CITY OF ASHEBORO, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2025

Prepared by:

Finance Department

Deborah P. Reaves
Finance Officer

CITY OF ASHEBORO, NORTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2025

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INTRODUCTORY SECTION

City of Asheboro

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

February 27, 2026

To the Honorable Mayor, Members of the City Council and Citizens of the City of Asheboro:

State Law requires that all local governments publish a complete set of financials statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. These financial statements and supplemental schedules contained herein have been audited by the independent certified public accounting firm of Thompson, Price, Scott, Adams & CO., P.A., and that firm's unmodified opinion is included in the Financial Section of this report. Pursuant to that requirement, I am pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Asheboro, North Carolina, for the fiscal year ending June 30, 2025. This ACFR was prepared by City Administration for readers to gain an understanding of the City's Financial activities over the last fiscal year by presenting financial information which conforms to high reporting standards.

The City's Finance Office prepares the financial statements. City Management assumes full responsibility for the accuracy of the data, completeness and reliability of all the information presented in this report including all disclosures. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

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. 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.

This ***Annual Comprehensive Financial Report*** is presented in four sections: (1) Introductory, (2) Financial and (3) Statistical and (4) Compliance.

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, 2024, the City's

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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.

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.

Finally, the ***Compliance Section*** includes the independent auditors' reports, schedule of findings and questioned costs, corrective action plan for current findings, summary schedule of prior audit findings, the schedule of expenditures of federal and state awards and the notes to the schedule of expenditures of federal and state awards. These reports and schedules are required to be presented according to Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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

CITY PROFILE:

The City of Asheboro has a population of 27,817 and covers approximately 22.94 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 was formed December 25, 1796 by an act of the NC General Assembly. 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. In fiscal year 2024-2025, among these are Randolph County Economic Development Commission, Randolph Senior Adults Center, Randolph County Arts Guild, Family Crisis Center, the Boys and Girls Club, Randolph County Chamber of Commerce, Downtown Asheboro Inc, RhinoLeap, LLC, Lydia's Place, Our Daily Bread, Blue Comet Youth Football, George Washington Carver Community Enrichment Center, Habitat for Humanity 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 it is a related activity, the Asheboro Housing Authority does not meet the established criteria for inclusion and thus is excluded from this report.

The City's accounting records are organized and operated based on 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 expenses involved in the construction or acquisition of a major capital asset. All fund types noted above 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 expenditure, 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 a multi-year basis. In either situation, the City Council must adopt any budget before it becomes effective. The City Manager may make transfers of appropriations between line items within a department. Only the Council can approve amendments affecting the total appropriation per department or on the project level. The North Carolina General Statutes require an encumbrance system and a finance officer certification that funds are available prior to the placement of all purchase orders and contracts. Encumbrance accounting is used to ensure that the City does not exceed the spending limits established by these budgets.

In addition to the budgetary controls described above, the City's management is responsible for establishing and maintaining other internal controls to ensure 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 banking and professional services sector, heath care sector and tourism. Additionally, small businesses are growing in comparison to prior years, bringing along innovation and jobs that are anticipated to be the backbone of our future economy. Diversification of the employment base and job creation continues to be critical to the future of Asheboro.

Traditionally, the local economy has weathered economic challenges comparatively well due to our manufacturing and service and professional employer diversity. Our manufacturing base is about 28% of the industry. The top ten employers cover many facets of the economy including education, plastics, furniture, government, health care, zoo, batteries, mattresses, American made apparel, concrete, yarn texturing, breakfast cereal and hosiery. As of November 2025, unemployment was at 3.7%. Property Tax collections on the current year tax levy for Fiscal year end June 30, 2025 was $25,226,900 in comparison to $24,539,559 in the prior year. The last revaluation was done in 2023 for the 2023-2024 fiscal year. The tax rate was changed July 2023 to $0.71. Sales tax revenue in 2024-2025 was $11,095,012 in comparison to $10,652,866, in 2023-2024, a 4.1% increase over the prior year.

The City of Asheboro partners with the Randolph County Economic Development Corporation and Randolph County Government to provide economic incentives to various companies seeking to locate or expand in Randolph County / City of Asheboro area. The partnership has resulted in several expansions that will ultimately help improve the local economy.

The City of Asheboro is supporting the branding of the City as a tourism destination. The North Carolina Zoological Park is located just to the southeast and 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.

In early 2012, Asheboro was named the second Certified Retirement Community in the State of North

Carolina. The award designates communities that offer unprecedented quality of living that is desirable to retirees including demographics, housing, healthcare, leisure and cultural opportunities. In 2016, The City of Asheboro was recognized by the National Civic League as an "All American City" for its work in engaging the Asheboro community in helping to assure the well-being of young people.

The availability of an educated workforce is always an important issue. The area has three public schools, Randolph County Schools, Asheboro City Schools and the Uwharrie Charter Academy. In addition, Randolph Community College (RCC) offers an Early College High School program. RCC Continues to invest in its academics and facilities and work force development programs and has earned accolades throughout the state and community college system. In 2024, RCC secured its position as the leading community college in North Carolina, according to Niche's latest rankings and has also cinched an impressive fourth-place spot on Best Colleges' list of Best Online Associate in Information Technology Programs nationwide. The commitment of RCC and residents and organizations to high ideals and education bodes well for attracting and retaining new business ventures.

MAJOR INITIATIVES:

In 2007, the City Council and community leaders participated in the development of a strategic plan to guide us through 2027. This plan reinforced and expanded the focus noted above. In the 20/20 plan, the areas of focus were categorized as below.

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

The City of Asheboro was chartered December 25, 1796, and included 1,961 acres. As of June 30, 2025, 10,319.94 acres have been annexed allowing for a total City of Asheboro acreage of 12,280.94 acres. 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.

Homelessness has become a challenge in the area. The City of Asheboro continues to work with county government, health & human welfare agencies, local business and the public to promote awareness and mitigate this very complex issue.

Combating drug abuse in our community, state and nation is a tremendous challenge facing us all. The City Council continues to place 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 between the State of North Carolina and the City of Asheboro. The City Council continues to work diligently with NCDOT to find and implement improvements that consider improved safety as well as consider various residential and business needs. The City of Asheboro worked with NCDOT on the I-73/74 Highway bypass which was completed with signage December 2013. In 2016-2017, both Vision Drive and Church Street were revamped to enhance driver and pedestrian safety. More recently, the City Council worked with NCDOT on the Highway 64 / 40 bypass loop. This project was completed on December 18, 2020.

Increasing fiscal demands on the City budget 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 assess 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 submit information on utility issues, sanitation routes, maintenance projects, graffiti and more to a central location for evaluation and work schedule development. The City of Asheboro will continue to investigate and incorporate new technology that will allow us to realize efficiencies without compromising quality of service. To enhance the success of our operations, the City fosters a cooperative effort between City personnel and the citizens.

The City continues to invest in expansion and renovation of its facilities. In Spring of 2024, the City opened the new multipurpose athletic park named "ZooCity SportsPlex", and completed the renovation of the historic McCrary Ballpark. Fields can be used for City and community activities as well as tournaments that will bring families to the area and further build the City of Asheboro as a tourism destination.

Water line replacements and sewer extensions are ongoing and are necessary to assure quality of service provided to our customer base. The City has systematically been replacing waterlines to move away from the original galvanized pipe. As of June 30, 2025, there is less than a mile of old, galvanized pipe remaining to be replaced. Additionally, the water and sewer maintenance department has systematically updated our technology in the ground by replacing old analog meters with radio read meters and are now looking at updating meter reading devices to improve meter reading technology.

Community appearance is another priority for the City of Asheboro. The City refurbished Sunset Avenue business district adding trees and extending the sidewalks. The City has a horticulturist on the staff to aid in the enhancement of community appearance. Hanging baskets have been placed on Sunset Avenue from Highway 220 to downtown and in the downtown Asheboro area of Church Street. Various artisan sculptures have been incorporated into the landscape of the downtown area. The City has also funded a grant program through Downtown Asheboro Inc. which gives grants to help downtown business owners improved their façade while maintaining the historical appearance of downtown. A focus on promoting community appearance continues with the development of the David and Pauline Jarrell Center City Garden. 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 encourage property owners to remove or restore unsightly property and take down potentially dangerous buildings.

Improvements to the airport continue to be made. Over the past few years, with federal funds, the City has completed a lighting rehab project at the Airport and is now working on the construction of new hangars. Construction of a new airport terminal building is currently in the design phase and if federal funding becomes available, may enter the construction phase in 2025-2026.

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

FOR THE FUTURE:

The City of Asheboro continues to adjust with the changing local economic environment. The City continues its partnership with Downtown Asheboro Inc. to develop an environment where conversation moves freely among the business owners and the City to create an atmosphere which allows continued growth for the downtown businesses. Additionally, the City continues to work closely with Randolph County and the Chamber of Commerce to develop programs and run operations in a manner that facilitates business development.

The budget for the fiscal year 2024-2025 provided for the current operational needs of the City of Asheboro as well as took steps to provide additional focus areas of importance outlined in the strategic planning report. The approved budget for 2025-2026 continues to provide resources to maintain the current level of service to our customers as well as focus on ongoing major initiatives which go hand in hand with the strategic planning initiatives referenced above. 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 on June 30, 2025 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 2025-2026.

RISK AND INSURANCE MANAGEMENT:

The City participates in an insurance poo1 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 Cigna through a self-insured plan. The City operates a health clinic and administers a comprehensive wellness program. Over the past four years, the City has continued to enhance its clinic and wellness program, now staffing a full-time nurse and a part-time nurse practitioner. This program has had a significant effect on managing and deterring health care costs as well as impacting productivity in the work environment. Employees can go to the health clinic for minor, outpatient type of health care needs and often be back on the job in less than an hour. The City provides for claims, stop-loss coverage, and third-party administrative costs on a pay as you go basis.

DEBT ADMINISTRATION:

As of June 30, 2025, all bonded debt for the City of Asheboro is retired.

Prior to 2011, the City of Asheboro was able to provide current operations and services without taking on new debt. Every year since 2011, the City has taken on new debt for the purpose of replacement of vehicles and equipment in the various departments. As old debt is retired, new debt is taken on to finance vehicles for public works, planning, police and recreation departments. As of June 2025, there is two installment purchase contracts of $1,037,747 for the water & sewer fund. The balance on the installment purchase contracts for the governmental type activities was $3,541,477.

The City of Asheboro entered various contracts with the state, tapping into the State Clean Water loan program for improvements in the wastewater collection system, the water distribution system and equipment improvements. The most recent was a contract of $462,452 with the State of North Carolina to purchase radio read meters. As of June 30, 2025, the total notes payable balance for the water & sewer fund was $1,666,273 providing for system wide enhancements and improvements.

The City of Asheboro has been strategic in this debt management approach to protect debt capacity for future projects and facility expansion. In the governmental funds area, the ZooCity Sportsplex was substantially completed in Spring 2024. The City also invested in the renovation of the McCrary Ballpark with partners in the private sector. The City has used its resources for the construction of these projects and avoided debt issuance. Discussion is ongoing about the development of the David & Pauline Jarrell Center City Garden and improvements to Trade Street / North Street. The City has also been looking into developing a passive park with walking and biking trails at Lake Lucas.

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.

The City's financial statements have been audited by the independently certified public accounting firm of Thompson, Price, Scott, Adams & CO., P.A. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2025, are free of material misstatement. 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 audit involved examining evidence, on a test basis, supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financials statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unmodified opinion that the City's financial statements for fiscal year ended June 30, 2025, are fairly presented in conformity with GAAP. The report of the independent auditor is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader state mandated "Single Audit" designed to meet the special needs of State grantor agencies. The audit is done in accordance with the State Single Audit Implementation Act. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of State awards. These compliance reports, along with the schedule of expenditures of federal and state awards, findings and recommendations, if any, are published in this ACFR.

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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR, whose contents conform to program standards. Such a 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. However, we believe that our current ACFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. We also wish to thank the Randolph County Finance Office, the Randolph County Tax Department, the Randolph County Economic Development Corporation and all City departments for their assistance in providing the data necessary to prepare the statistical section of this report. Credit is also due to the Mayor and the City Council supporting the Finance Department's efforts in maintaining the high standards of professionalism in the management of the City of Asheboro's finances.

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

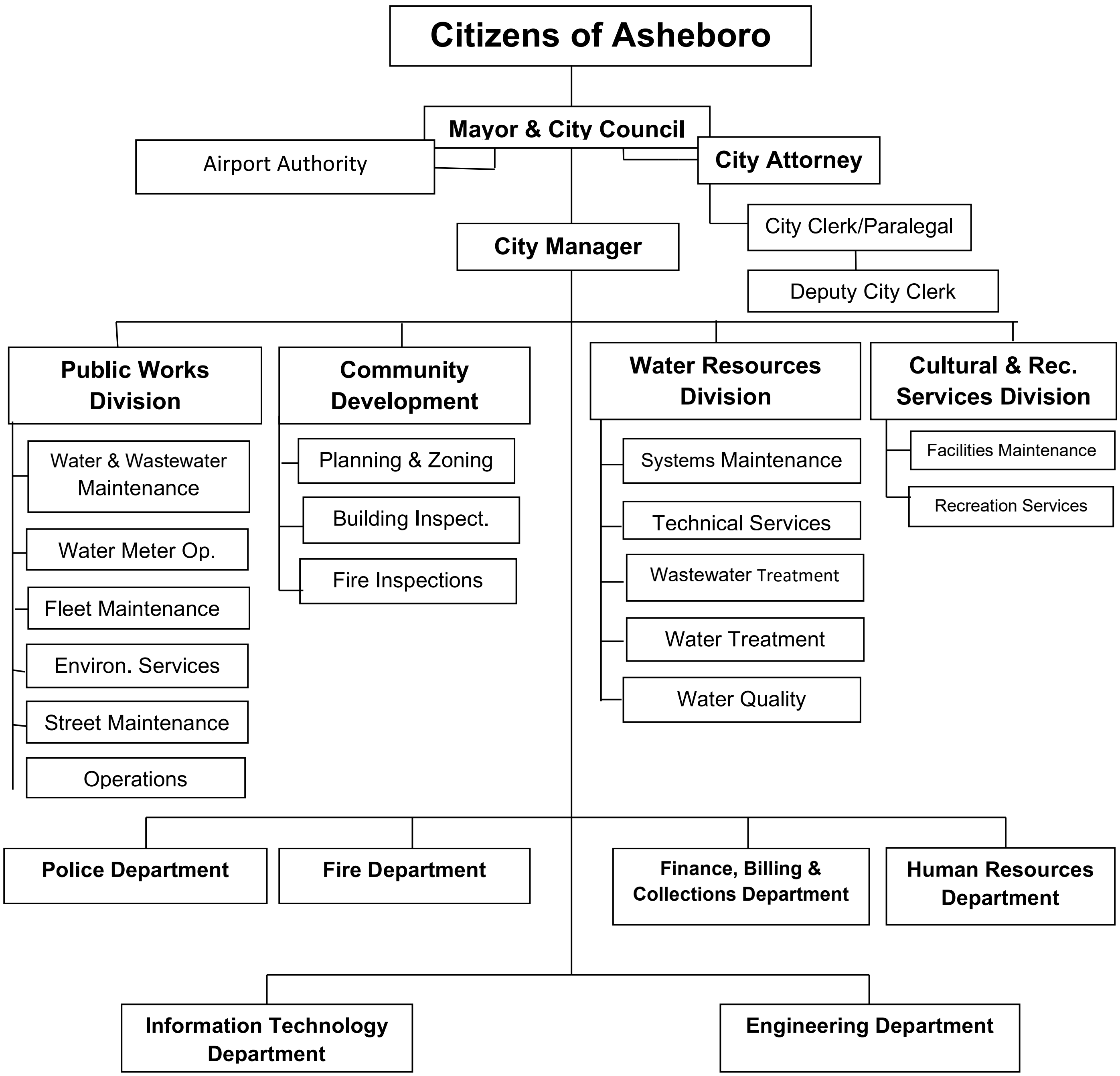
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

Organizational Chart
City Divisions & Departments



CITY OF ASHEBORO, NORTH CAROLINA

LIST OF PRINCIPAL OFFICIALS

June 30, 2025

Title	Name
Mayor	David Smith
Mayor Pro Tem, Council Member	Walker Moffitt
Council Member	Clark Bell
Council Member	Eddie Burks
Council Member	Kelly Heath
Council Member	Bill McCaskill
Council Member	Charles Swiers
Council Member	Joey Trogdon
City Manager	Donald E.Duncan, Jr.
Assistant City manager	Trevor Nuttall
City Attorney	Jeff Sugg
Airport Authority Chair	Steve Knight
Alcoholic Beverage Control Board Chair	Steve Knight
Redevelopment Commission Chair	Ross Holt
Planning Board Chair/Board of Adjustment Chair	Michael O'Kelly
Community Appearance Chair	Kelly Heath
City Clerk	Holly Doerr
Finance Officer	Deborah Reaves
Planning and Zoning Director	Johnathan Evans
Police Chief	Robbie Brown
Fire Chief	Eddie Cockman
Building Inspections Director	Eddie Garner
Fire Inspections Director	Tony Fruitt
City Shop Director	Jeff Fox
City Engineer	Michael Leonard
Information Technology Director	Rodney Neal
Public Works Director	David Hutchens
Public Services Director	R. Barry Hamilton
Human Resources Director	P. Douglas Kemp, Jr.
Recreation Services Director	Johnathan Sermon
Facilities Maintenance Director	Jimmy Cagle
Water Resources Director	Michael Rhoney
Water Meter, Water/Sewer Maintenance Director	Pearson Parks
Water Plant Director	Bryan Lanier
Wastewater Treatment Plant Director	Michael Wiseman
Technical Services Director	Sarah Laughlin
Systems Maintenance Director	Jeff Cagle
Water Quality Director	Judy Smith

FINANCIAL SECTION

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P.O Box 398
1626 S. Madison Street
Whiteville, NC 28472
Telephone (910) 642-2109
Fax (910) 642-5958

Alan W. Thompson, CPA
R. Bryon Scott, CPA
Gregory S. Adams, CPA

Independent Auditors' Report

To the Asheboro City Council
City of Asheboro, North Carolina

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements 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 (the "City"), as of and for the year then ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based upon our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information City of Asheboro, North Carolina as of June 30, 2025, 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 accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the City of Asheboro ABC Board, which represent 100 percent of the assets, net position and revenues of the discretely presented component unit as of June 30, 2025, and the respective changes in financial position, and where applicable cash flows thereof for the year then ended. Those statements were audited by other auditors whose report thereon has been furnished to us and our opinion, insofar as it relates to the amounts included for the City of Asheboro ABC Board, is based soley on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Asheboro and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of City of Asheboro's ABC Board were not audited in accordance with Governmental Auditing Standards.

Responsibilities of Management for the Audit of 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raises substantial doubt about the City of Asheboro's ability to continue as a going concern for the twelve months beyond the financial statement date, including any current known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing and audit in accordance with GAAS and *Government Auditing Standards* we:

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud our error, and design and perform audit procedures responsible to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 City of Asheboro's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Asheboro's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identify during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 18, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions on pages 78 through 79, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 75 through 76, and the Changes in Total OPEB Liability and Related Ratios page 76, 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. We and the other auditors 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Asheboro, North Carolina's basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules, as well as the accompanying schedule of expenditures of federal and state awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare that basic financial statements. The information has been subject to auditing procedures applied 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements, budgetary schedules, other schedules, statistical section as well as the accompanying schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2026, on our consideration of the City of Asheboro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Asheboro's 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 City of Asheboro's internal control over financial reporting and compliance.

Thompson, Rice, Scott, Adams & Co., P.A.

Whiteville, NC
February 27, 2026

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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, 2025. 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

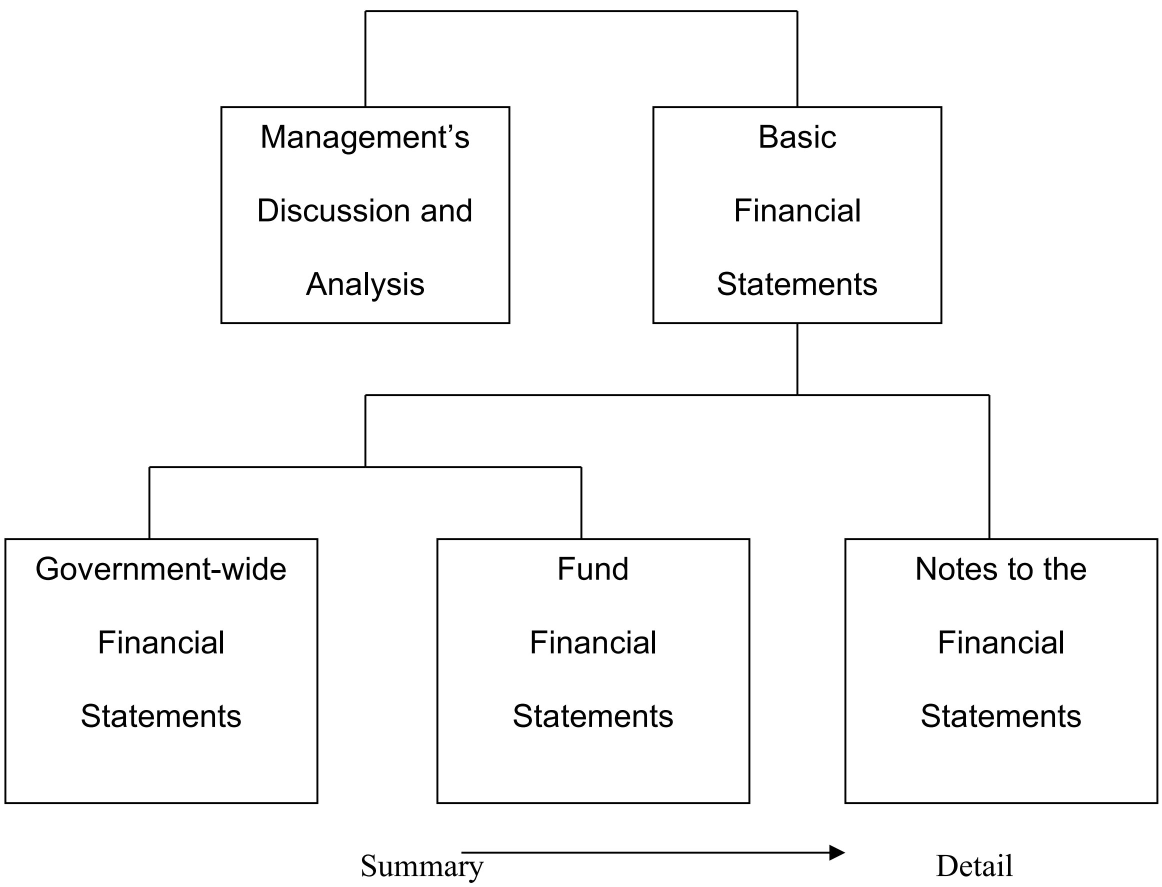
- The assets and deferred outflows of resources of the City of Asheboro exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $117,016,440 *(net position).*
- Governmental activities net position increased by $4,591,227. A contributing factor to this net position increase is an increase in capital assets associated with the ZooCity Sportsplex as well as the addition of a corporate hangar from the Airport Improvements Project. For the year ended June 30, 2025, GASB Statement No. 101, *Compensated Absences,* was implemented along with a correction of an error for a lease that qualifies as other than a short-term lease under GASB Statement No. 87. These changes restated and reduced beginning net position of governmental activities in the government-wide statements by $3,073,548.
- Business type net position increased by $18,259,368. This increase is due mostly to grant revenue for the Wolfspeed Grant Project Fund. For the year ended June 30, 2025, GASB Statement No. 101, *Compensated Absences,* was implemented along with a correction of an error for a lease that qualifies as other than a short-term lease under GASB Statement No. 87. These changes restated and reduced beginning net position of government-wide business-type activities and proprietary funds by $709,894.
- As of the close of the current fiscal year, the City of Asheboro's governmental funds reported combined ending fund balances of $29,231,730 which is a net increase of $5,584,682. This increase is due in part to an increase in the State Capital Infrastructure Fund revenues of $1,356,591 from the prior year for qualified grant expenditures.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $16,882,125 or 35.27% of total general fund expenditures and transfers out for the fiscal year.
- The City of Asheboro has been investing in the renovation of the McCrary Ballpark since 2022. The overall June 30, 2025, investment to date contributed from the General Operating Fund is $7,304,610. The City of Asheboro also received individual donations to this project in the amount of $3,149,164 to June 30, 2025. The majority of this project has been completed with the assets being capitalized.
- Sales tax revenue increased by $442,146 showing improving economic conditions over the prior year.
- The City of Asheboro's overall debt increased by $101,742 during the current fiscal year. Governmental activities net debt increased by $339,841 with the issuance of new debt for equipment. Business-type activities net debt decreased by $238,099.
- The City of Asheboro has maintained its AA bond rating from Moody's, "A+" from Standard & Poor's and a rating of 83 by the North Carolina Municipal Council.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the 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 Analysis

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

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

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

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

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

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

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

Fund Financial Statements

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

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Such information may be useful in assessing a government's near-term financing requirement.

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 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 ten 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 and one other major governmental fund. Data from the eight 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 displayed in schedules 2 and 3. The combining statements are followed by individual fund statements for each of these funds.

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

The basic governmental fund financial statements can be found on pages 21 through 25 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 26 through 28 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 29 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 75 of this report.

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

Government-Wide Financial Analysis

The City of Asheboro's Net Position

Figure 2

	Activities		Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 35,761,414	$ 32,565,678	$ 26,738,284	$ 20,240,875	$ 62,499,698	$ 52,806,553
Capital assets	62,539,921	60,476,951	53,499,209	36,459,928	116,039,130	96,936,879
Total assets	98,301,335	93,042,629	80,237,493	56,700,803	178,538,828	149,743,432
Deferred outflows of resources	12,563,439	14,959,076	3,790,019	4,445,775	16,353,458	19,404,851
Long-term liabilitites outstanding	40,574,402	40,113,561	12,399,110	12,535,606	52,973,512	52,649,167
Other liabilities	9,717,640	11,634,317	7,991,100	3,155,582	17,708,740	14,789,899
Total liabilities	50,292,042	51,747,878	20,390,210	15,691,188	70,682,252	67,439,066
Deferred inflows of resources	5,477,015	2,675,789	1,716,579	1,084,141	7,193,594	3,759,930
Net Position:						
Net Investment in Capital Assets	59,035,439	56,803,061	45,630,941	34,129,138	104,666,380	90,932,199
Restricted	10,510,679	6,773,216	-	-	10,510,679	6,773,216
Unrestricted	(14,450,401)	(9,998,239)	16,289,782	10,242,111	1,839,381	243,872
Total net position	$ 55,095,717	$ 53,578,038	$ 61,920,723	$ 44,371,249	$ 117,016,440	$ 97,949,287

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 $117,016,440 at the close of the 2025 fiscal year. Current and other assets increased $9,693,145 from the prior year. The majority of the increase is due to the increase in due from other governments related to grants. Capital assets, net of depreciation, increased $19,102,251 because of the increase in capital assets associated with the ZooCity Sportsplex as well as the addition of a corporate hangar from the Airport Improvements Project, along with a substantial increase in construction in progress in the Wolfspeed Grant Project Fund. The City's net position increased by $19,067,153 for the fiscal year ended June 30, 2025.

Long-term liabilities, which includes notes payable, installment purchase obligations, compensated absences, pension obligations and postemployment obligations decreased $1,989,799 due to the issuance of installment purchase obligations for equipment and decreases in postemployment obligations.

By far, the largest portion of the City of Asheboro's net position (89.45%) reflects the City's net investment in capital assets (e.g. land, buildings, machinery, equipment, vehicles and infrastructure). The City's net position in capital assets increased by $13,734,181 for the fiscal year ended June 30, 2025. Governmental activities capital assets increased by $2,062,970 due to purchases of equipment and investment in capital projects. Business activities capital assets increased by $17,039,281 due to a substantial increase in construction in progress in the Wolfspeed Grant Project Fund. The City of Asheboro uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Asheboro's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the City of Asheboro's net position (8.98%) or $10,510,679 represents resources that are subject to external restrictions on how they may be used. The remaining balance, $1,839,381, is unrestricted. Unrestricted funds are typically used to meet the government's ongoing obligations to its citizens and creditors without constraints established by debt covenants or other legal requirements. We expect the unrestricted balance to increase in future years due to the City's ongoing diligence in monitoring and curtailing expenditures.

Several particular aspects of the City's financial operations have positively influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.4%
- A 4.1% increase in local option sales tax revenues, dollar increase of approximately $442,146 showing growing economic diversity and strength.
- 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 Activites		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	$ 4,298,720	$ 4,380,941	$17,159,253	$16,444,477	$ 21,457,973	$20,825,418
Operating grants and contributions	3,729,090	2,319,427	-	-	3,729,090	2,319,427
Capital grants and contributions	523,475	1,755,066	18,398,749	889,693	18,922,224	2,644,759
General revenues						-
Property taxes	25,681,299	25,067,884	-	-	25,681,299	25,067,884
Other taxes	14,430,597	13,591,097	-	-	14,430,597	13,591,097
Grants and contributions not						-
restricted to specific programs	-	-	-	-	-	-
Other	2,398,601	2,823,010	777,371	580,034	3,175,972	3,403,044
Total revenues	51,061,782	49,937,425	36,335,373	17,914,204	87,397,155	67,851,629
Expenses						
General government	6,690,919	6,725,008	-	-	6,690,919	6,725,008
Public safety	23,209,594	21,465,333	-	-	23,209,594	21,465,333
Transportation	5,129,432	5,530,082	-	-	5,129,432	5,530,082
Environmental Protection	2,660,796	2,447,510	-	-	2,660,796	2,447,510
Cultural and recreational	8,393,047	7,373,457	-	-	8,393,047	7,373,457
Economic development	287,254	256,694	-	-	287,254	256,694
Interest on long-term debt	99,513	102,023	-	-	99,513	102,023
Water and sewer	-	-	18,076,005	16,812,349	18,076,005	16,812,349
Total expenses	46,470,555	43,900,107	18,076,005	16,812,349	64,546,560	60,712,456
Change in net position before transfers	4,591,227	6,037,318	18,259,368	1,101,855	22,850,595	7,139,173
Transfers	-	31,750	-	(31,750)	-	-
Change in Net Position	4,591,227	6,069,068	18,259,368	1,070,105	22,850,595	7,139,173
Net Position, Beginning of Year,						
Previously Reported	50,504,490	47,508,970	43,661,355	43,301,144	94,165,845	90,810,114
Restatements	-	(3,073,548)	-	(709,894)	-	(3,783,442)
Net Position, Beginning of Year, Restated	50,504,490	44,435,422	43,661,355	42,591,250	94,165,845	87,026,672
Net position, June 30	$55,095,717	$50,504,490	$61,920,723	$43,661,355	$ 117,016,440	$94,165,845

Governmental activities. During the current fiscal year, net position for governmental activities increased by $4,591,227 for an ending balance of $55,095,717. A contributing factor to this net position increase is an increase in capital assets associated with the ZooCity Sportsplex as well as the addition of a corporate hangar from the Airport Improvements Project. There were additional revenues in capital grants which consisted of State Capital Infrastructure funds for the ZooCity Sportsplex project of $1,653,356.

City management continues to review the effectiveness of processes and encourages cost saving strategies across City departments. Certain non-reoccurring expenses are continuously being reevaluated to try and retain a healthy net position despite uncontrollable factors. Management continues to invest in the City and cultural and recreation activities that will have a favorable impact on economic developments with the expectation of a resulting increase in future revenues and a stronger economic base. Key elements impacting net position are as follows:

- Total governmental revenues are $51,061,782 and operating expenses are $46,470,555.
- Total governmental activities revenue increased by $1,123,857. The most significant amount of this increase is attributable to the increase of $1,409,663 in operating grants and contributions.
- Total governmental activities expenses increased by $2,570,448 with the largest increase in the areas of public safety and cultural and recreational activities. The City continues to invest in its downtown environment offering grants for entrepreneurship activities and downtown building improvements. It also has invested heavily in cultural activities such special concert series and programs focused on getting the public out and engaged.
- The City continues to focus on maintenance and repair of all existing equipment to extend the life of its equipment, so that large purchases for garbage trucks and fire trucks do not occur each year,
- The City has and will continue its investment in the ZooCity Sportsplex, a multipurpose athletic facility that will draw traveling sports teams and tourism to Asheboro / Randolph County. The City formally opened the ZooCity Sportsplex in the Spring of 2024.
- The City has continued its investment in the renovation of the historic McCrary Ballpark that already draws traveling sports teams and tourism to Asheboro / Randolph County. The City completed the majority of the renovations to the McCrary Ballpark during the 2023-2024 fiscal year.
- The City continues to invest in improvements at the Asheboro Regional Airport to be competitive with other small area airports.

Business-type activities: Business-type activities revenues in fiscal year ending June 30, 2025, were $36,335,373 and expenses were $18,076,005. As a result, the City’s business-type activities net position increased $18,259,368. Majority of this increase was due to a grant from the N.C. Department of Commerce of $17,782,124 to fund the Wolfspeed Grant Project Fund. This project is for water infrastructure improvements to Wolfspeed, Inc. which was awarded a Job Development Investment Grant by the State of North Carolina to manufacture computer chips.

The City's OPEB liability, which was implemented with GASB Statement No 75 a few years ago, continues to have a significant impact on net position for the City of Asheboro. OPEB are benefits other than pensions that governmental entities provide to retirees. The City of Asheboro provides health insurance benefits to its retirees. With this change, the OPEB liability is established by an actuarial valuation and reported on the face of the financial statements. Since the City of Asheboro does not provide OPEB through a trust, there are no assets to offset the entire liability, which is recognized on the financial statements. The City's total OPEB liability as of June 30, 2025, measured as of June 30, 2024, is $26,932,892. $20,627,099 of this liability is in governmental funds. There are 521 total active and retirees on the City of Asheboro plan. The City's Net Pension Liability with the State of North Carolina Retirement System continues to increase. The liability for fiscal year ending June 30, 2025, is $15,852,226.

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.

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

For fiscal year end June 30, 2025, the City of Asheboro has two major funds, the General Operating Fund and the State Capital Infrastructure Fund. The major fund balances combined were $23,009,035 and the non-major governmental fund balance was $6,222,695. As of June 30, 2025, the City of Asheboro's governmental funds reported total fund balance of $29,231,730 a net increase of $5,584,682 or 23.6% in comparison with the prior year. Approximately 56.2% of the combined fund balance or $16,690,281 constitutes unassigned fund balance. 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 ($788,606), 2) legally required to be maintained intact by state statute ($4,923,810), 3) restricted for particular purposes ($836,839), or 3) committed for particular purposes ($4,910,131) or assigned for subsequent year's expenditures ($1,082,063).

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 of $16,882,125 was in the General Fund and its total fund balance was $22,466,578. Fund balance available in the General Fund at current fiscal year end was $18,146,538 or 37.9% of current year expenditures. The fund balance in the General Fund increased by $1,189,479. An increase in ad valorem tax revenues and sales tax revenues attributed to the increase in fund balance.

As a measure of the General Fund's liquidity, it may be useful to compare fund balance to fund expenditures. The General Fund unassigned fund balance is 35.27% of general fund expenditures.

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

The General Fund budget for 2024-2025 was adopted on June 27, 2024 at $48,188,719. The General Fund was amended during the year to a final adopted budget of $50,572,774. The increases to the budget are related fund balance appropriations which were to satisfy council commitments to fund affordable housing project and to transfer funds to a capital reserve fund for future equipment purchases, Although there were increases in the budget, the City continued to watch expenditures in relation to revenues.

Proprietary Fund: The City of Asheboro's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted Water and Sewer Fund net position at the end of the fiscal year amounted to $16,289,782. The change in net position for the Water and Sewer Fund was an increase of $18,259,368. Majority of the increase is due to a N.C. Department of Commerce grant for infrastructure improvements in the Wolfspeed Grant Fund. Costs continue to be high primarily due to costs associated with maintenance and repair and replacement of aging plant equipment and infrastructure.

Leases impacted the proprietary fund resulting in the balance of leases receivable of $450,314 as of June 30, 2025. The deferred inflows relating to the leases was $435,447. The City also recognized $108,967 of lease revenue and $23,856 of interest revenue under all four leases recorded. These balances are higher than the prior year due to reassessment of maturing leases in the fiscal year ending June 30, 2025.

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, 2025 totals $236,059,986. These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, plant and distribution system, vehicles and right to use assets for leases.

Major capital asset transactions during the year include the following:

- A net increase of $2,001,405 in governmental activities capital assets. Part of this is an increase in excess of $1.5M in construction in progress. Some of the major transactions that are included in the above are $1,086,017 for additions to construction in progress for Zoo City Sportsplex and $343,443 for additions to construction in progress for the Airport Improvements Project Fund II. A total of more than $2.2M in assets were capitalized from these two projects during the current fiscal year.
- An increase of $16,837,692 in the area of business type capital assets resulting mostly from an increase of $17,938,569 to construction in progress for the Wolfspeed Grant Project Fund

City of Asheboro's Capital Assets
(net of depreciation)
Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 5,778,465	$ 5,658,445	$ 3,242,682	$ 3,242,682	$ 9,021,147	$ 8,901,127
Buildings	16,034,100	14,583,266	10,094,940	9,971,994	26,129,040	24,555,260
Improvements other than buildings	25,458,537	24,707,469	-	-	25,458,537	24,707,469
Plant and distribution systems	-	-	18,180,713	19,364,816	18,180,713	19,364,816
Street construction	3,421,970	3,612,441	-	-	3,421,970	3,612,441
Equipment	4,951,221	4,946,607	2,274,082	2,519,075	7,225,303	7,465,682
Vehicles	5,351,781	4,873,353	777,744	522,074	6,129,525	5,395,427
Right to use assets - leases	34,203	61,565	151,192	201,589	185,395	263,154
Construction in progress	1,509,644	2,095,370	18,777,856	839,287	20,287,500	2,934,657
Total	$ 62,539,921	$ 60,538,516	$53,499,209	$36,661,517	$ 116,039,130	$ 97,200,033

Additional information on the City's capital assets can be found in Detail Notes Section III A.5 in the notes to the financial statements.

Long-term Debt: As of June 30, 2025, the City of Asheboro had no bonded debt outstanding. The installment purchase debt of $4,579,224 is backed by security interest in the property for which it was issued.

City of Asheboro's Outstanding Debt

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Direct Placement:						
Installment Purchases	$ 3,541,477	$ 3,201,636	$ 1,037,747	$ 806,482	$ 4,579,224	$ 4,008,118
Direct Borrowing:						
Notes payable	-	-	1,666,273	2,135,637	1,666,273	2,135,637
Leases	35,555	62,441	158,700	206,082	194,255	268,523
Compensated absences	5,391,904	5,280,688	1,081,492	1,097,145	6,473,396	6,377,833
OPEB	20,627,099	22,492,944	6,305,793	6,849,692	26,932,892	29,342,636
Pension Related Debt- LGERS	12,115,076	11,847,009	3,737,150	3,667,436	15,852,226	15,514,445
Pension Realted Debt - LEO	4,162,324	4,203,197	-	-	4,162,324	4,203,197
Total	$ 45,873,435	$ 47,087,915	$13,987,155	$14,762,474	$59,860,590	$61,850,389

The City of Asheboro's total outstanding long-term debt increased by $101,742 during the past fiscal year. This change is due to the combined effects of a reduction in business activities notes payable of $469,364 and a net increase in business-type activities installment purchase obligations of $231,265, as well as a net increase in governmental activities installment purchase obligations of $339,841. There was also an increase in the net pension liability for the local Government Employees Retirement System (LGERS) of $337,781. Of this increase in LGERS $268,067 relates to governmental activities and $69,714 relates to business-type activities. For the year ended June 30, 2025, GASB Statement No. 101, *Compensated Absences,* was implemented. This change increased the beginning amount of compensated absences in the governmental activities by $3,072,671 and in the business-type activities by $705,400.

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 &Poor's and a rating of 83 by the North Carolina Municipal Council. This bond rating is indicative of the sound financial condition of City of Asheboro.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. As of June 30, 2025, the legal debt margin for City of Asheboro is $281,372,554.

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 as of June 2025 of 3.7% in comparison to last year of 3.2%. By comparison, the State of North Carolina unemployment rate is 3.7%, unchanged from last year.
- Growth, as measured by tax valuation, increased 2.7%. Property valuation increased by $94,368,033. A majority of this increase is attributable to the increase in residential home construction and sales due to the local economic climate.
- Recreation fee revenue has increased 18% and sales tax revenue has increased 4%. These increases are indicators of a healthy local economy.
- The City of Asheboro continues to work in conjunction with the Chamber of Commerce to find ways to support small businesses so that they can become sustainable in future economic challenges. The City is currently supporting financially a small business incubator program through the chamber and has been receiving positive feedback.
- With the completion of the ZooCity Sportsplex as well as the majority of the McCrary Baseball Park renovations, there should be a boost to the tourism industry and strengthen the City of Asheboro economy.

Budget Highlights for the Fiscal Year Ending June 30, 2026

Governmental Activities: Property taxes and sales taxes, both from economic growth, are expected to increase in the 2025-2026 operating year. Budgeted expenditures in the General Fund are appropriated at $50,461,918. The largest component in the budget is personnel costs, usual salary and fringe benefits outlined in the adopted pay plan. The appropriation for health insurance increased to $11,000 per covered individual in the 2025-2026 budget. The City continually evaluates its pay plan in relation to industry and other municipal governments in the surrounding area in hopes of offering compensation packages that will improve retention and spur interest of qualified individuals in open positions, particularly in the police department. Other expenditures included are an appropriation of $736,140 for economic development and community support, $750,000 for a fire truck, pay increases across the board for employees, required government 10% matches to 90% grant awards and capital outlay for equipment in various departments. Budgeted revenues include lease purchase proceeds of $2,421,562 for capital outlay equipment which includes some budgeted equipment from 2024-2025 and an appropriation of fund balance of $1,082,063.

Business – type Activities: For 2025-2026, the City of Asheboro adopted the AWWA model of minimum bill associated with the consumption needs of the customer. The minimum inside city limits water rate for ¾ inch meters, residential customers, remained at $15.89 with a consumption factor of $3.29 per 100 CF. For 2025-2026 the minimum inside city limits sewer rate remained at $23.84 with a consumption factor of $4.84 per 100 CF. Operating expenses are budgeted at $25,232,892. Included in the revenues is DWSRF loan proceeds of $1,000,000 for offsetting expenses relating to planned upgrades / replacement of aging equipment and building maintenance and repair. There is an appropriation of retained earnings of $1,704,718 in the June 27, 2025 adopted budget for 2025-2026.

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.

CITY OF ASHEBORO, NORTH CAROLINA Exhibit 1

STATEMENT OF NET POSITION

June 30, 2025

	Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	City of Asheboro ABC Board
Assets:				
Cash and Cash Equivalents	$ 18,400,196	$ 15,378,802	$ 33,778,998	$ 1,024,966
Investments	1,057,176	-	1,057,176	-
Receivables:				
Taxes Receivable - Net	292,623	-	292,623	-
Accounts Receivable	207,024	2,727,345	2,934,369	-
Leases Receivable	-	87,116	87,116	-
Due From Other Governments	4,467,834	12,470	4,480,304	-
Notes Receivable	882,711	88,890	971,601	-
Inventories	507,277	2,102,527	2,609,804	439,988
Prepaid Charge - Future Revenues	10,889	-	10,889	-
Prepaid Expenses	-	-	-	9,005
Restricted Assets:				
Due From Other Governments	266,510	4,897,121	5,163,631	-
Cash and Cash Equivalents	9,398,734	1,080,815	10,479,549	-
Total Current Assets	35,490,974	26,375,086	61,866,060	1,473,959
Noncurrent Assets:				
Leases Receivable - Non-Current	-	363,198	363,198	-
Prepaid Charge - Future Revenues - Non-Current	270,440	-	270,440	-
Capital Assets:				
Land, and Construction in Progress	7,288,109	22,020,538	29,308,647	-
Other Capital Assets, Net of Depreciation	55,217,609	31,327,479	86,545,088	22,106
Right to Use Assets, Net of Amortization	34,203	151,192	185,395	232,208
Total Capital Assets	62,539,921	53,499,209	116,039,130	254,314
Deposits	-	-	-	110
Total Non-current Assets	62,810,361	53,862,407	116,672,768	254,424
Total Assets	98,301,335	80,237,493	178,538,828	1,728,383
Deferred Outflows of Resources	12,563,439	3,790,019	16,353,458	85,131
Liabilities:				
Accounts Payable and Accrued Liabilities	720,519	280,529	1,001,048	341,814
Deposits	20,400	684,853	705,253	-
Payable From Restricted Assets	120,640	5,306,888	5,427,528	-
Retainage Payable	-	-	-	-
Unearned Revenues	3,557,048	126,362	3,683,410	-
Accrued Interest Payable	-	4,422	4,422	-
Due to Primary Government	-	-	-	17,098
Current Portion of Long-Term Liabilities	5,299,033	1,588,046	6,887,079	-
Total Current Liabilities	9,717,640	7,991,100	17,708,740	358,912
Long-Term Liabilities:				
Net Pension Liability - Funded	12,115,076	3,737,150	15,852,226	202,986
Total Pension Liability	3,735,477	-	3,735,477	-
Total OPEB Liability	19,143,353	5,869,037	25,012,390	-
Due in More Than One Year	5,580,496	2,792,923	8,373,419	247,137
Total Long-Term Liabilities	40,574,402	12,399,110	52,973,512	450,123
Total Liabilities	50,292,042	20,390,210	70,682,252	809,035
Deferred Inflows of Resources	5,477,015	1,716,579	7,193,594	56,330
Net Position:				
Net Investment in Capital Assets	59,035,439	45,630,941	104,666,380	22,106
Restricted For:				
Stabilization by State Statute	4,923,810	-	4,923,810	-
Transportation	22,250	-	22,250	-
Economic Development	1,085,958	-	1,085,958	-
Capital Projects	4,478,661	-	4,478,661	505,111
Working Capital	-	-	-	172,290
Unrestricted	(14,450,401)	16,289,782	1,839,381	248,642
Total Net Position	$ 55,095,717	$ 61,920,723	$ 117,016,440	$ 948,149

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

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Functions/Programs	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-Type Activities	Total	City of Asheboro ABC Board
Governmental Activities:								
General Government	$ 6,690,919	$ 39,780	$ -	$ -	$ (6,651,139)	$ -	$ (6,651,139)	$ -
Public Safety	23,209,594	386,405	69,602	123,734	(22,629,853)	-	(22,629,853)	-
Transportation	5,129,432	107,973	922,025	234,856	(3,864,578)	-	(3,864,578)	-
Environmental Protection	2,660,796	2,969,844	-	-	309,048	-	309,048	-
Cultural and Recreational	8,393,047	794,718	399,163	164,885	(7,034,281)	-	(7,034,281)	-
Economic and Physical Development	287,254	-	2,338,300	-	2,051,046	-	2,051,046	-
Interest on Long-term Debt	99,513	-	-	-	(99,513)	-	(99,513)	-
Total Governmental Activities	46,470,555	4,298,720	3,729,090	523,475	(37,919,270)	-	(37,919,270)	-
Business-Type Activities:								
Water and Sewer	18,076,005	17,159,253	-	18,398,749	-	17,481,997	17,481,997	-
Total Business-Type Activities	18,076,005	17,159,253	-	18,398,749	-	17,481,997	17,481,997	-
Total Primary Government	$ 64,546,560	$ 21,457,973	$ 3,729,090	$ 18,922,224	(37,919,270)	17,481,997	(20,437,273)	-
Component Unit:								
ABC Board	$ 4,581,543	$ 4,475,882	$ -	$ -	-	-	-	(105,661)
Total Component Unit	$ 4,581,543	$ 4,475,882	$ -	$ -	-	-	-	(105,661)
General Revenues:								
Taxes:								
Property taxes, levied for general purpose					25,681,299	-	25,681,299	-
Sales taxes					8,787,853	-	8,787,853	-
Franchise taxes					3,083,722	-	3,083,722	-
Sales taxes - hold harmless					2,307,159	-	2,307,159	-
Other taxes					251,863	-	251,863	-
Unrestricted investment earnings					1,005,769	439,632	1,445,401	-
Gain on sale of capital assets					24,723	43,185	67,908	-
Insurance recovery					20,222	-	20,222	-
Miscellaneous revenues					1,147,887	294,554	1,442,441	22,167
ZooCity sportsplex naming rights					200,000	-	200,000	-
Total General Revenues					42,510,497	777,371	43,287,868	22,167
Change in Net Position					4,591,227	18,259,368	22,850,595	(83,494)
Net Position Beginning of Year, Previously Reported					53,578,038	44,371,249	97,949,287	1,031,643
Restatement, Correction of Error - Leases					(877)	(4,494)	(5,371)	-
Restatement, Change in Accounting Principle					(3,072,671)	(705,400)	(3,778,071)	-
Net Position Beginning of Year, Restated					50,504,490	43,661,355	94,165,845	1,031,643
Net Position End of Year					$ 55,095,717	$ 61,920,723	$ 117,016,440	$ 948,149

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

CITY OF ASHEBORO, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	Major Funds			
	General	State Capital Infrastructure Fund	Total Non-Major Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	$ 17,962,980	$ -	$ 437,216	$ 18,400,196
Investments	1,057,176	-	-	1,057,176
Receivables:				
Taxes Receivable - Net	292,623	-	-	292,623
Accounts Receivable	193,411	-	13,613	207,024
Due From Other Governments	4,422,694	-	45,140	4,467,834
Notes Receivable	613,005	-	269,706	882,711
Inventories	507,277	-	-	507,277
Prepaid Charge - Future Revenues	281,329	-	-	281,329
Restricted Assets:				
Due From Other Governments	-	-	266,510	266,510
Cash and Cash Equivalents	202,752	3,856,829	5,339,153	9,398,734
Total Assets	$ 25,533,247	$ 3,856,829	$ 6,371,338	$ 35,761,414
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts Payable and Accrued Liabilities	$ 700,519	$ -	$ 20,000	$ 720,519
Deposits	20,400	-	-	20,400
Payable From Restricted Assets	-	5,610	115,030	120,640
Retainage Payable	-	-	-	-
Unearned Revenues	248,286	3,308,762	-	3,557,048
Total Liabilities	969,205	3,314,372	135,030	4,418,607
Deferred Inflows of Resurces	2,097,464	-	13,613	2,111,077
Fund Balances:				
Nonspendable:				
Inventories	507,277	-	-	507,277
Prepaid Charge - Future Revenues	281,329	-	-	281,329
Restricted:				
Stabilization by State Statute	3,531,433	523,137	869,240	4,923,810
Streets	22,250	-	-	22,250
Economic and Physical Development	-	19,320	-	19,320
Capital Projects	-	-	635,168	635,168
Unspent Debt Proceeds	160,101	-	-	160,101
Committed:				
Capital Projects	-	-	3,843,493	3,843,493
Economic and Physical Development	-	-	1,066,638	1,066,638
Assigned:				
Subsequent Year's Expenditures	1,082,063	-	-	1,082,063
Unassigned	16,882,125	-	(191,844)	16,690,281
Total Fund Balances	22,466,578	542,457	6,222,695	29,231,730
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 25,533,247	$ 3,856,829	$ 6,371,338	

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

CITY OF ASHEBORO, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

Total Fund balance, Governmental Funds		$ 29,231,730
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	$ 119,674,209	
Accumulated depreciation	(57,168,491)	62,505,718
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Right to use assets at historical cost	$ 82,087	
Accumulated amortization	(47,884)	34,203
Deferred outflows of resources related to pensions.		6,334,472
Deferred outflows of resources related to OPEB.		5,657,272
Deferred outflows of resources related to LEOSSA		571,695
Net pension liability		(12,115,076)
Total pension liability		(4,162,324)
Total OPEB liability		(20,627,099)
Deferred inflows of resources related to pensions		(45,359)
Deferred inflows of resources related to OPEB.		(4,181,147)
Deferred inflows of resources related to LEOSSA		(433,692)
Liabilities for earned revenues considered deferred inflows in fund statements.		1,294,260
Some liabilities, including bonds payable, notes payable, installment purchases payable, accrued interest, lease liabilities and compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(8,968,936)
		$ 55,095,717

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, 2025

	Major Funds			
	General	State Capital Infrastructure Fund	Total Non-Major Funds	Total Governmental Funds
Revenues:				
Ad Valorem Taxes	$ 25,629,153	$ -	$ -	$ 25,629,153
Other Taxes and Licenses	60,358	-	-	60,358
Intergovernmental Revenues:				
Unrestricted	15,138,694	-	-	15,138,694
Restricted	1,263,058	2,238,878	214,258	3,716,194
Permits and Fees	378,614	-	-	378,614
Sales and Services	3,944,273	-	-	3,944,273
Investment Earnings	800,149	199,568	6,052	1,005,769
Miscellaneous Revenue	366,697	-	379,509	746,206
Total Revenues	47,580,996	2,438,446	599,819	50,619,261
Expenditures:				
Current:				
General Government	6,421,455	-	-	6,421,455
Public Safety	21,835,692	-	-	21,835,692
Transportation	5,248,734	-	-	5,248,734
Environmental Protection	2,764,903	-	-	2,764,903
Cultural and Recreational	7,386,655	-	-	7,386,655
Economic and Physical Development	-	358,522	99,422	457,944
Debt Service	1,209,300	-	-	1,209,300
Capital Outlay	-	-	1,177,580	1,177,580
Total Expenditures	44,866,739	358,522	1,277,002	46,502,263
Excess (Deficiency) of Revenues Over Expenditures	2,714,257	2,079,924	(677,183)	4,116,998
Other Financing Sources (Uses):				
Transfers to Other Funds	(2,992,812)	(1,880,356)	(350)	(4,873,518)
Transfers From Other Funds	350	-	4,873,168	4,873,518
Sale of Capital Assets	24,723	-	-	24,723
Insurance Recovery	20,222	-	-	20,222
Installment Purchase Obligations Issued	1,422,739	-	-	1,422,739
Total Other Financing Sources (Uses)	(1,524,778)	(1,880,356)	4,872,818	1,467,684
Net Change in Fund Balances	1,189,479	199,568	4,195,635	5,584,682
Fund Balance Beginning of Year	21,277,099	342,889	2,027,060	23,647,048
Fund Balance End of Year	$ 22,466,578	$ 542,457	$ 6,222,695	$ 29,231,730

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

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

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

Net changes in fund balances - total governmental funds		$ 5,584,682
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 capital outlays exceeded depreciation in the current period.		
Capital outlay expenditures which were capitalized	$ 5,848,867	
Depreciation expense for governmental assets	(4,036,378)	1,812,489
Right to use leased asset capital outlay expenditures which were capitalized	$ -	
Amortization expense for intangible assets	(27,362)	(27,362)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Donated assets		216,278
Change in unavailable revenues		181,298
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		2,629,082
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		232,992
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities		1,483,746
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.		(312,952)
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		(111,215)
Pension expense		(3,900,515)
OPEB plan expense		(3,197,296)
Total changes in net position of governmental activities		$ 4,591,227

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

CITY OF ASHEBORO, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2025

	General Fund			
	Original	Final	Actual	Variance With Final Budget - Positive (Negative)
Revenues:				
Ad Valorem Taxes	$ 26,120,033	$ 26,120,033	$ 25,629,153	$ (490,880)
Other Taxes and Licenses	829,717	56,838	60,358	3,520
Intergovernmental Revenues:				
Unrestricted	13,332,349	14,129,680	15,138,694	1,009,014
Restricted	1,471,955	1,560,013	1,263,058	(296,955)
Permits and Fees	544,050	544,050	378,614	(165,436)
Sales and Services	3,618,575	3,565,575	3,944,273	378,698
Investment Earnings	-	200,000	800,149	600,149
Miscellaneous Revenue	628,432	368,922	366,697	(2,225)
Total Revenues	46,545,111	46,545,111	47,580,996	1,035,885
Expenditures:				
Current:				
General Government	7,822,620	7,359,253	6,421,455	937,798
Public Safety	21,175,464	21,996,764	21,835,692	161,072
Transportation	6,861,278	5,927,186	5,248,734	678,452
Environmental Protection	2,931,220	2,934,120	2,764,903	169,217
Cultural and Recreational	8,870,342	8,153,042	7,386,655	766,387
Debt Service	527,795	1,209,597	1,209,300	297
Total Expenditures	48,188,719	47,579,962	44,866,739	2,713,223
Revenues Over (Under) Expenditures	(1,643,608)	(1,034,851)	2,714,257	3,749,108
Other Financing Sources (Uses):				
Transfers From Other Funds	-	-	350	350
Transfers to Other Funds	-	(2,992,812)	(2,992,812)	-
Sale of Capital Assets	147,000	147,000	24,723	(122,277)
Insurance Recovery	-	-	20,222	20,222
Installment Purchase Obligations Issued	1,444,608	1,444,608	1,422,739	(21,869)
Total Other Financing Sources (Uses)	1,591,608	(1,401,204)	(1,524,778)	(123,574)
Appropriated Fund Balance	52,000	2,436,055	-	(2,436,055)
Net Change in Fund Balance	$ -	$ -	1,189,479	$ 1,189,479
Fund Balance Beginning of Year			21,277,099	
Fund Balance End of Year			$ 22,466,578	

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, 2025

	Water and Sewer Fund
Assets:	
Current Assets:	
Cash and Cash Equivalents	$ 15,378,802
Accounts Receivable - Net	2,727,345
Leases Receivable	87,116
Due From Other Governments	12,470
Note Receivable	88,890
Inventories	2,102,527
Restricted Assets:	
Due From Other Governments	4,897,121
Cash and Cash Equivalents	1,080,815
Total Current Assets	26,375,086
Noncurrent Assets:	
Leases Receivable - Non-Current	363,198
Capital Assets:	
Land, Improvements and Construction in Progress	22,020,538
Other Capital Assets, Net of Depreciation	31,327,479
Right to Use Leased Assets, Net of Amortization	151,192
Total Capital Assets (Net)	53,499,209
Total Noncurrent Assets	53,862,407
Total Assets	$ 80,237,493
Deferred Outflows of Resources	$ 3,790,019
Liabilities:	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	280,529
Customer Deposits	684,853
Payable From Restricted Assets:	
Accounts Payable	4,579,333
Retainage Payable	727,555
Unearned Revenues	126,362
Accrued Interest Payable	4,422
Total OPEB Liability - Current	436,756
Compensated Absences - Current	526,338
Lease Liability - Current	50,044
Installment Purchase Obligations - Curent	228,693
Notes Payable State of North Carolina - Current	346,215
Total Current Liabilities	7,991,100
Noncurrent Liabilities:	
Total OPEB Liability - Noncurrent	5,869,037
Compensated Absences	555,154
Lease Liability	108,656
Net Pension Liability	3,737,150
Installment Purchase Obligations - Noncurent	809,055
Notes Payable State of North Carolina - Noncurrent	1,320,058
Total Noncurrent Liabilities	12,399,110
Total Liabilities	20,390,210
Deferred Inflows of Resources	1,716,579
Net Position:	
Net Investment in Capital Assets	45,630,941
Unrestricted	16,289,782
Total Net Position	$ 61,920,723

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

CITY OF ASHEBORO, NORTH CAROLINA

Exhibit 7

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPE
For the Year Ended June 30, 2025

	Water and Sewer Fund
Operating Revenues:	
Water Sales	$ 7,820,610
Sewer Charges	8,083,104
Water and Sewer Taps	248,010
Sampling and Monitoring Fees	24,490
Surcharges	354,359
Other Operating Revenues	628,680
Total Operating Revenues	17,159,253
Operating Expenses:	
Billing and Collections	746,649
Water Meter Operations	1,116,931
Water Supply Treatment	3,675,548
Wastewater Treatment	3,249,464
Water Maintenance	1,753,819
Wastewater Maintenance	1,664,314
Technical Services	341,982
Systems Maintenance	2,086,144
Water Quality	973,200
Depreciation and Amortization	2,390,548
Total Operating Expenses	17,998,599
Operating Loss	(839,346)
Nonoperating Revenues (Expenses):	
Lease Revenue	115,860
Investment Earnings	439,632
Interest and Other Charges	(77,406)
Gain on Sale of Capital Assets	43,185
Grants	51,625
Other Nonoperating Revenues	178,694
Total Nonoperating Revenues (Expenses)	751,590
Income Before Contributions	(87,756)
Capital Contributions	18,347,124
Change in Net Position	18,259,368
Total Net Position Beginning of Year, Previously Reported	44,371,249
Restatement, Correction of Error - Leases	(4,494)
Restatement, Change in Accounting Principle	(705,400)
Net Position Beginning of Year, Restated	43,661,355
Total Net Position - End of Year	$ 61,920,723

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

CITY OF ASHEBORO, NORTH CAROLINA

Exhibit 8

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2025

	Water and Sewer Fund
Cash Flows From Operating Activities:	
Cash Received From Customers	$ 11,489,062
Cash Paid for Goods and Services	(2,392,364)
Cash Paid to Employees for Services	(8,094,772)
Customer Deposits Received	14,288
Other Operating Revenues	923,234
Net Cash Provided by Operating Activities	1,939,448
Cash Flows From Noncapital Financing Activities:	
Operating Grant	51,625
Cash Flows From Capital and Related Financing Activities:	
Acquisition of Capital Assets	(18,662,372)
Proceeds From Sale of Assets	42,315
Installment Purchase Obligations Issued	380,992
Capital Contributions - State Grant	17,782,124
Principal Paid on Bonds, Leases and Installment Purchase Agreements	(666,473)
Interest Paid on Bonds, Leases and Installment Purchase Agreements	(77,406)
Net Cash (Used) by Capital and Related Financing Activities	(1,200,820)
Cash Flows from Investing Activities:	
Interest Earned on Investments	439,632
Net Increase in Cash and Cash Equivalents	1,229,885
Cash and Cash Equivalents at Beginning of Year	15,229,732
Cash and Cash Equivalents at End of Year	$ 16,459,617
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating Loss	$ (839,346)
Adjustments to Reconcile Operating Loss to Net Cash	
Provided by Operating Activities:	
Depreciation and Amortization	2,390,548
Other Nonoperating Revenue	294,554
Changes in Assets, Deferred Outflows of Resources and Liabilities:	
(Increase) in Accounts Receivable	(4,810,202)
(Increase) in Leases Receivable	(13,303)
(Increase) in Inventory	(444,019)
Decrease in Deferred Outflows of Resources - Pension	237,252
Increase in Net Pension Liability	69,714
(Decrease) in Deferred Inflows of Resources - Pension	(2,461)
Decrease in Deferred Outflows of Resources - OPEB	418,504
(Decrease) in OPEB Liability	(543,899)
Increase in Deferred Inflows of Resources - OPEB	627,674
Increase in Deferred Inflows - Leases	7,225
Increase in Accounts Payable and Accrued Liabilities	4,773,802
Increase in Customer Deposits	14,289
(Decrease) in Accrued Compensated Absences	(15,653)
(Decrease) in Unearned Revenues	(225,231)
Total Adjustments	2,778,794
Net Cash Provided by Operating Activities	$ 1,939,448
Schedule of Non-cash Capital and Related Financing Activities:	
Contribution of Capital Asset	$ 565,000
Right to Use Asset - Lease	$ 151,191
Lease Liability	$ 158,700
Liabilities Payable Related to Construction in Progress	$ 5,306,888

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

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 (GAAP), 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 City has no fiduciary funds to report. 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION. (Continued)

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

State Capital Infrastructure (SCIF) Special Revenue Fund. This fund accounts for grant funds to be used for capital infrastructure for economic development.

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 CDBG Coronavirus (CDBG – CV) Special Revenue Fund. This fund accounts for grant funds and funds committed by the City council to address community needs because of the pandemic.

The Emergency Operations Center/Fire Station #3 Capital Reserve Fund. This fund accounts for funds accumulated for future capital equipment purchases for the emergency operations center and a third fire station for the City of Asheboro emergency services.

The Emergency Operations Center/Fire Station #3 Capital Project Fund. This fund accounts for grant funds for the construction of an emergency operations center and a third fire station for the City of Asheboro emergency services.

The David and Pauline Jarrell Center City Garden Capital Project Fund. This fund accounts for City commitments for the construction of a park.

McCrary Ballpark Improvements Capital Project Fund. This fund accounts for City commitments for the renovations of the McCrary Baseball Park.

The Airport Improvements Capital Project Fund II. This fund accounts for Federal Aviation Administration grant funding to construct a corporate hangar at the City airport.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION. (Concluded)

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

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. A Water and Sewer Capital Project Fund has been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparison for the Water and Sewer Capital project Fund has been included in the supplemental information.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. Activity occurs during the year involving transfers of resources between funds, which are reported at gross amounts as transfers in/out. While these balances are reported in the fund financial statements, certain eliminations are made for the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only net amounts are included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only net amounts are included as transfers in the business-type activities column.

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 and 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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, including lease and information technology subscription (SBITA) liabilities, 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. Issuance of general long-term debt and acquisitions under leases and subscription based information technology arrangements (SBITAs) 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 revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City of Asheboro because the tax is levied by Randolph County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. BUDGETARY DATA.

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

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. BUDGETARY DATA. (Concluded)

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.

State law [G.S.159-30] 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 mutual fund shares when the mutual fund is certified by the Local Government Commission. The City's and the ABC Board's investments are reported at fair value. The North Carolina Capital Management Trust (NCCMT) Government Portfolio is an SEC registered money market mutual fund that is currently certified by the Local Government Commission under the provisions of G.S. 159-30(c)(8) and the North Carolina Administrative Code. The NCCMT Government Portfolio is a 2a-7 fund that invests in treasuries, government agencies, and repurchase agreements collateralized by treasuries. It is rated AAAm by S&P and AAA-mf by Moody's Investor Services and reported at fair value.

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 they can be expended only for the purposes outlined per G.S. 136-41.1 through 136-41.4. Unexpended debt proceeds are classified as restricted cash due to the debt being for capital outlay. Funds in the Zoo City Park Sportsplex Project Fund are restricted for expenditures committed by the City council and

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Restricted Assets (Concluded)

restricted by donors. Funds in the David and Pauline Jarrell Center City Garden Project Fund are restricted for expenditures committed by the City council and restricted by donors. Funds in the McCrary Ballpark Improvements Capital Project Fund are restricted for expenditures committed by the City council and restricted by donors. Funds in the State Capital Infrastructure (SCIF) Special Revenue Fund are restricted for capital infrastructure and economic development. Funds in the Airport Improvements Capital Project Fund II are restricted by grantors and City commitments for a construction project. Funds in the CDBG-CV Special Revenue Fund are restricted due to being unspent grant proceeds. Funds in the Emergency Operations Center/Fire Station #3 Capital Reserve Fund are restricted due to being committed by City council for capital equipment. Funds in the Asheboro Housing Development Fund are restricted due to commitments by City council for affordable housing. Funds in the Wolfspeed Grant Water and Sewer Capital Project Fund are restricted for a construction project funded by a North Carolina State grant.

City of Asheboro - Restricted Cash	
Governmental Activities:	
General Fund:	
Deposits	$ 20,400
Transportation - Streets	22,250
Unspent Debt Proceeds	160,101
Other Governmental:	
Capital Outlay	4,669,154
Economic and Physical Development	4,526,829
Water and Sewer Fund:	
Deposits	684,853
Capital Outlay	253,322
Unspent Debt Proceeds	142,640
Total Restricted Cash	$10,479,549

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, 2024. As allowed by State law, the City has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. Leases Receivable

The City’s leases receivable are measured at the present value of lease payments expected to be received during the lease term. There are no variable components under the lease agreements. Deferred inflows of resources are recorded for the leases. The deferred inflows of resources are recorded at the initiation of the leases in amounts equal to the initial recording of the leases receivable. The deferred inflows of resources are amortized on a straight-line basis over the term of the leases.

7. 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.

8. Prepaid Charge – Future Revenues

The City purchased airport hangar lease agreements from a local business. The estimated lease terms for all the hangar leases were for thirty years since the estimated life of an aircraft is for thirty years. A review of these leases indicated they all were on a month-to-month basis with a thirty-day cancellation notice by either party. The amount paid for the leases is being amortized over the ratio of the purchase price to the total estimated future lease revenues.

9. Capital Assets

The City’s purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the time of donation. Donated capital assets received after June 15, 2015 are recoded at acquisition value. Minimum capitalization costs are $3,500 for the following types of assets: land, land improvements, buildings, infrastructure, equipment, and vehicles. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

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

The City’s capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the City reports a lease (only applies when the City is the lessee) or agreements where the the City reports a SBITA in accordance with the requirements of GASB Statement No. 87 and GASB Statement No. 96, respectively.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Capital Assets (Concluded)

The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or before the start of the lease term, less lease incentives received from the lessor at or before the start of the lease term, and ancillary charges necessary to place the lease asset into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

The right to use SBITA assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the SBITA vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term, should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term, at which time the amount should be included in the initial measurement of the subscription asset. The right to use subscription assets are amortized on a straight-line basis over the subscription term.

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

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

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

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

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

Store Equipment	Various
Leasehold Improvements	10 years

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Deferred Outflows/Inflows of Resources

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

11. 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.

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

12 Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example, paid in cash to the employee) during or upon separation from employment. Based on the criteria above, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is recorded as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits where applicable.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

12 Compensated Absences (Concluded)

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.

13. 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.

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:

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

13. Net Position/Fund Balances (Continued)

Fund Balances. (Continued)

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.

Prepaid Charge – Future Revenues – portion of fund balance that is not an available resource because it represents the year-end unamortized balance of the purchase price of future revenue streams.

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 – North Carolina General Statute G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "Restricted by State Statute" defined as follows: "*Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget*." Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

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.

Restricted for Economic and Physical Development – portion of fund balance restricted by revenue sources for expenditures related to infrastructure development.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

13. Net Position/Fund Balances (Concluded)

Fund Balances (Concluded).

Restricted Fund Balance (Concluded)

Restricted for Unspent Debt Proceeds – portion of fund balance that is restricted due to debt proceeds required to be used for capital outlay.

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

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

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

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

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

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

14. Defined Benefit Cost-Sharing Plans

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

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 $ 25,863,987 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)	$119,674,209
Less Accumulated Depreciation	(57,168,491)
Net Capital Assets	62,505,718
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds	82,087
Less Accumulated Amortization	(47,884)
Net Right to Use Assets	34,203
Pension related deferred outflows of resources:	
Contributions made to pension plan in current fiscal year	2,629,082
Benefit payments and pension administrative costs for LEOSSA	232,992
Pension deferrals	3,705,390
Pension deferrals - LEOSSA	338,703
Benefit payments for OPEB	1,483,746
OPEB deferrals	4,173,526
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide statements	1,294,260
Deferred inflows of resources reported in government-wide statements but not fund statements:	
Pension deferrals	(45,359)
OPEB deferrals	(4,181,147)
Pension deferrals - LEOSSA	(433,692)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Installment Financing/Lease Agreements	(3,577,032)
Compensated Absences	(5,391,904)
Net Pension Liability	(12,115,076)
Total Pension Liability	(4,162,324)
Total OPEB Liability	(20,627,099)
Total Adjustment	$ 25,863,987

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 ($ 993,455) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	$ 5,848,867
Depreciation and amortization expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(4,063,740)
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	(1,422,739)
Principal payments on debt owed and lease liabilities are recorded as a use of funds on the fund statements but effect only the statement of net position in the government-wide statements	1,109,787
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	2,629,082
Benefit payments and administrative costs for LEOSSA are deferred outflows of resources on the statement of net position	232,992
Benefit payments and administrative costs for OPEB are deferred outflows of resources on the statement of net position	1,483,746
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Pension expense	(3,900,515)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(111,215)
OPEB plan expense	(3,197,296)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Donated assets	216,278
Increase in deferred inflows - taxes receivable at June 30, 2025	52,146
Decrease in deferred inflows – service charges receivable at June 30, 2025	(70,548)
Decrease in deferred inflows - notes receivable at June 30, 2025	(300)
Decrease in deferred inflows – ZCSP naming rights at June 30, 2025	200,000
Total Adjustment	($ 993,455)

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Noncompliance With North Carolina General Statutes

North Carolina General Statute 159-34 requires each unit of local government and public authority to have its accounts audited each fiscal year and to submit a copy of the audit report to the Secretary of the Local Government Commission (LGC). Audit reports are due six months after fiscal year end. The audit of the City of Asheboro was submitted subsequent to December 31, 2025 due to issues in accumulating data to implement GASB Statement No. 101. The City's management will make every effort to rectify this issue in the future.

B. Deficit in Fund Balance of an Individual Fund

The Wolfspeed Grant Project Fund, the Water and Sewer Fund capital project fund, had a deficit fund balance for the year ended June 30, 2025 in the amount of $156,446. The City expects grant revenues in the subsequent year from the N.C. Department of Commerce to offset the deficit.

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

At June 30, 2025, the City's deposits had a carrying amount of $25,285,194 and a bank balance of $26,905,871. Of the bank balance, $500,000 was covered by federal depository insurance and $26,405,871 was covered by collateral held under the Pooling Method. At June 30, 2025, the City's petty cash fund totaled $59,626. The carrying amount of deposits for the ABC Board was $513,644 and the bank balance was $495,261. Of the bank balance, $250,000 was covered by federal

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. ASSETS. (Continued)

1. Deposits (Concluded)

depository insurance, and the remainder under the Pooling Method. The ABC Board's petty cash fund totaled $6,211.

2. Investments

As of June 30, 2025, the City had the following investments and maturities:

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months	Rating
U.S. Treasuries	Fair Value – Level 1	$ 1,057,176	$ 1,057,176	AAA
NC Capital Management Trust – Government Portfolio	Fair Value – Level 1	18,913,727	18,913,727	AAAm
Total		$ 19,970,903	$ 19,970,903	

The City has no policy regarding credit risk or interest rate risk. Because the North Carolina Capital Management Trust's Government Portfolio has a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months. The City's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAA-mf by Moody's Investors Service as of June 30, 2025.

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

At June 30, 2025, the ABC Board had $505,111 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's (S&P) and AAA-mf by Moody's Investors Service. The ABC Board has no policy on credit risk.

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. ASSETS. (Continued)

3. Receivables - Allowances for Doubtful Accounts

The amount of taxes receivable presented in the balance sheet and the statement of net position does not include amounts for penalties.

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

Fund	6/30/2025
General Fund:	
Taxes Receivable	$ 49,000
Enterprise Fund:	
Customer Accounts Receivable	75,000
Total	$ 124,000

4. Leases Receivable

In years prior to June 30, 2025, the City had entered into four leases with tenants to lease portions of City owned property. All of the leases were for five years. During the year ended June 30, 2024 one of the leases expired and was renewed under a new lease. Under the new lease a bridge lease term commenced on November 7, 2023 and will expire on October 31, 2025 when the term of the new lease commences for five years. There are no variable components to any of the leases. At June 30, 2025 the unamortized deferred inflows was $435,448. The leases receivable are measured as the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 3% for previous leases, and 5% for the newer leases which are the City's incremental borrowing rate.

For the year ended June 30, 2025 the City recognized $108,967 of lease revenue and $23,856 of interest revenue under all leases.

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. ASSETS. (Continued)

5. Capital Assets

Primary Government:

Capital asset activity for the primary government for the year ended June 30, 2025, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 5,658,445	$ 120,020	$ -	$ 5,778,465
Construction in Progress	2,095,370	1,656,626	2,242,352	1,509,644
Total Capital Assets Not Being Depreciated	7,753,815	1,776,646	2,242,352	7,288,109
Capital Assets Being Depreciated:				
Land Improvements	36,460,336	2,137,014	-	38,597,350
Buildings	24,709,466	2,024,440	-	26,733,906
Street Construction	17,683,419	-	-	17,683,419
Computer Equipment	923,138	79,175	-	1,002,313
Equipment	9,819,572	738,746	32,304	10,526,014
Vehicles	16,648,322	1,551,476	356,700	17,843,098
Total Capital Assets Being Depreciated	106,244,253	6,530,851	389,004	112,386,100
Less Accumulated Depreciation For:				
Land Improvements	11,752,867	1,385,946	-	13,138,813
Buildings	10,126,200	573,606	-	10,699,806
Street Construction	14,070,978	190,471	-	14,261,449
Computer Equipment	393,660	106,957	-	500,617
Equipment	5,402,443	706,350	32,304	6,076,489
Vehicles	11,774,969	1,073,048	356,700	12,491,317
Total Accumulated Depreciation	53,521,117	$ 4,036,378	$ 389,004	57,168,491
Total Capital Assets Being Depreciated, Net	52,723,136			55,217,609
Governmental Activity Capital Assets, Net	$ 60,476,951			$ 62,505,718
Capital Assets Being Amortized:				
Right to Use Assets:				
Leased Police Space	$ 82,087	$ -	$ -	$ 82,087
Less Accumulated Amortization:				
Right to Use Assets:				
Leased Police Space	20,522	$ 27,362	$ -	47,884
Total Capital Assets Being Amortized, Net	$ 61,565			$ 34,203

Depreciation expense was charged to functions/programs as follows:

General Government	99,230
Public Safety	702,305
Transportation	864,966
Environmental	312,239
Cultural and Recreational	2,085,000
Economic Development	-
	$ 4,063,740

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. ASSETS. (Continued)

5. Capital Assets (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 3,242,682	$ -	$ -	$ 3,242,682
Construction in Progress	839,287	17,938,569	-	18,777,856
Total Capital Assets Not Being Depreciated	4,081,969	17,938,569	-	22,020,538
Capital Assets Being Depreciated:				
Land Improvements	-	-	-	-
Buildings	31,362,138	565,000	-	31,927,138
Plant and Distribution Systems	48,783,942	-	-	48,783,942
Computer Equipment	152,290	4,003	2,269	154,024
Equipment	9,366,672	281,514	153,764	9,494,422
Vehicles	3,349,846	438,285	116,490	3,671,641
Total Capital Assets Being Depreciated	93,014,888	1,288,802	272,523	94,031,167
Less Accumulated Depreciation For:				
Land Improvements	6,188	-	6,188	-
Buildings	21,383,956	448,242	-	21,832,198
Plant and Distribution Systems	29,419,126	1,184,103	-	30,603,229
Computer Equipment	151,721	2,017	-	153,738
Equipment	6,848,166	523,174	150,714	7,220,626
Vehicles	2,827,772	182,615	116,490	2,893,897
Total Accumulated Depreciation	60,636,929	$ 2,340,151	$ 273,392	62,703,688
Total Capital Assets Being Depreciated, Net	32,377,959			31,327,479
Business-type Activities Capital Assets, Net	$ 36,459,928			$ 53,348,017
Capital Assets Being Amortized:				
Right to Use Assets:				
Leased Office Space - Billing and Collections	$ 251,985	$ -	$ -	$ 251,985
Less Accumulated Amortization:				
Right to Use Assets:				
Leased Office Space - Billing and Collections	50,396	$ 50,397	$ -	100,793
Total Capital Assets Being Amortized, Net	$ 201,589			$ 151,192

Construction Commitments:

The government has active construction contracts as of June 30, 2025. At year end the government's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Wolfspeed Grant Water and Sewer Project	$ 18,990,631	$ 16,330,857
Airport Improvements Project Fund II	1,645,973	104,708
McCrary Ballpark Improvements Capital Project	7,806,187	804,782
	$ 28,442,791	$ 17,240,347

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. ASSETS. (Concluded)

5. Capital Assets (Concluded)

Activity for the ABC Board for the year ended June 30, 2025, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets Being Depreciated:				
Leasehold Improvements	$ 620	$ -	$ -	$ 620
Furniture and Equipment	188,579	4,537	-	193,116
Vehicles	39,000	-	-	39,000
Total Capital Assets Being Depreciated	228,199	4,537	-	232,736
Less Accumulated Depreciation For:				
Leasehold Improvements	620	-	-	620
Furniture and Equipment	176,347	9,613	-	185,960
Vehicles	16,250	7,800	-	24,050
Total Accumulated Depreciation	193,217	17,413	-	210,630
ABC Capital Assets, Net	$ 34,982			$ 22,106

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES.

1. Payables

Payables at the government-wide level at June 30, 2025, were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental Activities:				
General	$ 700,519	$ --	$ --	$ 700,519
Other Governmental	140,640	--	--	140,640
Total Governmental Activities	$ 841,149	$ --	$ --	$ 841149
Business-type Activities:				
Water and Sewer	$ 5,587,417	$ --	$ --	$ 5,587,417

2. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System.

Plan Description. The City of Asheboro is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local government entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of thirteen members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

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

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES.

2. Pension Plan and Postemployment Obligations (Continued)

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Asheboro employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Asheboro's contractually required contribution rate for the year ended June 30, 2025 was 14.90% of compensation for law enforcement officers and 13.60% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. The City of Asheboro's contributions to the pension plan for the year ended June 30, 2025 was $3,403,101.

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

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

At June 30, 2025, the City reported a liability of $15,852,226 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES.

2. Pension Plan and Postemployment Obligations (Continued)

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

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

future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2024 and June 30, 2023 (measurement dates), the City's proportion was .235% and .234%, respectively.

For the year ended June 30, 2025, the City recognized pension expense of $4,742,481. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,777,911	$ 18,678
Changes of assumptions	- 0 -	- 0 -
Net difference between expected and actual earnings on pension plan investments	2,155,102	- 0 -
Changes in proportion and differences between City contributions and proportionate share of contributions	123,101	77,050
City contributions subsequent to measurement date	3,403,101	- 0 -
Total	$ 8,459,215	$ 95,728

The $3,403,101 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2026	$ 1,527,999
2027	3,136,595
2028	539,474
2029	(243,681)
2030	- -
Thereafter	- -
	$ 4,960,386

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES.

2. Pension Plan and Postemployment Obligations (Continued)

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

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

Actuarial Assumptions. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.5 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements. The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the forgoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023 are summarized in the following table:

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES.

2. Pension Plan and Postemployment Obligations (Continued)

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

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

Actuarial Assumptions (Concluded).

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33.0%	2.4%
Global Equity	38.0%	6.9%
Real Estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Credit	7.0%	5.3%
Inflation Protection	6.0%	4.3%
Total	100%	

The information above is based on 30 year expectations developed with an investment consulting firm's 2025 long-term capital market assumptions. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.38%. All rates of return and inflation are annualized figures. Source data provided in the 2024 Annual Comprehensive Financial Report published on the website of the NC Office of State Controller.

Discount Rate. The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES.

2. Pension Plan and Postemployment Obligations (Continued)

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

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.5%, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.5%) or 1 percentage point higher (7.5%) than the current rate:

	1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)
City's proportionate share of net pension liability (asset)	$ 28,090,619	$ 15,852,226	$ 5,784,475

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

b. Law Enforcement Officers Special Separation Allowance.

(1) Plan Description

The City of Asheboro administers a public employee retirement system (the "Separation Allowance"), a single employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2023, the Separation Allowance's membership consisted of:

Retirees receiving benefits	27
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	81
Total	108

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES.

2. Pension Plan and Postemployment Obligations (Continued)

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

(2) Summary of Significant Accounting Policies

Basis of Accounting. The City has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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

(3) Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2023 valuation. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.28 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 year High Grade Rate Index as of December 31, 2023.

Mortality rates are based on the Pub 2010 amount-weighted tables.

(4) Contributions.

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administrative costs of the Separation Allowance are financed through investment earnings. The City paid $465,228 as benefits came due for the reporting period.

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

At June 30, 2025, the City reported a total pension liability of $4,162,324. The total pension liability was measured as of December 31, 2024 based on a December 31, 2023 actuarial valuation. The total pension liability was then rolled forward to the measurement date of

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

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

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

December 31, 2024 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the City recognized pension expense of $481,591.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 279,646	$ 84,238
Changes of assumptions and other inputs	59,052	349,459
Benefit payments and administrative expenses subsequent to measurement date	232,992	- 0 -
Total	$ 571,690	$ 433,697

The $232,992 reported as deferred outflows of resources related to pensions resulting from the benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2026	($ 98,437)
2027	(81,172)
2028	63,919
2029	18,470
2030	2,221
Thereafter	- -
	($ 94,999)

$232,283 paid as benefits came due and $709 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

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)

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's total pension liability calculated using the discount rate of 4.28%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.28%) or 1 percentage point higher (5.28%) than the current rate:

	1% Decrease (3.28%)	Discount Rate (4.28%)	1% Increase (5.28%)
Total Pension Liability	$ 4,489,070	$ 4,162,324	$ 3,867,385

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

Beginning Balance	$4,203,197
Service Costs	170,961
Interest on Pension Liability	158,823
Changes of Benefit Terms	- 0 -
Differences Between Expected and Actual Experience in the Measurement of Total Pension Liability	182,735
Changes of Assumptions and Other Inputs	(88,164)
Benefit Payments	(465,228)
Other Changes	- 0 -
Ending Balance Total Pension Liability	$4,162,324

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

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

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

The City's proportionate share of the net pension liability was based on the City's share of contributions to the pension plan relative to the contribution of all participating entities. The following is information related to the proportionate share and pension expense:

	LGERS	LEOSSA	Total
Pension Expense	$ 4,742,481	$ 481,591	$ 5,224,072
Pension Liability	$15,852,226	$ 4,162,324	$20,014,550
Proportionate Share of Net Pension Liability	.235%	N/A	

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources::

	LGERS	LEOSSA	Total
Deferred Outflows of Resources:			
Differences Between Expected & Actual Experience	$ 2,777,911	$ 279,646	$ 3,057,557
Changes of Assumptions	$ - 0 -	$ 59,052	$ 59,052
Net Difference Between Projected & Actual Earnings on Plan Investments	$ 2,155,102	$ - 0 -	$ 2,155,102
Changes in Proportion & Differences Between Contributions & Proportionate Share of Contributions	$ 123,101	$ - 0 -	$ 123,101
Benefit Payments & Administrative Costs Paid Subsequent to the Measurement Date	$ 3,403,101	$ 232,992	$ 3,636,093
Deferred Inflows of Resources:			
Differences Between Expected & Actual Experience	$ 18,678	$ 84,238	$ 102,916
Changes of Assumptions	$ - 0 -	$ 349,459	$ 349,459
Net Difference Between Projected & Actual Earnings on Plan Investments	$ - 0 -	$ - 0 -	$ - 0 -
Changes in Proportion & Differences Between Contributions & Proportionate Share of Contributions	$ 77,050	$ - 0 -	$ 77,050

d. Supplemental Retirement Income Plan.

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 general employees and 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 is included in the Annual Comprehensive Financial Report for the State of North

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

d. Supplemental Retirement Income Plan (Concluded).

Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan. 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 and general employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2025, were $777,417, which consisted of $287,524 from the City, $123,167 from the law enforcement officers, and $366,726 from the general employees.

e. Other Post-Employment Benefits.

Healthcare Benefits

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

(1) An employee who is retired under the North Carolina Local Governmental Retirement System and has 20 years of service with the City.

(2) An employee with 30 years of service under the North Carolina Local Governmental Retirement System and 15 years of continuous service with the City.

(3) An employee who has retired due to disability under the North Carolina Local Governmental Retirement System and receiving benefits.

Any retirees not qualifying for health insurance coverage paid for by the City may elect to continue this coverage for themselves and their dependents at their expense, until the retiree reaches age 65, or becomes eligible for Medicare, whichever comes first. Healthcare, prescription drug, dental, vision coverage, and life insurance are provided in the City's group health and hospitalization insurance plan. The City council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

e. Other Post-Employment Benefits. (Continued)

Healthcare Benefits (Continued)

Membership of the HCB Plan consisted of the following at June 30, 2024, the date of the latest valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	72	- -
Terminated plan members entitled to but not yet receiving benefits	- -	- -
Active plan members	372	77
Total	444	77

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

Total OPEB Liability.

The City's total OPEB liability of $26,932,892 was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2024.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.25 to 8.41 percent, including wage inflation
Discount rate	3.93 percent
Healthcare cost trend rates	Pre-medicare 7.0% for 2024 decreasing to an ultimate rate of 4.5% by 2034
	Dental – 3.50%
	Vision – 2.00%

The discount rate is based on the Municipal Bond Index Rate equal to the Bond Buyer 20 year General Obligation Bond Index published at the last Thursday of June by the Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate.

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

e. Other Post-Employment Benefits. (Continued)

Healthcare Benefits (Continued)

Changes in the Total OPEB Liability.

Schedule of Changes in Total OPEB Liability	
Beginning Balance	$ 29,342,635
Service Costs	1,187,409
Interest on OPEB Liability	1,095,270
Changes of Benefit Terms	- 0 -
Differences Between Expected and Actual Experience	(3,884,601)
Changes of Assumptions and Other Inputs	246,905
Benefit Payments	(1,054,726)
Other Changes	- 0 -
Ending Balance Total OPEB Liability	$ 26,932,892

Changes in assumptions and other inputs reflect a change in the discount rate from 3.65% to 3.93%.

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period January 2015 through December 2019.

Sensitivity of the City's Total OPEB Liability to Changes in the Discount Rate. The following presents the City's total OPEB liability calculated using the discount rate of 3.93%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.93%) or 1 percentage point higher (4.93%) than the current rate:

	1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB Liability	$ 29,565,262	$ 26,932,892	$ 24,589,635

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

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	$ 24,141,794	$ 26,932,892	$ 30,226,883

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan and Postemployment Obligations (Concluded)

e. Other Post-Employment Benefits. (Concluded)

Healthcare Benefits (Concluded)

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

For the year ended June 30, 2025, the City recognized OPEB expense of $2,275,126. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,577,467	$ 3,734,299
Changes of assumptions	1,824,580	1,677,611
Benefit payments and administrative costs subsequent to measurement date	1,920,502	- 0 -
Total	$ 7,322,549	$ 5,411,910

The $1,920,502 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative costs incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	
2026	$ 898,203
2027	591,720
2028	176,438
2029	(558,241)
2030	(638,921)
Thereafter	(479,062)
	($ 9,863)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

3. Other Employment Benefits

The City has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer State-administered cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed $50,000 or be less than $25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the City, the city does not determine the number of eligible participants. The City has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. For the fiscal year ended June 30, 2025, the City made contributions to the State for death benefits of $17,415. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.05% and 0.14% of covered payroll, respectively.

4. Deferred Outflows / Inflows of Resources

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

Contributions to pension plan in the current fiscal year	$ 3,403,101
Benefit payments made and administrative expenses for LEOSSA	232,993
Benefit payments made and administrative expenses for OPEB	1,920,503
Differences between expected and actual experience	6,635,025
Changes in assumptions	1,883,633
Net differences between projected and actual earnings on pension plan investments	2,155,102
Changes in proportion and differences between employer contributions and proportionate share of contributions	123,101
Total	$ 16,353,458

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

4. Deferred Outflows / Inflows of Resources (Concluded)

Deferred inflows of resources at June 30, 2025 is comprised of the following:

	Statement of Net Position	Governmental Funds Balance Sheet
Prepaid Taxes (General)	$ 16,815	$ 16,815
Taxes Receivable, Net (General)	- -	292,623
Garbage Collections Receivable (General)	- -	175,018
Note Receivable (General)	- -	613,008
Naming Rights (General Fund)	800,000	1,000,000
Notes Receivable (Special Revenue)	- -	13,613
Leases Receivable (Water and Sewer)	435,447	- -
Difference between expected and actual experience	3,837,212	- -
Changes in proportion and differences between employer contributions and proportionate share of contributions	77,050	- -
Changes in assumptions	2,027,070	- -

5. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the City obtains general liability and auto liability coverage of $2 million per occurrence, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up to the statutory limits. The pools are reinsured through commercial companies for claims in excess of retentions as selected by the Board of Trustees each year. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the N.C. League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the City upon request.

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

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

In accordance with G.S. 159-29, the City's employees that have access to $100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for $1,000,000. The remaining employees that have access to funds are bonded under a blanket bond for $10,000.

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

6. Claims, Judgments, and Contingent Liabilities

At June 30, 2025, 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. Leases

The City has entered into agreements to lease office space. The lease agreements qualify as other than short-term leases under GASB Statement No. 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The City entered into a lease for office space for the Police Department. The initial term of the lease was 36 months, with a term of 15 months remaining on June 30, 2025. There are no variable payment components of the lease The City was required to make monthly fixed payments of $2,450 in the fiscal year ended June 30, 2025. The lease does not contain a stated interest rate. Accordingly, the City's estimated incremental borrowing rate of 5% was used to discount the remaining minimum lease payments. The liability balance as of June 30, 2025, is $35,555.

The City entered into a lease for office space for the Water and Sewer Billing and Collections Department. The initial term of the lease was 60 months, with a term of 36 months remaining on June 30, 2025. The common area maintenance, taxes and insurance charges increase 3% each year of the lease term. The City was required to make monthly fixed payments of $4,072 in the fiscal year ended June 30, 2025. The lease does not contain a stated interest rate. Accordingly, the City's estimated incremental borrowing rate of 5% was used to discount the remaining minimum lease payments. The liability balance as of June 30, 2025, is $158,700.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025, are as follows:

	Governmental Activities		Business-type Activities	
Year Ending June 30	Principal	Interest	Principal	Interest
2026	$ 28,264	$ 1,136	$ 50,044	$ 6,798
2027	7,291	61	52,850	4,233
2028	- -	- -	55,806	1,523
Totals	$ 35,555	$ 1,197	$ 158,700	$ 12,554

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

7. Long-Term Obligations (Continued)

b. Installment Purchases.

In June 2021, the City entered into a direct placement installment purchase contract with Truist Bank to finance vehicles and equipment for various departments. The vehicles and equipment are pledged as collateral for the debt while the debt is outstanding. The contract is for $903,400, to be repaid monthly at $15,490, including interest at 1.11% over five years.

In June 2022, the City entered into a direct placement installment purchase contract with Truist Bank to finance vehicles and equipment for various departments. The vehicles and equipment are pledged as collateral for the debt while the debt is outstanding. The contract is for $2,070,000, to be repaid monthly at $37,690, including interest at 2.89% over five years.

In June 2023, the City entered into a direct placement installment purchase contract with Truist Bank to finance vehicles for various departments. The vehicles are pledged as collateral for the debt while the debt is outstanding. The contract is for $386,529, to be repaid monthly at $7,208, including interest at 3.87% over five years.

In August 2023, the City entered into a direct placement installment purchase contract with Truist Bank to finance radios for the police department. The radios are pledged as collateral for the debt while the debt is outstanding. The contract is for $803,923, to be repaid monthly at $15,595, including interest at 5.46% over fifty-nine months.

In June 2024, the City entered into a direct placement installment purchase contract with Pinnacle Bank to finance vehicles for various departments. The vehicles are pledged as collateral for the debt while the debt is outstanding. The contract is for $1,190,667, to be repaid monthly at $22,579, including interest at 4.59% over fifty-nine months.

In June 2025, the City entered into a direct placement installment purchase contract with Pinnacle Bank to finance vehicles for various departments. The vehicles are pledged as collateral for the debt while the debt is outstanding. The contract is for $1,803,728, to be repaid monthly at $33,442, including interest at 3.64% over fifty-nine months.

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

7. Long-Term Obligations (Continued)

b. Installment Purchases (Concluded).

The future minimum payments of installment purchase contracts as of June 30, 2025, are as follows:

	Governmental Activities		Business-type Activities	
Year Ending June 30	Principal	Interest	Principal	Interest
2026	$ 1,202,387	$ 113,357	$ 228,693	$ 39,549
2027	1,018,296	73,940	238,713	29,539
2028	629,187	41,245	249,166	19,086
2029	409,529	18,331	244,832	8,170
2030	282,078	5,198	76,344	1,397
Totals	$ 3,541,477	$ 252,071	$ 1,037,748	$ 97,741

c. Notes Payable.

The notes payable shown in the Water and Sewer Fund consist of the balances due on three loans: The first is a $5,331,881 direct borrowing revolving loan from the State Clean Water Revolving Loan Program for improvements to the City's water distribution system. This agreement requires payments over twenty years at a rate of 2.66%. Proceeds received from this loan amounted to $4,987,267. The promissory note requires annual payments of $249,363, plus interest. The second is a $475,857 direct borrowing loan from the State of North Carolina for the purchase of radio read water meters. The promissory note requires annual payments over twelve years of $39,655 at a rate not to exceed 4%. The third is a $1,143,936 direct borrowing loan from the State of North Carolina for a drinking water filtration system. The promissory note requires annual payments over twenty years of $57,197 at a 0% rate.

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

7. Long-Term Obligations (Continued)

c. Notes Payable (Concluded).

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

	Business-type Activities		Governmental-type Activities	
Year Ending June 30	Principal	Interest	Principal	Interest
2026	$ 346,215	$ 26,532	$ - -	$ - -
2027	306,560	19,899	- -	- -
2028	306,560	13,266	- -	- -
2029	306,560	6,633	- -	- -
2030	57,197	- -	- -	- -
2031 – 2035	285,984	- -	- -	- -
2036 – 2040	57,197	- -	- -	- -
Totals	$ 1,666,273	$ 66,330	$ - -	$ - -

At June 30, 2025 the City's legal debt margin is $ 281,372,554.

d. Changes in Long-Term Liabilities.

Governmental Activities:	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025	Current Portion of Balance
Direct Placement:					
Installment Purchases	$ 3,201,636	$ 1,422,739	$ 1,082,898	$ 3,541,477	$1,202,387
Leases	62,441	- -	26,886	35,555	28,264
Compensated Absences	5,280,688	2,269,005	2,157,789	5,391,904	2,157,789
Total OPEB Liability	22,492,944	- -	1,865,845	20,627,099	1,483,746
Net Pension Liability (LGERS)	11,847,009	268,067	- -	12,115,076	- -
Total Pension Liability (LEO)	4,203,197	- -	40,873	4,162,324	426,847
Governmental Activity Long-term Liabilities	$ 47,087,915	$ 3,959,811	$ 5,174,291	$ 45,873,435	$5,299,033

Compensated absences for governmental activities have typically been liquidated by the General Fund.

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Concluded)

7. Long-Term Obligations (Concluded)

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

Business-type Activities:	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025	Current Portion of Balance
Direct Placement:					
Installment Purchases	$ 806,482	$ 380,992	$ 149,727	$ 1,037,747	$ 228,693
Direct Borrowing:					
Notes Payable	2,135,637	- -	469,364	1,666,273	346,215
Leases	206,082	- -	47,382	158,700	50,044
Compensated Absences	1,097,145	510,685	526,338	1,081,492	526,338
Net Pension Liability (LGERS)	3,667,436	69,714	- -	3,737,150	- -
Total OPEB Liability	6,849,692	- -	543,899	6,305,793	436,756
Business-type Activity Long-term Liabilities	$ 14,762,474	$ 961,391	$ 1,736,710	$ 13,987,155	$1,588,046

C. INTERFUND BALANCES AND ACTIVITY.

1. Transfers To / From Other Funds

Transfers to / from other funds at June 30, 2025, consists of the following:

From the General Fund to the Asheboro Housing Development Fund to satisfy commitments by the City council for affordable housing.	$ 650,000
From the General Fund to the Emergency Operations Center/Fire Station #3 Reserve Fund to satisfy commitments of the City council for future purchase of fire equipment.	2,000,000
From the General Fund to the McCrary Ballpark Improvements Project Fund to satisfy commitments of the City council for recreation upgrades.	159,207
From the General Fund to the Airport Improvements Fund II to satisfy the commitments of the City council.	183,605
From the CDBG Coronavirus Fund to the General Fund to close out the Special Revenue Fund.	350
From the State Capital Infrastructure Fund to the McCrary Ballpark Improvements Project Fund for qualified recreational upgrades.	227,000
From the State Capital Infrastructure Fund to the Zoo City Park Sportsplex Project Fund to fund qualified expenditures.	1,653,356
	$ 4,873,518

III. DETAIL NOTES ON ALL FUNDS (Concluded)

D. FUND BALANCE.

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

Total Fund Balance – General Fund	$22,466,578
Less:	
Inventories	507,277
Prepaid Charge – Future Revenues	281,329
Stabilization by State Statute	3,531,433
Streets	22,250
Unspent Debt Proceeds	160,101
Appropriated Fund Balance in 2025 Budget	1,082,063
Remaining Fund balance	$16,882,125

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

Encumbrances	
General Fund	Non-major Funds
$ 90,346	$ 287,884

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, 2025, 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, 2025. 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 twelve counties and sixty three other municipalities, are members of 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 $5,769 to the Council during the fiscal year ended June 30, 2025.

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.

VIII. RESTATEMENTS

CHANGE IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2025, GASB Statement No. 101, *Compensated Absences,* was implemented. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This change restated and reduced beginning net position of governmental activities in the government-wide statements by $3,072,671. This change restated and reduced beginning net position of government-wide business-type activities and proprietary funds by $705,400.

For the year ended June 30, 2025, GASB Statement No. 102, *Certain Risk Disclosures,* was implemented. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact.

CORRECTION OF AN ERROR

During the fiscal year ended June 30, 2025, the City determined that a lease of office space in the governmental activities in the government-wide statements in the prior year was not reported. Therefore, right to use assets, less accumulated amortization, were understated by $61,565 and lease liabilities were understated by $62,442, which resulted in an overstatement of net position by $877 for the fiscal year ended June 30, 2024.

VIII. RESTATEMENTS (Concluded)

CORRECTION OF AN ERROR (Concluded)

During the fiscal year ended June 30, 2025, the City determined that a lease of office space in the government-wide business-type activities and proprietary funds in the prior year was not reported. Therefore, right to use assets, less accumulated amortization, were understated by $201,588 and lease liabilities were understated by $206,082, which resulted in an overstatement of net position by $4,494 for the fiscal year ended June 30, 2024.

	Net Position June 30, 2024 as Previously Reported	Restatement – GASB 101 Implementation	Correction of Errors	Net Position June 30, 2024 as Restated
Government-wide:				
Governmental Activities	$ 53,578,038	($ 3,072,671)	($ 877)	$ 50,504,490
Business-type Activities	44,371,249	(705,400)	(4,494)	43,661,355
Total Government-wide	$ 97,949,287	($ 3,778,071)	(5,371)	$ 94,165,845
Proprietary Funds:				
Water and Sewer Fund	$ 44,371,249	($ 705,400)	($ 4,494)	$ 43,661,355
Total Proprietary Funds	$ 44,371,249	($ 705,400)	($ 4,494)	$ 43,661,355

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CITY OF ASHEBORO
NORTH CAROLINA

Required Supplemental Financial Data

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

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

CITY OF ASHEBORO, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
Last Nine Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Beginning Balance	$ 4,203,197	$ 3,991,591	$ 4,876,418	$ 5,087,023	$ 3,894,538	$ 3,806,397	$ 3,741,358	$ 3,593,947	$ 3,729,984
Service Costs	170,961	134,683	191,671	209,048	131,016	109,059	115,753	99,477	101,001
Interest on Total Pension Liability	158,823	163,580	105,574	94,636	120,935	132,125	112,899	132,170	127,902
Changes of Benefit Terms	-	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience in the Measurement of Total Pension Liability	182,735	219,924	(189,835)	(32,380)	284,324	102,563	296,961	74,707	-
Changes of Assumptions or Other Inputs	(88,164)	85,897	(623,767)	(114,673)	1,025,963	97,563	(123,375)	180,790	(70,377)
Benefit Payments	(465,228)	(392,478)	(368,470)	(367,236)	(369,753)	(353,169)	(337,199)	(339,733)	(294,563)
Other Changes	-	-	-	-	-	-	-	-	-
Ending Balance Total Pension Liability	$ 4,162,324	$ 4,203,197	$ 3,991,591	$ 4,876,418	$ 5,087,023	$ 3,894,538	$ 3,806,397	$ 3,741,358	$ 3,593,947

Notes to the schedule:

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

The City of Asheboro has no assets accumulated in a trust that meets the criteria for a pension trust as defined by GASB Statement No. 67.

See Notes to the Schedule on the following schedule.

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

CITY OF ASHEBORO, NORTH CAROLINA

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total Pension Liability	$ 4,162,324	$ 4,203,197	$ 3,991,591	$ 4,876,418	$ 5,087,023	$ 3,894,538	$ 3,806,397	$ 3,741,358	$ 3,593,947
Covered-employee Payroll	$ 5,174,055	$ 4,483,558	$ 4,264,370	$ 4,325,234	$ 4,088,728	$ 3,834,217	$ 3,752,969	$ 3,646,949	$ 3,576,040
Total Pension Liability as a Percentage of Covered-employee Payroll	80.45%	93.75%	93.60%	112.74%	124.42%	101.57%	101.42%	102.59%	100.50%

Notes to the schedule:
The City of Asheboro has no assets accumulated in a trust that meets the criteria for a pension trust as defined by GASB Statement No. 67.

The total pension liability was determined from an actuarial valuation as of December 31, 2023. Methods and asumptions used were: actuarial cost method entry age normal; a discount rate of 4.28%; inflation at 2.50%; projected individual salary increases of 3.25% to 7.75% annually; projected total payroll includes .75% real wage growth annually; and cost of living adjuatments of 2.50% annually.

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

CITY OF ASHEBORO, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
AND TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
Last Eight Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018
Beginning Balance	$ 29,342,633	$ 28,601,230	$ 27,334,395	$ 25,360,775	$ 18,348,451	$ 17,020,671	$ 14,225,691	$ 14,347,711
Service Costs	1,187,410	1,178,033	1,264,593	1,299,937	742,828	686,612	619,457	667,438
Interest on Total OPEB Liability	1,095,271	1,043,643	603,513	576,565	652,160	629,553	484,181	424,086
Changes of Benefit Terms	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(3,884,601)	(580,669)	3,321,918	223,663	3,581,340	1,057,320	2,578,601	76,061
Changes of Assumptions or Other Inputs	246,905	(298,775)	(2,598,955)	1,023,378	2,960,160	643,990	373,996	(768,772)
Benefit Payments	(1,054,726)	(600,829)	(1,324,234)	(1,149,923)	(924,164)	(1,689,695)	(1,261,255)	(520,833)
Other Changes	-	-	-	-	-	-	-	-
Ending Balance Total OPEB Liability	$ 26,932,892	$ 29,342,633	$ 28,601,230	$ 27,334,395	$ 25,360,775	$ 18,348,451	$ 17,020,671	$ 14,225,691
Covered-employee Payroll	$ 22,212,559	$ 17,968,207	$ 17,968,207	$ 16,024,259	$ 16,024,259	$ 14,027,936	$ 14,027,936	$ 14,511,142
Total OPEB Liability as a Percentage of Covered-employee Payroll	121.25%	163.30%	159.18%	170.58%	158.26%	130.80%	121.33%	98.03%

Notes to the schedule:

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

Fiscal Year	Rate
2025	3.93%
2024	3.65%
2023	3.54%
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

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

The City of Asheboro has no assets accumulated in a trust that meets the criteria of an OPEB trust as defined by GASB Statement No. 68.

CITY OF ASHEBORO

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (ASSET)
Local Government Employees' Retirement System
Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
City's proportion of the net pension liability (asset)	0.235%	0.234%	0.238%	0.241%	0.242%	0.232%	0.236%	0.248%	0.258%	0.276%
City's proportionate share of the net pension liability (asset)	$ 15,852,226	$ 15,514,445	$ 13,452,544	$ 3,694,739	$ 8,661,984	$ 6,340,655	$ 5,603,709	$ 3,783,867	$ 5,465,224	$ 1,237,864
City's covered payroll	$ 22,379,959	$ 20,439,579	$ 18,321,622	$ 17,547,047	$ 16,883,270	$ 15,941,762	$ 14,795,708	$ 15,004,952	$ 14,598,118	$ 14,770,443
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	70.83%	75.90%	73.42%	21.06%	51.31%	39.77%	37.87%	25.22%	37.44%	8.38%
Plan fiduciary net position as a percentage of the total pension liability	83.30%	82.49%	84.14%	95.51%	88.61%	94.18%	91.47%	98.09%	99.07%	102.64%

Notes to the schedule:
The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.
See Notes to the Schedule on the following schedule.

CITY OF ASHEBORO

SCHEDULE OF THE CITY'S CONTRIBUTIONS
Local Government Employees' Retirement System
Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 3,403,101	$ 2,929,955	$ 2,511,325	$ 2,102,852	$ 1,803,812	$ 1,536,146	$ 1,259,235	$ 1,131,925	$ 1,109,939	$ 985,481
Contributions in relation to the contractually required contribution	3,403,101	2,929,955	2,511,325	2,102,852	1,803,812	1,536,146	1,259,235	1,131,925	1,109,939	985,481
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 24,472,740	$ 22,379,959	$ 20,439,579	$ 18,321,622	$ 17,547,047	$ 16,883,270	$ 15,941,762	$ 14,795,708	$ 15,004,942	$ 14,598,118
Contributions as a percentage of covered payroll	13.91%	13.09%	12.29%	11.48%	10.28%	9.10%	7.90%	7.65%	7.40%	6.75%

Notes to the schedule:
For 2025, the total pension liability for the December 31, 2023 actuarial valuation was determined using the following actuarial changes of assumptions:

Inflation and Payroll Growth	2.50%
Mortality Rates	RP-2010 Total Data Set for Healthy Annuitants

For 2023, the discount rate and the investment rate were unchanged at 6.50%.

For 2025, the total pension liability for the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Smoothed Fair Value
Assumptions:	
Inflation	2.50%
Discount Rate	6.50%
Real Wage Growth	0.75%
Payroll Growth	3.25%
Mortaility	RP-2014 Total Data Set for Healthy Annuitants

CITY OF ASHEBORO
NORTH CAROLINA

General Fund

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

CITY OF ASHEBORO, NORTH CAROLINA
GENERAL FUND

Schedule 1
(Page 1 of 5)

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2025

	2025		
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad Valorem Taxes:			
Current Year	$ 26,082,023	$ 25,565,946	$ (516,077)
Prior Years	-	19,212	19,212
Penalties and Interest	38,010	43,995	5,985
Total	26,120,033	25,629,153	(490,880)
Other Taxes and Licenses:			
Gross Receipts Tax on Short-Term Rental Property	54,883	53,479	(1,404)
Animal Taxes	455	815	360
ABC License	1,500	6,064	4,564
Total	56,838	60,358	3,520
Intergovernmental Revenues:			
Unrestricted:			
Local Option Sales Tax	8,411,532	8,787,853	376,321
Utilities Franchise Tax	2,559,260	3,083,722	524,462
Hold Harmless	2,361,557	2,307,159	(54,398)
Court Fees	8,555	9,871	1,316
Beer and Wine Tax	113,776	110,952	(2,824)
ABC Profit Distribution	630,000	780,000	150,000
Payment in Lieu of Taxes	45,000	59,137	14,137
Total	14,129,680	15,138,694	1,009,014
Restricted:			
State Street Aid Allocation	747,477	922,025	174,548
Solid Waste Disposal	21,039	21,416	377
N.C. Department of Commerce			-
Vice and Narcotics Allocation	-	57,712	57,712
U.S. Justice Allocation	183,439	123,734	(59,705)
Other	577,000	100,471	(476,529)
ABC Revenue for Law Enforcement	31,058	37,700	6,642
Total	1,560,013	1,263,058	(296,955)
Permits and Fees:			
Building Permits and Inspection Fees	511,550	338,834	(172,716)
Rezoning and Cemetery Fees	32,500	39,780	7,280
Total	544,050	378,614	(165,436)
Sales and Services:			
Rents and Concessions	76,261	83,815	7,554
Cemeteries	4,000	1,190	(2,810)
Recreation Service Revenues	575,767	710,903	135,136
Refuse Collection	2,819,547	3,040,392	220,845
Contracted Maintenance - NCDOT	30,000	31,321	1,321
Airport Revenue	60,000	76,652	16,652
Total	$ 3,565,575	$ 3,944,273	$ 378,698

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, 2025

	2025		
	Budget	Actual	Variance Positive (Negative)
Revenues (Concluded):			
Investment Earnings	$ 200,000	$ 800,149	$ 600,149
Miscellaneous:			
Sales of Material and Services	19,200	11,440	(7,760)
Reimbursements	274,722	289,982	15,260
Other	75,000	65,275	(9,725)
Total	368,922	366,697	(2,225)
Total Revenues	46,545,111	47,580,996	1,035,885
Expenditures:			
General Government:			
Governing Body:			
Salaries and Employee Benefits		149,502	
Other Operating Expenditures		17,715	
Total	179,404	167,217	12,187
Administration:			
Salaries and Employee Benefits		341,502	
Operating Expenditures		117,512	
Total	472,851	459,014	13,837
Information Technology:			
Salaries and Employee Benefits		363,469	
Operating Expenditures		458,537	
Total	857,623	822,006	35,617
Finance:			
Salaries and Employee Benefits		241,961	
Operating Expenditures		66,184	
Capital Outlay		6,966	
Total	328,129	315,111	13,018
Public Buildings:			
Operating Expenditures		304,590	
Total	315,500	304,590	10,910
Tax Collections:			
Tax Collection Fees		354,537	
Total	376,000	354,537	21,463
Legal Services:			
Salaries and Employee Benefits		199,915	
Operating Expenditures		19,984	
Total	$ 222,246	$ 219,899	$ 2,347

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2025

	2025		
	Budget	Actual	Variance Positive (Negative)
Expenditures (Continued):			
General Government (Concluded):			
Planning and Community Development:			
Salaries and Employee Benefits	$	$ 645,668	$
Other Operating Expenditures		305,999	
Total	1,081,978	951,667	130,311
City Shop:			
Salaries and Employee Benefits		1,148,247	
Operating Expenditures		619,983	
Capital Outlay		91,459	
Reimbursement - Proprietary Fund		(294,431)	
Total	2,056,695	1,565,258	491,437
Human Resources:			
Salaries and Employee Benefits		251,887	
Operating Expenditures		173,553	
Total	435,342	425,440	9,902
Economic Development and Community Support:			
Operating Expenditures		836,716	
Total	1,033,485	836,716	196,769
Total General Government	7,359,253	6,421,455	937,798
Public Safety:			
Police:			
Salaries and Employee Benefits		10,314,731	
Operating Expenditures		2,208,489	
Capital Outlay		552,423	
Total	13,075,990	13,075,643	347
Fire:			
Salaries and Employee Benefits		6,908,470	
Operating Expenditures		1,033,423	
Capital Outlay		108,612	
Total	8,172,639	8,050,505	122,134
Inspections:			
Salaries and Employee Benefits		342,692	
Operating Expenditures		17,729	
Capital Outlay		37,693	
Total	423,630	398,114	25,516
Fire Inspections:			
Salaries and Employee Benefits		295,181	
Operating Expenditures		16,249	
Total	324,505	311,430	13,075
Total Public Safety	$ 21,996,764	$ 21,835,692	$ 161,072

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2025

	2025		
	Budget	Actual	Variance Positive (Negative)
Expenditures (Continued):			
Transportation:			
Operations:			
Salaries and Employee Benefits	$	$ 818,871	$
Operating Expenditures		320,493	
Capital Outlay		61,944	
Total	1,240,729	1,201,308	39,421
Street and Highways:			
Salaries and Employee Benefits		1,717,287	
Operating Expenditures		1,536,706	
Capital Outlay		183,850	
Total	4,040,531	3,437,843	602,688
City Engineer Office:			
Salaries and Employee Benefits		354,802	
Operating Expenditures		63,094	
Total	454,106	417,896	36,210
Airport Authority:			
Operating Expenditures		191,687	
Total	191,820	191,687	133
Total Transportation	5,927,186	5,248,734	678,452
Environmental Protection:			
Sanitation:			
Salaries and Employee Benefits		1,125,020	
Operating Expenditures		1,132,714	
Capital Outlay		507,169	
Total	2,934,120	2,764,903	169,217
Total Environmental Protection	2,934,120	2,764,903	169,217
Cultural and Recreational:			
Recreation:			
Salaries and Employee Benefits		1,418,260	
Operating Expenditures		637,285	
Total	2,345,207	2,055,545	289,662
ZooCity Sportsplex:			
Salaries and Employee Benefits		377,086	
Operating Expenditures		423,719	
Capital Outlay		62,013	
Total	$ 1,043,037	$ 862,818	$ 180,219

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, 2025

	2025		
	Budget	Actual	Variance Positive (Negative)
Expenditures (Concluded):			
Cultural and Recreational (Concluded):			
Facility and Grounds Maintenance:			
Salaries and Employee Benefits	$	$ 1,925,233	$
Operating Expenditures		644,495	
Capital Outlay		280,885	
Total	2,970,213	2,850,613	119,600
Golf Course:			
Salaries and Employee Benefits		158,006	
Operating Expenditures		120,490	
Capital Outlay		90,250	
Total	374,644	368,746	5,898
Arts and Cultural Services:			
Salaries and Employee Benefits		197,433	
Operating Expenditures		240,357	
Capital Outlay		76,218	
Total	683,211	514,008	169,203
Library:			
Operating Expenditures	736,730	734,925	1,805
Total Cultural and Recreational	8,153,042	7,386,655	766,387
Debt Service:			
Principal Retirement		1,082,901	
Interest and Fees		97,002	
Principal - Lease		26,886	
Interest - Lease		2,511	
Total Debt Service	1,209,597	1,209,300	297
Total Expenditures	47,579,962	44,866,739	2,713,223
Revenues Over (Under) Expenditures	(1,034,851)	2,714,257	3,749,108
Other Financing Sources (Uses):			
Transfers From Other Funds:			
From CDBG Coronavirus Fund	-	350	350
Transfers to Other Funds:			
To Asheboro Housing Development Fund	(650,000)	(650,000)	-
To Emergency Operations Center/Fire Station Fund	(2,000,000)	(2,000,000)	-
To McCrary Ballpark Improvements Fund	(159,207)	(159,207)	-
To Airport Improvement Fund II	(183,605)	(183,605)	-
Sale of Capital Assets	147,000	24,723	(122,277)
Insurance Recovery	-	20,222	20,222
Installment Purchase Obligations Issued	1,444,608	1,422,739	(21,869)
Total Other Financing Sources (Uses)	(1,401,204)	(1,524,778)	(123,574)
Appropriated Fund Balance	2,436,055	-	(2,436,055)
Net Change in Fund Balance	$ -	1,189,479	$ 1,189,479
Fund Balance:			
Beginning of Year, July 1		21,277,099	
End of Year, June 30		$ 22,466,578	

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 CDBG Coronavirus (CDBG – CV) Special Revenue Fund. This fund accounts for grant funds and funds committed by the City council to address community needs because of the pandemic.

Capital Project Funds:

The Emergency Operations Center/Fire Station #3 Capital Reserve Fund. This fund accounts for funds accumulated for future capital purchases for the emergency operations center/fire station #3.

The Emergency Operations Center/Fire Station #3 Capital Project Fund. This fund accounts for grant funds for the construction of an emergency operations center and a third fire station for the City of Asheboro emergency services.

The David and Pauline Jarrell Center City Garden Project Fund. This fund accounts for City commitments for the construction of a park.

McCrary Ballpark Improvements Capital Project Fund. This fund accounts for City commitments for the renovations of the McCrary Baseball Park.

The Airport Improvements Capital Project Fund II. This fund accounts for Federal Aviation Administration grant funding to construct a corporate hangar at the City airport.

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

CITY OF ASHEBORO, NORTH CAROLINA Schedule 2

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2025

	Special Revenue Funds			Capital Project Funds							
	Asheboro Housing Development	CDBG Coronavirus (CDBG-CV) Fund	Total Nonmajor Special Revenue Funds	Emergency Operations Center/Fire Station #3 Capital Reserve Fund	Emergency Operations Center/Fire Station #3 Capital Project Fund	David and Pauline Jarrell Center City Garden Capital Project Fund	McCrary Ballpark Improvements Capital Project Fund	Airport Improvements Capital Project Fund II	Zoo City Park Sportsplex Capital Project Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Assets:											
Current Assets:											
Cash and Cash Equivalents	$ 437,216	$ -	$ 437,216	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 437,216
Restricted Cash	650,000	20,000	670,000	2,000,000	-	237,053	758,788	66,844	1,606,468	4,669,153	5,339,153
Accounts Receivable	13,613	-	13,613	-	-	-	-	-	-	-	13,613
Note Receivable	269,706	-	269,706	-	-	-	-	-	-	-	269,706
Due From Other Governments	-	-	-	-	-	-	45,140	266,510	-	311,650	311,650
Total Assets	$ 1,370,535	$ 20,000	$ 1,390,535	$ 2,000,000	- $ -	$ 237,053	$ 803,928	$ 333,354	$ 1,606,468	$ 4,980,803	$ 6,371,338
Liabilities, Deferred Inflows of Resources and Fund Balances:											
Liabilities:											
Accounts Payable and Accrued Liabilities	$ -	$ 20,000	$ 20,000	$ -	$ -	$ -	$ -	$ -		$ -	$ 20,000
Payable From Restricted Assets	-	-	-	-	-	-	-	115,002	28	115,030	115,030
Retainage Payable	-	-	-	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	-	20,000	20,000	-	-	-	-	115,002	28	115,030	135,030
Deferred Inflows of Resources:											
Accounts Receivable	13,613	-	13,613	-	-	-	-	-	-	-	13,613
Fund Balances:											
Restricted:											
Stabilization by State Statute	290,284	-	290,284	-	-	-	168,760	410,196	-	578,956	869,240
Economic and Physical Development	-	-	-	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	635,168	-	-	635,168	635,168
Committed:										-	
Capital Projects	-	-	-	2,000,000	-	237,053	-	-	1,606,440	3,843,493	3,843,493
Economic and Physical Development	1,066,638	-	1,066,638	-	-	-	-	-	-	-	1,066,638
Unassigned	-	-	-	-	-	-	-	(191,844)	-	(191,844)	(191,844)
Total Fund Balances	1,356,922	-	1,356,922	2,000,000	-	237,053	803,928	218,352	1,606,440	4,865,773	6,222,695
Total Liabilities, Deferred Inflows of of Resources and Fund Balances	$ 1,370,535	$ 20,000	$ 1,390,535	$ 2,000,000	$ -	$ 237,053	$ 803,928	$ 333,354	$ 1,606,468	$ 4,980,803	$ 6,371,338

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, 2025

	Special Revenue Funds			Capital Project Funds							
	Asheboro Housing Development	CDBG Coronavirus (CDBG-CV) Fund	Total Nonmajor Special Revenue Funds	Emergency Operations Center/Fire Station #3 Capital Reserve Fund	Emergency Operations Center/Fire Station #3 Capital Project Fund	David and Pauline Jarrell Center City Garden Capital Project Fund	McCrary Ballpark Improvements Capital Project Fund	Airport Improvements Capital Project Fund II	Zoo City Park Sportsplex Capital Project Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Revenues:											
Restricted Intergovernmental	$ 99,422	$ -	$ 99,422	$ -	$ -	$ -	$ -	$ 114,836	$ -	$ 114,836	$ 214,258
Restricted Other	-	-	-	-	-	-	333,334	-	-	333,334	333,334
Investment Earnings	6,052	-	6,052	-	-	-	-	-	-	-	6,052
Miscellaneous	300	-	300	-	-	-	-	-	45,875	45,875	46,175
Total Revenues	105,774	-	105,774	-	-	-	333,334	114,836	45,875	494,045	599,819
Expenditures:											
Economic and Physical Development	99,422	-	99,422	-	-	-	-	-	-	-	99,422
Capital Outlay	-	-	-	-	-	30,225	15,654	343,443	788,258	1,177,580	1,177,580
Total Expenditures	99,422	-	99,422	-	-	30,225	15,654	343,443	788,258	1,177,580	1,277,002
Revenues Over (Under) Expenditures	6,352	-	6,352	-	-	(30,225)	317,680	(228,607)	(742,383)	(683,535)	(677,183)
Other Financing Sources (Uses):											
Transfers From Other Funds:											
From General Fund	650,000	-	650,000	2,000,000	-	-	159,207	183,605	-	2,342,812	2,992,812
From Water and Sewer Fund	-	-	-	-	-	-	-	-	-	-	-
State Capital Infrastructure (SCIF) Fund	-	-	-	-	-	-	227,000	-	1,653,356	1,880,356	1,880,356
Transfers to Other Funds:										-	
To General Fund	-	(350)	(350)	-	-	-	-	-	-	-	(350)
Total Other Financing Sources (Uses)	650,000	(350)	649,650	2,000,000	-	-	386,207	183,605	1,653,356	4,223,168	4,872,818
Net Change in Fund Balances	656,352	(350)	656,002	2,000,000	-	(30,225)	703,887	(45,002)	910,973	3,539,633	4,195,635
Fund Balances:											
Beginning of Year, July 1	700,570	350	700,920	-	-	267,278	100,041	263,354	695,467	1,326,140	2,027,060
End of Year, June 30	$ 1,356,922	$ -	$ 1,356,922	$ 2,000,000	$ -	$ 237,053	$ 803,928	$ 218,352	$ 1,606,440	$ 4,865,773	$ 6,222,695

CITY OF ASHEBORO, NORTH CAROLINA

Schedule 4

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, 2025

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental Revenues:					
HOME Program Grant	$ 375,000	$ 375,000	$ -	$ 375,000	$ -
Urgent Repair Grant - N.C. Housing Finance	282,000	129,840	99,422	229,262	(52,738)
Investment Earnings	-	111,618	6,052	117,670	117,670
Miscellaneous:					
Program Income - Repayments	343,267	349,442	300	349,742	6,475
Total Revenues	1,000,267	965,900	105,774	1,071,674	71,407
Expenditures:					
Economic and Physical Development:					
Mill Lofts Rehabilitation	560,000	-	-	-	560,000
Downtown Improvements	2,500	2,500	-	2,500	-
Memorial Square	650,000	-	-		650,000
Urgent Repair Grant:					
Professional Services	17,000	5,000	-	5,000	12,000
Construction	286,000	127,590	99,422	227,012	58,988
Original Programs:					
Down Payment Assistance	69,750	69,750	-	69,750	-
Owner Occupied Rehabilitation	186,000	186,000	-	186,000	-
Investor Owned Rehabilitation	93,000	93,000	-	93,000	-
Administration	27,248	27,245	-	27,245	3
Revolving Loans:					
Down Payment Assistance	11,152	11,152	-	11,152	-
Owner Occupied Rehabilitation	103,127	99,508	-	99,508	3,619
Investor Owned Rehabilitation	26,337	26,336	-	26,336	1
Down Payment/Closing Cost	7,608	7,608	-	7,608	-
Administration - Down Payment	2,621	2,620	-	2,620	1
Fiscal Agent Fees	10,924	10,021	-	10,021	903
Total Expenditures	2,053,267	668,330	99,422	767,752	1,285,515
Revenues Over (Under) Expenditures	(1,053,000)	297,570	6,352	303,922	1,356,922
Other Financing Sources (Uses):					
Transfers From Other Funds:					
General Fund	1,081,000	431,000	650,000	1,081,000	-
Transfers to Other Funds:					
Downtown Farmer's Market Project Fund	(28,000)	(28,000)	-	(28,000)	-
Total Other Financing Sources (Uses)	1,053,000	403,000	650,000	1,053,000	-
Net Change in Fund Balance	$ -	$ 700,570	656,352	$ 1,356,922	$ 1,356,922
Fund Balance:					
Beginning of Year, July 1			700,570		
End of Year, June 30			$ 1,356,922		

CITY OF ASHEBORO, NORTH CAROLINA

Schedule 5

SPECIAL REVENUE FUND - CDBG CORONAVIRUS (CDBG-CV) FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2025

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental Revenues:					
Community Development Block Grant	$ 900,000	$ 636,497	$ -	$ 636,497	$ (263,503)
Total Revenues	900,000	636,497	-	636,497	(263,503)
Expenditures:					
Economic and Physical Development:					
Administration	90,000	106,470	-	106,470	(16,470)
Public Services	830,000	549,677	-	549,677	280,323
Total Expenditures	920,000	656,147	-	656,147	263,853
Revenues Over (Under) Expenditures	(20,000)	(19,650)	-	(19,650)	350
Other Financing Sources:					
Transfers From Other Funds:					
General Fund	20,000	20,000	-	20,000	-
Transfers to Other Funds:					
General Fund	-	-	(350)	(350)	(350)
Total Other Financing Sources (Uses)	20,000	20,000	(350)	19,650	(350)
Net Change in Fund Balance	$ -	$ 350	(350)	$ -	$ -
Fund Balance:					
Beginning of Year, July 1			350		
End of Year, June 30			$ -		

CITY OF ASHEBORO, NORTH CAROLINA

Schedule 6

CAPITAL PROJECT FUND - EMERGENCY OPERATIONS CENTER/FIRE STATION #3 CAPITAL RESERVE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2025

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Positive (Negative)
Other Financing Sources (Uses):					
Transfers From Other Funds:					
General Fund	2,000,000	-	2,000,000	2,000,000	-
Transfers to Other Funds:		.			
Emergency Operations Center/Fire Station #3 Project Fund	(2,000,000)	-	-	-	2,000,000
Total Other Financing Sources (Uses)	-	-	2,000,000	2,000,000	2,000,000
Net Change in Fund Balance	$ -	$ -	2,000,000	$ 2,000,000	$ 2,000,000
Fund Balance:					
Beginning of Year, July 1			-		
End of Year, June 30			$ 2,000,000		

CITY OF ASHEBORO, NORTH CAROLINA

Schedule 7

CAPITAL PROJECT FUND - EMERGENCY OPERATIONS CENTER/FIRE STATION #3 CAPITAL PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2025

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental:					
Federal Grants	$ 3,000,000	$ -	$ -	$ -	$ (3,000,000)
Total Revenues	3,000,000	-	-	-	(3,000,000)
Expenditures:					
Capital Outlay:					
Engineering	500,000	-	-	-	500,000
Construction	1,500,000	-	-	-	1,500,000
Administration	250,000	-	-	-	250,000
Miscellaneous	750,000	-	-	-	750,000
Total Expenditures	3,000,000	-	-	-	3,000,000
Net Change in Fund Balance	$ -	$ -	-	$ -	$ -
Fund Balance:					
Beginning of Year, July 1			-		
End of Year, June 30			$ -		

CITY OF ASHEBORO, NORTH CAROLINA

Schedule 8

CAPITAL PROJECT FUND - DAVID AND PAULINE JARRELL CENTER CITY GARDEN CAPITAL PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2025

		Actual			
	Project Authorization	Prior Years	Current Year	Total To Date	Variance Positive (Negative)
Expenditures:					
Capital Outlay:					
Professional Services	$ 110,436	$ 80,211	$ 30,225	$ 110,436	$ -
Construction	240,000	2,947	-	2,947	237,053
Total Expenditures	350,436	83,158	30,225	113,383	237,053
Other Financing Sources:					
Transfers From Other Funds:					
General Fund	350,436	350,436	-	350,436	-
Total Other Financing Sources:	350,436	350,436	-	350,436	-
Net Change in Fund Balance	$ -	$ 267,278	(30,225)	$ 237,053	$ 237,053
Fund Balance:					
Beginning of Year, July 1			267,278		
End of Year, June 30			$ 237,053		

CITY OF ASHEBORO, NORTH CAROLINA

Schedule 9

CAPITAL PROJECT FUND - MCCRARY BALLPARK IMPROVEMENT CAPITAL PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2025

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental Revenues:					
N.C. Office of State Budget and Management	$ 1,000,000	$ 1,000,000	$ -	$ 1,000,000	$ -
Contributions	2,816,666	2,815,830	333,334	3,149,164	332,498
Miscellaneous	17,660	-	-	-	(17,660)
Total Revenues	3,834,326	3,815,830	333,334	4,149,164	314,838
Expenditures:					
Capital Outlay:					
Construction Management	165,920	113,910	-	113,910	52,010
Architect and Engineering	564,576	558,860	-	558,860	5,716
Construction - Grandstands	3,597,305	3,606,708	-	3,606,708	(9,403)
Construction - Playground	891,866	891,865	-	891,865	1
Miscellaneous	1,092,508	995,179	-	995,179	97,329
Construction - Storm Sewer, Grading, Paving	1,667,330	1,586,023	-	1,586,023	81,307
Sound System	95,481	95,480	-	95,480	1
Batting Facility	45,790	-	2,308	2,308	43,482
Concession Stand	98,110	-	4,671	4,671	93,439
Land	22,172	22,171	-	22,171	1
Lighting	260,000	264,354	8,675	273,029	(13,029)
Construction - Field Turf and Retaining Wall	1,883,801	1,881,565	-	1,881,565	2,236
Total Expenditures	10,384,859	10,016,115	15,654	10,031,769	353,090
Revenues Over (Under) Expenditures	(6,550,533)	(6,200,285)	317,680	(5,882,605)	667,928
Other Financing Sources:					
Transfers From Other Funds:					
General Fund	7,168,610	7,145,403	159,207	7,304,610	136,000
State Capital Infrastructure (SCIF) Fund	227,000	-	227,000	227,000	-
Transfers to Other Funds:					
General Fund	(845,077)	(845,077)	-	(845,077)	-
Total Other Financing Sources (Uses)	6,550,533	6,300,326	386,207	6,686,533	136,000
Net Change in Fund Balance	$ -	$ 100,041	703,887	$ 803,928	$ 803,928
Fund Balance:					
Beginning of Year, July 1			100,041		
End of Year, June 30			$ 803,928		

CITY OF ASHEBORO, NORTH CAROLINA

Schedule 10

CAPITAL PROJECT FUND - AIRPORT IMPROVEMENTS CAPITAL PROJECT FUND II

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2025

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental:					
Federal Grants	$ 1,773,216	$ 921,466	$ 114,836	$ 1,036,302	$ (736,914)
N.C. Department of Natural and Cultural Resources:					
Passed-through N.C. Aviation Museum	157,358.00	-	-	-	(157,358)
Total Revenues	1,930,574	921,466	114,836	1,036,302	(894,272)
Expenditures:					
Capital Outlay:					
Professional Services	85,180	83,722	-	83,722	1,458
Construction Administration	134,265	118,984	1,300	120,284	13,981
Design and Bid Administration - Hangar	141,166	97,715	31,399	129,114	12,052
Design and Bid Administration - Terminal	436,049	-	310,744	310,744	125,305
Design Build Administration - Aviation Museum	157,358	-	-	-	157,358
Construction	1,041,650	967,746	-	967,746	73,904
Miscellaneous	455,166	-	-	-	455,166
Total Expenditures	2,450,834	1,268,167	343,443	1,611,610	839,224
Revenues (Under) Expenditures	(520,260)	(346,701)	(228,607)	(575,308)	(55,048)
Other Financing Sources:					
Transfers From Other Funds:					
General Fund	520,260	610,055	183,605	793,660	273,400
Total Other Financing Sources	520,260	610,055	183,605	793,660	273,400
Net Change in Fund Balance	$ -	$ 263,354	(45,002)	$ 218,352	$ 218,352
Fund Balance:					
Beginning of Year, July 1			263,354		
End of Year, June 30			$ 218,352		

CITY OF ASHEBORO, NORTH CAROLINA Schedule 11
CAPITAL PROJECT FUND - ZOO CITY PARK SPORTSPLEX CAPITAL PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2025

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental Revenues:					
Randolph County	$ -	$ 200,000	$ -	$ 200,000	$ 200,000
PARTF Grant	500,000	500,000	-	500,000	-
Contributions	995,517	1,208,525	45,875	1,254,400	258,883
Total Revenues	1,495,517	1,908,525	45,875	1,954,400	458,883
Expenditures:					
Capital Outlay:					
Professional Services	153,680	152,760	-	152,760	920
Construction	14,136,507	13,370,864	455,846	13,826,710	309,797
Land Acquisition	250,000	250,000	-	250,000	-
Field Turf	6,403,577	6,403,179	-	6,403,179	398
Miscellaneous Expense	1,803,822	656,401	248,062	904,463	899,359
Playground	563,450	538,900	-	538,900	24,550
Beach Volleyball	211,500	211,400	-	211,400	100
Pump Stations	50,000	50,406	-	50,406	(406)
Fitness Court	192,500	192,500	-	192,500	-
Bridges	40,480	40,480	-	40,480	-
Phone, Internet and Surveilance	435,000	402,703	-	402,703	32,297
Recreation Building Interior	178,000	585	84,350	84,935	93,065
Administration	1,500	860	-	860	640
Total Expenditures	24,420,016	22,271,038	788,258	23,059,296	1,360,720
Revenues Over (Under) Expenditures	(22,924,499)	(20,362,513)	(742,383)	(21,104,896)	1,819,603
Other Financing Sources:					
Transfers From Other Funds:					
State Capital Infrastructure (SCIF) Fund	2,273,000	619,644	1,653,356	2,273,000	-
Water and Sewer Fund	402,540	402,540	-	402,540	-
General Fund	20,434,296	20,035,796	-	20,035,796	(398,500)
Transfers to Other Funds:					
General Fund	(185,337)	-		-	185,337
Total Other Financing Sources (Uses)	22,924,499	21,057,980	1,653,356	22,711,336	(213,163)
Net Change in Fund Balance	$ -	$ 695,467	910,973	$ 1,606,440	$ 1,606,440
Fund Balance:					
Beginning of Year, July 1			695,467		
End of Year, June 30			$ 1,606,440		

CITY OF ASHEBORO,
NORTH CAROLINA

Other Major Funds

Special Revenue Fund:

State Capital Infrastructure (SCIF) Special Revenue Fund. This fund accounts for grant funds to be used for capital infrastructure for economic development.

CITY OF ASHEBORO, NORTH CAROLINA

Schedule 12

SPECIAL REVENUE FUND - STATE CAPITAL INFRASTRUCTURE (SCIF) GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2025

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental Revenues:					
N.C. Office of State Budget and Management - Textile Mill	$ 1,500,000	$ 1,231,749	-	$ 1,231,749	(268,251)
N.C. Office of State Budget and Management - Fire Station	1,900,000	-	106,355	106,355	(1,793,645)
N.C. Office of State Budget and Management - Capital Improvements	200,000	29,310	170,690	200,000	-
N.C. Office of State Budget and Management - Down Town	1,500,000	171,657	81,477	253,134	(1,246,866)
N.C. Office of State Budget and Management - 23-24	2,500,000	619,644	1,880,356	2,500,000	-
Investment Earnings	-	342,889	199,568	542,457	542,457
Total Revenues	7,600,000	2,395,249	2,438,446	4,833,695	(2,766,305)
Expenditures:					
Economic and Physical Development:					
Fire Station Capital Improvements - Unallocated	1,900,000	-	106,355	106,355	1,793,645
Downtown Facilities	419,866	-	-	-	419,866
Downtown Engineering	324,600	171,657	81,477	253,134	71,466
Acme Mill Purcahse	1,000,000	1,000,000	-	1,000,000	-
Acme Mill Miscellaneous	500,000	231,749	-	231,749	268,251
State Capital Infrastructure Fund - 23-24	755,534	-	-	-	755,534
Capital Improvements - Unallocated	200,000	29,310	170,690	200,000	-
Total Expenditures	5,100,000	1,432,716	358,522	1,791,238	3,308,762
Revenues Over Expenditures	2,500,000	962,533	2,079,924	3,042,457	542,457
Other Financing Uses:					
Transfers to Other Funds:					
McCrary Ballpark Improvements Fund	(227,000)	-	(227,000)	(227,000)	-
Zoo City Park Sportsplex Fund	(2,273,000)	(619,644)	(1,653,356)	(2,273,000)	-
Total Other Financing Uses	(2,500,000)	(619,644)	(1,880,356)	(2,500,000)	-
Net Change in Fund Balance	$ -	$ 342,889	199,568	$ 542,457	$ 542,457
Fund Balance:					
Beginning of Year, July 1			342,889		
End of Year, June 30			$ 542,457		

CITY OF ASHEBORO,
NORTH CAROLINA

Enterprise Fund

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

The City of Asheboro has a single enterprise fund, the Water and Sewer Fund, and one Water and Sewer Capital Project Fund; the Wolfspeed Grant Project Fund, which accounts for grant expenditures funded from the N.C. Department of Commerce for water infrastructure expansion. The detail activity for this fund appears on Schedule 14. It is 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, 2025

	2025		
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
Water Sales	$ 8,077,665	$ 7,820,610	$ (257,055)
Sewer Charges	7,920,251	8,083,104	162,853
Water and Sewer Taps	205,000	248,010	43,010
Sampling and Monitoring Fees	27,000	24,490	(2,510)
Surcharges	150,000	354,359	204,359
Other Operating Revenues	606,000	628,680	22,680
Total Operating Revenues	16,985,916	17,159,253	173,337
Nonoperating Revenues:			
Lease Revenue	125,927	115,860	(10,067)
Interest Earned on Investments	250,000	439,632	189,632
Sales of Materials and Services	-	3,092	3,092
Randolph County	500,000	-	(500,000)
Grants	-	51,625	51,625
Other Nonoperating Revenues	143,000	175,602	32,602
Total Nonoperating Revenues	1,018,927	785,811	(233,116)
Total Revenues	18,004,843	17,945,064	(59,779)
Expenditures:			
Billing and Collections:			
Salaries and Employee Benefits		464,555	
Supplies		89,259	
Other Operating Expenditures		175,105	
Total	760,739	728,919	31,820
Water Meter Operations:			
Salaries and Employee Benefits		782,715	
Supplies		191,099	
Other Operating Expenditures		81,361	
Total	1,086,543	1,055,175	31,368
Water Supply and Treatment:			
Salaries and Employee Benefits		1,125,961	
Supplies		840,817	
Maintenance		421,642	
Other Operating Expenditures		1,167,522	
Total	4,526,505	3,555,942	970,563
Wastewater Treatment:			
Salaries and Employee Benefits		1,376,911	
Supplies		266,132	
Maintenance		398,916	
Other Operating Expenditures		1,058,066	
Total	3,165,828	3,100,025	65,803
Water Maintenance:			
Salaries and Employee Benefits		1,239,244	
Supplies		207,481	
Maintenance		79,926	
Other Operating Expenditures		121,162	
Total	$ 2,145,633	$ 1,647,813	$ 497,820

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, 2025

	2025		
	Budget	Actual	Variance Positive (Negative)
Expenditures (Concluded):			
Wastewater Maintenance:			
Salaries and Employee Benefits	$	$ 1,116,198	$
Supplies		250,368	
Maintenance		61,331	
Other Operating Expenditures		154,461	
Total	1,662,052	1,582,358	79,694
Technical Services:			
Salaries and Employee Benefits		289,424	
Supplies		23,973	
Other Operating Expenditures		14,191	
Total	347,266	327,588	19,678
Systems Maintenance:			
Salaries and Employee Benefits		1,120,251	
Supplies		107,370	
Maintenance		422,548	
Other Operating Expenditures		384,093	
Total	2,693,900	2,034,262	659,638
Water Quality:			
Salaries and Employee Benefits		579,513	
Supplies		155,627	
Other Operating Expenditures		143,365	
Total	1,085,952	878,505	207,447
Debt Service:			
Principal on Bonds and Note		619,091	
Interest and Fees		69,743	
Principal - Lease		47,382	
Interest - Lease		9,228	
Total	758,845	745,444	13,401
Capital Outlay:			
Water Mter Operations		62,672	
Water Supply and Treatment		43,725	
Wastewater Treatment		100,551	
Water Maintenance		171,120	
Wastewater Maintenance		11,240	
Technical Services		48,284	
Systems Maintenance		113,457	
Water Quality		79,086	
Total	1,142,352	630,135	512,217
Total Expenditures	19,375,615	16,286,166	3,089,449
Revenues Over (Under) Expenditures (Forward)	$ (1,370,772)	$ 1,658,898	$ 3,029,670

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, 2025

	2025		
	Budget	Actual	Variance Positive (Negative)
Revenues Over (Under) Expenditures (Brought Forward)	$ (1,370,772)	$ 1,658,898	$ 3,029,670
Other Financing Sources (Uses):			
Sale of Capital Assets	-	42,315	42,315
Installment Purchase Obligations Issued	548,000	380,992	(167,008)
Total Other Financing Sources	548,000	423,307	(124,693)
Appropriated Fund Balance	822,772	-	(822,772)
Revenues Over Expenditures and Other Sources	$ -	$ 2,082,205	$ 2,082,205
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues Over Expenditures and Other Sources		$ 2,082,205	
Payment of Bond and Note Principal		469,364	
Payment of Installment Purchase Principal		149,727	
Proceeds From Debt Agreements		(380,992)	
Capital Outlay		630,135	
Depreciation		(2,340,151)	
Amortization		(50,397)	
Gain on Sale of Assets		870	
Decrease In Accrued Compensated Absences		559	
Decrease in Accrued Sick Leave		15,094	
Decrease in Lease Liability		47,382	
Decrease in OPEB Liability		543,899	
Decrease in Deferred Outflows of Resources - OPEB		(418,504)	
Increase in Deferred Inflows of Resources - OPEB		(627,674)	
Increase in Net Pension Liability		(69,714)	
Decrease in Deferred Outflows of Resources - Pension		(237,252)	
Decrease in Deferred Inflows of Resources - Pensions		2,461	
Decrease In Accrued Interest Expense		1,565	
Donated Assets		565,000	
Capitalized Labor, Materials and Other Costs		93,667	
Water and Sewer Capital Project Fund:			
Revenues and Other Sources (Under) Expenditures		(156,446)	
Capital Outlay		17,938,570	
Total Reconciling Items		16,177,163	
Change in Net Position		$ 18,259,368	

CITY OF ASHEBORO, NORTH CAROLINA
WOLFSPEED GRANT PROJECT FUND

Schedule 14

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
From Inception and For the Year Ended June 30, 2025

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental Revenues:					
N.C. Department of Commerce	$ 55,000,000	$ 839,286	$ 17,782,124	$ 18,621,410	$ (36,378,590)
Expenditures:					
Engineering	12,000,000	749,812	3,698,253	4,448,065	7,551,935
Construction	37,000,000	-	13,871,278	13,871,278	23,128,722
Administration	1,000,000	89,474	268,957	358,431	641,569
Miscellaneous	5,000,000	-	100,082	100,082	4,899,918
Total Expenditures	55,000,000	839,286	17,938,570	18,777,856	36,222,144
Revenues (Under) Expenditures	$ -	$ -	$ (156,446)	$ (156,446)	$ (156,446)

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CITY OF ASHEBORO,
NORTH CAROLINA

Capital Assets Used in the Operation of
Governmental Funds

CITY OF ASHEBORO, NORTH CAROLINA

Schedule 15

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

COMPARATIVE SCHEDULES BY SOURCE

June 30, 2025

	2025	2024
Governmental Funds Capital Assets:		
Land	$ 5,627,446	$ 5,507,426
Land Improvements	38,555,371	36,418,357
Buildings	26,929,390	24,904,951
Street Construction	17,676,029	17,676,029
Computer Equipment	1,024,417	945,242
Equipment	10,098,563	9,392,125
Vehicles	18,253,349	17,058,568
Construction in Progress	1,509,644	2,095,370
Total Capital Assets	$ 119,674,209	$ 113,998,068
Investment in Governmental Funds Capital Assets - by Source:		
General Fund	$ 39,982,429	$ 37,577,388
Special Revenue Funds	568,726	354,681
Capital Projects Funds	65,060,082	62,123,047
Donations	14,062,972	13,942,952
	$ 119,674,209	$ 113,998,068

CITY OF ASHEBORO, NORTH CAROLINA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE BY FUNCTION AND ACTIVITY

June 30, 2025

Function and Activity	Land	Land Improvements	Buildings	Street Construction	Computer Equipment	Equipment	Vehicles	Construction In Progress	Total
General Government:									
Governing Body	$ -	$ -	$ -	$ -	$ -	$ 6,631	$ -	$ -	$ 6,631
Administration	-	-	-	-	-	-	-	-	-
Personnel and City Clerk	-	-	-	-	-	7,048	-	-	7,048
Finance	-	-	-	-	47,667	-	-	-	47,667
Human Resources	13,908	7,490	41,725	-	93,870	28,425	26,379	-	211,797
Legal Services	-	-	-	-	-	-	-	-	-
Planning and Community Development	-	-	-	-	16,029	14,446	35,070	-	65,545
Public Buildings	214,578	265,767	869,358	-	784	77,771	73,688	-	1,501,946
Information Technology	-	-	-	-	131,913	111,912	-	-	243,825
City Shop	67,274	-	-	-	4,090	428,062	379,983	-	879,409
Total General Government	295,760	273,257	911,083	-	294,353	674,295	515,120	-	2,963,868
Public Safety:									
Police	116,129	221,805	835,270	-	40,728	1,366,226	4,534,780	-	7,114,938
Fire	139,980	13,313	514,677	-	181,403	737,310	4,071,573	-	5,658,256
Inspections	-	-	-	-	-	-	76,554	-	76,554
Total Public Safety	256,109	235,118	1,349,947	-	222,131	2,103,536	8,682,907	-	12,849,748
Transportation:									
Public Works	273,697	-	4,751,692	-	23,659	248,330	358,712	-	5,656,090
Streets	378,258	1,200,121	9,800	17,676,029	-	1,198,107	2,941,973	-	23,404,288
City Engineer	-	-	-	-	23,313	77,191	101,458	-	201,962
Airport	1,200,781	10,307,038	2,230,518	-	-	1,675,007	-	-	15,413,344
Total Transportation	1,852,736	11,507,159	6,992,010	17,676,029	46,972	3,198,635	3,402,143	-	44,675,684
Environmental Protection:									
Sanitation	71,755	-	699,940	-	38,906	1,234,125	4,317,473	-	6,362,199
Cultural and Recreational:									
Parks, Lakes and Playgrounds	1,721,362	26,071,970	13,154,955	-	422,055	1,706,152	120,443	-	43,196,937
Municipal Golf Course	28,015	186,149	67,418	-	-	219,558	-	-	501,140
Grounds Maintenance	85,675	65,918	162,851	-	-	962,262	1,215,263	-	2,491,969
Library	171,418	11,425	760,250	-	-	-	-	-	943,093
Total Cultural and Recreational	2,006,470	26,335,462	14,145,474	-	422,055	2,887,972	1,335,706	-	47,133,139
Economic and Physical Development:									
Community Promotion	1,144,616	204,375	2,830,936	-	-	-	-	-	4,179,927
Construction in Progress	-	-	-	-	-	-	-	1,509,644	1,509,644
Total Governmental Funds Capital Assets	$ 5,627,446	$ 38,555,371	$ 26,929,390	$ 17,676,029	$ 1,024,417	$ 10,098,563	$ 18,253,349	$ 1,509,644	$ 119,674,209

CITY OF ASHEBORO, NORTH CAROLINA

Schedule 17

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

For the Year Ended June 30, 2025

Function and Activity	Governmental Fund Capital Assets June 30, 2024	Additions	Retirements	Governmental Fund Capital Assets June 30, 2025
General Government:				
Governing Body	$ 6,631	$ -	$ -	$ 6,631
Administration	-	-	-	-
Personnel and City Clerk	7,048	-	-	7,048
Finance	40,701	6,966	-	47,667
Human Resources	211,797	-	-	211,797
Legal Services	-	-	-	-
Planning and Community Development	65,545	-	-	65,545
Public Buildings	1,501,946	-	-	1,501,946
Information Technology	185,775	58,050	-	243,825
City Shop	797,276	91,460	9,327	879,409
Total General Government	2,816,719	156,476	9,327	2,963,868
Public Safety:				
Police	6,438,036	722,173	45,271	7,114,938
Fire	5,484,218	190,162	16,124	5,658,256
Inspections	38,861	37,693	-	76,554
Total Public Safety	11,961,115	950,028	61,395	12,849,748
Transportation:				
Public Works	5,584,115	71,975	-	5,656,090
Streets	22,174,560	1,334,672	104,944	23,404,288
City Engineer	201,962	-	-	201,962
Airport	14,202,792	1,210,552	-	15,413,344
Total Transportation	42,163,429	2,617,199	104,944	44,675,684
Environmental Protection:				
Sanitation	5,995,430	512,410	145,641	6,362,199
Cultural and Recreational:				
Parks, Lakes and Playgrounds	41,947,702	1,255,238	6,003	43,196,937
Municipal Golf Course	410,890	90,250	-	501,140
Grounds Maintenance	2,244,643	309,021	61,695	2,491,969
Library	182,843	760,250	-	943,093
Total Cultural and Recreational	44,786,078	2,414,759	67,698	47,133,139
Economic and Physical Development:				
Community Promotion	4,179,927	-	-	4,179,927
Construction in Progress	2,095,370	1,656,626	2,242,352	1,509,644
Total Governmental Fund Capital Assets	$ 113,998,068	$ 8,307,498	$ 2,631,357	$ 119,674,209

CITY OF ASHEBORO,
NORTH CAROLINA

Other Supplemental Information

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

CITY OF ASHEBORO, NORTH CAROLINA Schedule 18

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
For the Year Ended June 30, 2025

Fiscal Year	Balance July 1, 2024	Additions	Collections and Credits	Balance June 30, 2025
2024-2025	$ -	$ 25,378,220	$ 25,226,900	$ 151,320
2023-2024	168,648		69,632	99,016
2022-2023	35,611		9,602	26,009
2021-2022	18,400		5,111	13,289
2020-2021	16,681		2,499	14,182
2019-2020	14,647		1,999	12,648
2018-2019	10,366		1,208	9,158
2017-2018	7,640		290	7,350
2016-2017	5,203		633	4,570
2015-2016	4,568		487	4,081
2014-2015	3,713		3,713	-
	$ 285,477	$ 25,378,220	$ 25,322,074	341,623
Less Allowance for Uncollectible Ad Valorem Taxes Receivable				(49,000)
Ad Valorem Taxes Receivable - Net				$ 292,623

Reconciliation with Revenues:	
Ad Valorem Taxes Collected - General Fund	$ 25,629,153
Discounts Allowed	330,292
Releases and Adjustments	(597,089)
Taxes Written Off	3,713
Interest Collected	(43,995)
Total Collections and Credits	$ 25,322,074

ANALYSIS OF CURRENT TAX LEVY
For the Year Ended June 30, 2025

	City-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property Taxed at Current Year's Rate	$ 3,530,860,611	.710	$ 25,069,110	$ 23,329,179	$ 1,739,931
Motor Vehicles Taxed at Prior Year's Rate	-	.710	-		-
Total	3,530,860,611		25,069,110	23,329,179	1,739,931
Discoveries:					
Current Year Taxes	95,917,342	.710	681,013	681,013	-
Prior Years Taxes	3,116,976	.710	22,131	22,131	-
	99,034,318		703,144	703,144	-
Abatements	(55,497,689)		(394,034)	(394,034)	-
Total Valuation	$ 3,574,397,240				
Net Levy			25,378,220	23,638,289	1,739,931
Uncollected Taxes at June 30, 2025			(151,320)	(143,194)	(8,126)
Current Year's Taxes Collected			$ 25,226,900	$ 23,495,095	$ 1,731,805
Current Levy Collection Percentage			99.40%	99.39%	99.53%

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CITY OF ASHEBORO,
NORTH CAROLINA

STATISTICAL SECTION

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

Contents **Page**

Table 1

CITY OF ASHEBORO, NORTH CAROLINA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net Investment in capital assets	$ 19,418,912	$ 20,589,583	$ 23,074,036	$ 23,205,351	$ 24,956,824	$ 27,654,745	$ 32,218,892	$ 51,755,062	$ 56,803,061	$ 59,035,439
Restricted	5,378,405	5,189,258	5,158,364	5,953,123	9,841,317	7,206,941	9,443,503	11,652,664	6,773,216	10,510,679
Unrestricted	4,733,514	6,384,294	2,100,510	3,746,958	(173,280)	(1,092,378)	(5,516,228)	(15,898,756)	(9,998,239)	(14,450,401)
Total Governmental activities net position	$ 29,530,831	$ 32,163,135	$ 30,332,910	$ 32,905,432	$ 34,624,861	$ 33,769,308	$ 36,146,167	$ 47,508,970	$ 53,578,038	$ 55,095,717
Business-type activities										
Net Investment in capital assets	$ 40,684,861	$ 39,826,001	$ 38,693,420	$ 38,372,581	$ 37,336,018	$ 36,437,299	$ 35,514,494	$ 34,041,158	$ 34,129,138	$ 45,630,941
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	10,452,569	11,605,944	10,762,594	10,352,433	9,427,132	8,046,990	7,642,754	9,259,986	10,242,111	16,289,782
Total business-type activities net position	$ 51,137,430	$ 51,431,945	$ 49,456,014	$ 48,725,014	$ 46,763,150	$ 44,484,289	$ 43,157,248	$ 43,301,144	$ 44,371,249	$ 61,920,723
Primary government										
Net Investment in capital assets	$ 60,103,773	$ 60,415,584	$ 61,767,456	$ 61,577,932	$ 62,292,842	$ 64,092,044	$ 67,733,386	$ 85,796,220	$ 90,932,199	$ 104,666,380
Restricted	5,378,405	5,189,258	5,158,364	5,953,123	9,841,317	7,206,941	9,443,503	11,652,664	6,773,216	10,510,679
Unrestricted	15,186,083	17,990,238	12,863,104	14,099,391	9,253,852	6,954,612	2,126,526	(6,638,770)	243,872	1,839,381
Total primary government net position	$ 80,668,261	$ 83,595,080	$ 79,788,924	$ 81,630,446	$ 81,388,011	$ 78,253,597	$ 79,303,415	$ 90,810,114	$ 97,949,287	$ 117,016,440

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

Table 2
(Page 1 of 2)

Expenses	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities:										
General government	$ 2,814,426	$ 3,302,841	$ 3,614,889	$ 4,130,528	$ 3,895,095	$ 4,073,165	$ 4,531,206	$ 5,135,055	$ 6,725,008	$ 6,690,919
Public safety	11,232,356	12,545,696	11,640,779	13,581,696	14,653,147	17,118,035	16,960,337	19,847,111	21,465,333	23,209,594
Transportation	4,120,997	4,067,976	3,018,536	4,272,703	4,549,659	4,964,157	5,041,946	5,466,666	5,530,082	5,129,432
Environmental protection	2,104,593	2,086,231	1,800,856	1,939,019	1,893,008	2,073,684	2,100,548	2,354,567	2,447,510	2,660,796
Cultural and recreational	3,141,542	3,587,708	3,271,440	3,972,893	4,188,872	4,614,378	4,883,645	5,587,971	7,373,457	8,393,047
Economic and physical development	305,104	315,026	573,124	596,079	289,296	561,473	759,031	2,074,815	256,694	287,254
Interest on long-term debt	33,739	35,125	30,524	37,217	38,981	44,328	39,295	79,269	102,023	99,513
Total governmental activities expenses	23,752,757	25,940,603	23,950,148	28,530,135	29,508,058	33,449,220	34,316,008	40,545,454	43,900,107	46,470,555
Business-type activities:										
Water and Sewer	11,931,316	12,427,411	12,059,988	14,052,448	14,512,810	14,921,002	14,451,853	16,705,114	16,812,349	18,076,005
Total business-type activities expenses	11,931,316	12,427,411	12,059,988	14,052,448	14,512,810	14,921,002	14,451,853	16,705,114	16,812,349	18,076,005
Total primary government expenses	$ 35,684,073	$ 38,368,014	$ 36,010,136	$ 42,582,583	$ 44,020,868	$ 48,370,222	$ 48,767,861	$ 57,250,568	$ 60,712,456	$ 64,546,560
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 26,346	$ 26,858	$ 34,554	$ 26,252	$ 24,002	$ 29,374	$ 32,485	$ 26,275	$ 31,467	$ 39,780
Public safety	133,091	144,718	191,255	162,075	174,412	233,222	251,743	312,078	663,898	386,405
Transportation	37,436	26,106	27,216	28,949	36,325	33,625	103,104	81,082	101,447	107,973
Environmental protection	2,024,615	1,959,250	1,803,191	1,822,318	1,866,419	1,891,377	1,930,346	2,805,463	2,906,352	2,969,844
Cultural and recreational	391,318	413,810	392,698	374,094	323,592	334,765	432,542	502,499	677,777	794,718
Operating grants and contributions	764,474	908,827	1,273,101	1,799,493	850,045	1,215,358	984,317	10,757,576	2,319,427	3,729,090
Capital grants and contributions	256,912	2,073,131	54,770	708,526	649,934	526,476	1,942,598	3,871,885	1,755,066	523,475
Total governmental activities program revenues	3,634,192	5,552,700	3,776,785	4,921,707	3,924,729	4,264,197	5,677,135	18,356,858	8,455,434	8,551,285
Business-type activities:										
Charges for services:										
Water and Sewer	12,045,164	12,710,003	12,595,720	12,702,865	12,274,138	12,424,438	12,872,793	16,498,721	16,444,477	17,159,253
Operating grants and contributions	756,947	200,000	2,571	282,197	-	-	150,000	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	889,693	18,398,749
Total business-type activities program revenues	12,802,111	12,910,003	12,598,291	12,985,062	12,274,138	12,424,438	13,022,793	16,498,721	17,334,170	35,558,002
Total primary government program revenues	$ 16,436,303	$ 18,462,703	$ 16,375,076	$ 17,906,769	$ 16,198,867	$ 16,688,635	$ 18,699,928	$ 34,855,579	$ 25,789,604	$ 44,109,287
Net (Expense)/Revenue										
Governmental activities	$ (20,118,565)	$ (20,387,903)	$ (20,173,363)	$ (23,608,428)	$ (25,583,329)	$ (29,185,023)	$ (28,638,873)	$ (22,188,596)	$ (35,444,673)	$ (37,919,270)
Business-type activities	870,795	482,592	538,303	(1,067,386)	(2,238,672)	(2,496,564)	(1,429,060)	(206,393)	521,821	17,481,997
Total primary government net expense	$ (19,247,770)	$ (19,905,311)	$ (19,635,060)	$ (24,675,814)	$ (27,822,001)	$ (31,681,587)	$ (30,067,933)	$ (22,394,989)	$ (34,922,852)	$ (20,437,273)

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

General Revenues and Other Changes in Net Position	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities:										
Taxes										
Property taxes	$ 15,400,126	$ 15,803,180	$ 15,409,790	$ 16,056,663	$ 16,965,356	$ 17,278,284	$ 17,818,800	$ 18,506,008	$ 25,067,884	$ 25,681,299
Sales taxes	3,720,840	4,322,926	4,499,854	4,755,545	5,044,116	5,795,504	6,799,197	10,133,914	10,652,866	11,095,012
Franchise taxes	2,493,755	2,488,259	2,501,249	2,514,864	2,429,909	2,429,450	2,446,885	2,525,543	2,665,862	3,083,722
Other taxes and licenses	1,506,768	1,645,252	1,699,412	1,774,230	1,792,701	2,043,660	2,423,065	248,742	272,369	251,863
Investment earnings	28,151	36,942	55,175	202,284	254,940	17,393	38,263	772,046	808,330	1,005,769
Miscellaneous	881,817	951,890	764,195	877,364	815,736	765,179	1,168,732	1,315,146	2,014,680	1,392,832
Transfers	-	400,000	510,000	-	-	-	320,790	50,000	31,750	-
Total governmental activities	24,031,457	25,648,449	25,439,675	26,180,950	27,302,758	28,329,470	31,015,732	33,551,399	41,513,741	42,510,497
Business-type activities:										
Investment earnings	11,552	17,674	37,423	101,917	91,073	4,246	18,004	215,226	379,757	439,632
Miscellaneous	24,000	194,249	175,254	234,469	185,735	213,457	404,805	185,063	200,277	337,739
Transfers	-	(400,000)	(510,000)	-	-	-	(320,790)	(50,000)	(31,750)	-
Total business-type activities	35,552	(188,077)	(297,323)	336,386	276,808	217,703	102,019	350,289	548,284	777,371
Total primary government	$ 24,067,009	$ 25,460,372	$ 25,142,352	$ 26,517,336	$ 27,579,566	$ 28,547,173	$ 31,117,751	$ 33,901,688	$ 42,062,025	$ 43,287,868
Change in Net Position										
Governmental activities	$ 3,912,892	$ 5,260,546	$ 5,266,312	$ 2,572,522	$ 1,719,429	$ (855,553)	$ 2,376,859	$ 11,362,803	$ 6,069,068	$ 4,591,227
Business-type activities	906,347	294,515	240,980	(731,000)	(1,961,864)	(2,278,861)	(1,327,041)	143,896	1,070,105	18,259,368
Total primary government	$ 4,819,239	$ 5,555,061	$ 5,507,292	$ 1,841,522	$ (242,435)	$ (3,134,414)	$ 1,049,818	$ 11,506,699	$ 7,139,173	$ 22,850,595

CITY OF ASHEBORO, NORTH CAROLINA

Table 3

Governmental Activities Tax Revenues By Source

Last Ten Fiscal Years

(accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Other	Total
2016	15,400,126	3,720,840	2,493,755	1,506,768	23,121,489
2017	15,803,180	4,322,926	2,488,259	1,645,252	24,259,617
2018	15,409,790	4,499,854	2,501,249	1,699,412	24,110,305
2019	16,056,663	4,755,545	2,514,864	1,774,230	25,101,302
2020	16,965,356	5,044,116	2,429,909	1,792,701	26,232,082
2021	17,278,284	5,795,504	2,429,450	2,043,660	27,546,898
2022	17,818,800	6,799,197	2,446,885	2,423,065	29,487,947
2023	18,506,008	10,133,914	2,525,543	248,742	31,414,207
2024	25,067,884	10,652,866	2,665,862	272,369	38,658,981
2025	25,681,299	11,095,012	3,083,722	251,863	40,111,896

Table 4

CITY OF ASHEBORO, NORTH CAROLINA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund:										
Nonspendable	$ 998,477	$ 1,201,406	$ 860,623	$ 845,284	$ 848,691	$ 1,158,095	$ 1,297,716	$ 930,574	$ 769,858	$ 788,606
Restricted	3,812,763	3,266,860	3,297,829	3,770,987	3,696,711	3,397,284	5,828,080	4,297,911	4,755,867	3,713,784
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	304,152	-	2,214,956	2,311,236	2,571,413	-	817,960	52,000	1,082,063
Unassigned	9,220,728	13,697,299	16,363,953	16,242,035	12,441,071	14,389,348	14,313,574	7,593,457	15,699,374	16,882,125
Total General Fund	$ 14,031,968	$ 18,469,717	$ 20,522,405	$ 23,073,262	$ 19,297,709	$ 21,516,140	$ 21,439,370	$ 13,639,902	$ 21,277,099	$ 22,466,578
All other governmental funds										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	627,961	969,948	689,545	1,123,109	801,532	847,119	1,286,766	5,813,852	1,093,959	2,046,865
Committed	937,681	952,450	1,170,990	1,059,027	5,468,907	2,962,538	2,328,657	1,685,673	1,308,132	4,910,131
Unassigned	(17,677)	-	-	-	(25,530)		(58,786)	(639,572)	(32,142)	(191,844)
Total all other governmental funds	$ 1,547,965	$ 1,922,398	$ 1,860,535	$ 2,182,136	$ 6,244,909	$ 3,809,657	$ 3,556,637	$ 6,859,953	$ 2,369,949	$ 6,765,152

Table 5

CITY OF ASHEBORO, NORTH CAROLINA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Taxes	$ 15,419,773	$ 15,836,160	$ 15,415,804	$ 16,061,138	$ 16,924,061	$ 17,299,178	$ 17,806,268	$ 18,517,721	$ 24,967,329	$ 25,629,153
Other taxes and licences	39,010	39,105	40,744	44,380	39,659	42,577	54,420	56,193	65,125	60,358
Intergovernmental	8,909,203	10,528,295	10,324,156	11,538,055	11,056,156	12,005,545	13,568,091	27,334,649	17,015,203	18,854,888
Permits and fees	166,459	189,015	236,694	196,727	201,901	230,242	236,385	300,166	633,859	378,614
Sales and services	2,386,673	2,422,699	2,229,866	2,219,610	2,218,217	2,282,962	2,480,685	3,320,214	3,696,972	3,944,273
Investment earnings	28,151	36,942	55,175	202,284	254,940	17,393	38,263	772,046	808,330	1,005,769
Miscellaneous	527,045	399,907	406,854	691,515	475,809	399,949	1,915,006	1,389,265	1,768,578	746,206
Total revenues	27,476,314	29,452,123	28,709,293	30,953,709	31,170,743	32,277,846	36,099,118	51,690,254	48,955,396	50,619,261
Expenditures										
General government	2,914,210	3,227,755	3,783,552	3,968,927	3,644,107	3,718,560	4,319,992	4,960,831	6,387,880	6,421,455
Public safety	11,848,353	11,930,627	12,137,191	13,154,522	15,348,885	15,706,471	15,444,251	17,835,263	20,645,209	21,835,692
Transportation	3,351,320	3,713,248	3,645,195	3,494,990	4,154,354	4,083,462	4,212,567	4,252,162	4,592,694	5,248,734
Environmental protection	1,985,502	1,970,874	2,294,394	1,795,686	1,892,708	2,019,521	2,278,815	2,077,577	2,435,371	2,764,903
Culture and recreation	3,205,708	3,319,057	4,007,872	5,015,632	5,181,743	4,023,520	4,795,784	5,692,189	5,711,952	7,386,655
Economic and physical development	277,744	287,666	545,764	568,719	314,966	548,629	759,649	2,090,046	256,694	457,944
Capital outlay	106,179	719,723	692,046	49,318	607,185	2,612,813	6,196,855	18,805,535	6,588,553	1,177,580
Debt service:										
Principal	752,694	719,175	744,105	661,824	622,532	640,763	772,490	1,096,553	1,071,611	1,109,787
Interest	33,739	35,665	30,524	37,217	38,981	44,328	39,295	79,269	102,023	99,513
Other charges	-	-	-	-	-	-	-	-	-	-
Total expenditures	24,475,449	25,923,790	27,880,643	28,746,835	31,805,461	33,398,067	38,819,698	56,889,425	47,791,987	46,502,263
Excess (deficiency) of revenues over (under) expenditures	3,000,865	3,528,333	828,650	2,206,874	(634,718)	(1,120,221)	(2,720,580)	(5,199,171)	1,163,409	4,116,998
Other financing sources (uses)										
Transfers in	119,568	961,468	1,210,204	-	4,534,700	521,200	4,947,383	27,631,903	2,793,141	4,873,518
Transfers out	(119,568)	(561,468)	(700,204)	-	(4,534,700)	(521,200)	(4,626,593)	(27,581,903)	(2,761,391)	(4,873,518)
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-	-	-	-	-
Sale of assets	94,800	552,518	9,000	53,846	-	-	-	104,066	878,316	24,723
Insurance Recovery	-	-	-	-	-	-	-	-	48,034	20,222
Installment purchase obligations / Notes	920,000	331,331	643,175	611,738	921,938	903,400	2,070,000	386,529	1,188,108	1,422,739
Total other financing sources (uses)	1,014,800	1,283,849	1,162,175	665,584	921,938	903,400	2,390,790	540,595	2,146,208	1,467,684
Net change in fund balances	$ 4,015,665	$ 4,812,182	$ 1,990,825	$ 2,872,458	$ 287,220	$ (216,821)	$ (329,790)	$ (4,658,576)	$ 3,309,617	$ 5,584,682
Debt services as a percentage of noncapital expenditures	3.4%	3.0%	3.3%	2.7%	2.4%	2.3%	2.2%	2.2%	2.7%	3.0%

CITY OF ASHEBORO, NORTH CAROLINA

Table 6

General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Other	Total
2016	15,419,773	3,720,840	2,493,755	1,455,392	23,089,760
2017	15,836,160	4,322,926	2,488,259	1,529,649	24,176,994
2018	15,415,804	4,499,854	2,501,249	1,699,412	24,116,319
2019	16,061,138	4,755,545	2,514,864	1,774,230	25,105,777
2020	16,924,061	5,044,116	2,429,909	1,792,701	26,190,787
2021	17,299,178	5,795,504	2,429,450	2,043,660	27,567,792
2022	17,806,268	6,799,197	2,446,885	2,423,065	29,475,415
2023	18,517,721	10,133,914	2,525,543	248,742	31,425,920
2024	24,967,329	10,652,866	2,665,862	272,369	38,558,426
2025	25,629,153	11,095,012	3,083,722	251,863	40,059,750

CITY OF ASHEBORO, NORTH CAROLINA

Table 7

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Personal Property: Motor Vehicles	Personal Property: Other	Public Service Companies (4)	Total Taxable Assessed Value	Total Direct Tax Rate	Real Property Estimated Actual Taxable Value (1)	Assessed Value as a Percentage of Actual Value **(2)**
2015 (3)	1,670,505,337	573,003,851	161,265,079	411,738,772	43,453,013	2,286,962,201	0.63	2,319,434,281	98.60%
2016	1,670,665,657	595,386,088	160,784,511	434,601,577	43,453,014	2,309,504,759	0.665	2,354,235,229	98.10%
2017	1,669,305,592	655,836,756	171,705,414	484,131,342	42,437,644	2,367,579,992	0.665	2,557,610,448	92.57%
2018	1,682,981,490	584,378,890	171,613,383	412,765,507	44,172,773	2,311,533,153	0.665	2,563,527,951	90.17%
2019	1,767,155,754	600,606,147	179,081,053	421,525,094	44,859,472	2,412,621,373	0.665	2,651,232,278	91.00%
2020	1,858,734,494	645,023,777	187,261,654	457,762,123	47,704,979	2,551,463,250	0.665	2,977,203,326	85.70%
2021	1,935,410,365	649,041,919	176,140,301	472,901,618	47,434,197	2,556,782,993	0.665	3,355,358,259	76.20%
2022	1,931,110,724	652,014,999	180,259,398	471,755,601	48,760,758	2,631,886,481	0.665	3,453,919,266	76.20%
2023	1,863,891,098	717,843,943	196,138,346	521,705,597	50,151,440	2,737,932,188	0.665	3,650,576,251	75.00%
2024 (3)	2,470,892,313	772,950,821	217,654,507	555,296,314	50,452,809	3,480,029,207	0.710	4,148,818,797	83.88%
2025	2,471,480,610	760,388,929	245,060,704	515,328,225	48,147,976	3,574,397,240	0.710	4,817,246,954	74.20%

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 has been provided by the Randolph County Tax Department. Personal Property is valued annually.

(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 revaluations. Personal property is revalued annually by the Randolph County Tax Department.

(3) Increase in Real Property Value due to property revaluation. Property in Randolph County (Asheboro) is reassessed every six years. Due to a one year delay, the reassessment was on January 1, 2014 and is the basis for fiscal 2015 taxes. The revaluation on January 1, 2023 is the basis for fiscal 2024 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

Table 8

Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
(property tax rates per $100 assessed valuation)

	City Direct Rate	Overlapping Rates		Total
Fiscal Year	Total City Rate	Total County Rate	Total School District	Total Direct & Overlapping Rates
2016	0.665	0.655	0.136	1.456
2017	0.665	0.6525	0.136	1.454
2018	0.665	0.6525	0.136	1.454
2019	0.665	0.6525	0.136	1.454
2020	0.665	0.6327	0.136	1.434
2021	0.665	0.6327	0.136	1.434
2022	0.665	0.6327	0.136	1.434
2023	0.665	0.6327	0.136	1.434
2024	0.710	0.5000	0.136	1.346
2025	0.710	0.5000	0.136	1.346

Source: Randolph County Government
Note: The tax rate is a general operating tax rate with no earmarks for special components

CITY OF ASHEBORO, NORTH CAROLINA

Principal Property Taxpayers

	2025			2015		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
MOM Brands Company	161,127,881	1	4.51%	193,392,095	1	6.17%
Energizer Battery Co,	120,608,516	2	3.37%	97,884,773	2	4.65%
Technimark, Inc.	115,674,494	3	3.24%	67,606,267	3	2.21%
Starpet, Inc. & Starpet Subsidiary	68,483,756	4	1.92%	37,701,515	4	2.37%
Americal Heathcare Systems LLC	43,839,888	5	1.23%			
Kennametal	31,354,740	6	0.88%	24,041,964	5	0.94%
Georgia Pacific Corrugated	28,219,692	7	0.79%			
Duke Energy Progress Inc	25,361,262	8	0.71%	22,038,349	7	
Oliver Rubber Co.	25,093,951	9	0.70%			
Schwartz Properties LLC	21,422,226	10	0.60%	27,111,712		1.22%
Arrow International				23,109,029	6	1.00%
Centerpoint Plaza				21,606,638	8	
Klaussner Furniture Industries				21,264,131	9	1.07%
Kayser Roth				17,907,953	10	
Hyosung USA						
Totals	$ 641,186,406		17.94%	$ 553,664,426		19.63%

Total Assessed Value of Taxable Property $ 3,574,397,240

Source: Randolph County Finance Department
Top Ten Assessments in Asheboro City 2024 for 2024-2025 Fiscal Year Report

CITY OF ASHEBORO, NORTH CAROLINA

Table 10

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Total Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	15,390,363	15,342,064	99.69%	43,594	15,386,282	99.97%
2017	15,887,444	15,839,229	99.70%	43,014	15,882,874	99.97%
2018	15,410,216	15,363,262	99.70%	34,035	15,402,866	99.95%
2019	16,043,932	15,992,966	99.68%	25,034	16,034,774	99.94%
2020	16,967,230	16,866,561	99.41%	65,170	16,954,582	99.93%
2021	17,002,607	16,930,430	99.58%	38,517	16,988,425	99.92%
2022	17,502,045	17,424,633	99.56%	45,614	17,488,756	99.92%
2023	18,207,249	18,135,218	99.60%	42,439	18,181,240	99.86%
2024	24,708,207	24,539,559	99.32%	40,349	24,609,191	99.60%
2025	25,378,220	25,226,900	99.40%	-	25,226,900	99.40%

CITY OF ASHEBORO, NORTH CAROLINA

Table 11

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

	Governmental Activities				Business-type Activities						
Fiscal Year	General Obligation Bonds	Installment Purchases	Lease Liability	Notes Payable	General Obligation Bonds	Installment Purchases	Notes Payable	Lease Liability	Total Primary Government	Debt as Percentage of Personal Income **(1)**	Debt Per Capita **(1)**
2016	-	1,917,868	-	557,142	-	358,237	5,511,906	-	8,345,153	0.75%	324
2017	-	1,700,905	-	385,713	-	203,522	5,421,186	-	7,711,326	0.65%	299
2018	-	1,771,402	-	214,284	-	53,729	4,951,822	-	6,991,237	0.61%	271
2019	-	1,892,745	-	42,857	-	-	4,482,458	-	6,418,060	0.51%	247
2020	-	2,235,009	-	-	-	-	4,013,095	-	6,248,104	0.48%	242
2021	-	2,497,654	-	-	-	-	3,543,730	-	6,041,384	0.48%	234
2022	-	3,795,164	-	-	-	-	3,074,365	-	6,869,529	0.52%	253
2023	-	3,085,140	-	-	-	-	2,605,001	-	5,690,141	0.42%	207
2024	-	3,201,636	62,441	-	-	806,482	2,135,637	206,082	6,412,278	0.48%	233
2025	-	3,541,477	35,555	-	-	1,037,748	1,666,273	158,700	6,439,753	0.48%	234

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

CITY OF ASHEBORO, NORTH CAROLINA

Table 12

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Assessed Property Value	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2016	-	-	-	2,309,504,759	0.00%	0.00
2017	-	-	-	2,367,579,992	0.00%	0.00
2018	-	-	-	2,311,533,153	0.00%	0.00
2019	-	-	-	2,412,621,373	0.00%	0.00
2020	-	-	-	2,551,463,250	0.00%	0.00
2021	-	-	-	2,556,782,993	0.00%	0.00
2022	-	-	-	2,631,886,481	0.00%	0.00
2023	-	-	-	2,737,932,188	0.00%	0.00
2024	-	-	-	3,480,029,207	0.00%	0.00
2025	-	-	-	3,574,397,240	0.00%	0.00

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

CITY OF ASHEBORO, NORTH CAROLINA

Table 13

Direct and Overlapping Governmental Activities Debt

As of June 30, 2025

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable **(1)**	Estimated Share of Overlapping Debt
Debt repaid with property taxes: Randolph County	$ 122,565,011	18.88%	$ 23,145,289
Subtotal, overlapping debt			23,145,289
City of Asheboro direct debt			3,577,032
Total direct and overlapping debt			$ 26,722,321

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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	$ 184,760,381	$ 189,406,399	$ 184,922,652	$ 193,009,710	$ 204,117,060	$ 204,542,639	$ 210,550,918	$ 219,034,575	$ 278,402,337	$ 285,951,779
Total net debt applicable to limit	2,276,105	1,904,427	1,825,132	1,892,745	2,235,009	2,497,654	3,795,164	3,085,140	4,008,118	4,579,225
Legal debt margin	$ 182,484,276	$ 187,501,972	$ 183,097,520	$ 191,116,965	$ 201,882,051	$ 202,044,985	$ 206,755,754	$ 215,949,435	$ 274,394,219	$ 281,372,554
Total net debt applicable to the limit as a percentage of debt limit	1.23%	1.01%	0.99%	0.98%	1.09%	1.22%	1.80%	1.41%	1.44%	1.60%

Assessed Value	3,574,397,241
Debt Limit (8% of total assessed value)	$ 285,951,779
Debt Applicable to Limit	
General Obligation Bonds	-
Installment Purchae Agreements	4,579,225
Total Net Debt Appliable to Limit	4,579,225
Legal Debt Margin	$ 281,372,554

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

CITY OF ASHEBORO, NORTH CAROLINA

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population **(1)**	Personal Income	Per Capita Personal Income **(2)**	Median Age **(3)**	School Enrollment **(4)**	Unemployment Rate **(5)**
2016	25,761	1,183,434,579	45,939	38.2	4,648	4.90%
2017	25,761	1,138,816,527	44,207	38.8	4,594	3.90%
2018	25,993	1,257,333,396	48,372	37.9	4,606	2.80%
2019	25,791	1,292,877,039	50,129	37.3	4,485	3.50%
2020	25,850	1,262,746,650	48,849	35.6	4,490	5.90%
2021	27,191	1,331,543,270	48,970	35.5	4,505	3.60%
2022	27,473	1,345,352,810	48,970	37.8	4,428	3.90%
2023	27,472	1,345,303,840	48,970	37.8	4,362	3.60%
2024	27,472	1,345,303,840	48,970	37.8	4,407	3.20%
2025	27,819	1,362,296,430	48,970	36.1	4,524	3.70%

Source: **(1)** NC Department of Revenue
Source: **(2)** Federal Reserve Bank of St. Louis- FRED Economic Data
Source: **(3)** Federal Reserve Bank of St. Louis- FRED Economic Data
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	2025 Employees	2025 Rank	2025 Percentage of Total City Employment	2015 Employees	2015 Rank	2015 Percentage of Total City Employment
Technimark	1,250	1	4.72%	1,089	2	4.54%
Randolph Health	1,100	2	4.15%	1,195	1	4.98%
Asheboro City Schools	544	3	2.05%	689	4	2.87%
NC Zoological Park & Society	440	4	1.66%	370	7	1.54%
Energizer Battery	405	5	1.53%	550	6	2.29%
City of Asheboro	383	6	1.45%	330	10	1.38%
ORIGIN/Fox Apparell Inc	249	7	0.94%			
Post Consumer Brands	230	8	0.87%			
Bossong Hosiery	200	9	0.76%			
Oliver Rubber Company	195	10	0.74%			
Klaussner Furniture Industries				950	3	3.96%
Arrow International				593	5	2.47%
Kayser Roth				365	8	1.52%
Acme McCrary				350	9	1.46%
Total	4,996		18.86%	6,481		27.02%

Population

Source: Randolph County Economic Development Commission

CITY OF ASHEBORO, NORTH CAROLINA

Table 17

Full-time Equivalent City Government Employees by Function

Last Ten Fiscal Years

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government	35	36	37	37	37	37	39	40	40	43
Public safety:										
Police:										
Officers	73	75	74	74	97	88	77	92	81	89
Civilians	7	7	7	7	7	7	7	7	7	7
Fire:										
Firefighters and officers	52	50	53	53	62	56	60	64	64	60
Civilians	1	1	1	1	1	1	1	1	1	1
Inspections										
Building	2	1	1	1	1	1	2	3	3	4
Fire	2	2	2	2	3	3	2	3	3	2
Highways and streets:										
Engineering	3	3	3	3	5	4	4	5	5	5
Operations	14	13	10	10	12	13	13	13	13	15
Street Maintenance	18	18	17	17	20	22	21	25	24	23
Sanitation	17	14	15	15	15	17	15	17	16	15
Culture, Recreation, Facilities	75	80	39	39	62	64	82	97	95	94
Water	33	31	34	34	34	36	37	37	37	29
Sewer	36	37	35	35	33	32	37	42	47	48
Total	368	367	328	328	389	380	397	446	436	434

Source: Finance Office

CITY OF ASHEBORO, NORTH CAROLINA

Table 18

Operating Indicators by Function

Last Ten Fiscal Years

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police:										
Physical arrests	1,717	1,879	1,930	1,869	1,745	1,890	1,840	1,687	1,942	2,425
Parking violations	33	40	70	101	73	82	168	138	13	7
Traffic violations	3,458	6,426	6,743	6,583	5,610	4,753	7,290	7,240	9,157	11,182
Fire:										
Number of calls answered	2,535	2,469	2,760	3,759	3,912	2,844	4,739	5,058	4,634	4,806
Inspections	1,550	1,464	1,329	1,535	1,435	672	495	714	720	720
Highways and streets										
Street resurfacing (miles)	0.882	0.189	1.220	0.315	0.373	1.440	1.440	1.587	-	-
Leaf Collection Loads (Nov-June)	829	798	825	652	611	664	569	696	475	485
Leaf Collection Tons FY						4,829	4,595	5,668	2,949	2,972
Potholes, Patch, Sawouts, cap repairs	869	670	852	1,117	1,467	975	1,283	355	1,022	787
Sanitation										
Refuse collected (tons/wk)	70.25	70.25	70.17	72.62	70.62	129.82	162.49	158.36	289.26	291.52
Recyclables collected (tons/wk)	20.00	41.50	32.35	29.58	27.30	4.95	7.87	9.73	16.64	22.70
Yard Waste collected (tons/wk)	10.10	4.25	7.17	9.31	6.00	13.23	39.39	25.62	41.48	38.84
Culture and recreation										
Separate programs / events offered	203	247	324	445	558	232	347	431	653	668
Estimated number of program participant	73,708	87,869	89,921	86,997	73,295	48,831	51,470	73,520	94,709	95,319
Water										
New meter connections	23	75	79	26	58	98	105	152	143	71
Water mains breaks	68	67	108	83	96	101	127	156	43	153
Average daily consumption (MGD)	4.621	4.817	4.727	4.772	4.758	4.975	5.164	5.105	5.241	4.850
Wastewater										
Average daily sewage treatment (MGD)	3.900	3.553	3.454	4.556	3.888	4.202	3.587	3.741	3.594	3.610

Sources: Various government departments.

N/A: Data not available.

CITY OF ASHEBORO, NORTH CAROLINA

Table 19

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	Fiscal Year End 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public safety:										
Police:										
Main Station	1	1	1	1	1	1	1	1	1	1
Substation	1	1	1	1	1	1	1	1	1	1
Vice & Narcotic's Unit	1	1	1	1	1	1	1	1	1	1
Patrol units	72	75	96	96	96	136	136	136	136	136
Fire stations	2	2	2	2	2	2	2	2	2	2
Fire Apparatus		13	13	13	13	14	14	14	14	14
Sanitation:										
Collection trucks	9.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Highways and streets:										
City Streets (miles)	98.24	98.99	99.78	99.78	99.78	99.78	99.78	99.78	99.78	99.78
City Streetlights	3,182	3,182	3,190	3,190	3,190	3,190	3,190	3,190	3,190	3,190
Traffic signals	27	27	27	27	27	27	27	27	27	27
Culture and recreation:										
Parks acreage	103,220	103,220	103,220	103,220	103,302	103,302	103,302	103,302	103,386	103,386
Parks	11	11	11	11	12	12	12	12	13	13
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	11	11	11	11	11	11	11	11	11	11
City owned ballfields - acreage	28.6	28.6	28.6	28.6	28.6	28.6	28.6	28.6	28.6	28.6
City maintained ballfields - acreage	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6
Water:										
Water mains (miles)	244.2	244.2	244.2	244.2	244.2	244.2	244.7	244.7	244.7	249.5
Fire hydrants (est.)	1,577	1,583	1,589	1,589	1,589	1,589	1,589	1,589	1,589	1,618
Maximum daily capacity (thousands of gallons)	12	12	12	12	12	12	12	12	12	12
Sewer:										
Sanitary sewers - Gravity (miles)	219.7	222.3	222.6	222.6	206.2	206.2	206.4	206.4	206.4	208.9
Force Mains:					28.5	28.5	28.5	28.5	28.5	28.5
Low Pressure Sewer					1.1	1.1	1.1	1.1	1.1	1.3
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.

CITY OF ASHEBORO,
NORTH CAROLINA

COMPLIANCE SECTION

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Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

Independent Auditors' Report

To the Honorable Mayor and
Members of the City Council
City of Asheboro, North Carolina

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Asheboro, North Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprises City of Asheboro's basic financial statements, and have issued our report thereon dated February 27, 2026. Our report includes a reference to other auditors who audited the financial statements of the City of Asheboro ABC Board, as described in our report on the City of Asheboro's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the City of Asheboro ABC Board were not audited in accordance with *Government Auditing Standards.*

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Asheboro's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Asheboro's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items [2025-001] that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Asheboro's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Asheboro's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Asheboro's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
February 27, 2026

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Report On Compliance With Requirements Applicable To Each Major State Program And Internal Control Over Compliance In Accordance With OMB Uniform Guidance and the State Single Audit Implementation Act

Independent Auditors' Report

To the Honorable Mayor and
Members of the City Council
City of Asheboro, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the City of Asheboro, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of City of Asheboro's major State programs for the year ended June 30, 2025. City of Asheboro's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Asheboro complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2025.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Asheboro and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of the City of Asheboro's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City of Asheboro State programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Asheboro's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Asheboro's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Asheboro's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circum- stances.
- obtain an understanding of City of Asheboro's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Asheboro's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Internal Control Over Compliance

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
February 27, 2026

City of Asheboro, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Section I.Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____yes	X no
Significant deficiency(ies) identified	X yes	____none reported
Noncompliance material to financial statements noted	___yes	X no

State Awards

Internal control over major State programs:		
Material Weakness(es) identified?	____yes	X no
Significant Deficiency(s)	___yes	X none reported
Type of auditor's report issued on compliance for major State programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act	___yes	X no

Identification of major State programs:

Program Name
Powell Bill
Project Hibernian/Wolfspeed
State Capital Infrastructure Funds - 10046

Dollar threshold used to determine State Major Programs	$ 500,000	
Auditee qualified as low-risk auditee?	_____yes	X no

City of Asheboro, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Section II – Financial Statement Findings

Finding: 2025-001 **Correction of an Error in Previously Issued Financial Statements**

SIGNIFICANT DEFICIENCY

Criteria: Management should have a system in place to verify that transactions are recorded correctly, thereby reducing the likelihood of errors in financial reporting.

Condition: During the fiscal year ended June 30, 2025, the City determined that a lease of office space in the governmental activities in the government-wide statements in the prior year was not reported. Therefore, right to use assets, less accumulated amortization, were understated by $61,565 and lease liabilities were understated by $62,442, which resulted in an overstatement of net position by $877 for the fiscal year ended June 30, 2024.

During the fiscal year ended June 30, 2025, the City determined that a lease of office space in the government-wide business-type activities and proprietary funds in the prior year was not reported. Therefore, right to use assets, less accumulated amortization, were understated by $201,588 and lease liabilities were understated by $206,082, which resulted in an overstatement of net position by $4,494 for the fiscal year ended June 30, 2024.

Effect: The City's management and other users of the financial statements do not have accurate information for decisions-making and monitoring of the City's financial position and adherence to laws, regulations, and other requirements. Errors in financial reporting could occur and not be detected.

Cause: These agreements were not originally recognized as qualifying for GASB 87 treatment.

Recommendation: The City should review the ledger and financial agreements to ensure that all agreements are properly reflected in the statements and that all relevant GASB standards are properly implemented.

Views of responsible officials and planned corrective actions: The City agrees with this finding, see corrective action plan.

Section III – State Award Findings and Questioned Costs

None Reported.

City of Asheboro

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

City of Asheboro, North Carolina
Corrective Action Plan
For the Year Ended June 30, 2025

Section II – Financial Statement Findings

Finding: 2025-001	Correction of an Error in Previously Issued Financial Statements
Name of Contact Person:	Deborah P. Reaves, Finance Director
Corrective Action:	The City of Asheboro finance department will better scrutinize accounts that could possibly have potential leases that might be subject to GASB 87.
Proposed Completion Date:	Immediately.

Section III – State Award Findings and Questioned Costs

None Reported.

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City of Asheboro, North Carolina
Summary Schedule of Prior Year's Findings
For the Year Ended June 30, 2025

Finding: 2024-001
Status: Corrected

City of Asheboro, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2025

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal Expenditures	State Expenditures	Provided to Subrecipients
Federal Grants:					
Cash Programs:					
U.S. Dept. of Justice					
Equitable Sharing Program	16.922		$ 123,734	$ -	$ -
U.S. Department of Transportation					
Passed-through N.C. Department of Transportation					
Airport Improvement Program	20.106	36237.23.21.2	114,836	-	-
U.S. Department of Homeland Security					
Passed-through N.C. Department of Public Safety					
Diaster Grants - Public Assistance	97.036	4393-DR-NC	38,719	12,906	-
Total Federal Awards			$ 277,289	$ 12,906	$ -
State Grants:					
Cash Assistance:					
N.C. Department of Transportation:					
Powell Bill		DOT-4 32570	$ -	$ 931,585	$ -
N.C. Department of Commerce					
Project Hibernian/Wolfspeed			-	17,938,570	-
N.C. Office of State Budget and Management					
State Capital Infrastructure Funds		10043	-	170,690	-
State Capital Infrastructure Funds		10042	-	106,355	-
State Capital Infrastructure Funds		10044	-	81,477	-
State Capital Infrastructure Funds		10046	-	1,880,356	-
Total State Capital Infrastructure Funds			-	2,238,878	-
N.C. Housing Finance Agency					
Urgent Repair Program			-	99,422	-
Total State Awards			$ -	$ 21,208,455	$ -
Total Federal and State Awards			$ 277,289	$ 21,221,361	$ -

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the City of Asheboro under the programs of the federal government and the State of North Carolina for the year ended June 30, 2025. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the City of Asheboro, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Asheboro.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

The City of Asheboro has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.