031	-	15,031
Miscellaneous Revenue	610,647	98,827	709,474
<b>Total Revenues</b>	<u>22,296,063</u>	<u>534,715</u>	<u>22,830,778</u>
<b>Expenditures:</b>			
Current:			
General Government	3,755,674	-	3,755,674
Public Safety	11,327,871	-	11,327,871
Transportation	3,243,380	-	3,243,380
Environmental Protection	2,383,417	-	2,383,417
Cultural and Recreational	3,319,294	-	3,319,294
Economic and Physical Development	-	992,352	992,352
Debt Service	579,096	-	579,096
Capital Outlay	-	1,642,806	1,642,806
<b>Total Expenditures</b>	<u>24,608,732</u>	<u>2,635,158</u>	<u>27,243,890</u>
<b>Deficiency of Revenues</b>			
<b>Over Expenditures</b>	<u>(2,312,669)</u>	<u>(2,100,443)</u>	<u>(4,413,112)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers From Other Funds	153,013	816,700	969,713
Transfers to Other Funds	(16,700)	(153,013)	(169,713)
Sale of Capital Assets	336,533	-	336,533
Proceeds From Issuance of Note	-	1,200,000	1,200,000
Lease Purchase Obligations Issued	1,144,245	-	1,144,245
<b>Total Other Financing Sources (Uses)</b>	<u>1,617,091</u>	<u>1,863,687</u>	<u>3,480,778</u>
<b>Net Change in Fund Balances</b>	<u>(695,578)</u>	<u>(236,756)</u>	<u>(932,334)</u>
<b>Fund Balance Beginning of Year, July 1</b>	<u>9,130,449</u>	<u>1,837,255</u>	<u>10,967,704</u>
<b>Fund Balance End of Year, June 30</b>	<u>\$ 8,434,871</u>	<u>\$ 1,600,499</u>	<u>\$ 10,035,370</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, 2013

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

Net changes in fund balances - total governmental funds \$ (932,334)

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	\$ 2,266,626	
Depreciation expense for governmental assets	<u>(1,852,440)</u>	414,186

Cost of capital assets disposed of during the year, not recognized on the modified accrual basis. (35,346)

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

Change in unavailable revenues	500,034
Amount of donated assets	33,750

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (1,825,659)

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

Compensated absences	(29,945)
Net pension obligation	(74,158)
Other Postemployment Benefits	(481,105)
Accrued interest payable	<u>363</u>

Total changes in net position of governmental activities \$ (2,430,214)

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

**CITY OF ASHEBORO, NORTH CAROLINA**

Exhibit 5

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

For the Year Ended June 30, 2013

	General Fund			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 12,994,283	\$ 12,994,283	\$ 12,276,415	\$ (717,868)
Other Taxes and Licenses	542,040	241,555	340,369	98,814
Intergovernmental Revenues:				
Unrestricted	6,343,320	6,675,671	6,773,114	97,443
Restricted	813,517	731,206	805,702	74,496
Permits and Fees	340,162	340,170	162,991	(177,179)
Sales and Services	1,502,867	1,390,572	1,311,794	(78,778)
Investment Earnings	-	24,234	15,031	(9,203)
Miscellaneous Revenue	669,520	317,518	610,647	293,129
<b>Total Revenues</b>	<b>23,205,709</b>	<b>22,715,209</b>	<b>22,296,063</b>	<b>(419,146)</b>
<b>Expenditures:</b>				
Current:				
General Government	3,357,201	3,873,901	3,755,674	118,227
Public Safety	11,256,401	11,287,001	11,327,871	(40,870)
Transportation	3,411,222	3,396,222	3,243,380	152,842
Environmental Protection	2,575,359	2,575,359	2,383,417	191,942
Cultural and Recreational	3,386,436	3,421,236	3,319,294	101,942
Debt Service	563,640	708,355	579,096	129,259
<b>Total Expenditures</b>	<b>24,550,259</b>	<b>25,262,074</b>	<b>24,608,732</b>	<b>653,342</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(1,344,550)</b>	<b>(2,546,865)</b>	<b>(2,312,669)</b>	<b>234,196</b>
<b>Other Financing Sources (Uses):</b>				
Transfers to Other Funds	(16,700)	(16,700)	(16,700)	-
Transfers From Other Funds	-	144,715	153,013	8,298
Sale of Capital Assets	-	-	336,533	336,533
Lease Purchase Obligations Issued	1,361,250	1,361,250	1,144,245	(217,005)
<b>Total Other Financing Sources (Uses)</b>	<b>1,344,550</b>	<b>1,489,265</b>	<b>1,617,091</b>	<b>127,826</b>
<b>Appropriated Fund Balance</b>	<b>-</b>	<b>1,057,600</b>	<b>-</b>	<b>(1,057,600)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(695,578)</b>	<b>\$ (695,578)</b>
<b>Fund Balance Beginning of Year, July 1</b>			<b>9,130,449</b>	
<b>Fund Balance End of Year, June 30</b>			<b>\$ 8,434,871</b>	

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

CITY OF ASHEBORO, NORTH CAROLINA

Exhibit 6

STATEMENT OF NET POSITION  
PROPRIETARY FUND  
June 30, 2013

	<u>Water and Sewer Fund</u>
<b>Assets:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 8,805,982
Accounts Receivable - Net	1,950,590
Note Receivable	88,890
Inventories	<u>949,515</u>
Total Current Assets	<u>11,794,977</u>
Capital Assets:	
Land, Improvements and Construction in Progress	4,466,295
Other Capital Assets, Net of Depreciation	<u>45,754,142</u>
Total Capital Assets (Net)	<u>50,220,437</u>
Total Noncurrent Assets	<u>50,220,437</u>
<b>Total Assets</b>	<b><u>\$ 62,015,414</u></b>
<b>Deferred Outflows of Resources:</b>	
Deferred Charge on Refunding	<u>\$ 7,648</u>
<b>Liabilities:</b>	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	180,176
Customer Deposits	446,818
Unearned Revenues	144,850
Accrued Interest Payable	30,715
Compensated Absences - Current	136,762
Installment Purchase Agreements Payable - Current	124,614
General Obligation Bonds Payable - Current	767,951
Notes Payable State of North Carolina - Current	<u>661,050</u>
Total Current Liabilities	<u>2,492,936</u>
Noncurrent Liabilities:	
Other Postemployment Benefits	614,944
Compensated Absences	181,049
Installment Purchase Agreements Payable - Noncurrent	393,855
General Obligation Bonds Payable - Noncurrent	62,508
Notes Payable State of North Carolina - Noncurrent	<u>6,269,007</u>
Total Noncurrent Liabilities	<u>7,521,363</u>
<b>Total Liabilities</b>	<b><u>10,014,299</u></b>
<b>Deferred Inflows of Resources:</b>	
Premium on Refunding	<u>2,229</u>
<b>Net Position:</b>	
Net Investment in Capital Assets	41,926,766
Unrestricted	<u>10,079,768</u>
<b>Total Net Position</b>	<b><u>\$ 52,006,534</u></b>

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND TYPE  
For the Year Ended June 30, 2013

	<u>Water and Sewer Fund</u>
<b>Operating Revenues:</b>	
Water Sales	\$ 6,568,338
Sewer Charges	5,025,537
Water and Sewer Taps	49,450
Sampling and Monitoring Fees	29,240
Surcharges	206,111
Septic Tank Discharge	21,970
Other Operating Revenues	<u>452,363</u>
<b>Total Operating Revenues</b>	<u>12,353,009</u>
<b>Operating Expenses:</b>	
Billing and Collections	424,960
Water Meter Operations	726,545
Water Supply Treatment	2,050,431
Wastewater Treatment	2,317,310
Water Maintenance	925,525
Wastewater Maintenance	1,135,398
Technical Services	176,237
Systems Maintenance	1,081,079
Water Quality	515,153
Depreciation	<u>1,766,824</u>
<b>Total Operating Expenses</b>	<u>11,119,462</u>
<b>Operating Income</b>	<u>1,233,547</u>
<b>Nonoperating Revenues (Expenses):</b>	
Investment Earnings	10,090
Interest and Other Charges	(259,331)
Other Nonoperating Revenues	142,282
Loss on Disposal of Capital Assets	<u>(393,968)</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(500,927)</u>
<b>Income Before Contributions and Transfers</b>	732,620
<b>Capital Contributions</b>	2,364,158
<b>Transfers to Other Funds:</b>	
To Economic Development Fund	<u>(800,000)</u>
<b>Change in Net Position</b>	<u>2,296,778</u>
<b>Total Net Position Beginning of Year, Previously Reported</b>	49,730,001
<b>Restatement</b>	<u>(20,245)</u>
<b>Total Net Position Beginning of Year, Restated</b>	<u>49,709,756</u>
<b>Total Net Position - End of Year</b>	<u>\$ 52,006,534</u>

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

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND  
 For the Year Ended June 30, 2013

	Water and Sewer Fund
<b>Cash Flows From Operating Activities:</b>	
Cash Received From Customers	\$ 11,898,341
Cash Paid for Goods and Services	(4,596,542)
Cash Paid to Employees for Services	(4,794,217)
Customer Deposits Received	21,478
Other Operating Revenues	594,645
<b>Net Cash Provided by Operating Activities</b>	<b>3,123,705</b>
<b>Cash Flows From Noncapital Financing Activities:</b>	
Due to Other Funds	(300)
Transfers to Other Funds	(800,000)
<b>Total Cash Flows From Noncapital Financing Activities</b>	<b>(800,300)</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Acquisition of Capital Assets	(1,595,599)
Proceeds From State Loan	462,453
Proceeds From Lease Purchase Agreements	414,008
Principal Paid on Bonds and Installment Purchase Agreements	(1,545,305)
Interest Paid on Bonds and Installment Purchase Agreements	(259,331)
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>(2,523,774)</b>
<b>Cash Flows from Investing Activities:</b>	
Interest Earned on Investments	10,090
<b>Net Increase in Cash and Cash Equivalents</b>	(190,279)
<b>Cash and Cash Equivalents at Beginning of Year</b>	8,996,261
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 8,805,982</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating Income	\$ 1,233,547
<b>Adjustments to Reconcile Operating Income to Net Cash</b>	
<b>Provided by Operating Activities:</b>	
Depreciation	1,766,824
Amortization of Deferred Loss on Refunding	10,351
Other Nonoperating Revenue	142,282
<b>Changes in Assets and Liabilities:</b>	
(Increase) in Accounts Receivable	(88,537)
(Increase) in Inventory	(230,563)
Increase in Accounts Payable and Accrued Liabilities	27,127
Increase in Customer Deposits	21,478
(Decrease) in Accrued Compensated Absences	(658)
Increase in Other Postemployment Benefits	155,622
Increase in Deferred Revenues	86,232
<b>Total Adjustments</b>	<b>1,890,158</b>
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 3,123,705</b>

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

The Water and Sewer Fund received donated water and sewer lines with a value of \$2,364,158 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, 2013

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. REPORTING ENTITY.**

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

City of Asheboro ABC Board.

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

**B. BASIS OF PRESENTATION.**

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

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

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

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

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

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

The City reports the following major governmental funds:

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

The City reports the following non-major governmental funds:

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

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

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

*The Airport Improvements Project Fund.* This fund accounts for Federal Aviation Administration and State Aid to Airport grant funding to further extend, widen and strengthen the airport runway.

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

The City reports the following major enterprise fund:

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

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

C. **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING.**

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

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

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

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

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

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

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the City's vehicle taxes for vehicles registered in Randolph County from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes which were billed during this period are shown as a receivable in these financial statements and are offset by deferred inflows of resources. Sales taxes and certain intergovernmental revenues, such as 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. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. BUDGETARY DATA.

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

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

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

1. Deposits and Investments

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

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Deposits and Investments (Concluded)

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

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

2. Cash and Cash Equivalents

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

3. Restricted Assets

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

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, 2012. 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, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND EQUITY. (Continued)

5. Allowances for Doubtful Accounts

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

6. Inventory

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

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

7. Capital Assets

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

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

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

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

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES 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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has one item that meets this criterion – a charge on refunding that has previously been classified as an asset. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has only two items that meet this criterion – prepaid taxes and an original issue premium on refunding.

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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,

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Long-Term Obligations (Concluded)

whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Compensated Absences

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

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

11. Net Position/Fund Balances

Net Position.

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

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

Fund Balances.

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

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

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

11. **Net Position/Fund Balances (Continued)**

Fund Balances (Continued).

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

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

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

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

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

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

11. **Net Position/Fund Balances (Concluded)**

Fund Balances (Concluded).

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

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

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

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$17,242,425 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)	\$ 59,288,540
Less Accumulated Depreciation	<u>( 35,049,301)</u>
Net Capital Assets	24,239,239
 Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide statements	 951,890
 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	( 3,072,269)
Accrued Interest Payable	( 220)
Compensated Absences	( 2,168,221)
Net Pension Obligation	( 749,921)
Other Postemployment Benefits	<u>( 1,958,073)</u>
 Total Adjustment	 <u>\$ 17,242,425</u>

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balance includes reconciliation between net changes in fund balances – total governmental funds and changes in net position – governmental activities as reported in the government-wide statement of activities. These are several elements of that total adjustment of (\$1,497,880) 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	\$ 2,266,626
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	( 1,852,440)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it effects only the government-wide statement of net position	( 2,344,245)
Principal payments on debt owed are recorded as a use of funds on the fund statements but effect only the statement of net position in the government-wide statements	519,827
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)	( 878)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	( 29,945)
Increase in net pension obligation	( 74,158)
Other postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources	( 481,105)
Net costs of capital assets disposed of during the year	( 35,346)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Decrease in deferred inflows - taxes receivable at June 30, 2013	( 57,059)
Decrease in deferred inflows – service charges receivable at June 30, 2013	( 9,220)
Increase in deferred inflows - notes receivable at June 30, 2013	566,313
Donated infrastructure (streets, sidewalks, and curb and guttering)	33,750
 Total Adjustment	 <u>(\$ 1,497,880)</u>

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. EXCESS OF EXPENDITURES OVER APPROPRIATIONS.**

For the fiscal year ended June 30, 2013, the expenditures in the City's police and fire departments exceeded those appropriated by \$43,473 and \$3,328, respectively. The over-expenditure in the police department occurred due to an insufficient budget for workers compensation insurance. The over-expenditure in the fire department occurred due to the on-behalf firemen's pension contributions not being appropriated. Management will more closely monitor such items in the future to ensure correct recording.

**III. DETAIL NOTES ON ALL FUNDS**

**A. ASSETS.**

**1. Deposits**

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

At June 30, 2013, the City's deposits had a carrying amount of \$15,170,921 and a bank balance of \$16,060,231. Of the bank balance, \$1,001,679 was covered by federal depository insurance and \$15,058,552 was covered by collateral held under the Pooling Method. At June 30, 2013, the City's petty cash fund totaled \$4,265. The carrying amount of deposits for the ABC Board was \$249,404 and the bank balance was \$281,662. Of the bank balance, \$250,000 was covered by federal depository insurance, and the remainder under the Pooling Method. The ABC Board's petty cash fund totaled \$4,798.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. ASSETS. (Continued)

2. Investments

At June 30, 2013, the City of Asheboro had \$2,033,864 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.

3. Receivables - Allowances for Doubtful Accounts

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

Fund	6/30/2013
General Fund:	
Taxes Receivable	\$ 96,000
Enterprise Fund:	
Customer Accounts Receivable	<u>75,000</u>
Total	<u>\$ 171,000</u>

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. ASSETS. (Continued)

4. Capital Assets

Primary Government:

Capital asset activity for the primary government for the year ended June 30, 2013, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 4,019,546	\$ -	\$ -	\$ 4,019,546
Construction in Progress	970,474	1,642,806	642,804	1,970,476
Total Capital Assets Not Being Depreciated	<u>4,990,020</u>	<u>1,642,806</u>	<u>642,804</u>	<u>5,990,022</u>
Capital Assets Being Depreciated:				
Land Improvements	10,804,728	53,944	-	10,858,672
Buildings	11,457,627	5,875	35,346	11,428,156
Street Construction	15,634,410	33,750	-	15,668,160
Computer Equipment	655,175	20,089	-	675,264
Equipment	4,373,784	408,747	-	4,782,531
Vehicles	9,128,981	777,969	21,214	9,885,736
Total Capital Assets Being Depreciated	<u>52,054,705</u>	<u>1,300,374</u>	<u>56,560</u>	<u>53,298,519</u>
Less Accumulated Depreciation For:				
Land Improvements	5,571,562	467,508	-	6,039,070
Buildings	6,260,759	231,750	-	6,492,509
Street Construction	9,628,879	527,812	-	10,156,691
Computer Equipment	370,053	28,915	-	398,968
Equipment	3,803,824	152,916	-	3,956,740
Vehicles	7,582,999	443,539	21,214	8,005,324
Total Accumulated Depreciation	<u>33,218,076</u>	<u>\$ 1,852,440</u>	<u>\$ 21,214</u>	<u>35,049,302</u>
Total Capital Assets Being Depreciated, Net	<u>18,836,629</u>			<u>18,249,217</u>
Governmental Activity Capital Assets, Net	<u>\$ 23,826,649</u>			<u>\$ 24,239,239</u>

Depreciation expense was charged to functions/programs as follows:

General Government	32,270
Public Safety	259,481
Transportation	1,163,902
Environmental	168,980
Cultural and Recreational	200,447
Economic Development	27,360
	<u>\$ 1,852,440</u>

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. ASSETS. (Concluded)

4. Capital Assets (Concluded)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 2,806,124	\$ 417,058	\$ -	\$ 3,223,182
Construction in Progress	1,972,592	547,725	1,277,204	1,243,113
Total Capital Assets Not Being Depreciated	<u>4,778,716</u>	<u>964,783</u>	<u>1,277,204</u>	<u>4,466,295</u>
Capital Assets Being Depreciated:				
Land Improvements	78,560	-	-	78,560
Buildings	30,473,373	39,971	-	30,513,344
Plant and Distribution Systems	42,390,377	3,253,018	-	45,643,395
Computer Equipment	90,218	65,882	-	156,100
Equipment	5,754,928	145,358	8,996	5,891,290
Vehicles	2,289,070	379,605	-	2,668,675
Total Capital Assets Being Depreciated	<u>81,076,526</u>	<u>3,883,834</u>	<u>8,996</u>	<u>84,951,364</u>
Less Accumulated Depreciation For:				
Land Improvements	33,683	3,928	-	37,611
Buildings	14,365,491	577,407	-	14,942,898
Plant and Distribution Systems	17,701,057	822,660	-	18,523,717
Computer Equipment	78,466	10,737	-	89,203
Equipment	3,259,035	216,522	3,373	3,472,184
Vehicles	1,996,039	135,570	-	2,131,609
Total Accumulated Depreciation	<u>37,433,771</u>	<u>\$ 1,766,824</u>	<u>\$ 3,373</u>	<u>39,197,222</u>
Total Capital Assets Being Depreciated, Net	<u>43,642,755</u>			<u>45,754,142</u>
Business-type Activities Capital Assets, Net	<u>\$ 48,421,471</u>			<u>\$ 50,220,437</u>

Discretely Presented Component Unit:

Activity for the ABC Board for the year ended June 30, 2013, 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	174,518	14,390	-	188,908
Total Capital Assets Being Depreciated	<u>175,138</u>	<u>14,390</u>	<u>-</u>	<u>189,528</u>
Less Accumulated Depreciation For:				
Leasehold Improvements	222	62	-	284
Furniture and Equipment	69,172	22,756	-	91,928
Total Accumulated Depreciation	<u>69,394</u>	<u>\$ 22,818</u>	<u>\$ -</u>	<u>92,212</u>
ABC Capital Assets, Net	<u>\$ 105,744</u>			<u>\$ 97,316</u>

Construction Commitments

The City has active construction projects as of June 30, 2013. At year-end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
<u>Sunset Theater Project</u>	<u>\$ 1,419,042</u>	<u>\$ 263,508</u>

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES.

1. Payables

Payables at the government-wide level at June 30, 2013, were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental Activities:				
General	\$ 362,618	\$ 177,314	\$ --	\$ 539,932
Other Governmental	209,238	--	--	209,238
Total Governmental Activities	<u>\$ 571,856</u>	<u>\$ 177,314</u>	<u>\$ --</u>	<u>\$ 749,170</u>
Business-type Activities:				
Water and Sewer	\$ 133,633	\$ 46,543	\$ --	\$ 180,176

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 6.74% and 6.77%, 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, 2013, 2012, and 2011 were \$987,990, \$995,176, and \$885,586, respectively. The contributions made by the City equaled the required contributions for each year.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance.

(1) *Plan Description*

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

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2012, the Separation Allowance's membership consisted of:

Retirees receiving benefits	8
Terminate plan members entitled to but not yet receiving benefits	0
Active plan members	79
Total	<u>87</u>

(2) *Summary of Significant Accounting Policies*

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

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

(3) *Contributions.*

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

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**B. LIABILITIES. (Continued)**

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

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

The annual required contribution for the current year was determined as part of the December 31, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3%. The assumptions did not include post-employment benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2012 was 19 years.

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

Annual Required Contribution	\$ 211,144
Interest on Net Pension Obligations	33,788
Adjustment to Annual Required Contribution	<u>( 42,054)</u>
Annual Pension Cost	202,878
Contributions Made	<u>(128,720)</u>
Increase (Decrease) in Net Pension Obligation	74,158
Net Pension Obligation, Beginning of Year	<u>675,763</u>
Net Pension Obligation, End of Year	<u>\$ 749,921</u>

Fiscal Year Ended	General Fund		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/11	\$193,707	39.34%	\$ 582,656
6/30/12	\$175,871	47.06%	\$ 675,763
6/30/13	\$202,878	63.45%	\$ 749,921

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

As of December 31, 2012, 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 \$2,306,990. The covered payroll (annual payroll of active employees covered by the plan) was \$3,684,065, and the ratio of the UAAL to the covered payroll was 62.62 percent.

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

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

c. Supplemental Retirement Income Plan for Law Enforcement Officers.

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

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2013, were \$260,431, which consisted of \$182,995 from the City and \$77,436 from the law enforcement officers.

d. Other Post-Employment Benefits.

Healthcare Benefits

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

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

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

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

d. Other Post-Employment Benefits. (Continued)

Healthcare Benefits (Continued)

Membership of the HCB Plan consisted of the following at December 31, 2012, the date of the latest valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	40	--
Terminated plan members entitled to but not yet receiving benefits	--	--
Active plan members	<u>257</u>	<u>74</u>
Total	<u><u>297</u></u>	<u><u>74</u></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 7.92% of annual covered payroll. For the current year, the City contributed \$641,418, or 4.4% of annual covered payroll. The City is self-insured. There were no contributions made by employees. The City's obligation to contribute to the HCB Plan is established and may be amended by the City Council.

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

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

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

d. Other Post-Employment Benefits. (Continued)

Healthcare Benefits (Continued)

Annual Required Contribution	\$ 1,274,683
Interest on Net OPEB Obligation	77,452
Adjustment to Annual Required Contribution	<u>( 73,990)</u>
Annual OPEB Cost (Expense)	1,278,145
Contributions Made	<u>( 641,418)</u>
Increase (Decrease) in Net OPEB Obligation	636,727
Net OPEB Obligation, Beginning of Year	<u>1,936,290</u>
Net OPEB Obligation, End of Year	<u>\$ 2,573,017</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2013 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>
2011	\$ 1,239,152	76.64%	\$ 1,182,594
2012	\$ 1,237,556	39.10%	\$ 1,936,290
2013	\$ 1,274,683	49.95%	\$ 2,573,017

*Funded Status and Funding Progress.* As of December 31, 2012, 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 \$11,978,194. The covered payroll (annual payroll of active employees covered by the plan) was \$14,362,691, and the ratio of the UAAL to the covered payroll was 83.4 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan and Postemployment Obligations (Concluded)

d. Other Post-Employment Benefits. (Concluded)

Healthcare Benefits (Concluded)

In the December 31, 2012 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 8.50 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, 2012, was 30 years.

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

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

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

3. Other Employment Benefits

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

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

3. Other Employment Benefits (Concluded)

from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. For the fiscal year ended June 30, 2013, the City made no contributions to the State for death benefits. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

4. Deferred Outflows / Inflows of Resources

The amount of deferred outflows of resources is a charge on refunding of debt of \$8,565.

Deferred inflows of resources at June 30, 2013 is comprised of the following:

	Unavailable Revenue	Unearned Revenue
Prepaid Taxes (General)	\$ - -	\$ 38,372
Taxes Receivable, Net (General)	239,661	--
Garbage Collections Receivable (General)	65,565	--
Note Receivable (General)	627,600	--
Notes Receivable (Special Revenue)	19,063	--
	<hr/>	<hr/>
Total	\$ 951,889	\$ 38,372

5. Risk Management

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

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**B. LIABILITIES. (Continued)**

**5. Risk Management (Concluded)**

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

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

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

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

At June 30, 2013, the City was a defendant to various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

**7. Long-Term Obligations**

**a. Installment Purchases.**

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

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

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

In May 2013, the City entered into an installment purchase contract with Suntrust Bank to finance vehicles for the public works and water and sewer maintenance departments. The contract is for \$1,558,254, to be repaid monthly at \$19,997, including interest at 1.26% over five years.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

7. Long-Term Obligations (Continued)

a. Installment Purchases. (Concluded)

The future minimum payments of the installment purchase contracts as of June 30, 2013, are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 503,934	\$ 37,965	\$ 124,614	\$ 6,193
2015	517,364	24,536	126,374	4,433
2016	447,889	10,793	109,855	2,699
2017	235,864	4,105	85,528	1,488
2018	196,898	1,146	72,098	416
Totals	\$ 1,901,949	\$ 78,545	\$ 518,469	\$ 15,229

b. Notes Payable.

The notes payable shown in the Water and Sewer Fund consist of the balances due on four loans: the first is a \$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, 2013, 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, 2013, proceeds received from this loan amounted to \$4,987,267. The promissory note requires annual payments of \$249,363, plus interest. The fourth is a \$462,452 loan from the State of North Carolina for the purchase of radio read water meters. The promissory note requires annual payments over twelve years of \$38,538 at a rate not to exceed 4%.

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

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

7. Long-Term Obligations (Continued)

b. Notes Payable (Concluded).

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

Year Ending June 30	Business-type Activities		Governmental-type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 661,050	\$ 173,916	\$ 171,429	\$ 18,733
2015	665,010	162,413	171,429	15,544
2016	665,010	143,824	171,429	12,356
2017	665,010	125,235	171,429	9,167
2018	415,010	106,646	171,429	5,978
2019 – 2023	2,075,048	383,015	214,284	2,989
2024 – 2028	1,534,556	142,805	- -	- -
2029 – 2033	249,363	6,633	- -	- -
<b>Totals</b>	<b>\$ 6,930,057</b>	<b>\$ 1,244,487</b>	<b>\$ 1,071,429</b>	<b>\$ 64,767</b>

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, 2013, 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.

\$ 930,000

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

7. Long-Term Obligations (Continued)

c. General Obligation Indebtedness (Concluded).

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

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 92,049	\$ 3,484	\$ 767,951	\$ 29,066
2015	7,492	262	62,508	2,188
Total	\$ 99,541	\$ 3,746	\$ 830,459	\$ 31,254

At June 30, 2013 the City's legal debt margin is \$ 174,508,954.

d. Changes in Long-Term Liabilities.

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Current Portion of Balance
Governmental Activities:					
General Obligation					
Bonds	\$ 204,434	\$ --	\$ 104,893	\$ 99,541	\$ 92,049
Installment Purchases	1,044,066	1,144,245	286,362	1,901,949	503,934
Notes Payable	--	1,200,000	128,571	1,071,429	171,429
Compensated Absences	2,138,276	749,128	719,185	2,168,219	719,185
Other Postemployment Benefits	1,476,968	481,105	--	1,958,073	--
Net Pension Obligation	675,763	74,158	--	749,921	--
Governmental Activity Long-term Liabilities	\$ 5,539,507	\$ 3,648,636	\$ 1,239,011	\$ 7,949,132	\$1,486,597

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Concluded)

7. Long-Term Obligations (Concluded)

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

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Current Portion of Balance
Business-type Activities:					
General Obligation					
Bonds	\$ 1,705,566	\$ - -	\$ 875,107	\$ 830,459	\$ 767,951
Installment Purchases	152,145	414,008	47,684	518,469	124,614
Notes Payable	7,090,118	462,452	622,513	6,930,057	661,050
Compensated Absences	318,468	136,105	136,762	317,811	136,762
Other Postemployment Benefits	459,322	155,622	--	614,944	--
Business-type Activity					
Long-term Liabilities	<u>\$ 9,725,619</u>	<u>\$ 1,168,187</u>	<u>\$ 1,682,066</u>	<u>\$ 9,211,740</u>	<u>\$ 1,690,377</u>

Compensated absences and net pension obligation typically have been liquidated in the general fund.

C. INTERFUND BALANCES AND ACTIVITY.

1. Transfers To / From Other Funds

Transfers to / from other funds at June 30, 2013, consists of the following:

From the General Fund to the Airport Improvements Capital Project Fund per the terms of a matching grant.	\$ 16,700
From Zoo City Park Project Fund to the General Fund due to closing of Project Fund.	8,298
From Sunset Theater Project Fund to the General Fund to pay debt service on notes issued for Project.	144,715
From the Water and Sewer Fund to the Economic Development Fund for economic incentive for local businesses.	800,000
From the Dave's Mountain Water and Sewer Project Fund to the Water and Sewer Fund due to closing of Project Fund.	101,055
From the Water and Sewer Fund to the Water and Sewer System Improvement Project Fund for expenditures related to installation of radio read meters.	9,323
Total	<u>\$ 1,080,091</u>

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

III. DETAIL NOTES ON ALL FUNDS (Concluded)

C. INTERFUND BALANCES AND ACTIVITY (Concluded).

2. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2013, 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.	<u>\$ 350,000</u>

D. REVENUES, EXPENDITURES AND EXPENSES.

On-Behalf of Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2013, the City of Asheboro has recognized on-behalf of payments for pension contributions made by the State as a revenue and expenditure of \$5,535 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>\$ 8,434,871</u>
Less:	
Long-term receivables	350,000
Inventories	509,119
Streets – Powell Bill	861,955
Stabilization by State Statute	2,079,366
<u>Capital Projects</u>	<u>489,807</u>
Remaining Fund balance	<u>\$ 4,144,624</u>

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

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

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**IV. JOINT VENTURE**

The City and the members of the City's fire department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums which insurers remit to the State. The State passes these monies to the local board of the Firemen's Relief Fund. The funds are used to assist fire fighters in various ways. The City obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the City's fire department by the board of trustees. During the fiscal year ended June 30, 2013, 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, 2013. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at Post Office Box 188, Farmville, NC 27828.

**V. JOINTLY GOVERNED ORGANIZATION**

The City, in conjunction with seven counties and thirty nine other municipalities, established the Piedmont Triad Regional Council of Governments (Council). The participating governments established the Council to coordinate various funding received from Federal and State agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of \$5,253 to the Council during the fiscal year ended June 30, 2013.

**VI. RELATED ORGANIZATION**

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

**VII. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

**FEDERAL AND STATE ASSISTED PROGRAMS**

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

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONCLUDED)**

**VIII.CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT**

The City implemented Governmental Accounting Standards (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously Reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources. Bond issuance costs, which were previously deferred and amortized must be included in current expenditures. Previously deferred bond issuance costs totaling \$22,672 were recognized as an expenditure in the current year. As a result, beginning net position decreased from \$79,440,437 to \$79,417,765.

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**CITY OF ASHEBORO  
NORTH CAROLINA**

Required Supplemental Financial Data

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

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

**CITY OF ASHEBORO, NORTH CAROLINA**

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/03	-	\$ 937,315	\$ 937,315	-	\$ 2,181,296	42.97%
12/31/04	-	\$ 985,500	\$ 985,500	-	\$ 2,343,974	42.04%
12/31/05	-	\$ 954,667	\$ 954,667	-	\$ 2,639,975	36.16%
12/31/06	-	\$ 1,027,622	\$ 1,027,622	-	\$ 2,825,320	36.37%
12/31/07	-	\$ 1,214,083	\$ 1,214,083	-	\$ 3,094,126	39.24%
12/31/08	-	\$ 1,453,990	\$ 1,453,990	-	\$ 3,177,527	45.76%
12/31/09	-	\$ 1,955,394	\$ 1,955,394	-	\$ 3,358,348	58.22%
12/31/10	-	\$ 1,751,552	\$ 1,751,552	-	\$ 3,436,384	50.97%
12/31/11	-	\$ 1,993,825	\$ 1,993,825	-	\$ 3,525,741	56.55%
12/31/12	-	\$ 2,306,990	\$ 2,306,990	-	\$ 3,684,065	62.62%

**CITY OF ASHEBORO, NORTH CAROLINA**

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

<u>Year Ended</u> <u>June 30,</u>	<u>Annual Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2004	\$ 91,005	98.50%
2005	\$ 97,999	91.00%
2006	\$ 106,740	57.90%
2007	\$ 105,636	61.08%
2008	\$ 115,430	65.00%
2009	\$ 134,043	71.70%
2010	\$ 150,338	64.76%
2011	\$ 195,352	39.00%
2012	\$ 181,496	45.60%
2013	\$ 211,144	60.96%

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	12/31/2012
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Closed
Remaining Amortization Period	18 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%
12/31/12	-	\$ 11,978,194	\$ 11,978,194	-	\$ 14,362,691	83.40%

CITY OF ASHEBORO, NORTH CAROLINA

OTHER POSTEMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended</u> <u>June 30,</u>	<u>Annual Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2009	\$ 1,000,842	65.65%
2010	\$ 1,000,842	45.10%
2011	\$ 1,237,556	76.64%
2012	\$ 1,237,556	39.10%
2013	\$ 1,274,683	50.32%

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	12/31/2012
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	8.50% - 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, 2013

**Revenues:**

Ad Valorem Taxes:

Current Year  
Prior Years  
Penalties and Interest

Total

Other Taxes and Licenses:

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

Total

Intergovernmental Revenues:

Unrestricted:

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

Total

Restricted:

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

Total

2013		
Budget	Actual	Variance Positive (Negative)
\$ 12,350,000	\$ 12,060,536	\$ (289,464)
560,000	148,011	(411,989)
84,283	67,868	(16,415)
12,994,283	12,276,415	(717,868)
23,930	26,154	2,224
875	-	(875)
216,750	314,215	97,465
241,555	340,369	98,814
3,090,701	3,044,107	(46,594)
1,949,619	2,042,949	93,330
1,303,000	1,314,960	11,960
15,351	12,974	(2,377)
110,000	102,471	(7,529)
180,000	230,000	50,000
27,000	25,653	(1,347)
6,675,671	6,773,114	97,443
658,250	675,314	17,064
1,099	1,065	(34)
-	5,535	5,535
5,267	6,659	1,392
38,000	47,496	9,496
17,230	14,297	(2,933)
11,360	11,115	(245)
-	44,221	44,221
\$ 731,206	\$ 805,702	\$ 74,496

**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, 2013

**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

2013		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ 127,002	\$ 87,267	\$ (39,735)
190,135	48,509	(141,626)
23,025	27,215	4,190
8	-	(8)
<u>340,170</u>	<u>162,991</u>	<u>(177,179)</u>
62,407	53,484	(8,923)
2,200	2,650	450
332,795	310,111	(22,684)
950,000	901,669	(48,331)
16,145	16,633	488
21,469	21,811	342
5,556	5,436	(120)
<u>1,390,572</u>	<u>1,311,794</u>	<u>(78,778)</u>
<u>24,234</u>	<u>15,031</u>	<u>(9,203)</u>
19,847	234,024	214,177
240,000	243,240	3,240
57,671	133,383	75,712
<u>317,518</u>	<u>610,647</u>	<u>293,129</u>
<u>22,715,209</u>	<u>22,296,063</u>	<u>(419,146)</u>
	91,696	
	14,244	
<u>\$ 107,081</u>	<u>\$ 105,940</u>	<u>\$ 1,141</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, 2013

**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

2013		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$	\$ 129,832	\$
	44,059	
<u>175,416</u>	<u>173,891</u>	<u>1,525</u>
	79,620	
	103,785	
<u>183,678</u>	<u>183,405</u>	<u>273</u>
	117,969	
	62,090	
<u>181,827</u>	<u>180,059</u>	<u>1,768</u>
<u>83,500</u>	<u>75,195</u>	<u>8,305</u>
	155,650	
	-	
<u>175,500</u>	<u>155,650</u>	<u>19,850</u>
	127,417	
	22,233	
<u>\$ 151,003</u>	<u>\$ 149,650</u>	<u>\$ 1,353</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, 2013

**Expenditures (Continued):**

General Government (Concluded):

Planning and Zoning:

Salaries and Employee Benefits  
Other Operating Expenditures  
Capital Outlay

Total

City Shop:

Salaries and Employee Benefits  
Operating Expenditures  
Capital Outlay

Total

Marketing and Communications:

Salaries and Employee Benefits  
Operating Expenditures

Total

Human Resources:

Salaries and Employee Benefits  
Operating Expenditures

Total

Total General Government

Public Safety:

Police:

Salaries and Employee Benefits  
Operating Expenditures  
Capital Outlay

Total

Fire:

Salaries and Employee Benefits  
Operating Expenditures  
Capital Outlay

Total

2013		
Budget	Actual	Variance Positive (Negative)
\$	\$ 378,164 677,406 3,368	\$
<u>1,061,474</u>	<u>1,058,938</u>	<u>2,536</u>
	789,241 289,458 89,608	
<u>1,215,218</u>	<u>1,168,307</u>	<u>46,911</u>
	18,711 16,677	
<u>39,247</u>	<u>35,388</u>	<u>3,859</u>
	170,965 298,286	
<u>499,957</u>	<u>469,251</u>	<u>30,706</u>
<u>3,873,901</u>	<u>3,755,674</u>	<u>118,227</u>
	5,414,080 1,360,575 498,867	
<u>7,230,049</u>	<u>7,273,522</u>	<u>(43,473)</u>
	2,983,481 455,525 150,900	
<u>\$ 3,586,578</u>	<u>\$ 3,589,906</u>	<u>\$ (3,328)</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, 2013

**Expenditures (Continued):**

Public Safety (Concluded):

Inspections:

Salaries and Employee Benefits

Operating Expenditures

Total

Fire Inspections:

Salaries and Employee Benefits

Operating Expenditures

Total

Total Public Safety

Transportation:

Operations:

Salaries and Employee Benefits

Operating Expenditures

Capital Outlay

Total

Street and Highways:

Salaries and Employee Benefits

Operating Expenditures

Capital Outlay

Total

City Engineer Office:

Salaries and Employee Benefits

Operating Expenditures

Total

Airport Authority:

Operating Expenditures

Total Transportation

2013		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$	\$ 207,454 11,143	\$
<u>222,968</u>	<u>218,597</u>	<u>4,371</u>
	225,750 20,096	
<u>247,406</u>	<u>245,846</u>	<u>1,560</u>
<u>11,287,001</u>	<u>11,327,871</u>	<u>(40,870)</u>
	387,884 297,747 90,482	
<u>795,273</u>	<u>776,113</u>	<u>19,160</u>
	952,795 1,282,861 12,249	
<u>2,310,846</u>	<u>2,247,905</u>	<u>62,941</u>
	138,186 40,006	
<u>226,353</u>	<u>178,192</u>	<u>48,161</u>
<u>63,750</u>	<u>41,170</u>	<u>22,580</u>
<u>\$ 3,396,222</u>	<u>\$ 3,243,380</u>	<u>\$ 152,842</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, 2013

**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

Capital Outlay

Total

Arts and Cultural Services:

Salaries and Employee Benefits

Operating Expenditures

Capital Outlay

Total

2013		
Budget	Actual	Variance Positive (Negative)
\$	\$ 852,413	\$
	1,249,952	
	179,500	
<u>2,465,605</u>	<u>2,281,865</u>	<u>183,740</u>
	50,812	
	50,740	
<u>109,754</u>	<u>101,552</u>	<u>8,202</u>
<u>2,575,359</u>	<u>2,383,417</u>	<u>191,942</u>
	440,004	
	538,427	
	10,523	
<u>1,014,232</u>	<u>988,954</u>	<u>25,278</u>
	1,182,829	
	352,482	
	110,686	
<u>1,714,566</u>	<u>1,645,997</u>	<u>68,569</u>
	111,027	
	87,813	
	62,248	
<u>263,116</u>	<u>261,088</u>	<u>2,028</u>
	123,618	
	174,696	
	4,250	
<u>\$ 311,159</u>	<u>\$ 302,564</u>	<u>\$ 8,595</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, 2013

**Expenditures (Concluded):**

Cultural and Recreational (Concluded):

Library:

Operating Expenditures

Total Cultural and Recreational

Debt Service:

Principal Retirement

Interest and Fees

Total Debt Service

**Total Expenditures**

**Revenues Over (Under) Expenditures**

**Other Financing Sources (Uses):**

Transfers From Other Funds:

From Zoo City Park Project Fund

From Sunset Theater Project Fund

Transfers to Other Funds:

To Airport Improvement Fund

Sale of Capital Assets

Lease 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

2013		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ 118,163	\$ 120,691	\$ (2,528)
<u>3,421,236</u>	<u>3,319,294</u>	<u>101,942</u>
	519,827	
	<u>59,269</u>	
<u>708,355</u>	<u>579,096</u>	<u>129,259</u>
<u>25,262,074</u>	<u>24,608,732</u>	<u>653,342</u>
<u>(2,546,865)</u>	<u>(2,312,669)</u>	<u>234,196</u>
-	8,298	8,298
144,715	144,715	-
(16,700)	(16,700)	-
-	336,533	336,533
<u>1,361,250</u>	<u>1,144,245</u>	<u>(217,005)</u>
<u>1,489,265</u>	<u>1,617,091</u>	<u>127,826</u>
<u>1,057,600</u>	<u>-</u>	<u>(1,057,600)</u>
<u>\$ -</u>	<u>(695,578)</u>	<u>\$ (695,578)</u>
	<u>9,130,449</u>	
	<u>\$ 8,434,871</u>	

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**CITY OF ASHEBORO,  
NORTH CAROLINA**

Combining Statements for Nonmajor Funds

Special Revenue Funds:

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

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

Capital Project Funds:

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

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

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

**CITY OF ASHEBORO, NORTH CAROLINA**  
**COMBINING BALANCE SHEET**

Schedule 2

**NONMAJOR GOVERNMENTAL FUNDS**  
 June 30, 2013

	Special Revenue Funds			Capital Project Funds			Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
	Asheboro Housing Development	Economic Development Fund	Total Nonmajor Special Revenue Funds	Sunset Theater Project Fund	Airport Improvements Project Fund	Zoo City Park Project Fund		
<b>Assets:</b>								
Current Assets:								
Cash and Cash Equivalents	\$ 5,444	\$ 449,206	\$ 454,650	\$ -	\$ -	\$ -	\$ -	\$ 454,650
Restricted Cash	-	-	-	668,100	466,280	-	1,134,380	1,134,380
Accounts Receivable	19,063	-	19,063	-	-	-	-	19,063
Note Receivable	560,000	-	560,000	-	-	-	-	560,000
Due From Other Governments	-	-	-	9,634	1,073	-	10,707	10,707
<b>Total Assets</b>	<b>\$ 584,507</b>	<b>\$ 449,206</b>	<b>\$ 1,033,713</b>	<b>\$ 677,734</b>	<b>\$ 467,353</b>	<b>\$ -</b>	<b>\$ 1,145,087</b>	<b>\$ 2,178,800</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>								
Liabilities:								
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payable From Restricted Assets	-	-	-	209,238	-	-	209,238	209,238
Due to Other Funds	-	-	-	-	350,000	-	350,000	350,000
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>209,238</b>	<b>350,000</b>	<b>-</b>	<b>559,238</b>	<b>559,238</b>
Deferred Inflows of Resources:								
Accounts Receivable	19,063	-	19,063	-	-	-	-	19,063
Fund Balances:								
Restricted:								
Stabilization by State Statute	560,000	-	560,000	9,634	1,073	-	10,707	570,707
Capital Projects	-	-	-	458,862	116,280	-	575,142	575,142
Committed:								
Capital Projects	-	-	-	-	-	-	-	-
Economic and Physical Development	5,444	449,206	454,650	-	-	-	-	454,650
<b>Total Fund Balances</b>	<b>565,444</b>	<b>449,206</b>	<b>1,014,650</b>	<b>468,496</b>	<b>117,353</b>	<b>-</b>	<b>585,849</b>	<b>1,600,499</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 584,507</b>	<b>\$ 449,206</b>	<b>\$ 1,033,713</b>	<b>\$ 677,734</b>	<b>\$ 467,353</b>	<b>\$ -</b>	<b>\$ 1,145,087</b>	<b>\$ 2,178,800</b>

**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, 2013

	Special Revenue Funds			Capital Project Funds			Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
	Asheboro Housing Development	Economic Development Fund	Total Nonmajor Special Revenue Funds	Sunset Theater Project Fund	Airport Improvements Project Fund	Zoo City Park Project Fund		
<b>Revenues:</b>								
Restricted Intergovernmental	\$ -	\$ 354,575	\$ 354,575	\$ -	\$ 81,313	\$ -	\$ 81,313	\$ 435,888
Restricted Other	-	-	-	97,963	-	-	97,963	97,963
Investment Earnings	-	-	-	-	-	-	-	-
Miscellaneous	864	-	864	-	-	-	-	864
<b>Total Revenues</b>	<u>864</u>	<u>354,575</u>	<u>355,439</u>	<u>97,963</u>	<u>81,313</u>	<u>-</u>	<u>179,276</u>	<u>534,715</u>
<b>Expenditures:</b>								
Economic and Physical Development	2,527	989,825	992,352	-	-	-	-	992,352
Capital Outlay	-	-	-	1,547,167	95,639	-	1,642,806	1,642,806
<b>Total Expenditures</b>	<u>2,527</u>	<u>989,825</u>	<u>992,352</u>	<u>1,547,167</u>	<u>95,639</u>	<u>-</u>	<u>1,642,806</u>	<u>2,635,158</u>
<b>Revenues Under Expenditures</b>	<u>(1,663)</u>	<u>(635,250)</u>	<u>(636,913)</u>	<u>(1,449,204)</u>	<u>(14,326)</u>	<u>-</u>	<u>(1,463,530)</u>	<u>(2,100,443)</u>
<b>Other Financing Sources (Uses):</b>								
Transfers From Other Funds:								
From General Fund	-	-	-	-	16,700	-	16,700	16,700
From Water and Sewer Fund	-	800,000	800,000	-	-	-	-	800,000
Transfers to Other Funds:								
To General Fund	-	-	-	(144,715)	-	(8,298)	(153,013)	(153,013)
Proceeds From Issuance of Note	-	-	-	1,200,000	-	-	1,200,000	1,200,000
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>800,000</u>	<u>800,000</u>	<u>1,055,285</u>	<u>16,700</u>	<u>(8,298)</u>	<u>1,063,687</u>	<u>1,863,687</u>
<b>Net Change in Fund Balances</b>	<u>(1,663)</u>	<u>164,750</u>	<u>163,087</u>	<u>(393,919)</u>	<u>2,374</u>	<u>(8,298)</u>	<u>(399,843)</u>	<u>(236,756)</u>
<b>Fund Balances:</b>								
Beginning of Year, July 1	567,107	284,456	851,563	862,415	114,979	8,298	985,692	1,837,255
End of Year, June 30	<u>\$ 565,444</u>	<u>\$ 449,206</u>	<u>\$ 1,014,650</u>	<u>\$ 468,496</u>	<u>\$ 117,353</u>	<u>\$ -</u>	<u>\$ 585,849</u>	<u>\$ 1,600,499</u>

83

**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, 2013

**Revenues:**

Restricted Intergovernmental Revenues:

    HOME Program Grant

Miscellaneous:

    Program Income - Repayments

**Total Revenues**

**Expenditures:**

Economic and Physical Development:

    Mill Lofts Rehabilitation

    Downtown Improvements

Original Programs:

    Down Payment Assistance

    Owner Occupied Rehabilitation

    Investor Owned Rehabilitation

    Administration

Revolving Loans:

    Down Payment Assistance

    Owner Occupied Rehabilitation

    Investor Owned Rehabilitation

    Down Payment/Closing Cost

    Administration - Down Payment

Fiscal Agent Fees

**Total Expenditures**

**Revenues Over (Under) Expenditures**

**Other Financing (Uses):**

Transfers From Other Funds:

    General Fund

Transfers to Other Funds:

    Downtown Farmer's Market Project Fund

**Total Other Financing Sources (Uses)**

**Net Change in Fund Balance**

**Fund Balance:**

Beginning of Year, July 1

End of Year, June 30

Project Authorization	Actual		
	Prior Years	Current Year	Total To Date
\$ 375,000	\$ 375,000	\$ -	\$ 375,000
<u>343,267</u>	<u>343,309</u>	<u>864</u>	<u>344,173</u>
<u>718,267</u>	<u>718,309</u>	<u>864</u>	<u>719,173</u>
560,000	-	-	-
2,500	-	2,500	2,500
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>9,983</u>	<u>27</u>	<u>10,010</u>
<u>1,100,267</u>	<u>533,202</u>	<u>2,527</u>	<u>535,729</u>
<u>(382,000)</u>	<u>185,107</u>	<u>(1,663)</u>	<u>183,444</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>382,000</u>	<u>-</u>	<u>382,000</u>
<u>\$ -</u>	<u>\$ 567,107</u>	<u>(1,663)</u>	<u>\$ 565,444</u>
		<u>567,107</u>	
		<u>\$ 565,444</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, 2013

**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  
    N.C. Department of Commerce - NC One Grant  
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  
    Randolph County Senior Adults Association  
    Kennametal

**Total Expenditures**

**Revenues (Under) Expenditures**

**Other Financing Sources:**

Transfers From Other Funds:  
    General Fund  
    Water and Sewer Fund

**Total Other Financing Sources**

**Net Change in Fund Balance**

**Fund Balance:**

Beginning of Year, July 1  
End of Year, June 30

Project Authorization	Actual		
	Prior Years	Current Year	Total To Date
\$ -	\$ 175,000	\$ -	\$ 175,000
154,360	154,360	-	154,360
130,095	64,615	4,575	69,190
10,975	10,975	-	10,975
75,000	75,000	-	75,000
350,000	-	350,000	350,000
140,000	72,094	-	72,094
40,000	40,000	-	40,000
<u>900,430</u>	<u>592,044</u>	<u>354,575</u>	<u>946,619</u>
-	-	-	-
125,000	125,000	-	125,000
349,400	319,400	7,500	326,900
325,000	325,000	-	325,000
100,000	100,000	-	100,000
25,000	25,000	-	25,000
3,805,000	1,406,250	818,750	2,225,000
500,000	500,000	-	500,000
125,000	125,000	-	125,000
75,000	35,000	20,000	55,000
152,000	76,000	38,000	114,000
5,500	2,000	1,000	3,000
40,000	40,000	-	40,000
446,405	332,429	4,575	337,004
500,000	-	100,000	100,000
-	-	-	-
<u>6,573,305</u>	<u>3,411,079</u>	<u>989,825</u>	<u>4,400,904</u>
<u>(5,672,875)</u>	<u>(2,819,035)</u>	<u>(635,250)</u>	<u>(3,454,285)</u>
3,762,225	1,680,141	-	1,680,141
<u>1,910,650</u>	<u>1,423,350</u>	<u>800,000</u>	<u>2,223,350</u>
<u>5,672,875</u>	<u>3,103,491</u>	<u>800,000</u>	<u>3,903,491</u>
<u>\$ -</u>	<u>\$ 284,456</u>	<u>164,750</u>	<u>\$ 449,206</u>
		<u>284,456</u>	
		<u>\$ 449,206</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, 2013

**Revenues:**

Timken Foundation Contribution  
Investment Earnings  
Contributions

**Total Revenues**

**Expenditures:**

Capital Outlay:  
Professional Services  
Roof Replacement  
Facade Renovations  
Construction  
Contingency  
Miscellaneous

**Total Expenditures**

**Revenues Over (Under) Expenditures**

**Other Financing Sources (Uses):**

Transfers From Other Funds:  
General Fund  
Transfers to Other Funds:  
General Fund  
Proceeds From Issuance of Note

**Total Other Financing Sources (Uses)**

**Net Change in Fund Balance**

**Fund Balance:**

Beginning of Year, July 1  
  
End of Year, June 30

Project Authorization	Actual		
	Prior Years	Current Year	Total To Date
\$ 75,000	\$ 75,000	\$ -	\$ 75,000
-	-	-	-
869,734	762,759	97,963	860,722
944,734	837,759	97,963	935,722
396,186	245,204	60,564	305,768
170,200	170,121	-	170,121
118,244	118,243	-	118,243
1,635,875	-	1,485,139	1,485,139
81,794	-	-	-
10,556	9,612	1,464	11,076
2,412,855	543,180	1,547,167	2,090,347
(1,468,121)	294,579	(1,449,204)	(1,154,625)
603,836	567,836	-	567,836
(335,715)	-	(144,715)	(144,715)
1,200,000	-	1,200,000	1,200,000
1,468,121	567,836	1,055,285	1,623,121
\$ -	\$ 862,415	(393,919)	\$ 468,496
		862,415	
		\$ 468,496	

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

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

From Inception and For the Year Ended June 30, 2013

**Revenues:**

Restricted Intergovernmental:

    Federal Grant

    State Grant

Investment Earnings

**Total Revenues**

**Expenditures:**

Capital Outlay:

    Professional Services

    Administration

    Contractors

    Land

    Miscellaneous

    Contingency

**Total Expenditures**

**Revenues Under Expenditures**

**Other Financing Sources:**

Transfers From Other Funds:

    General Fund

**Net Change in Fund Balance**

**Fund Balance:**

Beginning of Year, July 1

End of Year, June 30

Project Authorization	Prior Years	Actual Current Year	Total To Date
\$ 3,800,000	\$ 3,217,964	\$ 81,313	\$ 3,299,277
2,517,500	2,517,500	-	2,517,500
15,000	30,196	-	30,196
<u>6,332,500</u>	<u>5,765,660</u>	<u>81,313</u>	<u>5,846,973</u>
913,005	760,726	15,425	776,151
9,963	6,630	1,040	7,670
5,856,045	5,298,350	79,174	5,377,524
260,500	258,024	-	258,024
15,000	13,755	-	13,755
177	-	-	-
<u>7,054,690</u>	<u>6,337,485</u>	<u>95,639</u>	<u>6,433,124</u>
<u>(722,190)</u>	<u>(571,825)</u>	<u>(14,326)</u>	<u>(586,151)</u>
<u>722,190</u>	<u>686,804</u>	<u>16,700</u>	<u>703,504</u>
<u>\$ -</u>	<u>\$ 114,979</u>	<u>2,374</u>	<u>\$ 117,353</u>
		<u>114,979</u>	
		<u>\$ 117,353</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, 2013

**Revenues:**

Restricted Intergovernmental:  
PARTF Grant  
Local Contribution

**Total Revenues**

**Expenditures:**

Capital Outlay:  
Construction Costs  
Miscellaneous

**Total Expenditures**

**Revenues (Under) Expenditures**

**Other Financing Sources (Uses):**

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

**Total Other Financing Sources (Uses)**

**Net Change in Fund Balance**

**Fund Balance:**

Beginning of Year, July 1  
  
End of Year, June 30

Project Authorization	Prior Years	Actual Current Year	Total To Date
\$ -	\$ -	\$ -	\$ -
50,000	50,000	-	50,000
50,000	50,000	-	50,000
281,702	281,702	-	281,702
50,000	50,000	-	50,000
331,702	331,702	-	331,702
(281,702)	(281,702)	-	(281,702)
290,002	290,000	-	290,000
(8,300)	-	(8,298)	(8,298)
281,702	290,000	(8,298)	281,702
\$ -	\$ 8,298	(8,298)	\$ -
		8,298	
		\$ -	

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**CITY OF ASHEBORO,  
NORTH CAROLINA**

Enterprise Fund

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

The City of Asheboro has a single enterprise fund, the Water and Sewer Fund, and two Water and Sewer Capital Projects Funds; the Dave's Mountain Water and Sewer Project Fund, which accounts for capital installation for a specific area of the City, and the Water and Sewer Systems Improvements Project Fund, which accounts for capital installation for a specific area of the City. The detail activity in these funds appears on Schedules 10 and 11, respectively. They are consolidated with the Water and Sewer Fund on Exhibit 6.

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

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

For the Year Ended June 30, 2013

**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

2013		
Budget	Actual	Variance Positive (Negative)
\$ 6,993,667	\$ 6,568,338	\$ (425,329)
5,240,753	5,025,537	(215,216)
80,499	49,450	(31,049)
33,401	29,240	(4,161)
216,708	206,111	(10,597)
43,545	21,970	(21,575)
391,084	452,363	61,279
<u>12,999,657</u>	<u>12,353,009</u>	<u>(646,648)</u>
12,733	10,090	(2,643)
17,897	14,779	(3,118)
128,273	127,503	(770)
<u>158,903</u>	<u>152,372</u>	<u>(6,531)</u>
<u>13,158,560</u>	<u>12,505,381</u>	<u>(653,179)</u>
	279,348	
	65,433	
	72,262	
<u>431,436</u>	<u>417,043</u>	<u>14,393</u>
	503,600	
	149,755	
	52,047	
<u>708,592</u>	<u>705,402</u>	<u>3,190</u>
	670,977	
	424,567	
	190,161	
	742,638	
<u>\$ 2,475,019</u>	<u>\$ 2,028,343</u>	<u>\$ 446,676</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, 2013

**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

2013		
Budget	Actual	Variance Positive (Negative)
\$	\$ 821,957	\$
	243,825	
	270,936	
	948,003	
<u>2,922,999</u>	<u>2,284,721</u>	<u>638,278</u>
	672,117	
	79,575	
	22,561	
	137,907	
<u>1,019,941</u>	<u>912,160</u>	<u>107,781</u>
	784,449	
	8,499	
	73,982	
	246,813	
<u>1,367,734</u>	<u>1,113,743</u>	<u>253,991</u>
	141,013	
	17,582	
	11,673	
<u>182,791</u>	<u>170,268</u>	<u>12,523</u>
	576,057	
	182,377	
	146,517	
	156,233	
<u>\$ 1,083,597</u>	<u>\$ 1,061,184</u>	<u>\$ 22,413</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, 2013

**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:

Billing and Collections  
Water Meter Operations  
Water Supply and Treatment  
Wastewater Treatment  
Water Maintenance  
Wastewater Maintenance  
Systems Maintenance  
Water Quality

Total

**Total Expenditures**

**Revenues Over (Under) Expenditures**

**Other Financing Sources ( Uses):**

Transfers From Other Funds:

Dave's Mountain Water & Sewer Project Fund

Transfers to Other Funds:

To Economic Development Fund

To Water & Sewer Systems Improvement Fund

Lease Purchase Obligations Issued

**Total Other Financing Sources (Uses)**

**Appropriated Fund Balance**

**Revenues Over Expenditures and Other Sources**

2013		
Budget	Actual	Variance Positive (Negative)
\$	\$ 344,699	\$
	78,677	
	81,434	
<u>545,870</u>	<u>504,810</u>	<u>41,060</u>
	1,545,305	
	254,270	
<u>2,340,522</u>	<u>1,799,575</u>	<u>540,947</u>
	82,633	
	26,047	
	430,005	
	75,143	
	83,875	
	64,053	
	251,514	
	34,604	
<u>1,229,024</u>	<u>1,047,874</u>	<u>181,150</u>
<u>14,307,525</u>	<u>12,045,123</u>	<u>2,262,402</u>
<u>(1,148,965)</u>	<u>460,258</u>	<u>1,609,223</u>
-	101,055	101,055
(800,000)	(800,000)	-
(9,323)	(9,323)	-
<u>1,156,005</u>	<u>414,008</u>	<u>(741,997)</u>
<u>346,682</u>	<u>(294,260)</u>	<u>(640,942)</u>
<u>802,283</u>	<u>-</u>	<u>(802,283)</u>
<u>\$ -</u>	<u>\$ 165,998</u>	<u>\$ 165,998</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, 2013

**Revenues Over Expenditures and Other Sources**

Payment of Bond and Note Principal  
Installment Purchase Obligations Issued  
Amortization of Deferred Loss on Refunding  
Capital Outlay  
Depreciation  
Decrease In Accrued Compensated Absences  
Increase in OPEB Liability  
Decrease In Accrued Interest Expense  
Capital Contributions  
Donated Assets  
Loss on Disposal of Capital Assets  
Transfer From Dave's Mountain Water & Sewer Project Fund  
Transfer to Water & Sewer Systems Improvement Fund

**Total Reconciling Items**

**Change in Net Position**

2013		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
	\$ 165,998	
	1,545,305	
	(414,008)	
	(10,351)	
	1,047,874	
	(1,766,824)	
	658	
	(155,622)	
	5,290	
	307,159	
	2,056,999	
	(393,968)	
	(101,055)	
	9,323	
	<u>2,130,780</u>	
	<u>\$ 2,296,778</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, 2013

**Expenditures:**

Engineering  
Legal Services  
Administration

**Total Expenditures**

**Other Financing Sources:**

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

**Total Other Financing Sources (Uses)**

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

<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>
\$ 386,116	\$ 386,115	\$ -	\$ 386,115
1,900	1,900	-	1,900
<u>330</u>	<u>330</u>	<u>-</u>	<u>330</u>
<u>388,346</u>	<u>388,345</u>	<u>-</u>	<u>388,345</u>
489,400	489,400	-	489,400
<u>(101,054)</u>	<u>-</u>	<u>(101,055)</u>	<u>(101,055)</u>
<u>388,346</u>	<u>489,400</u>	<u>(101,055)</u>	<u>388,345</u>
<u>\$ -</u>	<u>\$ 101,055</u>	<u>\$ (101,055)</u>	<u>\$ -</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, 2013

**Revenues:**

Miscellaneous

**Expenditures:**

Construction - Sewer Forced Main

Construction -Pump Station

Construction

Engineering

Construction

Land Acquisition

Design

Meter Purchase

Administration

**Total Expenditures**

**Revenues (Under) Expenditures**

**Other Financing Sources:**

Transfers From Other Funds:

General Fund

Water and Sewer Fund

Proceeds of State Water Loan

**Total Other Financing Sources**

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

Project Authorization	Actual		
	Prior Years	Current Year	Total To Date
\$ 78,990	\$ 78,990	\$ -	\$ 78,990
444,000	423,613	-	423,613
399,000	362,598	-	362,598
217,494	213,851	-	213,851
227,405	97,640	3,525	101,165
1,220,000	721,775	87,299	809,074
7,100	6,155	-	6,155
11,000	-	9,250	9,250
447,600	-	447,600	447,600
19,875	2,966	51	3,017
<u>2,993,474</u>	<u>1,828,598</u>	<u>547,725</u>	<u>2,376,323</u>
<u>(2,914,484)</u>	<u>(1,749,608)</u>	<u>(547,725)</u>	<u>(2,297,333)</u>
12,000	12,000	-	12,000
2,436,332	2,295,565	9,323	2,304,888
466,152	-	462,452	462,452
<u>2,914,484</u>	<u>2,307,565</u>	<u>471,775</u>	<u>2,779,340</u>
<u>\$ -</u>	<u>\$ 557,957</u>	<u>\$ (75,950)</u>	<u>\$ 482,007</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 12

**COMPARATIVE SCHEDULES BY SOURCE**

June 30, 2013

	2013	2012
<b>Governmental Funds Capital Assets:</b>		
Land	\$ 3,817,927	\$ 3,817,927
Land Improvements	10,868,441	10,814,497
Buildings	11,627,394	11,656,865
Street Construction	15,660,770	15,627,020
Computer Equipment	683,897	658,100
Equipment	4,773,900	4,370,861
Vehicles	9,885,736	9,128,981
Construction in Progress	1,970,476	970,474
<b>Total Capital Assets</b>	<b>\$ 59,288,541</b>	<b>\$ 57,044,725</b>
<b>Investment in Governmental Funds Capital Assets - by Source:</b>		
General Fund	\$ 24,914,978	\$ 23,758,856
Special Revenue Funds	77,165	77,165
Capital Projects Funds	22,367,864	21,313,920
Donations	11,928,534	11,894,784
	<b>\$ 59,288,541</b>	<b>\$ 57,044,725</b>

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

**SCHEDULE BY FUNCTION AND ACTIVITY**  
 June 30, 2013

<b>Function and Activity</b>	<b>Land</b>	<b>Land Improvements</b>	<b>Buildings</b>
<b>General Government:</b>			
Governing Body	\$ -	\$ -	\$ -
Administration	-	-	-
Personnel and City Clerk	-	-	-
Finance	-	-	-
Human Resources	13,908	-	41,725
Legal Services	-	-	-
Planning and Zoning	-	-	-
Public Buildings	214,578	127,159	685,142
Information Technology	-	-	-
Marketing and Communications	-	-	-
City Shop	67,274	-	-
<b>Total General Government</b>	<b>295,760</b>	<b>127,159</b>	<b>726,867</b>
<b>Public Safety:</b>			
Police	116,129	35,591	643,046
Fire	270,498	13,313	452,951
Inspections	-	-	-
<b>Total Public Safety</b>	<b>386,627</b>	<b>48,904</b>	<b>1,095,997</b>
<b>Transportation:</b>			
Public Works	273,697	-	2,658,264
Streets	222,638	45,070	-
City Engineer	-	-	-
Airport	854,500	8,947,708	671,466
<b>Total Transportation</b>	<b>1,350,835</b>	<b>8,992,778</b>	<b>3,329,730</b>
<b>Environmental Protection:</b>			
Sanitation	21,152	-	699,940
<b>Cultural and Recreational:</b>			
Parks, Lakes and Playgrounds	877,579	1,231,396	2,739,572
Municipal Golf Course	28,015	186,486	67,418
Grounds Maintenance	85,675	65,918	136,934
Library	171,418	11,425	-
<b>Total Cultural and Recreational</b>	<b>1,162,687</b>	<b>1,495,225</b>	<b>2,943,924</b>
<b>Economic and Physical Development:</b>			
Community Promotion	600,866	204,375	2,830,936
<b>Construction in Progress</b>			
	-	-	-
<b>Total Governmental Funds Capital Assets</b>	<b>\$ 3,817,927</b>	<b>\$ 10,868,441</b>	<b>\$ 11,627,394</b>

Street Construction	Computer Equipment	Equipment	Vehicles	Construction In Progress	Total
\$ -	\$ -	\$ 10,676	\$ -	\$ -	\$ 10,676
-	1,876	-	-	-	1,876
-	-	7,048	-	-	7,048
-	57,178	-	-	-	57,178
-	11,197	12,353	11,273	-	90,456
-	6,731	-	-	-	6,731
-	32,873	15,520	16,806	-	65,199
-	1,141	14,382	-	-	1,042,402
-	23,295	58,362	-	-	81,657
-	-	3,107	-	-	3,107
-	60,362	347,797	209,507	-	684,940
-	194,653	469,245	237,586	-	2,051,270
-	187,248	445,063	2,177,454	-	3,604,531
-	182,853	476,091	1,513,408	-	2,909,114
-	-	-	23,278	-	23,278
-	370,101	921,154	3,714,140	-	6,536,923
-	45,339	176,914	267,914	-	3,422,128
15,660,770	2,700	996,727	1,572,303	-	18,500,208
-	24,063	38,784	28,971	-	91,818
-	-	315,293	27,000	-	10,815,967
15,660,770	72,102	1,527,718	1,896,188	-	32,830,121
-	28,025	791,650	3,281,176	-	4,821,943
-	11,872	309,060	79,233	-	5,248,712
-	2,474	119,418	-	-	403,811
-	4,670	635,655	677,413	-	1,606,265
-	-	-	-	-	182,843
-	19,016	1,064,133	756,646	-	7,441,631
-	-	-	-	-	3,636,177
-	-	-	-	1,970,476	1,970,476
\$ 15,660,770	\$ 683,897	\$ 4,773,900	\$ 9,885,736	\$ 1,970,476	\$ 59,288,541

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

Schedule 14

**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**  
For the Year Ended June 30, 2013

<b>Function and Activity</b>	<b>Governmental Fund</b>			<b>Governmental Fund</b>
	<b>Capital Assets</b>			<b>Capital Assets</b>
	<b>June 30, 2012</b>	<b>Additions</b>	<b>Retirements</b>	<b>June 30, 2013</b>
<b>General Government:</b>				
Governing Body	\$ 10,676	\$ -	\$ -	\$ 10,676
Administration	1,876	-	-	1,876
Personnel and City Clerk	7,048	-	-	7,048
Finance	57,178	-	-	57,178
Human Resources	90,456	-	-	90,456
Legal Services	6,731	-	-	6,731
Planning and Zoning	61,830	3,369	-	65,199
Public Buildings	1,023,804	53,944	35,346	1,042,402
Information Technology	81,657	-	-	81,657
Marketing and Communications	3,107	-	-	3,107
City Shop	595,332	89,608	-	684,940
<b>Total General Government</b>	<b>1,939,695</b>	<b>146,921</b>	<b>35,346</b>	<b>2,051,270</b>
<b>Public Safety:</b>				
Police	3,126,878	498,867	21,214	3,604,531
Fire	2,758,215	150,899	-	2,909,114
Inspections	23,278	-	-	23,278
<b>Total Public Safety</b>	<b>5,908,371</b>	<b>649,766</b>	<b>21,214</b>	<b>6,536,923</b>
<b>Transportation:</b>				
Public Works	3,331,646	90,482	-	3,422,128
Streets	18,454,209	45,999	-	18,500,208
City Engineer	91,818	-	-	91,818
Airport	10,815,967	-	-	10,815,967
<b>Total Transportation</b>	<b>32,693,640</b>	<b>136,481</b>	<b>-</b>	<b>32,830,121</b>
<b>Environmental Protection:</b>				
Sanitation	4,642,443	179,500	-	4,821,943
<b>Cultural and Recreational:</b>				
Parks, Lakes and Playgrounds	5,233,940	14,772	-	5,248,712
Municipal Golf Course	341,563	62,248	-	403,811
Grounds Maintenance	1,495,579	110,686	-	1,606,265
Library	182,843	-	-	182,843
<b>Total Cultural and Recreational</b>	<b>7,253,925</b>	<b>187,706</b>	<b>-</b>	<b>7,441,631</b>
<b>Economic and Physical Development:</b>				
Community Promotion	3,636,177	-	-	3,636,177
<b>Construction in Progress</b>	<b>970,474</b>	<b>1,642,806</b>	<b>642,804</b>	<b>1,970,476</b>
<b>Total Governmental Fund Capital Assets</b>	<b>\$ 57,044,725</b>	<b>\$ 2,943,180</b>	<b>\$ 699,364</b>	<b>\$ 59,288,541</b>

**CITY OF ASHEBORO,  
NORTH CAROLINA**

Other Supplemental Information

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

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

For the Year Ended June 30, 2013

<u>Fiscal Year</u>	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Balance June 30, 2013</u>
2012-2013	\$ -	\$ 12,271,887	\$ 12,103,551	\$ 168,336
2011-2012	170,506		30,764	139,742
2010-2011	136,568		128,038	8,530
2009-2010	11,622		4,909	6,713
2008-2009	3,736		349	3,387
2007-2008	2,088		138	1,950
2006-2007	2,896		82	2,814
2005-2006	1,300		77	1,223
2004-2005	977		77	900
2003-2004	2,066		-	2,066
2002-2003	17,961		17,961	-
	<u>\$ 349,720</u>	<u>\$ 12,271,887</u>	<u>\$ 12,285,946</u>	335,661
Less Allowance for Uncollectible Ad Valorem Taxes Receivable				<u>(96,000)</u>
Ad Valorem Taxes Receivable - Net				<u>\$ 239,661</u>
 Reconciliation with Revenues:				
Ad Valorem Taxes Collected - General Fund			\$ 12,276,415	
Discounts Allowed			135,658	
Releases and Adjustments			(76,220)	
Taxes Written Off			17,961	
Interest Collected			<u>(67,868)</u>	
Total Collections and Credits			<u>\$ 12,285,946</u>	

ANALYSIS OF CURRENT TAX LEVY

For the Year Ended June 30, 2013

	City-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property Taxed at Current Year's Rate	\$ 2,255,723,905	.55	\$ 12,406,481	\$ 11,549,798	\$ 856,683
Motor Vehicles Taxed at Prior Year's Rate	-	.55	-		-
Penalties			21,950	21,950	
<b>Total</b>	<u>2,255,723,905</u>		<u>12,428,431</u>	<u>11,571,748</u>	<u>856,683</u>
<b>Discoveries:</b>					
Current Year Taxes	12,231,002	.55	67,271	67,271	
Prior Years Taxes	704,465	.55	3,875	3,656	219
Penalties			22,105	22,105	
	<u>12,935,467</u>		<u>93,250</u>	<u>93,032</u>	<u>219</u>
<b>Abatements</b>	<u>(45,417,227)</u>		<u>(249,795)</u>	<u>(222,420)</u>	<u>(27,375)</u>
<b>Total Valuation</b>	<u>\$ 2,223,242,145</u>				
Net Levy			12,271,887	11,442,360	829,527
Uncollected Taxes at June 30, 2012			(168,336)	(45,477)	(122,859)
Current Year's Taxes Collected			<u>\$ 12,103,551</u>	<u>\$ 11,396,883</u>	<u>\$ 706,668</u>
Current Levy Collection Percentage			<u>98.63%</u>	<u>99.60%</u>	<u>85.19%</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.

<b>Contents</b>	<b>Page</b>
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 Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

Table 1

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities										
Net Investment in capital assets	\$ 20,931,387	\$ 21,766,060	\$ 21,596,547	\$ 22,828,193	\$ 24,474,397	\$ 23,882,980	\$ 24,440,730	\$ 23,434,409	\$ 22,576,050	\$ 21,550,155
Restricted	1,361,560	1,507,360	1,685,767	1,705,253	1,615,678	1,508,368	1,469,071	4,918,519	4,975,395	5,031,627
Unrestricted	4,844,057	6,291,656	6,551,740	8,576,022	8,994,693	8,013,501	6,674,979	2,801,658	2,158,991	696,013
Total Governmental activities net position	<u>\$ 27,137,004</u>	<u>\$ 29,565,076</u>	<u>\$ 29,834,054</u>	<u>\$ 33,109,468</u>	<u>\$ 35,084,768</u>	<u>\$ 33,404,849</u>	<u>\$ 32,584,780</u>	<u>\$ 31,154,586</u>	<u>\$ 29,710,436</u>	<u>\$ 27,277,795</u>
Business-type activities										
Net Investment in capital assets	\$ 29,075,233	\$ 28,950,351	\$ 30,544,401	\$ 30,654,567	\$ 32,213,011	\$ 33,946,915	\$ 35,840,750	\$ 38,207,155	\$ 39,489,368	\$ 41,926,766
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	7,302,279	8,818,325	9,997,052	10,447,520	10,700,555	11,032,403	10,187,112	10,882,193	10,240,633	10,079,768
Total business-type activities net position	<u>\$ 36,377,512</u>	<u>\$ 37,768,676</u>	<u>\$ 40,541,453</u>	<u>\$ 41,102,087</u>	<u>\$ 42,913,566</u>	<u>\$ 44,979,318</u>	<u>\$ 46,027,862</u>	<u>\$ 49,089,348</u>	<u>\$ 49,730,001</u>	<u>\$ 52,006,534</u>
Primary government										
Net Investment in capital assets	\$ 50,006,620	\$ 50,716,411	\$ 52,140,948	\$ 53,482,760	\$ 56,687,408	\$ 57,829,895	\$ 60,281,480	\$ 61,641,564	\$ 62,065,418	\$ 63,476,921
Restricted	1,361,560	1,507,360	1,685,767	1,705,253	1,615,678	1,508,368	1,469,071	4,918,519	4,975,395	5,031,627
Unrestricted	12,146,336	15,109,981	16,548,792	19,023,542	19,695,248	19,045,904	16,862,091	13,683,851	12,399,624	10,775,781
Total primary government net position	<u>\$ 63,514,516</u>	<u>\$ 67,333,752</u>	<u>\$ 70,375,507</u>	<u>\$ 74,211,555</u>	<u>\$ 77,998,334</u>	<u>\$ 78,384,167</u>	<u>\$ 78,612,642</u>	<u>\$ 80,243,934</u>	<u>\$ 79,440,437</u>	<u>\$ 79,284,329</u>

**CITY OF ASHEBORO, NORTH CAROLINA**

Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

<b>Expenses</b>	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities:</b>										
General government	\$ 2,352,525	\$ 2,437,525	\$ 2,678,773	\$ 2,639,306	\$ 2,787,687	\$ 2,852,960	\$ 3,010,464	\$ 3,286,240	\$ 3,061,766	\$ 3,207,455
Public safety	7,053,883	7,690,500	8,197,256	8,379,264	9,019,026	9,756,723	10,263,312	10,505,454	10,936,883	11,277,560
Transportation	2,948,970	2,845,905	2,894,678	3,402,172	4,437,635	5,489,676	4,233,131	4,394,627	4,416,483	4,357,965
Environmental protection	1,890,887	1,854,315	2,009,628	1,946,752	2,316,831	2,267,470	2,436,284	2,278,866	2,416,231	2,403,358
Cultural and recreational	2,169,500	2,220,540	2,050,456	2,251,055	2,806,614	2,763,632	3,435,526	3,283,907	3,342,904	3,695,508
Economic and physical development	288,022	293,623	622,159	933,186	198,711	222,884	551,395	847,495	867,040	1,019,712
Interest on long-term debt	177,141	149,186	118,843	142,358	110,973	83,051	63,232	47,797	57,384	60,147
<b>Total governmental activities expenses</b>	<b>16,880,928</b>	<b>17,491,594</b>	<b>18,571,793</b>	<b>19,694,093</b>	<b>21,677,477</b>	<b>23,436,396</b>	<b>23,993,344</b>	<b>24,644,386</b>	<b>25,098,691</b>	<b>26,021,705</b>
<b>Business-type activities:</b>										
Water and Sewer	8,339,935	7,617,349	8,152,888	8,325,034	9,512,246	9,896,112	10,583,741	11,036,882	11,225,841	11,772,761
<b>Total business-type activities expenses</b>	<b>8,339,935</b>	<b>7,617,349</b>	<b>8,152,888</b>	<b>8,325,034</b>	<b>9,512,246</b>	<b>9,896,112</b>	<b>10,583,741</b>	<b>11,036,882</b>	<b>11,225,841</b>	<b>11,772,761</b>
<b>Total primary government expenses</b>	<b>\$ 25,220,863</b>	<b>\$ 25,108,943</b>	<b>\$ 26,724,681</b>	<b>\$ 28,019,127</b>	<b>\$ 31,189,723</b>	<b>\$ 33,332,508</b>	<b>\$ 34,577,085</b>	<b>\$ 35,681,268</b>	<b>\$ 36,324,532</b>	<b>\$ 37,794,466</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General government	\$ 42,647	\$ 45,678	\$ 48,857	\$ 44,383	\$ 322,953	\$ 300,341	\$ 338,398	\$ 327,154	\$ 330,415	\$ 341,430
Public safety	156,321	155,690	149,994	175,835	163,586	104,332	106,149	129,416	157,330	111,356
Transportation	24,690	24,848	25,897	23,594	26,088	26,253	28,786	26,305	27,635	27,247
Environmental protection	804,406	799,652	775,153	857,224	1,041,908	1,026,343	969,105	991,579	946,203	909,082
Cultural and recreational	376,089	416,610	409,975	498,179	524,163	471,441	425,789	434,208	439,003	363,595
Operating grants and contributions	657,136	791,245	736,842	894,251	936,907	1,656,175	649,810	845,436	1,085,673	729,487
Capital grants and contributions	882,880	1,175,921	137,243	1,288,059	1,415,364	239,227	1,869,824	614,292	593,839	611,822
<b>Total governmental activities program revenues</b>	<b>2,944,169</b>	<b>3,409,644</b>	<b>2,283,961</b>	<b>3,781,525</b>	<b>4,430,969</b>	<b>3,824,112</b>	<b>4,387,861</b>	<b>3,368,390</b>	<b>3,580,098</b>	<b>3,094,019</b>
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Water and Sewer	8,180,862	8,976,484	9,004,812	9,839,077	11,161,593	10,214,764	10,615,103	11,988,495	11,481,001	11,900,646
Operating grants and contributions	387,109	238,685	265,387	301,228	345,637	417,006	484,152	557,339	596,180	594,645
Capital grants and contributions	679	-	1,175,251	-	244,799	606,183	442,638	2,255,680	577,292	2,364,158
<b>Total business-type activities program revenues</b>	<b>8,568,650</b>	<b>9,215,169</b>	<b>10,445,450</b>	<b>10,140,305</b>	<b>11,752,029</b>	<b>11,237,953</b>	<b>11,541,893</b>	<b>14,801,514</b>	<b>12,654,473</b>	<b>14,859,449</b>
<b>Total primary government program revenues</b>	<b>\$ 11,512,819</b>	<b>\$ 12,624,813</b>	<b>\$ 12,729,411</b>	<b>\$ 13,921,830</b>	<b>\$ 16,182,998</b>	<b>\$ 15,062,065</b>	<b>\$ 15,929,754</b>	<b>\$ 18,169,904</b>	<b>\$ 16,234,571</b>	<b>\$ 17,953,468</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (13,936,759)	\$ (14,081,950)	\$ (16,287,832)	\$ (15,912,568)	\$ (17,246,508)	\$ (19,612,284)	\$ (19,605,483)	\$ (21,275,996)	\$ (21,518,593)	\$ (22,927,686)
Business-type activities	228,715	1,597,820	2,292,562	1,815,271	2,239,783	1,341,841	958,152	3,764,632	1,428,632	3,086,688
<b>Total primary government net expense</b>	<b>\$ (13,708,044)</b>	<b>\$ (12,484,130)</b>	<b>\$ (13,995,270)</b>	<b>\$ (14,097,297)</b>	<b>\$ (15,006,725)</b>	<b>\$ (18,270,443)</b>	<b>\$ (18,647,331)</b>	<b>\$ (17,511,364)</b>	<b>\$ (20,089,961)</b>	<b>\$ (19,840,998)</b>

**CITY OF ASHEBORO, NORTH CAROLINA**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

Table 2  
 (Page 2 of 2)

**General Revenues and Other Changes in**

<b>Net Position</b>	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities:</b>										
<b>Taxes</b>										
Property taxes	\$ 8,824,062	\$ 9,783,783	\$ 10,014,896	\$ 10,171,208	\$ 11,239,034	\$ 11,595,398	\$ 11,887,696	\$ 11,947,797	\$ 12,024,717	\$ 12,219,356
Sales taxes	-	-	3,812,464	4,122,316	4,232,034	3,538,343	2,934,243	2,926,393	2,991,930	3,044,107
Franchise taxes	-	-	1,659,199	1,793,517	2,078,291	2,091,430	2,162,520	2,148,736	2,041,272	2,042,949
Other taxes and licenses	5,629,976	5,822,733	493,036	441,637	172,275	583,184	1,183,638	1,441,057	1,474,713	1,483,535
Investment earnings	65,066	134,749	215,231	410,921	471,825	205,532	64,275	38,702	23,500	15,031
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	20,129	(5,971)
Miscellaneous	301,779	396,617	331,984	396,833	198,009	460,275	584,956	611,123	720,299	898,465
Transfers	30,000	372,140	30,000	1,851,550	830,340	(541,797)	(31,914)	731,994	777,883	800,000
<b>Total governmental activities</b>	<b>14,850,883</b>	<b>16,510,022</b>	<b>16,556,810</b>	<b>19,187,982</b>	<b>19,221,808</b>	<b>17,932,365</b>	<b>18,785,414</b>	<b>19,845,802</b>	<b>20,074,443</b>	<b>20,497,472</b>
<b>Business-type activities:</b>										
Investment earnings	59,784	165,484	504,843	596,908	395,814	182,114	58,478	28,848	13,271	10,090
Miscellaneous	-	-	5,372	-	6,222	-	-	-	(23,367)	-
Transfers	(30,000)	(372,140)	(30,000)	(1,851,550)	(830,340)	541,797	31,914	(731,994)	(777,883)	(800,000)
<b>Total business-type activities</b>	<b>29,784</b>	<b>(206,656)</b>	<b>480,215</b>	<b>(1,254,642)</b>	<b>(428,304)</b>	<b>723,911</b>	<b>90,392</b>	<b>(703,146)</b>	<b>(787,979)</b>	<b>(789,910)</b>
<b>Total primary government</b>	<b>\$ 14,880,667</b>	<b>\$ 16,303,366</b>	<b>\$ 17,037,025</b>	<b>\$ 17,933,340</b>	<b>\$ 18,793,504</b>	<b>\$ 18,656,276</b>	<b>\$ 18,875,806</b>	<b>\$ 19,142,656</b>	<b>\$ 19,286,464</b>	<b>\$ 19,707,562</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 914,124	\$ 2,428,072	\$ 268,978	\$ 3,275,414	\$ 1,975,300	\$ (1,679,919)	\$ (820,069)	\$ (1,430,194)	\$ (1,444,150)	\$ (2,430,214)
Business-type activities	258,499	1,391,164	2,772,777	560,629	1,811,479	2,065,752	1,048,544	3,061,486	640,653	2,296,778
<b>Total primary government</b>	<b>\$ 1,172,623</b>	<b>\$ 3,819,236</b>	<b>\$ 3,041,755</b>	<b>\$ 3,836,043</b>	<b>\$ 3,786,779</b>	<b>\$ 385,833</b>	<b>\$ 228,475</b>	<b>\$ 1,631,292</b>	<b>\$ (803,497)</b>	<b>\$ (133,436)</b>

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

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

Table 3

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Other</u>	<u>Total</u>
2004	8,824,062	3,421,603	1,615,343	593,030	14,454,038
2005	9,783,783	3,616,500	1,651,726	554,507	15,606,516
2006	10,014,896	3,812,464	1,659,199	493,036	15,979,595
2007	10,171,208	4,122,316	1,793,517	441,637	16,528,678
2008	11,239,034	4,323,034	2,078,291	172,275	17,812,634
2009	11,595,398	3,538,343	2,091,430	583,184	17,808,355
2010	11,887,696	2,934,243	2,162,520	1,183,638	18,168,097
2011	11,947,797	2,926,393	2,148,736	1,441,057	18,463,983
2012	12,024,717	2,991,930	2,041,272	1,474,713	18,532,632
2013	12,219,356	3,044,107	2,042,949	1,483,535	18,789,947

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

Table 4

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:										
Reserved	\$ 4,584,450	\$ 4,207,513	\$ 5,257,751	\$ 6,499,419	\$ 5,142,623	\$ 4,300,178	\$ 4,979,724			
Unreserved	2,459,707	4,005,747	3,697,156	4,582,323	5,988,877	6,617,624	5,050,791			
Nonspendable								1,250,055	857,493	859,119
Restricted								3,590,464	3,138,140	3,431,128
Committed								-		
Assigned								224,428		
Unassigned								4,165,717	5,134,816	4,144,624
Total General Fund	<u>\$ 7,044,157</u>	<u>\$ 8,213,260</u>	<u>\$ 8,954,907</u>	<u>\$ 11,081,742</u>	<u>\$ 11,131,500</u>	<u>\$ 10,917,802</u>	<u>\$ 10,030,515</u>	<u>\$ 9,230,664</u>	<u>\$ 9,130,449</u>	<u>\$ 8,434,871</u>
All other governmental funds										
Reserved	\$ 782,265	\$ 282,209	\$ 138,350	\$ 118,498	\$ 31,681	\$ 6,750	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	180,748	149,503	281,463	303,538	306,792	259,470	263,162			
Capital projects funds	(590,342)	443,021	178,839	214,267	728,175	243,690	284,302			
Nonspendable								-	-	-
Restricted								621,144	1,626,574	1,145,849
Committed								706,911	210,681	454,650
Assigned										
Total all other governmental funds	<u>\$ 372,671</u>	<u>\$ 874,733</u>	<u>\$ 598,652</u>	<u>\$ 636,303</u>	<u>\$ 1,066,648</u>	<u>\$ 509,910</u>	<u>\$ 547,464</u>	<u>\$ 1,328,055</u>	<u>\$ 1,837,255</u>	<u>\$ 1,600,499</u>

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Taxes	\$ 8,763,385	\$ 9,813,823	\$ 9,976,478	\$ 10,125,705	\$ 11,190,147	\$ 11,531,005	\$ 11,770,534	\$ 11,923,685	\$ 12,270,703	\$ 12,276,415
Other taxes and licences	265,461	281,113	296,688	300,808	303,218	299,201	337,094	327,265	332,284	340,369
Intergovernmental	6,904,412	7,526,549	6,490,084	7,232,645	8,023,327	8,352,387	7,197,417	7,707,645	7,951,037	8,014,704
Permits and fees	306,411	314,331	343,937	323,595	205,658	128,723	131,817	154,706	185,476	162,991
Sales and services	1,221,479	1,277,732	1,255,606	1,388,838	1,577,365	1,532,697	1,430,572	1,451,400	1,423,719	1,311,794
Investment earnings	65,066	134,749	215,231	410,921	471,825	205,532	64,275	38,702	23,500	15,031
Miscellaneous	191,931	242,480	414,394	480,230	320,800	304,261	394,277	824,642	845,771	709,474
<b>Total revenues</b>	<b>17,718,145</b>	<b>19,590,777</b>	<b>18,992,418</b>	<b>20,262,742</b>	<b>22,092,340</b>	<b>22,353,806</b>	<b>21,325,986</b>	<b>22,428,045</b>	<b>23,032,490</b>	<b>22,830,778</b>
<b>Expenditures</b>										
General government	2,366,224	2,412,785	2,621,114	2,635,489	2,761,672	2,796,054	2,936,039	3,219,001	2,972,245	3,755,674
Public safety	6,814,713	7,517,736	8,011,022	8,260,209	9,152,688	9,415,863	9,676,631	10,288,725	10,473,547	11,327,871
Transportation	2,042,371	2,160,172	2,432,969	2,576,252	2,939,089	2,739,653	2,860,124	3,197,031	3,318,995	3,243,380
Environmental protection	1,875,141	1,775,841	2,099,822	1,906,343	2,721,881	2,121,376	2,259,681	2,582,776	2,232,722	2,383,417
Culture and recreation	2,101,197	2,278,068	2,402,367	2,570,856	2,886,940	2,595,713	3,086,400	3,249,141	3,170,744	3,319,294
Economic and physical development	222,043	227,914	552,595	857,606	750,098	1,680,034	524,035	820,135	839,680	992,352
Capital outlay	1,111,783	1,206,963	575,396	517,657	651,541	633,651	320,127	222,473	168,216	1,642,806
Debt service:										
Principal	545,350	610,978	445,308	493,833	501,957	521,939	450,160	378,596	346,305	519,827
Interest	179,216	154,060	134,009	136,076	105,377	78,162	58,997	44,256	54,519	59,269
Other charges	-	-	10,837	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>17,258,038</b>	<b>18,344,517</b>	<b>19,285,439</b>	<b>19,954,321</b>	<b>22,471,243</b>	<b>22,582,445</b>	<b>22,172,194</b>	<b>24,002,134</b>	<b>23,576,973</b>	<b>27,243,890</b>
Excess of revenues over (under) expenditures	460,107	1,246,260	(293,021)	308,421	(378,903)	(228,639)	(846,208)	(1,574,089)	(544,483)	(4,413,112)
<b>Other financing sources (uses)</b>										
Transfers in	170,815	501,042	221,806	2,016,017	1,622,679	972,316	766,401	1,242,169	794,550	969,713
Transfers out	(140,815)	(128,902)	(191,806)	(164,467)	(792,339)	(1,514,113)	(798,315)	(510,175)	(16,667)	(169,713)
Payments to refunded bond escrow agent	-	-	(913,332)	-	-	-	-	-	-	-
Refunding bonds issued	-	-	912,997	-	-	-	-	-	-	-
Premium on bonds issued	-	-	11,172	-	-	-	-	-	-	-
Installment purchase obligations / Notes	473,658	52,765	682,180	-	-	-	-	822,835	138,494	2,344,245
Sale of assets	43,523	-	35,570	4,515	28,666	-	28,389	-	37,091	336,533
<b>Total other financing sources (uses)</b>	<b>547,181</b>	<b>424,905</b>	<b>758,587</b>	<b>1,856,065</b>	<b>859,006</b>	<b>(541,797)</b>	<b>(3,525)</b>	<b>1,554,829</b>	<b>953,468</b>	<b>3,480,778</b>
<b>Net change in fund balances</b>	<b>\$ 1,007,288</b>	<b>\$ 1,671,165</b>	<b>\$ 465,566</b>	<b>\$ 2,164,486</b>	<b>\$ 480,103</b>	<b>\$ (770,436)</b>	<b>\$ (849,733)</b>	<b>\$ (19,260)</b>	<b>\$ 408,985</b>	<b>\$ (932,334)</b>
Debt services as a percentage of noncapital expenditures	4.5%	4.4%	3.3%	3.3%	2.9%	2.7%	2.3%	1.8%	1.7%	2.2%

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

Table 6

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Other</u>	<u>Total</u>
2004	8,763,385	3,421,603	1,615,343	593,030	14,393,361
2005	9,813,823	3,616,500	1,651,726	554,507	15,636,556
2006	9,976,478	3,812,464	1,659,199	493,036	15,941,177
2007	10,125,705	4,122,316	1,793,517	441,637	16,483,175
2008	11,190,147	4,232,034	2,078,291	172,275	17,672,747
2009	11,531,005	3,538,343	2,091,430	583,184	17,743,962
2010	11,770,534	2,934,243	2,162,520	1,123,956	17,991,253
2011	11,923,685	2,926,393	2,148,736	1,378,411	18,377,225
2012	12,270,703	2,991,930	2,041,272	1,405,904	18,709,809
2013	12,276,415	3,044,107	2,042,949	1,417,431	18,780,902

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

Fiscal Year	Real Property (5)	Personal Property	Personal Property		Public Service Companies (4)	Total Taxable Assessed Value	Total Direct Tax Rate	Real Property	Assessed Value as a Percentage of Actual Value (2)
			Motor Vehicles	Other				Estimated Actual Taxable Value (1)	
2004	1,211,422,247	531,607,638	161,941,783	369,665,855	38,762,481	1,781,792,366	0.50	1,912,685,049	91.13%
2005	1,195,451,271	557,683,804	167,775,485	389,908,319	38,756,333	1,791,891,408	0.55	1,941,456,340	90.30%
2006	1,265,377,000	525,268,289	158,629,694	366,638,595	33,781,507	1,824,426,796	0.55	2,082,145,685	86.00%
2007	1,250,881,728	568,142,908	178,085,722	390,057,186	34,791,121	1,853,815,757	0.55	2,115,144,926	86.00%
2008 (3)	1,417,978,237	606,419,641	174,630,404	431,789,237	39,129,255	2,063,527,133	0.55	2,087,008,122	97.00%
2009	1,466,396,225	611,866,614	152,459,633	459,406,981	39,130,524	2,117,393,363	0.55	2,157,216,980	96.34%
2010	1,706,000,373	406,175,673	148,411,636	257,764,037	37,017,283	2,149,193,329	0.55	2,310,960,569	93.00%
2011	1,524,473,286	604,532,190	141,988,051	462,544,139	35,386,767	2,164,392,243	0.55	2,219,889,480	97.50%
2012	1,662,268,789	476,124,588	154,163,455	321,961,133	34,312,633	2,172,706,010	0.55	2,228,416,421	97.50%
2013	1,647,091,279	541,838,233	155,760,545	386,077,688	34,312,633	2,223,242,145	0.55	2,280,248,354	97.50%

Source: Randolph County Government

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

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

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

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

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

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

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

Table 8

Fiscal Year	<u>City Direct Rate</u>	<u>Overlapping Rates</u>		Total Direct & Overlapping Rates
	Total City Rate	Total County Rate	Total School District	
2004	0.500	0.500	0.139	1.139
2005	0.550	0.525	0.139	1.214
2006	0.550	0.525	0.139	1.214
2007	0.550	0.535	0.139	1.224
2008	0.550	0.535	0.139	1.224
2009	0.550	0.555	0.139	1.244
2010	0.550	0.555	0.139	1.244
2011	0.550	0.586	0.139	1.275
2012	0.550	0.586	0.139	1.275
2013	0.550	0.586	0.139	1.275

Source: Randolph County Government

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

**CITY OF ASHEBORO, NORTH CAROLINA**

Table 9

Principal Property Taxpayers

June 30, 2013

Taxpayer	2013			2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Malt-O-Meal Company	137,094,710	1	6.17%			
Energizer (Eveready) Battery Co,	103,375,372	2	4.65%	128,200,974	1	7.32%
Starpet, Inc.	52,583,121	3	2.37%			
Technimark, Inc.	49,134,020	4	2.21%	23,778,600	4	1.48%
Schwartz Properties LLC	27,111,712	5	1.22%			
Klaussner Furniture Industries	23,739,668	6	1.07%	32,113,355	2	2.20%
Arrow International	22,306,361	7	1.00%			
Kennametal	20,887,354	8	0.94%			
JG Randolph II LLC	20,603,495	9	0.93%	18,371,979	9	1.05%
Hyosung USA	16,082,401	10	0.72%			1.05%
Goodyear Tire & Rubber Co.				29,204,041	3	2.26%
Tiepet, Inc.				20,005,227	6	1.92%
Oliver Rubber				20,380,266	5	1.44%
Unilever - Best Foods				18,894,051	7	1.31%
Centerpoint Plaza				18,831,120	8	1.02%
Central Telephone				18,361,011	10	1.24%
Totals	<u>\$ 472,918,214</u>		<u>21.27%</u>	<u>\$ 328,140,624</u>		<u>22.29%</u>

Total Assessed Value of Taxable Property \$ 2,223,242,145

Source: Randolph County Tax Department

Note: Taxpayers ranked 1st, 3rd, 5th, 7th, 8th and 10th current were not ranked in top ten in 2003.

**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%
2012	11,961,536	11,791,030	98.57%	417,498	12,208,528	102.06%
2013	12,271,887	12,103,551	98.63%	182,395	12,285,946	100.11%

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

Table 11

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Debt as Percentage of Personal Income (1)	Debt Per Capita (1)
	General Obligation Bonds	Installment Purchases	Notes Payable	General Obligation Bonds	Installment Purchases	Notes Payable			
2003	1,075,000	2,266,146	-	10,280,655	161,570	3,500,000	17,283,371	2.39%	787
2004	975,000	2,259,826	34,628	9,240,326	102,299	3,507,248	16,119,327	2.14%	716
2005	875,000	1,833,490	-	8,213,439	41,959	6,128,228	17,092,116	2.38%	753
2006	855,652	2,101,212	-	7,138,591	8,033	7,482,160	17,585,648	2.42%	766
2007	743,665	1,724,582	-	6,204,294	-	7,772,289	16,444,830	2.50%	708
2008	633,108	1,337,685	-	5,281,923	-	9,166,811	16,419,527	2.43%	692
2009	522,921	929,738	-	4,362,657	-	8,957,656	14,772,972	2.16%	617
2010	414,838	590,892	-	3,460,932	-	8,335,143	12,801,805	1.76%	502
2011	308,219	1,144,306	-	2,571,430	-	7,712,631	11,736,586	1.63%	465
2012	204,434	1,044,066	-	1,705,566	152,145	7,090,118	10,196,329	1.42%	404
2013	99,541	1,901,949	-	830,459	518,469	6,930,057	10,280,475	1.43%	407

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

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

**CITY OF ASHEBORO, NORTH CAROLINA**

Table 12

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Assessed Property Value</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
2003	11,355,655	-	11,355,655	1,766,728,918	0.64%	516.89
2004	10,215,326	-	10,215,326	1,781,792,366	0.57%	453.93
2005	9,088,439	-	9,088,439	1,981,891,408	0.46%	400.21
2006	7,994,243	-	7,994,243	1,824,426,796	0.44%	348.23
2007	6,947,959	-	6,947,959	1,853,815,757	0.37%	299.24
2008	5,915,031	-	5,915,031	2,063,527,133	0.29%	254.75
2009	4,885,578	-	4,885,578	2,117,393,364	0.23%	204.08
2010	3,875,770	-	3,875,770	2,149,193,329	0.18%	151.97
2011	2,879,649	-	2,879,649	2,164,392,243	0.13%	112.91
2012	1,910,000	-	1,910,000	2,164,392,243	0.09%	74.89
2013	930,000	-	930,000	2,223,242,145	0.04%	36.46

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, 2013

Table 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes: Randolph County	\$ 121,044,578	21.01%	\$ 25,431,922
Subtotal, overlapping debt			25,431,922
City of Asheboro direct debt			2,001,490
Total direct and overlapping debt			\$ 27,433,412

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**

Table 14

Legal Debt Margin Information

Last Ten Fiscal Years

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$ 142,543,389	\$ 158,551,313	\$ 145,954,144	\$ 148,305,261	\$ 165,082,171	\$ 169,391,469	\$ 171,935,466	\$ 173,151,379	\$ 173,816,481	\$ 177,859,372
Total net debt applicable to limit	<u>3,887,125</u>	<u>3,302,386</u>	<u>10,103,488</u>	<u>8,672,541</u>	<u>7,252,715</u>	<u>5,815,316</u>	<u>4,466,662</u>	<u>4,023,955</u>	<u>3,090,440</u>	<u>3,350,418</u>
Legal debt margin	<u>\$ 138,656,264</u>	<u>\$ 155,248,927</u>	<u>\$ 135,850,656</u>	<u>\$ 139,632,720</u>	<u>\$ 157,829,456</u>	<u>\$ 163,576,153</u>	<u>\$ 167,468,804</u>	<u>\$ 169,127,424</u>	<u>\$ 170,726,041</u>	<u>\$ 174,508,954</u>
Total net debt applicable to the limit as a percentage of debt limit	2.73%	2.08%	6.92%	5.85%	4.39%	3.43%	2.60%	2.32%	1.78%	1.88%

Assessed value	\$ 2,223,242,145
Debt limit (8% of total assessed value)	\$ 177,859,372
Debt applicable to limit:	
General obligation bonds	930,000
Installment purchase agreements	<u>2,420,418</u>
Total net debt applicable to limit	<u>3,350,418</u>
Legal debt margin	<u>\$ 174,508,954</u>

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

**CITY OF ASHEBORO, NORTH CAROLINA**

Table 15

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age (3)	School Enrollment (4)	Unemployment Rate (5)
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	543,158,688	21,297	37.2	4,485	10.80%
2011	25,262	538,004,814	21,297	37.2	4,565	9.70%
2012	25,262	538,004,814	21,297	37.4	4,659	9.40%
2013	25,262	538,004,814	21,297	37.4	4,738	8.10%

Source: (1) NC Department of Revenue

Source: (2) US Department of Commerce, Bureau of Economic Analysis (Randolph County)- 2010 US Census Data

Source: (3) US Census Bureau (age & sex composition report 2010)

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	2013			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Randolph Hospital	1,195	1	5.24%	880	3	4.27%
Klaussner	950	2	4.16%	1,931	1	9.38%
Technimark	750	3	3.29%			
Asheboro City Schools	661	4	2.90%	586	6	2.85%
Arrow International	643	5	2.82%	450	7	2.19%
Energizer Battery	650	6	2.85%	1,104	2	5.36%
Acme-McCrary	430	7	1.89%	680	5	3.30%
City of Asheboro	330	8	1.45%			
NC Zoo	330	9	1.45%			0.00%
Kayser Roth	300	10	1.32%			
Teleflex Medical Inc.						
Good Year Tire & Rubber				432	8	2.10%
Prestige Fabricators				378	9	1.84%
Wells Hosiery				370	10	1.80%
<b>Total</b>	<b>6,239</b>		<b>27.35%</b>	<b>6,811</b>		<b>33.08%</b>

Source: Randolph County Economic Development Commission

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

Table 17

Function	Full-time Equivalent Employees as of June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	24	24	25	28	31	31	37	39	39	38
Public safety:										
Police:										
Officers	69	70	70	76	78	78	78	78	77	77
Civilians	6	6	6	6	7	7	7	7	7	7
Fire:										
Firefighters and officers	45	46	46	49	49	52	51	51	51	53
Civilians	1	1	1	1	1	1	0	0	0	0
Inspections										
Building								3	3	2
Fire								3	3	3
Highways and streets:										
Engineering	4	4	4	4	4	4	4	4	4	4
Operations								9	10	10
Maintenance	18	18	19	19	19	19	20	20	20	20
Sanitation	18	18	18	19	19	19	18	19	19	19
Culture and recreation	7	8	10	10	10	10	12	35	35	35
Water	29	29	28	29	31	32	28	28	27	28
Sewer	34	34	35	37	41	41	44	44	43	43
<b>Total</b>	<b>255</b>	<b>258</b>	<b>262</b>	<b>278</b>	<b>290</b>	<b>294</b>	<b>299</b>	<b>340</b>	<b>338</b>	<b>339</b>

Source: City Human Resources Department

**CITY OF ASHEBORO, NORTH CAROLINA**

Operating Indicators by Function

Last Ten Fiscal Years

Table 18

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Police:</b>										
Physical arrests	4,908	4,534	5,733	5,840	5,352	5,913	5,699	3,108	3,408	2,674
Parking violations	105	130	190	226	431	216	165	119	82	110
Traffic violations	5,678	6,282	6,432	7,436	9,338	9,107	10,002	8,136	6,551	6,603
<b>Fire:</b>										
Number of calls answered	937	1,110	1,226	1,337	1,425	1,356	1,517	1,522	1,520	1,379
Inspections	1,615	1,645	2,156	845	1,326	1,329	1,330	1,489	1,737	1,787
<b>Highways and streets</b>										
Street resurfacing (miles)	1.05	0.30	0.45	0.518	0.814	0.826	0.431	0.883	0.631	0.327
Leaf Collection Loads (Nov-June)								635	701	756
Potholes repaired	1,028	582	642	627	781	768	808	1,106	1,182	912
<b>Sanitation</b>										
Refuse collected (tons/day)	73.46	75.51	73.22	73.51	66.43	71.58	61.39	71.38	52.17	53.41
Recyclables collected (tons/day)	4.06	3.94	3.68	3.84	5.77	4.83	4.21	9.18	19.96	8.11
<b>Culture and recreation</b>										
Separate programs / events offered	65	65	65	72	93	135	141	154	151	98
Estimated number of program participants	51,851	51,900	52,123	68,150	63,541	68,895	95,799	75,272	86,924	54,815
<b>Water</b>										
New meter connections	273	212	187	170	173	111	153	145	115	46
Water mains breaks	155	148	137	167	180	95	94	133	94	111
Average daily consumption (MGD)	4.665	4.641	4.892	4.967	5.085	4.659	4.311	4.018	4.370	4.276
<b>Wastewater</b>										
Average daily sewage treatment (MGD)	4.553	4.332	3.824	3.650	3.474	3.801	3.950	3.950	3.420	3.368

Sources: Various government departments.

N/A: Data not available.

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

Table 19

Function	Fiscal Year End									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Public safety:</b>										
<b>Police:</b>										
Main Station	1	1	1	1	1	1	1	1	1	1
Substation	1	1	1	1	1	1	1	1	1	1
Vice & Narcotic's Unit	1	1	1	1	1	1	1	1	1	1
Patrol units	72	77	77	76	99	99	100	100	100	100
Fire stations	2	2	2	2	2	2	2	2	2	2
<b>Sanitation:</b>										
Collection trucks	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
<b>Highways and streets:</b>										
Streets (miles)	90.75	91.87	92.43	92.43	92.43	95.98	95.93	98.24	98.24	98.24
City Streetlights	3,030	3,030	3,030	3,030	3,030	3,122	3,122	3,295	3,295	3,295
Traffic signals	27	27	27	27	27	27	27	27	27	27
<b>Airport:</b>										
Number of operations per year (est.)	16,100	16,100	16,200	5,574	6,100	6,100	6,100	6,100	6,100	6,100
<b>Aircraft storage capacity:</b>										
Hangars	36	36	36	36	37	47	47	47	47	47
Tie Downs	15	38	38	38	38	38	38	38	38	38
Length of runway in feet	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Total facility area - acreage	453.71	454.00	461.00	461.00	461.00	461.00	461.00	461.00	461.00	461.00
<b>Culture and recreation:</b>										
Parks acreage	103,220	103,220	103,220	103,220	103,220	103,220	103,220	103,220	103,220	103,220
Parks	11	11	11	11	11	11	11	11	11	11
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	12	12	11	11	11	11	11	11	11	11
City owned ballfields - acreage	28.6	28.6	28.6	28.6	28.6	28.6	28.6	28.6	28.6	28.6
City maintained ballfields - acreage	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6
<b>Water:</b>										
Water mains (miles)	228.8	231.6	231.4	232.9	232.9	232.9	233.5	238.2	238.2	243.6
Fire hydrants (est.)	1,464	1,464	1,477	1,477	1,480	1,494	1,546	1,546	1,546	1,570
Maximum daily capacity (thousands of gallons)	12	12	12	12	12	12	12	12	12	12
<b>Sewer:</b>										
Sanitary sewers (miles)	201.5	203.5	204.6	206.1	206.1	206.1	209.5	213.3	213.3	213.3
Maximum daily treatment capacity (thousands of gallons)	9	9	9	9	9	9	9	9	9	9

Sources: Various city departments.

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